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Assembly

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NIAR 229-21

Departmental Outturn and Forecast Outturn: Commentary on Full Year 2020-21 & August 2021 Data

Public Finance Scrutiny Unit

Introduction

This October 2021 Commentary is part of an ongoing project, proactively undertaken by the Public Finance Scrutiny Unit (PFSU) of the Assembly's Research and Information Service (RaISe). Ultimately, the project aims to further support Assembly committees when discharging their advisory and scrutiny roles and responsibilities under current Northern Ireland (NI) devolution financial arrangements. In particular, it seeks to enhance committees' understanding of departmental Outturn and Forecast Outturn data; better equipping Committees to rely on those data when advising and scrutinising departmental expenditure planning and actual spending – i.e. departments' effectiveness in both areas.

Central to the project has been the creation of an interactive Dashboard; currently hosted on RaISe's online blog, located on the Assembly's website. The Dashboard visually represents departmental Outturn and Forecast Outturn data, including a selection of summary statistics, up to and including August 2021 (last available data release by the Department of Finance (DoF)). Dashboard contents routinely are updated upon DoF release of new data, which typically occurs monthly.

This October 2021 Commentary is the third in a running series; building on previous Commentaries published by the PFSU in December 2020¹ and February 2021². It, as in the past, accompanies the Dashboard updates, to examine the most current departmental outturn and forecast outturn data that has been made available by DoF to the PFSU. This one covers the full year of 2020-21 and the current financial year, up to and including August 2021. As with past such Commentaries such as this provide evidence bases to better inform committees' engagement with their respective departments on budget planning and decision-making, which occurs:

- At the time departments profile their bids, pre-formulation of the Executive Budget; and,
- During monitoring rounds when departmental reallocations occur in-year.

For context, Section 1 below outlines some background information on international good practice and Northern Ireland requirements relating to government budgeting and strategic policy planning. Thereafter, Section 2 provides an overview of the outturn and forecast data, discussing their quality, including limitations. Finally, Section 3 outlines key findings arising from those data regarding department's financial forecasting accuracy, which committees may wish to address with their respective departments.

1 Background

When considering the accuracy of departmental financial forecasting, committees may wish to rely on the "Recommendation on Budgetary Governance, with accompanying ten budgeting principles", as defined by the Organisation of Economic Cooperation and Development (OECD). Both collectively establish budgeting

¹ RaISe. [Pilot Project – Proactive Committee Use of Departmental Forecasting & Outturn Data \(NIAR 251-20\)](#). December 2020. This commentary outlined the project's aims and objectives, alongside context-setting information. It accompanied the Dashboard, which at that time contained departmental outturn data up to and including September 2020, and forecast outturn information for the remainder of the 2020-21 financial year.

² RaISe. [Departmental Outturn and Forecast Outturn: Commentary on Quarter 3 2020-21 Data \(NIAR 13-21\)](#). February 2021

standards that are relevant to scrutiny and oversight. These are explained in detail in the Commentary produced by the PFSU in February 2021.³

Treasury’s “Improving Spending Control” guidance provides a framework for strengthening and improving spending control in the United Kingdom. Published in 2012, it states:⁴

Departments, devolved administration, and their arms-length bodies will be required to monitor and manage information about spending more effectively and improve the skills needed to deliver their spending plans.

It further states:

They will be required to share that information with the Treasury on a regular and consistent basis. Those with good financial management will be given more freedom while those with bad management will be subject to more Treasury control

While the exact requirements for each department are to be agreed with the Treasury, that Guidance states that *at a minimum*, accurate information on actual and planned spend must be shared with Treasury on a monthly basis. This expenditure information is frequently referred to as “outturn and forecast outturn information”.

The Guidance also highlights the importance of the good quality expenditure information; suggesting it is a prerequisite for effective spending control. It further states that the information should be:⁵

- **Robust and reliable:** so that data is accurate and forecasts are as good as they can be;
- **Consistent:** within and between organisations; and,
- **Timely:** so that data is provided on a monthly basis and with minimum delay.

Treasury’s “Consolidated Budgeting Guidance 2020 to 2021”⁶ states robust governance, scrutiny and oversight are integral to ensuring government spending is controlled effectively. In Northern Ireland, Assembly committees typically engage with budget scrutiny and oversight at multiple times throughout the Executive Budget cycle.

The DoF recognises the important role played by Assembly committees in the scrutiny of departmental spending plans. It states in its “2021-22 In-Year Monitoring Guidelines”⁷ that Assembly committees should be kept informed of financial matters on an ongoing basis. This is in line with OECD Budgeting Principle 7,⁸ which recommends actively planning, managing and monitoring the execution of the budget, through:

³ Ibid

⁴ HM Treasury. [Improving Spending Control](#). April 2012.

⁵ Ibid, page 9

⁶ HM Treasury. [Consolidated Budgeting guidance: 2021-22](#). March 2021. Page 45.

⁷ Department of Finance. [2021-22 In-Year Monitoring of Public Expenditure – Guidelines](#). June 2021.

⁸ OECD. [Recommendation of the Council on Budgetary Governance](#). February 2015. Page 9.

...the preparation and scrutiny of budget execution reports, including in-year ...reports, which are fundamental to accountability and which, if well-planned and –designed, can yield useful messages on performance and value-for-money to inform future budget allocations...

However, in practice, it seems that the onus is on the committee as to the extent and the timing of that engagement. The Consolidated Budgeting Guidance make reference to the monthly outturn and forecast outturn data provided by the DoF to the Committee for Finance (CfF). That Guidance states:⁹

The Outturn and Forecast Outturn information, including forecasting accuracy data, will be provided to the Committee for Finance on an ongoing basis. Furthermore, it is anticipated that Assembly Committees will be taking an active role in the scrutiny of these returns. The information provided is at summary level. The return shows monthly profiles for each department in respect of non-ring-fenced resource expenditure, ring-fenced resource expenditure and capital investment, including each of the previous returns totals against its most relevant monitoring position. It does not provide a breakdown by spending area.

It also references the DoF's commitment to provide these data to the PFSU:

DoF has a commitment to forward data on monthly Outturn and Forecast Outturn to the Public Finance Scrutiny Unit in NI Assembly's Research and Information Service (RaISe). RaISe publish a dashboard of departmental Forecast Outturn for capital and resource.

2 Outturn and Forecast Outturn analysis: Financial Year 2020-21

As noted earlier, the Dashboard recently was updated to reflect departmental monthly data on outturn and forecast outturn, for both capital DEL (capital) and non-ring-fenced resource DEL (resource), as provided by the Department of Finance (DoF) to the PFSU, as well as the Committee for Finance (CfF). Monthly data is presented from April 2020 until August 2021 (the most recent DoF return), and annual data is presented for the years 2017-18 until 2021-22.¹⁰

The following section discusses data for the period April 2020 until March 2021, i.e. the full financial year 2020-21. Sub-section 2.1 examines capital expenditure, and Sub-section 2.2 resource expenditure. Each sub-section discusses the following areas:

- Overall expenditure position;
- Expenditure by department;

⁹ See footnote 7, page 38.

¹⁰ Up to August 2021.

- Expenditure profiles by month; and,
- Forecasting performance, monthly and then at the department level.

Included are the monthly outturn and forecast outturn of the nine departments (the departments) – namely: Department of Finance (DoF); Department of Infrastructure (DfI); Department for Communities (DfC); Department of Education (DE); Department of Agriculture, Environment, and Rural Affairs (DAERA); Department of Health (DoH); Department for Economy (DfE); Department of Justice (DoJ); and, The Executive Office (TEO).

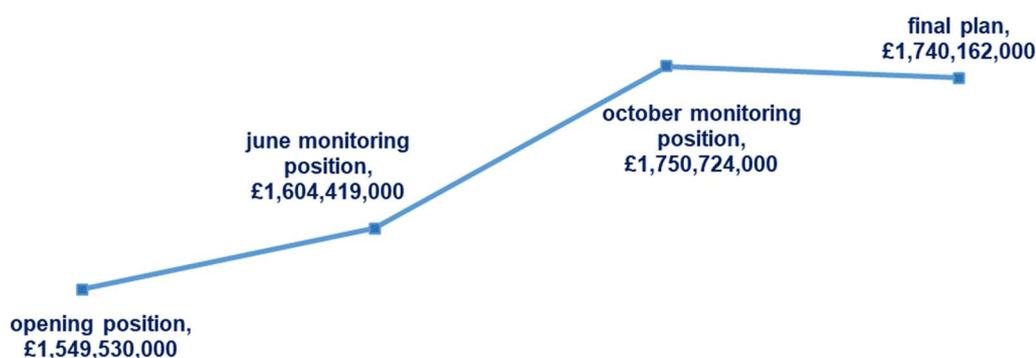
2.1 Capital Expenditure

2.1.1 Capital Expenditure – overall position

As presented in the 2020-21 Provisional Outturn statement,¹¹ NI departments had a final plan capital allocation (including Financial Transactions Capital (FTC)) of **£1.74 billion**, and reported a year-end provisional outturn of **£1.72 billion**. Those equated to an underspend of **£22.6 million; 1.3%**, including £22.3 million conventional capital and £0.3 million FTC).

Figure 1 below shows how the capital allocation varied throughout the financial year. It shows an opening position, in March 2020, of **£1.5 billion**. A **3.5% increase** on this opening position was reported during June monitoring 2020-21, followed by a more substantial **9.1% increase** during October monitoring 2020-21. The January monitoring round resulted in a marginal decrease of less than one per cent. That resulted in an overall final plan allocation equating to **12.3% more** than the allocation reported at the beginning of the financial year.

