IN-YEAR MONITORING OF PUBLIC EXPENDITURE

2016-17 GUIDELINES

PUBLIC SPENDING DIRECTORATE

DEPARTMENT OF FINANCE & PERSONNEL

MARCH 2016

Version 1.0

CONTENTS

SECTION 1: INTRODUCTION

1.1 This document sets out the main principles which will apply to the in-year monitoring of public expenditure during the financial year 2016-17. This document should be read in conjunction with:

- The HM Treasury Consolidated Budgeting Guidance which applies to in-year control at the UK level from 2016-17 onwards. This was issued to departments on 1 March 2016 and is also available on the HM Treasury website: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503365/Consolidated_budgeting_guidance_2016-17.pdf

- Managing Public Money Northern Ireland which sets out the principles for dealing with resources used by public sector organisations in Northern Ireland and is available on the DoF website: https://www.dfpni.gov.uk/articles/managing-public-money-ni-mpmni

The Assembly looks to the Department of Finance (DoF) to meet its expectations in this area in a transparent, responsible and consistent fashion. It will therefore expect that the departments adhere fully to the guidance and standards set out in this document.

1.2 Where departments require clarification on any aspect of this guidance or the Resource Budgeting guidance they can contact CED as detailed below. Note that e-mail addresses are provided for pre and post the restructuring of departments in May 2016.

In-Year Issues	Stephen Barrett Karen Weir	02891858275 (Ext. 68275) Stephen.Barrett@dfpni.gov.uk Stephen.Barrett@finance-ni.gov.uk 02891858242 (Ext. 68242) Karen.Weir@dfpni.gov.uk Karen.Weir@finance-ni.gov.uk
OSCAR & Database Issues	Pamela Galloway Karen Weir	02891858010 (Ext. 68010) Pamela.Galloway@dfpni.gov.uk Pamela.Galloway@finance-ni.gov.uk 02891858242 (Ext. 68242) Karen.Weir@dfpni.gov.uk Karen.Weir@finance-ni.gov.uk

1.3 For all departmental specific issues, departments should continue to consult with their relevant DoF Supply contacts.

1.4 For all issues around Managing Public Money Northern Ireland departments should contact DoF Accountability and Financial Management Division (AFMD).

SECTION 2: PURPOSE OF IN-YEAR MONITORING

2.1 Budget 2016-17 set out the departmental budget allocations for the coming year and was approved by the NI Executive on 17 December 2015 and ratified by the Assembly in January 2016.

2.2 The In-year Monitoring process provides a formal system for reviewing spending plans and priorities in this financial year in light of the most up to date position. The Executive's Budget published departmental allocations at Unit of Service level. In light of the complexities of the departmental restructuring and to allow incoming Ministers to reflect their own priorities all departments will be offered the opportunity to reallocate these resources across Spending Area's in the first Monitoring round of the year. Further details will be provided in the commissioning letter and database guidance for that round.

2.3 The In-year Monitoring process is designed to aid good financial management and ensure that resources are directed towards the Executive's highest priority areas. The process is not intended to facilitate the re-opening of the agreed Budget position and **departments must treat all allocations set in the course of the Budget process as ceilings. Departments should seek to manage their activities to contain spending within those ceilings, unless and until any increase is agreed by the Executive.**

Scope of Monitoring Process

2.4 The monitoring process is concerned with departmental **budgets**, as opposed to **Estimates**, which are subject to separate guidance. In terms of principle, Main and Supplementary Estimates should reflect, rather than drive, departmental budgets – thus, for example:

- Main Estimates should **reflect** the position established in the most recent Budget process (except where any change has been approved by the Executive in the interim, or where a classification change has been introduced); and

- Supplementary Estimates should take account of In-year Monitoring changes and be written to the January Monitoring position (or other position as specifically advised by DoF at the time).

It should be noted that DoF Supply approval to virement, in the context of Estimates, **does not** convey approval for changes to departmental budgets.

SECTION 3: OVERVIEW OF THE 2016-17 MONITORING PROCESS AND TIMETABLE

Introduction

3.1 The Public Spending Directorate (PSD) within DoF is responsible for co-ordinating the In-year Monitoring process and providing advice to the Minister of Finance on the proposals for each round. The Finance Minister will then bring his proposals to the Executive for approval.

3.2 Central Expenditure Division (CED) will issue a commissioning letter in respect of each monitoring round to notify departments of the scope of the exercise and the deadline for returns.

3.3 All departments should use the forms attached at **Annex C** when submitting requests for changes to budgets. Note that departments, with the exception of minor departments are no longer required to submit forms for IR and IRUOS transactions (see 6.10). However, they may do so if they wish. Departments should also ensure that all transactions are entered onto the RBM database by the closing date for each exercise. Detailed database guidance will issue to departments prior to each monitoring round.

Timetable

3.4 The indicative timetable for the In-year Monitoring rounds in this financial year is set out in Table 1 overleaf. However it may be necessary, in light of emerging public expenditure issues throughout the year, to commission ad hoc monitoring rounds or to adjust the timing of planned monitoring rounds. CED will notify departments as to any change in the proposed timing and scope of any future rounds.

Table 1: Indicative Timetable for 2016-17 In-Year Monitoring Rounds

	June	October	January 1st stage	January 2nd stage
Departmental Returns	1 June	3 October	8 December	3 January
Executive Meeting	23 June	20 October	N/A	12 January
Assembly Statement	27 June	24 October	N/A	16 January

Note: Timings for Executive meetings or Assembly Statements have not yet been confirmed. The January Monitoring round will be split into 2 stages, the first stage will be to allow technical changes which will not require Executive approval to be processed in advance of the tight turnaround in January. This will assist with the preparation of Spring Supplementary Estimates.

4: MONITORING STRUCTURE

Public Expenditure Structure

4.1 The Departmental Expenditure Limit (DEL) is the key control for public expenditure and it is within the DEL that resources are planned, managed and redistributed during the In-year Monitoring process. The presentation of figurework is on the basis of a clear separation between Resource DEL and Capital DEL.

4.2 The HM Treasury (HMT) public expenditure control framework distinguishes between ring-fenced Resource DEL (depreciation and impairments) and non ring-fenced Resource DEL. The Budget Exchange Scheme also operates within this framework. It is therefore crucial that the Executive are presented with information which transparently separates ring-fenced and non ring-fenced Resource DEL expenditure. The presentation of information to the Executive in monitoring rounds will continue to focus on the non ring-fenced element, which can be reallocated in line with Executive priorities.

4.3 Depreciation, impairments and Student Loan Subsidy Impairment (scoring in DEL) remain ring-fenced within Resource DEL. To allow this to be managed, separate categories of expenditure within the Resource DEL boundary (DEL Admin Depreciation/Impairments; DEL Resource Depreciation/Impairments; and Student Loan Subsidy Impairment) will continue to be used to record these costs. HM Treasury do not permit movement of resources out of ring-fenced Resource DEL. Therefore any movements into or out of these ring-fenced categories should only be proposed in exceptional circumstances and will continue to be subject to DoF approval. Changes may be limited to corresponding movements in the opposite direction from other departments.

4.4 Financial Transactions Capital DEL is ring-fenced within Capital DEL and can only be used for loans to, or equity investment in, the private sector.

To allow this to be managed, a separate category of expenditure within the Capital DEL boundary has been created to record these transactions.

