Departmental Forecast Outturn Data, Analysis and Explanatory Note Supplied to Finance Committee on Monthly Basis

Each month forecast outturn data and analysis is submitted to the Finance Committee for each category of expenditure: Capital, Ringfenced and Non ringfenced Resource. This information is accompanied with an explanatory note. Detail of the information is set out below:

1. Explanatory Note

The explanatory note explains the methodology applied to calculate the monthly and cumulative monthly variances. The note highlights any prominent variances and provides the reason for variance supplied by the department(s). A sample of an explanatory note is shown below in Figures 1(a) and 1(b) below.

FINANCIAL FORECASTING DATA - EXPLANATORY NOTE

Introduction
Departments submit monthly public expenditure outturn and forecast outturn information to DFP, which informs the Northern Ireland monthly return to HM Treasury. DFP officials provide a summary of the departmental monthly returns to the Committee for Finance and Personnel. This summary contains data for the three main expenditure categories and includes two distinct separate areas:

    i. Monthly Forecast Outturn Compared against relevant Monitoring position; and

    ii. Analysis of Forecasting Performance.

(i) Monthly Forecast Outturn Compared against relevant Monitoring position
The first table for each category of expenditure shows the monthly and total outturn and forecast outturn figures for each department as reported in the latest departmental returns. The individual monthly tables which follow compare the total forecast outturn for each department against the relevant monitoring position for that month.

(ii) Analysis of Forecasting Performance
The "Analysis of Forecasting Performance Charts" presents information on departmental forecasting accuracy. Importantly, it is not possible to reconcile these charts to a single departmental outturn / forecast outturn return (the calculation of a single month's performance is based on two separate departmental returns).

The first chart was generated by taking the percentage difference between the *forecast* figures for the month of October (provided in the September departmental return) and the *actual* outturn figures for the month of October (provided in the November departmental return). This provides a measure of forecasting accuracy for each department.

Example: The 129.6% variance in respect of Department F in the first Capital Chart was calculated as follows:

	£ '000s
October forecast figures (September return)	888
October actual figures (November return)	2039
Difference (%)	1151 (129.6%)

The second chart shows the cumulative average absolute percentage accuracy over the previous months (in this case June to October). This chart will update on a monthly basis until the year end and should smooth out significant one-off variations in forecasting accuracy.

Example: The second Capital Chart shows a cumulative average variance percentage of 84.7% in relation to Department F, which was calculated by taking the

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Figure: 1(a) Page 1 of sample explanatory Note

average of the June to October forecasting accuracy figures (in absolute terms since it is not valid to average positive and negative figures).

Commentary for prominent Department variances

Department F advised the variance in the Forecasting Perforamance for the month of October was due to……………………………………………

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Figure: 1(b) Page 2 of sample explanatory Note

2.   Monthly Forecast Outturn Compared against relevant Monitoring position

The first table for each category of expenditure shows the monthly and total outturn and forecast outturn figures for each department as reported in the latest departmental returns (Figure 2). The individual monthly tables which follow compare the total forecast outturn for each department against the relevant monitoring position for that month (Figure 3, overleaf).

Monthly Forecast Outturn Compared against relevant Monitoring position

Capital Expenditure Tables for 201x-1x

201x November Forecast Outturn (Received December) – Capital Expenditure   **£000's**

DEPARTMENT	OUTTURN								FORECAST OUTTURN				TOTAL FORECAST OUTTURN
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
A	0	0	0	0	0	0	0	0	1	0	0	0	1
B	496	973	511	929	1,748	1,387	1,590	1,369	1,906	3,201	2,325	4,449	20,884
C	2,517	623	1,549	869	1,392	1,172	1,389	1,403	1,723	3,522	3,021	3,398	22,578
D	4,073	4,827	4,136	5,699	7,213	5,445	7,710	10,550	9,263	13,267	15,515	20,523	108,221
E	19	120	1,759	767	564	294	784	1,223	-123	1,780	2,805	6,883	16,875
F	523	548	4,090	1,962	4,500	2,867	2,236	-7,395	4,150	2,585	2,686	12,735	31,487
G	175	778	431	361	1,064	926	2,039	2,415	1,555	1,609	1,871	1,452	14,676
H	0	117,204	9,846	9,529	11,902	10,778	8,516	9,402	12,240	37,289	39,104	55,860	321,670
I	50	357	195	520	10	370	31	340	544	462	207	2,972	6,058
J	2,402	2,035	5,279	4,009	3,059	2,487	4,200	1,499	4,001	5,470	11,761	29,866	76,068
K	12,565	26,822	20,351	20,316	32,258	29,442	38,999	38,009	27,227	34,000	43,832	53,823	377,644
L	-596	3,165	1,561	4,790	6,379	3,858	5,645	5,981	18,254	15,631	23,138	31,965	119,771
M	0	0	0	0	0	0	7	0	0	0	0	0	7
N	36	47	198	0	57	107	220	139	358	359	357	357	2,235
O	0	0	0	0	0	0	0	0	0	55	55	60	170
P	0	0	0	0	0	0	0	0	0	0	0	5	5
Q	-2,100	2,446	410	200	395	196	176	34	836	723	952	1,798	6,066
R	0	0	0	0	0	0	0	0	44	68	68	68	248
TOTAL	20,160	159,945	50,316	49,951	70,541	59,329	73,542	64,969	81,979	120,021	147,697	226,214	1,124,664

Figure 2: Monthly and Total Outturn Figures by Department based on latest return.

