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The quality of financial forecasting and *Improving Spending Control*¹

This Briefing Paper considers a recent analysis of financial forecasting provided to the Committee of Finance and Personnel by the Department of Finance and Personnel. In particular, it examines the requirements of a recent policy issued by the Treasury called *Improving Spending Control*. It suggests possible enhancements to the information provided to the Committee by the Department in the context of the requirements of that policy.

¹ This Briefing Paper was originally presented to the Committee for Finance and Personnel in October 2012. The current version of the paper has been revised to incorporate clarification of the policy received by RalSe from the Treasury.

Key points

- The Treasury's *Improving Spending Control* policy is explicitly framed in terms of rewarding good financial management practice by UK departments and the devolved administrations: the degree of central control depends on past performance;
- DFP's recent analysis by NICS departments is a useful step in providing assurance to CFP that financial management is being monitored. It also reveals, however, that there appears to be room for improvement;
- While that DFP analysis is undoubtedly useful, there are requirements of *Improving Spending Control* in relation to the performance of the devolved administrations that CFP may wish to seek assurances on, and these will require further analyses and additional data;
- There appear to be potentially damaging consequences of poor performance: *Improving Spending Control* makes references to restrictions in access to the Treasury Reserve, for example. Treasury officials, however, have confirmed to RaISe that – despite what *Improving Spending Control* says – this policy must also be interpreted with reference to the Treasury's *Statement of Funding Policy* which will “generally take precedence.” (see section 1.2.1. of this paper)
- The Assembly's statutory committees may be able to assist DFP in improving departmental performance by scrutinising their respective departments' forecasting and highlighting potential issues for consideration.

Introduction

In April 2012, the Treasury published *Improving Spending Control*. The Chief Secretary, Danny Alexander MP, wrote in the foreword:

We must ensure that we are spending people's money responsibly and in the best way possible.

To do this, strengthening and improving control over public spending is an absolute necessity. This issue has not always been given the attention it merits. We took action at the Spending Review to improve control, and support the delivery, of what are tough spending settlements. But there is more to do. By improving our knowledge of where money is spent, introducing and enforcing a framework that improves spending control, boosts value for public money and prevents waste, we can ensure that we deliver our plans and cut the deficit fairly.

*This document provides a new, more robust framework for improving spending control. Departments, devolved administrations, and their Arm's Length Bodies will be expected to monitor and manage information about spending effectively, including improving the skills needed, in order to help them deliver their spending plans. **The degree of central Treasury control will depend on performance, with the right incentives in place to reward those with a record of good financial management.**² [emphasis added]*

This Briefing Paper explains the Treasury requirements in relation to financial management in Northern Ireland and the implications if these requirements are not met. It examines the data currently provided to the Committee for Finance and Personnel (CFP) by the Department of Finance and Personnel (DFP) on outturn and forecast outturn. There is discussion of the degree to which that data meets the needs of CFP in its oversight role, and some recommendations are made in relation to how that data might be improved.

The purpose is to facilitate CFP's monitoring of DFP's performance against the Department's obligations to the Treasury.

The paper is structured as follows:

- Section 1 outlines the requirements of *Improving Spending Control* and recommends information that CFP might seek from DFP; and,
- Section 2 considers the reports that DFP provides to CFP.

² HMT (2012) 'Improving Spending Control' available online at: http://www.hm-treasury.gov.uk/d/improving_spending_control.pdf (accessed 18 September 2012) (see page 3)

1. The requirements of *Improving Spending Control*

Improving Spending Control has two main parts which place requirements on the devolved administrations: **monitoring spending**; and, **managing spending**. The third part (Governance, scrutiny and oversight) is directed at UK departments, although the Treasury states that:

*In relation to the devolved administrations in Scotland, Wales and Northern Ireland, the Treasury will continue to explore opportunities to promote the sharing of best practice through regular quadrilateral meetings with each of the devolved administrations.*³

This section concentrates on those parts of the policy that directly apply to the devolved administrations.

