

Barrett, Stephen

From: Downie, Jill
Sent: 09 March 2016 16:15
To: Sterling, David
Cc: McBurney, Joanne; Morelli, Emer; Barrett, Stephen; Brennan, Mike; Frazer, Helen
Subject: Minute from Mike Brennan to HOCS David Sterling - Financial Pressures - June Monitoring - 9 March 2016
Attachments: Minute from Mike Brennan to HOCS David Sterling - Financial Pressures -....docx

David

As requested in your email below, please find attached from Mike, for onward transmission to Malcolm McKibbin.

Thanks.

Jill



JILL DOWNIE
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From: Sterling, David
Sent: 09 March 2016 13:22
To: Brennan, Mike
Cc: HOCS
Subject: 16-17 pressures

Mike

Can you provide Malcolm with a short note or table setting out the pressures we've identified in 16-17 and the RTM we think will be available at June Monitoring in advance of the Executive meeting tomorrow.

David

David Sterling

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Please consider the environment - do you really need to print this e-mail?

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FROM: Mike Brennan

DATE: 9 March 2016

**TO: 1. David Sterling
2. Malcolm McKibbin**

As requested, I have compiled a table (**Annex A**) which sets out known financial pressures that the new Executive will have to address in June Monitoring. You will note that a significant proportion of the RDEL pressures reflect recent ministerial announcements. The other big pressure which is still difficult to quantify is costs attributable to the Renewable Heat Initiative. DETI officials have indicated that the latest estimate of these costs in RDEL is circa £31m but this could vary considerably.

In summary the RDEL position shows £123.7m of pressures and £8.9m of CDEL commitments. It should also be noted that the Chancellor of the Exchequer has recently indicated the potential for his upcoming March Budget to include further reductions in public expenditure. Should this materialise, the Executive may receive negative Barnett consequentials in 2016-17, creating a further pressure to be addressed in June Monitoring.

On the income side of the equation we have estimated a carry forward of some £40m RDEL under the Budget Exchange Scheme, although this will not be confirmed until Provisional Outturn information is received from departments in late May. On Capital DEL, the Executive exited the January Monitoring technical exercise overcommitted by some £9 million and as a consequence it has been

assumed that no CDEL funding will be carried forward under the Budget Exchange Scheme.

There is also some £41m RDEL available for reallocation following the Evason recommendations. Assuming that the Executive does not commit to allocating some or all of this funding to welfare issues this then means that there is £81m RDEL available to offset against the RDEL pressures. The table below shows that the end result is a net pressure of £42.7m on RDEL and £8.9m on CDEL. The RDEL position is extremely worrying given that this position takes no account of the 'routine' pressures likely to emerge within the June Monitoring exercise.

In June 2015 RDEL pressures submitted by departments totalled £235m.



MIKE BRENNAN

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Joanne McBurney
Emer Morelli
Stephen Barrett

Annex A

2016-17 June Monitoring - Forecast Overcommitment position

£million	Non-Ringfenced Resource DEL	Capital DEL
Opening Overcommitment	-	-
<u>Pressures</u>		
Economy - Skills Allocation	20.0	-
Education - Schools Allocation	20.0	-
Communities - Fraud and Error baseline	10.0	-
Communities - Budget baseline adjustments	1.8	2.6
Communities - Welfare Reform Implementation	7.0	-
Communities - Welfare Advice Centres	2.0	-
Economy - RHI scheme	30.6	-
PPS - Departmental costs	1.5	-
NIO - Election Costs	5.3	-
Health - Pay Award	13.0	-
Health - Waiting List wash through	10.0	-
DAERA - RDP Knowledge Transfer / HQ relocation	2.5	-
Infrastructure - York St Interchange	-	5.0
Infrastructure - Flood Alleviation	-	1.3
Total Pressures	123.7	8.9
<u>Resources available</u>		
Communities - Welfare Reform (Evason)	-11.0	-
Tax Credits (Evason)	-30.0	-
Budget Exchange carry forward - Estimated	-40.0	-
Estimated Resources Available	-81.0	-
Net Pressure	42.7	8.9

Note

i. Funding carried forward under the Budget Exchange Scheme will be determined by the level of departmental underspend in 2015-16. This will not be known until Provisional Oouturn information is received from departments in late May.