Figure 1: 2020-21 Total Capital Allocation in-year positions



Source: PFSU, October 2021, relying on departmental data

2.1.2 Capital Expenditure – by department

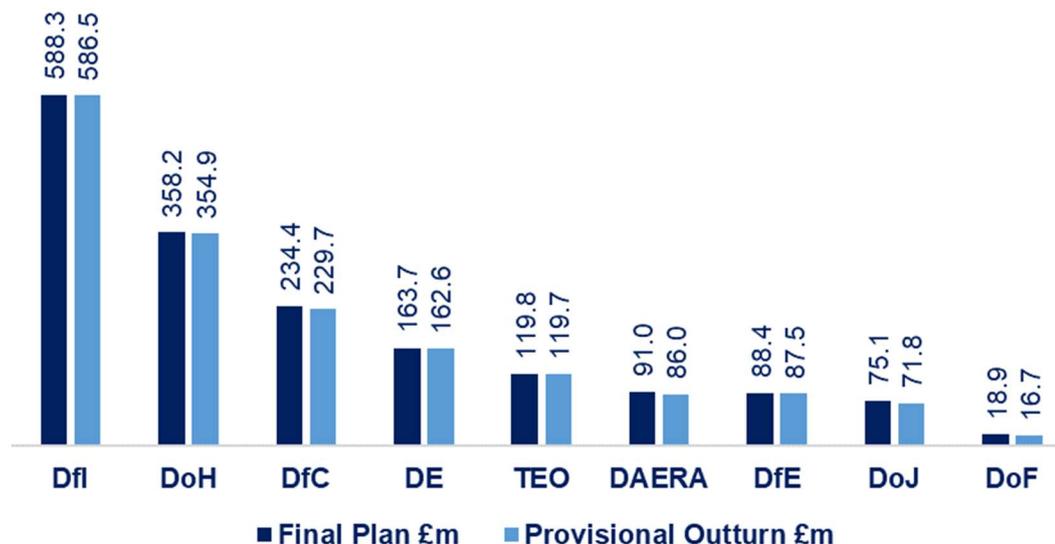
Figure 2 below shows how capital funding is distributed among the nine departments. It shows that the DfI's 2020-21 allocation of **£588.3 million** accounts for more than one-third of the total capital funding available to all NI departments. It further shows that the DoH and the DfC allocations of **£358.2 million** and **£234.4 million**, respectively, account for a further one-third of the total capital funding available.

Figure 2 also highlights the variance between final plan allocations and provisional outturn figures for each of the nine departments. In real terms, the DAERA reported

¹¹ Department of Finance. [2020-2021 Provisional Outturn and 2021-2022 June Monitoring](#). Written Ministerial Statement, June 2021.

the largest underspend of **£5.1 million**, followed by the DfC, with a reported underspend of **£4.7 million**. It should be noted that the DAERA underspend equates to **5.6%** of its final plan allocation of £91 million; while the DfC underspend equates to only **2.0%** of its much larger final plan allocation of £234.4 million. The DoF reported the largest underspend as a proportion of final plan. However, the 11.3% underspend in real terms equates to **£2.1 million**, due to the DoF's relatively small overall capital budget.

Figure 2: 2020-21 final plan Capital allocation and Provisional Outturn, by department



Source: PFSU, October 2021, relying on departmental data

In his 24 June 2021 written statement to the Assembly, the Finance Minister stated:¹²

A significant element of the underspend reported by departments is due to the impact of COVID-19 on capital programmes with interrupted supply chains, site closures and planning or legal delays.

Further, he commended the departments' achievements during the pandemic and stated:¹³

The level of overall department underspend for both Resource DEL and Capital DEL were minimised, a position for which departments should be commended on achieving whilst dealing with the impact of the pandemic and resulting significant uncertainties.

2.1.3 Capital Expenditure – monthly expenditure profile

The updated Dashboard presents monthly capital expenditure profiles of the departments on slide 1. A notable feature of the monthly capital expenditure profiles, as shown in Figure 3 below, is the spike in capital expenditure of **£636.7 million** in March 2021.

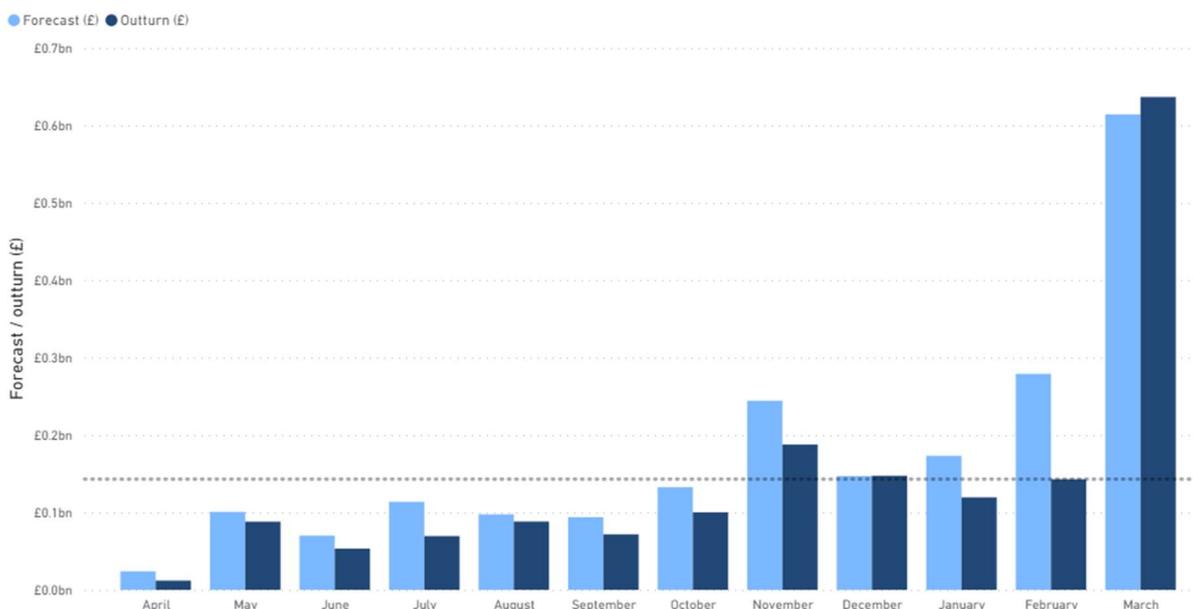
¹² See footnote 10.

¹³ Ibid.

Simply put, almost 40% of capital expenditure in the financial year 2020-21 took place in the final month of the year. The four departments with the largest March 2020 expenditures were: DoH - **£158.3 million**; DfI - **£135.3 million**; DfE - **£96 million**; and, DfC – **£86.3 million**. Its unsurprising to note that three of these four departments have the highest annual capital expenditure allocations, that is: DfI – **£588.3 million**; DoH - **£358.2 million**; and, DfC - **£234.4 million**. Moreover, their March 2020 expenditures account for between 23% and 44% of these. In comparison, DfE has a relatively small annual capital expenditure allocation of **£88.4 million**. This means that the **£96 million** reported March 2020 spend accounts for more than 100% of the annual DfE capital budget. It should be noted however, that DfE report negative outturn numbers in both April 2020 (-£17.7 million) and November 2020 (-£14.0 million). It should be noted that a negative capital expenditure can occur when a department disposes of an asset, for example, the negative outturn reported by the DfE in November 2020, which was due to a **£17.3 million** receipt from Presbyterian Mutual Society.

All but one department recorded their highest expenditure of the financial year 2020-21, in March 2021. TEO reported its highest monthly expenditure in November 2020, at **£68.4 million**, equating to 57% of its annual capital budget (TEO report spending 42% of its annual capital budget in March 2021). In addition to capital expenditure spikes at year-end, three other departments report secondary capital expenditure spikes at different points within the financial year: DoH - **£56.0 million** in May 2020; DfC - **£49.4 million** in November 2020; and, DE - **£28.3 million** in December 2020. Figure 3 below seeks to highlight the above:

Figure 3: 2020-21 Capital Expenditure Profile, by month



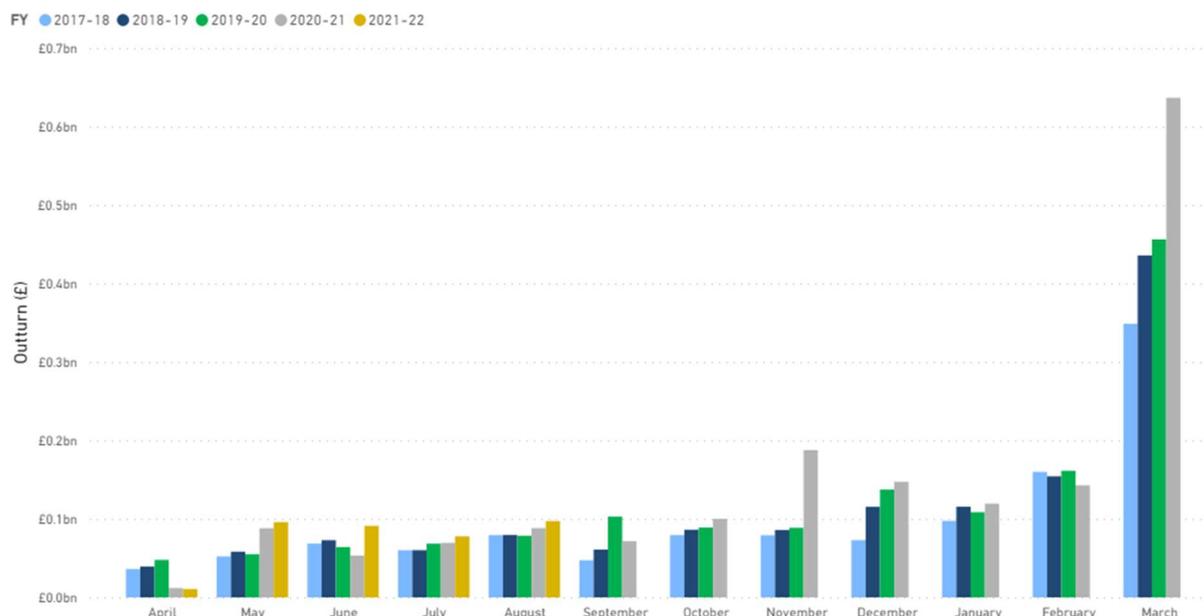
Source: PFSU, October 2021, relying on departmental data