1.1. Monitoring spending

There are three requirements that apply to the devolved administrations in relation to monitoring spending. They must supply information that is:

- Robust and reliable;
- Consistent; and,
- Timely.

The Treasury states this focus is required because:

*There is significant scope for the Government to strengthen its approach to monitoring spending and improving forecasting. In many cases, the information that the Treasury and departments use is neither timely nor robust.*⁴

The monitoring requirements are set out below.

1.1.1. Robust data

The devolved administrations are required to monitor and share spending information with the Treasury on a monthly basis. The exact requirements are to be agreed with the Treasury, but the **minimum is to provide accurate information on planned and actual spend**. Data should be reconciled and aligned to the Treasury databases (COINS and OSCAR⁵), with explanations provided for any differences.

³ HMT (2012) 'Improving Spending Control' available online at: http://www.hm-treasury.gov.uk/d/improving_spending_control.pdf (accessed 18 September 2012) (see page 21)

⁴ HMT (2012) 'Improving Spending Control' available online at: http://www.hm-treasury.gov.uk/d/improving_spending_control.pdf (accessed 18 September 2012) (see page 9)

⁵ COINS - the Combined On-line Information System - is used by the Treasury to collect financial data from across the public sector to support fiscal management, the production of Parliamentary Supply Estimates and public expenditure statistics, the preparation of Whole of Government Accounts (WGA) and to meet data requirements of the Office for National Statistics (ONS). OSCAR - the Online System for Central Accounting and Reporting – is a replacement IT system

The Treasury commits itself to supporting this data provision by giving clear and comprehensive guidance and providing the databases to collect, analyse and report such information.

It should be noted that there are **incentives and disincentives** provided for in the policy: UK departments (**not** devolved administrations) with “*a good track record*” of providing accurate and timely information may avail fully of flexibilities such as Budget Exchange;⁶ but, departments that “*produce or share less accurate or incomplete information*” may be subject to restricted access to Budget Exchange and other budgetary flexibilities, lowered delegated authorities and mandating Departmental Unallocated Provision (DUP).

Mandated DUP is a new requirement of *Improving Spending Control*. It means that UK departments (but **not** the devolved administrations) must identify 5% of their budget that could be used to meet unexpected expenditure pressures. This requirement has caused some adverse reaction from UK spending departments.⁷

Likewise, potential restricted access to Budget Exchange does **not** apply to the devolved administrations. **The devolved administrations have separate arrangements from UK departments in relation to this scheme and these are non-negotiable for the remainder of the current Spending Review period.**⁸

1.1.2. Consistent data

UK departments and the devolved administrations must provide data that are consistent with those used for internal management purposes. The devolved administrations are therefore required to confirm the accuracy of their COINS/OSCAR data by reconciling it to their internal management information. This appears to mean that DFP is required to ensure that the data reported is in line with the data that it uses to monitor departmental spend for its own purposes.

Departmental Boards (supported by their Non-Executive Directors) are responsible for ensuring that the data provided are indeed consistent with information used internally.

1.1.3. Timely data

The devolved administrations are required to provide a **minimum of monthly data** and the data must be available **no more than one month in arrears**.

⁶ Budget Exchange is the replacement scheme for End-Year Flexibility

⁷ See for example Finch, A (2012) ‘Alexander rules OK?’ in *Public Finance* 26 April 2012, available online at: <http://opinion.publicfinance.co.uk/2012/04/alexander-rules-ok/> (accessed 25 September 2012)

⁸ Source: correspondence from HMT official

Recommendation 1: CFP may wish to ask DFP to demonstrate how well it performs against the requirements to provide accurate and timely data to the Treasury. Useful information might include:

- **confirmation of compliance with the timeliness requirement and any instances of missed Treasury deadlines;**
- **explanation of the processes in place for ensuring consistency and reconciliation with internal management information; and,**
- **analysis of the accuracy of forecasting against actual spending at the NI block level.**

1.2. Managing spending

The majority of the requirements in this section of *Improving Spending Control* **do not** apply to the devolved administrations, **with one – potentially significant – exception.**