4.5 To maintain the clear separation of Resource DEL and Capital DEL the following structure will be maintained with each of the distinct elements being controlled independently:

- **Non Ring-fenced Resource DEL** (which scores recurrent expenditure, and sometimes termed Fiscal Resource DEL or FRDEL by HMT);

- **Ring-fenced Resource DEL** (which scores depreciation and certain impairments, sometimes referred to as non-cash);

- **Student Loan Subsidy Impairment**;

- **Capital DEL** comprised of capital grants (grants to third parties which will be used to acquire fixed assets) and capital expenditure (which comprises capital investment and acquisitions), this is sometimes termed Fiscal Capital DEL or FCDEL by HMT;

- **Ring-fenced Financial Transactions Capital DEL** comprised of loans and equity investment in the private sector, and sometimes termed FTC; and

- **Other ring-fenced areas** – for example, EU Co-operation Programmes (PEACE and Interreg), Change Fund, T:BUC (Shared education and housing capital projects funded by RRI Borrowing as agreed under the Economic Pact), and various streams of funding secured under the Stormont Agreement and Implementation Plan (the 'Fresh Start' Agreement) . These will also be controlled on the basis of the category into which they fall i.e. non ring-fenced Resource DEL, Capital DEL etc.

4.6 The departmental structure used for monitoring rounds is based upon that established as part of the Budget 2016-17 process - i.e. Department, Objective and Spending Area, with Unit of Business (UoB) and Record Number further underlying this. Units of Business and record lines will be created as necessary within this structure to record any new ring-fenced allocations.

SECTION 5 – CONTROLS AND PRESENTATION

Introduction

5.1 This section sets out the main controls and presentation with respect to Resource DEL and Capital DEL.

5.2 The fundamental principle in respect of the public expenditure control framework is that NI departments must not incur expenditure in excess of the amounts that have previously been approved by the Executive. In particular, whilst departments have a degree of discretion as regards the use of resources this must not result in an overspend against budgetary controls. This applies regardless of the circumstances involved and departments will be expected to take all possible steps to avoid an overspend.

De Minimis Threshold

5.3 The de minimis threshold is the level above which reduced requirements are taken for reallocation by the Executive. It is also the level below which a bid will be not normally be included in monitoring papers for consideration by the Executive. At present this threshold is set at £1 million within each category. It is measured against movements into and out of Units of Business. The threshold is also applied to the total value of any single transaction, regardless of the number of Units of Business this may impact upon, i.e. a bid for salary costs may cut across a number of Units of Business but be below the de minimis threshold for individual Units of Business. In this instance, it is the totality of the bid that will be considered and not its individual components.

5.4 Under exceptional circumstances bids below the de minimis threshold may be accepted for inclusion in monitoring papers. The general rule will however be that departments should address these pressures from within their existing budget allocation. If transactions are being submitted under exceptional circumstances additional supporting information must be provided.

5.5 For reduced requirements, departments are free to retain those below the de minimis threshold for re-distribution across Objectives, Units of Service and Units of Business but this **must** be within the same category of expenditure (i.e. non ring-fenced Resource DEL, ring-fenced Resource DEL (Depreciation/Impairments) or Capital DEL). Reduced requirements in ring-fenced Units of Business or in respect of allocations for specific purposes must be surrendered irrespective of amount. CED will send departments a list of their ring-fenced Units of Business along with reports confirming their opening Monitoring position.

Movement of Resources

5.6 As in previous years, there is no formal limit on the level of administration costs. It is for individual Ministers to decide on the proportion of their budget that is allocated to frontline services or administration costs. This decision does not remove the need to record information at that level and any movement between frontline services and administration costs must be recorded and will be monitored by DoF and the Executive at each monitoring round. This movement will not be subject to Executive approval but departments should provide explanations for significant movements.

5.7 Executive approval is required for **any** proposed movement of resources, regardless of amounts, between Resource DEL and Capital DEL. It should be noted that the movement of resources across expenditure categories, including between Resource DEL and Capital DEL is restricted to certain specific circumstances and more detail on this is set out in paragraph 5.16.

5.8 Within the Resource DEL, movement of resources from ring-fenced categories is restricted by HM Treasury. DoF approval is required for any movements into or out of the ring-fenced Resource DEL (i.e. Depreciation/Impairments or Student Loans). This is because the movement of resources from ring-fenced Resource DEL is not permitted by HM Treasury meaning any changes may need to be offset by opposite movements in other departments to ensure management of the Block position. Therefore any movement out of ring-fenced Resource DEL should only be proposed in exceptional circumstances, as detailed in paragraph 5.16 below. The changes must also be within the Admin and Resource boundaries. Movements between Admin and Resource can be facilitated through a separate transaction.

5.9 Movement of resources as a result of a proactive management action to limit spending in one area to fund a pressure in a higher priority area should be submitted to DoF for consideration on an ongoing basis to allow DoF Supply to agree the proposal prior to monitoring rounds. Executive approval for these changes will be sought at the next available opportunity. These transactions are known as Proposed Reductions/Reallocations.

5.10 It is each department's responsibility to ensure that all resource movements are in compliance with these guidelines and the HM Treasury budgeting rules. Movements should be made in a transparent manner, using appropriate codes and as few transactions as possible. Also, departments must surrender reduced requirements at the first available opportunity to ensure that these can be reallocated by the Executive in a timely manner. This is necessary to ensure effective management of the overall block within the HM Treasury control totals. **DoF will monitor all movements of resources notified by departments and will query transactions that appear to be inconsistent with the budgeting guidance.**

5.11 All proposed movements must be made stating four identifiers:

- Unit(s) of Business;

- Expenditure Category(ies), i.e. Admin, Admin Depreciation/Impairments, Other Resource, Other Resource Depreciation/Impairments, Capital, FT Capital;
- Transaction Type, i.e. bid, reduced requirement, etc.; and
- Description – this should clearly describe the nature or reason for the transaction, and **should not restate the code or category being used. This description will be reproduced in the tables accompanying the Executive paper and statement to the Assembly.** More information on descriptions is provided in paragraphs 6.5 to 6.8.

Reduced Requirement (RR)

5.12 Reduced requirements are amounts arising as a result of:

- increased levels of receipts not inextricably linked to additional expenditure necessarily incurred;
- unplanned asset sales (i.e. above those included in the relevant budget position);
- a service or function requiring less than its existing provision;
- an allocation for a specific purpose not able to be spent on the intended project or function;
- savings from changes to pay/price assumptions; and
- a decision to cease or reduce a service or function (other than departmental proposals for the reduction/cessation of expenditure lines to meet pressures arising elsewhere with the department).

5.13 All reduced requirements above the de minimis threshold must be surrendered as early as possible in the financial year. To help aid the effective management of the overall expenditure position, **departments must notify DoF Supply of any reduced requirements on an ongoing, timely basis as soon as these are known**. Departments must also reflect any such reduced requirements in their monthly Forecast Outturn returns as soon as they are identified. Separate guidance will issue on the

Outturn and Forecast Outturn process. There are special arrangements applying to the Department of Health as detailed in paragraphs 5.50 – 5.51.

Bids (BID)

5.14 Bids identified by departments will only be considered as part of the monitoring process if they:

- are above the de minimis threshold (unless exceptional circumstances apply, in which case departments must provide detail of the exceptional circumstances underpinning any bid submitted)
- clearly demonstrate the potential impact on the Executive's Programme for Government commitments;
- are consistent with departmental aims, objectives and priorities and contribute to the achievement of departmental targets; and
- comply with the statutory equality obligations and the need to consider the implications in terms of anti-poverty and social inclusion.