The Dashboard presents annual capital expenditure profiles of the departments at slide 3. Figure 4 below presents a portion of that slide and shows monthly capital expenditure profiles for the following financial years: 2017-18; 2018-19; 2019-20; 2020-21; and, 2021-22 up until August 2021. It shows a strikingly similar pattern of low levels of capital expenditure throughout the year, and then a year-end surge in March. When analysing Figure 4 above, consideration should be given to the following: capital budgets have increased over time, in the financial year 2017-18 the

annual capital budget was £1.18 billion; and, this has increased incrementally over time, to more than £1.98 billion in the financial year 2021-22.

In addition, even though there is a clear trend in relation to a year-end surge in March each year, the amount of expenditure in March of each year is increasing substantially year-on-year – with higher capital budgets more generally. Perhaps some of this is due to allocations made in-year? It should also be noted that capital expenditure in April of 2020-21 was particularly low, and that was repeated again in April 2021-22.

Figure 4: Capital Expenditure Profile, by month and financial year



Source: PFSU, October 2021, relying on departmental data

2.1.4 Capital Expenditure – overall forecasting performance by month

It is important to note that departments’ forecasting performance is measured by the department on a monthly basis. However, the calculation of a single month’s performance is based on two separate departmental returns, as illustrated by the below examples:

Example: forecasting performance calculation – June 2020

The first return received by the CfF relating to the financial year 2020-21 was Return 2, received in August 2020.¹⁴ Return 2 contains outturn and forecast outturn data up until the end of May 2020. Simply put, return 2 includes outturn data for April 2020 and May 2020, and then **forecast outturn** data for **June 2020** until March 2021, the remainder of the financial year 2020-21.

Northern Ireland departments are not required to complete Return 0 (financial year forecast) and Return 1 (April 2020 data) each year. Rather, each is completed directly by the DoF for submission to Treasury, using baseline numbers and information on expenditure from the previous financial year. More information

¹⁴ Returns 2 and 3 were received together this year in August 2020 due to pressures related to the Covid-19 pandemic. Return 2 would typically be received in July, followed by Return 3 in August.

regarding the content of these returns, including an indicative timeline of when they are due to Treasury is outlined in the DoF's annual outturn and forecast outline guidelines.¹⁵

In order to calculate forecasting performance for June 2020, information contained in Return 4, received in September 2020, is also needed. Return 4 contains outturn and forecast outturn data, up until the end of July 2020. That return includes **outturn** data for April 2020, May 2020, **June 2020** and July 2020, and then forecast outturn data for August 2020 until March 2021 (the remainder of the financial year).

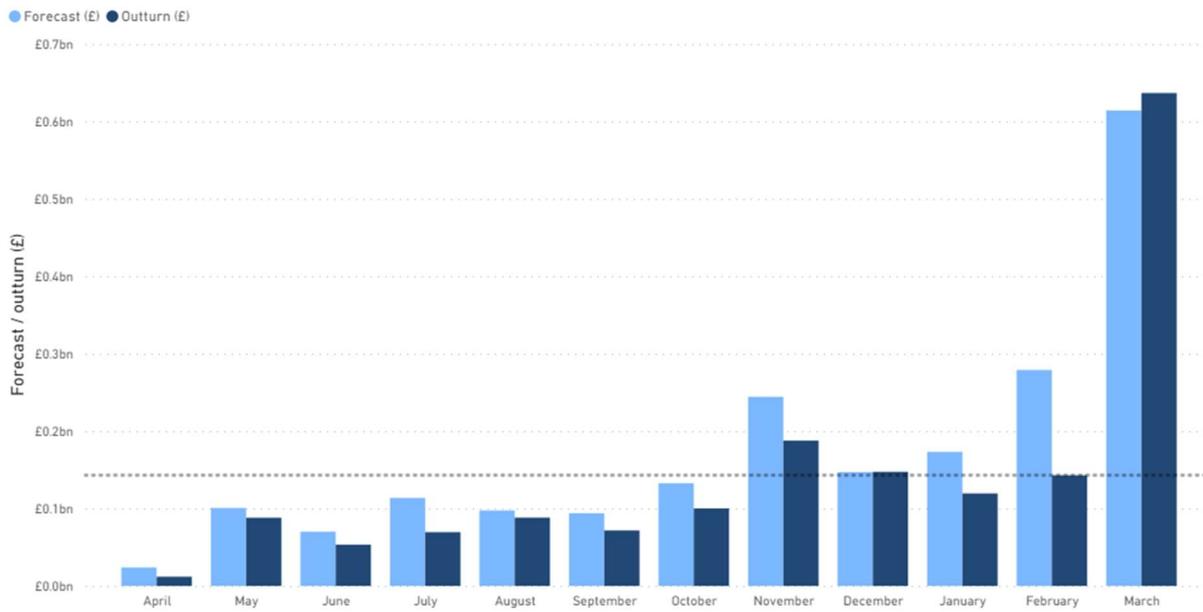
Forecasting performance is then calculated as a percentage difference between the last forecast of spend for the month of June 2020 (provided in Return 2), and the actual outturn figures for the month of June 2020 (provided in Return 4). It is worth noting that, technically, it would be possible to use outturn figures for the month of June 2020 from Return 3: however due to the tight timeframe for reporting outturn data at month-end, it is prudent to use the second set of outturn data.

Figure 5 below presents a portion of slide 1 of the Dashboard, to show 2020-21 outturn and forecast outturn data, by month. The outturn data presented is from Return 12, which contains monthly outturn for all months of the 2020-21 financial year; correct as of early April 2021. The forecast data presented alongside each month is the last forecast of spend for that particular month (e.g. the columns at July 2020 contain March 2021 outturn data and June 2020 forecast outturn data). Figure 5 below provides a graphical representation of the capital spend profile over the course of the financial year 2020-21.

It shows significant variances between forecast outturn and outturn at several junctures throughout the financial year 2020-21. Most notably: variances ranging from 30.9% to 48.9% were reported in July 2020, January 2021 and February 2021. It should be noted that the exceptional circumstances at the beginning of the 2020-21 financial year were not ideal for departments, as they focused on delivery of services to address the many issues arising from Covid-19. It is notable that an almost negligible variance of 0.3% was reported in December 2020. While these data provide a useful overview of forecasting performance overall, it is pertinent to analyse monthly forecasting performance at the department level.

¹⁵ <https://www.finance-ni.gov.uk/publications/2018-19-outturn-and-forecast-outturn-guidance>

Figure 5: 2020-21 outturn and forecast outturn, by month



Source: PFSU, October 2021, relying on departmental data

2.1.5 Capital Expenditure – forecasting performance by month and department

Figure 6 below presents monthly forecasting performance for each of the nine departments, from June 2020 until March 2021. To aid the reader:

- Variances of greater than 50% are coloured red;
- Variances of greater than 25% but less than 50% are coloured yellow; and,
- Variances of less than 25% are coloured green.

The Dfl is the only department to report variances of less than 50% for the full duration; reporting the lowest overall mean variance of 13.2%. TEO reports the highest mean variance of 106.5%, as well as the highest overall variance reported across all of the departments; 402.2% in August 2020.

Figure 6: forecasting performance, by month and department

Capital	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Mean Variance
DAERA	66.8%	36.3%	14.7%	20.9%	33.1%	14.4%	7.8%	22.0%	41.8%	7.7%	26.5%
DE	53.6%	40.6%	56.9%	32.2%	0.0%	0.0%	0.0%	0.0%	35.5%	45.0%	26.4%
DoJ	72.7%	58.0%	42.1%	49.9%	48.3%	0.5%	32.4%	51.6%	19.7%	14.9%	39.0%
DfC	69.6%	55.3%	115.7%	15.9%	6.0%	15.8%	22.0%	16.8%	63.2%	3.4%	38.4%
DfE	13.8%	66.9%	84.4%	34.7%	88.5%	323.5%	48.5%	89.4%	86.4%	5.7%	84.2%
DfI	49.6%	10.6%	0.5%	6.8%	0.7%	33.6%	2.6%	7.8%	18.9%	0.7%	13.2%
DoF	7.6%	178.7%	56.3%	141.9%	51.7%	44.9%	30.6%	6.9%	53.8%	16.9%	58.9%
DoH	30.6%	48.1%	27.4%	24.6%	22.6%	39.0%	15.0%	43.7%	63.7%	5.4%	32.0%
TEO	18.9%	81.0%	402.2%	62.1%	290.8%	0.0%	13.4%	99.0%	97.1%	0.8%	106.5%
Mean Variance	42.6%	63.9%	88.9%	43.2%	60.2%	52.4%	19.1%	37.5%	53.3%	11.2%	47.2%

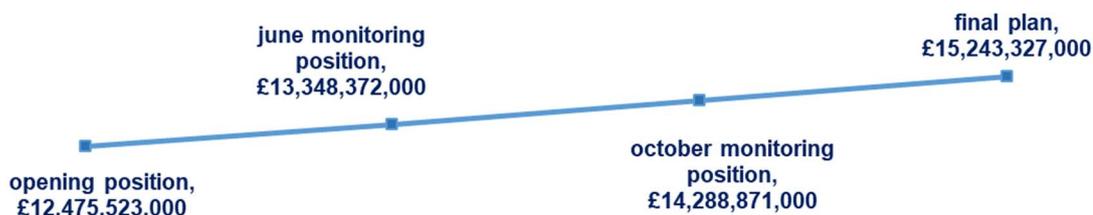
Source: PFSU, October 2021, relying on departmental data

2.2 Resource Expenditure

2.2.1 Resource Expenditure – overall position

As presented in the 2020-21 Provisional Outturn statement,¹⁶ Northern Ireland departments had a final plan non ring-fenced resource allocation of **£15.24 billion**, and report a year-end provisional outturn of **£15.15 billion**. Combined, they equate to an underspend of **£95.3 million; 0.6%**.