The Spending Review 2010 reduced the size of the UK Reserve (which is essentially the UK's contingency fund that can be made available to meet unexpected expenditure needs) and, in consequence, the Treasury has taken steps to tighten the rules of access to it, as set out in paragraph 3.13:⁹

- The Chief Secretary will ask for a lessons learned review in each case where Reserve support is approved. This review will be an independent or peer review as appropriate;
- The process for assessing Reserve claims will **take account of the department's or devolved administration's capability and past performance.** This will include an assessment of the amount of Reserve funding allocated in the past, the number of Reserve applications received, and any cases where Reserve funding has been allocated and gone unspent in previous years;
- Particular conditions and/or penalties will be applied to Reserve claims that relate to failures of financial management or are inappropriate; and,
- Departments and devolved administrations will be expected to pay back Reserve funding in the following years.

In addition, paragraph 3.14 of the policy states that:

The Chief Secretary may consider further remedial action for those who break the rules or clearly fall below expectations. This may include asking the NAO to investigate the value for money that the Department achieves, conducting a financial management review, reducing delegated authorities, removing access to Budget Exchange and/or making deductions to administration budgets. In all cases, the Treasury retains

⁹ HMT (2012) 'Improving Spending Control' available online at: http://www.hm-treasury.gov.uk/d/improving_spending_control.pdf (accessed 18 September 2012) (see page 15)

***the right to apply whatever penalties are appropriate to incentivise good financial management and value for money.*¹⁰[emphasis added]**

There is a potential ambiguity arising from *Improving Spending Control* about whether paragraphs 3.13 and 3.14 apply to the devolved administrations. This arises from the inclusion of the term ‘devolved administrations’ in bullet points 2 and 4 when speaking about the Reserve. However, paragraph 3.14 refers to ‘the Department’ only.

RaISe sought clarification from the Treasury. The response is detailed in the following sub-section.

1.2.1. Application of *Improving Spending Control* to devolved administrations

Paragraph 3.14 of *Improving Spending Control* **cannot** apply to the devolved administrations: the National Audit Office has no jurisdiction over the devolved administrations. Secondly, a Treasury official has observed that delegated authorities **cannot** be reduced because **the devolved administrations do not have delegated authorities**;

Paragraph 3.13 of *Improving Spending Control* is more complex and there are a number of relevant considerations. First and foremost, a Treasury official has stated that the policy must be looked at alongside the *Statement of Funding Policy (SFP)*.¹¹ Chapter 10 of the SFP provides for access to the Reserve. The three relevant paragraphs are extracted in Box 1 below.

The Treasury official has stated in correspondence that “*where there is a conflict between the two documents, the SFP generally will take precedence.*”¹² Paragraph 10.3 of the SFP states that:

Reserve claims on behalf of the devolved administrations will be judged by the same criteria as claims for United Kingdom departments.

The advice from the Treasury is that the SOFP takes generally precedence where there is an apparent conflict between policy documents. However, in this instance reference in the SOFP says that the devolved administrations’ claims will be assessed in the same way as UK departments. Arguably, this is something of a circular argument: as *Improving Spending Control* **sets** the criteria for claims on the Reserve, there **cannot** therefore be a conflict between it and the SOFP.

¹⁰ HMT (2012) ‘Improving Spending Control’ available online at: http://www.hm-treasury.gov.uk/d/improving_spending_control.pdf (accessed 18 September 2012) (see page 15)

¹¹ HMT (2010) ‘Statement of Funding Policy’, available online at: http://cdn.hm-treasury.gov.uk/sr2010_fundingpolicy.pdf (accessed 17 December 2012)

¹² Source: communication from HMT official

Box 1: provisions of the SFP on access to the Reserve.¹³

10.1 The Departmental Expenditure Limits set firm, multi-year plans. United Kingdom Government Departments and devolved administrations must live within these plans and absorb unforeseen pressures. The devolved administrations must ensure they introduce suitable arrangements for the planning and control of public expenditure on devolved services to achieve this. Thus the presumption is that departments and the devolved administrations will contain pressures on their budget by re-allocating priorities, seeking offsetting savings and, where appropriate, using unspent entitlements from the preceding year, not through in-year access to the DEL Reserve. The establishment of Departmental Unallocated Provisions is encouraged for this purpose. DEL Reserve claims may result in multi-year plans being re-opened. The devolved administrations will be treated in the same manner as United Kingdom departments in decisions on access to the DEL Reserve.