5.15 Allocations subsequently approved by the Executive should be treated as ceilings and used for the specific purpose intended.

Category Switches (RECLASS, RES2ADMIN, ADMIN2RES, TAD/I)

5.16 Under certain circumstances departments may request to transfer budget cover from one category to another. Approval for such requests will depend upon the overall NI block position and therefore should not be assumed. The circumstances for such requests are listed below:

- Where a Minister has decided to transfer budget cover between administration and frontline services;
- Where budget cover has transferred from another department in the wrong category;

- Where original allocation was incorrectly classified or where the allocation is now in the wrong category **as a result of a change in accounting treatment;**
- Where a category switch forms part of a pro-active management action; and
- In the case of movements between resource and admin, where a reclassification is necessary as part of a department's decision to reallocate funds using the de minimis code.

If a department feels that a category switch is appropriate and outside of this list they should contact DoF Supply for guidance.

5.17 The category switch proposed by departments should be **within the same Unit of Business**. Any movement across Units of Business or Units of Service should be discussed with Supply and then processed separately within the monitoring guidelines.

5.18 The movement being requested by departments will determine the code to be used. If the movement requires Executive approval, i.e. crossing the Resource and Capital boundaries, use RECLASS. If the movement requires DoF approval, i.e. into or out of Depreciation/Impairments but remaining within either the Admin or Resource boundary (e.g. from Admin to Admin Depreciation) use TAD/I. If the movement is a result of a Ministerial decision to reallocate funding to or from frontline services or administration use RES2ADMIN or ADMIN2RES as appropriate.

5.19 Some examples of proposed movements which will need to be processed in two stages are detailed below:

  - From Resource to Resource Depreciation, crossing Unit of Business - in such cases departments should submit proposals for a TAD/I and then an IRUOS;

- a movement crossing Unit of Business and category (e.g. from Admin in A0101 to Resource in A0103), this should be processed as an IRUOS and then an ADMIN2RES.

Proposed Reduction / Reallocation (PRORED/PROALL)

5.20 In view of the constrained financial position, departments will continue to be afforded the opportunity to manage their own pressures. Departments will have an opportunity to put forward proposals to their Supply team to proactively limit the level of expenditure on specified services or functions in order to release resources to meet pressures in other high priority areas within the department.

5.21 The key distinguishing factor associated with these transactions is that the scope to release resources arises from proactive management actions to limit expenditure in order to release resources for reallocation. Departments must not reallocate reduced requirements using this mechanism, and these should continue to be surrendered in the normal way.

5.22 Proactive management actions require the **agreement of DoF Supply before inclusion in the monitoring paper** to the Executive for approval. It is therefore in the departments' interest to seek early engagement with DoF Supply on proposed proactive management actions. It is the departments' responsibility to ensure that proposals are submitted early to allow DoF Supply sufficient time to scrutinise in advance of the monitoring round. Failure to do so may risk a proposal not being included in the Executive paper for approval.

5.23 In the circumstances where a department proposes an above de minimis reduction/cessation of expenditure (proposed reduction), it will be considered jointly with the associated proposed allocation and DoF will recommend that either both, or neither, be approved. Proposals below the de minimis threshold will only be considered in exceptional circumstances.

5.24 If the proactive management actions cross expenditure category, a classification switch should be processed separately in line with paragraphs 5.16-5.19. However, it should be clearly indicated that the two transactions are linked. The two movements will then be considered together and either agreed by DoF Supply for inclusion in the Executive paper or rejected.

5.25 While these requests are for two separate but linked transactions, the descriptions provided should be specific to each half. The description provided for the reduction side of the transaction should clearly describe the function being limited and the description provided on the allocation side of the transaction should clearly describe the function being provided for.

<u>Reallocation within Unit of Service (IRUOS)</u>

5.26 A reallocation within a Unit of Service allows a department to move resources within the same Unit of Service and the same category of spend, for any amount. They do not require Executive approval and non ministerial departments should notify DoF Supply through submitting the relevant form. All movements using the IRUOS code should be input to the RBM database.

<u>Internal Reallocations within a Unit of Business (IR)</u>

5.27 Internal reallocations represent the movement of resources within the same Unit of Business and category of expenditure. They do not require Executive approval and non ministerial departments should notify DoF Supply through submitting the relevant form. All movements using the IR code should be input to the RBM database. Additional validation on RBM will only permit the increase of expenditure on one line if funded from a reduction of expenditure on another line; similarly increase in receipts will only be permitted if another receipts line is reduced. If a department wishes to increase receipts on one line and expenditure on another this cannot be completed using an IR, this should instead be completed using the increased receipts and spend codes provided for that purpose (paragraphs 5.40 and 5.41).

De minimis Transfers (DEMIN)

5.28 A de minimis transfer allows departments to move resources, within the same category, across Objectives and Units of Service up to the de minimis threshold. The threshold is set at £1 million on the receiving and originating Unit of Business, for each category and is in respect of the **cumulative value of all de minimis transfers during the financial year**.

5.29 De minimis transfers within a Unit of Service are exempt from this control and to facilitate the management of the de minimis rule, departments should ensure that such transfers are processed as ‘Reallocations Within a Unit of Service’ (IRUOS) and not as ‘De minimis Transfers’ (DEMIN).

5.30 **The de minimis rule applies to the whole of the financial year** and not to an individual monitoring round in isolation. That is to say, it is the total value of transfers over the course of the year that counts towards reaching the threshold – not the total in any one particular monitoring round. CED will advise departments at each monitoring round the value of de minimis transactions already processed within the year.

5.31 Once the de minimis threshold has been reached for a particular Unit of Business, it will no longer be possible to move further resources using de minimis transfers mechanism.

Technical Transfers (TA/TAFTC/TANI)

5.32 Technical transfers are the movement of resources between NI departments (TA) and these will be checked and monitored by DoF Supply. Departments should co-ordinate and agree all such changes in advance to ensure that both sides of a potential transfer are processed during the same monitoring round. DoF Supply will remove all transactions which are not balanced from the monitoring round.

5.33 Guidance on the recording of FTC loan repayments has been issued to departments, and is also provided at Annex D. The recording of FTC loan repayments will require a technical transfer from the department to the Centre, and as such will not balance against another department. A separate code (TAFTC) will be made available for these transactions.

5.34 Transfers between NI departments and other Devolved Administrations or Whitehall departments (TANIxx where xx is a number allocated by CED) should be processed in accordance with the HM Treasury guidance detailed in the Public Expenditure System paper on “Hard Charging and Budget Cover Transfers”, PES 2010 (04). This paper states that budget cover transfers are only appropriate in certain circumstances and **Hard Charging should be the first option in most cases**. Where it is determined that a budget cover transfer is appropriate written confirmation that both departments are in agreement **must** be submitted to PSD or the transfer will not be actioned. HM Treasury processes have been put in place for such transfers with the introduction of OSCAR, and CED will use the information provided by departments to liaise with the relevant Whitehall department to ensure that the proposed transfer conforms with this process **before** being actioned on RBM. Only when the relevant Whitehall department confirms the proposed action with CED will the relevant code be made available to the department. It is the responsibility of departments to engage with both the relevant Whitehall department and PSD as early as possible to ensure that the code can be made available and transaction keyed before the Monitoring deadline.