Figure 7 below shows how the non-ring-fenced resource allocation varied throughout the financial year. It shows an opening position in March 2020 of **£12.5 billion**. The position increased by 7.0% during June monitoring 2020-21, and by a further 7.0% during October monitoring 2020-21. The final plan allocation of **£15.2 billion**, after the January monitoring round, equates to an in-year adjustment of **£2.8 billion**, or **22.2%**.

Figure 7: 2020-21 Total non-ring-fenced Resource DEL: in-year positions

Source: PFSU, October 2021, relying on departmental data

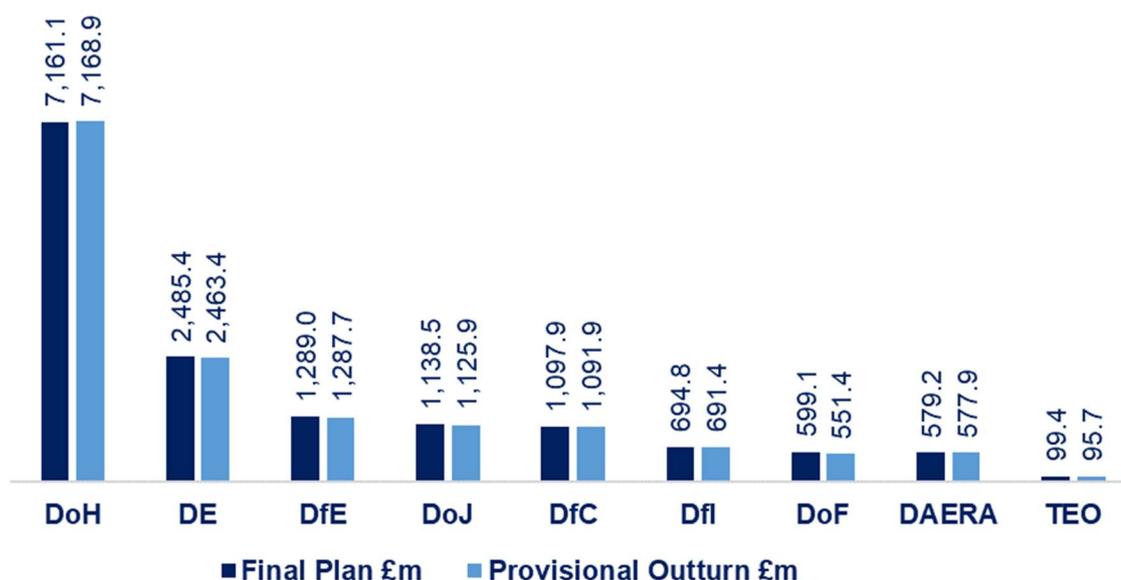
¹⁶ See footnote 10.XXchange due to insertion?

2.2.2 Resource Expenditure – by department

Figure 8 below shows how non ring-fenced resource funding is distributed among the nine departments. It shows that the DoH's 2020-21 allocation of **£7.2 billion** accounts for almost half of the total non-ring-fenced resource funding available to all NI departments. The DE also has a sizeable allocation of **£2.5 billion**; equivalent to 16.3% of the total.

Figure 8 below further shows the variance between final plan allocations and provisional outturn figures for each of the nine departments. In real terms, the DoF report the largest underspend of **£47.6 million**, which equates to an underspend of **8.0%** of its final plan allocation of **£599.1 million**. That was the largest underspend as a proportion of final plan. The DE report a **£22.0 million** underspend (0.9%); and the DoJ report a **£12.6 million** underspend (1.1%).

Figure 8: 2020-21 final plan non ring-fenced Resource allocation and Provisional Outturn, by department



Source: PFSU, October 2021, relying on departmental data

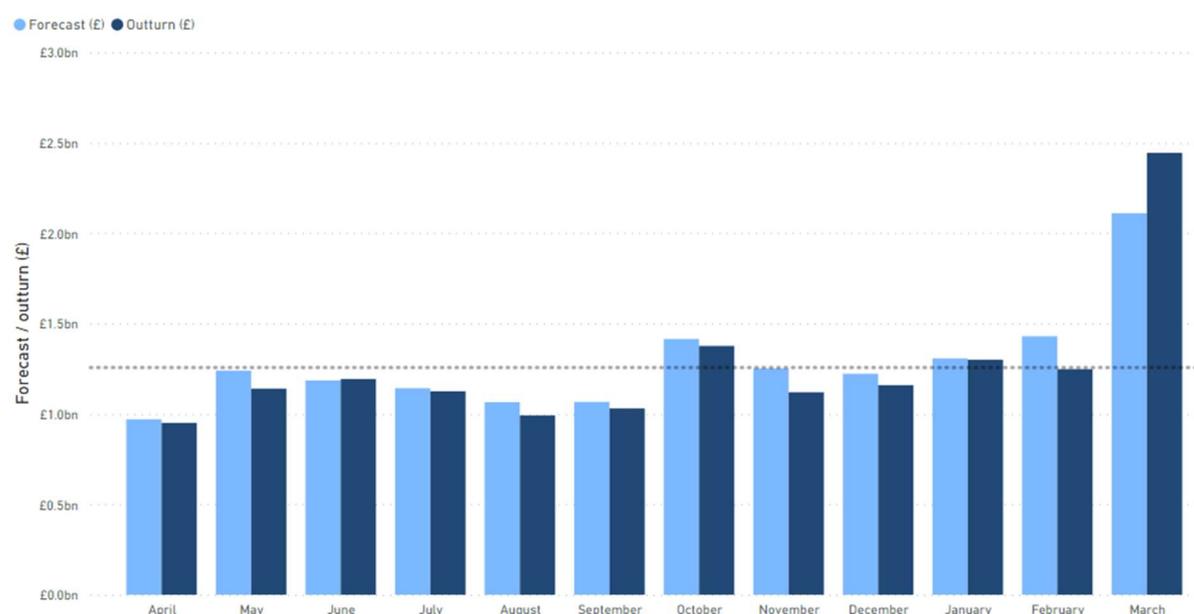
2.2.3 Resource Expenditure – monthly expenditure profile

Figure 9 below presents the combined resource expenditure profile for the departments. It shows a notable spike in monthly resource expenditure for the month of March 2021, much like the monthly capital expenditure profile presented in subsection 2.1.3; however far less pronounced. Approximately **16%** of resource expenditure in the financial year 2020-21 took place in March 2021. That compares to 40% of capital expenditure over the same period. It is important to note that almost **£1.1 billion** of the **£2.4 billion** March resource expenditure was from the DoH. Six of the nine departments record their highest resource expenditure of the financial year 2020-21 in March 2021. In addition to the DoH, these departments are: DfE; DoF; DfC; DoJ; and, DfI. Each recorded expenditures of between **£102 million** and **£335 million** in March 2021.

The remaining departments recorded their highest resource expenditures at different points throughout the year. The DE, for example, record its highest resource expenditure in June 2020. However, it is only marginally higher than spending in other months, and does not represent a spike in expenditure. Both TEO and the DAERA recorded expenditure spikes: TEO recorded an average monthly expenditure of approximately **£8 million**. However, TEO reported an August resource outturn of **£26.7 million** and a September resource outturn of **-£13.4 million**. It can therefore be assumed that the noted TEO variance is as a result of the timing of the expenditure, rather than an increase to average monthly expenditure. The DAERA report a large spike in expenditure in October 2020 of **£306.8 million**, equivalent to more than half of its annual resource expenditure for the year.

Outside of these two exceptions (TEO and DAERA), and as shown in Figure 9 below, resource expenditure between March 2020 and February 2021 is relatively uniform across the months. It should be noted that this was not the case for capital expenditure, as discussed earlier in the Commentary.