10.2 Access to the DEL Reserve by the Secretaries of State on behalf of the devolved administrations will be considered by Treasury Ministers in exceptional circumstances, on a case by case basis and specifically where:

- 1 a United Kingdom department is granted access to the Reserve to enable it to meet exceptional pressures on a spending programme. If a devolved administration has a comparable programme and establishes that it faces similar exceptional pressures, unforeseen at the time spending plans were settled, it will have the opportunity to make its case on access to the Reserve which will be considered. There is no automatic application of the Barnett Formula to Reserve claims by departments of the United Kingdom Government. Reserve claims paid to a devolved administration may be higher or lower than a population share depending on the circumstances of the claim or other pressures facing the United Kingdom Government; and
- 2 Scotland, Wales or Northern Ireland faces exceptional and unforeseen domestic costs which cannot reasonably be absorbed within existing budgets without a major dislocation of existing services. Access to the Reserve may also be considered for Northern Ireland in accordance with the specific agreement reached for the devolution of policing and justice issues.

10.3 Reserve claims on behalf of the devolved administrations will be judged by the same criteria as claims for United Kingdom departments (including exceptionally any future year consequences) and devolution will not lessen in any way the basis of entitlement of the Scottish and Northern Ireland Executives and the Welsh Assembly to access to the Reserve. In considering changes to departmental DEL spending plans, for example in the Pre Budget Report or Budget, Treasury Ministers will consider the implications for comparable programmes across the United Kingdom in making allocations in accordance with the funding rules. Ministers of the devolved administrations or Secretaries of State will also be able to make representations directly to Treasury Ministers.

The Treasury official also made the following observations:

...non security related reserve claims from the DAs are extremely rare – the DAs have far more flexibility than equivalent UK departments so in theory have the ability to manage pressures in a more effective manner than their UK government counterparts. As for paying back reserve claims in the following year(s), this is fairly common across UK departments but in my memory, this has yet to happen for the devolved, mainly due to the nature of the claims that they put in. Other measures outlined in 3.13 of ISC have

¹³ HMT (2010) 'Statement of Funding Policy', available online at: http://cdn.hm-treasury.gov.uk/sr2010_fundingpolicy.pdf (accessed 17 December 2012) (see page 27)

*yet to be tested in a DA context and should remain that way for the foreseeable future.*¹⁴

The points made in this sub-section collectively give rise to the following observations:

- The clarity of Treasury policies could be considerably enhanced. They should be more simply written, and it should be possible to follow the application of the policies without reference to a range of other documents/knowledge. In other words, there should be less assumed knowledge. For example, the lay reader should not be required to have an understanding of the jurisdiction of bodies such as the NAO to determine whether a particular provision does or does not apply;
- Further, the assertion that delegated authorities cannot be reduced means that interpretation of the policy requires a detailed understanding of devolved funding arrangements: if the reader does not know to whom delegated authorities apply, he or she should still be able to understand the application of the policy. It is highly unusual for the applicability of a policy to a person or body to be determined by whether or not the proposed sanction can or cannot be applied to that person or body. It would be more straightforward if the document simply stated which bodies each part applies to, so that the reader does not have to infer application from the proposed sanction;
- If a particular policy needs to be read alongside or in conjunction with another policy, it would be helpful for the two to be cross-referenced.