Non DEL Transactions

5.35 Non DEL transactions are changes to expenditure lines outside of DEL that do not net to zero and adjust spending plans in Annually Managed

Expenditure (TAAME), Non Departmental AME (TAOTHAME), and Non Budget Expenditure (TANONBUD) to reflect more up to date information.

5.36 Changes to AME can be processed at each monitoring round. Where advised by CED these changes should align to the AME forecasts commissioned for the purpose of informing the Office for Budget Responsibility AME update exercises. CED will advise in commissioning letters where alignment is required.

5.37 All other Non DEL transactions may be processed when necessary. Departments should first agree changes with their Supply teams.

5.38 We will continue to assist departments with the timeliness of NON BUDGET updates. A Non Budget code will continue to be available throughout each monitoring exercise and an additional Non Budget exercise will be opened shortly after notification of the outcome of each monitoring round. As Non Budget information is used calculate the NI Cash Grant requirement which is included in the NIO Estimate, as well as informing our own departmental Estimates it is important this information is up to date and accurate.

Treatment of Receipts (codes are created specifically for this purpose - see Annex A)

5.39 Except where alternative agreements have been introduced (paragraphs 5.40 and 5.41), additional receipts above the level planned in the Budget position cannot be used to offset expenditure. **Where additional receipts are above the de minimis threshold, they must be surrendered as a reduced requirement**, with departments being free to submit a separate bid for the resources if necessary. It is therefore important that receipts are accurately forecast in the Budget process, with any subsequent increases being declared at the earliest possible opportunity.

5.40 Departments may retain additional receipts below the de minimis threshold for internal re-distribution. There is a requirement to record any such additional receipts on the database, along with details of the services this will fund in the same Unit of Business using the codes provided for this purpose (CAP_REC, CAP_INCR, RES_REC, RES_INCR – see Annex A). Use of these codes by departments will be monitored by Supply on a cumulative basis throughout the year. Where additional receipts are below the deminimis threshold but are **inextricably linked** to an increase in expenditure these should be recorded using the codes for linked receipts and expenditure identified in paragraph 5.41. This will avoid unnecessary use of the de minimis codes identified above, however supporting information explaining how these receipts and expenditure are inextricably linked must be provided to DoF Supply for consideration

5.41 In exceptional cases receipts above the de minimis threshold may also be retained by departments when it can be proven that the expenditure and receipts are inextricably linked. If transactions are being submitted under this exceptional circumstance, supporting information must be provided to DoF Supply for consideration and these should also be recorded on the database in the same Unit of Business using the codes provided for this purpose (CAPLINKR, CAPLINKP, RESLINKR, RESLINKP – see Annex A).

5.42 In order to spend the resources generated through receipts they must fall under the definition of an Accruing Resource in Estimates. As a consequence the capacity of departments to spend or reallocate additional receipts to another area is limited. Departments should consult with their Supply teams to ensure that any planned changes do not contradict the recording of accruing resources in Estimates.

Summary of Transactions

5.43 In summary the movement of resources during the monitoring exercises will be captured by one of the following types of transactions (change code in parenthesis):

Executive Approval required:

- Bid (BID);
- Reclassification between categories of expenditure (RECLASS).
- Proposed Reduction / Reallocation (PROALL, PRORED);

Notified to the Executive:

- Reduced Requirement (RR).

DoF approval required:

- Movements into or out of Depreciation / Impairments within the same Unit of Business and within the Admin and Resource boundaries (TAD/I);
- Non-DEL Transactions (TAAME, TAOTHAME, TANONBUD).

Notified to DoF:

- Movements between Admin and Resource within the same Unit of Business (RES2ADMIN or ADMIN2RES);
- Reallocation within the same Unit of Service and category (IRUOS);
- De minimis increases in receipts and associated spend within the same Unit of Business and category; (CAP_INCR, CAP_REC, RES_INCR, RES_REC)
- Increases in receipts and inextricably linked spend in accordance with paragraph 5.41 (CAPLINKR, CAPLINKP, RESLINKR, RESLINKP.)
- De minimis Transfers (DEMIN);
- Internal Reallocations within a Unit of Business (IR);

- Technical Transfers with other departments/administrations (TA, TAFTC, TANI).

Ring-fenced Areas

5.44 Ring-fenced areas are those in which the budget allocation cannot be used for any other purpose than that for which approval was initially granted. **While allocations to these funds will be made using fund specific codes, easements should be returned as reduced requirements, clearly indicating that they relate to ring-fenced funding**. The use of other codes is not permitted against ring-fenced funds. However, if a department identifies a legitimate need for a different transaction, for example movements between Change Fund allocations, or movement of centrally held funds between Departments then departments should discuss with their Supply team in the first instance. They will then be advised of which code to use in processing the transaction on the RBM database.

5.45 Paragraph 4.5 noted some examples of ring-fenced areas and more detail is provided below. The Budget 2016-17 outcome included setting aside funding for the Delivering Social Change agenda and Atlantic Philanthropies. Allocations from these Funds will only be made following the approval of the Executive Office. Once an allocation has been approved, the relevant code from Annex A will be used to update the budgets for that department on RBM. If any allocation received from these Funds cannot be used for the purpose intended it should be returned to DoF immediately as a Reduced Requirement for reallocation.

5.46 The ‘Fresh Start’ Agreement provided additional funding for 2016-17 which has been enhanced by Executive funding and set aside for specific purposes. This has created a number of new ring-fenced spending areas in respect of Dealing with the Past, Addressing Paramilitary Activity, A Shared Future, Shared and Integrated Education and Shared Housing, Welfare Reform support measures, funding to tackle Welfare Fraud and

Error and a Public Sector Transformation Fund. Where not allocated through the Budget process, allocations in respect of these ring-fenced areas will be made to departments in-year using specific codes. Where appropriate, ring-fenced Units of Business will be set up in the relevant monitoring round and departments will be advised of any new codes in the monitoring round commissioning note or database guidance. The Public Sector Transformation Fund is subject to separate monitoring arrangements through Public Sector Reform Division, however if any allocation received from the ring-fenced funds detailed cannot be used for the purpose for which it was allocated it should be returned to DoF immediately.

5.47 The Stormont House Agreement set aside £700 million over 4 years for the Public Sector Transformation Fund and this has been confirmed through the ‘Fresh Start’ Agreement. In Budget 2016-17 a number of allocations have been made to departments in respect of this, with the potential for further allocations or reallocations to be made in-year. Public Sector Reform Division (DoF) will advise CED of any changes to allocations under the Public Sector Transformation Fund and these transactions will be notified to departments and keyed centrally.

5.48 North South Bodies are recorded on RBM as NDPBs. Budgetary changes which would increase the Northern Ireland Executive contribution to the cash related elements of the budgets of North South Bodies should not be included in monitoring round returns until the relevant NSMC process has been completed. If this causes a particular difficulty departments should consult their Supply Officer who may agree to waive this requirement in exceptional circumstances. However, it must be noted that that increased cash payments should not be made until the necessary approvals are in place. Should internal reallocations within the same category, changes to non-cash items, or changes to AME items be required these can be processed within the normal monitoring round rules.

