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From: Bernie Brankin

Date: 10 March 2016

To: 1. Trevor Cooper  
2. Eugene Rooney  
3. Andrew McCormick

**FEBRUARY ACTUAL OUTTURN & FORECAST OUTTURN FOR MARCH  
2015-16**

**Issue:** DFP require Permanent Secretaries and Finance Directors to sign off on actual and forecast outturn to ensure accuracy of information.

**Timing:** An uncleared return was sent to DFP close Tuesday 8 March.

**Need for referral to the Executive:** No need for referral to the Executive.

**Presentational Issues:** Treasury, the Enterprise Trade and Investment and Finance and Personnel Committees take a keen interest in this return.

**Freedom of Information:** Fully disclosable.

**Programme for Government Implications:** Progress against PfG targets is broadly on track at this stage.

**Financial Implications:** Departments are required to identify reduced requirements as early as possible.

**Legislation Implications:** Not Applicable.

**Statutory Equality:** Not Applicable.

**Recommendation:** That you consider and clear the return.

**BACKGROUND**

1. DFP require Permanent Secretaries and Finance Directors to sign off on monthly actual and forecast outturn to ensure accuracy of information.
2. Heads of Divisions in DETI and Chief Executives in NDPBs approve actual and forecast outturn at the lowest level of expenditure on a monthly basis.
3. I attach February actual outturn and forecast outturn for March. Branch budgets have been profiled to the approved January Monitoring budget position.
4. Actual DEL outturn for February 2016 was £21.4M compared to forecast outturn of £23.5M, a decrease of £2.1M versus that previously forecast for the month. The areas responsible for this decrease in spending are set out in the table below:

**Table 1 – Areas Responsible for Underspend**

<b>Business Area</b>	<b>Underspend £million</b>	<b>Description</b>
Invest NI Resource	-0.3	Increased expenditure due to grant claims received early.
Invest NI Capital	1.5	Capital receipts received early & delays in Capital grant claims, which will now fall to March.
Tourism NI Resource	0.7	Marketing payments expected in February have now fallen to March.
Tourism NI Capital	0.1	Capital grant payments expected in February have now fallen to March.
DETI Core Capital	0.1	Delay in drawdown against NI Science Park which will happen in March.
<b>Total</b>	<b>2.1</b>	

**DETI**

5. Actual year to date DEL expenditure to end February 2016 in DETI and its ALBs amounts to £177.6M (74.9% of the January Monitoring position), which is broadly comparable to the same point in 2014-15 where expenditure was £181.5M (76.3% of January Monitoring position).
6. Easements totalling £0.1M within the Economic Policy Division and HRCS Division are being used to meet pressures of £0.1M arising from an independent audit check of the RHI Scheme in Energy Division and CEF audits.

7. Telecoms Branch have confirmed that expenditure against the Capital budgets of £2.4M for the Superfast Broadband Extension Programme and £3.0M for Broadband Stimulation, which are profiled for March 2016, will be accrued in full.
8. Telecoms also hold £3.0M for Super Connected Cities Programmes, which are operated by DCMS. We will be accruing the total value of unpaid vouchers issued (connected and unconnected) which is consistent with DCMS treatment following the advice of the National Audit Office.
9. Innovation Policy Unit has forecast a £310k under spend against Science Park Financial Transactions Capital (FTC) due to delays in construction work.

### **Invest NI**

#### **Resource**

10. Resource expenditure is £108.3M at the end of February, accruing 81.4% of budget in 2015-16, which is broadly comparative to the same point in the previous year (£107.7M – 79.45%).
11. Invest NI are reporting underspend of £600k against their Admin budget due to the ongoing recruitment freeze, representing 0.45% of the Invest NI Resource budget.

#### **Capital**

12. Capital expenditure in Invest NI is £19.2M (63.6% of budget) compared to the same period in 2014-15 when £11.5M of the £22.5M budget (51.1%) had been accrued.
13. Invest NI has indicated a £0.4M underspend in FTC against Agri-food Loans, due to lower uptake than anticipated and this represents 1.3% of the Invest NI total Capital budget.

### **Tourism NI**

#### **Resource**

14. Resource expenditure is £16.0M at the end of February representing 74.7% of the January Monitoring budget, compared to the same point in 2014-15 where £17.0M of the £19.5M budget (87.2%) had been accrued.
15. The remaining budget is profiled for accrual in March. Tourism NI has given assurance that they are managing their year end position very tightly and are confident of fully expending their Resource budget. However there will be an underspend of £0.1M due to exchange rate gains.

