



Northern Ireland
Assembly

Research and Information Service Briefing Paper

Paper 17/20

28 April 2020

NIAR 122-20

This briefing paper updates earlier version NIAR 116-20, issued 21 April 2020.

Assembly Committees: Coordinated Budget Scrutiny

Public Finance Scrutiny Unit (PFSU)*

This briefing paper updates briefing paper NIAR 116-20, issued on 21 April 2020. The update is based on: data provided in returned template replies from the Departments of Health and Economy, received after the initial paper was compiled; and, other Executive Budget timetable developments, notified to the Committee for Finance on 24 April.

The underlying aim of this briefing is the same as NIAR 116-20, i.e. to support coordinated Assembly scrutiny of Executive Budget 2020-21, drawing on departmental template returns, other accessible departmental data and past papers compiled by RaISe's PFSU. In advance of the plenary debate on the Budget in early May, it seeks to both inform and facilitate statutory committees when deliberating, bringing greater openness and transparency to departmental budget allocations, priorities and pressures, including those relating to Covid-19 and many other, more routine considerations.

Throughout, scrutiny points (those in the earlier version and new ones) are identified to for a more strategic committee approach; ultimately seeking to enable informed scrutiny and consultation on the Budget, in line with relevant legal requirements.

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This information is provided to MLAs in support of their Assembly duties, and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice, or as a substitute for it.

Introduction

This briefing paper – an update of the initial paper NIAR 116-20 - is written to support coordinated Northern Ireland (NI) Assembly scrutiny of Executive Budget 2020-21, following on from similar papers previously compiled by the Public Finance Scrutiny Unit (PFSU) in the Assembly's Research and Information Service (RaISe).¹ For the update, the paper draws on data provided in returned template replies from the Departments of Health and Economy, received after the initial paper was compiled; and, other Executive Budget timetable developments, notified to the Committee for Finance on 24 April. The paper also is based on a number of sources that were accessible when compiling the initial paper, including departmental template returns² and other relevant departmental data, as well as recently published academic and non-academic literature.

The design of this paper, and for others in the series, is to both inform and facilitate statutory committees when deliberating. This seeks to bring greater openness and transparency to departmental budget allocations, priorities and pressures, including those relating to Covid-19, in advance of the Assembly plenary debate on the Executive Budget in early May.

Outlining current and historical information and related analyses, it uses the following headings:

1. Refresher: Rules Relating to NI Budgeting and In-Year Financial Processes
2. Indicative Executive Budget Timetable for 2020-21
3. Key Factors Shaping Executive Budget 2020-21
4. Headline Changes in NI Departmental Budget Allocations
5. Expenditure Allocated in Recent NI Budgets – 2016-17 to 2020-21

Throughout, scrutiny points (those included in the earlier version and new ones) are provided for committees' consideration and use, to support a coordinated approach. This is intended to enable more robust and consistent Budget scrutiny and consultation on two levels – an individual committee level and the Committee for Finance's (CfF's) central overseeing level – in accordance with relevant legal requirements.³

1. Refresher: Rules Relating to Budgeting and In-Year Financial Processes

In basic terms, budgetary actions must be taken by central and devolved government at certain times each year, and in a specific order. This is how NI receives its annual "Spending Envelope" from central government, i.e. both the NI Block Grant (including Barnett consequential) and Non-Block funding, which subsequently informs a majority of the funding annually available to the Executive for its Budget each year. This in turn leads to scrutiny of and consultation on the Executive Budget proposals, including individual departmental allocations.

¹ Appendix 1 outlines the underlying rationale for this series of briefings. For the earlier briefings in the series, see: Public Finance Scrutiny Unit (PFSU). Research and Information Service (RaISe). "Assembly Committee engagement on 2020-21 departmental budget planning". NIAR 15-20. 20 February 2020, at: <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2017-2022/2020/finance/03202.pdf> ; and, PFSU. RaISe. "Standardised Scrutiny Approach: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21". NIAR 94-20. 20 March 2020. Issued to committees, but not published on-line.

² Copies of individual template replies can be found in a separate appendix to this paper, entitled "Additional Appendix: Individual Completed Departmental Templates".

³ Those legal requirements are found in: the Good Friday/Belfast Agreement and Fresh Start Agreement, in relation to scrutiny role and responsibilities of Assembly committees; and, Northern Ireland (NI) Act 1998 in relation to consultation.

Central government, the Executive and the Assembly – all - must carry out their specified roles and responsibilities relating to the above, in accordance with the prevailing financial arrangements. Those arrangements are specified by current devolution settlements in NI, legislation and other; collectively defining the “rules” governing budgeting and in-year financial processes relating to NI – i.e. NI’s Public Finance Framework (PFF).⁴

Based on the operation of the PFF in NI in recent years, the following is what usually occurs in terms of annually formulating the Executive Budget, starting with central government:

- The UK Chancellor of the Exchequer (the Chancellor) makes a Budget Speech, following Spending Review.
- The NI Secretary of State, within fourteen days of the Chancellor’s Speech, advises the Executive of the Spending Envelope that is to be transferred to it from the UK level.
- This informs the NI Executive Budget, along with estimated receipt generation and collection under Executive/departamental policy.
- NI individual departments submit bids to the Finance Minister, in accordance with their resource requirement profiles for that Budget year – “normally”.
- The Executive then allocates its Budget across departments.
- The Executive/departments consult with the Assembly, including statutory committees on departments’ allocations.
- The Assembly scrutinises the Budget, including allocations *via* statutory committees.
- This in turn ultimately leads to the enactment of relevant Budget Bills and related Votes in the Assembly.

Committee Members should note the above when considering the Finance Minister’s proposal for Executive Budget 2020-21 going forward. The proposal is explained in more detail at sub-section 3.3.4 below. In effect, that proposal would require the Assembly to consider additional bills relating to the Budget, departing from what “normally” occurs if accepted, and would bring changes to the below indicative timetable.

2. Indicative Executive Budget Timetable for 2020-21

To contextualise subsequent sections of this paper, an indicative Executive Budget timetable is outlined below. It identifies key dates and events related to Executive Budget 2020-21, from 22 April 2020 going forward, which are well established at the time of writing.

NOTE: The timeline does **not** reflect changes that would need to be made to it, if the Assembly accepts the Finance Minister’s noted proposal, as outlined in his letter to the CfF on 24 April, and explained below at sub-section 3.3.4. The Minister’s proposal is based on decisions taken by the Executive that same day. In essence, the proposal, if accepted, would require the Assembly to consider additional bills relating to the Budget, and would depart from what “normally” occurs.

⁴ Central to NI’s PFF is Treasury’s “Statement of funding policy: funding for the Scottish Parliament, National Assembly of Wales and Northern Ireland Assembly”, last revised in November 2015:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479717/statement_of_funding_2015_print.pdf

Table 1: Indicative Timeline for Executive Budget 2020-21 and Related Assembly Activity⁵

Date(s)	What's scheduled to happen...
22-23 April	Assembly statutory committees engage with their respective departmental finance officials about their departments' returned templates.
29-30 April	Assembly statutory committees: (1) Engage further with their departments, discussing budget allocations, priorities and pressures, including those relating to Covid-19, in advance of the plenary debate. (2) Agree their individual committee reports; and, (3) Send to the CfF their individual reports. All this aims to help inform the CfF compendium report regarding Assembly scrutiny and consultation on the Executive Budget.
Week commencing 4 May	The Finance Minister intends to bring a motion on the Executive Budget (as advised 18 March 2020).
6 May	The DoF officials are provide an overview to the Committee for Finance (as advised 10 March).
25 May	The Finance Minister is to lay the Main Estimates in the Assembly (as advised 10 March). The DoF is to revise and issue new In-Year Monitoring Guidelines for 2020-21; date to be determined.
3 June	The Departments are to provide evidence on their 2020-21 budget positions to Assembly statutory committees (as advised 10 March). The Finance Minister is to seek Accelerated Passage for the Budget Bill (as advised 10 March).
10 June	The Budget Bill is to go by Accelerated Passage in the Assembly, if agreed to the week before.
15 June	Supply Resolution (as advised 10 March).
22/23 June	The Assembly is to consider the Budget Bill (as advised 10 March).
29/30 June	Final week of Assembly plenaries prior to summer recess. The Finance Minister's speech at final stage of Budget Bill in the Assembly.

Scrutiny point:

1. Can the DoF advise on when more detail will be available in relation to the departmental post-Budget tidy-up exercise? That data will need to be factored into committees' future scrutiny and consultation with departments; informing committees' forward work programmes?

⁵ This table draws on various written and oral correspondence between the DoF, the CfF and the PFSU, from mid-March – late April 2020.

3. Key Factors Shaping Executive Budget 2020-21

This section provides an overview of key factors shaping Executive Budget 2020-21, including Assembly scrutiny of and consultation on the Budget. Those factors relate to the following:

- 3.1 Unique Circumstances Facing New Executive and Fully Functioning Assembly
- 3.2 United Kingdom (UK) Chancellor's 2020 Budget
- 3.3 Covid-19 Impacts and Measures

3.1 Unique Circumstances Facing New Executive and Fully Functioning Assembly

Since their January 2020 return, both the Executive and the Assembly have faced a number of unique circumstances, that have presented a challenging public expenditure environment. This has constrained how each institution undertakes its roles and responsibilities in terms of the Budget:

- 3.1.1 Unique Circumstances Identified
- 3.1.2 Constraining Nature of Present Challenging Public Finance Context

3.1.1 Unique Circumstances Identified

Listed in no particular order of significance, those circumstances have included:⁶

1. An “institutional memory gap” following their return after a three-year political “hiatus”;
2. Difficulties in tracking allocated “Confidence and Supply” deal monies, and those that remain outstanding;
3. New provisions to be implemented under the “New Decade, New Approach” (NDNA) deal, in the apparent absence of sufficient funding from central government to do so;⁷
4. Significantly late 2019-20 Barnett consequentials from the UK Government, which needed to be addressed promptly to avoid surrender and loss to NI’s public purse;
5. The Finance Minister’s acknowledgement in the Assembly on 25 February 2020 that exigencies at that time, due to the three-year hiatus, necessitated departure from the Managing Public Money Northern Ireland (MPMNI) guidance,⁸ which supports delivery of Treasury’s Statement of Funding Policy; and Treasury’s ‘Managing Public Money’ (MPM)⁹ – form part of NI’s PFF;¹⁰

⁶ “Assembly Committee engagement on 2020-21 departmental budget planning”. NIAR 15-20. 20 February 2020, pp 4-9: <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2017-2022/2020/finance/03202.pdf> ; and, “Standardised Scrutiny Approach: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21”. NIAR 94-20. 20 March 2020. Unpublished, pp 2-3.

⁷ See: Public Finance Scrutiny Unit (PFSU). Research and Information Service (RalSe). “Assembly Committee engagement on 2020-21 departmental budget planning”. NIAR 15-20. 20 February 2020, at: <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2017-2022/2020/finance/03202.pdf> ; and, PFSU. RalSe. “Standardised Scrutiny Approach: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21”. NIAR 94-20. 20 March 2020. Issued to committees, but not published on-line.

⁸ <https://www.finance-ni.gov.uk/articles/managing-public-money-ni-mpmni>

⁹ <https://www.gov.uk/government/publications/managing-public-money>

¹⁰ Central to NI’s PFF is Treasury’s “Statement of funding policy: funding for the Scottish Parliament, National Assembly of Wales and Northern Ireland Assembly”, last revised in November 2015:

6. Uncertainties relating to on-going European Union (EU) exit negotiations and match-funding issues. Departmental planning and costing exercises undertaken in relation to the implementation of the UK exit should include foreseeable potential costs, including, for example, those arising from European funding that will no longer be available, i.e. no longer an income source supplementing money available to the Executive. Such funding impacts on the Executive's use of the Block Grant; going forward, in that, the lack of this funding going forward needs to be factored into departmental budget planning;¹¹
7. Late notification of NI's 2020-21 Spending Envelope from central government, given the UK Chancellor of the Exchequer's (the Chancellor's) late 2020 Budget Speech (receipt actually after the current budget year began);
8. Covid-19 impacts and related redress measures, allocated on a rolling basis, which present challenges when formulating and agreeing the Budget, given legislative requirements under NI's PFF;¹²
9. Further Covid-19 related budget formulation considerations, such as: understanding pressures arising from coronavirus; identifying underspends; profiling resource requirements, including reprioritising or surrendering the underspends; allocating available resource, e.g. that provided by central government through Barnett, which is unhypothecated (non-ring-fenced); deciding on whether and how to supplement central government Covid-19 measures from a NI perspective; and, the Finance Minister's proposal (dated 24 April 2020) for additional legislation relating to the Budget due to Covid-19 funding, as explained in sub-section 4.3 of this paper;
10. Extremely compressed timetable to formulate, scrutinise and agree the Executive Budget for 2020-21, amidst the noted uncertainties and unprecedented pressures, which has been further compressed by Assembly committees' late receipt of departmental data, e.g. completed departmental templates;

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479717/statement_of_funding_2015_print.pdf

¹¹ European funding includes European Union (EU) Structural Funds and those distributed by the Executive via departments acting as paying agencies, such as:

- NI Rural Development Programme, the European Regional Development Fund, the European Social Fund and the European Fisheries Programme. All this funding involves long-term budgets covering seven-year periods, with the next round running from 2021 to 2027. This funding must be "matched" and conditions of expenditure also need to be met; and,
- PEACE IV. This funding consists of 85 per cent from European Regional Development Fund, and 15 per cent "matched" by the Executive and the Republic of Ireland Government.

¹² Section 64 of the NI Act 1998 (as amended) concerns Draft Budgets and is key to understanding challenges related to Covid-19 additional funding, when formulating Executive Budget 2020-21 – i.e.:

- Section 64 (1A) *At least 14 days before laying a draft budget for a financial year, the Minister of Finance and Personnel must lay before the Assembly a statement specifying the amount of UK funding for that year notified to the Minister by the Secretary of State.*
- Section 64 (1B) *At the same time as laying a draft budget for a financial year, the Minister of Finance and Personnel must lay before the Assembly a statement showing that the amount of UK funding required by the draft budget does not exceed the amount specified under subsection (1A) for that year.*

<http://www.legislation.gov.uk/ukpga/1998/47/section/64>

11. The need to consider and action public expenditure related findings and recommendations, which have been specified in the Renewable Heat Incentive Inquiry Report, issued on 13 March 2020, in particular those relating to public finance controls;¹³
12. Increased ministerial flexibility, e.g. “a post-Budget tidy up” exercise and forthcoming revised In-Year Monitoring (IYM) arrangements for 2020-21, including new Guidelines to be issued by the DoF;¹⁴ and,
13. Departmental budget planning cognisant of the existing draft Programme for Government and related Outcomes Delivery Plan, in particular the most recent version of the Plan, and any more recent work in this area, e.g. that relating to on-going work to develop indicators.¹⁵

Scrutiny points:

- 1. How does this budget exercise relate to the Departmental Outcomes Delivery Plan?**
- 2. How does it relate to the formulation of the new Executive’s Programme for Government?**
- 3. What is the DoF timescale for issuing revised In-Year Monitoring (IYM) Guidelines to departments?**
- 4. Prior to June IYM, when will more detail of the departmental post-Budget tidy-up exercise (undertaken by the DoF with departments) be made available to committees, enabling them to factor scrutiny and advice relating to that exercise into their forward work programmes?**

For example, when will the department forward details of any reallocated funding within its department due to either: the need to reallocate to reprioritise funding due Covid-19; and or, a given reallocation exceeds the normal £ 1 million *de minimis* limit under the NI PFF?

The above information is especially relevant to the CfF because if made available, it would enable the committee to closely scrutinise how funding is allocated within and between departments, to address Covid-19 related challenges, along with the many other “routine” issues and challenges faced by departments in 2020-21.)

- 5. Would the DoF advise the CfF on how often it reviews the MPMNI guidance?**
- 6. In future, would the DoF agree to routinely advise the CfF when amendments are made to the MPMNI, and other similar guidance? (i.e. agree to make this a standing arrangement?)**

3.1.2 Constraining Nature of Present Challenging Public Finance Context

As explained in earlier PFSU briefing papers, the unique circumstances present a challenging public finance context, in which the Executive and the Assembly are to fulfil their budgetary roles and responsibilities. Arguably the context - in effect - serves to constrain the

¹³ <https://www.rhiinquiry.org/news/chairmans-statement-rhi-inquiry-report-launch-friday-13th-march-2020>

¹⁴ Letter dated April 2020, from the DoF to the CfF.

¹⁵ <https://www.executiveoffice-ni.gov.uk/publications/outcomes-delivery-plan-indicators-201920>

work of the Executive, as many of the above are beyond the Executive’s control because they arise under the prevailing financial arrangements under current devolution settlements in NI, which define the “rules” governing budgeting and in-year financial processes in NI – i.e. NI’s Public Finance Framework (PFF); and now there is the global pandemic.¹⁶

In turn, the noted challenges collectively, and inevitably, adversely impact scrutiny and consultation on the Budget by the Assembly, in particular its statutory committees. The challenges serve to compress the Executive Budget timetable, reducing time for those committees to meaningfully gather and assess data, prior to engaging with their respective departments. Ultimately it could be said that this all serves – in effect - to constrain the Assembly’s the effective functioning, and discharge of its roles and responsibilities relating to the Executive Budget.

When developing proposals to implement the NDNA budget related provisions, both the Executive and the Assembly should engage on the existing NI PFF. They individually and collectively could dedicate time and consideration to unpicking the PFF, assessing how budgetary and in-year processes could be better served, while inserting the new NDNA dimensions, including the establishment of a new, independent Fiscal Council for NI, amongst other things.

Scrutiny points:

- 1. Is or will the work to implement NDNA budget related provisions, form part of the on-going DoF work relating to Review of Financial Processes, given that they naturally relate to one another?**
- 2. How does all the above work relate to the Departmental Outcomes Delivery Plan?**
- 3. And in time, how will that work relate to the new Programme for Government?**

3.2 UK Chancellor’s 2020 Budget¹⁷

On 11 March 2020, the Chancellor outlined his 2020-21 Budget. Its timing was much later than usual, delayed from Autumn 2020. It was the first budget of a new UK Government, with a newly appointed Chancellor, following on from the UK exit from the EU. This was happening just as a global pandemic, Covid-19, was taking hold in the UK and beyond.

Within this unprecedented context, the Chancellor centred his 2020 Budget Speech on two broad themes - increased public spending and greater public investment. Outlined below are key items to note about his Speech and subsequent Chancellor announcements:

- 3.2.1 Timetable for the Comprehensive Spending Review (CSR)
- 3.2.2 Non Covid-19 Measures
- 3.2.3 Covid-19 Measures
- 3.2.4 Application of Covid-19 Measures in Devolved Regions
- 3.2.5 Devolved Administrations’ (DAs’) Specified Access to the UK Reserve for Covid-19 Related Reasons

¹⁶ “Section 1.29 Supporting those affected by Covid-19”. Treasury Policy Paper Budget 2020. Updated 12 March 2020: <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

¹⁷ This section draws heavily on Treasury Policy Paper Budget 2020. Updated 12 March 2020: <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

3.2.1 Timetable for the CSR

Launching the CSR, the Chancellor explained it would conclude in July 2020, setting out the UK Government's detailed spending plans for the current Parliament. About two weeks later, however, on 24 March, the Chancellor amended his CSR plans; announcing the CSR now was postponed to a date not yet determined. These changes were to enable the UK Government to remain focused on its response to the on-going public health and economic crisis. Such delay has added to previous uncertainties surrounding the CSR, including those relating to the UK exit from the EU. It, however, is an unsurprising postponement in the current circumstances.

Scrutiny points:

- 1. Given the Chancellor's CSR announcement, has the Finance Minister and or the DoF engaged with the Chancellor and or the Treasury about the CSR in relation to NI?**
- 2. When does the DoF expect the CSR to conclude?**
- 3. How does the CSR delay impact on the Executive's planning for a multi-annual budget from 2021-22 onwards, as specified in NDNA?**
- 4. In the DoF's assessment, is there a "critical date" each financial year, after which it would be too late (i.e. practically impossible), to implement multi-annual budget proposals, if there is to be adequate opportunity for scrutiny under the Good Friday/Belfast Agreement, and adequate opportunity for consultation under the NI Act?**

3.2.2 Non Covid-19 Measures

The Chancellor's plans for 2020 included non Covid-19 measures that were aimed at:

- Building an infrastructure to support UK economic growth by investing £640 billion in Britain's roads, railways and digital networks;
- Supporting public services by funding 50,000 more nurses and 50 million more GP surgery appointments a year;
- Increasing the number of citizens who can avail of tax cuts by increasing the National Insurance thresholds and providing a cash boost to the National Living Wage;
- Supporting businesses of all sizes; and,
- Accelerating the UK's progress towards a greener economy.

3.2.3 Covid-19 Measures

The Chancellor also included the UK Government's Action Plan on Coronavirus, including initial targeted and temporary measures to address Covid-19 impacts on public services, individuals and businesses, both direct and indirect. These initial measures initially amounted to £12 billion. In subsequent weeks, these have been supplemented by additional special measures.

In his Budget Speech, the Chancellor further noted that the UK Government would continue to monitor the situation, introducing additional support measures if needed, based on the latest scientific evidence.

Significantly, the Chancellor pledged in his Budget Speech and his subsequent Covid-19 briefings that the UK Government would "...do whatever it takes" to overcome the many

challenges arising from Covid-19; and that the Government’s “...*single goal is: to protect people’s health and economic security, by supporting public services like our NHS, backing business, and protecting people’s jobs and incomes*”.¹⁸ He also recognised that “...[the UK Government] will not be able to protect every single job or save every single business”.¹⁹

3.2.4 Application of Covid-19 Measures in Devolved Regions

Speaking specifically about the Devolved Administrations (DAs) and initial Covid-19 measures, the Chancellor explained that the UK Government was working closely with the DAs, including the Executive. He stated that the DAs would receive a share of additional funding to provide support in devolved areas, when Covid-19 measures do not apply on a UK-wide basis. This would be done through the application of the Barnett formula under NI’s PFF, as specified in the Treasury’s *Statement of Funding Policy*.²⁰

It is important to note that the DAs Covid-19 funding is unhypothecated, meaning the DAs are under no requirement to use the Covid-19 funding for the same purpose as the English measures upon which the Barnett additions arise.²¹

3.2.5 DAs’ Specified Access to the UK Reserve for Covid-19 Related Reasons

In usual circumstances, the DAs – such as the Executive (including its departments) - are expected to set and manage their Budgets, controlling expenditure within their specified control totals, as set by the Treasury. They are expected to do this by balancing competing priorities, absorbing expenditure pressures through appropriate reductions and reallocations. This is to be done in line with the DoF definition of “expenditure pressures”:²²

Any additional call on a department’s resources, or demand for funding, would be viewed as a pressure, whether unforeseen or anticipated. That additional need can come from many sources, shortfall in anticipated income, increase in the cost of goods or increased cost of providing a service. Departments should first seek to find resources from within their existing budgets to meet those pressures before submitting a bid at a financial exercise such as through in-year monitoring.

And all of this is to be done in accordance with all the rules – the PFF – so that balanced budgets are maintained. This is central to a DA budgeting and managing its public expenditure. If the Treasury finds a DA has seriously mismanaged its finances, Treasury can use its discretionary powers (under the rules) to impose penalties on the DA.

In exceptional circumstances, however, such as Covid-19, the DAs can access the Reserve – see below. The Chancellor stated this in his 2020 Budget Speech, explaining that they could individually access the Reserve **if** additional temporary funding was needed to cover

¹⁸ Treasury Press Release. 26 March 2020: <https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals>

¹⁹ “Section 1.29 Supporting those affected by Covid-19”. Treasury Policy Paper Budget 2020. Updated 12 March 2020: <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

²⁰ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479717/statement_of_funding_2015_print.pdf, at chapter 2.

²¹ Letter dated 20 April 2020, from the DALO DoF to the Clerk CfF, at Appendix X of this paper.

²² Email dated March 2020, from the DoF to RaiSe’s PFSU.

disproportionate Covid-19 related costs and the allocated Covid-19 resource was insufficient.²³

The Treasury's "Debt Management Report 2020-21", published alongside the Chancellor's 2020 Budget, mentioned DAs' Reserve Access, stating the Executive has short-term resource borrowing powers to assist cash flow management in the NI Consolidated Fund.²⁴

The Reserve

Under the PFF, the Reserve is centrally held Departmental Expenditure Limits (DEL), controlled by the Treasury. It is available only for genuinely unforeseeable contingencies, which the DAs cannot be expected to manage from within their allocated DEL.

Treasury's "Statement of funding policy: funding for the Scottish Parliament, National Assembly of Wales and Northern Ireland Assembly" at chapter 6 outlines Reserve use.²⁵ Most importantly, the Statement specifies that a DA's access is to be in accordance with Treasury specified terms and conditions.

Beyond the above, it is in the CfF's interest to learn more about Reserve access for Covid-19 reasons: i.e. how such access is made?; whether the Executive plans to do so?; and, what this means for NI future budgets going forward?

Scrutiny points:

- 1. In the context of Covid-19, has the Executive and or the Finance Minister engaged with the Treasury about the terms and conditions to access the Reserve, if the Executive decided this was necessary?**
- 2. What is the likelihood that the Executive will need to access the Reserve for Covid-19 related reasons?**
- 3. What options are available to the Executive instead of using the Reserve, to cover Covid-19 related expenditure shortfalls?**
- 4. In the event that the Executive does require access to the Reserve: What are the estimated costs of such access? What options could the Executive consider to raise additional resources for debt repayment when accessing the Reserve?**

3.3 Covid-19 Impacts Informing Executive Budget 2020-21 Considerations

Similar to other countries around the world, central and devolved UK governments have implemented lockdown requirements necessitating social distancing, in an attempt to reduce the spread of Covid-19. Accompanying those requirements is a substantial package of government measures, aimed to address the unprecedented health, financial and economic challenges arising from Covid-19 impacts, both direct and indirect effects. The measures include those applicable on UK-wide and NI-only bases; collectively seeking to support public

²³ "Section 1.29 Supporting those affected by Covid-19". Treasury Policy Paper Budget 2020. Updated 12 March 2020: <https://www.gov.uk/government/publications/budget-2020-documents/budget-2020>

²⁴ Treasury. "Debt Management Report 2020-21, at paras 1.29 and 2.28-2.30: <https://www.gov.uk/government/publications/debt-management-report-2020-to-2021> To view other Budget 2020 documents, see: <https://www.gov.uk/government/publications/budget-2020-documents> .

To view other Budget 2020 documents, see: <https://www.gov.uk/government/publications/budget-2020-documents> .

²⁵ Treasury. "Statement of funding policy: funding for the Scottish Parliament, National Assembly of Wales and Northern Ireland Assembly". November 2015, at paras 6.3-6.6: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/479717/statement_of_funding_2015_print.pdf

services, individuals and businesses, which have been, are or will be affected by the pandemic, in the immediate and in the longer terms.

This section highlights how Covid-19 impacts are informing Executive Budget 2020-21 considerations. It sets out:

3.3.1 Changed Economic and Fiscal Context

3.3.2 Departmental Resource Requirement Profiles for Essential Covid-19 Measures

3.3.3 Departmental Covid-19 Resource Allocations

3.3.4 Finance Minister's Proposed Additional Budget Bills due Covid-19

Going forward, Assembly committees should maintain watching briefs in these areas, as changes in relation to each are anticipated in future, and will be relevant to on-going committee scrutiny of and consultation on the Budget.

Scrutiny points:

1. What is the department's indicative timetable for updating its respective committee on Covid-19 funding measures? (This applies in relation to all departments receiving Covid-19 funding.)

2. Would the department agree to furnish such updates using a template designed and agreed by the DoF and the CfF?

3.3.1 Changed Economic and Fiscal Context

This sub-section highlights anticipated economic and financial impacts due to Covid-19, to provide context when considering Executive Budget 2020-21 at both and overall level and an individual departmental level. It draws on key findings outlined in a number of recent studies regarding the UK, NI and Republic of Ireland (RoI). Studies like these are relevant to NI budgetary decision-making for 2020-21, at both Executive and individual departmental levels, given the relationships with one another constitutionally, politically or economically. They therefore should inform Assembly statutory committees' consideration of the Budget.

Emergency measures to reduce fiscal and economic impact of Covid-19

Since the Chancellor delivered his 2020 Budget Speech on 11 March, the global pandemic has changed the fiscal and economic context dramatically. Observers note that once the public health crisis abates, the UK, along with countries around the world, will inevitably face a difficult economic future. Since mid-March until the time of writing, forecasts have become increasingly bleak, with recession apparently inevitable. For example, the NERI Institute stated "*recession is inevitable*".²⁶ The Think Tank Policy Exchange recently observed that:²⁷

...the UK faces an imminent recession, and the Chancellor is trying to ensure as much of the economy survives it in hibernation, able to return and recover later this year.

No one knows how much longer the pandemic will continue; nor how long the associated government lockdown will remain in place. The full impacts of the lockdown requirements – direct and indirect - also remain unclear. Similarly, it is unknown as to how far the additional government funding to address Covid-19 related challenges will help to offset all those impacts. Nevertheless, it is **already** clear that there will be significant financial and economic

²⁶ <https://www.nerinstitute.net/blog/coronavirus-young-workers-likely-feel-brunt-again>

²⁷ <https://policyexchange.org.uk/publication/limiting-the-economic-impact-of-the-covid-19-virus/>, pp 5-6.

impacts for countries around the world, including NI, due to on-going coronavirus challenges. On 17 April, the International Monetary Fund (IMF) announced that it:

*... has been moving rapidly to provide comprehensive support its member countries, by leveraging our \$1 trillion lending capacity; doubling annual access limits for our rapid disbursing vehicles to about \$100 billion to respond to **unprecedented calls for emergency financing from more than 100 countries**.*²⁸ [emphasis added]

Recent studies highlighting ever-changing economic and fiscal outlook

When delivering his 2020 Budget Speech, the Chancellor introduced a range of measures to support the UK economy during the pandemic. Subsequently, further central and devolved government measures have been announced, as detailed in a subsequent section of this paper.²⁹ Such measures come at a considerable fiscal cost: public spending is temporarily, but dramatically increasing; while revenue collection is dramatically falling due to sharp and deep decline in economic activity. The UK Government is funding schemes and enhancing benefit provision for individual citizens, as well as paying a significant proportion of the workforce to stay home and observe social distancing through furlough³⁰ schemes. It also implements other measures aimed to support business firms of all sizes, in the form of government-guaranteed loans, one-off grants and rates holidays. All this serves to dramatically increase government borrowing, incurring considerable debt; while receipt collection dramatically declines.

The Policy Exchange described the Chancellor's measures as "*courageous and credible*".³¹ The Institute for Fiscal Studies (IFS) described the UK Government's fiscal policy response as "*substantial*", stating:³²

Only taking account of measures announced so far, and even if the economy "only" shrinks by 5% per cent this year, we might expect borrowing in the coming financial year to exceed £175 billion, or more than 8% of national income.

In NI, therefore, when taking budgetary decisions for 2020-21 and beyond, the Executive and individual departmental ministers should note at least two things about this ever-changing economic and fiscal context:

1. The UK economy could shrink by **more** than 5%, as noted above, which would amplify the ratio of debt to national income; and,
2. The Chancellor's pledge "to do whatever it takes", and actually doing that, would introduce further fiscal measures announcements, with additional ones reasonably expected in future, albeit all temporary measures; but ultimately increasing costs to the public purse, and borrowing to fund those new measures.

Specifically, in relation to NI, accountancy and advisory firm Ernst & Young (EY) modelled two scenarios, factoring in the inter-connectedness of the economies of NI and the Republic of Ireland (RoI) and related "spill-over" effect in each jurisdiction. The EY modelling suggested

²⁸ <https://www.imf.org/en/News/Articles/2020/04/17/pr20168-world-bank-group-and-imf-mobilize-partners-in-the-fight-against-covid-19-in-africa>

²⁹ <https://niassembly.tv/ad-hoc-committee-on-the-covid-19-response-meeting-wednesday-15-april-2020/>

³⁰ <https://www.gov.uk/government/news/chancellor-extends-furlough-scheme-to-end-of-june>

³¹ <https://policyexchange.org.uk/publication/limiting-the-economic-impact-of-the-covid-19-virus/>, p 5.

³² <https://www.ifs.org.uk/publications/14771>

that the two economies would contract: between 6.7% and 10% for NI; and between 7.3% and 13.1% for the RoI.^{33,34}

Moreover, a study undertaken by the Resolution Foundation modelled scenarios of UK workers remaining home due to further government social distancing requirements, using three distinct intervals – 3, 6 and 12 months. It found:³⁵

Unemployment peaks at almost 2 million (5.4 per cent) under the three-month scenario but rises to almost 5 million (14.1 per cent) in the six-month scenario and over 7 million (20.8 per cent) in the 12-month scenario.

The above numbers paint a bleak picture for the UK, including NI, for 2020-21 and beyond.

Another study, undertaken by the Centre for Progressive Policy (CPP), sought to model economic output impacts at local levels in the UK. It applied the Office of Budget Responsibility (OBR) scenario, assuming three-month lockdown and then re-open. The CPP study found two of NI's local authorities to be forecasted among the worst-affected in the UK – namely Mid-Ulster (with 45 per cent decreased economic output), and Mid & East Antrim (40 per cent). Other areas identified as above the estimated 35 per cent UK average decrease was the Causeway Coast & Glens, with a 38 per cent decrease forecasted. The least affected in NI were Belfast, Londonderry/Derry and Strabane, with a 30 per cent decrease estimated for each, below the UK average.³⁶

Figure 1: Estimated decline in Gross Valued Added (GVA) at local authority level (ten worst affected and UK average)³⁷



Source: Centre for Progressive Policy (2020).

Many of the areas shown in Figure 1 are industrialised. The OBR's scenario assuming three-month lockdown and then reopen indicate that the worst hit sector across the UK is manufacturing, with 55 per cent decreased economic output forecasted on a UK-wide level. It therefore is unsurprising that Mid-Ulster is forecasted in the CPP study, to experience such a high level of decreased output, given that manufacturing is the largest employer in Mid-Ulster.³⁸

³³ https://www.ey.com/en_ie/news/2020/03/two-economic-scenarios-tested-in-response-to-covid-19-crisis

³⁴ <https://www.irishnews.com/business/2020/03/31/news/-250-000-out-of-work-and-economic-collapse-in-virus-doomsday-scenario-1884319/>

³⁵ <https://www.resolutionfoundation.org/publications/doing-more-of-what-it-takes/>

³⁶ <https://www.progressive-policy.net/publications/which-local-authorities-face-biggest-immediate-economic-hit>

³⁷ <https://www.progressive-policy.net/publications/which-local-authorities-face-biggest-immediate-economic-hit>

³⁸ <http://www.manufacturingni.org/media/uploads/Manufacturing%20and%20NI%20Economy.pdf>

Similarly, for the hospitality sector, the OBR estimated an 85 per cent decrease in output, and given the Causeway Coast and Glens' reliance on tourism, it is unsurprising that its forecasted decreased output is above the UK average.

While uncertainty surrounds these forecasts for a number of reasons, including the stark reality that the pandemic has not run its full course, and many unknowns exist, it is certain that business is already significantly, adversely impacted. Available UK-level data shows:³⁹

Of the 5,316 businesses responding to the Business Impact of Coronavirus (COVID-19) Survey (BICS), 25% reported they had temporarily closed or paused trading for the period 23 March to 5 April 2020, while 75% were continuing trading.

However, the full scale of the impact on businesses in the UK - its full depth and breadth, both directly and indirectly – remains to be seen. It simply is unknown at this time. A few weeks ago, it would have been unthinkable that a quarter of UK businesses would simply cease trading nearly overnight, albeit temporarily for a majority of them. Similarly, it would have been unimaginable that the UK could face 7 million job losses in a 12-month period, as the Resolution Foundation study (noted earlier) has estimated. This certainly causes one to question how losses such as these will manifest in NI?

NI-level economic data

The Ulster University Economic Policy Centre (UUEPC) published some provisional NI-level estimates on 9 April.⁴⁰ This included an “order of magnitude” estimate⁴¹ of the impact of a lockdown continuing onto June 2020, as show in Figure 2:

Figure 2: Summary of estimated impact on Economic Output⁴²

Demand component	Implied annual % reduction
Consumption	-8.1%
Investment	-2.5%
Government	+1.0%
Exports minus Imports (Net Trade)	0%
TOTAL	-9.6%

Source: UUEPC (2020).

Unsurprisingly, falling consumption (demand) is shown by the UUEPC as the most significant factor. Remember, the lockdown is designed to prevent individuals from purchasing anything other than basic essentials. This is important to note given that consumer spending is a disproportionately significant driver of the NI economy, and of the overall UK economy when considered internationally.⁴³ It follows that a fall in consumer spending is expected to significantly impact the economy – across the UK, including NI.