Change Fund

5.49 Budget 2015-16 provided allocations from the newly established Change Fund to departments for a range of discrete projects that are focussed on driving forward reform initiatives. This Fund will continue in 2016-17 and allocations will be ring-fenced and actioned through the in-year monitoring process. The Cross Cutting Review (CCR) element of the fund will be managed by Public Sector Reform Division (DoF) who will collate information from departments and provide a return in each Monitoring round. Departments must inform PSRD if funding allocated under the CCR cannot be used for the purpose intended. Change Fund allocations that cannot be used for the purpose intended by the Executive should be returned to DoF immediately as a Reduced Requirement for reallocation.

Department of Health (DoH) – Flexibilities

5.50 The flexibilities previously granted to DHSSPS will continue for DoH in 2016-17. These flexibilities relate to Resource DEL only, with the **exception** of ring-fenced allocations which cannot be used for any other purpose. DoH should in the first instance undertake movements of resources in monitoring rounds in line with the monitoring guidelines (and codes) applicable to all other departments. Only movements relating to the additional flexibilities agreed by the Executive should use the TADOH code. The flexibilities are set out below:

- automatic retention of Resource DEL reduced requirements;
- full flexibility to reallocate Resource DEL reduced requirements to other areas within DoH;
- full flexibility to reallocate any Resource DEL expenditure to higher priority areas within the same category of spend;
- no Resource DEL bids to be tabled by DoH, unless in the event of major and unforeseeable circumstances (this condition does not preclude an allocation being made to DoH).

5.51 The department will still be fully involved in monitoring rounds and ensure that all transactions are entered onto the RBM database accurately and in a timely fashion. DoH must also declare Capital DEL reduced requirements and may also submit Capital bids as necessary.

European Structural Funds Programmes

5.52 The treatment of European Structural Funds will vary depending on whether the programme is ring-fenced or not. In the case of ring-fenced provision, agreed changes will be handled as Technical Transfers and DoF EU Division (EUD) will have an approval role. If the provision is not ring-fenced it is treated in the same way as other non-EU provision as detailed above. Where a bid or reduced requirement includes an EU element this should be clearly indicated.

European Territorial Co-operation Programmes - Peace IV Programmes and INTERREG V Programmes (TAPEACE/TAINTERREG).

5.53 Allocations to PEACE IV (including Match Funding) and INTERREG V Co-operation Programmes (including Match Funding) should be treated as ring-fenced within departmental baselines. Changes to these should be submitted with departmental returns and should be copied to EUD. EUD will be responsible for approving allocations and no change will be accepted without EUD approval. All agreed changes will be treated as Technical Transfers.

Outstanding EU Directives

5.54 Departments are expected to cover, from within their own baselines, any fines/damages incurred as a result of a failure to implement a directive on time unless there are exceptional, extenuating circumstances. In addition the costs of any new measures from Brussels should, in the first instance, be funded from within departments existing baselines.

EU Income from Previous years

5.55 Departments recording EU funded spend in each year are expected to also record EU income to offset this expenditure. We recognise that it is also possible that a department may be entitled to record EU income related to a previous years' expenditure as a result of EU approval of an application for funding being received. This income should be recorded as a benefit to DEL but cannot be used by the department to offset the related expenditure as this occurred in a previous year. The department should therefore record this as EU CFER income in DEL and as a Reduced Requirement on the RBM database at the first opportunity.

Provisions

5.56 The take up, movement and release of provisions are recorded in AME. The utilisation of provisions represent a pressure in DEL, with the corresponding easement (the release of the provision) recorded in AME. Movements between DEL and AME are not permitted. Departments must plan to meet any future DEL pressure resulting from the use of provisions from within their existing budget allocation.

5.57 When establishing or increasing provisions departments must therefore bear in mind the future budget implications of these decisions. In particular, departments must ensure that there is adequate DEL budget cover to fund utilisation of provisions. **There must be no expectation that the DEL pressure resulting from the utilisation of provisions will be addressed centrally.**

Departmental Ministerial Approval

5.58 DoF recognises that departmental officials will wish to clear any proposed bids with their Minister prior to the submission of monitoring returns to DoF. It is important to note, however, that notification of reduced requirements to departmental Ministers is on a "for information" basis only, as any and all **reduced requirements**, as defined in paragraph 5.12, **must automatically be surrendered by departments at the earliest possible opportunity**. Departments will be expected to provide an explanation as to why it was not possible to surrender each reduced requirement at an earlier stage.

Engagement with Departmental Assembly Committees

5.59 Assembly Committees have an important role to play in the scrutiny of departmental spending plans. For that reason departments must ensure that they engage fully with their Assembly Committees in respect of the In-year Monitoring process. The extent and timing of this engagement is obviously a matter for individual Committees. However, there should be early engagement with Committees in order to establish their requirements. DoF recommends that Committees should be kept informed of financial matters on an ongoing basis.

SECTION 6: MONITORING INPUTS – RBM DATABASE REQUIREMENTS

General

6.1 All proposed monitoring changes should be keyed onto the RBM database at the **Unit of Business** level and split between Admin; Admin Depreciation/Impairments; Other Resource; Other Resource Depreciation/Impairments; Capital and FT Capital. All monitoring changes should correctly allocate resources to the correct Unit of Business in the first instance. If movements are from one Unit of Business to another this should be completed directly and not as a series of movements. Supply teams will query with departments where it appears that resources are being moved into and then out of the same Unit of Business. These transactions could be removed from the exercise if there is no sound rationale provided to justify them.

6.2 CED will issue guidance on the input of data onto the RBM database before each monitoring round detailing any transactions specific only to that round. Departments should ensure that the correct database code is used for each transaction. In particular, changes to ring-fenced areas will only be accepted if the code relevant to that area is used. **Annex A** provides a list of codes which are usually available for each monitoring round and a flowchart is included in **Annex C** to assist in deciding which code to use. New codes relevant to each round may be set up as required and departments will be informed of these via the database guidance for that particular round.

6.3 Each code created on RBM will have a set list of allowable categories that transactions should be processed against. When keying onto RBM care should be taken to ensure that the monitoring change is keyed to the correct category. If a code does not include a category you wish to use contact either your Supply team or CED.

6.4 Transactions submitted should include any consequences for other expenditure categories, where appropriate, to ensure that the full implications of changes are considered together. In addition to the direct implications for each bid, reduced requirement and technical transfer, departments should also indicate the implications for the associated costs. For example, where a bid for additional capital investment would result in increased depreciation costs, if the bid were met, then both elements should be submitted as a bid, unless the department can meet the additional depreciation costs from within its existing resources.

Descriptions

6.5 Each transaction **must** be accompanied by a meaningful description, which accurately conveys **the reason for the change. It is not sufficient, nor correct, to simply identify the business area where the change is actioned or the category of expenditure**.

6.6 **Where a transaction will be included in an Executive paper the descriptions entered on RBM will be used in the preparation of Executive Papers and for publication, as appropriate.** It is therefore important to avoid statements such as ‘Resource requirement’ which do not convey sufficient meaning. While RBM no longer includes a restriction on the number of characters allowed, departments should be mindful of the amount of text that can be shown on a report or Executive paper table. Each description should not usually be any longer than 40 characters in length but if a longer description is necessary for clarity in the Executive paper, this should be provided.

6.7 Descriptions should be input in **title case** and **should not contain a ‘£’ sign**. Use of acronyms should be kept to a minimum and you should not assume that the Executive has a detailed understanding of the business area.

6.8 Technical Adjustments and movements between departments should continue to identify the departments involved, the direction of movement and description of the transfer. If these transactions relate to FTC repayments then a separate code is available for this purpose.

