

**From:** [McGuinness, Jeff](#)  
**To:** [McBurney, Joanne](#); [Brennan, Mike](#)  
**Cc:** [Morelli, Emer](#); [McMillan, Kirsty](#); [Barrett, Stephen](#)  
**Subject:** RE: 2016-17 In year monitoring - Forecast pressures  
**Date:** 03 August 2016 16:02:14  
**Attachments:** [Budget - Scenario - Zero Reductions.pdf](#)

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All,

On the principle of having a zero-reduction Budget for 2017-18 – we can manage it on the list of known pressures (just). It would however give no scope for allocations beyond the pressures identified (no funding for economic stimulus) and it would not give real terms increases to anyone, including DoH. I have attached a table outlining that position.

I don't think that departments would be able to provide meaningful analysis of the Budget position by end August, but in some ways their analysis is not as important as the central pressures v RTM. In that respect, if pushed, we could provide a high level assessment at end August and follow up with more detail nearer Autumn Statement.

The potential letter to FDs commissioning this work may need to refer to revenue raising measures and let departments come back on that. It must however caution about proposals and make the distinction between what we can readily keep and what would have to be given straight to the Exchequer. This could not be expected much earlier than end September in my opinion.

Jeff

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**From:** McBurney, Joanne  
**Sent:** 03 August 2016 15:25  
**To:** Brennan, Mike  
**Cc:** Morelli, Emer; McGuinness, Jeff  
**Subject:** RE: 2016-17 In year monitoring - Forecast pressures

Mike

I also fear that we will struggle to have anything meaningful for end August. Emer will be able to say more but some departments have been reluctant to engage saying that they are waiting for us to commission an exercise (which is nonsense given what was agreed in June monitoring).

Jeff, Emer and I have been working on a note to departments to more formally commission something – we should have this with you tomorrow or Friday – but if we are going with a one stage Budget post Autumn Statement we have worked on the basis that it would be better to give departments a bit longer in the hope (though not the expectation) that we get something more reasonable.

We should perhaps discuss how this fits in with Malcolm/David's thinking below.

Joanne

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**From:** Brennan, Mike  
**Sent:** 03 August 2016 15:10  
**To:** Sterling, David  
**Cc:** McBurney, Joanne  
**Subject:** RE: 2016-17 In year monitoring - Forecast pressures

David – I fear that our Minister is asking the impossible re 2017-18 ‘no cuts’. The worry is that as time progresses it will be very difficult to actually implement some of the additional revenue raising measures (other than a Rates hike) as we will probably need regulations etc (eg students entering in the new academic year would probably need to be told in next few weeks about any potential fees increase etc).

The Minister also needs to realise that it isn’t as simple as living within whatever budget envelope we get from HMT in 2017-18. Other factors outside of the funding settlement will need to be addressed eg Housing Association reclassifications / rents charges etc etc

We will revisit draft presentation we had prepared a few months ago and hold but we will have to make a number of heroic assumptions. Since I prepared that presentation we have even greater levels of uncertainty and not all driven by BREXIT. One example of this is whether we assume that HMT will make the further £3.5 billion cut in 2019-20 as formally notified in the CST letter?

M

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**From:** Sterling, David  
**Sent:** 03 August 2016 14:50  
**To:** Brennan, Mike  
**Cc:** McBurney, Joanne  
**Subject:** RE: 2016-17 In year monitoring - Forecast pressures

Mike

Malcolm’s note of his discussion with FM and dFM yesterday records the following:

“HOCS referred to the work commissioned by the Executive from the Minister of Finance to prepare a report on in-year pressures and proposals for mitigation. A report is expected by the end of August at which point Ministers/SpAds/officials will need to consider how the budgetary pressures can best be addressed. It was agreed that on completion of the necessary work Department of Finance officials would be invited to brief the First Minister and deputy First Minister.

As regards future years’ budget, if the proposal was to set a one year budget, indicative figures should be provided for future years so plans could be put in place to live within the expected financial envelopes.”

We will need to encourage Eoin to open up discussions with FM SpAds and prepare the “report” which Malcolm refers to on the in-year position. However while Oct Monitoring will be difficult we need to get ministers to focus on the Budget position as well.

Can we update previous presentations and spreadsheets in preparation for discussions with SpAds later in the month and then ministers. Máirtín has already asked us to look at some of the previous BRG proposals on phone masts, taxing texts etc. He has also said that he wants a budget that does not impose cuts on departments in 17/18. I've told him the only way he will get close to that is with major new revenue-raising and further VE (but not from the NICS, which he accepts).

Our aim must be to get ministerial agreement to revenue-raising measures before the Autumn Statement, but I'm not confident we'll achieve that.

David

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**From:** Brennan, Mike  
**Sent:** 03 August 2016 13:02  
**To:** Sterling, David  
**Subject:** FW: 2016-17 Inyear monitoring - Forecast pressures

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David – just for info. In-year update on pressures just sent to Eoin

M

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**From:** Barrett, Stephen  
**Sent:** 03 August 2016 09:57  
**To:** Rooney, Eoin  
**Cc:** Brennan, Mike; McBurney, Joanne  
**Subject:** 2016-17 Inyear monitoring - Forecast pressures

Eoin

As discussed, departmental returns on the October Monitoring Round will not be received until early October, however the attached table reflects the latest pressures identified as a result of ongoing engagement between Supply and departments. This position is continually reviewed and may change significantly as the year progresses.

Having concluded the June Monitoring round with an effective overcommitment of £33.5 million on Resource DEL and £11.4 million Capital DEL there is likely to be limited scope for additional allocations in October Monitoring unless there are significant reduced requirements surrendered by department.

In addition to the departmental pressures, the Change Fund sought additional funding of £7.8m Resource and £5m Capital in June Monitoring which we were unable to accommodate. However the capacity to spend on these projects may have moved on since then.

The current position has been predicated on full access to the £25 million for Fraud and

Error as part of the Fresh Start Agreement. This funding has been allocated to DfC. However, its drawdown has still to be formally agreed with Treasury.

Also, the Budget Exchange numbers incorporated into the June Monitoring position need to be confirmed following receipt and analysis of 2015-16 Final Outturn information. Changes from Provisional Outturn are usually marginal but can result in either additional funding or a pressure.

Stephen

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