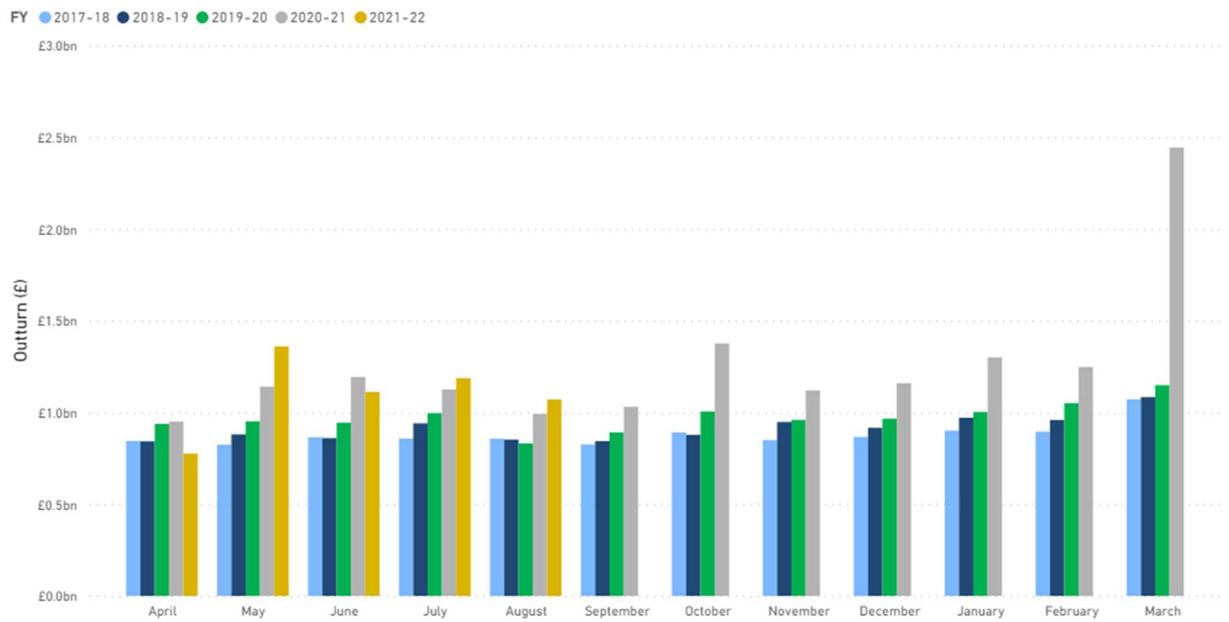
Figure 9: 2020-21 Resource Expenditure Profile, by month



Source: PFSU, October 2021, relying on departmental data

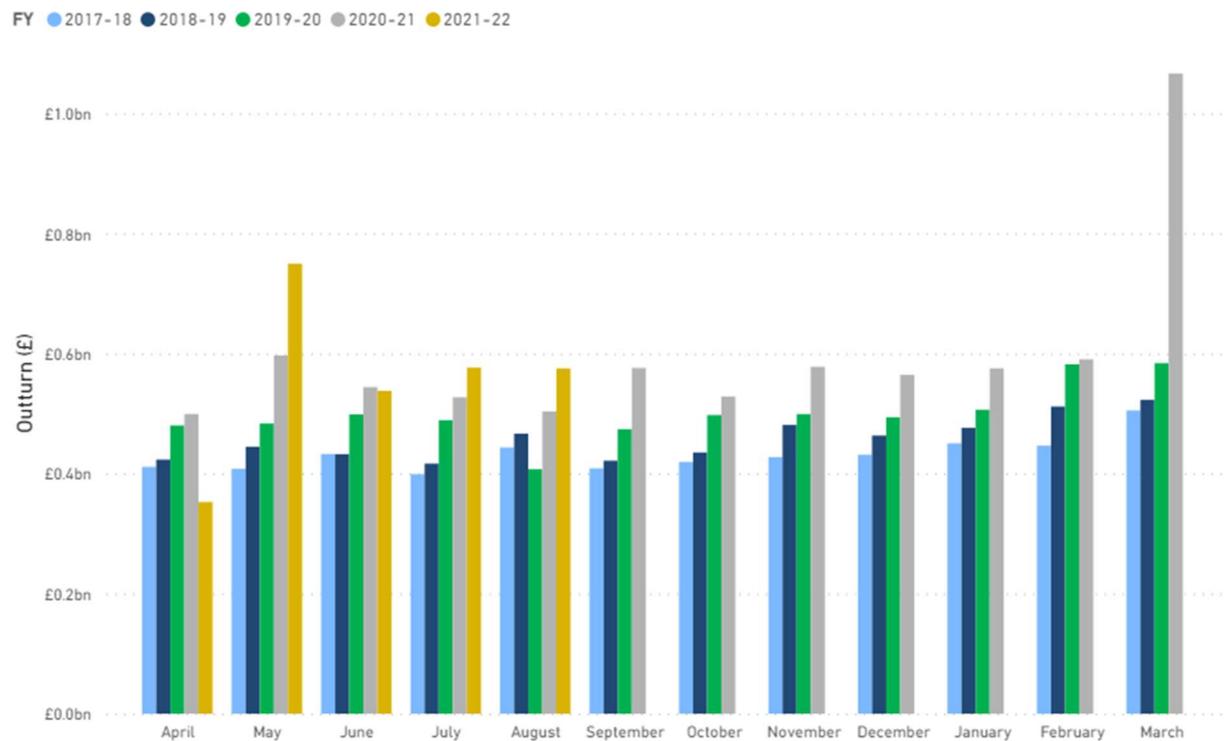
The Dashboard presents annual resource expenditure profiles of the departments on slide 4. The purpose of this slide is to allow users to compare current expenditure patterns with historical data. Figure 10 below presents a portion of that slide and shows monthly resource expenditure profiles for the following financial years: 2017-18; 2018-19; 2019-20; 2020-21; and, 2021-22 up until August 2021. It is clear from the Figure 9 chart (above) that the year-end expenditure surge is much more pronounced in 2020-21, than in previous years. It was previously noted that **£1.1 billion** of this year-end surge was attributed to the DoH. Due to the fact that the DoH resource budget is much larger, and accounts for such a high proportion of the overall annual budget, it is worth reviewing expenditure trends for the DoH in isolation, and then for all departments with the DoH excluded, to fully understand its impact. It is possible to use the filter function of the Dashboard to do so. This information is presented in Figures 11 and 12 below. Each noted figure confirms that when the DoH is removed from the analysis, the trend persists across the remaining departments.

Figure 10: Resource Expenditure Profile, by month and financial year (all departments)



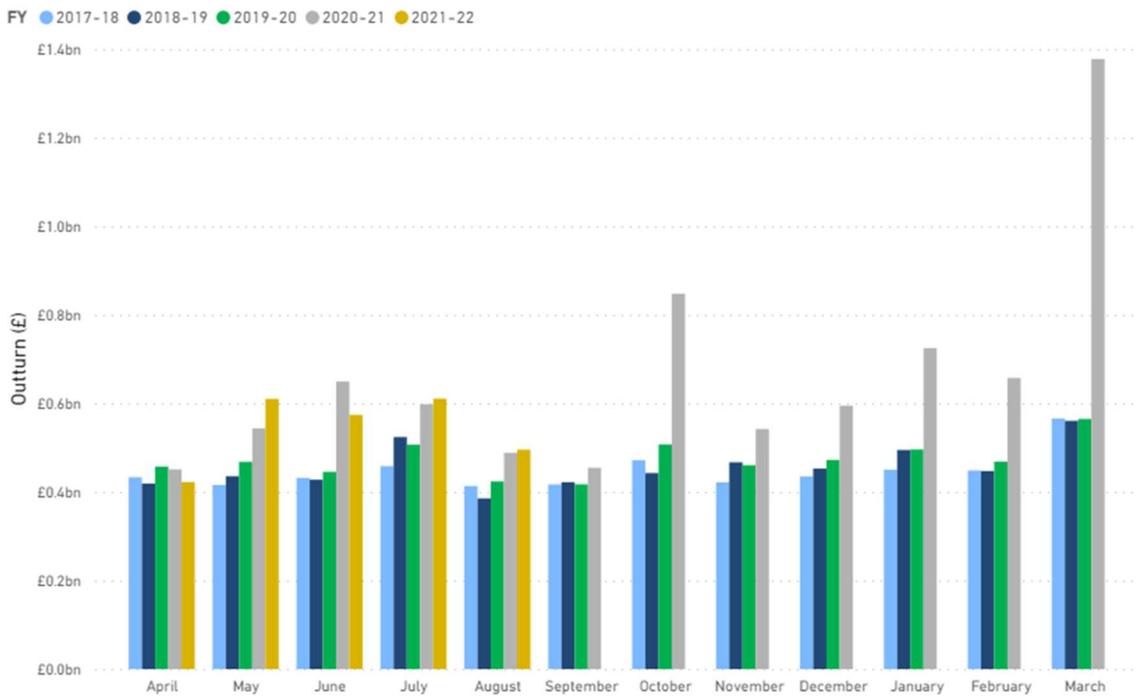
Source: PFSU, October 2021, relying on departmental data

Figure 11: Resource Expenditure Profile, by month and financial year (DoH)



Source: PFSU, October 2021, relying on departmental data

Figure 12: Resource Expenditure Profile, by month and financial year (all departments excluding DoH)