Supporting Information Requirements for each Transaction

6.9 In order to facilitate a comprehensive consideration of the proposals submitted by departments, supporting information is required for each transaction requiring Executive or DoF approval. This information may also be used for briefing material for Assembly business, it is therefore essential that detailed information is provided on the monitoring forms and that your DoF Supply team is fully apprised of the underlying details.

6.10 The monitoring forms, included in **Annex C**, have been designed to capture all relevant information relating to each transaction. **It is therefore important that monitoring forms are completed for all transactions (not only those requiring Executive approval) and forwarded to DoF. Ministerial departments are not required to submit forms for IR and IRUOS transactions.**

6.11 All DEL items (above de minimis levels) must contain the relevant information on the equality and anti-poverty implications (see Section 9). Any item without this information will not be accepted or considered during the monitoring process and will be returned to departments.

6.12 Departments will be required to identify the reason for resources being surrendered. An explanation of the *timing* of the surrender is also important, given the need for funds to be surrendered as early as possible. In the context of the requirement to surrender reduced requirements on an ongoing basis, departments will be subject to challenge by DoF Supply to ensure early surrender of reduced requirements.

6.13 In the case of bids, these should be classified into one of two categories and the description of bid should identify which category applies:

- New projects which the department wishes to do – split between issues not previously logged (in either Budget or Monitoring) and issues logged unsuccessfully; or

- Projects which the department has planned but where the cost has increased – split between pure cost increases and volume increases (i.e. doing more than originally planned).

6.14 In the case of cost pressures, departments should distinguish between internal and external factors, i.e. internal costs would be an increase in departmental pressures, whereas a possible external factor would be an increase in supplier charges.

6.15 Departments should provide detailed supporting narrative for each transaction on the standard supporting information form agreed with their Supply Officer. The completed forms should be forwarded to the relevant Supply Officer and copied to CED along with other monitoring material. **All** of the following headings should be covered, where specified, for each transaction: -

Departmental priority - departmental bids must be categorised as inescapable, pre-committed, high priority or desirable (see **Annex B** for guidance) and ranked in priority order (i.e. 1, 2, 3 etc.). [Bids only]

Description – a short, meaningful description of the transaction (around 40 characters). Avoid repeating the Expenditure Category and code used. Also avoid use of acronyms. [Bids, Reduced Requirements and Proposed Reduction / Reallocations]

Reason for Request i.e. need/justification - an explanation of the transaction and why it is required, with particular emphasis on how it will address the needs identified and what the impact of the transaction is in terms of outputs. [Bids, Pro-Reduction/Allocation]

Reason for Reduced Requirement - an explanation of why the Reduced Requirement is being offered and why the transaction could not have been put forward at an earlier stage. Reduced Requirements should be classified as one of the explanations as set out in paragraph 5.12. [Reduced Requirements only]

Consequences if transaction not approved - an indication of how the pressure will be handled if the transaction is unsuccessful. Simple statements suggesting <u>that the service will not be provided should be avoided.</u> The impact on specific outputs in the areas affected should be included, expressed in terms of impact on key public service delivery targets and Reform Plans [Bids, Pro-Reduction/Allocation].

Impact on Key Priorities - One of the overriding concepts of Resource Accounting and Budgeting (RAB) is the linking of expenditure to public service objectives and targets. It will therefore be important to demonstrate the impact of the proposal on the key commitments set out in the Executive's Programme for Government. It will also be important to set out how the proposal will contribute towards the department's own objectives.

Impact on Statutory Equality Obligations and anti-poverty - DoF would not expect the implications of most monitoring transactions to be as significant as those arising in the course of the Budget process covering large amounts over a number of years, including policy developments, etc. However, given the statutory obligations under the NI Act 1998, departments should deal with this requirement rigorously and inform DoF of any adverse equality implications in accordance with paragraph 9.7. [Bids, Reduced Requirements and Proposed Reduction / Reallocations].

General comment - any other supporting information that the department considers is relevant to the transaction e.g. if there are any relevant GB (or other) indicators. [Bids, Reduced Requirements and Proposed Reduction / Reallocations].

SECTION 7: OUTTURN AND FORECAST OUTTURN

7.1 Each UK Government department and all Devolved Administrations have an obligation to provide HM Treasury with monthly outturn and forecast information to facilitate the compilation of national statistics on public expenditure, and to allow HM Treasury to fulfil its role in monitoring the performance of departments and Devolved Administrations against their agreed expenditure limits.

7.2 In order to allow DoF to comply with HM Treasury requirements, NI departments are required to provide on a monthly basis, details of actual DEL, AME and Other AME spend for the preceding month(s) and forecast spend for the remaining months of the financial year. Separate guidance setting out the requirements and timetable for providing monthly outturn and forecast outturn information is issued to departments.

7.3 DoF use the monthly outturn and forecast outturn information provided by departments to inform decision making during the In-year Monitoring process. Therefore, the importance of timely and realistic actual and forecast outturn cannot be overstated. Furthermore the Outturn and Forecast Outturn information, including forecasting accuracy data, will continue to be provided to the Finance Committee on an ongoing basis.

7.4 As in previous years, departments will have the flexibility to incorporate transactions in advance of a monitoring round provided that (i) Executive approval is not required for the transaction, (ii) category switches are not anticipated (with the exception of movements between admin and resource), and (iii) that **a full explanation is provided in the return**. This means that reduced requirements should be reflected in the forecast outturn return as soon as possible, even if it is in advance of a monitoring round.

7.5 Departments should therefore always ensure that any predicted underspends are forecast and notified to DoF as soon as they are identified as this provides useful management information for the Block. DoF will not unilaterally adjust departments budgets based on the forecast outturn information received although departments will be asked to provide explanations for significant projected underspends.

7.6 Also, as in previous years, departments can and **should** depart from the amounts recorded as plans and forecast the most up to date information on their AME record lines. Departments are not constrained by the amounts forecast in the AME exercises sent to the Office for Budget Responsibility (OBR) or the last monitoring position except when advised by CED.

7.7 Forecast outturn provides departments with the first opportunity to forecast accurately the release of provisions in AME. There is of course a DEL consequence of forecasting a release of a provision and this should also be taken into account. More details will be included in the Outturn and Forecast Outturn guidance.

7.8 As HM Treasury uses this data as a key performance indicator, the importance of timely and accurate returns is paramount. A late return (and thus delaying the NI return) or inaccurate data provided by even one department may undermine our credibility with HM Treasury. A key measure for HM Treasury in determining the usability of our forecast is the variance between the final forecast for a particular month when compared to the actual outturn reported in the following month. Departments should therefore ensure that the information provided is accurate, paying particular attention to the amount forecast for the following month. Where there are significant differences between the outturn subsequently reported and the forecast originally provided explanations will be sought from departments.

7.9 In summary, DoF will utilise the outturn and forecast outturn information for a number of financial management purposes, including meeting HM Treasury commitments and informing senior management of the in-year position. The information, including forecasting accuracy data, is also provided to the Finance Committee. Given the importance of each of these purposes, it is imperative that the information provided is accurate and realistic and provided in a timely manner adhering to the timetable.

SECTION 8: PROVISIONAL OUTTURN

8.1 This exercise will continue to be carried out in May in accordance with the HM Treasury timetable, which requires details of Northern Ireland's provisional outturn for inclusion in HM Treasury publications. The Finance Minister will also advise the Assembly of the NI Provisional Outturn position, usually in June. While departments may not have definitive outturn information at this time, the monitoring of outturn on a monthly basis will provide a sound basis for a reasonable and robust assessment of provisional outturn. It is essential that the most up-to-date information is used for provisional outturn and departments should consider how best to capture this information internally.