³⁹<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheconomyandsocietyfasterindicators/16april2020#business-impact-of-the-coronavirus>

⁴⁰ https://www.ulster.ac.uk/_data/assets/pdf_file/0005/550166/UUEPC-Economic-Consequences-of-COVID19-090420.pdf

⁴¹ Order of magnitude estimates are, in effect, educated guesses informed by experience and historical data: <https://4pm.com/2017/10/18/order-magnitude-estimates/>

⁴²https://www.ulster.ac.uk/_data/assets/pdf_file/0005/550166/UUEPC-Economic-Consequences-of-COVID19-090420.pdf

⁴³ https://www.ulster.ac.uk/_data/assets/pdf_file/0018/181413/Scoping-report_Draft-final-report.pdf

Looking from a business perspective on 15 April, Ulster Bank noted a “*record fall*” in business activity due to Covid-19.⁴⁴ On 1 April, a Senior EY Economist further observed that:⁴⁵

The big unknown is how much firms can pick up after restrictions are lifted and will there be any sluggishness or long term effects. Policy will have a role to play here.

Anticipated economic impacts of Covid-19

A Queen’s University Belfast academic identified nine lingering effects that are likely to be caused by Covid-19 for years to come.⁴⁶

1. Cautious spending from consumers, with reduced consumption patterns, resulting in a “V-shaped” recovery, supported by government initiatives. Why? He points to NI’s lost jobs, along with higher taxes and rising inflation due to government bailouts.
2. Pre-Covid-19, NI had a poor economy to start with, as in the rest of the UK and most of Europe, so not many fiscal tools remain in the government’s toolbox given last crisis when government bailed out the banks. Now government has lots of debt because it Covid-19 measures are keeping business going through the current crisis. What will this mean? Large numbers, with large debts, resulting in lots of time and pain to endure while repaying, so no sharp economic rebound.
3. Covid-19 has caused the sharpest economic plunge downward, unprecedented – 25% decrease from the start of the year.
4. This potentially is a bigger scale crash than 2008, with far reaching impact, involving countries throughout the world, not just certain countries. This is an “exogenous shock”, meaning it came from outside, combined with the scale of unemployment figures.
5. The Gross Domestic Product (GDP – measures size of a country’s economy) fell further than in the 1920; UK’s has fallen close to 10%; whereas in 2008, it fell by 4.5%.
6. Pensions will be impacted because most are invested in the markets, and now stock prices have decreased, and government bond prices have decreased, and interest rates are virtually zero.
7. Pre-Covid-19 business in NI was already suffering. Despite government Covid-19 measures to lend to small and medium sized businesses, bad cash flows exist for those businesses, so those already “close to the wall”, will go, and job losses will follow, creating a tough job market for all, including graduates.
8. Exchange rate pressures exist for the £1; lowest rate £1.00 at \$1.13 US.
9. Firms are expected not to be in a position to repay debt, including that under Covid-19 schemes. Firms may have borrowed cheaply, but still may not survive, and then may not be able to pay back those debts and others. In worst case scenario, this may result in bank rescues and even bank nationalisation.

⁴⁴ <https://ulstereconomix.com/>

⁴⁵ E-mail from Senior Ernest & Young Economist to RalSe, dated 1 April 2020.

⁴⁶ <https://www.qub.ac.uk/coronavirus/analysis-commentary/dont-bank-on-a-rapid-economy-recovery/>

Out of the lockdown – how?

The question is when “after” begins, and how long “temporary” extends: both remain unknown at present. There is a balance that central and devolved government are having to consider, i.e. balancing protecting health and protecting the economy. When should the lockdown be relaxed? How long will we be living with Covid-19? Skilful political leadership, relying on medical and economic evidence is required.

As this Covid-19 situation develops, it is clear that a large fiscal policy response was, is and will continue to be required for the foreseeable future.⁴⁷ The Centre for Macroeconomics recently stated that:

*...a substantial share of economists agree that higher public debt burdens should not be a concern in the process of supporting the economy.*⁴⁸

Only on a daily basis, henceforth, the UK Government and its DAs will continue to wrestle with the issue of the economy, and will continue to formulate a fiscal response to the vast array of Covid-19 impacts. In NI, this means Assembly statutory committees must include those considerations as an integral part of their coordinated budget scrutiny for 2020-21 and beyond.

Scrutiny points:

1. Clearly the pandemic will impact on much of government business, but is there a current timescale for issuing a draft Programme for Government and to reflect same in the Departmental Outcomes Delivery Plan, informing departments’ use of the resources proposed in the budget?

2. Is there, or will there be, work undertaken to update/refresh new integrated plans and strategies across departments, such as an Executive Strategy, or existing, such as the DfE Industrial Strategy, both such plans and strategies aiming to facilitate economic recovery?

3.3.2 Departmental Resource Requirement Profiled for Essential Covid-19 Measures⁴⁹

To inform how the departments will address Covid-19, including the allocation of the millions of pounds that has been made available to address its impacts in NI, the DoF has been engaging with individual departments, asking them to profile their resource requirements. Such engagement has been, and will continue, on a rolling basis, due to the evolving nature of Covid-19 impacts; and will require regular refinement given the magnitude of the situation.

To date that engagement has included:

- Daily contact between the DoF Supply Teams with their respective departments, which has aimed to ensure deliberations on Covid-19 funding are well informed; and,
- Assessment exercises commissioned by the DoF and undertaken by individual departments have sought to ascertain financial impacts resulting from coronavirus: For example, the DoF’s commissioned assessment dated 7 April 2020 revealed:

⁴⁷<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheconomyandsocietyfasterindicators/16april2020#business-impact-of-the-coronavirus>

⁴⁸ <https://voxeu.org/article/covid-19-economic-policy-response>

⁴⁹ Letter dated 20 April 2020, the DALO DoF to the Clerk CfF, at Appendix to this paper.

- Emergent departmental savings, which have, and will continue to arise, from previously planned work not progressing due to Covid-19; and,
- Reprioritisation of those identified savings, reassigning them using additional flexibility, in order to address expected shortfalls in the additional Covid-19 funding received through the Barnett formula; and thereby meet all identified departmental pressures due to coronavirus, with adequately funded essential measures.

Table 2 below sets out the NI departmental resource requirement profiles for essential Covid-19 measures. Overall they amounted to £1,670.1 million, based on data tables provided in correspondence dated 20 April 2020 from the DoF, to the CfF.⁵⁰ (Further breakdown within departments can be found at Appendix 3 to this briefing paper.)

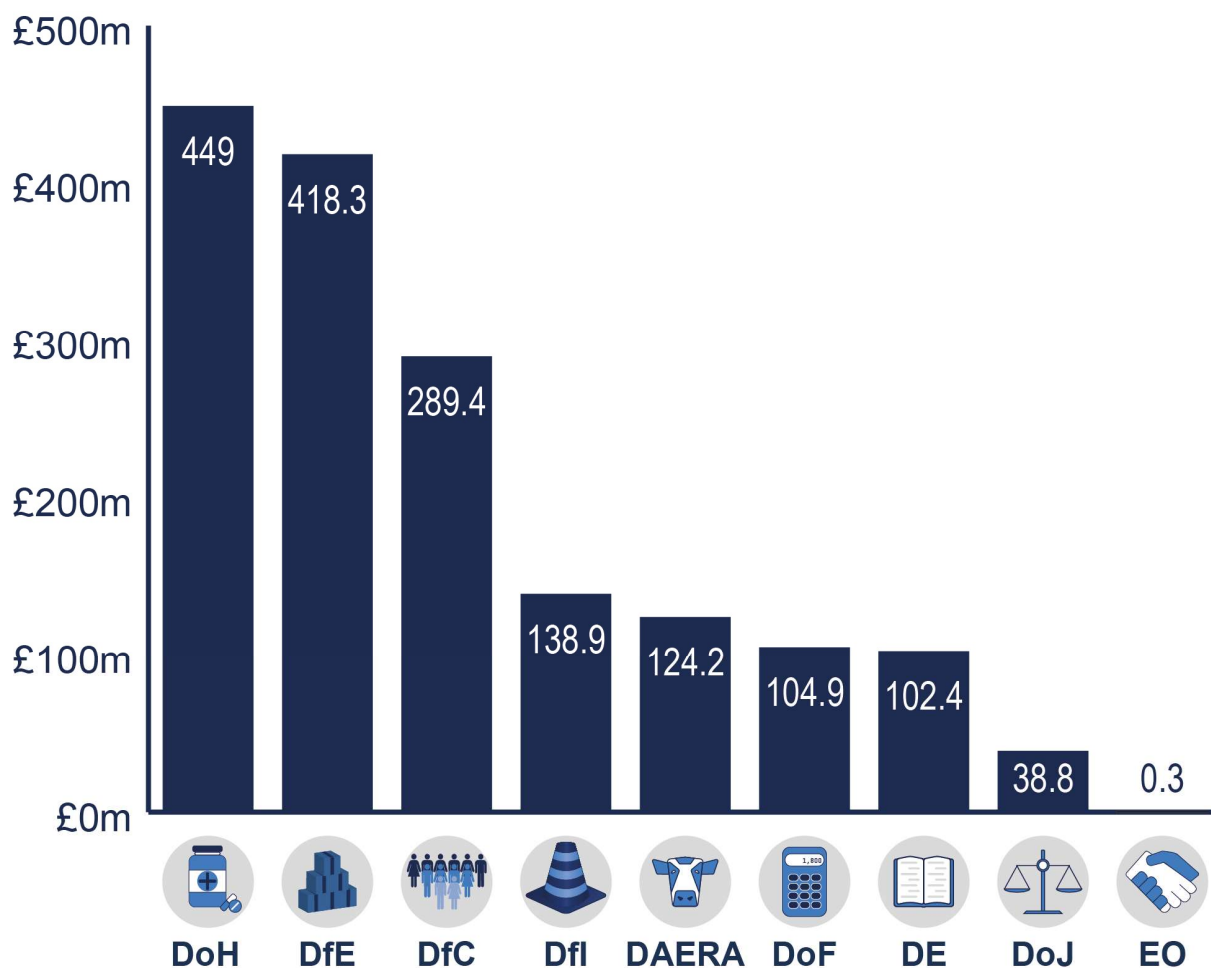
Table 2:
NI Departmental Resource Requirement Profiles for Essential Covid-19 Measures⁵¹

Department	Total for Profiled Essential Measures - £ million
Department of Agriculture, Environment and Rural Affairs (DAERA)	124.2
Department for Communities (DfC)	289.4
Department for the Economy (DfE)	418.3
Department of Education (DE)	102.4
Department of Finance (DoF)	104.9
Department of Health (DoH)	449.0
Department for Infrastructure (DfI)	138.9
Department of Justice (DoJ)	38.8
The Executive Office (TEO)	0.3
Combined Departmental Total	1,670.1

Figure 3 (overleaf) takes the data contained in Table 1 (above) and represents it in a bar graph. This is to illustrate the data in a format that easily allows for departmental allocation comparisons, from the largest amount of Covid-19 funding, down to the lowest.

⁵⁰ Letter 20 April 2020, from the DALO DoF DALO to the Clerk CfF, at appendix to this paper.

⁵¹ Letter 20 April 2020, from the DALO DoF DALO to the Clerk CfF, at appendix to this paper.

Figure 3: NI Departmental Resource Requirement Profiles for Essential Covid-19 Measures⁵²

Source: RalSe graphic, relying on data from the DoF (April 2020).

It is clear from the above graph that as of 7 April the DoH and the DfE had profiled for at least nearly triple of what all the other departments profiled, with the exception of the DfC. This is unsurprising given the roles and responsibilities of all the departments relative to Covid-19, because the most significant impacts of the pandemic are first on public health, and second on the economy, given the measures implemented to try to minimise the spread of the virus.

3.3.3 Departmental Covid-19 Resource Allocations⁵³

This sub-section is to facilitate Assembly statutory committees when scrutinising 2020-21 NI departmental allocations for Covid-19 resource, as determined by the Executive, based on the departmental profiles (outlined in the previous sub-section). **Up to and including 17**

⁵² Letter from the DoF DALO to the Assembly's Finance Committee Clerk, dated 20 April 2020, at Annex A.

⁵³ Letter from the DoF DALO to the Assembly's Finance Committee Clerk, dated 20 April 2020, at Annex A.

April, £ 1.140 million was to be made available for allocation in NI; not all is allocated at present; and there could be reductions, given the figure is based on indicative figures provided by Whitehall departments to Treasury. These are provided to NI in accordance with NI's PFF.

Table 3 outlines the Executive's allocation of them up to the stated date, as well as those that are centrally held by the Executive. Overall, these amount to £ 933.00 million. In time, the Executive will allocate those centrally held, informed by ministers' on-going reprioritisation within existing resource engagement exercises, and across departmental boundaries.

Table 3: Departmental Covid-19 Resource Allocations⁵⁴

Centrally Held/ Department	Covid-19 Response	£ million
Centrally Held	Business Support	40.0
	Support for Vulnerable Members of Society	10.0
	PPE (Personal Protection Equipment)	150.0
Total Centrally Held		200.00
DAERA	Fishery Support	1.5
DfC	Discretionary Support	5.0
	NIHE Response to Homelessness	3.3
	Community Support Scheme	2.0
	Shielding Package for Clinically High Risk	10.0
Total DfC		20.3
DE	Direct Payment to Families – Free School Meals	18.9
	Extension of Free School Meals to Youth	0.4
	Emergency Childcare Provisions	12.0
Total DE		31.3
DfE	Small Business Grant	270.0
	Hospitality, Tourism and Retail Sectors Grant	100.0
Total DfE		370.0
Dof	Business Rates Holiday	99.0
DoH	Covid-19 Pressures	205.0
DoJ	Prison Service	1.9

⁵⁴ Letter from the DoF DALO to the Assembly's Finance Committee Clerk, dated 20 April 2020, at Annex A.

	PSNI	4.0
Total DoJ		5.9
Overall Total for Centrally Held and Departments		933.00

Source: RalSe, replying on DoF (2020).

Given the sums itemised above, when considering the departmental schemes designed to provide Covid-19 responses, Committee Members should note the lessons learned via the findings and recommendations contained in the recently published report of The Independent Public Inquiry into the Non-Domestic Renewable Heat Incentive (RHI) Scheme (the RHI Report).¹ Several of them concerned capabilities of the then Department for Enterprise Trade and Investment (DETI), to design and manage the RHI scheme. In the context of Covid-19 and unprecedented government intervention to support businesses and individual livelihoods, the findings and recommendations may be relevant, as some concerns relating to design and management may arise about those Covid-19 schemes. Whilst many of those schemes are UK-wide (e.g. the Coronavirus Large Business Interruption Loan Scheme and the COVID-19 Corporate Financing Facility), there are some NI-specific interventions (e.g. £25,000 Retail, Hospitality, Tourism and Leisure Grant and £10,000 Small Business Grant) that may merit closer scrutiny, to ensure departmental design and management is to the appropriate standard. For example, committees should be mindful of paragraphs 56.3.7 and 56.3.15 of The RHI Report, where the Report noted, among other things, that:⁵⁵

The systems and mechanisms used within DETI to ensure not only that risks were identified, but that assurances as to how those risks would be managed were insufficient and unfulfilled in practice (para 56.3.7); and,

Basic administration and record keeping...[were lacking] (para 56.3.15)

Scrutiny points:

- 1. Can the Finance Minister assure the CFF that lessons have been learned across the Executive from the noted RHI departmental mistakes and inform Executive business going forward, so history does not repeat? Detail reasons.**
- 2. Where applicable, how has each individual department done to ensure that the design and the management of its Covid-19 scheme(s)? How did/will the department protect against RHI-type mistakes?**

⁵⁵ RHI Inquiry report, Volume 3 at: <https://www.rhiinquiry.org/sites/rhi/files/media-files/RHI-Inquiry-Report-Volume3-Chapter42-56.pdf>

3.3.4 Finance Minister’s Proposed Additional Budget Bills due Covid-19

This sub-section explains the Finance Minister’s proposed additional budget bills to address Covid-19 funding. If agreed to by the Assembly, it will result in changes to the current indicative timetable for the Executive Budget 2020-21, which is set out in Section 2 of this paper.

To contextualise the Minister’s proposal, this sub-section is sets out as follows:

3.3.4.a. Refresher on Rules Relating to Budgeting and In-Year Financial Processes

3.3.4.a. Initial Challenges

3.3.4.b. Current Challenges

3.3.4.a. Initial Timetable Challenges

As explained Section 1 above, in recent years the Executive formulates its Budget on an annual cycle. However, this January 2020, following the return of fully functioning devolved governance after a three-year political hiatus, challenges arose when the Executive sought to do this. This was due to a number of unique circumstances, as outlined in a previous PFSU briefing paper (NIAR 15-20, dated 18 February 2020).

Together those circumstances served to compress the indicative timetable for formulating Executive Budget 2020-21, and then enacting relevant legislation, with accompanying required Votes.⁵⁶

Those unique circumstances were acknowledged throughout late February and early to mid-March 2020, during Assembly deliberations relating to Budget Bill (NI), including discussion and debate at CfF meetings and Assembly plenaries, amongst Members and the Finance Minister. Although not optimal, as noted by the CfF and individual Assembly Members, in the given circumstances, it was appropriate to support the enactment of the Budget Act (NI) 2020⁵⁷ and the related Vote on Account approving interim departmental funding for the first few months of 2020-21. This helped to continue delivering on-going public services.

The CfF and Members further noted, as the Finance Minister also did, that this would enable departments to continue to provide public services, pending consideration of the 2020-21 Main Estimates and Budget (No. 2) Bill in June 2020.⁵⁸ The CfF and Members indicated there would be close scrutiny at that time.

All the above occurred prior to initial and subsequent Covid-19 government interventions later made by the Chancellor.

3.3.4.b. Current Timetable Challenge

Budgetary Developments since Budget Act (NI) 2020

Since the above, the indicative timetable for the current Budget has been undeniably, and significantly, further challenged by Covid-19 related developments. These developments include essential funding provided *via* central government, which aims to address the fast-changing, unprecedented health, economic and financial exigencies arising from Covid-19.

⁵⁶ PFSU. RaISe. “Assembly Committee engagement on 2020-21 departmental budget planning”. NIAR 15-20. 20 February 2020, at pp 4-8: <http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2017-2022/2020/finance/03202.pdf>.

⁵⁷ <http://www.legislation.gov.uk/ni/2020/1/contents/enacted>

⁵⁸ Letter dated 24 April 2020, from the Finance Minister to the CfF Chairperson, at appendix to this briefing paper.

That funding has come in two waves - initially as part of the UK Chancellor of the Exchequer's 2020 Budget, and later in miscellaneous in the form of allocations.⁵⁹

The Executive *via* the Finance Minister has sought to address both the initial and the supplemental Covid-19 funding from central government through daily contact between its Supply Teams and their respective departments, and assessment exercises (last commissioned 7 April) – see sub-section 2.3.2 of this briefing paper for more detail.

Technical Considerations under the PFF

However, Covid-19 funding presents technical issues for the current Executive Budget, given legislative requirements specified under the PFF. Those issues require a different approach, as proposed by the Finance Minister, to ensure legislative requirements are satisfied in relation to Executive Budget 2020-21.

Finance Minister's Proposed Approach

Due to Covid-19, the Minister's proposed approach identifies contingency arrangements that are unavailable and available under the PFF. They are explained here as simply as possible:⁶⁰

- **Budget Act (NI) 2020** was enacted in early March, along with the related Vote on Account; **authorising interim funding for NI for only the first few months of 2020-21. This amounted to approximately 45% of the 2019-20 provision.** This has allowed NI departments to continue to provide public services, pending Assembly consideration of the 2020-21 Main Estimates and Budget (No. 2) Bill in June 2020. This was when the Finance Minister thought the remainder of funding available to the Executive at that time for 2020-21, would be made available to departments, until later in-year monitoring rounds, which would inform the Supplementary Estimates.
- **Budget Act (NI) 2020 was not based on Covid-19 funding: at the given time, the scale of Covid-19 exigencies and related funding were not reasonably foreseeable.**
- **Since then, the Finance Minister notes that some departments are now having to access larger amounts of cash and consume greater levels of resources than set *via* the Assembly Vote on Account in March 2020. He notes that he is aware of at least five departments potentially running out of cash before the 31 July 2020, the date when a Budget (No. 2) Bill normally would have been expected to receive Royal Assent.**
- **The Minister stated that the fast-paced nature of Covid-19 now is further impacting on the DoF's ability to prepare Main Estimates for June, which are to reflect the Executive's up-to-date expenditure plans for 2020-21.**
- **The Minister therefore is proposing to rely on different legislative provisions to meet budgeting requirements under the PFF, amidst Covid-19, which includes initial and supplemental Covid-19 funding from central government, and potentially more, as the situation continues to unfold.**

⁵⁹ Letter dated 24 April 2020, from the Finance Minister to the CfF Chairperson, at appendix to this briefing paper.

⁶⁰ Letter dated 24 April 2020, from the Finance Minister to the CfF Chairperson, at appendix to this briefing paper.

- This is because he cannot rely on Section 59 of the NI Act 1998, as amended, and Section 7 of the Government Resources and Accounts Act (NI) 2001, because the Budget Act (NI) 2020 has been enacted already by the Assembly earlier this year.
- He also does not wish to reply on the power to make advances from the Consolidated Fund under Section 6 of the Financial Provisions Order (NI) 1998. He maintains that this would provide a very short term buffer.

In relation to the above, he further explains that the Executive would be limited to 2% of the total Block Grant provision, which would fall considerably short of the sums that would be required given Covid-19. And he notes that to increase this 2% cap, primary legislation in Westminster would be required, as it concerns an excepted matter under Section 6 of the NI Act 1998, as amended, and is therefore beyond the Assembly's legislative competence.

Scrutiny point:

1. Given current exigencies due to Covid-19 for central government, perhaps this approach would slow things down, and threaten timely access to the resource urgently required to continue to deliver public services? Would the DoF set out the underlying rationale for not proposing this approach?

- **Instead, the Finance Minister proposes to:**
 - **Not produce a set of Main Estimates** to seek the Assembly's approval for the full 2020-21 year's cash and resource requirements, and **delay them until a later date; and,**
 - **Introduce Budget (No. 2) Bill** to seek the Assembly's approval for a further Vote on Account, and provide authority for departments to continue to operate through the current Covid-19 response period.

Scrutiny point:

1. Would the Finance Minister please review his proposal with the CfF, including an outline of how this would impact the current indicative timetable for the Executive Budget ?

4. Headline Changes in NI Departmental Budget Allocations

This section provides headline changes in NI Departmental Budget allocations, first from 2019-20 to 2020-21, and then from 2016-17 all the way through to 2020-21. It seeks to provide a historical perspective, albeit limited, and cover time periods that have been fraught with a variety of challenges, as noted in section 3 of this paper.

4.1 Headline Changes 2019-20 to 2020-21

Much of the discussion surrounding Executive Budget 2020-21 has concerned the Executive's budgetary response to Covid-19, and the political will to ensure on-going delivery of public services. Nonetheless the Executive has had to allocate funding to departments, similar to any budget year.

To inform committee scrutiny going forward, this sub-section provides a number of figures on headline changes to departmental budget allocations from 2019-20 to 2020-21. The figures focus on Department Expenditure Limits (DEL - both Resource and Capital) because such expenditure is the funding that the Executive plans for in its budgets. The other major category is Annual Managed Expenditure (AME), which is demand-led expenditure, and

therefore not subject to the same expenditure controls under NI's PFF, i.e. the public finance rules.

The sub-section is presented as follows:

4.1.1 Infographic Presenting Overview of Figures

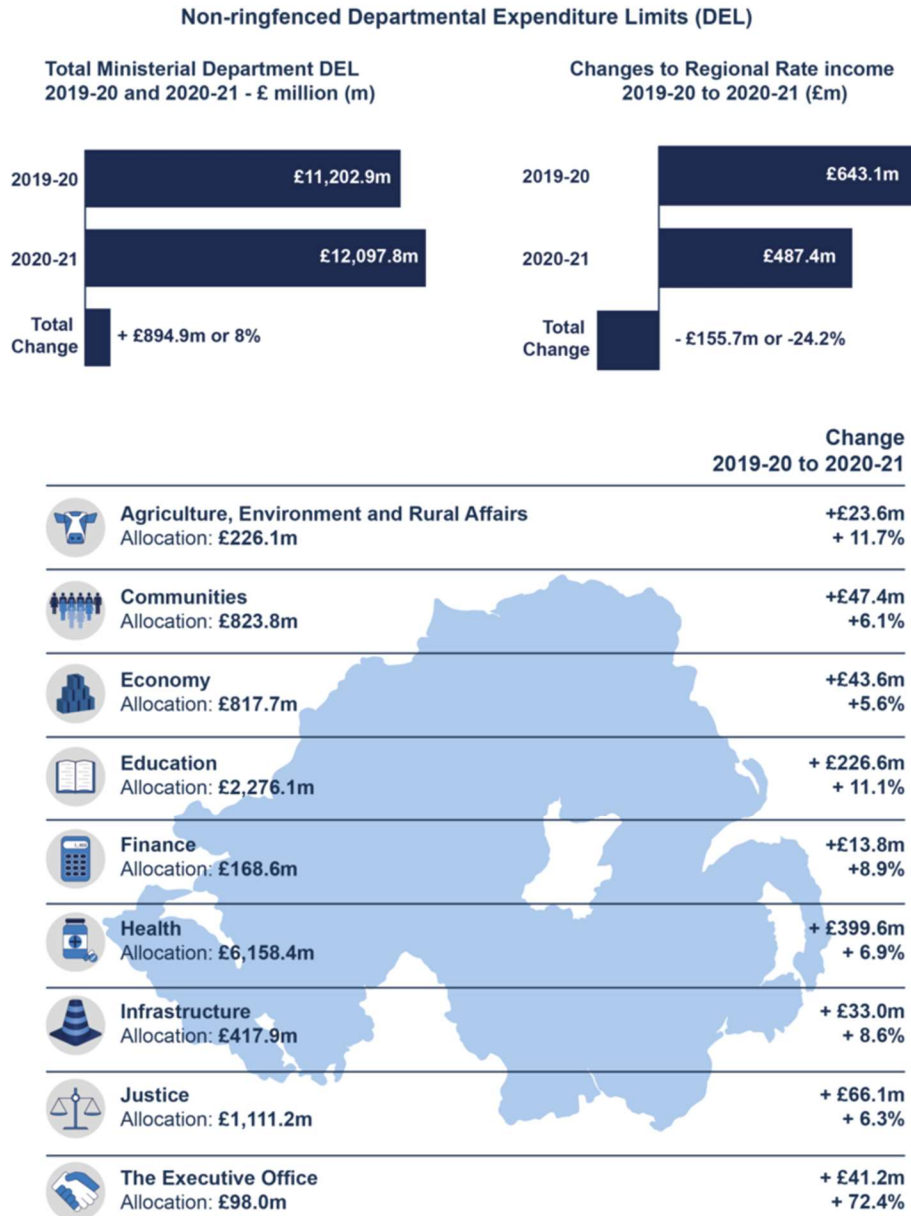
4.1.2 Observations

4.1.1 Infographic Presenting Overview of Figures

This sub-section provides context for 2020-21 departmental allocations (i.e. DEL – Departmental Expenditure Limits, both Resource and Capital). It is based on the Finance Minister's Statement on 30 March 2020. Figure 3 below is compiled by the PFSU to present changes to DEL, after first highlighting rates receipts, which are the largest income generating tool currently available to the Executive under the present PFF, i.e. those receipts supplement the Block Grant and the Non-Block funding, which NI annually receives from central government:

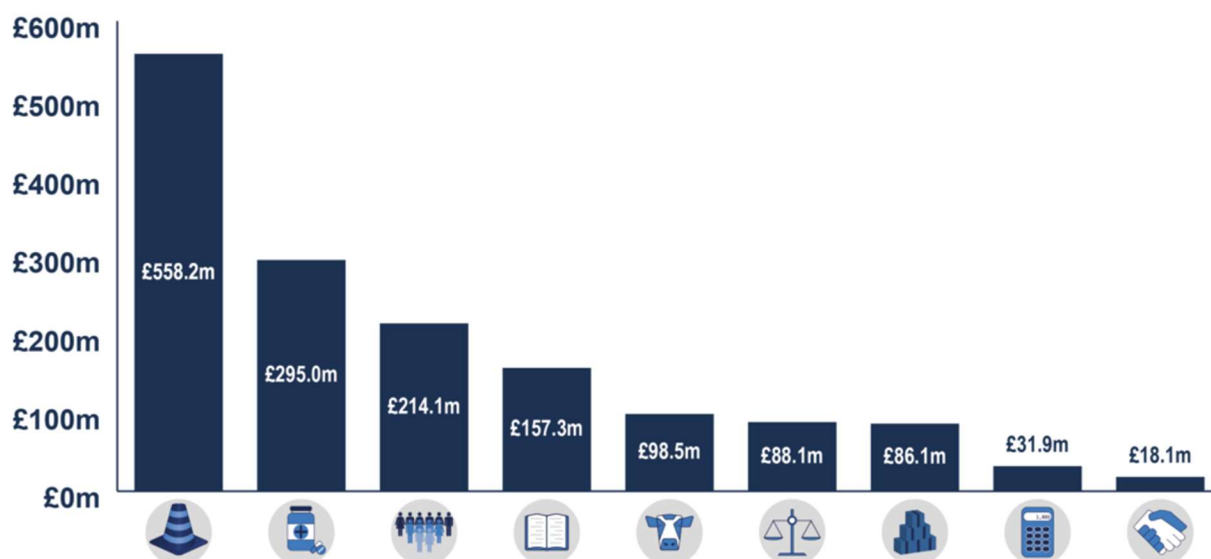
- Regional Rate income between 2019-20 and 2020-21;
- Total DEL allocation between 2019-20 and 2020-21; and,
- Departmental DEL allocations between 2019-20 and 2020-21.

Figure 4: NI Budget 2019-20 to 2020-21⁶¹



Source: RaiSe, replying on DoF (2020).

⁶¹ Compiled by the PFSU, relying on data contained in the letter dated 30 March 2020, from the Finance Minister to the Cif, with accompanying Ministerial Statement.

Figure 5: Departmental Capital DEL expenditure allocations⁶²

Source: RalSe, replying on DoF (2020).

3.1.2 Observations

The following observations can be made about the above Figures, and should be considered in conjunction with the departmental template replies discussed below in Section 4:

- Reduced Rates Receipts - The 24.2% reduced Regional Rates income is notable, accounting for an expected income reduction of £155.7 million in 2020-21.
- Increased Departmental Allocations – i.e.:
 - The 8% increase in total DEL allocation between 2019-20 and 2020-21 is similar to the approximate 9% increase experienced between 2016-17 and 2019-20.
 - All departments experienced increased DEL allocations in 2020-21; while eight of the nine departments experienced increased allocations of between 5.6 and 11.7%.
 - The Executive Office (TEO) experienced an increased allocation of 72.4%, from £57.3 million in 2019-20, to £98 million in 2020-21. This notable change in allocation is primarily due to the inclusion of £37.5 million for historical institutional abuse payments in 2020-21.

In his 31 March 2020 Statement to the Assembly, the Minister of Finance mentioned an additional £278.6 million to be allocated to the Department for Agriculture, Environment and Rural Affairs (DAERA) for Farm Support Payments, which replace the EU Common

⁶² Compiled by the PFSU, relying on data contained in the letter dated 30 March 2020, from the Finance Minister to the Cff, with accompanying Ministerial Statement.

Agriculture Policy (CAP) payments. An additional £70 million of centrally held funding will be allocated to departments during the year, as is common practice.

Figure 5 above presents Capital DEL allocations for 2020-21 at Executive department level. It shows the largest Capital DEL allocation of £558.2 million to the Department for Infrastructure (DfI), with a further £295 million allocated to the Department of Health (DoH), and £214.1 million allocated to the Department for Communities (DfC). The Minister of Finance stated that £195 million of Financial Transaction Capital (FTC) is available to the Executive, and will be allocated based on departmental proposals.

4.2 Headline Changes from 2016-17 to 2020-21

This sub-section looks at the expenditure side of recent NI budgets, based on the allocations made in 2016-17 and 2020-21 by the Executive, and in 2017-18, 2018-19, and 2019-20 by the various Secretaries of State for NI. The below expenditure tables enable committees to track and compare departmental expenditure over a five-year period, including that time when the Assembly was not fully functioning, and instead Westminster was taking NI decisions on budgetary and financial considerations.

It is presented as follows:

4.2.1 Infographic Presenting Overview of Figures

4.2.2 Observations

4.2.1 Infographic Presenting Overview of Figures

As in the earlier sub-section, figures and observations regarding the above are outlined in Table 4 and Figure 6 below, compiled by RaISe, based on DoF data. It is important to note that the data is in nominal terms (i.e. cash), and therefore is not adjusted to take account of inflation. Nonetheless both help to graphically illustrate headline changes:

Table 4: NI Budget allocations 2016-17 to 2020-21 (nominal, i.e. cash terms) (£ million)⁶³

	2016-17	2017-18	2018-19	2019-20	2020-21
EXECUTIVE DEPARTMENTS					
Agriculture, Environment and Rural Affairs	197.9	192.0	192.3	203.1	226.1
Communities	856.9	872.7	903.1	873.9	823.8
Economy	773.1	770.7	768.5	776.7	817.7
Education	1876.8	1904.1	1979	2037.7	2276.1
Finance	140.1	155.1	155	155.5	168.6
Health	4880.1	5144.8	5420.7	5701.1	6158.4
Infrastructure	370.9	375.1	370.4	384.4	417.9
Justice	1038.1	1033.7	1027.8	1077.4	1111.2
The Executive Office	58.7	77.6	66.3	57.3	98.0
OTHER BODIES					
Food Standards Agency	8.1	8.2	8.2	9.2	11.7
NI Assembly	39.0	35.4	35.9	33	41.1
NI Audit Office	7.3	7.0	8.0	7.0	8.2
NI Authority for Utility Regulation	0.2	0.1	0.2	0.2	0.2
NI Public Sector Ombudsman	2.3	2.7	2.7	2.7	3.3
Public Prosecution Service	31.0	33.6	31.8	32.2	34.7
TOTAL	10280.5	10612.8	10969.9	11351.4	12196.9

Source: DoF (April 2020).

4.2.2 Observations

Table 4 shows that the Total NI DEL Budget for both Resource and Capital expenditure rose by just over 7%, from 2019-20 to 2020-21. This compares to a 10.4% rise from 2016-17 to 2019-20.

When comparing allocations over the longer period, a slightly different picture emerges. For example, the data shown in Figure 6 below showed changes in the 2020-21 allocation from the baseline.

The data in Table 4 and Figure 6 are drawn from various publications by the DoF and seek to show the starting position for departments in each budget year, i.e. without the inclusion of changes that occur in year. Such data should allow for a trend comparison. However, without a full explanation of the construction of each year's baseline, it remains unclear as to what is happening, and potentially resulting in erroneous interpretations being made.

For example, Figure 6 shows an increase in the DfC's allocation against the baseline. But when examined further over the longer period, it is apparent that other adjustments were made. Without knowing how the baseline was constructed and then subsequently adjusted, it makes it difficult to undertake analysis and draw evidence-informed conclusions, to enable scrutiny of longer-term budgetary trends.

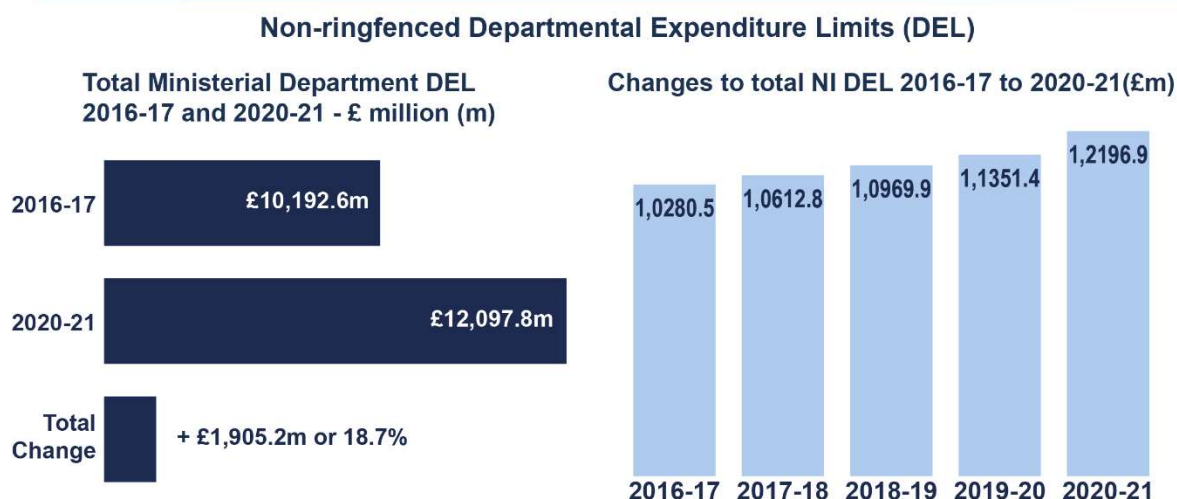
⁶³Compiled by the PFSU, relying on data contained in the letter dated 30 March 2020, from the Finance Minister to the Cff, with accompanying Ministerial Statement.