1.3. The implications of *Improving Spending Control* for Northern Ireland

Following the publication of *Improving Spending Control*, DFP wrote to CFP setting out its views on the implications for Northern Ireland: this letter provides some assurance in relation to the issues noted above.¹⁵

In the correspondence, DFP made three comments that are particularly germane to this Briefing Paper. Firstly, DFP noted that:

The Executive already provides monthly outturn and forecast outturn information to HM Treasury as a matter of routine. This is collated by DFP officials and submitted to HM Treasury in line with their deadlines.

This assertion is clearly relevant to Recommendation 1 above. CFP may wish to consider if it is content to have received this assurance, or whether it wishes to seek analysis and data that supports the assertion.

Secondly, DFP confirmed that the requirements of *Improving Spending Control* in relation to requiring departments to identify 5% of their budgets (the Departmental Unallocated Provision noted in section 1.1.1. above) does not apply to Northern

¹⁴ Source: communication from HMT official

¹⁵ DFP letter to CFP Clerk, dated 9 May 2012 (Ref CFP 112/11-15)

Ireland. This means that DFP does **not** have a mandatory requirement on behalf of the Executive to identify 5% of the block grant which would be available for reallocation to meet unexpected expenditure pressures. In this instance it seems that the devolved administrations are provided with a greater degree of flexibility than the UK government departments.

Thirdly, DFP commented in relation to access to the Reserve:

In terms of accessing the HM Treasury Reserve, the main issue from a Northern Ireland perspective is the separate arrangements in relation to additional security funding. These separate arrangements are unaffected by the Improving Spending Control document.

This means that Northern Ireland continues to have access to the Reserve in relation to issues around security (due to the level of threat from terrorism and civil disturbance) – and this is confirmed by paragraph 10.2 of the SFP. At face value, however, it does not necessarily mean that Northern Ireland would automatically have access to the Reserve in relation to other non-security matters because as noted in sub-section 1.2.1 above:

Reserve claims on behalf of the devolved administrations will be judged by the same criteria as claims for United Kingdom departments.

The implication of this statement - despite the non-applicability of some parts of *Improving Spending Control* to the devolved administrations - is that past performance on Reserve claims *can* be taken into account by UK Ministers. It should be noted again however, that the Treasury official observed that Reserve claims from the devolved administrations are extremely rare.¹⁶

¹⁶ Source: communication from HMT official

2. The financial monitoring information provided by DFP

Northern Ireland departments submit monthly public expenditure outturn and forecast outturn data to DFP. In turn, DFP routinely provides a summary of this information to CFP (attached as Appendix 1 for reference). It was noted in section 1.1.3. above that the devolved administrations are required to make monthly returns as a minimum. DFP has confirmed that it uses the departments' returns in preparing the monthly return it makes to the Treasury.¹⁷

Recommendation 1 above suggested that DFP could be asked to supply information on how well it complies with the requirements of *Improving Spending Control*. As proposed above, one element of this might be for DFP to identify if returns to Treasury have been routinely submitted on time or not (with explanation if they are not) over a period of time.

This is suggested because DFP is only one of the NICS departments. If, for example, DFP experiences difficulties in obtaining timely returns from departments, the Assembly's statutory committees could play a role in helping to ensure that departments deliver on their commitments.

2.1. Monthly returns

The most recent monthly data provided to CFP is attached at Appendix 1 for reference. The data shows two key pieces of information:

- The monthly breakdown (i.e. profile) of expenditure that makes up the total across the year; and,
- The forecast each month, and how this differs from the opening position.

This second piece of information shows how the departments (and other non-departmental bodies) are expecting their **total** expenditure for the year to change. In essence, it gives a monthly update on where departments expect to be at the end of the year.

As the financial year progresses, the opening position against which the forecast is measured is altered by the in-year monitoring rounds. Whilst this is understandable (because the purpose of monitoring rounds is to adjust the expenditure plans in line with developments), it might also be helpful to CFP to see how each body is performing against the opening budgeted position as well as the up-to-date monitoring position.

This would enable CFP to build a picture at year end of how closely the initial budget allocations reflect the actual needs of departments. It might also help CFP to judge how well the budgeting system works at Northern Ireland block level.