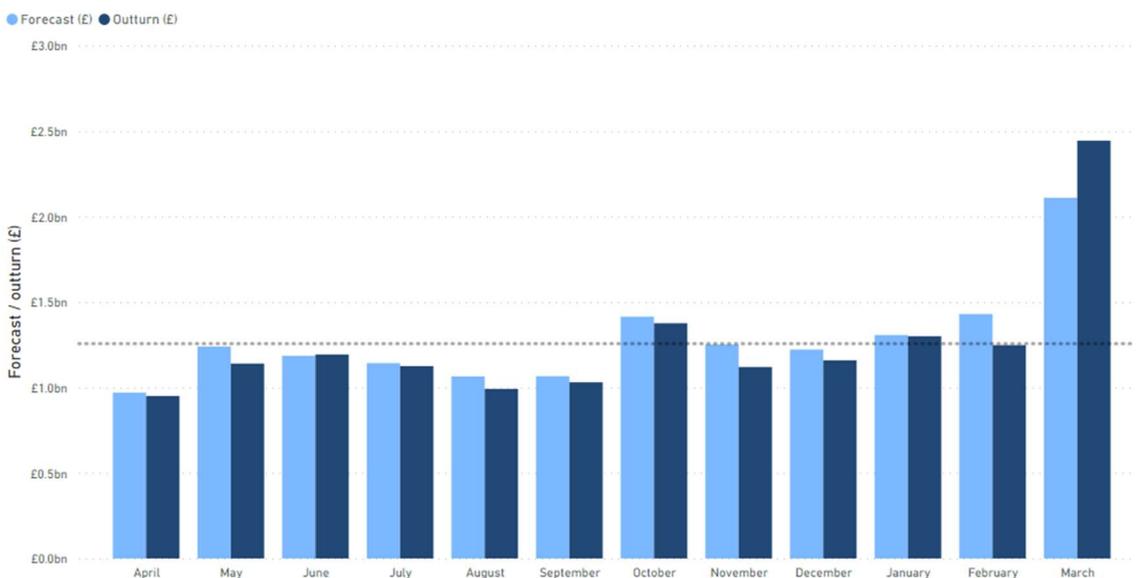


Source: PFSU, October 2021, relying on departmental data

2.2.4 Resource Expenditure – overall forecasting performance by month

Figure 13 below presents a portion of slide 3 of the Dashboard, to show 2020-21 outturn and forecast outturn resource expenditure data, by month. It provides a graphical representation of the resource spend profile over the course of the financial year. It highlights several instances where there is significant variance between forecast outturn and outturn, particularly towards the end of the year. While this provides a useful overview of forecasting performance overall, Sub-section 2.2.5 considers monthly forecasting performance at the department level.

Figure 13: 2020-21 Resource Expenditure Profile, by month



Source: PFSU, October 2021, relying on departmental data

2.2.5 Resource Expenditure – forecasting performance by month and department

Figure 14 below presents monthly forecasting performance for each of the nine departments, from June 2020 until March 2021. To aid the reader:

- Variances of greater than 50% are coloured red;
- Variances of greater than 25% but less than 50% are coloured yellow; and,
- Variances of less than 25% are coloured green.

A high proportion of resource outturns fall within 25% of their forecasts. Six of the nine departments report a mean variance for the year of less than 17%. TEO, the DoF, and the Dfl report the highest annual mean variances of: 70.6%; 66.6%; and, 35.4%.

Figure 14: forecasting performance, by month and department

Resource	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Mean Variance
DAERA	4.9%	13.6%	38.6%	48.8%	3.0%	3.7%	21.4%	15.1%	1.4%	3.2%	15.4%
DE	29.6%	2.2%	11.3%	19.4%	0.0%	0.0%	0.0%	0.0%	8.2%	25.8%	9.7%
DoJ	13.8%	0.1%	4.5%	2.6%	5.8%	3.5%	4.1%	7.0%	2.5%	11.4%	5.5%
DfC	8.7%	6.1%	5.2%	3.6%	30.8%	4.5%	6.2%	14.4%	39.4%	28.0%	14.7%
DfE	53.3%	5.8%	17.9%	0.1%	11.2%	15.9%	23.6%	11.2%	22.8%	1.5%	16.4%
Dfl	109.9%	81.3%	10.2%	25.0%	62.8%	6.0%	4.6%	33.2%	20.1%	1.2%	35.4%
DoF	18.9%	10.2%	0.8%	23.9%	12.5%	29.2%	84.8%	78.4%	5.7%	401.9%	66.6%
DoH	1.0%	3.6%	7.7%	5.2%	4.5%	9.6%	14.6%	11.8%	13.4%	3.5%	7.5%
TEO	41.3%	20.4%	297.8%	278.5%	1.5%	10.7%	0.4%	7.5%	45.6%	2.0%	70.6%
Mean Variance	31.3%	15.9%	43.8%	45.2%	14.7%	9.2%	17.8%	19.8%	17.7%	53.2%	26.9%

Source: PFSU, October 2021, relying on departmental data

3 Outturn and Forecast Outturn analysis: Year-to-date (YTD) August 2021

The following section discusses departmental data from the most recent return received by the PFSU and the Committee for Finance at the time of writing. That return contains data up until the end of August 2021.

Analysis is provided for capital expenditure in Sub-section 3.1, and then resource expenditure in Sub-section 3.2. In each sub-section, discussion covers the following areas:

- Overall expenditure position;
- Expenditure by department;
- Expenditure forecast; and,
- Forecasting performance.

3.1 Capital Expenditure

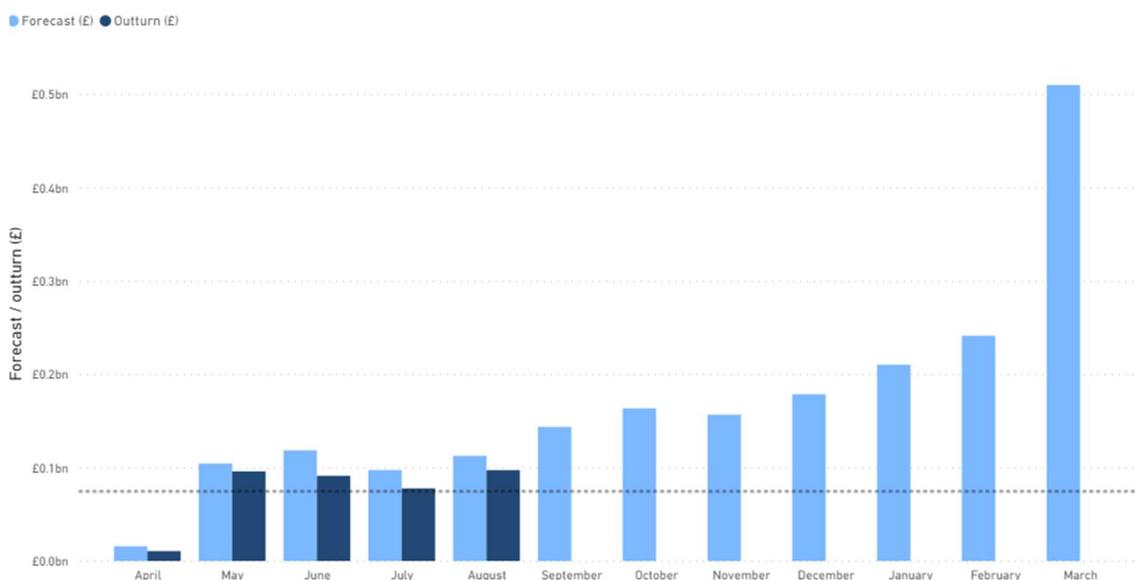
The nine departments have a total capital allocation of **£1.97 billion** for the financial year 2021-22. The three departments with the largest capital allocations, are: DfI - **£752.6 million**; DoH - **£342.4 million**; and, DfC - **£267.3 million**. These departments account for approximately 70% of the overall capital allocation. In comparison, four departments have capital allocations of less than **£100 million**: DoJ; DAERA; DoF; and, TEO.

3.1.1 Year-to-date Capital Expenditure – overall position

Year-to-date (YTD) expenditure is important in that it gives some insight into whether there is a realistic expectation that the full remaining departmental allocation will be spent. That said, if the current expenditure profile is similar to previous years, it may be reasonable to assume that the department will spend its full allocation, and resources will not be surrendered to Treasury.

Figure 15 below presents a portion of slide 1 of the Dashboard, to show 2021-22 outturn and forecast outturn data for capital expenditure, by month. Up until the end of August 2021, with 7 months remaining in the financial year, the departments have collectively spent **£372.6 million** of their capital budgets. This equates to **18.8 %** of their **£1.98 billion** allocation for the financial year. It is notable that up until the end of August 2020 - the same point in time in the 2020-21 financial year - the departments collectively spent **£314.6 million**; **19.6%** of their slightly smaller **£1.60 billion** annual allocation for that year. At the same point in time in previous years, as captured on slide 3 of the Dashboard, capital expenditure was reported as: **25.1%** in 2017-18; **22.7%** in 2018-19; and, **21.5%** in 2019-20.

Figure 15: monthly expenditure profile - capital



Source: PFSU, October 2021, relying on departmental data

3.1.2 Year-to-date Capital Expenditure – by department

Three of the nine departments report expenditure of more than 20% of their annual capital allocation by the end of August 2021 (DfI – 27.4%; DAERA – 23.6%; DfC – 21.4%). The YTD expenditure of the DfE is noteworthy, at -10.8%. A negative capital expenditure can occur when a department disposes of an asset. For example, in the case of the DfE, an expenditure of approximately -£15 million has been

reported for the month of April 2021, and a further expenditure of approximately -£21 million has been reported for the month of June 2021. It is interesting to note that the YTD expenditure of the DfE at the same point in time in the previous financial year 2020-21 was reported as -4.6%.