8.2 While the outturn position will be revisited following the completion and audit of resource accounts (to which the final outturn position **must** be reconciled), this should not be used as a justification for any dilution in the quality of the provisional figurework. Significant variances at a departmental level between provisional and final outturn will attract close scrutiny from DoF and may be notified to the Executive due to the impact this may have on carry forward under the Budget Exchange Scheme.

Budget Exchange Scheme

8.3 The Budget Exchange Scheme as applied to the Devolved Administrations was agreed in June 2011. This scheme allows the Northern Ireland Executive to carry forward end of year underspends up to agreed caps of 0.6 per cent and 1.5 per cent in terms of Resource DEL and Capital DEL respectively.

8.4 Departments should note that the Budget Exchange caps in all of the areas noted above provide an upper limit as to the amount of resources that can be carried forward by the Executive as a whole from one year to the next. It does not apply to individual departments. It will be for the

Executive to determine how any resources carried forward should be deployed.

8.5 To enable DoF to effectively manage this process with HM Treasury it is critically important that departments ensure that they minimise end of year underspends and surrender reduced requirements at an early stage. Any end of year underspends at Block level above the Budget Exchange Scheme limits will be lost to Northern Ireland. Sound financial management by departments is critical to ensure that this does not happen.

Schools End of Year Flexibility (EYF) Scheme

8.6 The Executive agreed a schools EYF scheme which allows individual schools to call on their reserves to plan financially and also build up savings in one year with access to these in future years, if desirable. This scheme therefore promotes good financial management within individual schools.

8.7 The schools EYF scheme requires DE to declare the estimated aggregate net drawdown in the June Monitoring round, which will represent a high priority bid. DE will then get an opportunity to revisit this estimate in the January Monitoring round. Any changes after January Monitoring will then have to be managed within DE. The aggregate schools EYF stock at the start of the 2016-17 financial year stands at £38.7 million.

FE Colleges End of Year Flexibility (EYF) Scheme

8.8 The Executive agreed an EYF scheme to enable FE colleges to manage their budgets within the Public Expenditure framework and timetable following their reclassification. The aggregate FE college EYF stock at the start of 2016-17 stands at £18.8 million. DfE should submit details of any drawdown under the scheme in the June Monitoring round.

SECTION 9: STATUTORY EQUALITY OBLIGATIONS

9.1 Section 75 and Schedule 9 to the Northern Ireland Act 1998 came into force on 1 January 2000 and placed a statutory obligation on public authorities to ensure that, they carry out their various functions relating to Northern Ireland, with due regard to the need to promote equality of opportunity between –

- persons of different religious belief;
- persons of different political opinion;
- persons of different racial group;
- persons of different age;
- persons of different marital status;
- persons of different sexual orientation;
- men and women generally;
- persons with a disability and persons without; and
- persons with dependants and persons without.

9.2 In addition, without prejudice to this obligation, Public Authorities are also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion, and racial group. From January 2007 public authorities are also required to have due regard to the need to promote positive attitudes towards people with a disability and to encourage participation by people with a disability in public life. Departments should also give due regard to the anti-poverty and social inclusion implications of any changes submitted.

9.3 The statutory obligations are implemented through Equality Schemes, approved by the Equality Commission, and by equality screening and if necessary carrying out Equality Impact Assessments (EQIAs) on policies. The purpose of the screening and EQIA is to decide whether, through the application of a particular policy, there is or is likely to be a differential impact on one or more of the nine categories listed above.

9.4 Details of commitments to Section 75 are included in Departmental Equality Schemes. Further advice and guidance, in the first instance, should be sought from your Departmental Equality Unit. Copies of the Equality Commission for Northern Ireland's revised "Guidance for implementing Section 75 of the Northern Ireland Act 1998" can be obtained from Departmental Equality Units, from the Equality Commission, or can be downloaded directly from its website at www.equalityni.org.

Departmental Responsibilities

9.5 Departments will be aware that they must ensure they can fulfil their statutory equality and good relations duties, this includes in relation to any amendments proposed to budget allocations. In that respect departments should ensure that all in-year monitoring proposals are screened appropriately by the relevant business area, with input or advice sought from Departmental Equality Units. Sufficient detail and evidence must be provided to enable Departmental Finance Branches to assess the forms and reflect any positive or negative impacts in their advice to Departmental Boards and Ministers. Where there are negative impacts, the advice to the Board, and consequently the High Level Impact Assessments, must include details of mitigations or alternatives proposed. A proposal with negative impacts, which cannot be mitigated, should only go ahead if such course of action can be robustly justified.

9.6 Advice to the Board and Ministers should highlight:

- all proposed changes in expenditure which could have positive differential impacts on equality of opportunity, good relations, lifetime opportunities or the disability duties;
- all proposed changes in expenditure which could have negative differential impacts on equality of opportunity, good relations or anti-poverty but which have been mitigated or are alternatives to the policy proposed; and

- all proposed changes in expenditure which could have negative differential impacts on equality of opportunity, good relations or anti-poverty which cannot be fully mitigated but are justified. Such justifications should be set out clearly.

9.7 Where equality screening identifies potential adverse impacts on the Section 75 groups, departments should highlight the issue to PSD and provide detailed supporting information. Should PSD consider there is sufficient evidence to result in a ‘cumulative impact’ effect then PSD will advise the Finance Minister accordingly. Departments should also ensure that their Minister, as decision-maker, is aware of any adverse impacts.

CODE	DESCRIPTION
DEL Transactions - Notified to Executive	
RR	This code to be used to record any Reduced Requirements
DEL Transactions - Requiring Executive Approval	
BID	This code should be used to record a BID for additional resources, this is the only code for which departments are required to enter a priority value
RECLASS	This code should be used to propose reclassifications between the category boundaries DEL Resource (both Admin and Resource) and DEL Capital
PROALL	This code should be used to record the allocation side of any proposed proactive management action. Proposed allocations should net off against proposed reductions.
PRORED	This code should be used to record the reduction side of any proposed proactive management action. Proposed reductions should net off against proposed allocations.
DEL Transactions – Requiring DoF Approval	
TAD/I	This code should be used to request movement into or out of Depreciation/Impairments, within the same unit of business, but remaining within either the Admin or Resource boundary (e.g. from Admin to Admin Depreciation).
DEL Transactions – to be Notified to DoF	
RES2ADMIN	This code should be used to reflect Ministerial decisions to reallocate resource (frontline services) funding to administration within the same unit of business.
ADMIN2RES	This code should be used to reflect Ministerial decisions to reallocate administration funding to resource (frontline services) within the same unit of business.
DEMIN	This code should be used to record movements within the same category which cross units of service but are permitted under the de minimis rule and up to the de minimis threshold.
IR	This code should be used to record transfers between record lines within a Unit of Business and of the same category and taking account of the rules surrounding movement between payment and receipt lines.