Scrutiny point:

1. In due course, would the DoF explain in greater detail how departmental baseline positions were compiled for each of the years? (The aim is to facilitate comparison of longer term trends relating to departmental baselines.)

Figure 6: Changes in allocations 2016-17 to 2020-21

Northern Ireland Budget 2016-17 to 2020-21



2020-21 Allocation	Change 2016-17 to 2020-21
Agriculture, Environment and Rural Affairs Allocation: £226.1m	+£28.2m + 14.2%
Communities Allocation: £823.8m	-£33.1m -3.9%
Economy Allocation: £817.7m	+£44.6m +5.8%
Education Allocation: £2,276.1m	+ £399.3m +21.3.%
Finance Allocation: £168.6m	+£28.5m +20.3%
Health Allocation: £6,158.4m	+ £1,278.3m + 26.2%
Infrastructure Allocation: £417.9m	+ £47.0m + 12.7%
Justice Allocation: £1,111.2m	+ £73.1m + 7.0%
The Executive Office Allocation: £98.0m	+ £39.3m +67.0%

Source: RaISe graphic, replying on DoF data (2017-2020).

5. Expenditure Allocated in Recent NI Budgets – 2019-20 to 2020-21

This section outlines expenditure allocated in recent NI Budgets. It draws on responses provided in returned departmental templates, albeit often limited departmental replies, largely due to Covid-19 exigencies and other unique circumstances, which that were identified in section 3 of this paper. Nonetheless, themes examined concern:

- 5.1 Planned Spending Given Departmental Pressures
- 5.2 Revenue Collection
- 5.3 Borrowing
- 5.4 UK Exit from the EU
- 5.5 Review of Financial Processes
- 5.6 Other

5.1 Planned Spending Given Departmental Pressures

The purpose here is to draw together common issues on a cross-departmental basis, further enabling and enhancing a coordinated Assembly approach to more holistic consideration of budgetary issues than necessarily has occurred in the past. This aims both to inform and facilitate statutory committees when deliberating on Executive Budget 2020-21, i.e. departmental budget allocations, priorities and pressures. Importantly, this should serve to support the Assembly in meeting its scrutiny and consultation roles and responsibilities relating to the Budget.

Unfortunately, the varied quality of departmental replies provided, i.e. sometimes vague and imprecise that raise additional queries, combined with the limited time available to meaningfully analyse the departmental responses due to the compressed timetable. Consequently, these factors have restricted PFSU analysis regarding the departmental allocations for Executive Budget 2020-21.

In future, when developing and implementing NDNA budget specific provisions mentioned earlier in this paper, and when addressing other unique circumstances also noted previously in this paper, more realistic timeframes and supporting documentation need to be built into the budget process, enabling timely receipt of full and accessible data, using agreed formats, including templates. This approach would enable more in-depth scrutiny and consultation on the Budget.

That said, this section of the paper nonetheless seeks to provide some observations and comments about those individual allocations, on overall and individual bases, identifying a number of recurring themes relating to “pressures” across the template replies helpfully provided by departments. The DoF definition of “expenditure pressures” is:⁶⁴

Any additional call on a department’s resources, or demand for funding, would be viewed as a pressure, whether unforeseen or anticipated. That additional need can come from many sources, shortfall in anticipated income, increase in the cost of goods or increased cost of providing a service. Departments should first seek to find resources from within their existing budgets to meet those pressures before submitting a bid at a financial exercise such as through in-year monitoring.

On that basis, the below “pressure” themes are examined in relation to Resource and Capital expenditure (REL and CDEL), drawing on departmental template returns:⁶⁵

⁶⁴ Email dated March 2020, from the DoF to the RalSe’s PFSU.

⁶⁵ See Additional Appendix to this paper for individual departmental template returns.

- 5.1.1 Pressures - New Decade New Approach (NDNA)
- 5.1.2 Pressures – Rates
- 5.1.3 Pressures – Pay
- 5.1.4 Pressures - IT
- 5.1.5 Pressures – Slippage and Reprioritisation
- 5.1.6 Pressures - Transformation

5.1.1 Pressures - NDNA

In February 2020, the Finance Minister, along with the Executive, noted insufficiency of central government funding to implement the NDNA. Ascertaining whether this is the case cannot be achieved at this time, as TEO Guidance, issued 19 March 2020, suspended both Programme for Government (PfG) and NDNA planning in the immediate future due to Covid-19, e.g. includes Transformation Projects that are to be implemented under the NDNA.⁶⁶ It therefore is unsurprising that a number of departments did not include NDNA elements in their template responses, i.e. DfI, DE and DoH. Or, as in the case of the DfE, an explicit statement was made in the template, confirming the NDNA was not considered:⁶⁷

The Department received additional budget in 2020-21 which met inescapable pressures therefore NDNA commitments were not considered as part of the Budget for 2020-21.

Similarly, the DoJ did list several such NDNA costs, (e.g. related to the Gillen Review, to Historical Investigations, the planned increase in PSNI officers, etc); however simply stating each is 'To Be Confirmed'.

And while the DoH did not any NDNA on its returned template; earlier in February 2020, the DoH had identified unfunded costs of £263.9 million (i.e. more than quarter of a billion) for 2020-21, which was not broken into RDEL/CDEL. The noted figure **could** be a combination of new NDNA commitments (i.e. in relation to mental health) and older, re-confirmed commitments relating to the Bengoa Report.⁶⁸ This is possible given that a DoF letter dated 15 April 2020 to the CfF stated that £44 million of the NDNA funding package would be allocated to Health.⁶⁹ But this is not confirmed.

Moreover, despite TEO Guidance in March 2020 to suspend, some departments still did include NDNA in their template replies, such as TEO, which identified £1.3 million RDEL salary pressures related to the NDNA commitments on Language, Identity and Cultural expression and on Civil Contingencies, the PfG Delivery and Victims' Payments.

In its 20 April 2020 letter to the CfF, not its template reply, the DoF mentioned NDNA in the context of pay, which is discussed below at sub-section 5.1.3.⁷⁰

Other departments also quantified some NDNA costs. For example, the DAERA identified £2.1 million CDEL pressures in relation to Climate Change and Climate Change Research and Development.⁷¹

⁶⁶ DoH template response.

⁶⁷ DfE template response, p 16

⁶⁸ Letter dated 15 April 2020 to CfH, DoH ref CORR-1244-2020, pp 30-31.

⁶⁹ Letter dated 20 April 2020 to CfF, DoF ref GM 1196 2020.

⁷⁰ Letter dated 20 April 2020 to CfF, DoF ref GM 1196 2020, p 2.

⁷¹ DfC template response, p 14.

The DfC recorded large CDEL bids - £112.5 million - in relation to the NDNA, though stated that figure had not been confirmed by the DoF at time of completing the template.⁷²

It is difficult to draw any conclusions from the above, given the suspension of the PfG and the NDNA work, and consequently the inevitably patchy nature of the departmental information provision.

Scrutiny points:

1. Each committee, where applicable, should ask its respective department if it can share any further information than what was reflected in its template reply reflected above?
2. When will TEO withdraw its March 2020 Guidance to suspend NDNA budget planning?
3. What is the Executive and or the Finance Minister doing to ensure there is adequate funding to implement NDNA commitments? Detail.
4. What engagement has the Executive and or the Finance Minister had with central government during March and April 2020? Detail.
5. How did that engagement help to progress his efforts to engage with central government on this and other matters in February 2020?

5.1.2 Pressures – Rates

The following sub-section highlights the fact that a number of departments, though not all, noted rates pressures in their completed templates. Committee Members may wish to learn more about the departments' replies. In particular, does they own their buildings and facilities, and how that impacts here?

Based on those that did reply in relation to this query, the DoF listed an inescapable pressure of £1.1 million RDEL in relation to non-domestic rates increases, following the recent DoF revaluation exercise. By order of magnitude, the DoF rates pressure is one-tenth of the £11 million rates pressure recorded by DE.⁷³

Whereas, the DoJ expects to increase rates costs by £2.5 million RDEL. While the DfC recorded a pressure of £3.3 million related to increases in the de-rating grant it pays to councils.⁷⁴ Like the DoF, the DfC cost increase is specifically linked to the recent revaluation.

Similarly the DoH recorded an inescapable rates pressure of £6.5 million for properties occupied by Health and Social Care staff, again linked to the recent revaluation. **Note, this pressure was originally notified to the Committee for Health in February 2020.** However, the letter dated 15 April, accompanying the completed template, states: *“This funding requirement is being reviewed in light of recent announcements on business rates”*.⁷⁵

Given departmental replies received, it is unclear from the responses whether the rates-related pressures were calculated before the Finance Minister announced the non-domestic rates reduction, and the Covid-19 related business rates holiday. Moreover, no information

⁷² DfC template response, pp 20-21.

⁷³ DE template response, p 8.

⁷⁴ DfC template response, p 10.

⁷⁵ Letter dated 15 April 2020, to CfH from DoH ref CORR-1244-2020, and accompanying completed template, p 12.

was provided in this area in relation to DfE, TEO, DAERA and DfI. It therefore is not possible to draw any conclusions; and instead requires additional questioning, to glean information that will give the Committee better understanding in this area.

Scrutiny points:

1. In relation to departmental replies received, how do the stated rates pressures take account of the recent revaluation and Covid-19 rates holiday?

2. Each committee should ask its respective department if it can share any further information than what was reflected in its template reply reflected above, including explanation of why no reply provided?

5.1.3 Pressures – Pay

For many public bodies, staff are the largest on-going costs that they face, (e.g. schools). Large proportions of their annual budgets therefore are “tied up” in costs that cannot be easily reduced at short notice, when savings are required. The impact of pay-inflation and uplifts on annual departmental budgets is therefore a significant issue for many public bodies. For this reason, committees should have a look at these pay pressures, to see what they entail, including their underlying assumptions.

Pay pressures are most notably in the Education and Health sectors, which face **combined pay pressures of more than a quarter of a billion pounds**. The DE recorded inescapable pay pressures of £108 million RDEL for teachers’ pay (including 2017 and 2018 pay settlements), and also a further £40 million RDEL for non-teachers’ pay.

For the purposes of context, the TEO RDEL budget for 2020-21 is £98 million in total – or £50 million less than just the DE’s pay pressures on their own.

Within the letter accompanying its template reply, the DoH signalled an inescapable RDEL pressures of £130 million.⁷⁶ The DoH’s letter to the Committee for Health on 15 April states:⁷⁷

Pay (£130m) and non-pay inflation (£30m) – this funding is needed to appropriately remunerate the health and social care workforce, across all staff groups, and to prevent any further deterioration in relation to recruitment and retention...

This statement raises a certain lack of clarity around pay pressures in the HSC specifically.

Far lower than that combined amount, but still significant, the DoJ registered an inescapable pressure in its completed template of:⁷⁸

£17 million RDEL related to increased pay costs associated with anticipated 2020-21 pay uplifts and other unavoidable inflationary uplifts to goods and services etc.

Similarly, the DfI recorded an inescapable pay pressure of £6.3 million RDEL.

While the DAERA recorded inflationary inescapable pay pressures of £3.1 million RDEL.⁷⁹ And the DfC response identified inflationary pay pressures of £4.6 million RDEL, but stated:

⁷⁶ DoH letter dated 15 April 2020, to CfH, DoH ref CORR-1244-2020.

⁷⁷ DoH letter dated 15 April 2020 to CfH, DoH ref CORR-1244-2020, p 9.

⁷⁸ DoJ template response, p 10.

⁷⁹ DAERA template response, p 8

*This pressure will be met internally by DfC.*⁸⁰ It is not entirely clear what is meant by this – does it mean that inflationary pay costs are to be met from within existing resources? If it does, then it suggests a level of re-prioritisation from other sources. But this is to be confirmed.

TEO noted two sets of inflationary pay pressures - £0.4 million in relation to the Department and £0.4 million in relation to Arm's Length Bodies (ALBs).⁸¹

Finally, on 20 April 2020, the DoF wrote to the DoF and stated⁸²

There are two key commitments arising from the NDNA work. Firstly, the Executive committed to funding the total cost of £160 million for Agenda for Change pay; £85 million from the NDNA financial package and the remaining £75 million from the Executive's general funds.

It is not entirely clear whether the £160 million referred to by the DoF is the **same** £160 million referred to by the DoH.

The DoH completed template adds further pay-related details as follows:

- 2019-20 Pay and Inescapable pressures (represents non-recurrent funding required to fund 2019-20 pay and inescapable pressures - £74.1 million)
- 2019-20 Pay parity (represents the funding requirement for the 2019-20 pay parity) £30 million
- Pay and non-pay pressures (relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary pressures - £155 million)

Note, in correspondence received by the CfF on 24 April, not in the template reply, the DoF stated:

*For planning purposes the Department of Finance used a 1% pay increase and asked business areas to consider how they would contain these increased costs within a flat baseline position.*⁸³

In its template response, however, the DfE noted an inescapable RDEL pay pressure of £2.3 million for:

*2% pay and price increase for Department and Non Departmental Public Bodies excluding FE Colleges*⁸⁴

Given departmental replies received, it would be helpful to ask the following scrutiny points, to gain better understanding in this area.

Scrutiny points:

1. In future template returns, would all departments articulate their underlying pay assumptions in relation to pay pressures, setting out what they are for each of the departments' spending areas?

⁸⁰ DfC template response, p 9.

⁸¹ TEO template response, p 10.

⁸² DoF letter dated 20 April 2020 to CfF, ref GM 1196 2020, p 2.

⁸³ DoF letter dated 24 April 2020 to the CfF, ref GM1222 2020.

⁸⁴ DfE template response, p 9

2. Would all departments, as appropriate, provide fuller explanations to explain how inflationary pay costs will be met from within existing resources?

3. Would the DoF/the DoH clarify the HSC pay inflation issue. i.e. to specify in detail what it is, including its underlying causes – identified and suspected - its scale and potential solutions?

5.1.4 Pressures - IT

For many public bodies, IT is essential for delivery on services and for supporting day-to-day functions. This may be even more important now that many staff are working remotely from home. Beyond that, however, many cost-saving and transformative measures over recent years have relied on IT and digital solutions to deliver greater automation, (e.g. online renewal of car tax or MOT bookings).

Moreover, there is a long history of public sector IT procurements becoming problematic, late or over-budget, (e.g. the original HR Connect procurement was subject to an Northern Ireland Audit Office (NIAO) investigation, which found significant increases in costs due to changes in specifications.⁸⁵ For this reason, this section pays particular attention to departmental responses in relation to IT provision. It is another recurring cost issue.

Increasing IT costs feature in more than one departmental template response, and in both RDEL and CDEL categories. The DfC noted an inescapable pressure of £2 million RDEL, incurred in relation to costs arising from an IT contract with the UK Department of Work and Pensions.⁸⁶ The DE recorded a £6 million CDEL inescapable pressure, and a further £18 million CDEL in high priority pressures.

In its response, the DoF noted two inescapable IT-related CDEL pressures: £4.2 million in relation to ICT Maintenance and Licences; and £1.7 million for upgrades to the NI Direct Programme.

The DoJ recorded a £1.4 million pressure related to IT in the Core department, and more in the PSNI. The PSNI's IT pressure, however, was not separately identified from its other capital pressures.⁸⁷

Given departmental replies received, and the noted NIAO Report, it would be helpful to ask the following scrutiny points, to gain better understanding in this area.

Scrutiny points:

- 1. Does the department foresee increasing cost pressures in future in relation to IT?**
- 2. If yes/no, please specify why.**
- 3. Given the noted NIAO Report, refer to scrutiny points listed in relation to slippage, applying them within the context of IT costs.**

⁸⁵ <https://www.niauditoffice.gov.uk/publications/shared-services-efficiency-progress-report>

⁸⁶ DfC Template response, p 9.

⁸⁷ DoJ Template response, p 12.

5.1.5 Pressures – Slippage and Reprioritisation

How are departments planning to accommodate pressures? One apparent approach arising from the template replies is through project slippage. A NI Economist recently expressed his concern about this approach to the Westminster NI Affairs Committee.⁸⁸ The CfF is interested in looking at this concern and gathering evidence to inform a view on the issue, within the context of NI's PFF, including what is an acceptable level of slippage and what is not?

The template replies provide a useful start in gathering evidence. For example, the DoF stated in its completed template:⁸⁹

The Department is currently forecasting a RDEL pressure of around £5m and will seek to absorb these pressures through slippage in projects.

The DoF also stated that slippage would help address its CDEL pressures as well:⁹⁰

With regards to the capital position, the Department is anticipating the sale of a property which would generate around £7m to £8m additional CDEL budget cover to enable the essential projects to proceed as planned. It is anticipated that any remaining pressure will be managed through project slippage.

The DoH specifically referred to slippage in February 2020. It stated that slippage was expected in relation to a projected £12.1 million RDEL pressure linked to planned capital projects. It stated: “*slippage in this expenditure is expected in light of COVID-19.*”⁹¹

In its template response, the DoH stated that:

*It will also be necessary for us to consider the need to manage Covid-19-related risks to out 2020-21 spending. This includes the potential for 2020-21 spending to increase due to delays to our 2019-20 plans as a result of Covid-19, or reduce if contractors are unable to work on site.*⁹²

This response highlights two separate issues. There already has been some slippage from 2019-20, and there may be further slippage. This suggests a difficult expenditure planning environment, likely to become more difficult the longer the pandemic and lockdown continue.

It is reasonably foreseeable in light of the DoH comments on capital slippage that new projects may be delayed.

In a similar vein, the DfE identified a high priority £8.5 million RDEL pressure for:

*Tourism - Increase visitor numbers and associated tourism spend, maximise the potential of the NI Experience Brand to achieve competitive stand-out for NI through both its delivery agencies, Tourism NI and Tourism Ireland, subject to Ministerial approval to restore the North South ratios for Tourism Ireland*⁹³

⁸⁸ Correspondence dated March 2020, with attachment, from Dr Esmond Birnie, Ulster University, to the CfF.

⁸⁹ DoF template response, p 15.

⁹⁰ DoF template response, p 15.

⁹¹ Letter dated 15 April 2020 to the CfF, the DoH ref CORR-1244-2020.

⁹² DoH template response, page 14

⁹³ DfE template response, p 11.

It is foreseeable that in the after-effects of Covid-19, there will be a continuing contraction of tourism activity and travel. Therefore, slippage in this programme is also potentially a risk.

The DfE recorded £32.6 million of high-priority pressures in relation to new capital projects.⁹⁴

The DoJ, however, did not specifically identify slippage, but wrote in its template response:⁹⁵

In light of the COVID-19 response required across Justice to this situation, early in 2020-21 the Department will need to assess the potential effect on the delivery of services, and any consequences on the budget as currently allocated.

Whilst the DoJ has not directly quantified slippage, it will be undertaking an exercise to identify any in due course.

TEO identified slippage in two capital projects – Urban Villages and related to the Social Investment Fund – but stated in its template response that it was allocated sufficient CDEL for 2020-21 to take forward those projects.⁹⁶

The DE response suggested that the Covid-19 situation means that capital projects identified should be regarded as provisional at present. This is because of uncertainties around when contractors may be able to work on site.⁹⁷

A general observation arising from the above departmental replies is that some departments have made explicit statements about slippage, whereas others have not. On the whole, it is to be expected that Covid-19 will lead to slippage in a whole range of departmental business areas given the scale of its impacts. Future work therefore will be required by committees to identify how slippage in relation to Covid-19 impacts 2020-21 allocations.

However, it may merit looking beyond coronavirus, and to the issue of departmental use of slippage more generally, especially given the NIAO Report mentioned in the previous subsection and the NI Economist's recent comments to the Westminster NI Affairs Committee. Committee Members may wish to appraise departmental bidding accuracy within the existing PFF, and see whether there is a *de facto* practice of departments overinflating its bids beyond what is acceptable, to ensure through slippage that they have some flexibility to absorb pressures within tighter budgets, which enables them to reprioritise and reallocate money.

Scrutiny points:

- 1. Would the DoF advise the CfF as to what – in practice - is an acceptable amount of slippage for a department under NI's PFF – the financial rules under devolution?**
- 2. Does the DoF believe departments use departmental bidding in the manner it was intended under the existing PFF?**
- 3. Does the DoF think there could be a possibility that it has become a *de facto* practice, whereby departments overinflate their bids routinely, to ensure that they have some flexibility to absorb pressures within tighter budgets through slippage, which enables them to reprioritise and reallocate money?**

⁹⁴ DfE template response, p 13.

⁹⁵ DoJ Template response, p 19.

⁹⁶ TEO Template response, p 7.

⁹⁷ DE Template response, p 14.

4. Going forward, would the DoF work with the DoH to develop a relevant template that would allow for routine reports for from departments that would enable committees to track at set intervals, beyond the IYM process, the extent to which departments' expenditure has been reprioritised and reallocated due to slippage; do this across departments?

5. Is COVID-19-related slippage likely in other departments' capital projects?

6. Will this impact on those departments' associated RDEL budgets?

5.1.6 Pressures - Transformation

There has been an on-going focus on Northern Ireland Civil Service-wide reform and transformation for at least 10 years, dating back to the Workplace 2010, HR Connect, Records NI and other programmes and projects. Nevertheless, several other initiatives – notably in the Health and Social Care sector – remain unfinished. Often transformation is seen as the key to delivering longer-term sustainability. This section therefore pays particular attention to departmental responses that note transformation-related budget.

It is important for committees to note that it is challenging to track funding related to transformation and what “pot” it is coming from, e.g. Confidence and Supply, NDNA and what has been called the Executive’s “own” funds. From departmental returns, and generally speaking, this specificity is not provided, e.g. the DoJ recorded a £1.5 million RDEL pressure related to departmental transformation.⁹⁸

The DoH forecast an inescapable RDEL pressure of £6.1 million in relation to workforce training. The DoH specifically noted that:⁹⁹

This will keep levels of commissioning at current levels and will not provide for growth (the funding requirement for growth was bid for as part of the NDNA health Transformation requirements.

This element of the DoH response suggests a further scrutiny point for other departments. To add a further layer of complexity, the DoF stated in a letter to the CfF that £37 million has been allocated to the DoH “for balance of inescapable transformation costs”.¹⁰⁰

The DoH template response provides further information on this matter. It states:

*The Executive agreed to utilise the additional £37 million of Transformation funding to mitigate a range of inescapable service pressures across the service.*¹⁰¹

Later in its response, the DoH explained:

*The onset of Covid-19 has had an unprecedented impact on services ... it is anticipated it will have a significant impact on delivery of Transformation projects, which may result in further underspends due to staff being re-deployed to other areas or projects being halted early due to the impact of the virus.*¹⁰²

⁹⁸ DoJ template response, p 10.

⁹⁹ Letter dated 15 April 2020, to CfH, DoH ref CORR-1244-2020, pp 9-10.

¹⁰⁰ Letter to CfF, DoF ref GM 1196 2020, dated 20 April 2020, p 3.

¹⁰¹ DoH template response, page 16

¹⁰² DoH template response pages 20-21

In its template response, the DoF identified a £2.2 million RDEL inescapable pressure in relation to the Central Government Transformation Programme. The DoF stated:

Both the HR Connect (the main HR system for all NICS Departments and some wider public sector bodies) and Account NI (the main financial system for all NICS Departments and some wider public sector bodies) contracts are nearing end of life and the CGTP aim is to procure replacement solutions for both. Work is underway to develop a Strategic Outline Case (SOC) which will present high level consideration of possible options as well as a preliminary assessment of costs, benefits, risks and affordability.

The quoted passage suggests that this pressure is, in effect, related to a continued process of transformation, rather than something additional or new. This is because it relates to the replacement and/or renewal of contracts that have been in place for a long period.

It is noted that this work is clearly in its early stages because the SOC has not yet been developed. For clarification purposes, it would be helpful to know whether the £2.2 million is for work to develop the SOC only, or whether it also covers other activities.

The DAERA also identified an inescapable pressure of £14.3 million in relation to digital transformation. Unlike the other department's noted pressures, the DAERA's pressure is CDEL.¹⁰³

TEO and the DE did not mention transformation in their departmental returns.

Scrutiny points:

- 1. Can the department specify whether transformation initiatives are new (i.e. related to NDNA or other), or continuations, and continue to do this in future?**
- 2. Does the department's response suggest a level of reprioritisation from other sources?**
- 3. When the pandemic-related pressures have eased, would the relevant departments, including the DoH present a revised allocation of resources to transformation projects, in order to facilitate committee scrutiny?**

5.2 Revenue Collection

Due to the uncertain circumstances, mainly as a result of the Covid-19 response, it is expected that there will be a significant adverse impact on revenue collected through fees, charging, levies and other income sources, e.g. rating. This is relevant to committees in that it that they need to aware that this will reduce the extent to which the Executive can "top up" its Spending Envelope from central government, and increase what it has available to it for its Budget. The extent of the adverse impact on revenue collection is obviously not yet known. The departmental returns highlight areas in which they anticipated raising income, but now expect reductions due to Covid-19.

5.2.1 Covid-19 Reduced Revenue Collection

DoF

For example, the DoF included an anticipated RDEL income of £127 million for 2020-21 in its net budget position. The majority of this is in relation to services the Department provides to other departments and public bodies including construction and procurement delivery services, legal services, internal audit, IT services, accommodation services, valuation

¹⁰³ DAERA template response, p 11.

services and services provided by NISRA. In addition, the Department provides services to the public including fees for Land and Property Services and General registry office services. However, it is anticipated that this income will be much lower.

DoJ

Due to the current uncertain circumstances, the DoJ have requested up-to-date estimates from business areas on expected revenue to be provided in due course.

DFI

The DfI indicated that the estimated reduced revenue receipts associated with the Covid-19 outbreak. This includes reductions in income and additional costs in Translink, NI Water, Driving and Vehicle Agency, and on-street parking would amount to approximately £181 million.

DfC

The DfC cited four key areas of reduced revenue due to Covid-19. Local councils, the arts, culture and creativity sector, sport, and car parking for essential staff. Local councils have had to close the majority of their services due to Covid-19, resulting in a significant drop in income, expected to amount to some £5.5 per month, totalling £16.5 million for 3 months. In addition, the arts, culture and creativity sector (including languages, museums and libraries)

The DfC stated in its template return:

The arts, culture and creativity sector (including languages, museums and libraries) is a diverse sector with a very significant public interface estimated at an average of over 20,000 people daily across the range of activity. Visitor numbers have already fallen significantly as a result of Covid-19 and speculation of further decisions on restrictions to mass gatherings or museums/library closures will impact heavily as will reductions in tourism numbers.

The Arts sector is a major employer and is dependant for very significant elements of income on box office receipts and ticket sales alongside Government subsidy and lottery income. The lack of resilience in the sector is widely reported and reductions in ticket sales have already begun to impact as events have been cancelled or postponed whilst contractual obligations to performers still have to be met. Estimates place 30% of income wholly dependent upon audience ticket receipts. Informed estimates from Arts Council NI (the keeper of Official Statistics on the sector) suggest £25m per annum as the “earned income” from box office receipts and commercial activity, based on 2019-20 figures. Loss of ticket and other commercial revenue for National Museums and the Armagh Observatory and Planetarium and Libraries NI (lesser impact) would be in the region of £4m per year: £29m total projected loss per annum linked to Covid-19.

A starting point for a Covid-19 resilience fund to support the sector would be £1.5m for the first quarter of 2020-21 with longer range forecasting to be revisited in light of developments.

Moreover, the Northern Ireland Sports Forum (NISF) is the recognised umbrella organisation for the voluntary sector of sport in Northern Ireland and acts as the “Independent Voice of Voluntary Sport in Northern Ireland. There are over 450,000 individuals who are members of the sports affiliated to the NI Sports Forum. Many are large employers and many are currently undertaking substantial capital programmes. On-going running costs of many sports and their facilities will face significant pressure without the ability to generate income through attendance at games, and through the loss of fundraising activities which would have led to large social gatherings.

The DfC also reported that, in order to ensure essential staff can travel safely to and from work and avoid placing an additional strain on public transport, the car parking costs of staff

in buildings where free car parking is unavailable will be met during this emergency situation, at a cost of approximately £0.89 million.

The DfC further reported that over the last 4 years the Northern Ireland Housing Executive (NIHE) has sustained a cumulative loss of around £87 million of potential rental income due to rent freezes, and stated:

The continued absence of rent increases potentially threatens substantial loss of social housing stock. This would adversely impact on target Indicators on Housing Stress. The stock maintenance deficit can only really be addressed via extensive transformation which will see:

- a. a series of affordable rent increases until a benchmark sustainable rent level is reached. This would take around 12 years and NIHE rents would remain broadly level with UK comparators but lower than average rents charged by Housing Associations;*
- b. the NIHE moving to the private sector leading to borrowing capability and the cessation of Corporation Tax Liabilities.*

In the meantime the Department has submitted a Capital DEL bid of £32m to start addressing the maintenance backlog in NIHE housing stock.

The DfC also reported that it receives additional income from services provided to the Whithall Department for Work and Pensions (DWP) and through the Vulnerable Persons Relocation Scheme totalling £68 million. The DWP receipts cover the full cost of all the social security benefit and child maintenance services the DfC provides to the DWP. The Child Maintenance income is the charge levied on parents for whom the Child Maintenance Service collect and pay maintenance. The Vulnerable Persons Relocation Scheme Income is the recovery of the full cost of the Scheme from the Home Office to relocate Syrian refugees.

TEO

TEO anticipated the following income in 2020/21: recharges for services provided to other departments of £2.4 million, interest receivable on interest bearing FTC (Financial Transaction Capital) loans of £2.2 million, and rental income from shared occupancy of multi-tenant buildings of £0.6 million. However, the majority of this income represents the recoupment of existing TEO costs.

DAERA

The DAERA reported additional receipts of £1.7 million in 2019-20, generated in-year, mainly due to: increased regulatory income associated with the cost of regulating activities in order to prevent, monitor and control pollution of the air, land and water; increased Forest Service income; and, unanticipated recoveries of grants paid to farmers.

The DAERA cited nine sources of income for 2020-21, amounting to almost £50 million, including the carrier bag levy (CBL) of £4.6 million and Food Standards Agency (FSA) of £6.1 million. The DAERA state that although the full impact of Covid-19 on these revenue schemes has yet to be quantified, the CBL has been waived for all home deliveries and the FSA income will be impacted by animal products not moving off farm.

DoH

The DoH reported four avenues of revenue generation in 2020-21, amounting to almost £10 million, broken down as: more than half of this amount expected as commercial income from clinical trials; a further £ 2.7 million due from Research and Development; £2 million from sale and disposal of property and assets owned by the Department and the ALBs; and, £0.1 million expected from repayment of Financial Transactions loans.

The DoH did not indicate if it expected any change in revenue as a result of the current Covid-19 pandemic.

DfE

The DfE reported a revenue estimate of £173 million, i.e.: EU Income of £66.8 million; Income from further education colleges (including Stranmillis University College) £70.2 million; Invest NI £9.5 million; Presbyterian Mutual Society £17.2 million; Construction Industry Training Board £2.9 million; Insolvency Services £2.8 million; Asset Receipts £0.85 million; Department for Business, Energy and Industry Strategy Receipts £1.33 million; and Other sources £ 1.5 million.

Scrutiny points:

- 1. For all the above-noted, would the department explain how it is or has estimated reductions to its noted revenue generation due to Covid-19? Any changes since?**
- 2. Re the above, is the department satisfied that the Covid-19 funding from central government will adequately help to “plug” reduced rating receipts?**

5.2.1.a. Rates

The Executive has agreed that Regional Rate will be frozen for domestic customers; and that non-domestic business will see a 4p in the pound reduction - at a cost of £56 million to the DoF.

These costs have been met from within existing DEL budgets in the proposed outcome. The rates changes within the Budget proposed two Covid-19 related measures: delay bills until June; and, three month rates holiday for businesses. There is no cost for delaying bill. The cost of the three-month holiday (£100 million approximately) will be met from the first £120 million of Barnett received in respect Covid-19 response.

Scrutiny points:

- 1. Would the DoF explain how it costed the three-month rating holiday? Any changes since?**
- 2. Is the DoF satisfied that the Covid-19 funding from central government will adequately help to “plug” reduced rating receipts?**

5.3 Borrowing

Because of the Covid-19 crisis, a full Executive Budget document is unavailable this year. For purposes of transparency, however, it is important that public information provides a clear understanding of whether available funding is “granted” by allocation, or “borrowed”. This is because borrowing in any given year, has a “knock on” effect on the Executive’s DEL allocation in the following year – because the borrowed sums have to be repaid, with interest.

Greater transparency is therefore needed in this area, to ensure the Executive is -exhausting all avenues available to it, and so that it does so in a cost-effective manner.

Scrutiny Points:

- 1. What are the costs associated with any Executive borrowing for 2020-21?**
- 2. What is the profile for repayment of NI’s total stock of debt?**

5.4 UK Exit from the EU

Budget considerations relating to the UK exit from the EU can take one of two forms: first, direct costs directly associated with the EU Exit; and second, indirect costs, like EU funding

that will no longer be available to the department after exiting. The following explores each type, highlighting when individual departments provided relevant information relating to them.

DoF

In 2019-20 the DoF was allocated £1.5 million on its opening baseline position to fund activities associated with EU Exit. Further funding became available in-year and the DoF received a further £0.4 million. However, £0.2 million EU Exit funding was surrendered for reallocation. The DoF has requested £3.4 million of RDEL funding for 2020-21 to fund activities associated with EU Exit, including costs of staffing and recruitment.

DoJ

The DoJ stated:

EU exit financial requirements identified for 2020-21 were communicated to DoF throughout 2019-20, however these were largely based on 'no deal' assumptions which are no longer relevant. The full implications of the EU Exit Protocol are not yet clear and will develop over the months ahead which will help inform estimates of potential financial requirements. The Department will work closely with DoF on this to ensure that necessary funding is secured.

The DoJ further stated:

The confirmed opening 2020-21 resource allocation includes £10.7m towards EU Exit costs. This is the 2019-20 opening allocation rolled forward and is anticipated to fall short of what is required. We understand a separate exercise will be carried out by DoF to address this funding gap.

DAERA

In 2019-20, the DAERA received £10.9 million in additional allocations associated with an EU Exit; £5 million toward staff costs to support activities to prepare for exit on 31 October, and £5.9 million towards preparation of exiting on a “No Deal” basis. The funding was to fund staff costs in the areas of trade, inspection, Legislation and Policy (£4.9 million) and local council environmental health staff costs (£1.0 million). The delay until exit on 31 January resulted in a reduced requirement mainly on staffing levels in respect of Day 1 readiness and the surrender of export health certification, equating to £2.9 million of funding.

The total DAERA 2020-21 Opening Resource allocation of £504.7 million includes: additional allocations for £278.6 million for EU Replacement Funding (95% of £293 million) (the remaining 5% is to be allocated in-year); and £18.8 million for EU Exit Costs.

DfC

During 2019-20, the DfC secured additional resource funding for no-deal Brexit pressures of £1.168 million. At January 2020 monitoring, £0.8 million of funding for a no-deal Brexit scenario was surrendered as a result of commitment to UK exiting at the end of January 2020. The funding was specifically for that purpose, and could not be used by the Department for any other reason.

The DfC stated:

At this Stage the Department has not included any detail on expected pressures relating to EU Exit ...as these are still being determined by the Department. There is significant uncertainty around requirements and funding available.

The DfC later quoted an inescapable capital bid for EU Matched funding, equating to £1.2m for 2020-21. In its template response, the DfE stated it had an inescapable pressure of £14 million in relation to preparation for EU exit.

DfI

The DfI received £3.2 million of additional resource Brexit allocations and £14 million of additional capital Brexit allocations in 2019-20, as well as £0.1 million in EU funding. The DfI provided no detail on any EU Exit funding requirements for 2020-21.

TEO

TEO stated a 2020-21 inescapable pressure of £6.3 million of RDEL to fund additional staff resources associated with EU Exit.

DoH

The DoH received £ 2.7 million additional resource allocations towards costs incurred as a consequence of the UK exit from the EU in 2019-20, and surrendered £0.1 million of ring-fenced EU Matched Funding due to slippage in sponsored projects (note earlier sub-section on slippage).

DfE

The DfE received an additional £9 million of ring-fenced RDEL funding to prepare for EU exit in 2019-20, and an additional £ 1.7 million in EU Matched Funding for Interreg/Peace. The DfE has requested £14 million in RDEL funding to cover the inescapable pressure of the costs of preparing for EU exit.