3.1.3 Year-end Capital Expenditure forecast

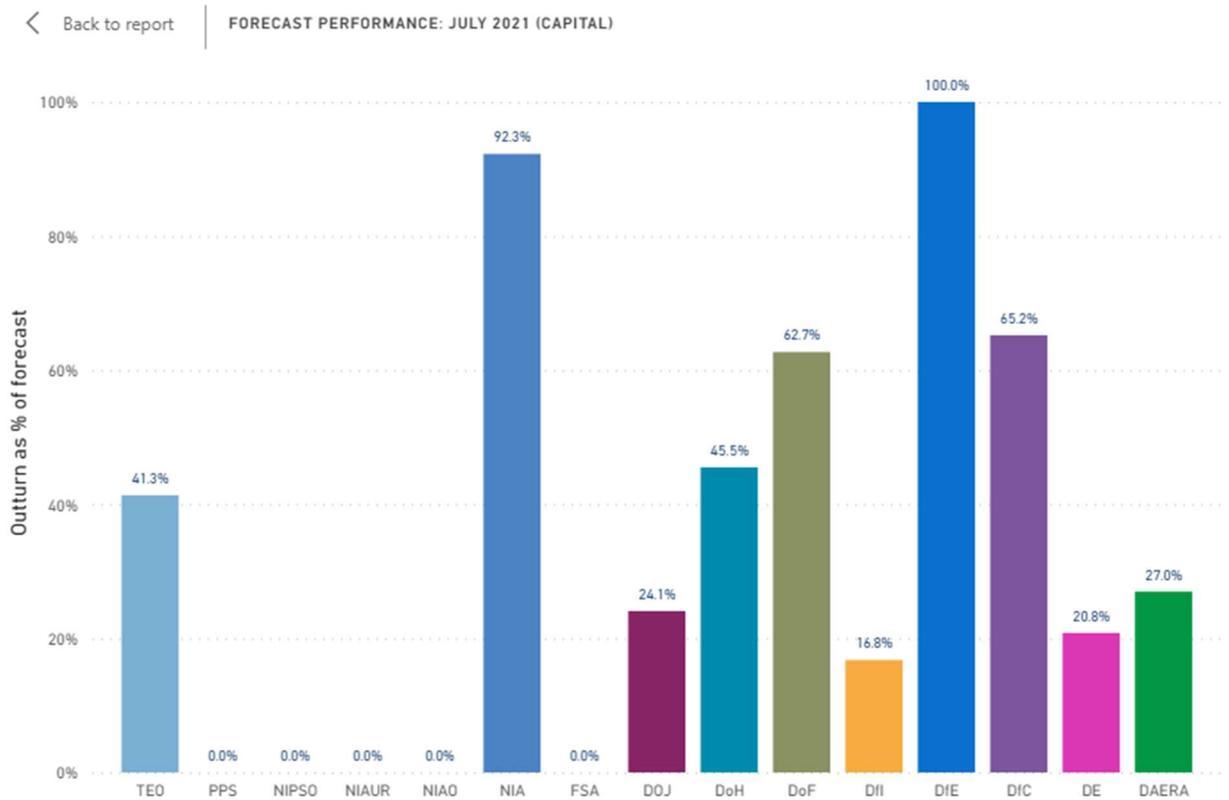
All departments forecast a year-end expenditure of 100% of their total capital allocation of **£1.98 billion** for the financial year 2021-21. More than **£0.5 billion** is forecast in March 2022, across all of the departments. When comparing to August 2020, at that time, departments forecast a year-end expenditure of 97.3% of their total capital allocation of £1.60 billion; with five departments forecasting year-end expenditure of less than 100%.

3.1.4 Capital Expenditure forecasting performance

The Dashboard presents forecasting performance data on slide 5, for the month containing in the most recent data release, July 2021. Also included is cumulative forecast performance for the financial year to date. It should be noted that the first financial forecast of the year takes place using June 2021 data, and so the cumulative forecast performance metric cover June 2021 until July 2021 only. Figures 16 and 17 below present sections of slide 5. Figure 16 presents forecast performance for the month of July 2021, and Figure 17 presents a cumulative forecast performance for the financial year to date where data is available (June 2021 until July 2021).

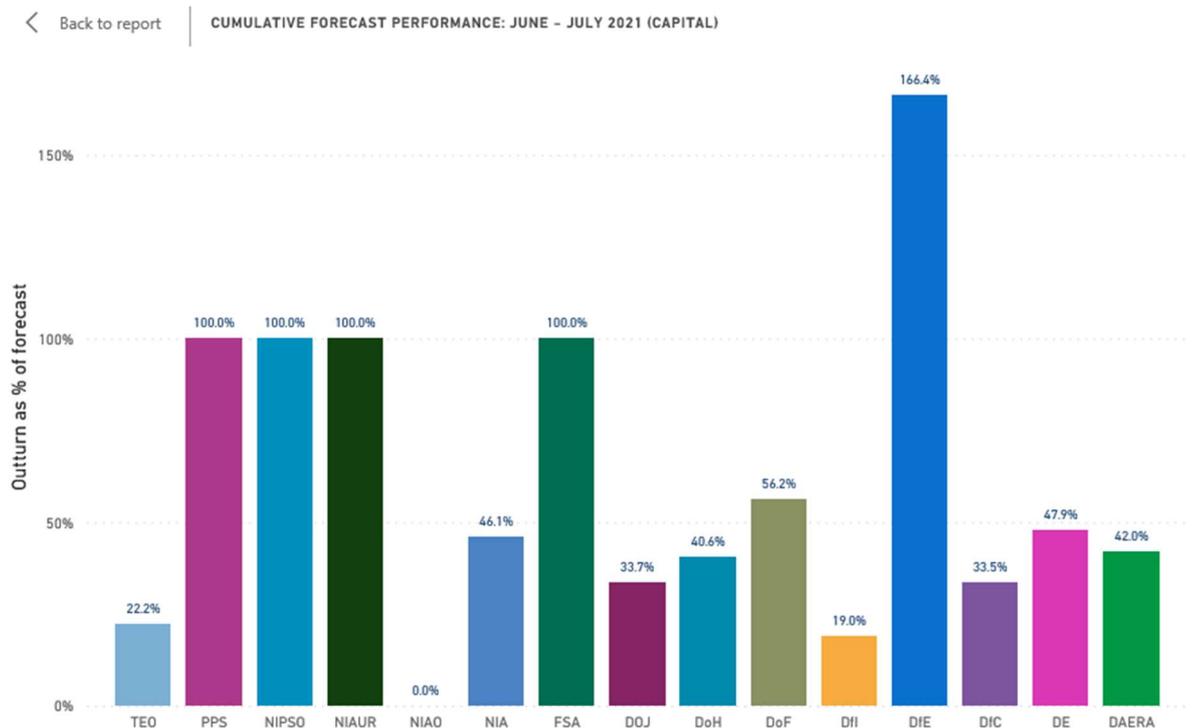
Figure 16 demonstrates considerable variances in the July 2021 capital forecast accuracy, with forecasting performance ranging from 16.8% to 100%. Three departments report July 2021 outturn figures falling within 25% of forecast figures: DfI – 16.8%; DE – 20.8%; and, DoJ – 24.1%. The DfE report the largest variance of 100%. The cumulative figures for the period June 2021 to July 2021, presented in Figure 17 show a similar trend of considerable variances across most of the departments, with only DfI and TEO reporting outturns within 25% of forecast figures.

Figure 16: Jul 2021 forecast performance - capital



Source: PFSU, October 2021, relying on departmental data

Figure 17: Jun 2021 - Jul 2021 cumulative forecast performance - capital



Source: PFSU, October 2021, relying on departmental data

3.2 Resource Expenditure

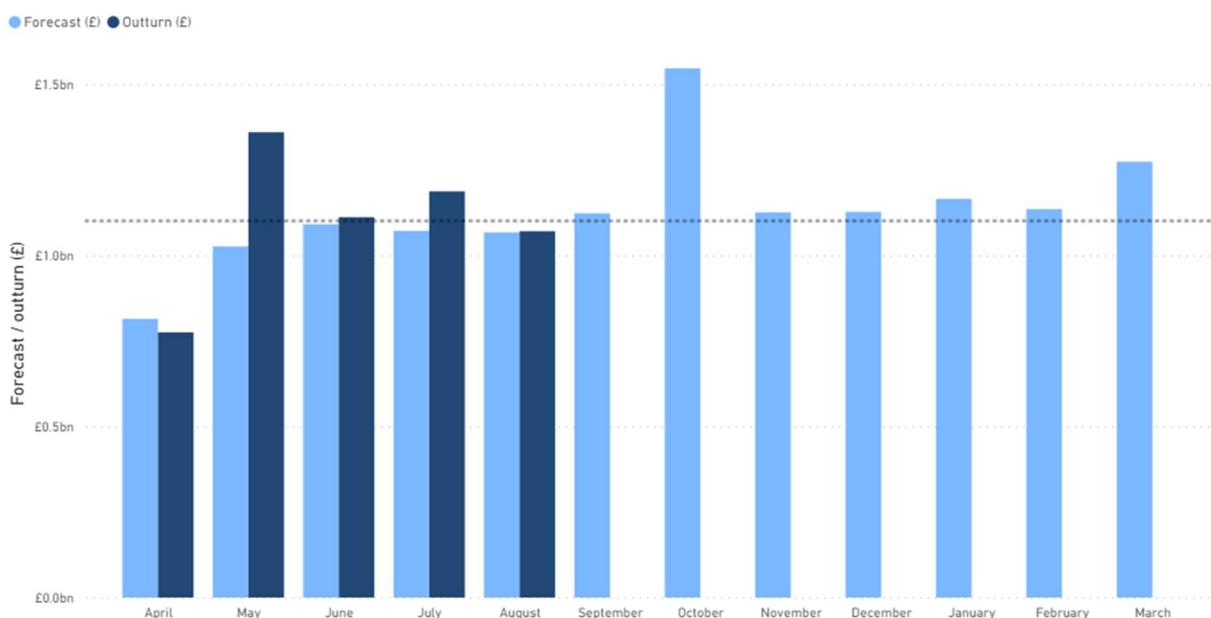
The nine departments have a total resource allocation of **£14.01 billion** for the financial year 2021-22. The four departments with the largest resource allocations – i.e. of more than £1 billion each - are: DoH - **£6.79 billion**; DE - **£2.5 billion**; DoJ - **£1.18 billion**; and, DfE - **£1.16 billion**. These noted departments account for more than 80% of the overall resource allocation.