#### **Capital**

16. Capital expenditure in Tourism NI has increased slightly to £1.4M (42.5% of £3.3M budget) compared to the same period in 2014-15 when £3.25M of

the £6.0M budget (54.5%) had been accrued. Tourism NI is confident of accruing the remaining £1.9M in March.

### Summary

17. The following table shows current forecast outturn for 2015-16:

**Table 2 – DETI Projected Outturn 2015-16**

<b>Expenditure Category</b>	<b>Final Plan / £000</b>	<b>Net Expenditure / £000</b>	<b>Under (Over) spend / £000</b>	<b>%</b>
<b>Resource</b>	201,867	200,952	915	99.5
<b>Capital</b>	35,145	34,435	710	98.0
<b>Total DEL</b>	<b>237,012</b>	<b>235,387</b>	<b>1,625</b>	<b>99.3</b>
<b>AME</b>	50,152	53,705	(3,553)	107.1

18. Resource outturn is currently forecast to be 99.5% against a target of 98%. Resource underspending includes £0.6M Admin in Invest NI, £0.1m Resource in Tourism NI and £50k from Consumer Council's Admin Budget and small underspends across a range of business areas.
19. DFP reported Capital outturn last year combining Capital and FTC budgets which has also been done in the table above. Capital outturn is currently forecast to be 98% against a target of 97%. Underspending includes £0.4M FTC Agri-food Loans, and £310k FTC in the Science Park.
20. The opening RHI AME budget was £12.9M. Energy Division bid for additional budget cover in June Monitoring which increased the RHI AME budget to £23.2M and bid again in January monitoring which increased this budget to £30.4M. It is currently forecast that expenditure under RHI will be an estimated £34M against a final Plan budget of £30.4M resulting in an overspend of £3.6M (7.1% of total DETI AME) which is due to a surge in applications before the RHI scheme closure at the end of February 2016. The forecast RHI AME expenditure in 2015-16 will be subject to ongoing review before finalising our accounts and outturn.

### Recommendation

21. I recommend that you approve the actual expenditure for February and forecast outturn for March as presented in this return. I am available to discuss further.

*Bernie Brankin*

**Bernie Brankin**

cc: Jeff Partridge  
Paul Ferris

**Appendix A**

**Invest NI Resource & Capital Comparison Spending February 2014-15 & 2015-16**

	2014-15 Actual		2014-15 Forecast											
	Apr/ May	June	July	August	September	October	November	December	January	February	YTD Actual	Remaining Budget (January Monitoring Position)	March	Total YTD + Forecast
<b>Resource</b>	17,776	8,852	10,249	8,566	8,558	10,729	12,286	11,529	9,736	9,406	<b>107,677</b>	<b>27,943</b>	27,533	135,210
<b>Capital</b>	6,57	454	135	-157	1,529	599	1,283	3,531	706	2,744	<b>11,481</b>	<b>10,982</b>	10,682	22,163
<b>Total</b>	<b>18,423</b>	<b>9,306</b>	<b>10,384</b>	<b>8,409</b>	<b>10,087</b>	<b>11,328</b>	<b>13,569</b>	<b>15,060</b>	<b>10,442</b>	<b>12,150</b>	<b>119,158</b>	<b>38,925</b>	<b>38,215</b>	<b>157,373</b>
	2015-16 Actual		2015-16 Forecast											
	Apr/ May	June	July	August	September	October	November	December	January	February	YTD Actual	Remaining Budget (January Monitoring Position)	March	Total YTD + Forecast
<b>Resource</b>	15,126	13,195	10,263	7,396	7,721	10,055	10,662	14,870	8,337	10,657	<b>108,282</b>	<b>24,683</b>	23,978	132,260
<b>Capital</b>	3,343	-510	56	2,784	213	1,098	2,286	3,501	2,822	3,620	<b>19,213</b>	<b>11,015</b>	10,615	29,828
<b>Total</b>	<b>18,469</b>	<b>12,685</b>	<b>10,319</b>	<b>10,180</b>	<b>7,934</b>	<b>11,153</b>	<b>12,948</b>	<b>18,371</b>	<b>11,159</b>	<b>15,449</b>	<b>128,667</b>	<b>34,526</b>	<b>34,593</b>	<b>162,088</b>