Scrutiny Points:

- 1. Would the DoF provide details on the separate exercise relating to EU Exit Funding, to increase the Committee’s understanding in that exercise, and then ascertain whether further issues arise for its consideration?**
- 2. Would all the departments explain whether they now have sufficient budget in their 2020-21 allocation to cover the any direct costs they have in relation to directly the UK exit from the EU?**
- 3. Would they also explain the same as the above, but in relation to funding gaps that may exist for them due to the fact that they no longer are eligible for certain EU funding due to the UK’s exit?**
- 4. Can the DE confirm what its position is in relation to the above two questions, as it appears its template return does not address this issue?**

5.5 Miscellaneous Scrutiny Considerations

This sub-section briefly notes miscellaneous scrutiny issues arising from the completed departmental templates, and suggests potential related lines of questioning. This is intended to help support initiatives to improve open and transparent governance and accountability in relation to budgeting. (It resonates with Appendix 1 to this paper, which explains the underlying rationale for using templates.)

5.5.1 Review of Financial Process

The Executive previously agreed to implementation of the DoF-led Review of Financial Process (previously known as “Alignment”, and/or “Clear Line of Sight”). The review sought to improve the presentation of public finance information, amongst other things, so that there is alignment between three key sets of information, i.e.:

1. The NI Estimates and Budget Act;
2. Executive Budgets; and,
3. Resource Accounts.

The intention is to make the publications more transparent and user-friendly by allowing a 'clear line of sight'; enabling budget allocations to be tracked through the different parts of the budget cycle.

The DoH referred to this process of reform in a letter to the Committee for Health about Budget 2020-21 pressures, and other matters related to scrutiny of financial management, stating:¹⁰⁴

Future Developments

14. The Department is currently progressing implementation plans for the NI Executive-approved Review of Financial Process project (previously known as Clear Line of Sight) to align budgets, estimates and accounts to create a single coherent financial framework which aims to improve transparency in the public expenditure process in Northern Ireland and align to current financial reporting in operation for GB counterparts. To align to NI-agreed timescale, the first set of HSC group consolidated accounts will be financial year 2021/22.

Scrutiny point:

1. How is each department progressing with this project? Specify progress made and current targets to advance further.

5.5.2 Helpful presentation of baseline data

The DAERA's response included helpful and transparent information about baselines, stating:

These allocations totalling £30.6m are in addition to the Department's rolled forward baseline of £195.5m and provide an opening 2020-21 Resource baseline of £226.1m (excluding EU Replacement Funding). It should be noted that only the £7.0m allocation for Employers Pension Contributions and the other allocation of £3m have been baselined and will roll forward to Budget 2021-22. The other remaining additional allocations totalling £20.6m (Brexit £18.8m and TRPSI £1.8m) have not been baselined and will not roll forward to form opening baselines in 2021-22.

What is or is not included in the departmental baseline for the following year is not always clear to committees or other interested parties. It, however, is important to know this, as explained earlier in the paper.

Scrutiny point:

1. Going forward, how will the department work to ensure information related to allocations and their recurrence or non-recurrence in future baselines is clearly set out in future responses and submissions to the committee?

¹⁰⁴ DoH letter dated 15 April 2020 to CfH.

Appendix 1:

Underpinning Rationale for Template Use to Support Scrutiny of and Consultation on the Executive Budget

Overview of underlying rationale

Since January 2020, the Committee for Finance (CfF) has been working with the Public Finance Scrutiny Unit (PFSU), located in the Finance and Economics Research Team of the Research and Information Office (RaISe), to develop a coordinated statutory committee approach that would support scrutiny of and consultation on the Executive Budget. This work aims to support the Assembly, in particular statutory committees, in meeting their scrutiny and consultation legal requirements. It builds on past efforts in this area, as undertaken by the CfF and the PFSU, which are noted below.

Central to the CfF and the PFSU's recent work is the development of templates, which ultimately aim to guide departmental officials so that the department provides full replies in areas of interest to the committees. This should help to reduce the potential need to go back and forth between officials of committees and departments – both directly and indirectly – with clarification requests.

As a result, the templates should:

- Save time for all – efficiency and effectiveness
- Increase the quality and the consistency of replies received across departments
- Improve the evidence base
- Manage expectations for all
- Increase openness and transparency
- Allow for more considered analysis
- Enable more informed deliberations and related decision-making
- Support improved scrutiny
- Lead to better, evidence-informed outcomes

Background for context

This underlying rationale draws on experience over the last number of years of the CfF - both the existing Committee and previous - and the PFSU, when working in this area with departments, in particular the Department of Finance, in this area. Such experience includes:

- Recent efforts of the PFSU to support coordinated statutory committee scrutiny of Executive Budget 2020-21, (as noted in two previous briefing papers produced by the PFSU, which are referenced in the most recent one issued.)
- Past work undertaken by the PFSU, the CfF, which sought to develop a Memorandum of Understanding in the area, between the departments and the Assembly (committees), supported by a Protocol on Information and Data-sharing. (This work is to recommence shortly.)
- UK-wide Government initiatives, e.g. Treasury's and the Westminster Budget Scrutiny Unit, as well as those in NI), which aim to bring greater openness and transparency, and efficiency and effectiveness, to departmental budgeting and in-year monitoring processes and related legislative scrutiny. (Some of this was alluded to in the PFSU recent briefing paper, e.g. see the sub-section entitled "Review of Financial Processes" of Section 3.)
- Relevant findings and recommendations contained in the recently published Renewable Heat Incentive Inquiry Report, which underscore the importance of openness and transparency, as well as efficiency and effectiveness, in this area.

First template

The first template to be designed was entitled "Standardised Scrutiny Approach: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21". It prompted departments for data and supporting information relating their departmental allocations for Executive Budget 2020-21. The departmental replies subsequently provided in the template (which can be found at Appendix 2 to this briefing paper), then were reviewed by the PFSU, and informed sections contained in this briefing paper.

Lessons will be learned from this initial exercise and reflected in future work undertaken in this area; helping to refine thinking and development of future templates and related briefing papers.

Appendix 2: Letter dated 31 March 2020, from the Minister of the Department of Finance to the Chairperson of the Committee for Finance

From the Minister of Finance

Steve Aiken MLA
Chair Finance Committee
Northern Ireland Assembly
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Our reference: SUB-1116-2020

31 March 2020

Dear Steve

2020-21 PUBLIC EXPENDITURE: BUDGET FLEXIBILITIES

Following our meeting on 31 March, I am writing to you to outline the arrangements agreed by the Executive for the 2020-21 In-Year Monitoring process.

As you know there is considerable uncertainty around how the COVID-19 situation may develop and taking this into account, the Executive has agreed that in the first monitoring round of the year departments will be given the ability to reallocate funding across Spending Areas (within control total parameters) without the need for Executive approval.

In the normal course of events, departments may only reallocate funding of under £1 million without further approval from the Executive.

For the first monitoring round of the year such movements will be notified to DoF and processed as part of the monitoring round. The changes will also be notified to the Executive but approval for those changes will not be sought.

This arrangement will facilitate departments as they seek to re-prioritise funding in light of COVID-19.

It is anticipated that all other transactions in that round will proceed as normal.

The position will be kept under review and should the need to extend such arrangements be necessary I will ensure that you are informed.

I anticipate that departmental Committees will have a role to play in scrutinising all in-year changes within departments in the normal way.

Is mise le meas

A handwritten signature in black ink that reads "Conor Murphy." The signature is written in a cursive style with a period at the end.

**CONOR MURPHY MLA
MINISTER OF FINANCE**

Appendix 3: Letter dated 20 April 2020, from the Department of Finance to the Committee for Finance

Mr Jim McManus
Finance Committee Clerk
Northern Ireland Assembly
Parliament Buildings
Stormont
Belfast BT4 3XX

Private Office
2nd Floor
Clare House
303 Airport Road West
BELFAST
BT3 9ED
Tel: 028 9081 6216
Email: private.office@finance-ni.gov.uk

Your reference:
Our reference: *GM 1196 2020*

Date: *20th April 2020*

Dear Jim,

BUDGET 2020-21 / COVID-19 UPDATES

The Committee are due to meet officials on 29th April to discuss budget allocations, priorities and pressures in advance of the plenary debate.

The Committee has also asked if officials could provide an overview of the Covid-19 related bids submitted by departments and to have clarity (as far as possible) on the allocation of the £912m funding for Covid-19.

The Committee have asked for a written paper in advance of this briefing. It is attached at Annex A.

I trust you find this helpful.

Yours sincerely,

Ciara McKay

CIARA MCKAY
DEPARTMENTAL ASSEMBLY LIAISON OFFICER

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BUDGET 2020-21

CONTEXT

The 2020-21 Budget is a single year Budget. This was determined by the HM Treasury Spending Round which did not provide a budget envelope for beyond 2020-21.

Due to legislative restrictions, the Budget can only include funding included in Assembly statement on Monday 16 March.

This only included £120 million of COVID 19 funding, with the majority of the COVID - 19 response being dealt with separately.

It is a challenging public expenditure environment even without COVID-19

The New Decade New Approach document has raised expectations but funding was not available for all priorities

RESOURCE DEL

Funding Available for allocation

Including New Decade New Approach funding, and excluding the £120 million provided for COVID 19, there was £965.8 million available for allocation.

The NDNA Financial Package provides

- £350 million for immediate pressures
- £85 million for pay parity for Agenda For Change Staff
- £44 million for public sector transformation funding
- £4million for unique circumstances (to be held centrally pending clarification)

Rates

The Executive has agreed that Regional Rate will be frozen for domestic customers; and that Non-domestic business will see a 4p in the pound reduction - at a cost of £56 million. These costs have been met from within existing DEL budgets in the proposed outcome. The rates changes within the Budget proposed two COVID-19 related measures:

- Three month Rates Holiday for businesses
- Delay bills until June

The cost of the three month holiday (£100m approx.) will be met from the first £120 million of Barnett received in respect COVID-19 response. There is no cost for delaying bills

Allocations

Pre-Commitments - A number of pre-commitments required additional funding. £9.8 million will be allocated to independent bodies – the Audit Office, Assembly Commission and Public Services Ombudsman. £48.7 million will be allocated in relation to ongoing staff costs for EU exit, including vets and police officers. £29.7 million of ring-fenced funding for national security will be allocated to DoJ.

New Decade New Approach – there are two key commitments arising from the NDNA work. Firstly, the Executive committed to funding the total cost of £160 million for Agenda for Change pay; £85 million from the NDNA financial package and the remaining £75 million from the Executive's general funds. Secondly, under NDNA, £44 million for transformation will be allocated to Health from the NDNA financial package.

Specific Allocations - The Executive had agreed to two specific commitments in the lead up to the Budget, £5 million for DoH Safe Staffing and £23 million to DfC for the "bedroom tax" mitigation

Other Allocations - A number of other specific allocations were agreed by the Executive as part of the Budget process, £37 million to DoH for balance of inescapable transformation costs, £17.3 million to DfC in relation the balance of costs for other welfare mitigations and community support, including benefit cap and social supermarkets, £1.5 million to DfC for welfare advice centres, £1 million for DoH in relation to contaminated blood payments, £3.3 million to DfC for de-rating grant, £1.2 million to DfC for Housing Benefit support, £5 million to DoJ in respect of legacy costs, £37.5 million to TEO for Historical Institutional Abuse payments, £20 million to DfI to address the Translink deficit, £42 million to DE for Special Educational Needs and £19 million for FE lecturers pay.

General Allocations - Departments will also receive general allocations which can be used at the discretion of each Minister

Resource Outcome

While the budget allocations do not cover all departmental pressures they do provide above real terms increases for all departments

CAPITAL DEL

The Capital outcome addresses all departmental inescapable pressures, Executive pre-commitments and flagship funding.

As well as covering inescapable pressures and pre-commitments the proposed outcome provides some £847 million of funding for high priority projects which individual Ministers can allocate to their priorities.

BUDGET 2020-21 Conclusion

- In light of COVID-19, there has been further time for departments to finalise Spending Area detail with information being made available for the debate and vote in the Assembly in May.
- There has been flexibility provided to Ministers to reallocate internal funding as part of June Monitoring – this will be kept under review by the Executive and extended if necessary.
- The COVID19 response is being handled separately

COVID-19

The COVID-19 position has been fast-moving.

As well as the UK wide response to the COVID-19 crisis there have also been a number of England-only measures which have resulted in additional funding for the Executive through the application of the Barnett formula.

Up until 6th April, the Executive had received £933 million of Barnett consequentials. This funding has been allocated by the Executive as follows (Table 1):

Table 1: Executive Allocations

Dept	COVID-19 Response	£million
DAERA	Fishery Support	1.5
DfC	Discretionary Support	5.0
	NIHE response to homelessness	3.3
	Community Support Scheme	2.0
	Shielding Package for Clinically High Risk	10.0
DE	Direct payment to families of 97,000 children who are entitled to free school meals.	18.9
	Extension of Free School Meals to Youth	0.4
	Emergency Childcare Provisions	12.0
DfE	Small Business Grant (£10k for business eligible for Small Business Rate Relief) – benefiting 27,000 businesses.	270.0
DfE	Hospitality, Tourism and Retail Sectors Grant (£25k for business with a rateable value between £15k and £51k)	100.0
DoF	Business Rates Holiday (3 months)	99.0
DoH	Covid-19 Pressures	205.0
DoJ	Prison Service	1.9
	PSNI	4.0
Centrally Held		
	Business Support	40.0
	Vulnerable Members of Society Support	10.0
	PPE	150.0
Total		933.0

The Finance Minister's Written Ministerial Statement on 9th April, referred to a further £101 million of Barnett consequentials. Since 9th April, this funding has been revised to £105 million.

Chancellor's Announcement 13 April 2020

On 13 April the Chancellor announced that the Coronavirus Emergency Response Fund would increase to £14 billion from the £5 billion originally announced. Some of the changes had already been included in the £105 million above. The Treasury has advised that NI will receive a further £80 million as a result of this announcement.

This brings the total available for allocation to £185 million. The Executive has agreed that an element of this will be used to provide support for the transport sector, including Translink, airports and ports.

However, it should be noted that additional funding provided by the Treasury is based on indicative figures and may change depending on actual expenditure by Whitehall departments. This means there is the potential for reductions to notified funding later in the year.

The Chancellor also announced £750 million of support for charities on 8th April. Treasury has now indicated that we will receive up to £22 million Barnett related to this announcement.

Including the Charities funding, the total additional funding now provided for the response to COVID-19 is **£1,140 million**.

The Executive will be considering allocation of remaining funding as quickly as possible. Ministers have also been asked to consider reprioritising within existing resources, as well as across departmental boundaries.

Appendix 4: Letter dated 24 April 2020, from the Minister of the Department of Finance to the Chairperson of the Committee for Finance

From the Minister of Finance

**Mr Steve Aiken MLA
Chairperson of the Committee for Finance
c/o Committee Office
Room 375
Parliament Buildings
Stormont
BELFAST
BT4 3XX**

Private Office
2nd Floor
Clare House
303 Airport Road West
BELFAST
BT3 9ED
Tel: 028 9081 6216
Email: private.office@finance-ni.gov.uk

Your reference:
Our reference: *SUB 1137 2020*

Date: 24th April 2020

Dear Jim,

BUDGET (No. 2) BILL

My Department is currently working to prepare the Budget (No. 2) Bill for introduction to the Assembly.

You will recall that the Budget Act (NI) 2020 which was passed by the Assembly in March 2020 included interim funding for the first few months of 2020-21, in the form of a Vote on Account (around 45% of 2019-20 provision). This was intended to allow departments to continue to provide services pending the consideration of the 2020-21 Main Estimates and Budget (No. 2) Bill by the Assembly in June 2020.

At that time the impact of the Covid 19 could not have been anticipated. The response to Covid-19 has meant that some departments are now having to access larger amounts of cash and consume greater levels of resources than was anticipated when the level of the Vote on Account was set. The fast-paced nature of the response will also impact on the ability to prepare Main Estimates which reflect the Executive's up to date expenditure plans.

To date the Executive has received some £1.2 billion of additional funding for the Covid-19 response. As the Executive develops its response this will result in a significant increase in expenditure in some departments. In addition many departments are front loading payments to the early part of the year as part of the Executive's efforts to support suppliers, the voluntary and community sector and other organisations that rely on government funding.

DoF is aware that at least five departments may run out of cash before the 31 July 2020 date when a Budget Bill would normally be expected to receive Royal Assent.

When bringing a set of Estimates to the Assembly, DoF seeks to write this detailed document to the Executive's most up to date expenditure plans. For the Main Estimates this would normally be the opening Budget position for that year. However, the response to Covid-19 has already changed this position. As the Executive's expenditure plans continue to evolve in the face of the ongoing Covid emergency an Estimates document produced now would almost certainly be obsolete before it could be completed.

I believe that this combination of circumstances means that a Main Estimates document, reflecting an up to date 2020-21 expenditure position, could not be presented to the Assembly in time for a Budget Bill to receive Royal Assent before departments run out of cash. Obviously this poses as significant risk to the delivery of critical services.

My Department has investigated the contingency arrangements available. The powers provided by Section 59 of the Northern Ireland Act 1998/Section 7 of the Government Resources and Accounts Act (NI) 2001 cannot be used because a Budget Act has already been passed by the Assembly earlier this year. While the power to make advances from the Consolidated Fund under Section 6 of the Financial Provisions Order (NI) 1998 could provide a very short term buffer, they are limited to 2 percent of the total Block provision, and this would fall well short of the sums that would be required. To increase this 2 percent cap would require primary legislation in Westminster as it is an excepted matter.

To resolve this problem I am proposing that rather than seeking to produce a set of Main Estimates to seek the Assembly's approval for the full 2020-21 year's cash and resource requirements, that instead I will ask the Assembly to pass the Budget (No. 2) Bill which will seek the Assembly's approval for a further Vote on Account. This will provide authority for departments to continue to operate through the current Covid 19 response period, and delay the Main Estimates until a later time. I am seeking the Committee's support for this proposal.

The urgency with which this Bill needs to proceed through the Assembly is driven by the critical need to secure access to cash for departments to continue to deliver services.

Under Standing Order 42(2), a Budget Bill can proceed by accelerated passage provided that the Committee for Finance is content. If the Committee is content, this will then need to be confirmed to the Assembly either by you, as Chairperson, or by another member acting on behalf of the Committee on or before the Second Stage of the Bill.

Given the pressing need for the Bill to pass through the Assembly and to receive Royal Assent before any department reaches the cash limit imposed by the Budget Act (NI) 2020, it is also my intention to ask the Assembly to suspend Standing Order 42(5) so that the Budget Bill may complete all of its stages in less than the 10 days stipulated by this Standing Order. I am seeking the Committee's support for this also.

My officials will be available to answer any questions that the Committee members may have regarding the content of the Bill, and it would be most helpful to have early notice of any concerns that the Committee may have.

I am copying this letter to Paul Frew and to the Speaker.

Is mise le meas,

A handwritten signature in black ink that reads "Conor Murphy." The signature is written in a cursive style with a period at the end.

**CONOR MURPHY MLA
MINISTER OF FINANCE**

Copy distribution:

The Speaker
Mr Paul Frew MLA

Appendix 5: Individual Departmental Template Returns

Department of Education Template Return

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Education

OFFICIAL NAME AND TITLE:

Gary Fair

DATE:

17 April 2020

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	2,358.6	2,443.7	85.1
Net Cash Requirement	2,386.1	2,467.1	81.0
Accruing Resources	20.9	20.3	(0.6)

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered. These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

**(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)**

1. £28.2m was received to address the balance of the increase in teachers' pension costs effective from 1 April 2019.
2. £25.3m was received for Special Education Needs to cover increases in demand for access to a wide range of statutory special and additional educational needs provision.
3. £19m was received to go some way towards addressing pay pressures within the education sector, the largest single cost in the sector.
4. £14m was received to address a wide range of contractual/non-discretionary requirements, including: school meals; rates; Education Authority (EA) costs; price pressures; and diminution of schools' stock value. This included an allocation of £3.1m for schools' surplus drawdown requirement and £3.1m contingency funding for schools.
5. £1.6m was received for EU Exit costs which arose due to changes in market prices in advance of the United Kingdom's exit from the EU (£1.1m) and costs relating to the operation of the EA's Departmental Operations Centre (DOC) team (£0.2m). This funding is ring-fenced.
6. In light of the COVID-19 response measures, a bid was submitted to Department of Finance (DoF) for the continued provision of free school meals. This Included £1.9m for 2019-20 which has been confirmed by the Executive.

It should be noted that, in the table in 1.1 above, the £85.1m movement on the Net Resource Requirement between the Main Estimate and the Spring Supplementary Estimates is the net of all movements including additional allocations, movements on ring-fenced budgets, technical transfers etc.

**(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)**

£5m additional Capital funding was received to address the backlog of Minor Works schemes across the Education Sector.

(iii) Annually Managed Expenditure (AME) 2019-20

NILGOSC Pension Scheme £62.3m - This increase is primarily based on the 2019-20 non-cash estimates provided in the actuarial valuation of the scheme. There was also an additional increase in the pension liability as a result of the **McCloud/Sargent (an age discrimination case which impacts on pension entitlements)** ruling which impacts the current service cost in 2019-20.

Provisions Initial Take up and Revaluation £5.7m – Provision set up for the impact of the **‘Bear Scotland’ ruling on holiday pay** as advised by DoF. The ruling of this case may result in an increased eligibility for statutory holiday pay based on overtime worked.

1.2.b. ***Funding surrendered*** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20 (Block Grant, including Barnett Consequentials)

DE was allocated £22m for a Voluntary Exit Scheme in 2019-20. For reasons outside of the Department's control, the anticipated estimate of exits was not achieved and following assessment of teaching and non-teaching redundancies during 2019-20, a total reduced requirement of £11.1m was identified. As this was ring fenced funding it was surrendered to DoF.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20 (excluding FTC)

Further to the £5m received per 1.2.a.ii, the Education Authority reported a projected underspend of £5m in the Major Works programme and a pressure of £2m in the Minor Works programme.

A decision was therefore taken to submit a reduced requirement of £3m in the January Monitoring Round.

Easements of £6.5m were identified against the ring-fenced Fresh Start Agreement funding stream. As this is ring-fenced funding this was surrendered to DoF. The reduced requirement was the result of unforeseen delays in planning and delays in purchasing sites.

(iii) Annually Managed Expenditure (AME) 2019-20

An easement of £6m was identified against the EA's opening depreciation projection of c£105m. Depreciation projections are impacted by a number of factors such as asset indices and the quantum of schemes capitalised or disposed in the year.

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
<p>Name: Vulnerable Persons Relocation Scheme</p> <p>Type: Other: Earmarked funding.</p>	Commenced in 2015-16 but is ongoing	1.3 Dependant on number of arrivals.	1.3	
<p>Name: EU Peace IV</p> <p>Type: Other: Earmarked Funding.</p>	Funding to continue until 2021-22	2.9	2.9	
<p>Name: Voluntary Exit Scheme</p> <p>Type: Ring-Fenced</p>	Commenced in 2015-16 but is ongoing	22	10.9	As set out in Q1.2.b.i above £11.1 million was surrendered to DoF as this is ring-fenced funding.
<p>Name: Fresh Start funding for Shared and Integrated Projects</p> <p>Type: Ring-Fenced</p>	10 years from 2015-16	18	11.5	As referred to in Q1.2.b.ii above £6.5 million was surrendered to DoF as this is ring-fenced funding.

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 glean information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 (pre COVID-19)	2020-21 (Reassessed in light of COVID-19)	Funding Source
<i>Example: Pay</i>	<i>Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases</i>		£15m	<i>RDEL Block Non- ringfenced</i>
Pay	Teaching Pay Pressures (incl. settlement of the 2017 & 2018 pay dispute)	108	108	<i>RDEL Block Non- ringfenced</i>
Pay	Non-Teaching Pay Pressures	40	40	<i>RDEL Block Non- ringfenced</i>
Resource	Education Authority (EA) pressures excl. Special Educational Needs (SEN)	32.5	32.5	<i>RDEL Block Non- ringfenced</i>

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

Resource	Increasing demand for SEN services (including special schools, SEN in mainstream, pupil support and transport)	44	44	RDEL Block Non- ringfenced
Resource	School maintenance	6.5	6.5	RDEL Block Non- ringfenced
Confidence & Supply	Continuation of early intervention initiatives / tackling severe deprivation (previously funded from confidence and supply)	16.5	16.5	RDEL Block Ringfenced
Non Domestic Rates	Estimated Rates Assessment Pressure	11	11	RDEL Block Ringfenced
Resource	Maintaining the Age Weighted Pupil Unit at Current Value	9	9	RDEL Block Non- ringfenced
Resource	Implementation of new SEN Framework as required under new SEND Act	30	17.5	RDEL Block Non- ringfenced
Resource	Sure Start	0	1.45	RDEL Block Non- ringfenced
VES	A further VES to deliver efficiencies	22	10	RDEL Block Ringfenced
Resource	Development of a Mental Health & Emotional Wellbeing Framework	10	10	RDEL Block Non- ringfenced
Resource	A new Nurture Programme	2.4	1.5	RDEL Block Non- ringfenced
Resource	Other Resource Pressures (Nutritional Standards, other NDPBs, North Belfast Principals and Looked after Children)	3.2	1.4	RDEL Block Non- ringfenced
Resource	Resourcing Pressures in Schools	60	60	RDEL Block Ringfenced
Shared Education	Withdrawal of external sources of funding for Shared Education	3.8	0	RDEL Block Ringfenced
Childcare	Delivery of a Childcare Strategy for NI	15	9	RDEL Block Ringfenced
COVID-19	Meals Provision	-	27.9	RDEL Block Ringfenced
COVID-19	Childcare	-	24.9	RDEL Block Ringfenced
COVID-19	Income Support Scheme for Education Support Staff	-	14	RDEL Block Ringfenced
COVID-19	Education Authority (EA) Pressures	-	10.4	RDEL Block Ringfenced

COVID-19	Council for Curriculum Education and Assessment (CCEA)	-	5.2	<i>RDEL Block Ringfenced</i>
COVID-19	VG/GMI Canteen	-	4.1	<i>RDEL Block Ringfenced</i>
COVID-19	Preparatory Schools	-	2.3	<i>RDEL Block Ringfenced</i>
COVID-19	Boarding Schools	-	1.8	<i>RDEL Block Ringfenced</i>
COVID-19	Pathway	-	0.725	<i>RDEL Block Ringfenced</i>
Total Pressures		413.9	469.675	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	Initial 2020-21	Post Covid-19 Assessment	Funding Source
NDNA Commitments	Independent Review of Education Provision	1.1	1.1	<i>RDEL Block Ringfenced</i>
NDNA Commitments	Support Educating Children and Young People Together	1.1	1.1	<i>RDEL Block Ringfenced</i>
NDNA Commitments	Addressing links between Educational underachievement and socio economic background	10.1	10.1	<i>RDEL Block Ringfenced</i>
NDNA Commitments	Ulster Scots Legislation	0.7	0.7	<i>RDEL Block Ringfenced</i>
Total Pressures		13	13	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
N/A			
Total Pressures			

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
N/A			
Total Pressures			

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Capital	Major Works Programmes	32	CDEL Block Non-ringfenced
Capital	School Enhancement Programme	2	CDEL Block Non-ringfenced
Capital	Minor Works Programmes - inescapable requirements such as health & safety, fire protection and statutory obligations under the Disability Discrimination Act.	40	CDEL Block Non-ringfenced
Capital	Other Capital - ICT Projects	6	CDEL Block Non-ringfenced
Total Pressures		80	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Fresh Start	Major Works Programmes - Strule	3	<i>CDEL Block Ringfenced</i>
Fresh Start	Major Works Programmes - Integrated Schools and Other Shared Education Campuses	16	<i>CDEL Block Ringfenced</i>
Total Pressures		19	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Capital	Major Works Programmes	4	<i>CDEL Block Non-ringfenced</i>
Capital	School Enhancement Programmes	2	<i>CDEL Block Non-ringfenced</i>
Capital	Minor Works Programmes – essential capital projects across the Sector	24	<i>CDEL Block Non-ringfenced</i>
Capital	Youth Sector Capital Programmes	10	<i>CDEL Block Non-ringfenced</i>
Capital	Other Capital (ICT Projects, Bus Replacement, Early Years Capital)	18	<i>CDEL Block Non-ringfenced</i>
Total Pressures		58	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
N/A			
Total Pressures			

3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

*Fictional examples and definitions have been given to provide assistance.
Extend box if required.
Indicate non-applicable where necessary.*

Example: Carrier Bag Levy, expected revenue 2020-21 £1m

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

The DE Capital DEL budget allocation for 2020-21 is c£24m below the amount originally identified to meet all of the high priority projects. Under normal circumstances, this reduced allocation would have been sufficient to fund all of the inescapable capital pressures but may have resulted in slowing of some other high priority projects. Given that construction work has now ceased on all education sites, we may be faced with the inverse issue of trying to accelerate the programme to use all of the capital available in-year depending on when contractors are able to restart work. Given the uncertainty around the timing of construction work restarting due to the Covid-19 pandemic, the proposed allocations should be considered as "provisional". It is anticipated that a revised re-working of the allocations will be prepared later in the year when more certainty on the timing of delivery is available.

Capital funding profiles have therefore been prepared on the basis of the current level of budget available.

Further detail for DE 2020-21 Non-ringfenced Capital funding profiles are included in attachment below.

CAPITAL BUDGET 20/21 - INITIAL ALLOCATIONS

CAPITAL PROJECT	INITIAL CAPITAL BUDGET ALOCATIONS 20/21	FUNDING SOURCE
	£K	
INESCAPABLE		
Major Works -Rossmar Special School	2,800	CDEL Block Non-Ringfenced
Major Works - Enniskillen Model PS	3,775	CDEL Block Non-Ringfenced
Major Works - Strabane Academy	1,975	CDEL Block Non-Ringfenced
Major Works - Devenish College	6,500	CDEL Block Non-Ringfenced
Major Works - Gaelscoil na gCrann	1,167	CDEL Block Non-Ringfenced
Major Works - Holy Evangelists' PS	4,200	CDEL Block Non-Ringfenced
Major Works - Methodist College	3,900	CDEL Block Non-Ringfenced
Major Works - Woodburn PS	20	CDEL Block Non-Ringfenced
Major Works - St Joseph's HS	3,500	CDEL Block Non-Ringfenced
Major Works - St Patrick's PS	3,750	CDEL Block Non-Ringfenced
Major Works - Corran	59	CDEL Block Non-Ringfenced
Major Works - Colaiste Feirste	40	CDEL Block Non-Ringfenced
TOTAL INESCAPABLE MAJOR WORKS	31,686	
SEP - Our Lady's G.S, Newry	819	CDEL Block Non-Ringfenced
SEP -De-La-Salle	856	CDEL Block Non-Ringfenced
TOTAL INESCAPABLE SEP	1,675	
Minor Works - Vol	20,000	CDEL Block Non-Ringfenced
Minor Works - EA	20,000	CDEL Block Non-Ringfenced
TOTAL INESCAPABLE MINOR WORKS	40,000	
EA ICT - One Project	5,266	CDEL Block Non-Ringfenced
Teachers' Pension System Project 2020	700	CDEL Block Non-Ringfenced
TOTAL INESCAPABLE OTHER CAPITAL	5,966	

TOTAL INESCAPABLE - Non-Ringfenced	79,327	
HIGH PRIORITY		
Major Works - Our Lady of Fatima PS	500	CDEL Block Non-Ringfenced
Major Works - Elmgrove PS	100	CDEL Block Non-Ringfenced
Major Works - St Ronan's College	200	CDEL Block Non-Ringfenced
Major Works - Down HS	748	CDEL Block Non-Ringfenced
Major Works - Lismore Comprehensive	200	CDEL Block Non-Ringfenced
Major Works - Gaelscoil Ui Neill	100	CDEL Block Non-Ringfenced
Major Works - Ardnashee Special School	100	CDEL Block Non-Ringfenced
Major Works - Holy Trinity College	100	CDEL Block Non-Ringfenced
Major Works - Dunclug College	100	CDEL Block Non-Ringfenced
Major Works - Gaelscoil Ui Dhochartaigh	50	CDEL Block Non-Ringfenced
Major Works - Mary Queen of Peace PS	550	CDEL Block Non-Ringfenced
Major Works - St Killian's College	100	CDEL Block Non-Ringfenced
Major Works - Edendork PS	100	CDEL Block Non-Ringfenced
Major Works - Enniskillen Royal GS	100	CDEL Block Non-Ringfenced
Major Works - Glenwood PS	100	CDEL Block Non-Ringfenced
Major Works - St Joseph's and St James PS	50	CDEL Block Non-Ringfenced
Major Works - Abbey Community College	100	CDEL Block Non-Ringfenced
Major Works - Cullybackey College	100	CDEL Block Non-Ringfenced
Major Works - Scoil An Droichid	50	CDEL Block Non-Ringfenced
Major Works - Crawfordsburn PS	50	CDEL Block Non-Ringfenced
Major Works - Gaelscoil Aodha Rua	50	CDEL Block Non-Ringfenced
Major Works - Gaelscoil Eanna	100	CDEL Block Non-Ringfenced
Major Works - Islandmagee PS	100	CDEL Block Non-Ringfenced

Major Works - King's Park PS	100	CDEL Block Non-Ringfenced
Major Works - St Columban's PS	50	CDEL Block Non-Ringfenced
Major Works - Seaview PS	50	CDEL Block Non-Ringfenced
Major Works - St Malachy's PS	100	CDEL Block Non-Ringfenced
Major Works - St Peter's PS	100	CDEL Block Non-Ringfenced
Major Works - St Vincent de Paul PS	50	CDEL Block Non-Ringfenced
TOTAL HIGH PRIORITY MAJOR WORKS	4,198	
SEP2(a) - Coleraine Grammar School	50	CDEL Block Non-Ringfenced
SEP2(a) - St Kevin's College, Lisnaskea	50	CDEL Block Non-Ringfenced
SEP2(a) - Chapel Road Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - Holy Rosary Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - Our Lady of Lourdes Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - Presentation Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - St John's Primary School, Kingsisland	50	CDEL Block Non-Ringfenced
SEP2(a) - St Mary's Primary School, Jerrettspass	50	CDEL Block Non-Ringfenced
SEP2(a) - St Mary's Primary School, Cloughcor	50	CDEL Block Non-Ringfenced
SEP2(a) - St Patrick's Primary School, Crossmaglen	50	CDEL Block Non-Ringfenced
SEP2(a) - St Joseph's Grammar School, Donaghmore	50	CDEL Block Non-Ringfenced
SEP2(a) - St Malachy's College	50	CDEL Block Non-Ringfenced
SEP2(a) - St Patrick's Grammar School, Armagh	50	CDEL Block Non-Ringfenced
SEP2(a) - Carniny Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - Greenhaw Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - Killyleagh Integrated Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - Lurgan Model Primary School	50	CDEL Block Non-Ringfenced
SEP2(a) - Lurgan College	50	CDEL Block Non-Ringfenced

SEP2(a) - Beechlawn Special School	50	CDEL Block Non-Ringfenced
SEP2(a) - Knockevin Special School	50	CDEL Block Non-Ringfenced
SEP2(a) - Longstone Special School	50	CDEL Block Non-Ringfenced
SEP2(a) - Roddensvale School	50	CDEL Block Non-Ringfenced
SEP2(a) - Sandelford Special School	50	CDEL Block Non-Ringfenced
SEP2(a) - Sperrinview Special School	50	CDEL Block Non-Ringfenced
SEP2(a) - Thornfield House School	50	CDEL Block Non-Ringfenced
SEP2(b) - St Bride's Primary School	50	CDEL Block Non-Ringfenced
SEP2(b) - St Joseph's Primary School, Holland Drive	50	CDEL Block Non-Ringfenced
SEP2(b) - St Mary's Primary School, Newtownbutler	50	CDEL Block Non-Ringfenced
SEP2(b) - Dominican College, Portstewart	50	CDEL Block Non-Ringfenced
SEP2(b) - Methodist College, Belfast	50	CDEL Block Non-Ringfenced
SEP2(b) - St Columbanus' College	50	CDEL Block Non-Ringfenced
SEP2(b) - St Mary's Christian Brothers Grammar School	50	CDEL Block Non-Ringfenced
SEP2(b) - St Patrick's & St Brigid's College, Claudy	50	CDEL Block Non-Ringfenced
SEP2(b) - Antrim Primary School	50	CDEL Block Non-Ringfenced
SEP2(b) - Ballyclare Primary School	50	CDEL Block Non-Ringfenced
SEP2(b) - Dungannon Primary School	50	CDEL Block Non-Ringfenced
SEP2(b) - Fairview Primary School, Ballyclare	50	CDEL Block Non-Ringfenced
SEP2(b) - Glengormley Controlled Integrated Primary School	50	CDEL Block Non-Ringfenced
SEP2(b) - The Thompson Primary School	50	CDEL Block Non-Ringfenced
SEP2(b) - Kilronan Special School	50	CDEL Block Non-Ringfenced
SEP2(b) - Lisanally Special School	50	CDEL Block Non-Ringfenced
TOTAL HIGH PRIORITY SEP	2,050	
Voluntary Youth Capital	5,000	CDEL Block Non-Ringfenced

Controlled Youth Capital	5,000	CDEL Block Non-Ringfenced
TOTAL HIGH PRIORITY YOUTH	10,000	
Minor Works - Vol	12,000	CDEL Block Non-Ringfenced
Minor Works - EA	12,000	CDEL Block Non-Ringfenced
TOTAL HIGH PRIORITY MINOR WORKS	24,000	
EA ICT Programme of Works	10,063	CDEL Block Non-Ringfenced
EA Bus Replacement Programme	8,000	CDEL Block Non-Ringfenced
Early Years - Capital Programme	500	CDEL Block Non-Ringfenced
TOTAL HIGH PRIORITY OTHER CAPITAL	18,563	
TOTAL HIGH PRIORITY - Non Ringfenced	58,811	
TOTAL CDEL BUDGET (excludes Fresh Start Projects)		
	138,138	

Department of Agriculture, Environment and Rural Affairs Template Return

Covering information to be provided by DALO to AERA Committee

BUDGET 2020-21 SCRUTINY TEMPLATE

Please see attached the completed budget scrutiny template completed by DAERA.

