

Finance Branch
Netherleigh,
Massey Avenue,
Belfast BT4 2JP

20 March 2014

To: Heads of Divisions, DETI

Mr Sterling
Mr Rooney
Mr Thomson
Mr Cooper
Mrs Brankin

} without
attachments

From: Jeff Partridge, Finance Branch

BUDGET ALLOCATIONS 2014/2015

1. I am writing to confirm Administration, Resource and Capital budgets for 2014/2015, which you should disseminate to branches within your division.
2. I attach;

Administration

- **Annex 1** which sets out details of salary, GAE and Admin external consultancy budgets for 2014/15, excluding vacant posts where a budget transfer would be effected when the post is filled; and
- **Annex 2** which set out details of potential budgets for vacant posts at 31 December 2013.

Programme

- **Annex A** which sets out your Resource budget for 2014/15 including Resource external consultancy;
 - **Annex B** which sets out your Capital budget for 2014/15; and
 - **Annex C** which sets out your Annually Managed Expenditure (AME) budget for 2014/15.
3. Budgets have nine distinct elements, which must be controlled **independently**. The budget controls comprise:

Resource Budget

1. Administration
2. Other resource
3. DEL Resource Depreciation/Impairments

Capital Budget

4. Capital Grant
5. Capital

Ring Fenced Budget

6. EU Competitiveness Programme
7. EU Interreg Programme
8. Jobs and Economy Initiative
9. Annually Managed Expenditure (AME)

4. Any proposed in year movement between the above components of the budget should be submitted for the required approvals in monitoring rounds which in most cases will involve DETI, DFP and the Executive. You should also bear in mind that Treasury constraints exist to prevent movement from Capital to Resource budgets.
5. For further guidance which sets out the principles on managing public expenditure, Finance Branch will be issuing the HM Treasury Consolidated Budgeting Guidance as soon as it becomes available and Managing Public Money NI (MPMNI) is available at <http://www.afmdni.gov.uk/frab/browse.asp?branch=1&category=43&maxres=20&start=0&orderby=3>

Administration Budgets 2014/15

6. The Administration budgets have been calculated by using December 2013 salary actual costs and projecting these over 12 months. These have then been uplifted by 2.7% to reflect the estimated costs of pay uplift from August 2014. This percentage has been used for planning purposes, as the actual amount of any pay uplift has not been agreed. GAE budgets reflect the opening budget position for 2013/14.
7. The departmental Administration budget is already under pressure in 2014/15. **It is therefore very important that you thoroughly check your Administration budgets for the coming year to ensure that they reflect the needs of your division, and notify Finance Branch of any potential over/under provision. Any adjustments to administration budgets should be formally submitted for consideration as part of the in-year monitoring process.**

Programme Budgets 2014/2015

8. In the current public expenditure environment it is unlikely that additional resources will be secured in year. Consequently, it is important that you plan to live within your proposed Resource and Capital budget. You should plan to address any pressures through reprioritising within your resource budget. In particular, you should monitor non-cash costs closely as pressures in this area will have to be absorbed and will impact on spending power. I would remind you that **under no circumstances should commitments be entered into without budget cover.**
9. It is vital that budget holders seek to maximise Capital expenditure while ensuring value for money from all expenditure. **There is a danger that, if budgets are not used in the allocated financial year, this could result in the loss of funding for projects. It is therefore essential that budget holders consider the accuracy of Capital expenditure profiles.** Where slippage is identified you should seek to manage this by accelerating other projects/programmes where possible.
10. It is important that you review your budgets to ensure they are classified correctly under the headings given in paragraph 3 above. Details of relevant Unit of Service, Unit of Business, HMT Record Number and ISNI Project ID Code have been provided to assist in completion of the proformas for monitoring purposes.


External Consultancy

11. As part of Budget 2010, the Executive agreed to take action to reduce the use of external consultants by departments and NDPBs by setting a target of year on year reductions of 10% for external consultancy spend. Budgets shown for 2014/15 reflect the actual requirements reported by business areas. **Business areas should not enter into new external consultancy contracts beyond those for which budgets have been confirmed without firstly seeking Finance Branch approval.**
12. **Please also note that EU technical assistance must not be used for external consultancy support without Finance Branch approval.**

EU Interreg IVA Programme

13. EU Interreg IVA Programme budgets (including match funding) have been centralised and are held by European Support Unit. Should a Division have a proposal to take forward an Interreg project in the future where DETI is the lead partner, the funding arrangements should be discussed in advance with European Support Unit.

14. Please contact Linda Donaldson (ext 29446) in relation to Programme Budgets and Adrian Goodman for Administration Budgets (ext 29643) if you have any points you wish to raise or require clarification.

A handwritten signature in dark ink, appearing to read 'JP Partridge', written in a cursive style.

Jeff Partridge

Enc.