Figure 3: Individual monthly tables compare total forecast outturn against relevant monitoring position.

3. Analysis of Forecasting Performance

The "Analysis of Forecasting Performance Charts" presents information on departmental forecasting accuracy. Importantly, it is not possible to reconcile these charts to a single departmental outturn / forecast outturn return (the calculation of a single month's performance is based on two separate departmental returns).

The first chart (Figure 4) was generated by taking the percentage difference between the *forecast* figures for the month of October (provided in the September departmental return) and the *actual* outturn figures for the month of October (provided in the November departmental return). This provides a measure of forecasting accuracy for each department.

Example: The 129.6% variance in respect of Department F in the first Capital Chart was calculated as follows:

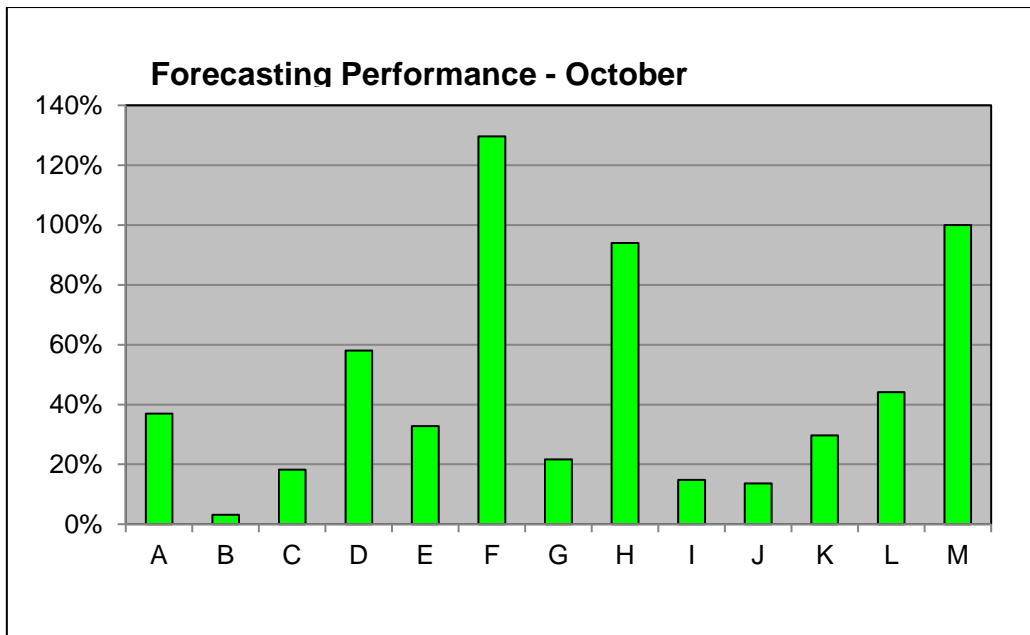|	£ '000s
October forecast figures (September return)	888
October actual figures (November return)	2039
Difference (%)	1151 (129.6%)

Figure 4: Capital Forecasting Performance – Month of October

The second chart (Figure 5) shows the cumulative average absolute percentage accuracy over the previous months (in this case June to October). This chart will update on a monthly basis until the year end and should smooth out significant one-off variations in forecasting accuracy.

Example: The second Capital Chart shows a cumulative average variance percentage of 84.7% in relation to Department F, which was calculated by taking the average of the June to October forecasting accuracy figures (in absolute terms since it is not valid to average positive and negative figures).
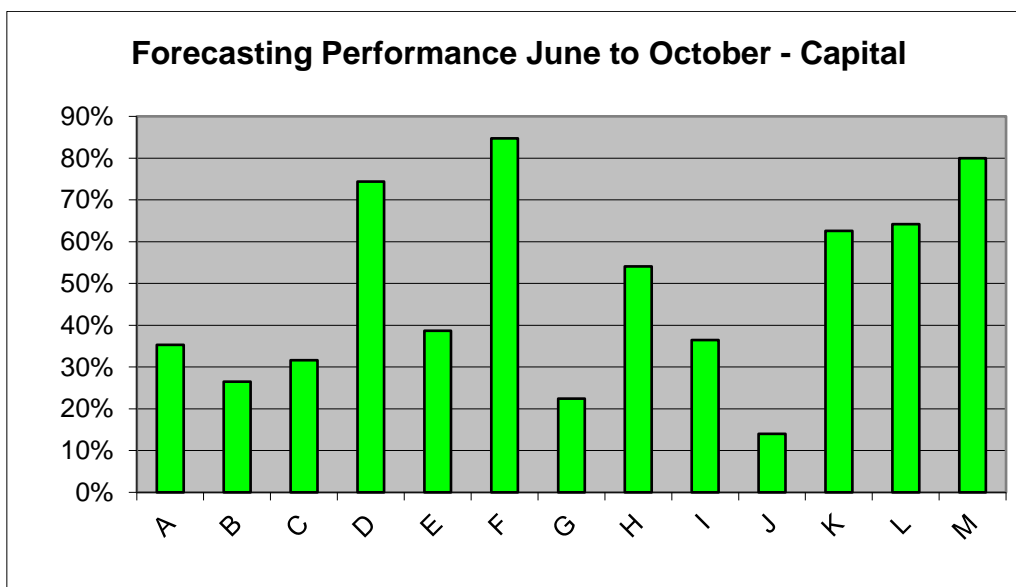

Figure 5: Capital Forecasting Performance – June to October