BUDGET 2020-21 OPENING BASELINE

The Executive has agreed DAERA's 2020-21 Opening Budget allocation to be £226.1m Resource, £26.7m Depreciation and £98.5m Capital. A further £278.6m of ring-fenced Resource has been allocated for Direct Payments to Farmers. This represents 95% of the £293m that has been separately confirmed by HM Treasury and the balance will be allocated at in-year Monitoring Rounds. Further details on each of the expenditure categories is provided below.

Table 1 - DAERA Opening Budget 2020-21		£m
Resource		226.1
Resource - Replacement Funding*		278.6
Depreciation / Impairment		26.7
Capital		98.5
		629.9
*Represents 95% of the £293m as confirmed by HMT. Balance will be allocated in-year.		

2020-21 RESOURCE DEL ALLOCATIONS

On 31 March the Minister of Finance made a Statement to the Assembly on Budget 2020-21 which included the following additional allocations for DAERA.

Table 2 - Resource Budget 2020-21		£m	£m
Opening Resource Baseline			195.5
Brexit		18.8	
Employers Pension Contribution		7.0	
TRPSI		1.8	
Other Allocation		3.0	
Total Additional Allocations			30.6
Opening Resource Baseline before EU Replacement Funding			226.1
EU Replacement Funding			278.6
Approved Opening Resource Baseline			504.7

These allocations totalling £30.6m are in addition to the Department's rolled forward baseline of £195.5m and provide an opening 2020-21 Resource baseline of £226.1m (excluding EU Replacement Funding). It should be noted that only the £7.0m allocation for Employers Pension Contributions and the other allocation of £3m have been baselined and will roll forward to Budget 2021-22. The other remaining additional allocations totalling £20.6m (Brexit £18.8m and TRPSI £1.8m) have not been baselined and will not roll forward to form opening baselines in 2021-22.

The Brexit allocation of £18.8m is to cover staff costs to continue to take forward the Department's crucial work as we move towards exit from the EU. Minister has agreed that the additional other allocation of £3.0m is used fund a residual pressure on the TRPSI Programme of £0.7m and £1.4m to take forward a number of Strategic Environmental Programmes as well as some of the Climate Change issues identified in the "New Decade, New Approach" document. The remaining £0.9m has been allocated to the Mobuoy Remediation Project.

2020-21 CAPITAL DEL ALLOCATIONS

The Capital allocation of £98.5m for 2020-21 is a very positive outcome for the Department and is our highest ever allocation. **Table 3** below details the allocation across the Department as agreed by the Minister.

This funding will allow a range of key Rural Development Programmes to be progressed in 2020-21 including the Environmental Farming Scheme, the Farm Business Improvement Scheme, Leader, Rural Tourism and Forestry. These will continue to provide much needed support for rural areas as well as help protect our environment.

Minister has agreed to internally overcommit the Executive's Capital DEL allocation by £8.2m in 2020-21. This is considered prudent in the current circumstances, given the nature of Capital projects, the situation with COVID-19 and the increased risk of Capital under spends in year.

Table 3 - Capital Allocations		2020-21
		£m
TRPSI		3.0
Rural Business and Community Fund		4.0
RDP Leader		10.6
RDP EFS		1.9
RDP Rural Tourism		2.2
RDP Forestry		0.2
RDP FBIS		4.5
Waste Recycling Programme		10.0
Fisheries		0.5
Loughs Agency		0.6
Programmes Total		37.5
Digital Transformation		14.3
NIFAIS		2.3
Genetic Livestock Improvement IT		1.5
LIMS		1.3
IT Systems Total		19.4
Estate Development		4.0
AFBI Estate Development		2.0
CAFRE Estate Development		2.8
Estate Transformation Total		8.8
AFBI		22.2
AFBI Income		(6.0)
Collaborative and Other research		2.9
Research and Development Total		19.1
CAFRE Building Improvements and PVM		5.8
AFBI Analytical Equipment and PVM		3.8
AFBI Research Vessel		7.0
Forest Service PVM		0.9
NIEA Country Parks/Nature Reserves/Grants/PVM		1.4
Marine Division PVM		1.0
Recurring Capital Total		19.8
Climate Change (IT Platform)		1.0
Climate Change Research and Development		1.1
NDNA Total		2.1
Net Capital Allocation		106.7
Overcommitment		8.2
DoF Allocation		98.5

COVID-19

The Finance Minister made a written Statement to the Assembly on 9 April, confirming an allocation of £1.5m for DAERA to support the Fishing Sector.

CONCLUSION

Whilst DAERA has been successful in securing additional Resource and Capital allocations, the Department will continue to liaise closely with the Department of Finance particularly on additional funding that may be required in the coming months to help support rural areas as a result of COVID-19.

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Department of Agriculture, Environment and Rural Affairs

OFFICIAL NAME AND TITLE:

Roger Downey – Finance Director

DATE:

10 April 2020

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	340.7	330.2	(10.5)
Net Cash Requirement	325.3	300.6	(24.7)
Accruing Resources	411.2	402.1	(9.1)
Non Operating Accruing Resources	0	0.3	0.3

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20 (Block Grant, including Barnett Consequentials)

EU Exit Costs- £5m: Funding towards Staff costs to support activities to prepare for the exit from the European Union (in preparation for Exit on 31 October).

Employers Pension Contributions - £4.4m: Funding towards the increased costs of employers' pension contributions due to an increase in employers' contribution rate of some 6% with effect from April 2019.

EU Exit - No Deal Preparedness Costs - £5.9m: Funding towards preparation of exiting the EU on a "No Deal" basis on 31 October. This funding was to fund staff costs in the areas of trade, inspection, Legislation and Policy (£4.9m) and local council environmental health staff costs (£1.0m).

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20 (excluding FTC)

Satellite Imagery - £0.1m: Small Business Research Initiative funding for Satellite Imagery

(iii) Annually Managed Expenditure (AME) 2019-20

N/A

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

EU Exit - £2.9m: The level of EU Exit funding was based on an EU Exit on the 31 October. However, the delay until exit on 31 January resulted in a reduced requirement mainly on staffing levels in respect of Day 1 readiness and export health certification.

TB Compensation - £2.6m: A number of Veterinary staff who would usually be working as part of the TB Programme were redeployed to Brexit duties for a period of time. This combined with decline in the incident rate from its peak in November 2017 of 9.61% to 7.98% in October 2019 resulted in a reduced requirement in the TB Compensation.

Additional receipts - £1.7m: Generated in-year mainly due to:

- Increased regulatory income associated with the cost of regulating activities in order to prevent, monitor and control pollution of the air, land and water;
- Increased Forest Service income; and
- Unanticipated recoveries of grants paid to farmers.

Rural Development Programme - £1.5m: The Department has been able to maximise the drawdown of additional EU funding which reduces the national funding required. This is mainly around the technical assistance elements of the Farm Business Improvement Scheme and the Environmental Farming Scheme which are part of the Rural Development Programme 2014-2020.

CAP Disallowance - £1.5m: Reduced requirement due to DAERA's compliance with EU schemes and regulations.

Central Services Running Costs - £1.5m: DAERA reduced running costs in-year due to a willingness to adapt to new ways of working and maximising the use digital enhancements. This is part of an ongoing programme to drive out efficiencies in-year for forward years.

Flooding in the North West - £0.3m: This was due to programme slippage caused by delays in Loughs Agency appointing a contractor.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

Waste Management Grants - £2.7m: Programme slippage to 2020-21.

Rural Development Programme - £0.9m: Fewer claims than anticipated on Tier 2 and a timing delay on the proposals for Tier 1 Tranche 3 of the Farm Business Improvement Scheme.

Accommodation (Estates Transformation) - £0.4m: De minimis programme slippage to 2020-21.

(iii) Annually Managed Expenditure (AME) 2019-20

N/A

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
Name: INTERREG – RESOURCE INTERREG – CAPITAL <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> EU Match Funded	2019-20	£1.0m Nat £5.5m EU £0.2m Nat £1.0m EU	£0.6m Nat £3.6m EU £0.6m Nat £3.0m EU	Available represents opening budget position and used represents closing budget position. On Resource there was a de minimis surrender of £0.4m and on Capital there was an additional allocation of £0.4m. DAERA is the Accountable Department for the Environment priority area of the INTERREG VA Programme and nine projects have been approved for funding by the Programme Monitoring Committee managed by SEUPB.

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 gleans information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
EU Exit Staff Costs	Additional staff required to prepare for and following the Exit from the EU.	23.6	RDEL Block Non-Ringfenced
EU Replacement Funding	Replacement Funding following the EU Exit the majority of which (£293m) relates to CAP Pillar I.	310.6	RDEL Block Non-Ringfenced
Pay Inflation	Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases	3.1	RDEL Block Non-Ringfenced

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

Mobuoy Remediation Project	Relates to remediation costs for illegal waste site in the North West including groundwater monitoring, design, consultancy and engineered site trials.	0.9	RDEL Block Non-Ringfenced
Tackling Rural Poverty and Social Isolation Programme (TRPSI)	TRPSI was previously funded from Confidence and Supply arrangements. This Programme covers a range of initiatives that are needed in rural areas to support community development and cohesion; develop youth entrepreneurial and employment opportunities; provide equitable transport opportunities; access to health services; assist farmers and support positive mental and physical health.	2.5	RDEL Block Non-Ringfenced
Strategic Environmental Programmes (SEP)	The SEPs plan to fund a suite of targeted and landscape scale measures to address climate change, ecological emergencies and the key environmental pressures affecting the natural environment and its ability to deliver ecosystems services and nature-based solutions to climate change.	3.0	RDEL Block Non-Ringfenced
Operational Costs Across Ageing Estate	The Department's estate and assets cover an area of approximately 85,000 hectares and comprise of over 900 buildings across 243 sites throughout Northern Ireland employing over 2,800 staff. The additional funding would help ensure that all existing legal and contractual commitments are met as well as mitigating health and safety risks to our staff. The funding would also minimise the risk of breakdowns which would impact on business continuity and service delivery.	3.3	RDEL Block Non-Ringfenced
INTERREG	DAERA is the Accountable Department for the Environment priority area of the INTERREG VA Programme and nine projects have been approved for funding by the Programme Monitoring Committee managed by SEUPB.	0.9	RDEL – Non Block-Ringfenced
Total Pressures		347.9	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		

Total Pressures			

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Bovine TB Eradication Strategy	<p>In December 2016, the TB Strategic Partnership Group (TBSPG) published its Strategy and Implementation Action Plan which aimed to provide a comprehensive and practical long-term TB Eradication Strategy. Whilst it is recognised that funding an eradication strategy would cost more in the short to medium term, there is an 'invest to save' potential with this project as it would ultimately reduce the costs to taxpayers and farmers.</p> <p>It should also be noted that this investment will assist in ensuring that we continue to have market access for our animals and animal products post Brexit.</p> <p>The current incidence of bovine tuberculosis in the cattle herd, should it persist, could become a barrier to trade and therefore it is essential that we begin to work towards eradication now.</p>	1.4	RDEL Block Non-Ringfenced
Climate Change (NDNA)	<p>Additional staff required for the development of new Climate Change legislation, associated policies and strategies and ultimately the operational delivery including IT.</p> <p>Assist in addressing the immediate and longer term impacts of climate change.</p> <p>Scoping study for the creation of an Independent Environmental Protection Agency.</p> <p>Light Detection and Ranging (LIDAR) survey of the Northern Ireland coastline to assess the risks of climate change (storms and sea level rise) to coastal communities, assets and marine protected areas.</p>	2.2	RDEL Block Non-Ringfenced

	Projects to help address the problem of marine plastic pollution.		
Total Pressures		3.6	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		
Total Pressures			

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
RDP (LEADER & Forestry)	LEADER aims to implement schemes such as Rural Business Investment, Rural Basic Services and Village Renewal. The Programme is delivered by Local Action Groups with the assistance of local councils.	10.8	CDEL Block Non-ringfenced

	The Forestry scheme encourages woodland creation.		
Digital Transformation	This would enable DAERA to deliver essential IT services and digital capability to support established programmes as well as its three year Digital Transformation Programme	14.3	CDEL Block Non-ringfenced
AFBI Research & Development (R&D)	Since 2015-16 AFBI has been able to score all R&D staff and operating costs as well as associated income as Capital instead of Resource. This reflects the requirements in these areas.	16.2	CDEL Block Non-ringfenced
Collaborative & Other Research	This R&D supports collaboration with government funders from other regions and countries to effectively lever additional scientific expertise, thereby increasing the research capacity available for the Department to meet its needs.	3.4	CDEL Block Non-ringfenced
NIFAIS	This funding is required for the projected costs in the NIFAIS contract, the APHIS Supplemental Agreement and programme staff salaries.	2.3	CDEL Block Non-ringfenced
Total Pressures		47.0	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
RDP (EFS & Rural Tourism)	The EFS funding would allow the rollout out of the next tranche of the scheme to carry out activities to bring environmental benefits to farms. The Rural Tourism scheme is delivered with applicant councils with a view to increasing the number of out of state tourists across the province	6.3	CDEL Block Non-ringfenced
RDP – Farm Business Improvement Scheme	This funding allows taking forward a further three tranches of Tier 1 as well as the second tranche of Tier 2 of the FBIS scheme.	9.7	CDEL Block Non-ringfenced
INTERREG	DAERA is the Accountable Department for the Environment priority area of the INTERREG VA Programme and nine projects have been approved for funding by the Programme Monitoring Committee managed by SEUPB.	1.1	CDEL – Non Block-Ringfenced

Total Pressures	17.1	
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High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Bids submitted as part of Budget 2020-21 and New Decade, New Approach - January 2020			
TRPSI	This would support a range of capital investments in rural areas to support community development and cohesion, revitalise and regenerate villages and community facilities, address fuel poverty issues, enhance transport provision, support existing business and support a healthy lifestyle for rural dwellers through the provision and enhancement of outdoor recreation facilities.	3.0	CDEL Block Non-ringfenced
Rural Broadband	Project Stratum is being led by DfE and given the benefits in rural areas, DAERA proposes to provide Capital support each year.	7.5	CDEL Block Non-ringfenced
Waste Recycling Programme	This is to take forward the Household Waste Recycling Collaborative Change Programme to support the draft Programme for Government (PfG) and Northern Ireland Waste Management Strategy by providing financial assistance to local councils to improve recycling services.	10.0	CDEL Block Non-ringfenced
Rural Business Community Fund	This fund is to replace the current EU PRIORITY 6 element of the RDP. The proposed Priority Goals of the Rural Business and Community Fund are to: <ul style="list-style-type: none"> • create a rural society where innovation and entrepreneurship flourish; • maximise the contribution that sustainable rural tourism makes to rural society and to the wider economy and environment; • reduce loneliness and social exclusion in rural areas, to minimise the impacts of rural isolation and to promote the health and well-being of rural dwellers; • increase employment opportunities available to people living in rural areas; and 	7.0	CDEL Block Non-ringfenced

	<ul style="list-style-type: none"> improve connectivity between rural and urban areas. 		
Fisheries	This would allow DAERA to continue to take forward projects under the European Maritime and Fisheries Fund to help the fishing industry and coastal communities.	0.5	CDEL Block Non-ringfenced
Loughs Agency	This would allow the Agency to replace assets such as IT equipment and vehicles to maintain its existing level of service.	0.6	CDEL Block Non-ringfenced
Genetic Livestock Improvement IT	This project aims to establish data flows and analysis for the Northern Ireland red meat sector to inform farmers on livestock breeding strategies and provide government with evidence to inform policy.	1.5	CDEL Block Non-ringfenced
Laboratory Information Management System (LIMS)	This aims to replace the existing LIMS systems and the provision of data management functionality to address the science data requirements within DAERA, AFBI and NIEA.	1.6	CDEL Block Non-ringfenced
AFBI Research Vessel	This would fund the replacement of the existing research vessel which is reaching the end of its useful life. The new vessel will be more efficient in terms of staffing requirements and running costs and will provide an improved at-sea service for AFBI.	7.0	CDEL Block Non-ringfenced
Estate Development	This is to undertake a range of Capital projects across the DAERA estate including the construction of the Animal Health Sciences Building at Stoney Road, AFBI/CAFRE Beef Facilities, New Teaching, Residential Accommodation and Office facilities at Greenmount Campus as well as the new Teaching /Training Centre, Science Building and Residential Student Accommodation at Loughry.	8.6	CDEL Block Non-ringfenced
Recurring Capital	This covers a range of recurrent Capital across CAFRE, AFBI, Forest Service, NIEA and Marine Division such as animal housing, stores, sheds, plant, vehicles and machinery.	12.8	CDEL Block Non-ringfenced
Climate Change (NDNA)	This covers the IT to support the additional staff to develop new Climate Change legislation, associated policies and strategies and ultimately operational delivery.	1.0	CDEL Block Non-ringfenced

Climate change – Research and Development (NDNA)	This R&D funding is for Northern Ireland partners in a collaborative all island research hub in the area of agri-food and sustainability.	1.1	CDEL Block Non-ringfenced
Total Pressures		62.2	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		
Total Pressures			

3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

2020-21 Estimation of Revenue

CAFRE £4.0m

Forest Receipts £9.4m

AFBI Lease £6.3m

Carrier Bag Levy (CBL) £4.6m

Veterinary Fund Receipts £5.1m

Salvage Receipts £2.5m

NIEA Regulatory Income £7.9m

Food Standards Agency (FSA) £6.1m

Other income £3.4m

The full impact of Covid-19 on these revenue schemes has yet to be quantified.

The CBL has been waived for all home deliveries and the FSA income will be impacted by animal products not moving off farm.

Extend box if required.

Indicate non-applicable where necessary.

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

Following the agreed Executive's 2020-21 budget on 31 March 2020:

- Total DAERA 2020-21 Opening Resource allocation of £504.7m includes additional allocations for:
 - £278.6m for EU Replacement Funding (95% of £293m) (the remaining 5% is to be allocated in-year);
 - £18.8m for EU Exit Costs
 - £3.0m for general allocation; and
 - £1.8m for TRPSI.

- Minister has allocated the £3.0m as follows:
 - £0.7m for TRPSI;
 - £0.9m for Mobuoy Remediation Project;
 - £0.7m for Strategic Environmental Programmes; and
 - £0.7m for Climate Change.

- Total DAERA 2020-21 Capital allocation of £98.5m.

- As at 10 April, the Executive has confirmed an additional £1.5m will be allocated to DAERA in 2020-21 for COVID-19 in relation to Support for the Fishing Sector.

Department of Finance Template Return

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Department of Justice

OFFICIAL NAME AND TITLE:

Deborah Brown/Lisa Rocks/Louise Blair

DATE:

10 April 2020

¹ These factors are expanded upon in RaSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20* £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	1,347.8	1,973.2	+625.4**
Net Cash Requirement	1,320.0	1,343.5	+23.5
Accruing Resources	-52.1	-54.0	-1.9

*Based on June Monitoring Round position

**See AME explanation below

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

2019-20 MR Adjustments - Non Ringfenced RDEL

Increase of £21.3m made up of the following adjustments:

+£2.9m EU Exit - mainly PSNI (£10.7m in opening budget, of which £9.8m is PSNI)

+£5.8m Fresh Start – Tackling Paramilitary Activity (£1.7m in opening budget)

+£8.8m Pension Allocation to address Departmental shortfall following statutory requirement to increase Employers Pension Contributions (£32.0m in opening budget)

+£2.8m Sept monitoring round bid for Legal Aid pressures

+£1.0m Consolidated Fund Standing Service pressure (Judicial Salaries)

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

2019-20 MR Adjustments – Capital DEL

Increase of £3.1m made up of the following adjustments:

+£0.2m Technical Adjustments (Small Business Research Initiative Funding from DE)

+£2.9m PSNI Resource to Capital switch (of which £2.5m relates to Security Funding)

(iii) **Annually Managed Expenditure (AME) 2019-20**

The net DoJ AME increase across all Monitoring Rounds is an increase of +£74.6m.

It is made up of AME **Release of Provisions** of approximately -£144.6m and **Movement in Provisions** of approximately +£219.2m.

Release of Provisions:

Due to HMT technical requirements, the AME release of provisions figure must be set to zero at Main Estimates, with changes to the forecast being actioned through the in year monitoring process, hence the significant movement in the AME release figure. This release of provisions offsets against the corresponding RDEL utilisation of provisions figures, and is a technical budget posting. The figures largely relate to Legal Services Agency, Compensation Services and PSNI.

Movement in Provisions - breakdown of main areas:

+£123m - PSNI Pensions – increase in McCloud pension litigation provision for age discrimination

+£30m – increase in PSNI Injury on Duty provisions

+£15m – increase in provision for Compensation Services (to take account of the potential impact of changes to the Discount rate, cost of care, high value cases)

+£31.5m – increase in provision for Legal Aid (high value cases, and a review of provisions following the implementation of a new case management system)

+£5.9m – provision for NICTS - Fine default litigation

Spring Supplementary Estimates (SSEs) Headroom*

This was not an additional funding allocation, however it was an increase to the upper limit of AME. It explains the majority of the movement in the net resource requirement from main estimates to spring supplementary estimates.

At the time SSEs were being compiled, Departmental responsibility for the AME liabilities of the new Historical Institutional Abuse (HIA) Redress Board payments, and the Troubles Related Victims Payments had not been established. (TEO have policy responsibility but not operational delivery).

In order to mitigate against the risk that the DoJ would have to recognise such liabilities in year end accounts, DoF recommended that DoJ create appropriate 'headroom' in our SSEs

The costs were £105m Victims Payments and £434m HIA, total headroom £539m.

These costs are purely for SSE purposes and were not formally added to the Departments AME budget. The AME cover resided with TEO.

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

2019-20 MR Adjustments - Non Ringfenced RDEL

Decrease of -£10m made up of the following adjustments:

-£3.0m Technical Adjustments (of which £1.6M IT Assist Confidential transferred to DoF)

-£3.8m January monitoring round reduced requirement (Compensation Services £3.3m and Legacy Inquests £0.5m)

-£0.3m Shared Future Transfers to other NI Departments (£0.9m in opening budget)

-£2.9m PSNI Resource to Capital switch (of which £2.5m relates to Security Funding)

2019-20 MR Adjustments – Ringfenced RDEL

Decrease of £-1.3m made up of the following adjustments;

-£1.3m Technical Adjustments (of which £1.2m IT Assist Confidential)

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

N/A

(iii) Annually Managed Expenditure (AME) 2019-20
N/A

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
Name: Type: (delete as appropriate) <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Match Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:	N/A			
Name: Type: (delete as appropriate) <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Matched Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:				
Name: Type: (delete as appropriate) <input type="checkbox"/> Ring-Fenced				

<input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Match Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:				
Name: Type: <i>(delete as appropriate)</i> <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Match Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:				

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 gleans information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

DoJ Note: Resource DEL Pressures were not considered in this way. The Department identified those pressures that were deemed **inescapable** and presented those to DoF in the budget planning process. Alongside those, the Department has also identified a number of **other significant pressures** that are uncertain in terms of timing and amount however if they were to crystallise they are expected to be so significant the DoJ could not manage them and would look to the centre for additional funding.. Thirdly there are anticipated costs associated with the **New Decade, New Approach** agreement however the commitments are very difficult to cost because they are at a very early stage. These **three categories of pressures are illustrated in the tables below.**

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

Inescapable Pressures	Explanation of Pressure	2020-21 £m	Funding Source
Pay & Price	Related to increased pay costs associated with anticipated 2020-21 pay uplifts and other unavoidable inflationary uplifts to goods and services etc.	17.0	RDEL Block Non-ringfenced
Police Operational	Relates to a number of PSNI operational pressures including Injury on Duty, Estates Maintenance,	31.8	RDEL Block Non-ringfenced
Other	Relates to a number of other inescapable operational pressures across the remainder of the justice system.	14.5	RDEL Block Non-ringfenced
Rates	Forecast Pressure as a result of a non-domestic rates revaluation	2.5	RDEL Block Non-ringfenced
Transformation	Costs associated with transformation initiatives across the Department	1.5	RDEL Block Non-ringfenced
Total Pressures		67.3	

Other Significant Pressures	Explanation of Pressure	2020-21 £m	Funding Source
EU Exit	Estimated costs of impact of EU exit across the Justice family. Separate exercise to be commissioned by DoF to capture associated costs. Previous costs flagged based on a 'no-deal' scenario.	TBC	TBC
Bear Scotland/Holiday Pay	Estimated costs of the Bear Scotland case re: including overtime in holiday pay	TBC	TBC
Legacy (Excl. HIU)	Estimated costs of Legacy Inquests, Legacy Compensation and Legacy related legal fees	TBC	RDEL Funding of £5m (ringfenced for Legacy)
Compensation Services Payments	Estimated costs relating to a) Change in Statutory Discount Rate, and b) 'Same Household' rule	TBC	TBC
Legal Aid Large Case Exceptionality	Estimated costs of a small number of large cases involving multiple defendants currently going through the Courts.	TBC	TBC
Total Pressures		TBC	

NDNA Costs	Explanation of Pressure	2020-21 £m	Funding Source
Transformation	Costs associated with transformation initiatives across the Department	TBC	TBC
PSNI Officers	Estimated costs associated with the gradual increase of PSNI officers towards a target of 7,500	TBC	TBC
Legacy – Historical	Estimated costs associated with the establishment of a new statutory body	TBC	TBC

Investigations Unit	responsible for the investigation of Troubles-related deaths		
Tackling Paramilitarism	Estimated costs of cross-departmental programme to tackle paramilitary activity and associated criminality (balance of Fresh Start Agreement commitment of £50m)	TBC	TBC
Gillen Serious Sexual Offences	Estimated costs of the delivery plan to address the recommendations in Sir John Gillen's review of Serious Sexual Offences	TBC	TBC
Committal Reform	None anticipated in 2020-21 due to the lead in time. Work ongoing to capture costs anticipated from mid-way through 2021-22	TBC	TBC
Implementation of CJINI recommendations	Costs of implementing findings in recently published reports are prioritised within the respective organisations' operational business of will form part of the Gillen review costs noted above, therefore, no additional costs are anticipated.	TBC	TBC
Total Pressures		TBC	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
N/A			
Total Pressures			

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Core Department and Agencies	Mainly IT related expenditure	1.4	CDEL Block Non-ringfenced
PSNI	Estate capital works, IT and leases	27.9	CDEL Block Non-ringfenced
Other Smaller NDPBs	Lease extension	2.0	CDEL Block Non-ringfenced
Total Pressures		31.3	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Across Agencies and NDPB's	New Lease and IT related expenditure	0.7	CDEL Block Non-ringfenced
Total Pressures		0.7	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Core Department	Case Management Systems, IT, Estates capital works	2.2	CDEL Block Non-ringfenced
PSNI	IT transformation, Estates capital works, Health & Safety works, Vehicle replacements, and various equipment replacement.	59.9	CDEL Block Non-ringfenced
NIPS	Estates maintenance and other capital works, IT.	18.9	CDEL Block Non-ringfenced
NICTS	Estates Capital works, Case Management System and other IT development	7.8	CDEL Block Non-ringfenced
Other Agencies – LSA, YJA, FSNI	Forensic equipment, Case Management systems and IT.	1.7	CDEL Block Non-ringfenced
Other Smaller NDPBs	Leases, Case Management System, Estate Capital works and IT.	4.2	CDEL Block Non-ringfenced
Total Pressures		94.7	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Core Department	Equipment for State Pathology, and IT requirements.	0.3	CDEL Block Non-ringfenced
PSNI	Estates Capital works, IT and various equipment refresh.	11.3	CDEL Block Non-ringfenced
NIPS	IT developments	0.1	CDEL Block Non-ringfenced
NICTS	Estates Capital works	0.4	CDEL Block Non-ringfenced

Other Agencies – LSA, YJA, FSNI	IT and enhanced security system	0.1	CDEL Block Non- ringfenced
Other Smaller NDPBs	Estates Capital works, IT and various equipment refresh.	0.4	CDEL Block Non- ringfenced
Total Pressures		12.6	

3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Due to the uncertain circumstances, mainly as a result of the COVID-19 response and in anticipation of an impact on the scale of fee, charges and levy income (and any other income) that can be generated in 2020-21 the Department has requested more up to date estimates from business areas. These can be provided to the Committee in due course.

Fictional examples and definitions have been given to provide assistance.

Extend box if required.

Indicate non-applicable where necessary.

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Confirmed 2020-21 Unringfenced Resource DEL Budget

The Finance Minister has confirmed DoJ's 2020-21 opening Executive agreed Unringfenced Resource DEL budget is £1,111.2m.

Key Features

This is the 2019-20 Resource DEL budget rolled forward plus:

- an additional £5m ringfenced towards Legacy pressures; and
- a further £22.5m towards other pressures (unspecified).

Furthermore, within this figure is:

- £10.7m towards EU Exit costs (this is equivalent to 2019-20 opening allocations and is only a small proportion of the total estimated pressure for 2020-21, however DoF have advised a separate exercise will be carried out to address remaining EU Exit funding requirements); and
- £29.7m of Additional Security Funding for PSNI (as per the final year of the Fresh Start Agreement).

The allocation excludes any funding towards Tackling Paramilitarism which we understand will also be dealt with separately.

This Resource DEL budget falls short of what is needed to maintain current services. However, pressures declared were based on plans developed prior to the impact of COVID-19. In light of the COVID-19 response required across Justice to this situation, early in 2020-21 the Department will need to assess the potential impact on the delivery of services, and the resulting impact on the budget. The pressures facing the justice system in future financial years may be compounded by any shortfall in funding in 2020-21.

Comparing like with like this is only a 2.5% uplift from 2019-20 – a much smaller uplift than that provided to other departments.

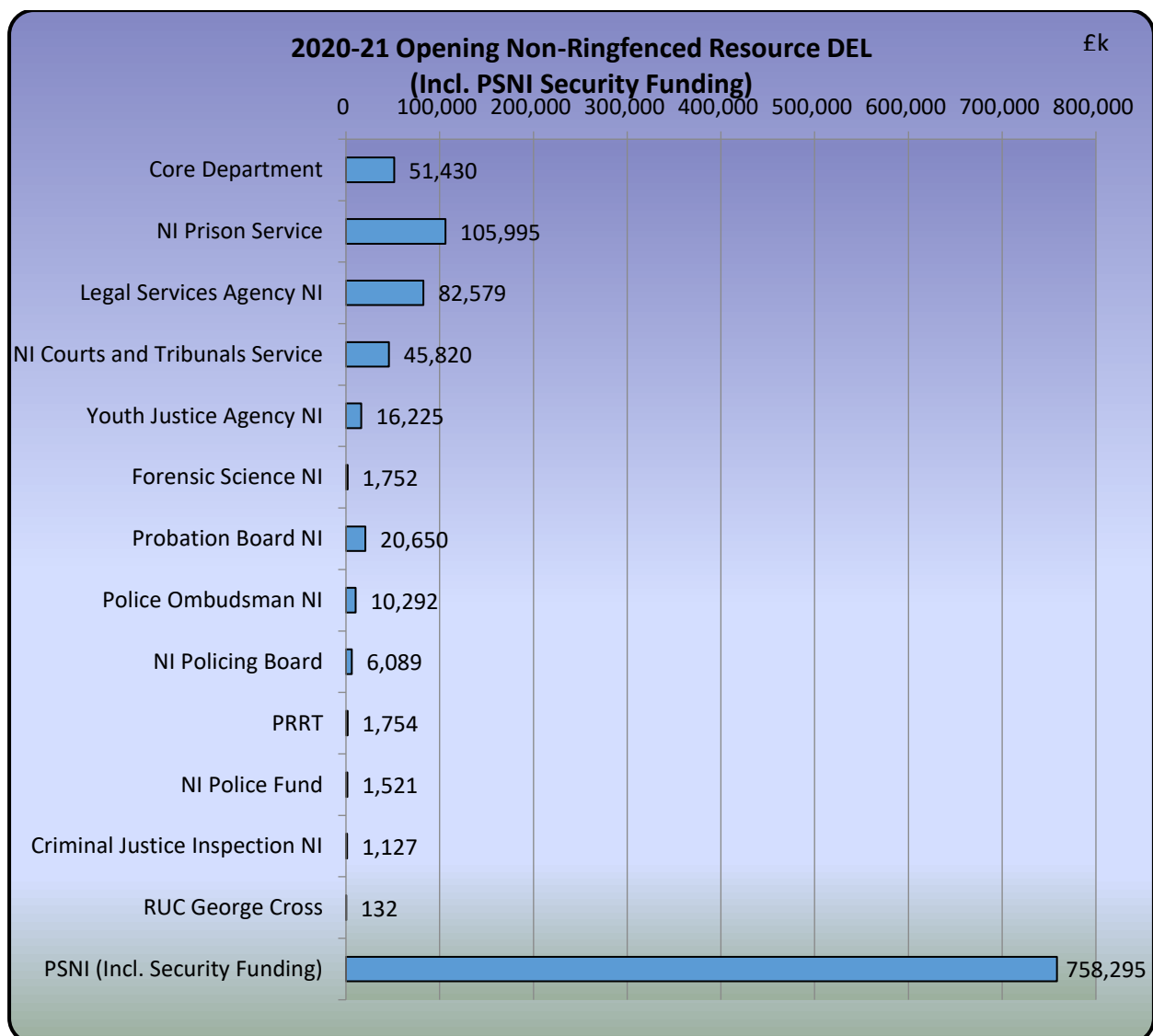
In preparing 2020-21 Resource DEL allocations by spending area the Department's focus in the circumstances was:

- to fund 100% of Pay and Price pressures declared by spending areas given the current challenging position all spending areas find themselves in due to the COVID-19 outbreak;
- to provide sufficient budget to allow spending areas to increase funding to the Voluntary and Community Sector by 5% - there has been recent representation from this sector regarding the impact of constrained budgets over a number of years;
- to provide sufficient funding to take forward problem solving justice initiatives; and
- to fund a number of other pressures identified by spending areas in the planning process as truly inescapable.

Funding for legacy inquests and Gillen Serious Sexual Offences is being held centrally in DoJ pending confirmation and agreement of revised forecast 2020-21 costs.

Following the Finance Minister's announcement on 31 March 2020, all Justice spending areas were formally notified of their respective allocations on 2 April 2020.

A bar chart of Resource DEL allocations by Justice spending area is illustrated below.