3.2.1 Year-to-date Resource Expenditure – overall position

Figure 18 below presents a portion of slide 3 of the Dashboard, to show 2021-22 outturn and forecast outturn data for resource expenditure, by month. Up until the end of August 2021, with 7 months remaining in the financial year, the departments have collectively spent **£5.5 billion**; equating to **39.3%** of their **£14.01 billion** allocation for the financial year.

It is notable that up until the end of August 2020, (the same point in time in the 2020-21 financial year), the departments had collectively spent **£5.5 billion**; **41.1%** of their slightly smaller **£13.3 billion** annual allocation for that year. At the same point in time in previous years, as captured on slide 4 of the Dashboard, resource expenditure was reported as: **40.3%** in 2017-18; **39.9%** in 2018-19; and, **39.9%** in 2019-20.

Figure 18: monthly expenditure profile - resource



Source: PFSU, October 2021, relying on departmental data

3.2.2 Year-to-date Resource Expenditure – by department

Three of the nine departments report expenditure of more than 40% of their annual resource allocation by the end of August 2021 (DoF – 55.8%; DA – 43.9%; DoH – 41.1%). Five departments report expenditure of between 30% and 40% (DfC; DfE; DfI; DoJ; and, TEO). The year-to-date expenditure of DAERA is the lowest, at 16.4%. However, the year-to-date expenditure of the DAERA at the same point in time in the previous financial year 2020-21 was reported as 15.8%, so probably not a point of concern.

3.2.3 Year-end Resource Expenditure forecast

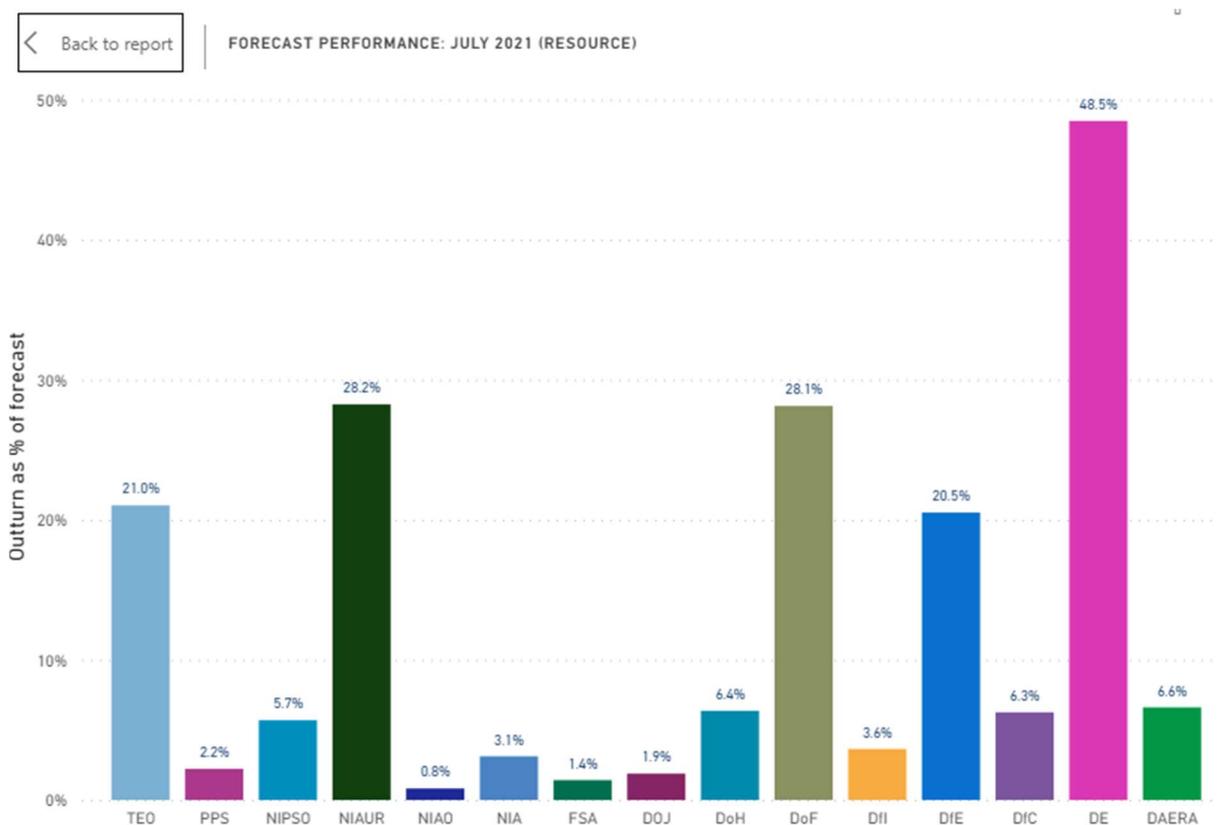
Seven of the nine departments forecast a year-end expenditure of 100% of their total resource allocation of £14 billion for the financial year 2021-22. However, all departments expect to spend more than 99% of their resource allocations by year-end. More than **£1.5 billion** is forecast in October 2021 across all of the departments, which is slightly higher than the monthly average of £1.2 billion. There appears to be a small expected surge in expenditure in March 2022 of **£1.3 billion**. When comparing to August 2020; at that time departments forecast a year-end expenditure of 99.9% of their total capital allocation of **£13.3 billion**.

3.2.4 Resource Expenditure forecasting performance

Figures 19 and 20 below present sections of slide 5 of the Dashboard. Figure 19 presents forecast performance for the month of July 2021, and Figure 20 presents a cumulative forecast performance for the financial year to date (June 2021 until July 2021).

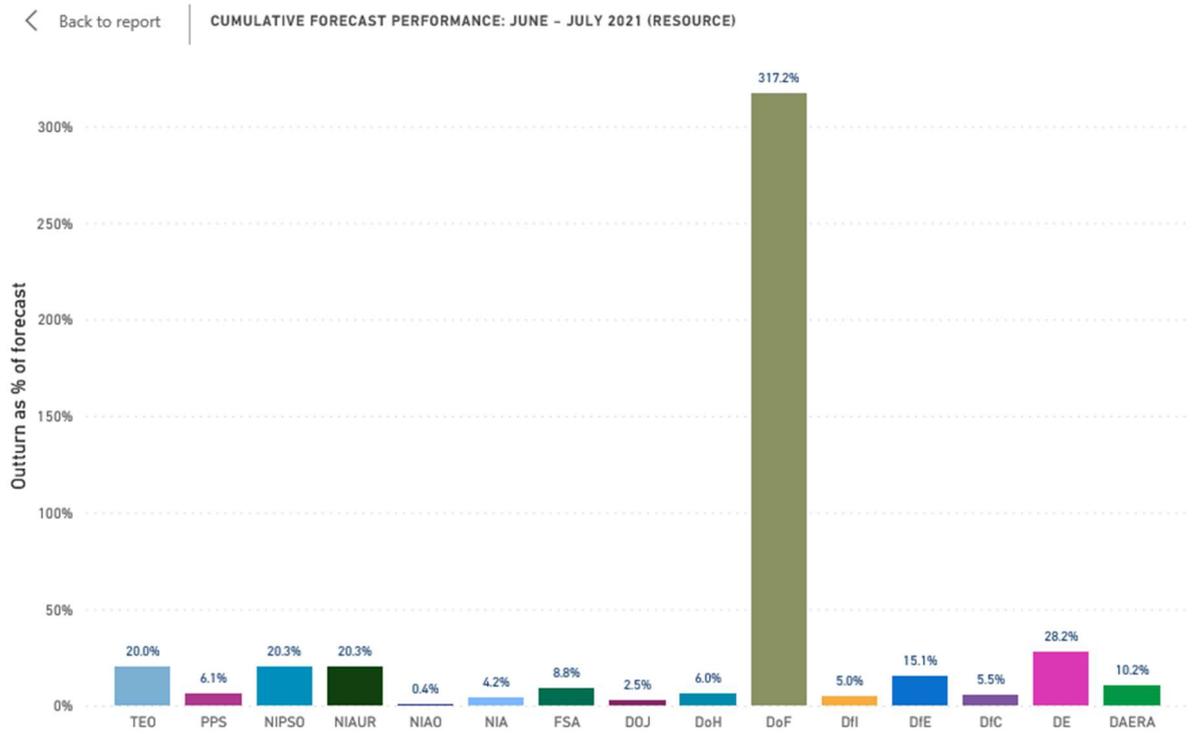
Figure 19 demonstrates some variance in the July 2021 resource forecast accuracy, with forecasting ranging from 1.9% to 48.5%. Six of the nine ministerial departments report July 2021 outturn figures falling within 25% of forecast figures. The cumulative figures for the period June 2021 to July 2021, presented in Figure 20 below, show a similar trend of variances across most of the departments. However, the DoF performance accuracy measure is most striking, at more than 300%.

Figure 19: Jul 2021 forecast performance – resource



Source: PFSU, October 2021, relying on departmental data

Figure 20: Jun 2020 - Jul 2021 cumulative forecast performance – resource



Source: PFSU, October 2021, relying on departmental data