¹⁷ DFP letter to CFP Clerk 6 September 2012 (Ref MISC72/11-15)

Recommendation 2: CFP may wish to consider asking DFP to show each month's return against both the opening budget position in addition to the updated monitoring position.

2.2. Financial forecasting accuracy

DFP has also recently provided CFP with an analysis of the accuracy of departmental forecasting – attached as Appendix 2. This shows that the mean variance between forecast and actual expenditure from June 2011 to March 2012 was 15.5% for resource expenditure, 52.4% for capital, and 30.4% for ringfenced resource.¹⁸ In other words, **the forecasts were, on average, wrong by 15.5%-52.4% across the NICS** depending on the category of spend.

In the context of *Improving Spending Control*, this recent DFP analysis is a helpful addition to the monthly monitoring information that it provides to CFP. It informs understanding of departmental financial performance and will provide a baseline against which future forecasting performance may be measured. **Given the Treasury's focus on improving performance in this area – and the potential sanctions in relation to poor performance - this may be an important focus for future statutory committee scrutiny.**

It would certainly appear from the analysis of 2011-12 that there is some scope for improvement. In order to establish performance comparators, RaISe has approached the other devolved administrations and the Treasury for equivalent analysis. This will be brought to CFP when available.

The element of this picture which is not covered by the analysis provided by DFP is how individual departmental forecasting accuracy translates into forecasting accuracy **at Northern Ireland block level**. It is at block level that DFP must report (on behalf of the Northern Ireland Executive) to the Treasury, and therefore this is the key data against which Northern Ireland's aggregate performance will be judged.

Although poor performance cannot impact upon the Budget Exchange flexibility allowed to the Executive in managing finance, there remains a potential lack of clarity over access to the Reserve in relation to non-security matters. Section 1.2 above addressed the issues of policy clarity in relation to the potential application of "remedial action".

According to DFP's *In-year Monitoring of Public Expenditure: 2012-13 Guidelines* DFP also uses this data to help manage expenditure during the year:

DFP 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

¹⁸ The ringfenced resource category includes depreciation and impairments

*forecast outturn cannot be overstated. It is essential that departments provide up to date and accurate information in their monthly returns to inform decisions on managing the in-year position.*¹⁹

This means that accurate information is not only needed to assure the Treasury that the public finances in Northern Ireland are properly controlled, but also to enable reallocations to be made in year. This process helps departments to meet unexpected funding pressures by making use of any surplus resources surrendered by other departments. It also helps DFP to manage underspend at the end of the year.

Again, the Assembly's statutory committees may be able to help drive improved departmental performance by exposing any issues to scrutiny. This would assist DFP in its management of the block, and ultimately could be beneficial to the people of Northern Ireland.

Recommendation 3: Building on Recommendation 1, CFP may wish to ask DFP to provide analysis of forecasting accuracy at the Northern Ireland block level alongside the analysis of departmental performance.

¹⁹ DFP (2012) 'In-year Monitoring of Public Expenditure: 2012-13 Guidelines' available online at: <http://www.dfpni.gov.uk/in-year-monitoring-of-public-expenditure-2012-13-guidelines.pdf> (accessed 18 September 2012)(see page 30)

3. Concluding remarks

The analysis of forecasting accuracy provided by DFP provides a useful addition to the Assembly's information base for assessing NICS departmental performance in financial management. On initial reading, it appears there is scope for improvements in forecasting. As noted above, RaISe has sought comparative data for benchmarking purposes. If such data can be obtained, it would give an indication on the relative performance of Northern Ireland departments to their counterparts elsewhere.

It certainly seems that the Assembly's statutory committees may be able to provide some assistance to DFP by using the 'transparency of sunlight'²⁰ to highlight issues with a view to driving improvements.