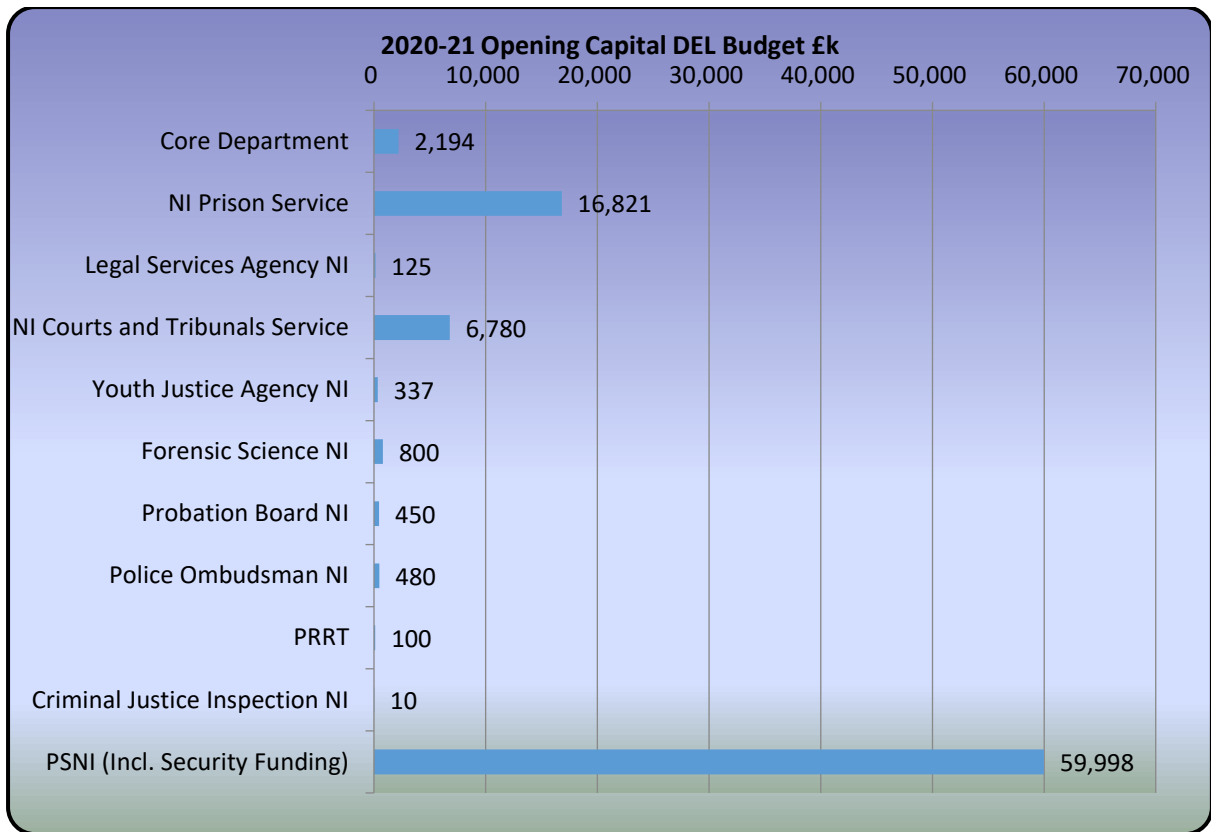
Confirmed 2020-21 Capital DEL Budget

The 2020-21 capital requirements declared by spending areas were as follows:

2020-21 Capital Requirements	£m
Inescapable	31.3
Pre-committed	0.7
High Priority	94.7
Desirable	12.6
Total	139.3

The Finance Minister has confirmed DoJ's 2020-21 opening Capital DEL Budget is £88.1m. Although this is £51.2m less than the overall DoJ capital requirements it is deemed manageable, particularly in light of the potential impact of COVID-19, and is £11.9m more than the 2019-20 opening capital budget.

A bar chart of opening Capital DEL allocations by Justice spending area is illustrated below.



Justice Committee

List of key themes/issues

Routine planning considerations

- 1. What contractual commitments does the Department have in respect of both resource and capital DEL?**
- 2. What resource and capital DEL is already legally committed for the delivery of statutory functions?**

In relation to question 1 and 2, the charts in Annex C provides an analysis of the main areas of expenditure across the Department. The Committee will note that of the Departmental budget, only 5% is spent within the Core Department (including Compensation Services), the balance being allocated to front line Agencies (23%) and Non-Departmental Public Bodies (NDPB's) (72%) the largest by far being PSNI.

The Committee will also note that a significant proportion of the Departmental spend (68%) is spent on salaries, which are a contractual commitment.

The third chart provides a further analysis of the 2019-20 Departmental budget, excluding the PSNI, highlighting the key areas of spend in relation to the statutory functions of the department.

- 3. What assumptions have been made in respect of pay inflation?**

The majority of business areas have assumed a 2% uplift for pay, to allow for incremental progression and revalorisation.

- 4. What assumptions have been made in respect of price inflation for supplies of goods and services?**

Spending areas, being the experts in their respective areas, were advised to adopt the most appropriate assumption relevant to them. However by way of guidance the non-pay GDP deflator for 2020-21 of 1.84% was provided.

Pressures

- 5. In the absence of funding to meet the pressures already identified, or if budget reductions are required:**
- a. What services/activities could the Department reduce/curtail?**
 - b. What services/activities could cease?**
 - c. What is the anticipated impact of any planned reduction or cessation of services/activities?**

The justice budget is as vital as health and education. It contributes to public safety and preservation of life. The majority of Department of Justice costs are demand led. In many cases they are inescapable or there are very limited options to reduce the levels of service provided. If no additional funding had been made available, there would be significant impacts – frontline services would have had to be reduced and investment necessary to bring about essential change and modernisation would be limited. However, in allocating draft budgets for 2020-21, the Department has sought to minimise the impact of absorbing pressures. Spending areas have been asked to outline the impact, including the equality impact, of the draft allocations for 2020-21 notified to them on 2 April. An update will be provided to the Justice Committee once this information has been collated.

As previously noted, pressures declared were based on plans developed prior to the impact of COVID-19. In light of the COVID-19 response required across Justice to this situation, early in 2020-21 the Department will need to assess the potential effect on the delivery of services, and any consequences on the budget as currently allocated.

6. The January 2020 Monitoring Statement showed a reduction of 15.7% reduction from £42.7m to £36m in the Department's administrative expenditure (i.e. 'back office' functions).
- a. What factors contributed to this significant reduction?
 - b. Detail any impact a reduction of this level had on service delivery.
 - c. Does this have any implications for functions such as policy development?
 - d. Will this level of administrative expenditure be sustainable into the 2020-21 financial year?

This reduction was largely due to a technical adjustment which reallocated funding held centrally in administration for the employer's pension increase to the programme category. Once requirements were confirmed spending areas were allocated their employer pension requirements as part of January monitoring round.

Throughout 2019-20 Business Areas were assured that the expectation was that this pressure would be funded and it was closely monitored on a monthly basis so it did not affect service delivery. The Department worked closely with DoF to ensure that the shortfall in funding would be received in year.

Going forward into 2020-21 it will not be an issue as the funding toward the increased employers pension contribution has been received in the Departments opening baseline and has been allocated to Business areas as part of their opening budgets.

UK's exit from the EU

7. What Brexit planning has been undertaken by the Department in terms of identifying and clarifying financial cost implications? List the foreseeable potential costs including, for example, those arising from anticipated legal challenges.

The Department has established a group with criminal justice partners, including the PSNI, PPS and NICTS, to prepare for the implications of the UK's

exit from the EU. A DoJ EU Exit Plan has been prepared with input from across the Justice System and the EU Exit team work closely with Financial Services Division to identify and clarify the cost implications of the requirements arising from the EU Exit.

The Departmental EU Exit Planning Group oversees the EU Exit work programme. It is chaired by the Permanent Secretary and members include the DoJ's senior management team and the PSNI.

EU exit financial requirements identified for 2020-21 were communicated to DoF throughout 2019-20, however these were largely based on 'no deal' assumptions which are no longer relevant. The full implications of the EU Exit Protocol are not yet clear and will develop over the months ahead which will help inform estimates of potential financial requirements. The Department will work closely with DoF on this to ensure that necessary funding is secured.

8. What other sources of Brexit-related funding does the Department expect to bid for/draw down during 2020-21?

The confirmed opening 2020-21 resource allocation includes £10.7m towards EU Exit costs. This is the 2019-20 opening allocation rolled forward and is anticipated to fall short of what is required. We understand a separate exercise will be carried out by DoF to address this funding gap.

New Decade New Approach

9. What steps have been taken to cost the commitments made in the New Decade New Approach agreement that fall to the Department of Justice? Has additional funding been allocated to the Department for 2020-21 specifically for these commitments? If so, is the funding ring-fenced? Does the Department expect to deliver on any of the commitments in the absence of any additional funding?

As emphasised during the oral session on 6 February and in correspondence since, in most cases the commitments are very difficult to cost because they are at a very early stage.

No additional funding has been allocated to DoJ in the opening budget settlement for costs associated with NDNA.

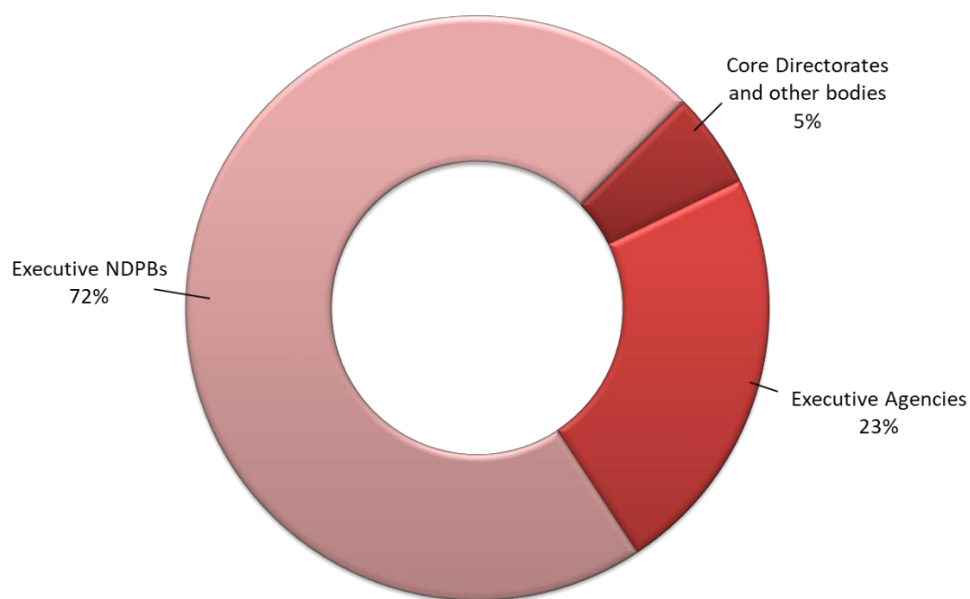
Outcomes-based Budgeting

10. What steps has the Department taken to align resources to outcomes in the Programme for Government? Has the Department encountered any difficulties in agreeing funding responsibilities with other departments for cross-cutting outcomes? If so, how have these been managed?

The budget is set departmentally rather than by outcomes, so it is not possible to allocate funding against each of the outcomes or indicators. Significant parts of the Department's resources are spent on statutory duties that may not naturally sit under one of the outcomes. However in the past, the Department has consistently sought to prioritise funding to ensure delivery plans have been fully funded and we will seek to continue to do that, subject to affordability.

In terms of cross-cutting outcomes the Department has not encountered any difficulties to date as funding responsibilities have been considered and it continues to work constructively with other departments on a range of areas, for example Problem Solving Justice.

Allocation of DoJ Budget



DOJ budget - staff and non staff costs split



Department of Finance Template Return

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Finance

OFFICIAL NAME AND TITLE:

Stewart Barnes, Finance Director

DATE:

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	220.4	230.4	10.0
Net Cash Requirement	233.7	232.0	(1.7)
Accruing Resources	122.0	124.9	2.9

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

The Department had a net opening RDEL Budget position of £192.2m. This will differ from the Main Estimate position as due to timing the 2019-20 Main Estimates were based on the June monitoring position and there are also a number of reconciling adjustments between Budgets and Estimates.

The Departments net January monitoring RDEL budget position was £206m

I have provided a split by spending area below

Spending Area	opening budget	external transfers	internal transfers	Pension allocation	EU Exit funding	Match funding	RRs	Final budget
Finance, procurement & policy	21.7		0.1		0.1		-0.2	21.7
NICS Shared services	77.1	4.1	-0.3	1.8	0.3		-0.5	82.5
NISRA	14.9		0.6					15.5
LPS	16.2	7.7	0.7					24.6
EU Peace prog.	0.3					0.1		0.4
EUCI	0.2					0.1		0.3
ERDF	0.1							0.1
SEUPB	1.3							1.3
NICS Accommodation services	60.5	0.4	-1.1				-0.2	59.6
Total	192.3	12.2	0	1.8	0.4	0.2	-0.9	206.0

External Transfers –

These are transfers between departments.

The transfers for NICS shared services mainly relate to a transfer to ITAssist from DoJ for secure IT systems and transfers to Digital Transformation Services (DTS) for services provided.

LPS transfers relate to £9m transfer from DFC - as a result of Universal Credit responsibility for rate reliefs for owner occupiers and tenants of working age was transferred to LPS. As DFC have the budget for these costs, the amount is agreed and transferred in-year. In addition £1.3m was transferred out of LPS to other Departments, mainly as a result of valuation hard charge. The net impact was an increase of £7.7m

Internal transfers – The Department reallocated funding, within the monitoring rules, across its business areas to meet pressures that materialise in-year.

Pension allocation – The employers pension rate increased with effect from 1st April 2019. The Department was allocated £7m in its opening baseline and a further £1.8m was allocated in-year to address this pressure.

EU Exit funding – The Department was allocated £1.5m on its opening baseline position to fund activities associated with EU Exit. Further funding became available in-year and the Department received a further £0.4m.

Reduced Requirements - £0.7m depreciation and £0.2m EU Exit funding was surrendered for reallocation.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

The Department was allocated a net CDEL budget of £35.3m. The split by spending area and in-year adjustments is provided in the table below.

Spending Area	opening budget	internal	RR	Final budget
Finance, procurement & policy	0.3	0.4	-0.2	0.5
NICS Shared services	17.5	0.8	-0.5	17.8
NISRA	1.6	0.2		1.8
LPS	4.9	-1.1	-2.9	0.9
NICS Accommodation services	11	-0.3	-0.9	9.8
Total	35.3	0	-4.5	30.8

LPS are taking forward the Nova programme to replace the ageing ICT systems with modern digital solutions that are better able to handle some of LPS' more complex processes and will simplify, automate and speed up our services. A review of the programme was carried which resulted in an easement.

Funding had also been allocated to enable Agile working, which relates to more mobile and flexible methods of working including hot desking, to be extended, however due to project slippage an easement was declared.

(iii) **Annually Managed Expenditure (AME) 2019-20**

The Department had an opening AME budget of £11.6m. AME covers areas of expenditure that are more volatile, outside the control of the spending organisation and by their nature harder to predict accurately. This includes the take up and release of provisions e.g. legal cases, early departures, and depreciation and revaluation of assets. In terms of DoF the largest element making up the AME budget is in relation to revaluation of assets due to changes in market values (c£8m). This is not known until year end and is difficult to predict.

The only significant change in AME in-year was an allocation of £4.5m to cover the potential liability in relation to holiday pay. The NICS currently pays basic pay and recurring allowances during any leave period. Recent case law clarifies that overtime and non-recurring allowances claimed on a 'regular' basis should also be included in holiday pay. Work is ongoing to ensure that the NICS policy for pay during periods of annual leave is compliant with the recent case-law. The NICS is in negotiation with both industrial and non-industrial unions both in terms of ensuring current compliance and in settling the retrospective liability. It was agreed that Departments should provide cover in the estimates in the hope that settlement will be reached as soon as possible. This is still very much a very high level estimate rather than a fully calculated liability.

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) **Resource Departmental Expenditure Limits (RDEL) 2019-20**
(Block Grant, including Barnett Consequentials)

Reduced Requirements - £0.7m depreciation and £0.2m EU Exit funding was surrendered to the centre for reallocation.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

£4.5m capital was surrendered in-year due to slippage in a number of small projects, delay in the Agile working project and review of the Nova programme

(iii) Annually Managed Expenditure (AME) 2019-20

N/A

1.2.c. Non-Block Allocations

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is less than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
<p>Name: <i>Cyber Security allocation from Cabinet Office</i></p> <p>Type: (delete as appropriate)</p> <p><input type="checkbox"/> <i>Non Ring-Fenced</i></p>	<i>yearly</i>	<i>1.2</i>	<i>0.6</i>	<p><i>IT Assist receive £1.2m annually to take forward cyber security in NI. Other Departments can also submit a bid to ITA to take forward projects associated with Cyber security. A programme board determines which projects will be funded. Due to a project delay, cabinet office agreed to accept £0.6m of this funding back in 19-20 and it will be allocated in 20-21 on top of the usual £1.2m to enable the project to proceed.</i></p> <p><i>This funding has been included in the RDEL position provided above</i></p>
<p>Name:</p> <p>Type: (delete as appropriate)</p> <p><input type="checkbox"/> <i>Ring-Fenced</i></p> <p><input type="checkbox"/> <i>Non Ring-Fenced</i></p> <p><input type="checkbox"/> <i>EU Matched Funded</i></p> <p><input type="checkbox"/> <i>Borrowed</i></p> <p><input type="checkbox"/> <i>Other:</i></p>				

<p>Name:</p>				
<p>Type: <i>(delete as appropriate)</i></p> <p><input type="checkbox"/> Ring-Fenced</p> <p><input type="checkbox"/> Non Ring-Fenced</p> <p><input type="checkbox"/> EU Match Funded</p> <p><input type="checkbox"/> Borrowed</p> <p><input type="checkbox"/> Other:</p>				
<p>Name:</p> <p>Type: <i>(delete as appropriate)</i></p> <p><input type="checkbox"/> Ring-Fenced</p> <p><input type="checkbox"/> Non Ring-Fenced</p> <p><input type="checkbox"/> EU Match Funded</p> <p><input type="checkbox"/> Borrowed</p> <p><input type="checkbox"/> Other:</p>				

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 glean information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
<i>Example: Pay</i>	<i>Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases</i>	<i>£15m</i>	<i>RDEL Block Non-ringfenced</i>
Census 2021	Census is planned for March 2021 and underpins all economic and social statistics currently required for EU and UN legislation and underpins full Programme for Government measurement through population estimates and statistics. As this only takes place every 10 years the budget	8.1	RDEL Block non-ringfenced

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

	does not exist within the Department's baseline.		
LPS income levels	Over the last few years Land Registration had undertaken non-recurrent external projects for the private sector and a project to reduce work stock both of which have seen income levels increase. The number of additional external projects and level of workstocks have reduced and this trend is anticipated to continue in 2020-21, resulting in lower income levels	4.2	RDEL Block non-ringfenced
Central Government Transformation programme	Both the HR Connect (the main HR system for all NICS Departments and some wider public sector bodies) and Account NI (the main financial system for all NICS Departments and some wider public sector bodies) contracts are nearing end of life and the CGTP aim is to procure replacement solutions for both. Work is underway to develop a Strategic Outline Case (SOC) which will present high level consideration of possible options as well as a preliminary assessment of costs, benefits, risks and affordability	2.2	RDEL Block non-ringfenced
Total Pressures		14.5	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Collaborative Procurement	Following an NIAO report, a collaborative procurement strategy was agreed in 2013. Its aim is to centralise the supply of an agreed range of common supplies and services for Construction and Procurement Delivery's (CPD's) clients and to maximise opportunities for aggregation with Centres of Procurement Expertise (CoPE) to achieve best value for money in support of the delivery of better Government services.	1.3	RDEL Block non-ringfenced
Total Pressures		1.3	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
EU Exit funding	5 business areas have identified pressures, mainly in relation to staff costs. NICS HR also identified increased levels of recruitment costs to fill the posts required across the NICS as a result of the UKs exit from the EU.	3.4	RDEL Block ringfenced
Transfer of Housing Benefit to Housing Executive	It has been assessed that the Northern Ireland Housing Executive (NIHE), with its experience and existing infrastructure could administer Housing Benefit more efficiently. The additional costs for the transfer of HB to the NIHE are for Information Technology to upgrade the NIHE system, project staff costs to implement the transition from LPS to NIHE and communication costs to ensure the public are notified of the changes to claiming their benefit.	0.9	RDEL Block non-ringfenced
Non-domestic rates increases	The Department is responsible for paying rates on around 160 properties and it is currently estimated that following revaluation, rates will increase on these properties.	1.1	RDEL Block non-ringfenced
Total Pressures		5.4	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
ICT maintenance and licenses	Essential maintenance of ICT systems, legislative change controls, provision of Private Cloud and Multi-functional Devices across the NICS	4.2	CDEL Block non-ringfenced
James House refurb	James House is being refurbished to enable fit for purpose, increasing the capacity and providing a modern working space for staff,	5.1	CDEL Block non-ringfenced
NI Direct Programme	Contact centre which provides access to a wide range of public facing services is to be upgraded to improve efficiency and service.	1.7	CDEL Block non-ringfenced
Total Pressures		11.0	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Laptop & desktop refresh	IT Assist are responsible for providing and upgrading desktops and laptops to all NICS bodies and some public bodies.	3.6	CDEL Block non-ringfenced
Maintenance works & lease consolidation	To maintain building fabric and improve energy performance and consolidate small leases to reduce running costs	5.9	CDEL Block non-ringfenced
Reform of Property Management Project	Estate consolidation to reduce costs and further role out Agile working specifications.	7.0	CDEL Block non-ringfenced
Nova Programme	LPS are replacing ageing ICT systems with modern digital solutions that are better able to handle some of LPS' more complex processes and will simplify, automate and speed up our services.	3.7	CDEL Block non-ringfenced
ICT upgrades & maintenance	Number of small projects across the Department to replace and upgrade existing ICT systems and services	4.9	CDEL Block non-ringfenced
ITA new customers	ITA on board new customers. Initial up front capital costs which can be recovered through resource income	1.5	CDEL Block non-ringfenced
Total Pressures		26.6	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source

Total Pressures			

3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

Extend box if required.

Indicate non-applicable where necessary.

The Department is anticipating RDEL income of around £127m in 2020-21. The majority of this is in relation to services the Department provides to other NICS departments and public bodies including construction and procurement delivery services, legal services, internal audit, IT services, accommodation services, valuation services and services provided by NISRA. In addition the Department provides services to the public including fees for Land and Property Services and General registry office services.

This income is already included in the Department's net budget position. Of course these income levels are based on a normal economic environment and given the current extraordinary position we have to monitor income levels closely.

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

The Department is currently forecasting a RDEL pressure of around £5m and will seek to absorb these pressures through slippage in projects and unanticipated vacancies. Given the current situation there may be delays in filling some vacancies and the Department will continue to monitor the position, reallocating funding as necessary within the budget and monitoring rules.

With regards to the capital position, the Department is anticipating the sale of a property which would generate around £7m to £8m additional CDEL budget cover to enable the essential projects to proceed as planned. It is anticipated that any remaining pressure will be managed through project slippage.

We will keep the Committee informed of any issues as necessary.

Department for Infrastructure Template Return

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

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Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Infrastructure

OFFICIAL NAME AND TITLE:

Gary Boyd, Finance Director

DATE:

16 April 2020

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	706.9	718.3	11.4
Net Cash Requirement	932.1	953.9	21.8
Accruing Resources	112.7	150.7	38.0

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

Example: Pension Contributions - £70m was secured towards the increased costs of employers' pension contributions due to an increase in employers' contribution rate of some 6% with effect from April 2019

Brexit Allocations - £3.2m

Pensions - £1.5m

Translink Going Concern status - £4.0m

Lighting, Winter Service & Roads Maintenance - £4.0m

Various – from other departments - £1.4m

Headroom – included in estimates but not in budgets - £-5.0m

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

Example: ICT - £20m was secured towards replacement and modernisation of critical ICT systems across the region.

Brexit Allocations - £14.0m

Street Lighting Columns Replacement - £6.8m

Structural Road Maintenance & Local Transport Safety Measures - £9.6m

Bus & Rail Critical Safety Works - £10.0m

Translink Bus Purchase - £2.0m

Ports - £2.6m

NIW - £3.0m

EU Funding - £0.1m

Belfast Transport Hub – Flagship - £2.0m

Various from other departments - £1.4m

(iii) Annually Managed Expenditure (AME) 2019-20

Example: Financial Assistance Scheme (FAS) - £20m secured to cover FAS provision increase in 2019/20 due to Bauer judgement. The Court of Justice of the European Union is currently considering a case which could potentially require individual pension scheme members to receive full value of their accrued old age benefits in the event of employer insolvency ("Bauer judgement").

Prog AME

Impairment of goodwill & fair values on acquisition - £1.3m

Impairment of Debt - Department (ECL) - £3.8m

Bear Scotland Costs - £26.5m

Various AME adjustments - £1.9m

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

CFER Income - £0.2m

Roads Depreciation - £7m

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

A5 Western Transport Corridor - £8.4m
TENS Income - £0.6m
A6 Derry to Dungiven - £7.0m

(iii) Annually Managed Expenditure (AME) 2019-20

Prog AME
Depreciation - £24.0m

Capital AME
Major Works Take up / Reval Of Capital Land Provision £30.0m
Various AME adjustments - £0.5m

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
Name: Type: (delete as appropriate) <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Match Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:				Not applicable
Name: Type: (delete as appropriate) <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Matched Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:				Not applicable

				Not applicable
<p>Name:</p> <p>Type: (delete as appropriate)</p> <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Match Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:				Not applicable
<p>Name:</p> <p>Type: (delete as appropriate)</p> <input type="checkbox"/> Ring-Fenced <input type="checkbox"/> Non Ring-Fenced <input type="checkbox"/> EU Match Funded <input type="checkbox"/> Borrowed <input type="checkbox"/> Other:				Not applicable

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 glean information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
<i>Example: Pay</i>	<i>Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases</i>	<i>£15m</i>	<i>RDEL Block Non-ringfenced</i>
Public Transport	This bid will allow Translink to continue as a going concern – address cash flow problems	£20m	RDEL Ring fenced
Public Transport	This bid is to fund Translink to operate the Executive's Concessionary Fares scheme.	£9m	RDEL
Pay	Pressures in respect of Pay awards, Holiday Pay liabilities in relation to the Bear Scotland case and to fund additional staff resources associated with EU Exit	£6.3m	RDEL

² Definitions used throughout Part B taken from Department for Finance and Personnel "2012-13 Monitoring Bids", unpublished template.

Covid 19	To address the estimated costs associated with the Covid-19 outbreak including reductions in income and additional costs in Translink, NIW, DVA and On street Parking	£181m (early estimates subject to change)	RDEL
Total Pressures			

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
NIW	Pressure to bring NIW budget to adjusted PC 15 figures	£2m	RDEL
Total Pressures			

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Roads Maintenance	If this bid is not met the limited Roads routine maintenance service operated in 2019-20 will be extended. Street Lighting outages will only be repaired for a limited six months period and reductions from the full service will be required to gully cleaning, grass cutting, weed spraying and pothole repairs in line with available funding. This funding position would mean that pothole repairs would only be done on the most dangerous faults and Winter Service would not be fully funded.	£20m	RDEL
Total Pressures			

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	Capital Budgets are zero-based and no pressures were registered. The challenge will be to fully spend the available capital budget given capacity reductions due to COVID 19.		

Total Pressures			

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	Capital Budgets are zero-based and no pressures were registered.		
Total Pressures			

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	Capital Budgets are zero-based and no pressures were registered.		
Total Pressures			

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	Capital Budgets are zero-based and no pressures were registered.		

Total Pressures		
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3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

Example: Carrier Bag Levy, expected revenue 2020-21 £1m

Receipts IRO Vehicle Maint £0.4m

Car Parking Charges £4.5m

Charges For Works Carried Out £1.6m

PPD-Decriminalised Parking Enf - Income £7.9m

Recoverable Works Income £4m

Ferry Charges £0.9m

Rivers - Current Receipts £0.1m

Rivers SLA Receipts £0.1m

WI Contributions from Employees (Admin) £0.1m

W I Income £0.1m

Interest Receivable On NLF Loans £0.2m

Interreg V A EU Income - Sustainable Transport £5.1m

Core SLA Receipts From DVA - HR £1.3m

TRU - Income £0.6m

DVA - dividend receipts £0.9m

Strategic Planning - Fees for Planning A £0.2m

Crumlin Road Gaol - Income £0.2m

NIW DEL Resource Income £104m

Extend box if required.

Indicate non-applicable where necessary.

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

The proposed Resource funding increase of £33m for Dfl will have severe implications on critical infrastructure services, not least, water and waste water, road maintenance, street lighting repairs, and Winter Gritting and public transport.

Budget allocation £418m Requirement £445m

Levels of income and costs will be adversely affected by the continuing effect on citizens behaviour as a result of COVID 19. This will particularly affect Translink where the increase Departmental cost could be as high as £181m.

On Capital, Dfl has an excellent track record for delivery and higher allocation of capital budget can make improvements to our infrastructure which other public services rely upon to continue to deliver their public services.

Budget Allocation £533m, Requirement £795m. Budget requirements were set before the Covid-19 lockdown. Depending on the duration of the crisis, there is likely to be severe disruption to the capacity to deliver capital projects and spending may have to be scaled down within capacity limits.

Department for Communities Template Return

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Department for Communities

OFFICIAL NAME AND TITLE:

Gavin Patrick – Finance Director

DATE:

09/04/20

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	4,589,507,000	4,876,996,000	287,489,000
Net Cash Requirement	4,525,488,000	4,727,206,000	201,718,000
Accruing Resources	128,499,000	168,904,000	40,405,000

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

Example: Pension Contributions - £70m was secured towards the increased costs of employers' pension contributions due to an increase in employers' contribution rate of some 6% with effect from April 2019

During 2019-20 the following additional Resource funding was secured:

1. Additional Block Grant Ring Fenced funding for no-deal Brexit pressures (£1.168m)
2. Additional Block Grant Non-Ring Fenced funding for the NICS 7.9% Employer Pension Contribution increase pressure (£5.168m)
3. Additional Non-Block Grant Ring Fenced funding for:
 - HMT - NI Debt Advice £1.33m transferred to the Department, and
 - HMT- Tampon Tax £0.576m

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

Example: ICT - £20m was secured towards replacement and modernisation of critical ICT systems across the region.

During 2019-20 the following additional Resource funding was secured:

1. Block Grant – Ring Fenced funding for the Northern Ireland Co-Ownership Housing Scheme Allocation (in Lieu of Financial Transaction Capital Surrendered) (£20.0m)
2. NIHE Disabled Adaptions to NIHE Stock - £4.2m to delivery on the Department's statutory requirement via the NI Housing Executive.

(iii) Annually Managed Expenditure (AME) 2019-20

Example: Financial Assistance Scheme (FAS) - £20m secured to cover FAS provision increase in 2019/20 due to Bauer judgement. The Court of Justice of the European Union is currently considering a case which could potentially require individual pension scheme members to receive full value of their accrued old age benefits in the event of employer insolvency ("Bauer judgement").

The closing AME position reflects the updated estimate of demand and is predominately based upon the in-year trends and analysis of the latest data.

In 2019-20 the Department declared a net pressure of £180m in Universal Credit and in Legacy Benefits (Employment & Support Allowance, Housing Benefit, Income Support and Jobseekers Allowance).

The Department also had a pressure of £14m in Disability (DLA/PIP) and £16m pressure in Pension Credit.

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

Block Grant Easements	Non - Ring fenced £m	Ring fenced £m
Fresh Start – COWA		37.0
Fresh Start Mitigations		17.3
Welfare Reform		9.8
Housing Benefit Rates		8.7
Baseline	2.0	
VES		0.2
Brexit		0.8
Total	2.0	73.8

Fresh Start Cost of Work Allowance (COWA) – A Reduced Requirement of £37m in Fresh Start Cost of Work Allowance arose at June Monitoring as the Department was unable to resolve the problem that this benefit was taxable and also in the absence of an Executive the COWA Scheme could not progress. This funding was ring-fenced and couldn't be used for any other purpose. Please note that this £37m was not reflected in the Department's Main Estimate as the Main Estimate was set to the post June Monitoring position.

Fresh Start Mitigations – A Reduced Requirement of £17.3m was largely due to lower than anticipated customer demand for Mitigations, coupled with higher than anticipated success rates in PIP appeals. Additionally, Fresh Start running costs were lower due to less staff in post as a result of automation of UC payment flexibilities. This funding was ring-fenced and couldn't be used for any other purpose.

Welfare Reform - Reduced requirements of £9.8m in Welfare Reform are largely due to Personal Independence Payment (PIP) contract volumes being less than originally forecast. Additionally, some projects have not progressed as expected and easements have arisen due to less staff in post. This funding was ring-fenced and couldn't be used for any other purpose.

Housing Benefit Rates (Tenants & Owner Occupiers) – A Reduced Requirement of £8.7m has arisen as a result of revised forecasts received from Land and Property Services (LPS) and NI Housing Executive meaning less funding is required. It's has been difficult for them to forecast the number of working age claimants migrating to the new Rates Rebate programme which is administered and accounted for by LPS. Housing Benefit Rates are also ring-fenced and cannot be used for any other purpose.

Baseline Salaries – A Reduced Requirement of £2m in Salaries at the January 2020 Monitoring Round is largely outside the Department's control being due to NIPSA Industrial Strike Action and supply issues in filling staff vacancies. This amount was the Department's only non-ring-fenced Reduced Requirement.

Brexit Funding - At January 2020 Monitoring, £0.8m of funding for a No Deal Brexit scenario was surrendered as a result of the new Conservative Government commitment to UK exiting the UK at the end of January 2020. This funding was specifically for that purpose and couldn't be used by the department for any other reason.

Voluntary Exit Scheme (VES) - £0.2m of VES funding was surrendered at January 2020 Monitoring. This was unspent funding from the NIHE VES 2017/18 Scheme Budget as staff have failed to exit. This was ring-fenced and could only be used for this purpose.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

Block Grant Easements	Ring - Fenced £m
Stadia project	4.5
Total	4.5

Casement Park Sports Stadia Project - £4.3m of Ring-Fenced Capital funding was surrendered in June 2019 Monitoring and a further £0.2m surrendered in the January 2020 Monitoring Round for the Casement Park Sports Stadia Project due to the absence of an Executive required to enable planning consent.

(iii) Annually Managed Expenditure (AME) 2019-20

The Department declared £9.4m of AME reduced requirement during 2019-20. These related to £5.6m of Carers Allowance, £3m of Attendance Allowance and £0.8m in State pension due to demand being lower than expected. AME expenditure is demand led and outside the control of the Department.

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
<p>Name: HMT - NI Debt Advice</p> <p>Type: (delete as appropriate)</p> <input type="checkbox"/> Ring-Fenced		£1.33m	£1.255m	<p>There is £75k of the allocation not used in 2019/20 as it was set aside to set up a 'Peer assessment' scheme which has been delayed due to unforeseen circumstances. This scheme to support the debt advice service will instead be set-up in 2020/21.</p> <p>These monies are ring-fenced to be spent only on 'debt advice' and therefore not surrendered or reallocated within the department.</p>
<p>Name: HMT- Tampon Tax</p> <p>Type: (delete as appropriate)</p> <input type="checkbox"/> Ring-Fenced		£0.576m	£0.576m	<p>The purpose of the Tampon Tax Fund is to allocate the funds generated from the VAT on sanitary products in the UK to projects that improve the lives of disadvantaged women and girls. The Department for Communities has issued funds to nine different organisations to champion this work. An example of the organisations funded include Foyle Women's Aid and Mid Ulster Women's Aid.</p>

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 gleans information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

EU Exit & New Decade New Approach

At this Stage the Department has not included any detail on expected pressures relating to EU Exit or New Deal New Approach (excluding the continuing Mitigations) as these are still being determined by the Department. There is significant uncertainty around requirements and funding available.