CODE	DESCRIPTION
IRUOS	This code should be used to record transfers between Units of Business within the same Unit of Service. Transactions must be of the same category and should take account of the rules surrounding movement between payment and receipt lines
CAP_REC	This code should be used to record de minimis capital receipts being retained by departments in the same unit of business as the associated increased expenditure.
CAP_INCR	This code should be used in conjunction with CAP_REC to record the de minimis increase in capital expenditure as a result of retaining capital receipts in the same unit of business.
RES_REC	This code should be used to record de minimis resource receipts being retained by departments in the same unit of business as the associated increased expenditure.
RES_INCR	This code should be used in conjunction with RES_REC to record the de minimis increase in resource expenditure as a result of retaining resource receipts in the same unit of business.
CAPLINKR	This code should be used to record capital receipts being retained by departments when it can be proven that the expenditure and receipts are inextricably linked and are recorded in the same unit of business.
CAPLINKP	This code should be used in conjunction with CAPLINKR to record the increase in capital expenditure as a result of retaining the inextricably linked capital receipts in the same unit of business.
RESLINKR	This code should be used to record resource receipts being retained by departments when it can be proven that the expenditure and receipts are inextricably linked and are recorded in the same unit of business
RESLINKP	This code should be used in conjunction with RESLINKR to record the increase in resource expenditure as a result of retaining the inextricably linked resource receipts in the same unit of business.
DEL Technical Adjustments Including Ring Fenced Areas	
TA	Use this code the record any technical adjustments between departments

TADOH	This code will only be available to DoH to record the additional transactions allowable within the DoH Flexibilities noted in this guidance
TAFTC	Use this code to record a technical transfer from a department to the ‘centre’ relating to the repayment of FTC.
TAINTERREG	Use this code to propose any EU INTERREG V changes (including match funding). These will then be forwarded to EUD for approval
TAPEACE	Use this code to propose any EU Peace IV changes (including match funding). These will then be forwarded to EUD for approval
TADSC	This code should be used to record any approved allocations relating to Delivering Social Change, and will only be made available following Executive Office approval of allocations.
TAAP	This code should be used to record any approved allocations relating to Atlantic Philanthropies, and will only be made available following Executive Office approval of allocations.
TACHANGE	This code should be used to record any approved allocations or movements relating to Change Fund, and will only be made available to Departments following CED approval.
PSTF	This code will be used to record transactions relating to the Public Sector Transformation Fund which will be keyed centrally.
Non DEL Transactions	
TANONBUD	This code should be used to record any Increase/Reduction to Non DEL/AME figures.
TAAME	This code should be used to record any increase or reduction to AME figures
TAOTHAME	This code should be used to record any change to PC capital expenditure.

ANNEX B

Prioritisation of Bids

Inescapable

This category covers bids for 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. Under no circumstances should this category be used simply to ensure a strongly supported bid is met.

Pre-committed

This category covers those bids relating to a situation where the **Executive** has already taken prior decisions, through an alternative decision making process, and the relevant papers recording those decisions should be supplied to support the request.

High Priority

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

ANNEX C – SEPARATELY ATTACHED

ANNEX D

Recording Ring Fenced Financial Transactions Capital (FTC)

This recording note relates specifically to the recording of spend and income related to the ring fenced FTC budget. Other capital expenditure may be financial transactions in nature but should continue to be recorded in the usual manner.

Recording of FTC Expenditure

Allocations made from the ring fenced FTC budget should be recorded as loans or equity investment to the private sector. Record lines should show the appropriate account code to correctly define the nature of the transaction with an RBM category of 4, example recording below. Using category 4 will allow tracking of allocations against the HMT ring fenced allocation.

FTC Expenditure	RBM Category	Account Code	Year One	Year Two	Year Three
Loan issued to Private Sector (Company)	4	16592500	£50m		
Loan issued to Private Sector (Person & NPISH)	4	16592600	£50m		

Recording of FTC Repayments (Principal)

When departments make loans to private sector using FTC funding a repayment profile will be agreed. Interest may also be chargeable on the loan.
The agreement with HM Treasury around this funding is that a percentage is repayable to HMT (in 2016-17 this is 80%) with the remainder being retained by the Executive and used to fund capital spend. Under the existing terms of this funding, departments making use of FTC can retain 50% of the remainder to offset expenditure with the other 50% returning to the Centre for allocation to other capital projects.

Recording of repayment of FTC loans should be on record lines with the appropriate loan repayment account code and should use RBM category 3. Again this is to preserve the use of category 4 as a means to reconcile to the ring fenced allocation from HMT.

The mechanics of recording this repayment will be for the department to show the full value of the income received in each year and to also increase expenditure to the same level, thereby maintaining budget neutrality. Linked Capital increased spend and receipt codes (CAPLINKR and CAPLINKP) should be used for this.

The increased spend recorded should now be split into the element that the department is able to retain, for loans issued in 2015-16 this is 10% with the remainder (90%) being returned to the Centre. Of this 90%, 80% will be earmarked for return to HMT with 10% being available for allocation in a financial exercise. The example below shows not only the transactions to be keyed to an exercise but gives example account codes for the record lines which will record the departmental elements.

Transactions and Code to use on RBM Exercise	RBM Category	Account Code	Year One	Year Two	Year Three
FTC Expenditure					
Loans issued to Private Sector			£100m		
FTC Repayment (Principal)					
Departmental Scoring:					
Loan Repaid to Department (**CAPLINKR**)	3	16596500		-£50m	-£50m
Available Capital Spending Power (**CAPLINKP**)	3			£50m	£50m
Transfer of Spending Power to Centre (**TAFTC**)	3			-£45m	-£45m
Leaving Capital to be spent by Department - example account code shown	3	11612000		£5m	£5m

<u>Recording of FTC Repayments (Interest)</u>

Interest is not chargeable on most of the loans issued so far.
Under the terms of this funding if a department charges interest on the loan the department may retain this income to offset against expenditure. However estimate rules must be observed in relation to accruing resources. Interest should be recorded as income on a resource line using the appropriate account code denoting the nature of the income, e.g. 61517000 Interest receivable from Private Sector – Other. The mechanics of recording the income and spend will be via increased spend and receipt codes (RESLINKR and RESLINKP) observing in year monitoring rules of doing so within the same unit of business.

Transactions and Code to use on RBM Exercise	RBM Category	Account Code	Year One	Year Two	Year Three
FTC Expenditure					
Loan issued to Private Sector			£100m		
FTC Repayment (Principal)					
Departmental Scoring:					
Loan Repaid to Department (CAPLINKR)	3	16596500		-£50m	-£50m
Available Capital Spending Power (CAPLINKP)	3			£50m	£50m
Transfer of Spending Power to Centre (TAFTC)	3			-£45m	-£45m
Capital Expenditure by	3	11612000		£5m	£5m

Department – for example					
FTC Repayment (Interest)					
Departmental Scoring:					
Interest Repaid to Department (**RESLINKR**)	2	61517000		-£2m	-£2m
Departmental RDEL Spending Power (**RESLINKP**)	2	52241000		£2m	£2m

Where a department wishes to reallocate any additional spending power generated to another Unit of Business monitoring codes should then be used and agreed with Supply. This in turn may mean it is no longer appropriate to record the income as accruing resources, as accruing resources can only be used to offset related expenditure. While this does not prohibit the budget benefitting from the additional spending power, the income should in this case be paid over to the consolidated fund. The Estimates Manual provides more detail on accruing resources and CFERs. https://www.dfpni.gov.uk/sites/default/files/publications/dfp/SUPPLY%20ESTIMATES%20IN%20NORTHERN%20IRELAND%20MANUAL%20-%20Autumn%202012.pdf