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
<i>Example: Pay</i>	<i>Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases</i>	<i>£15m</i>	<i>RDEL Block Non-ring-fenced</i>
Salaries	Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases at 1.5%. This pressure will be met internally by DfC.	c£4.6m	RDEL Block Non-ring-fenced
DWP IT contract costs	DWP IT contract costs have increased significantly in recent years. DWP have advised of an increase in charges from 2020-21 onwards. This is estimated at £2m in 2020-21 and discussions are ongoing. This pressure will be met internally by DfC.	£2m	RDEL Block Non-ring-fenced
Homelessness temporary accommodation	Funding requirements for Homelessness can be considered under two key criteria, namely core functions and key priority measures. 1. Core functions relate to the direct costs associated with the placement of homeless persons in temporary accommodation and the provision of community based homelessness services, whilst 2. Key priority measures comprise a number of initiatives presently underway and/or planned in order to introduce a more strategic approach to homelessness in order to curb escalating year on year service demands. It is important to note that significant levels of homelessness demand emerged during 2019-20, increasing forecast expenditure to approximately £12.3m. Assuming that the current trends continue, the total requirement for 2020-21 is forecast at £14.8m resulting in a pressure of £4.1m above the opening allocation for 2019-20 with the pressure increasing further in future years. £1m of this pressure can be met by the Department in 2020-21. Bid not met- DfC will allocated £1m to help address the pressure and the remaining pressure will be reviewed and addressed during the year.	£5.1m	RDEL Block Non-ring-fenced
De-rating grant	The De-Rating Grant (DRG) is a statutory grant that the Department is required to make to councils in each financial year. The DRG compensates councils for loss of rate income arising from DoF de-rating policy of properties in certain categories and DfC's compensation	£3.3m	RDEL Block Non-ring-fenced

	<p>policy is directed by this. The bid reflects the increase in the grant as a result of the Revaluation 2020 by LPS of non-domestic properties.</p> <p>Bid met and DoF have advised that this is now considered ring-fenced funding,</p>		
Total Pressures		£15.0m	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		
Total Pressures			

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Extension of existing Mitigations	<p>As part of the Fresh Start Agreement, the NI Executive agreed to put in place schemes to mitigate against some of the impacts of welfare reform for a four-year period through to the 2019-20 financial year.</p> <p>In April 2019 the Northern Ireland Affairs Committee and the Work and Pensions Committee launched a joint inquiry to examine the impact of welfare policy in NI. The First Report from the Joint Inquiry recommended the extension of the mitigations package for a further four years post March 2020. The Joint Inquiry recommended that this mitigations package should include the SSSC (“bedroom tax”) and benefit cap mitigations, disability-related mitigations already being paid to claimants,</p>	£41.7m	£40.7m RDEL Block Ring-fenced

	<p>and DLA to PIP transition mitigation for 16 year-olds.</p> <p>The funding requirement noted above reflects the option to extend the mitigation package beyond March 2020 and includes an estimate of the associated administration costs. A breakdown of the costs of extending Mitigations is provided below:</p> <table border="1" data-bbox="450 521 1040 1122"> <thead> <tr> <th colspan="2" style="text-align: right;">2020-21</th> </tr> <tr> <th colspan="2" style="text-align: right;">(£m)</th> </tr> </thead> <tbody> <tr> <td>Social Sector Size Criteria</td> <td style="text-align: right;">23.3</td> </tr> <tr> <td>Benefit Cap</td> <td style="text-align: right;">3.5</td> </tr> <tr> <td>Children transferring from DLA to PIP</td> <td style="text-align: right;">5.8</td> </tr> <tr> <td>Disability related mitigations</td> <td style="text-align: right;">5.1</td> </tr> <tr> <td>Administration and IT Costs</td> <td style="text-align: right;">4.0</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">41.7</td> </tr> </tbody> </table> <p>The Department was allocated £40.3m of funding to meet the mitigation requirement in 2020-21.</p>	2020-21		(£m)		Social Sector Size Criteria	23.3	Benefit Cap	3.5	Children transferring from DLA to PIP	5.8	Disability related mitigations	5.1	Administration and IT Costs	4.0		41.7		
2020-21																			
(£m)																			
Social Sector Size Criteria	23.3																		
Benefit Cap	3.5																		
Children transferring from DLA to PIP	5.8																		
Disability related mitigations	5.1																		
Administration and IT Costs	4.0																		
	41.7																		
Welfare Independent Advice	<p>The need for funding of additional advice services to assist people through ongoing and planned welfare changes is essential. The Department commissioned an independent high level review to establish, amongst other things, the level of additional need, proposed commissioning approach and a funding model that drives out optimal value for money.</p> <p>This review has now concluded and the outcomes will provide the evidence to support policy options and decisions by Minister. In the absence of firm evidence for continuation of all elements of Evason funding at this stage, a planning assumption of £2m per year has been made.</p> <p>The Welfare Independent Advice bid is based on current additional volumes and is in line with funding per the Fresh Start Mitigations Working Group Report in 2016. This</p>	£2.0m	£1.5m RDEL Block Ring- fenced																

	<p>requirement has been met from Fresh Start funding over the last few years.</p> <p>The Department was allocated £1.5m of funding to meet this advice service pressure. The position will be monitoring throughout the year and if further funding is required it will be addressed at an in year Monitoring Round.</p>		
Total Pressures		£43.7m	£42.2m

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
	N/A		
Total Pressures			

COVID-19: This category covers those Covid-19 Pressures identified by the Department.

Covid-19 Actions – Quarter 1	Explanation of Pressure	2020-21 £m	Executive Allocations
NIHE – Homelessness	NI Housing Executive – additional Homelessness costs - it is inevitable that there will be a reduced capacity within homeless hostels as staffing levels fall and they begin to implement their contingency plans (including holding units vacant). It is estimated that a significant number of additional units of temporary accommodation will be required.	£5.73m	£3.3m RDEL Allocation
NIHE – 90 New Laptops for Remote Working	90 new laptops required to facilitate home working by NI Housing Executive (NIHE) staff members delivering key services.	£0.10m	No allocation
Private Rented Sector (£37m per month)	This is to help people who rent their homes from the private sector and can no longer afford to pay their rent as their income has	£11.15m	No allocation

	either been lost or significantly reduced as a result of the current COVID -19 situation.		
Housing Rights – Additional Staff & IT costs	Housing Rights Service faces an increased demand for its service due to Covid-19 from members of the public who may lose their jobs impacting on their ability to meet housing costs. Coupled with this demand is the potential for loss of staff resource and/or inability to work from the general office. This will result in additional staff resource through overtime and IT provision to facilitate home working.	£0.11m	No allocation
Sick Leave pay for Recruitment Agency staff	Commitment to pay Recruitment Agency staff during their COVID-19 related sick leave periods. The calculation is based on the assumption that 50% of the Department's circa 1,700 Recruitment Agency staff receive 2 weeks sick pay. This equates to £752k and includes the Recruitment Agency staff the Department employs to work on services we provide to DWP.	£0.75m	No allocation
Local Councils Compensatory Costs	Local Councils have had to close the majority of their services due to COVID-19. This will result in a very significant drop in income, placing an unsustainable pressure on already fragile Council finances. The estimated loss of income is expected to amount to some £5.5m per month totalling £16.5m for 3 months.	£16.5m	No allocation
Discretionary Support COVID-19 Scheme	The Department for Communities is considering changes to the Discretionary Support scheme to extend the provision of emergency financial support to people affected by the COVID-19 outbreak.	£5.0m	£5.0m RDEL Allocation
Community Support Scheme	The voluntary and community sector (VCS) plays a vital role in supporting communities and individuals during and after emergencies. The sector will be vital as part of a multi-agency approach in response to the COVID-19 (coronavirus) outbreak. The Department is introducing a new COVID-19 Community Support Fund; which would be distributed via the Community Support Programme in partnership with local councils. This fund could provide the following categories of support: Financial – low income and at risk due to financial stress	£2.0m	£2.0m RDEL Allocation

	<p>Food - access to food (whether due to cost or availability) Connectivity – those living alone or in in rural and border areas that are likely to experience greater challenges in accessing services.</p> <p>It will be important to ensure these categories are, and remain, appropriate and targeted to deliver support where it is needed most as the situation evolves, and as other funding for the VCS response to COVID-19 is rolled out, including from Community Foundation NI, National Emergencies Trust, National Lottery Community Fund and others.</p>		
<p>Culture Division - Resilience fund</p>	<p>The arts, culture and creativity sector (including languages, museums and libraries) is a diverse sector with a very significant public interface estimated at an average of over 20,000 people daily across the range of activity.</p> <p>Visitor numbers have already fallen significantly as a result of Covid-19 and speculation of further decisions on restrictions to mass gatherings or museums/library closures will impact heavily as will reductions in tourism numbers.</p> <p>The Arts sector is a major employer and is dependant for very significant elements of income on box office receipts and ticket sales alongside Government subsidy and lottery income. The lack of resilience in the sector is widely reported and reductions in ticket sales have already begun to impact as events have been cancelled or postponed whilst contractual obligations to performers still have to be met. Estimates place 30% of income wholly dependent upon audience ticket receipts. Informed estimates from Arts Council NI (the keeper of Official Statistics on the sector) suggest £25m per annum as the “earned income” from box office receipts and commercial activity, based on 2019-20 figures. Loss of ticket and other commercial revenue for National Museums and the Armagh Observatory and Planetarium and Libraries NI (lesser impact) would be in the region of £4m per year: £29m total projected loss per annum linked to Covid-19.</p> <p>A starting point for a Covid-19 resilience fund to support the sector would be £1.5m for the first quarter of 2020-21 with longer range forecasting to be revisited in light of developments.</p>	<p>£1.5m</p>	<p>No allocation</p>

Sport	<p>The Northern Ireland Sports Forum (NISF) is the recognised umbrella organisation for the voluntary sector of sport in Northern Ireland and acts as the “Independent Voice of Voluntary Sport in Northern Ireland. There are over 450,000 individuals who are members of the sports affiliated to the NI Sports Forum.</p> <p>Many are large employers and many are currently undertaking substantial capital programmes. Ongoing running costs of many sports and their facilities will face significant pressure without the ability to generate income through attendance at games and through the loss of fundraising activities which would have led to large social gatherings.</p>	£1.0m	No allocation
Shielding package for clinically high-risk	<p>The UK Government (UKG) has asked 1.5m vulnerable people to self-isolate for at least 12 weeks. This ‘Shielding’ measure is to protect people who are clinically extremely vulnerable by minimising all interaction between those who are extremely vulnerable and others.</p> <p>Following UKG announcements, the Ministry of Housing, Communities and Local Government has confirmed it was working with the grocery industry, local government, local resilience and emergency partners and voluntary groups to ensure that essential items can be delivered as soon as possible to those who need it. The NHS have sent out letters to 40,000 people in Northern Ireland advising them that they are in this group and should not leave their homes.</p> <p>Based on Cabinet Office estimates it has been forecast that there will be a need of 10,400 weekly deliveries in Northern Ireland. Initial pricings indicate a weekly delivery for 12 weeks would cost £6,302,400 or for 14 weeks, £7,352,800.</p> <p>There are however other categories of vulnerable people that will also need to access this service and that is where our numbers get less reliable. This would include elderly people who have not specifically been asked to shield but who are unable to leave the home, homeless people, disabled people who are housebound. The total estimated cost including these</p>	£10.0m	£10.0m RDEL Allocation

	individuals is estimated at circa. £10m in Quarter 1.		
Supporting People providers	The Supporting People Programme provider sector are facing a significant risk from COVID-19 relating to their other sources of funding which includes social enterprises and fund raising activities estimated at circa £4.2m. To reduce the risk to the sustainability of Supporting People providers and to ensure the crucial services they deliver to those most vulnerable in society and at most risk of the virus, additional funding is sought to maintain service delivery. This should not be regarded as Supporting People eligible expenditure, rather, this funding is required to ensure the providers remain adequately solvent to exist through 2020/21. The £4.2m requirement includes £2.1m in Quarter 1 and £2.1m in Quarter 2.	£2.1m	No allocation
NIHE Homeless Out of Hours	Additional resources are immediately required to support the NI Housing Executive Out of Hours Homeless Service. There has been considerable additional demand placed on this service as a direct result of COVID-19 and demand continues to increase on a daily basis. The £0.4m requirement includes £0.2 m in Quarter 1 and £0.2m in Quarter 2.	£0.19m	No allocation
Car Parking for essential staff	In order to ensure essential staff can travel safely to and from work and avoid placing an additional strain on public transport, the car parking costs of staff in buildings where free car parking is not available will be met during this emergency situation.	£0.89m	No allocation
Additional staff for Discretionary Support	Plans are being taken forward to redeploy circa. 35 recruitment agency staff who were in training for delivering DWP benefits to assist with the Department's Discretionary Support payments. The initial £250k requirement is based on 3 months staff salary costs, with a further £250k included for Quarter 2.	£0.25m	No allocation
Funeral Loans	The Health Minister Robin Swann warned on 19 March 2020 that an estimated 15,000 coronavirus deaths could be possible in Northern Ireland in a worst-case scenario. Historically the Department provides funding for c13% of funerals, based on this funding may be required for 1,950 funeral payments at a basic award amount of £1,400 per funeral from 1 April 2020. This £2.73m	£2.73m	No allocation-

	Capital requirement reflects estimated need in Quarter 1.		
Additional Surface Pros for Benefit Processing	In order to continue delivery of vital benefit services, the Department has been in engagement with the Department for Work and Pension's Permanent Secretary, to secure additional IT equipment. The Department's immediate 2020-21 requirement totals £630k for 396 Surface Pros with delivery sought in April 2020.	£0.63m	No allocation-
Total Pressures		£60.63m	£20.3m

Covid-19 Actions – Quarter 2, 3, 4	Explanation of Pressure	2020-21 £m	Funding Source
Discretionary Support Economic Shock Scheme	The Department has identified a potential need for £30 million for a three month period however it cannot be spent until new legislation is put in place. This would fund a new element of the Discretionary Support scheme specifically designed to support people through the economic shock of losing employment due to the Coronavirus outbreak. Legislation required in order to progress	£30.0m	
NIHE – Homelessness	As Per Quarter 1	£4.77m	
Local Councils Compensatory Costs	As Per Quarter 1	£16.5m	
Community Support Scheme	As Per Quarter 1	£6.0m	
Culture Division - Resilience fund	As Per Quarter 1	£2.5m	
Sport	As Per Quarter 1	£3.0m	
Supporting People providers	As Per Quarter 1	£2.1m	
NIHE Homeless Out of Hours	As Per Quarter 1	£0.19m	
Additional staff for Discretionary Support	As Per Quarter 1	£0.25m	
UC Operations – Additional Staff Costs	The economic shock from COVID-19 is expected to be unprecedented and demand for benefits will increase significantly. While the benefit costs will score as AME, the staffing costs of administering these will also	£3.5m	

	rise due to increased demand. Between 8am and 9am on 18th March there had been a 300% increase in calls. This increase in demand and loss of staff through sickness will mean additional resource is required to handle backlogs. As there isn't the staff to train others at this time this additional cost will likely be met through existing staff overtime.		
Delay in implementing NIHE Rental Increase		£4.5m	
Housing Association Grant - additional costs		£4.71m	
Support Package for Business Improvement Districts		£1.0m	
Total Pressures		£49.02m	

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

The Department sought permission to include its own table in the format as submitted to the Department of Finance as it provides more information for the committee on the City Deals and Flagship as well as showing the true net position by including the substantial capital receipts the Department is expected to receive.

All budget bids would be expected to be funded from the block grant while no decision on NDNA or Covid 19 funding has been received from the Department of Finance.

Capital Bids 2020-21	Inescapable Budget £'000	Pre-committed Budget £'000	Flagship Budget & NIDNA £'000	City Deal Budget £'000	High Priority		Desirable Budget £'000	Receipts Budget £'000	Grand Total £'000
					Budget £'000	NIDNA £'000			
01. Housing - New Build		40,000			117,250	75,000			232,250
02. Co-Ownership					110,000			-18,000	92,000
03. Housing - Other Prog	24,391	9,847			28,169		100	-51,182	11,325
03. Housing - Maintenance Backlog						32,000			32,000
04. Premises	1,901				1,250				3,151
05. Information & Communications Technology (ICT)	468				1,550		100		2,118
06. Public Realm - Belfast	3,762				6,426				10,188
07. Public Realm - NWDO	3,277				2,758				6,035
08. Public Realm - NWDO - Portrush	590								590
09. Public Realm - Regional Towns	9,249				2,050				11,299
10. Urban Development	1,699				631				2,330
11. EU Match Funding	1,234						600		1,234
12. Culture	690	50			850	1,500			3,690
13. Active communities	1,111	4,473			10,641		1,800		18,025
14. Historic Environment Division	1,050				5,145				6,195
15. Public Records Office NI					240				240
16. Infrastructure Planning, Delivery & Support Unit	800	500	2,200	200	794				4,494
17. Voluntary and Community	200	800					2,784		1,000
18. Community Empowerment Division	2,189				4,069				9,042
19. Welfare	12,890				450	4,000		-6,105	11,235
Grand Total	65,501	55,670	2,200	200	292,273	112,500	5,384	-75,287	458,441

Significant Capital pressures:

- **Housing New Build (£232.3m)**

The Department has a statutory duty to respond to homelessness in NI by providing interim and/or permanent accommodation. According to statistics more households are in housing stress than ever before as homelessness levels continue to rise. The number of households in priority need of social housing in NI is at the highest level on record and people in temporary accommodation who don't have secure permanent housing is also rising in the NI. The NIHE is obliged to provide temporary accommodation for homeless applicants until a permanent social home becomes available. In order to meet this statutory duty the Department must address the chronic housing shortage by providing for new permanent social homes which in turn will reduce the costs of providing temporary accommodation.

Based on the statistics it is clear that the Departments past social homes programme is not keeping up with demand and it is for this reason the Departments continues to prioritise the supply of new social homes within its capital budget and have put forward an increased bid of £232.25m for 2020-21 – up from £145.86m last year. This includes additional Capital DEL requirements of £75m per year as part of the New Deal New Approach commitments with the aim of increasing the number of new social homes to 3,000 units per annum (Up from 1850 Units in 2019-20). This would be dependent on availability of land, planning permissions and required infrastructure including roads and water.

- **Co-Ownership - access to Financial Transaction Capital (£55m)**

Following the ONS classification of NI Housing Associations from the private to public sector in September 2016, a HM Treasury derogation is currently in place until March 2020 which allows Housing Associations to be treated as private sector bodies for budget and accounts purpose. Legislation is required to change the status of Housing Associations to the private sector and allow them to avail of Financial Transactions Capital Funding. This legislation has been submitted to the NI Office

The Department has included a £55m FTC bid and a £55m normal Capital DEL bid for Co-Ownership in case the legislation isn't progressed in time to reclassify Housing Associations back to private sector bodies. This is offset by a forecast £18m receipts due to the repayment of historical grant paid to the NI Co-Ownership Housing Association.

- **NIHE Rent – addressing the maintenance backlog (£32m)**

The last 4 years of rent freezes has resulted in the cumulative loss of around £87 million of potential rental income to NIHE.

The continued absence of rent increases potentially threatens substantial loss of social housing stock. This would adversely impact on target Indicators on Housing Stress. The stock maintenance deficit can only really be addressed via extensive transformation which will see:

- a. a series of affordable rent increases until a benchmark sustainable rent level is reached. This would take around 12 years and NIHE rents would remain broadly level with UK comparators but lower than average rents charged by Housing Associations;
- b. the NIHE moving to the private sector leading to borrowing capability and the cessation of Corporation Tax Liabilities.

In the meantime the Department has submitted a Capital DEL bid of £32m to start addressing the maintenance backlog in NIHE housing stock.

- **Regional Stadia Programme (£2m)**

The NI Executive committed up to £110m to provide much needed improvement to the Regional Stadia for football, Gaelic games and rugby. This commitment included £31m for the Irish Football Association for the redevelopment of Windsor Park; £62.5m for the Ulster Council of the GAA to build a new stadium at Casement Park; and £16.5m for the Ulster Branch of the IRFU to redevelop Kingspan (formerly known as Ravenhill).

Significant progress has been made on the Regional Stadia Programme with Windsor Park and Kingspan Stadium now completed. Work on Casement Park has however been delayed due to the quashing of the original Planning Permission in December 2014.

To date £10.3m of grant funding has been expended on the Casement Park Project. The current allocation of public funding to the Casement Project under the Regional Stadia Programme, approved by the previous Executive, is £62.5m. Committed UCGAA Partnership funding of £15m brings the total current approved project budget to £77.5m.

A revised Full Business Case (FBC) is being finalised by UCGAA. The current total project cost estimate is circa £110m and reflects the six year delay to construction commencement and the necessary redesign of the project. This project cost estimate will be subject to change, depending on the timing of the construction commencement. DfC Senior Management are currently undertaking a review of the revised UCGAA FBC.

The increase in the project cost estimate and the potential additional funding contributions from the DfC and UCGAA, along with any impact on Sub Regional Stadia Programme for Soccer funding, will require consideration by Ministers and the Executive.

3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

Extend box if required.

Indicate non-applicable where necessary.

Example: Carrier Bag Levy, expected revenue 2020-21 £1m

Receipts 2020-21	£'000
DWP Belfast Benefit Delivery Centre (Receipts)	-16,000
DWP PIP/UC Work (Receipts)	-18,000
DWP Child Maintenance Service (Receipts)	-28,000
CMS2012 Charging Income	-935
Vulnerable Persons Relocation Scheme - Income	-5,500
Grand Total	-68,435

The DWP receipts above cover the full cost of all the social security benefit and child maintenance services DfC provides to DWP.

The Child Maintenance income is the charge levied on parents for whom the Child Maintenance Service collect and pay maintenance.

The Vulnerable Persons Relocation Scheme Income is the recovery of the full cost of the Scheme from the Home Office to relocate Syrian refugees.

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

Due to the current COVID-19 crisis the Department has, a temporary measure, provided draft budget allocation to ALBs and grantees based on their opening 2019-20 budgets.

For capital we will only meet inescapable bids and previous pre-commitments until the position can be properly assessed.

All Departmental allocations will be heavily caveated to say that they may change once Minister has a chance to agree her priorities and final allocations. Finance are working on proposals to put to Minister on all funding allocations.

Department for the Economy Template Return

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

Department for the Economy

OFFICIAL NAME AND TITLE:

Stephen McMurray Finance Director

DATE:

15 April 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY:

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	1,018.0	1,096.7	78.7
Net Cash Requirement	1,312.8	1,204.0	(108.8)
Accruing Resources	86.6	140.2	53.6

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered. These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

Post Budget

Increased Employers Pension Costs £7.5m - allocation relating to increased employers' contribution rate with effect from April 2019.

EU Exit £7.0m - ring-fenced allocation for preparing for EU Exit.

EU Interreg/Peace £1.7m - EU Match funding

Together: Building a United Community £0.5m - from The Executive Office to support the Peace4Youth Programme for 2019-20.

June Monitoring

English for Speakers of Other Languages (ESOL) £1.0m – allocation to enable free ESOL provision for all refugees.

PfG Transformation £0.4m - ring-fenced allocation from the transformation fund for DfE/Department for Education joint strategic approach to age 14-19 Education Project.

September Monitoring

Further Education End Year Flexibility Scheme £5.0m – allocation to contribute to achieving PfG commitments

Increased Employers Pension Costs £4.2m - allocation relating to increased employers' contribution rate with effect from April 2019.

EU Exit £2.0m – ring-fenced allocation for preparing for EU Exit.

January Monitoring

Further Education End Year Flexibility Scheme £3.0m - allocation to contribute to achieving PfG commitments

Depreciation/Impairment £10.2m - ring-fenced allocation for the change in DfE treatment for Government Grant Reserves.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20

(excluding FTC)

January Monitoring

Further Education Colleges £1.0m - allocation for minor works

(iii) Annually Managed Expenditure (AME) 2019-20

AME Provisions (Resource) £4.6m - in respect of a provision following the 'Bear Scotland' court ruling that Working Time Regulations should be interpreted so that pay for "non-guaranteed" overtime is included in the calculation of holiday pay.

Pensions/NILGOSC (Resource) £6.4m - increase to past-service costs for the NILGOSC pension scheme as a result of the McCloud – Sargeant ruling.

Student Loans (Resource) £10.3m - reflects changes in Office for Budget Responsibility Retail Price Index forecasts, changes in interest rates and latest trend in debt sale subsidy payments.

Invest NI Corporation Tax (Resource) £0.7m - corporation tax liability for Bedford Street Development Limited and McAleer Rushe Dunloe Ewart.

Student Loans (Capital) £27.9m - reflects changes in Student Loans Company forecasts, current trends in student loan repayments and changes in interest rates.

Renewable Heat Incentive Scheme (Capital) £2.0m - reclassification from AME Resource.

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

September Monitoring

Consolidated fund extra receipts **£0.2m** - £ 0.1m relates to minerals income – salt mines and £0.1m relates to Insolvency fees.

January Monitoring

Consolidated fund extra receipts **£0.1m** - relates to Insolvency fees.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

June Monitoring

Project Stratum Confidence & Supply £3.0m - ring-fenced slippage due to delay in awarding contract.

Invest NI – Financial Transaction Capital (FTC) Loan Repayments £5.9m - ring-fenced capital receipts that cannot be retained by the Department.

January Monitoring

Presbyterian Mutual Society Capital Repayments £8.0m - ring-fenced capital receipts that cannot be retained by the Department.

Invest NI – FTC Loan Repayments £0.6m - ring-fenced capital receipts that cannot be retained by the Department.

(iii) Annually Managed Expenditure (AME) 2019-20

Renewable Heat Incentive Scheme (AME Resource) £2.0m reclassification to AME Capital.

Provisions (AME Resource) £30.6m, £27m - Invest NI utilisation of prior year grant provisions where a claim has been received from clients in the current year, Harland & Wolf utilisation of provision £3.4m H&W and Judicial Service Awards utilisation of provision £0.2m.

Asset Revaluations (Depreciation/Impairments) £6.4m reduction due to latest property valuations.

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
<input type="checkbox"/> Ring-Fenced Name: Department for Transport - City Of Derry Airport	Post Budget	£0.1m	£0.1m	N/A
<input type="checkbox"/> Ring-Fenced Name: Treasury - Notional Student Loan Subsidy (this funding cannot be used for any other purpose)	January Monitoring	£51.0	£51.0	N/A

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 gleans information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Further Education	Further Education Colleges Staff Cost Pressure	19.0	RDEL Block Ring-fenced
Further Education	Further Education Colleges delivery of free English for Speakers of other Languages	1.4	RDEL Block Non-ring-fenced
Further Education	Further Education support costs for the new Learner Management System	1.0	RDEL Block Non-ring-fenced

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

Training for Success	Training for Success Price Increases	2.1	RDEL Block Non-ring-fenced
City Deals	To support the consideration and oversight of the £800 million City Deals capital programme	2.0	RDEL Block Non-ring-fenced
Energy	Energy policy development and delivery	3.0	RDEL Block Non-ring-fenced
Pay	2% pay and price increase for Department and Non Departmental Public Bodies excluding FE Colleges	2.3	RDEL Block Non-ring-fenced
Rates	Non Domestic Rates Evaluation – increased rates as a result of the non-domestic revaluation, Department and Non Departmental Public Bodies (NDPBs)	1.7	RDEL Block Non-ring-fenced
EU Exit	The costs of preparing for EU Exit	14.0	RDEL Block Ring-fenced
Total Pressures		46.5	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Covid-19	Small Business Grant (£10k for businesses eligible for Small Business Rate Relief) – benefiting 27,000 businesses. <u>(The Executive approved the allocation on the 9 April 2020)</u>	270.0	RDEL Block Ring-fenced
Covid-19	Hospitality, Tourism and Retail Sectors Grant (£25k for businesses with a rateable value between £15k and £51k) <u>(The Executive approved the allocation on the 9 April 2020)</u>	100.0	RDEL Block Ring-fenced
Total Pressures		370.0	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressures	Explanation of Pressure	2020-21 £m	Funding Source
Covid-19	Small Business Grant (£10k for businesses eligible for Small Business Rate Relief) – Extend the now operational £10k scheme to include industrial de-rated businesses and small sports clubs.	30.0	RDEL Block Ring-fenced
Covid-19	Hospitality, Tourism and Retail Sectors Grant (£25k for businesses with a rateable value between £15k and £51k – estimated £20m to £50 million in additional to the £100 million however final figures are not available	20.0 to 50.0	RDEL Block Ring-fenced
Covid-19	New Hardship fund	60.0	RDEL Block Ring-fenced
Covid-19	Contribution to CV19 Rapid Response Research & Innovation Funding Call	3.0	RDEL Block Ring-fenced
Covid-19	FE Colleges IT: Laptops	1.0	RDEL Block Ring-fenced
Covid-19	FE Colleges IT: Additional	0.1	RDEL Block Ring-fenced
Covid-19	Continuing EMA Payments	1.2	RDEL Block Ring-fenced
Covid-19	Extension of Youth Training TfS Contract	2.0	RDEL Block Ring-fenced
Covid-19	TfS Weekly Fee and EMA (if closure)	6.6	RDEL Block Ring-fenced
Covid-19	TfS Disability Support (if closure)	0.4	RDEL Block Ring-fenced
Covid-19	Apprenticeships NI Support for Training Providers	4.0	RDEL Block Ring-fenced
Covid-19	Interventions on DfE Programmes in Med-Long Term for economic recovery post CV-19	TBC	RDEL
Higher Education Investment	Increasing investment in teaching to contribute to the long-term sustainability of a modern, investment-driven economy	40.6	RDEL Block Non-ring-fenced

Tourism	Tourism - Increase visitor numbers and associated tourism spend, maximise the potential of the NI Experience Brand to achieve competitive standout for NI through both its delivery agencies, Tourism NI and Tourism Ireland, subject to Ministerial approval to restore the North South ratios for Tourism Ireland	8.5	RDEL Block Non-ring-fenced
Invest NI Strategy	Invest NI Delivery of International Strategy	3.5	RDEL Block Non-ring-fenced
Total Pressures		180.9 to 210.9	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

2.2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

FTC has been excluded in line with the capital for 2019/20 request to exclude FTC.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Further Education	Construction work and associated costs for Further Education Colleges	29.5	CDEL Block Non-Ring-fenced
Higher Education	Student Loans Company Transformation project, research for Higher Education and Stranmillis upgrades	4.8	CDEL Block Non-Ring-fenced
Invest NI	EU Funding (corresponding income), Capital Grants to Businesses, IT development and development of property estates.	34.4	CDEL Block Non-Ring-fenced
Research & Development	Research and Development costs	2.0	CDEL Block Non-Ring-fenced
General	Includes recurrent capital funding and other small projects relating to NDPBs	0.2	CDEL Block Non-Ring-fenced
Total Pressures		70.9	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Confidence & Supply	Project Stratum – to ensure that as many premises as possible across the intervention area benefit from the provision of Next Generation broadband services	15.0	CDEL Block Ring-fenced
Executive Flagship Project	Gas to the West – to extend the natural gas network	1.6	CDEL Block Ring-fenced
Total Pressures		16.6	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
New capital projects	Investment in a range of new projects across all service areas for example Tourism, Ulster University (Belfast campus IT provision & Estates Refurbishment), Riddell Hall expansion at Queen's University and New IT system, software and digital port as well as research and development for Cyber Innovation Fund	32.6	CDEL Block Non-Ring-fenced
Total Pressures		32.6	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
New capital projects	Includes minor works at Further Education Colleges, Southern Regional College capital project, Ulster University capital project	12.9	CDEL Block Non-Ring-fenced
Total Pressures		12.9	

3. DEPARTMENTAL REVENUE ESTIMATES

3.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

Extend box if required.

Indicate non-applicable where necessary - Example: Carrier Bag Levy, expected revenue 2020-21 £1m

Resource Departmental Expenditure Limits (estimated)

EU Income £43.2m
Further Education Colleges £64.2m
Stranmillis University College £6.0m
Invest NI £4.5m
Construction Industry Training Board £2.9m
Insolvency Services £2.8m
Presbyterian Mutual Society £2.7m
Other £1.5m

Conventional Capital Departmental Expenditure Limits (estimated)

EU Income £23.6m
Presbyterian Mutual Society £14.5m
Invest NI £5.0m
Asset Sales £0.85m
Department for Business, Energy and Industrial Strategy Receipts £1.33m

4. FINAL COMMENTS

4.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

NDNA

The Department received additional budget in 2020-21 which met inescapable pressures therefore NDNA commitments were not considered as part of the Budget for 2020-21

Budget 2020-21

Over the coming weeks it is expected that spending profiles will be materially different from what would normally be expected and that reallocations will be necessary as the COVID-19 crisis is managed.

COVID-19

The situation is a fluid and the pressures included in this return are likely to change.

Department of Health Template Return

FROM THE MINISTER OF HEALTH



Department of
Health

An Roinn Sláinte

Máinnystrie O Poustie

www.health-ni.gov.uk

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Your Ref: C18/20
Our Ref: CORR-1417-2020
Date: 21st April 2020

Dear *Colm,*

I refer to the letter of 27 March from the Health Committee Clerk to DALO seeking the completion of templates to support the Committee's participation in the scrutiny of the Executive Budget.

My Department's response to your request is provided as follows:

- Appendix 1 sets out the 2019/20 and 2020/21 Budget position as requested;
- Appendix 2 provides further information on the 2020/21 Resource position following the 2020/21 proposed Budget as announced by the Finance Minister on 31 March;
- Appendix 3 provides further background on the Confidence and Supply Transformation Fund; and
- Appendix 4 sets out the COVID-19 funding position

Yours sincerely

Robin Swann MLA
Minister of Health

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

DEPARTMENT OF HEALTH

OFFICIAL NAME AND TITLE:

**NEELIA LLOYD – DIRECTOR OF FINANCE
BRIGITTE WORTH – INVESTMENT DIRECTOR**

DATE:

10 APRIL 2020

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

**PART A:
RETURN OF FULLY FUNCTIONING ASSEMBLY:
CATCHING UP**

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimate 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	5,671.0	5,847.1	176.1
Net Cash Requirement	5,670.5	5,833.8	163.4
Accruing Resources	604.8	631.7	26.9

* Figures may not add due to rounding.

	HSC Pensions Main Estimate 2019-20 £m	HSC Pensions Spring Supplementary Estimates 2019-20 £m	HSC Pensions 2019-20 Adjustments £m

Net Resource Requirement	1,210.7	1,286.0	75.3
Net Cash Requirement	-	-	-
Accruing Resources	687.5	671.5	-16.0

* Figures may not add due to rounding.

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20 (Block Grant, including Barnett Consequentials)

Changes reflected in Main Estimate:

1. **Post Budget**

Confidence and Supply - £100.0m was allocated from confidence and supply funding.

Depreciation - £20.0m of restricted ring-fenced funding was allocated for depreciation costs.

2. **June Monitoring**

Health and Social Care Trusts - £17.0m was secured toward pay award.

Confidence and Supply - £16.2m ring fenced Confidence and Supply Transformation funding, representing end year flexibility in relation to 2018/19 Confidence and Supply transformation funding.

Foyle Futures Project - £0.3m ring fenced funding was allocated from the PfG transformation fund for the Foyle Futures Project, reflecting the DoH element of a project being led by DfC.

3. **September Monitoring**

Pension Contributions - £69.7m was secured toward the increased costs of employers' pension contributions due to an increase in employer contribution rates from April 2019.

Changes reflected in SSEs:

1. **September Monitoring**

Health and Social Care - £10.0m was secured toward pressures across Health and Social Care Trusts.

EU Exit - £2.7m ring fenced funding towards costs incurred as a consequence of EU Exit.

2. January Monitoring

Agenda for Change Pay - £58.0m was secured toward implementing an agreed pay increase for health and social care staff.

Doctors and Dentists Pay - £3.7m was secured toward doctors and dentists pay costs.

Contaminated Blood Scheme - £1.0m was allocated in relation to the contaminated blood scheme.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20 (excluding FTC)

January Monitoring

Transformation Funding - £1.0m Confidence and Supply funding was reclassified from resource spend for use on capital projects.

(iii) Annually Managed Expenditure (AME) 2019-20

January Monitoring

AME Provisions - £113.7m in respect of a provision following the 'Bear Scotland' court ruling that Working Time Regulations should be interpreted so that pay for "non-guaranteed" overtime is included in the calculation of holiday pay.

AME Pension - £100.0m following a recent court case involving Lloyds Banking Group and which highlighted uncertainties around the equalisation of GMP benefits in UK pension schemes. Current interim solutions for the public service pension schemes require the HSC Pension Scheme to provide for full indexation of all pension (including GMP) for those members reaching State Pension Age between 6 April 2016 and 5 April 2021.

1.2b Funding surrendered as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

(iv) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

January Monitoring

Foyle Futures Project - £0.3m ring-fenced funding surrender reflecting the DoH element of a project being led by DfC. Costs were funded from other budgets.

EU Match Funding - £0.1m ring-fenced funding surrender reflecting slippage in sponsored projects.

Transformation Funding - £1.0m Confidence and Supply funding was reclassified from resource spend for use on capital projects.

(v) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

June Monitoring

Mother and Children's Flagship project - £3.2m ring fenced slippage due to delay in securing planning approval for the RVH Energy Centre which is an element of the flagship project.

September Monitoring

Mother and Children's Flagship project - £4.6m ring fenced slippage due to delay in receiving planning approval for the RVH Energy Centre, in the preparation of the business case for the site infrastructure works and delays arising from site diversions at the new Maternity Hospital.

January Monitoring

Mother and Children's Flagship project - £0.6m ring fenced slippage due to continued delay in the preparation of the business case for the site infrastructure works.

NIFRS Learning and Development Centre at Desertcreat - £0.3m ring fenced slippage due to delay in receiving approval for the business case for Phase 2 of the project. Approval was issued in February 2020.

(vi) Annually Managed Expenditure (AME) 2019-20

No surrenders

1.2c Non-Block Allocations

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
Immigration Health Surcharge (Transfer from Home Office) <i>Non Ring-Fenced</i>	Post Budget	£8.8m	£8.8m	N/A
Immigration Health Surcharge (Transfer from Home Office) <i>Non Ring-Fenced</i>	January monitoring	£7.1m	£7.1m	N/A
GovTech Catalyst Scheme (Transfer from BEIS)	Post Budget Exercise	£1.25m	£0.25m	Unfortunately the project did not progress to the original timescale and slippage of £1m was reported. Contact was made with BEIS and they agreed that DoH could spend the funding in 2019/20 on other projects if it was then provided by DoH in 2020/21. This has been done.
Atlantic Philanthropies contribution to Dementia Project	September /January monitoring surrender	£0.8m	£0.5m	This capital programme is funded by Department of Health, The Executive Office and Atlantic Philanthropies on a 20/40/40 ratio respectively. The original allocation was based on estimated spend at the start of the year and has been adjusted to keep within the agreed funding ratios.

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 gleans information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

36. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure (Updated)	2020-21 £m	Funding Source
<i>Example: Pay</i>	<i>Relates to increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases</i>	<i>£15m</i>	<i>RDEL Block Non-ringfenced</i>
19/20 Pay and Inescapable Pressures	Represents non recurrent funding required to fund 2019/20 pay and inescapable pressures	74.1	RDEL Block Non-ringfenced
Pay Parity	Represents the funding requirement for the 2019/20 pay parity	30.0	RDEL Block Non-ringfenced

² Definitions used throughout Part B taken from Department for Finance and Personnel "2012-13 Monitoring Bids", unpublished template.

C&S (Mental Health £10m & Severe Deprivation £1.7m)	Represents the funding required for the C&S Mental Health and Severe Deprivation	11.7	RDEL Block Non-ringfenced
Demographics Pressures	To provide services to the levels currently delivered to meet the needs of our ageing population.	33.4	RDEL Block Non-ringfenced
Family Health Service Pressures	To respond to the increasing demand for Family Health Services and the impact of an ageing demographic with increasingly complex needs.	26.4	RDEL Block Non-ringfenced
Pay and Non Pay Pressures	Relates to increased pay costs associated with anticipated 2020/21 pay uplifts and inflationary increases.	155.2	RDEL Block Non-ringfenced
Drugs and Therapies	Access to new NICE drugs and therapies, new highly specialist drugs and therapies and new cancer drugs.	29.7	RDEL Block Non-ringfenced
Elective Care Waiting Lists	To control waiting times for red flag / urgent outpatient assessments and elective treatments, which has a direct impact on patient safety and clinical outcomes when diagnosing and treating cancer and other time critical conditions. (Additional funding of £50m is required to tackle longer waiters).	30.0	RDEL Block Non-ringfenced
Hospital & Social Care Services	This represents funding for Hospital Services, Learning Disability and Mental Health, Adult and Children Social Care and Revenue Consequences of Capital Expenditure (RCCE).	40.5	RDEL Block Non-ringfenced
Workforce	Allow the Department to continue to commission medical and pre-registration nurse training places. This will keep levels of commissioning at current levels.	4.7	RDEL Block Non-ringfenced
Health Promotion	Continue to support immunisation services, screening services, suicide prevention, and drug and alcohol services.	4.4	RDEL Block Non-ringfenced
Infected Blood	To support increased payments.	1.1	RDEL Block ringfenced
Further Inescapables	Includes funding the Northern Ireland Fire and Rescue Service in the maintenance of a safe service delivery model, staff costs to support transformation, and support for e-Health GP Information Platform.	6.8	RDEL Block Non-ringfenced

Rates	This represents the increase in non-domestic rates as a result of the non-domestic revaluation of properties occupied by HSC staff.	6.5	RDEL Block Non- ringfenced
Post Registration Nursing and Midwifery Education and Training	Represents the funding requirement for Post Registration Nursing and Midwifery Education and Training as agreed by Executive. This was a key commitment in resolving the industrial dispute.	2.7	NDNA Block Non- ringfenced
Safe Staffing	Represents the funding requirement for safe staffing, a key commitment in resolving the industrial dispute.	5.0	NDNA Block Non- ringfenced
Transformation Inescapables	Transformation forecast inescapable costs.	81.0	NDNA Block Non- ringfenced
Savings	2020/21 Savings Target	(72.0)	
Total Pressures		471.2	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Transformation	Transformation	69.0	NDNA
Elective Care	Action Plan on waiting times	50.0	NDNA
Power to People	Review of Adult Social Care	32.0	NDNA

Mental Health Strategy	Development of mental health strategy and implementation of Action Plan in 2020/21	2.7	NDNA
Palliative Care	To fully implement service improvements for Palliative and End of Life Care.	7.0	NDNA
IVF	For 3 cycles of IVF Treatment	8.1	NDNA
Graduate School at Magee	Graduate school at Magee	0.1	NDNA
Total Pressures		168.9	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

2. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure (Updated)	2020-21 £m	Funding Source
Contractual Commitments	Projects within the capital programme which are in design or where the main construction has commenced or is near completion. Examples include the Acute Services Block at the Ulster Hospital and the Tower Block at Altnagelvin Hospital	40.3	CDEL
Inescapable new projects	New projects which are currently deemed as inescapable to ensure service continuity. Examples include design fees for the new Northern and South Eastern Trust Mental Health Units and two new children's homes in Belfast.	4.0	CDEL
Critical ICT	Funding for the rolling ICT programme and critical ICT projects which are regarded as inescapable as they are critical to the functioning of the health service and have contracts that require renewal to ensure continuity of service.	103.8	CDEL
Maintaining Existing Services	Annual recurrent funding required across a number of areas. Whilst not contractually committed, it is necessary to ensure continuity of service. Examples include maintenance of the health estate including critical backlog maintenance, replacement medical and diagnostic equipment and fleet, funding for NIAS and NIFRS, research and	106.0	CDEL

	development and a GP premises improvement scheme.		
Total Pressures		254.1	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Flagship projects	Funding for the Mother and Children's Hospitals and the NIFRS Learning and Development Centre at Desertcreat.	23.1	CDEL – ring fenced
Total Pressures		23.1	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
New capital projects	Investment in a range of new projects across all service areas for example increasing emergency department and theatre capacity, investing in our emergency services, diagnostic equipment, mental health and primary and community care facilities.	75.5	CDEL
Total Pressures		75.5	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

3. DEPARTMENTAL REVENUE ESTIMATES

3.1 Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

Extend box if required. Indicate non-applicable where necessary.

Sale and disposal of property and assets owned by the Department and its ALBs. – expected revenue £2m

Repayment of Financial Transactions loans – expected revenue £0.1m

HSC Research and Development team – expected revenue £2.7m

Budget cover for commercial income for clinical trials – expected revenue £5m

4. FINAL COMMENTS

4.1 Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Budget 2020/21 – Resource funding

The DoH Resource Budget proposed settlement for 2020/21 is **£6,158.4 million**, excluding the Executive's proposed response to COVID-19. **Appendix 2** provides further information on the Department's 2020/21 Resource position based on the proposed Budget settlement and how it's planning to manage the shortfall in funding and reduce the funding gap as far as possible.

Budget 2020/21 – Capital funding

The DoH Capital Budget proposed settlement for 2020/21 is **£295 million**, excluding the Executive's proposed response to COVID-19 and net of **£9.8 million** of capital income.

Since the submission of our priorities to the Department of Finance (DoF) in January 2020 we have been undertaken a further review to provide the latest 2020/21 profiles of our existing projects. Whilst this is still likely to change as a result of disruption to programmes caused by the COVID-19 pandemic, our latest estimates suggest that **£267.4 million** (again net of **£9.8 million** income) is required to fund our critical and inescapable needs as set out in the 'inescapable pressures' table above. This leaves **£27.6 million** available.

However, the Department has requested **£48 million** of end of year flexibility from the 2019/20 financial year for the Encompass programme. Contract signature was expected before the end of March 2020 meaning the initial costs would have been a charge to the 2019/20 Capital budget. However, contract signature is now expected in May 2020 and therefore the funding is now required in 2020/21. The Department has been liaising with DoF officials to progress an end of year flexibility request. If this request for end of year flexibility is unsuccessful the **£27.6 million** of available funding will be used to mitigate the Encompass funding pressure. Consideration will also have to be given to, where possible, scaling back expenditure in other areas.

It will also be necessary for us to consider the need to manage COVID-19 related risks to our 2020/21 spending. This includes the potential for 2020/21 spending to increase due to delays to our 2019/20 plans as a result of COVID-19, or reduce if contractors are unable to work on site, albeit this could create resource pressures. We are undertaking an assessment of this position.

Should our end of year flexibility request be successful and Capital funding is available, having assessed the impact of COVID-19 on the Capital programme, options for further capital investment include - addressing pressures in our ICT programme, critical backlog maintenance issues in relation to our estate as well as the potential to bring forward Invest to Save measures such as those that reduce energy consumption or leasing costs, which would have a positive impact on our future revenue position.

Whilst any available funding could be used to start some of the **£75.5 million** of high priority projects, given the level of known pressures in the capital budget for 2021/22 and without a confirmed budget for future years we would not be in a position to commence these projects. The COVID-19 situation would also make delivery of significant spending on these projects in 2020/21 particularly challenging.

BUDGET COMMITTEE BRIEFING – RESOURCE 2020/21 FURTHER INFORMATION

1. The DoH Resource Budget proposed settlement for 2020/21, excluding the Executive's proposed response to COVID-19, is **£6,158.4 million**, resulting in an additional allocation of **£399.6 million** which included:
 - Ring-fenced allocations totalling **£259 million**:
 - £160 million for Agenda for Change pay;
 - £81 million for transformation;
 - £5 million for safe staffing;
 - £1 million for Infected Blood;
 - £11.7 million for Mental Health and Severe Deprivation; and
 - £0.3 million for EU Exit.
 - Non ring-fenced general allocation of **£140.7 million** (*less technical adjustment of £0.2 million, figures may not add exactly due to roundings*).
2. The additional allocation is a 4.7% uplift on 2019/20 forecast expenditure and leaves a shortfall of **£71.6 million** against updated forecast inescapable costs of **£471.2 million**. However, constraining transformation costs to **£44 million** rather than the **£81 million** forecast, reduces this shortfall to **£34.6 million**.
3. The 2020/21 Budget proposed settlement includes **£81 million** to fund the inescapable Transformation costs, composed of:
 - **£44 million** allocation ring-fenced for NDNA Transformation from UK Treasury Public Service Transformation Funding; and
 - **£37 million** allocation ring fenced for Health Transformation from within Executive's own funds.
4. However, given the significant funding gap across the system, the Executive agreed on flexibility to utilise the additional **£37 million** of Transformation funding to mitigate a range of inescapable service pressures across the service. The

rationale for limiting the proposed budget available for Transformation in 2020/21 is set in **Appendix 3**. Containing spend to within the **£44 million** represents a significant challenge and will mean that some projects will have to cease, or be paused until additional funding is secured.

5. The **£34.6 million** funding gap is also after reflecting a **£72 million** target for new savings measures, cost reductions and other opportunities in 2020/21. In addition, the 2019/20 savings target of **£77 million** is assumed to be recurrently deliverable; however, only **£26.5 million** of savings in 2019/20 have been identified as recurrently deliverable. The Department has previously acknowledged the risks associated with delivery of these targets. More recently the need to rapidly mobilise and manage the health and social care response to COVID-19 significantly increases the delivery risk as there will be little opportunity to lead on and progress any savings measures certainly in the early months of the financial year.
6. In addition, the Budget allocation will not allow the Department to deliver on the further priorities set out in NDNA, for which an additional **£169 million** was estimated.
7. The summary of the latest 2020/21 assessment is provided in **Table 1** below.

TABLE 1

	Updated Forecast Requirements £'million
FORECAST EXPENDITURE:	
2019/20 total forecast expenditure to maintain existing services, including AfC pay parity with England	5,874.6
2020/21 New Inescapable Pressures	338.7
2020/21 total forecast expenditure to maintain existing services	6,213.3
New Decade, New Approach Priorities	257.6
TOTAL EXPENDITURE REQUIREMENT	6,470.9
TO BE FUNDED FROM:	
Departmental opening baseline	5,758.8
Increase to 2020/21 opening Baseline	399.6
Budget 2020/21 Outcome (baseline)	6,158.4
2020/21 forecast savings	72.0
Transformation costs contained to £44m (£37m reduction)	37.0
Funding Shortfall Inescapable Costs	34.6
Funding Shortfall New Decade, New Approach further priorities	168.9
Total requirement including inescapable additional pressures	6,470.9

**Table may not add exactly due to roundings.*

8. The proposed budget settlement, whilst welcome, does not provide sufficient funding to maintain existing services. Whilst every effort will be made to ensure that we remain focused on achieving the outcomes set out in Delivering Together, this means making difficult choices in the prioritisation of available resources for inescapable pressures.
9. The need to respond to the unprecedented challenges of COVID-19 make financial planning in 2020/21 significantly more uncertain, both in terms of forecast

expenditure requirements, COVID-19 and non-COVID-19, and in respect of savings. The Department will continue to liaise with DoF, the HSCB/PHA/Trusts and non-Trust ALBs in both the management and monitoring of the financial position, but we are not in a business as usual position and it is expected that financial forecasts will be uncertain for at least three months

BUDGET COMMITTEE BRIEFING – HEALTH TRANSFORMATION FUND**Background**

1. Over the course of the last two years, c170 Transformation projects were commenced in line with the four aims set out within *Health and Wellbeing 2026: Delivering Together*, supported by the Confidence and Supply Transformation Fund.
2. The following briefing sets out the current position with regards to Transformation funding. It provides detail on:
 - The 2019/20 position – including current and forecast expenditure and forecast end-of year position; and
 - The 2020/21 funding position.

2019/20

3. The total value of the Transformation Fund in 2019/20 was **£116.1 million**, comprised of a £100 million allocation for 2019/20, plus £16.1 million in unspent funds rolled forward from 2018/19. The investment profile was agreed after extensive engagement across HSC, and followed closely the profile for 2018/19, with funding being allocated in the following broad areas:
 - £14 million funding to tackle elective care waiting lists;
 - £52 million to reform community and hospital services;
 - £19 million to support services in primary care;
 - £13 million to support development of our workforce;
 - £13 million to build capacity in communities and prevention; and
 - £5 million to enable the transformation process.
4. Spend against allocations of Transformation funding has been monitored routinely throughout the year. Where slippage has been identified, this has been returned centrally to DoH for reinvestment in other Transformation initiatives; to

ensure the opportunity presented by this time-bound funding was maximised. To date, two significant rounds of reallocations have occurred:

- **£6.6 million of re-allocations approved in December 2019**, with investment being made as follows:
 - £2 million to address waiting lists for Allied Health Professionals (AHPs);
 - £1.8 million further investment elective care waiting list initiatives;
 - £1.6 million in projects to support transformation;
 - £1 million to Capital for Encompass; and
 - £273k to support police custody pathfinder, broad based medical training and the learning disability service framework.

- **c£4.1 million of reallocations in February 2020**, with investment being made as follows:
 - £1 million for the Community Pharmacy Medicines Safety Project;
 - £1 million for the Pharmacy technician project;
 - £808k for costs of staff in Transformation projects;
 - £768k for the Northern Trust Programme Treatment Unit, GP Outpatient Validation, Derry Crisis Intervention Centre, and Think Family project; and
 - £509k for increased medical training places.

The final outturn position remains to be confirmed, however spend to date (based on spend figures at the end of February 2020) is **£96 million**, with a forecast expenditure by year end of **£114.1 million**.

5. The most recent assessment of the realistic worst case scenario projected a **c£2 million potential underspend**. However, the onset of COVID-19 has had an unprecedented impact on services across HSC, with resources diverted to managing the pandemic. It is anticipated that this will have a significant impact on delivery of Transformation projects, which may in turn result in further

- underspends due to staff being re-deployed to other areas or projects being halted early due to the impact of the virus.
6. The delivery of projects, and the impact of COVID-19, will continue to be monitored by the Transformation Implementation Group and Transformation Operational Group. In addition, Transformation Directorate will continue to liaise with project owners and colleagues across HSC to allow for early identification and escalation of issues.
 7. In line with the approach last year, DoH will liaise with DoF to seek end year flexibility in relation to any underspend of Confidence and Supply funds at year end.

2020/21

8. Through engagement with DoF in relation to the 2020//21 budget, the Department sought funding of **£81 million to meet the inescapable costs** of Transformation in 2020/21, and identified a further **£69 million** of pressures to meet costs associated with growth of new and existing Transformation projects.
9. The 2020/21 Budget proposed settlement included **£81 million** to fund the inescapable Transformation costs, composed of:
 - **£44 million** allocation ring-fenced for NDNA Transformation from UK Treasury Public Service Transformation Funding; and
 - **£37 million** allocation ring fenced for Health Transformation from within Executive's own funds.
10. Given the significant funding gap across the system, the Executive agreed on flexibility to utilise the additional **£37 million** of Transformation funding to mitigate a range of inescapable service pressures across the service.
11. The rationale for limiting the proposed budget available for Transformation in 2020/21 is set out below:

- That coronavirus has had a significant bearing on our ability to bring forward Transformation;
 - That the need to respond quickly to coronavirus has already forced new ways of working – particularly in the co-ordination and co-operation between Primary and Secondary Care - which will shape future delivery models, and;
 - That, as coronavirus passes, there will be a requirement to reflect on how our operating environment has changed, and what resource is required to continue the Transformation path that has emerged.
12. The effect of this is that the **budget available for Transformation in 2020/21 is £44 million.**
 13. Given the gap between the funding that is needed, and the funding available, it has been necessary to prioritise which projects will be centrally funded.
 14. Work to develop a system-wide approach to prioritisation has been undertaken with funding proposed to be directed towards sustaining new ways of working, enhancing the HSC workforce, or working to increase the number, and pace, of patients through the system; as these will be important stabilisers when services begin to return to normal.
 15. In parallel with this exercise, guidance issued from The Executive Office, (19 March 2020), stating that in light of the rapidly developing COVID-19 situation, and following a discussion between David Sterling and Executive Ministers, work on both the Programme for Government and New Decade, New Approach would be suspended in the immediate future. This has been reflected in the work to propose allocations for Transformation projects in 2020/21.
 16. Recommendations for the investment of the **£44 million** funding available, have been developed for the consideration by the Minister.
 17. Following Ministerial direction, the HSC will be advised on funding for Transformation in 2020/21 – we will work closely with the system to understand

how the impact of COVID will impact delivery and monitor this as the year progresses.

COVID-19 TEMPLATE

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors³, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter.

Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

DEPARTMENT OF HEALTH

OFFICIAL NAME AND TITLE:

NEELIA LLOYD, DIRECTOR OF FINANCE

DATE:

17 APRIL 2020

³ These factors are expanded upon in *RaiSe Briefing Paper NIAR 15-20*, dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1 Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

COVID-19 2019/20 Requirements

Resource and Capital

Based on the information currently available the forecast additional funding requirements for COVID-19 can be maintained within existing budgets. Work is ongoing to finalise expenditure figures to support provisional outturn. The Department is continuing to liaise closely with officials in the Department of Finance on any emerging issues.

PART B: DEPARTMENTAL BUDGETARY REQUIREMENTS AND REVENUE ESTIMATES 2020-21

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 gleans information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

2. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.1.a Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions⁴ have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Workforce	To support the workforce requirements of the COVID-19 emergency response for example: - Deployment of students and retirees to support the HSC workforce and in Community Pharmacy settings; - Overtime for AfC Band 8a and above; - Accommodation to support HSC staff for those self-isolating; and - HSC recruitment and registration costs.	£104m	COVID-19 Funding

⁴ Definitions used throughout Part B taken from Department for Finance and Personnel "2012-13 Monitoring Bids", unpublished template.

Equipment and Supply	To ensure the continued supply of essential equipment and medicines required through the period of the COVID-19 emergency response for example: - Personal Protective Equipment (PPE); and - Increased costs of drugs, emergency supply and delivery of medicines to vulnerable patients.	£232m	COVID-19 Funding
Service Delivery	To ensure the continued delivery of essential services and initiation of COVID-19 specific services required to respond to the COVID-19 emergency response for example: - Increased hospital admissions (including ICU admissions and capacity; - COVID-19 Testing; - Emergency dental facilities; and - Supporting the continuity of key delivery partners such as Pharmacies and Dentists.	£171- £221m	COVID-19 Funding
Digital Health & Communications	To support the technology costs required as a result of the COVID-19 emergency response.	£1m	COVID-19 Funding
Total Pressures		£508m- £558m	

Note:

It is not possible to quantify a range of costs at this time, including significant additional staff costs, contracting with the Independent Hospitals for additional capacity and increased costs of PPE and ramping up Testing.

37. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

3.1.a Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Equipment and Infrastructure	To support the capital requirements of the COVID-19 emergency response for example: - Additional Trust equipment including VIE panels; - IT requirements; - Oxygen generators; and - COVID-19 Assessment Centre facilitates.	£16.5m	COVID-19 Funding
Total Pressures		£16.5m	

Note:

Significant costs are expected in relation to the increased requirement for ventilators and the establishment or reconfiguration of hospital(s) to facilitate capacity however these costs cannot be quantified at this time. In addition, some costs currently captured as Capital may be reclassified to Resource if the investment is assessed as temporary in nature.

4. FINAL COMMENTS

4.1 Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

The requirements outlined above are critical requirements linked to the health and social care response to COVID-19.

The allocation for the Department of Health is currently **£205m**.

In addition **£150m** has also been held centrally for Personal Protective Equipment (PPE); this will be required by both the Department of Health and other Departments.

Minister Swann has welcomed this funding and the prioritisation afforded to the Department of Health at this stage, recognising the challenges also faced by other Departments, and wider society, in these unprecedented times.

Forecast expenditure and additional funding requirements are difficult to predict given the rapidly evolving position in mobilising the health and social care response to this public health emergency. While the allocation is welcome, further funding top-ups may be required.

The Minister will continue to liaise closely with the Minister of Finance on funding requirements as financial pressures emerge during these challenging times.

Departmental officials will continue to work closely with DoF officials to monitor funding requirements. Whilst there will be increased spend in response to COVID-19, as reflected in the high level forecast requirements set out above, it would be expected that spend on other 'business as usual' areas will reduce. Challenges in forecasting expenditure and associated funding requirements are expected to continue for at least the next three months.

The Executive Office Template Return

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**Marie Austin
Committee for TEO
Room 412
Parliament Buildings
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Stormont
BELFAST
BT4 3SR**

17 April 2020

Dear Marie

EXECUTIVE BUDGET 2020/21

Further to your letter of 25 March, and in order to inform a discussion at the Committee's meeting on 22 April, please find attached at **Annex A** a completed template for TEO in relation to the Executive's Budget for 2020/21.

Mark Browne, Director of Strategic Policy, Equality and Good Relations and Peter Toogood, Director of Finance and Corporate Services, will be in attendance on 22 April to discuss this template.

Yours sincerely

KERRY MORRISON

Departmental Assembly Liaison Officer

Standardised Committee Scrutiny: Assembly Statutory Committees engaging on forthcoming Executive Budget 2020-21 - Departmental Template

This template aims to secure Departmental information and data relating to the Draft/Executive Budget 2020-21, to inform Assembly statutory committees' ongoing budget scrutiny. It seeks to increase committees' knowledge and understanding of:

- Departmental Budget Adjustments 2019-20 (Part A of this template); and,
- Departmental Budgetary Requirements and Revenue Estimates 2020-21 (Part B of this template).

Data from both years are required given the January 2020 return of devolved government after a three-year political hiatus in Northern Ireland, followed by the UK Chancellor's late 2019-20 Barnett Consequentials and his 11 March 2020 Budget Statement 2020-21, occurring much later than usual. These factors¹, alongside rapid ever-changing developments due to COVID-19, have resulted in a compressed indicative timeline for Executive Budget 2020-21.

Departmental responses provided on this template will serve to inform Assembly committee scrutiny going forward, for the forthcoming budget year and thereafter. Please complete this template and return to the relevant Assembly Committee Clerk by **15 April 2020**. If you require any further information regarding this exercise, please contact that Clerk.

Fully complete Part A and Part B of this template. Inadequate responses may result in follow up questions from the relevant committee.

DEPARTMENT:

The Executive Office

OFFICIAL NAME AND TITLE:

Mark Browne, Director

DATE:

7 April 2020

¹ These factors are expanded upon in RalSe Briefing Paper [NIAR 15-20](#), dated 18 February 2020

PART A: RETURN OF FULLY FUNCTIONING ASSEMBLY: CATCHING UP

Part A focuses on the timeframe 2019-20. It seeks to gather information regarding Departmental Budget Adjustments that occurred in 2019-20. In the first instance, Question 1.1 seeks to quantify those budget adjustments. Questions 1.2 (a) to (c) then focuses on unpicking funding allocations and surrenders, which occurred during 2019-20, at the spending area level.

1. DEPARTMENTAL BUDGET ADJUSTMENTS 2019-20

1.1. Departmental Budget Baseline Overview of: Net Resource Requirement; Net Cash Requirement and Accruing Resources for the Main Estimate 2019-20; Spring Supplementary Estimates 2019-20; and, any subsequent Adjustments:

The purpose of the below table is to provide an overview of the Adjustments between the Main Estimate 2019-20 and the Spring Supplementary Estimates 2019-20. This is to enable the Assembly to track such information.

Further analysis of Adjustments to Resource Requirements and Capital Requirements will follow in questions 1.2 (a-c).

	Main Estimates 2019-20 £m	Spring Supplementary Estimates 2019-20 £m	2019-20 Adjustments £m
Net Resource Requirement	129.14	666.58	537.44
Net Cash Requirement	125.31	135.01	9.70
Accruing Resources	17.65	22.19	4.54

1.2. Breakdown of Expenditure Reallocations and Surrenders in 2019-20

Questions 1.2 (a-c) aim to glean an understanding of funds - meaning funding and borrowing - that was estimated in the Main Estimate 2019-20, and then later reallocated or surrendered.

These questions aim to encapsulate funding at the spending area level, and should specify, for example: Block vs. Non-Block; Ring Fenced vs. Non-Ring Fenced; and or, EU Match Funded.

1.2.a. **Additional funding allocations** received as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

Fictional examples have been given below to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

Example: Pension Contributions - £70m was secured towards the increased costs of employers' pension contributions due to an increase in employers' contribution rate of some 6% with effect from April 2019

TEO received RDEL of £866k in the January 2020 Monitoring Round in relation to:

- Victims' Payments – £226k was allocated for the costs associated with taking forward the Troubles Permanent Disablement Payment Scheme.
- Historical Institutional Abuse Inquiry – £622k was allocated in relation to the costs of implementing the Historical Institutional Abuse Inquiry recommendations.
- Commissioner for Survivors of Institutional Childhood Abuse (COSICA) – £18k was allocated to fund set up costs associated with COSICA.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

Example: ICT - £20m was secured towards replacement and modernisation of critical ICT systems across the region.

TEO received £276k of CDEL funding during 2019/20 for capital costs in relation to setting up the Historical Institutional Abuse Redress Board.

(iii) Annually Managed Expenditure (AME) 2019-20

Example: Financial Assistance Scheme (FAS) - £20m secured to cover FAS provision increase in 2019/20 due to Bauer judgement. The Court of Justice of the European Union is currently considering a case which could potentially require individual pension scheme members to receive full value of their accrued old age benefits in the event of employer insolvency ("Bauer judgement").

The following adjustments were made to TEO's AME allocation in 2019/20:

- Provision established for implementation of the Historical Institutional Abuse Inquiry (£434m) – primarily in relation to redress payments to be made to survivors of childhood institutional abuse over the anticipated lifetime of the scheme (7 years).
- Provision established for the Troubles Permanent Disablement Payment Scheme (£105m) –to cover provision for Victims' Payments over the first three years of the scheme.
- Provisions established for implications arising from the 'Bear Scotland' legal judgement in relation to holiday pay entitlement (£145k for Department and £12k for ALBs).

1.2.b. **Funding surrendered** as part of the 2019-20 in-year monitoring round process in each of the following funding categories, including a brief underpinning rationale.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Extend box if required.

(i) Resource Departmental Expenditure Limits (RDEL) 2019-20
(Block Grant, including Barnett Consequentials)

EU Exit – Due to the significant uncertainties associated with responding to the EU Exit situation throughout 2019/20, including preparation for a 'No-Deal' scenario, £390k of ring-fenced RDEL funding was surrendered in the January 2020 Monitoring Round due to reduced requirements in relation to staffing and advertising/media spend.

(ii) Capital Departmental Expenditure Limits (CDEL) 2019-20
(excluding FTC)

The following CDEL surrenders were made during 2019/20:

- Due to the inherent uncertainties with managing capital spend programmes, it was necessary to surrender £2.65m within Urban Villages and £4.74m in relation to the Social Investment Fund. These easements were due to a range of factors, including contractor procurement and outcomes from site surveys. Note that the Department has been allocated sufficient CDEL funding in 2020/21 to take forward those projects that were delayed in 2019/20.
- DSC Dementia 2 – This project is managed by the Department of Health and they advised that £0.1m could be surrendered in 2019/20 to reflect profiled expenditure in 2019/20.
- Ebrington – It was possible to surrender £0.15m in 2019/20 as a reduced requirement due to additional receipts in relation to building disposals.

(iii) Annually Managed Expenditure (AME) 2019-20

1.2.c. **Non-Block Allocations**

Provide a breakdown of Non-Block Allocations received and Surrendered as part of the 2019-20 in-year monitoring round process. Indicate the funding source (including name and type), the timeframe associated with the funding, the amount of the funding (both amount available and amount used), and then an explanation of any monies not used.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below).

Indicate non-applicable where necessary.

Funding Source (Name and Type)	Timeframe	Amount		If amount used is <u>less</u> than amount available provide an explanation below: (indicate if funds were surrendered or reallocated within department)
		£m available	£m used	
EU Peace IV Match Funding		£3.829m	£3.829m	



Northern Ireland
Assembly

**PART B: DEPARTMENTAL BUDGETARY
REQUIREMENTS AND REVENUE ESTIMATES 2020-21**

Part B focuses on the timeframe 2020-21 and seeks to gather information regarding upcoming Departmental Budgetary Requirements. Question 2.1 glean information regarding Resource budgetary requirements, while Question 2.2 focuses on Capital budgetary requirements. Question 3.1 then asks for information on estimated department revenue; and Question 4 allows respondents to leave additional commentary.

**1.1. RESOURCE DEPARTMENTAL BUDGETARY REQUIREMENTS
2020-21**

2.1.a. Please provide a breakdown of Departmental Resource Pressures at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to, for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Type of Funding (e.g. RDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions² have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

² Definitions used throughout Part B taken from Department for Finance and Personnel “2012-13 Monitoring Bids”, unpublished template.

Marie Austin, Clerk
Committee for the Executive Office
Room 346, Parliament Buildings, Ballymiscaw, Stormont, Belfast, BT4 3XX
Telephone: (028) 9052 0302
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Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Pay (Department)	Payroll costs of existing staff in post and the filling of existing funded vacancies	£15.7m	RDEL Block Non-Ringfenced
Pay inflation (Department)	Increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases	£0.4m	RDEL Block Non-Ringfenced
Arm's Length Bodies	Existing running costs for the Department's nine ALBs	£18.1m	RDEL Block Non-Ringfenced
Pay/price inflation (ALBs)	Increased pay costs associated with anticipated 2020-21 pay uplifts and inflationary increases.	£0.4m	RDEL Block Non-Ringfenced
Departmental Running Costs	Inescapable Departmental costs, including running costs of overseas offices (rent/utilities etc), NSMC, Ebrington and EU secondees.	£4.7m	RDEL Block Non-Ringfenced
Departmental Programme Costs	NI Executive's contribution to the North West Development Fund	£0.7m	RDEL Block Non-Ringfenced
Delivering Social Change	Expenditure associated with the Social Investment Fund and projects co-funded with Atlantic Philanthropies	£3.5m	RDEL Block Ringfenced
EU Future Relations	Leading the NICS engagement in implementing the UK's decision to leave the EU, including implications for legislation, policy and resources	£2.7m	RDEL Block Ringfenced
Historical Institutional Abuse implementation	Establishment and running costs for the HIA Redress Board and COSICA; Departmental Staffing Costs; and Redress payments.	£37.5m	RDEL Block Ringfenced
Fresh Start	Funding and delivering the Communities in Transition programme	£6.5m	Fresh Start Funding via DoJ
COVID-19	Advertising and Public Information Campaign & operating costs for NI HUB	£4.2m	RDEL Block Ringfenced
Victims' Payments	Staffing costs of establishing and implementing the Troubles Permanent Disablement Payment Scheme	£0.4m	RDEL Block Ringfenced
Victims' Payments	Payments associated with the Troubles Permanent Disablement Payment Scheme	£56.3m	RDEL Block Ringfenced
Total Pressures		£151.1m	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Pay (New Decade New Approach)	NDNA Programme Delivery management and preparatory work on Language, Identity and Cultural expression, including progressing legislation and the creation of the relevant bodies as the operation of the Assembly and available resources permit during the current crisis.	£0.8m	RDEL Block Non-ringfenced
Pay (non-NDNA)	New posts to address a range of essential Departmental functions, including work in relation to Civil Contingencies, PfG Delivery and Victims' Payments.	£0.5m	RDEL Block Non-ringfenced
Arm's Length Bodies	Anticipated programme costs within VSS and CRC	£14.0m	RDEL Block Non-ringfenced
Departmental Running Costs	Includes programme expenditure for overseas offices, Analytical Services expenditure to support the PfG and Departmental programmes	£0.8m	RDEL Block Non-Ringfenced
Departmental Programme Costs	Delivery of the Executive's Good Relations Programme T:BUC (including Central GR/ District Council GR/ North Belfast GR); Urban Villages; MEDF; Crisis Fund	£16.9m	RDEL Block Non-Ringfenced Shared Future/Executive Central Funds
Total Pressures		£33.0m	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Departmental Running Costs	Divisional and Private Offices operating costs (travel, subsistence etc)	£0.5m	RDEL Block Non-Ringfenced
Total Pressures		£0.5m	

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

1.1. CAPITAL DEPARTMENTAL BUDGETARY REQUIREMENTS 2020-21

2.2.a. Please provide a breakdown of Departmental Capital Pressures, at the spending area level, in terms of Inescapable Pressures, Pre-Committed Pressures, High Priority Pressures, and Desirable Pressures for the year 2020-21.

Responses to this section include those Pressures relating to for example: RDEL, EU Exit, New Decade New Approach, or COVID-19. In each instance, specify, for example: Funding type (e.g. CDEL); Block vs. Non-Block; Ring-fenced vs. Non-Ring-Fenced.

Fictional examples and definitions have been given to provide assistance.

No conclusory statements please, as such responses inevitably will yield clarification questions from the committee.

Indicate non-applicable where necessary.

Use extra boxes if required (additional rows can be added to table by right click – insert – insert below)

Inescapable: This category covers Pressures resulting in additional firm legal or contractual obligations, whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department.

Inescapable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Delivering Social Change	Ongoing capital projects within the Social Investment Fund that are subject to contractual commitments	£7.8m	CDEL Block Ringfenced
Urban Villages	Ongoing projects within the Urban Villages initiative that are subject to contractual commitments.	£2.3m	CDEL Block Non-ringfenced
Total Pressures		£10.1m	

Pre-committed: This category covers those Pressures relating to a situation where the Executive has already taken prior decisions, through an alternative decision making process.

Pre-committed Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Urban Villages	Capital projects within the Urban Villages programme, which is a headline action within the T:BUC strategy	£5.2m	CDEL Block Non-ringfenced
Historical Institutional Abuse	Ongoing implementation of HIA legislation, including Redress Board and COSICA	£0.4m	CDEL Block Non-ringfenced
Ebrington	Ongoing development of the Ebrington site	£2.3m	CDEL Block Non-ringfenced

ANNEX A

Maze Long Kesh Development Corporation	Essential Health and Safety works at the MLK site	£0.8m	CDEL Block Non-ringfenced
Total Pressures		£8.7m	

High-Priority: This category covers those Pressures in areas which are deemed to be important proposed developments in either delivering the key areas covered in the Programme for Government or dealing with other emerging issues of comparable importance.

High Priority Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

Desirable: This category covers those Pressures which are considered value for money projects but have a less direct impact on key departmental objectives and targets.

Desirable Pressure	Explanation of Pressure	2020-21 £m	Funding Source
Total Pressures			

3. DEPARTMENTAL REVENUE ESTIMATES

1.1. Outline any Departmental Fees, Charges and Levies, where appropriate, and an estimation of subsequent Revenue expected in 2020-21.

Fictional examples and definitions have been given to provide assistance.

Extend box if required.

Indicate non-applicable where necessary.

TEO anticipates receiving the following income in 2020/21:

- Recharges for services provided by SIB and OLC to other Departments (£2.4m);
- Interest receivable on interest bearing FTC loans (£2.2m); and
- Other income (primarily rental income from shared occupancy of multi-tenant buildings) (£0.6m).

Note: The majority of this income represents the recoupment of existing TEO costs and is therefore required in order to meet the Department's RDEL pressures in 2020/21.

4. FINAL COMMENTS

2.1. Please use the box below to provide any additional comments you think may assist Assembly committees in their on-going scrutiny of the Draft/Executive Budget 2020-21.

Extend box if required.

The Executive's budget for TEO in 2020/21 did not contain allocations in relation to:

- COVID-19: costs relating to the COVID-19 response are currently being considered by the Finance Minister as a separate exercise to the Budget 2020/21 process.
- Victims' Payments: The Finance Minister is of the view that the Troubles Permanent Disablement Payment Scheme should be funded by the Treasury and on that basis, an allocation has not been provided at this stage;
- New Decade New Approach: TEO will take forward preparatory work on Language, Identity and Cultural expression using existing baseline resources and will progress legislation and the creation of the relevant bodies as the operation of the Assembly and available resources permit during the current crisis.
- Communities in Transition: – funding for this programme will be made available to TEO by DoJ in the June Monitoring Round.

On the basis that funding will be provided for these issues, our assessment is that the Department's RDEL allocation in Budget 2020/21 provides a reasonable basis