²⁰ This phrase has been used by David Heald in an analysis of forms of transparency. He argues that there is a trade-off between the value of sunlight and the danger of over-exposure in relation to transparency. In other words, transparency can be beneficial to a point, but can be taken too far when the resource and compliance costs take the level of transparency beyond the optimal level. See Heald (2006) 'Transparency as an Instrumental Value' available online at: <http://www.davidheald.com/publications/Healdinstrumentalvalue.pdf> (accessed 27 September 2012)

Appendix 1: Monthly Forecast Outturn Compared against relevant Monitoring position.

Current Expenditure Tables for 2011-12

2012-13 June Forecast Outturn (Received July) - Resource Expenditure

£000's

DEPARTMENT	Outturn			Forecast Outturn									Total Forecast Outturn
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
AOCC	201	132	123	152	117	166	153	128	121	175	126	194	1,788
DARD	16,268	16,724	16,985	15,884	15,502	16,280	16,373	16,279	15,341	19,831	15,760	40,163	221,390
DCAL	7,525	8,475	8,407	8,829	8,979	9,585	9,954	9,744	10,193	10,854	10,851	12,653	116,049
DE	155,487	161,313	160,025	161,702	156,805	150,729	160,079	157,681	158,272	161,359	158,366	173,348	1,915,166
DEL	62,634	101,073	60,517	67,284	65,913	81,829	69,020	64,961	73,678	76,920	49,341	57,462	830,632
DETI	9,585	8,874	14,242	15,805	13,795	14,502	16,098	14,658	20,304	15,961	15,761	39,199	198,784
DFP	9,519	6,136	15,550	14,735	14,860	16,036	16,921	16,704	17,815	18,037	18,925	21,017	186,255
DHSSPS	362,934	359,382	368,798	378,202	372,360	370,529	372,468	377,786	374,093	374,003	375,798	376,291	4,462,644
DOE	10,436	8,160	9,158	9,742	9,870	10,243	10,281	9,961	10,489	10,443	10,782	18,292	127,857
DOJ	95,779	101,865	94,710	102,288	95,409	107,142	99,161	96,074	104,913	101,457	83,793	105,060	1,187,651
DRD	22,198	49,569	47,741	36,879	38,855	40,030	43,079	53,398	43,651	45,857	44,386	37,970	503,613
DSD	40,072	46,013	34,035	36,012	36,587	43,337	56,171	43,101	38,459	46,045	45,725	49,166	514,723
FSA	545	784	496	682	847	615	588	819	527	568	821	748	8,040
NIA	4,205	3,318	3,273	3,702	3,703	3,734	3,774	3,774	3,734	3,705	3,684	3,816	44,422
NIAO	747	719	838	965	947	738	679	493	694	-37	800	1,038	8,621
NIAUR	584	-864	559	-2,542	-2,003	647	642	648	623	672	706	785	457
OFMDFM	-385	10,398	5,358	7,332	6,228	6,279	8,225	6,311	6,407	8,442	6,422	9,048	80,065
PPS	3,011	3,167	3,107	3,063	3,048	3,077	3,068	3,119	3,008	2,948	2,948	3,129	36,693
TOTAL	801,345	885,238	843,922	860,716	841,822	875,498	886,734	875,639	882,322	897,240	844,995	949,379	10,444,850

MAY DEL Resource

Department	Opening Monitoring	Forecast Outturn received 12/6/2012	Difference
AOCC	1,936	1,790	-146
DARD	222,754	222,754	0
DCAL	108,889	108,870	-19
DE	1,906,395	1,906,395	0
DEL	817,714	817,714	0
DETI	212,099	201,253	-10,846
DFP	187,028	176,641	-10,387
DHSSPS	4,447,689	4,447,689	0
DOE	123,922	123,922	0
DOJ	1,187,113	1,187,113	0
DRD	493,678	493,308	-370
DSD	523,706	518,095	-5,611
FSA	9,670	8,054	-1,616
NIA	45,010	44,422	-588
NIAO	8,679	8,621	-58
NIAUR	492	457	-35
OFMDFM	80,126	79,726	-400
PPS	36,345	36,345	0
Total	10,413,245	10,383,169	-30,076

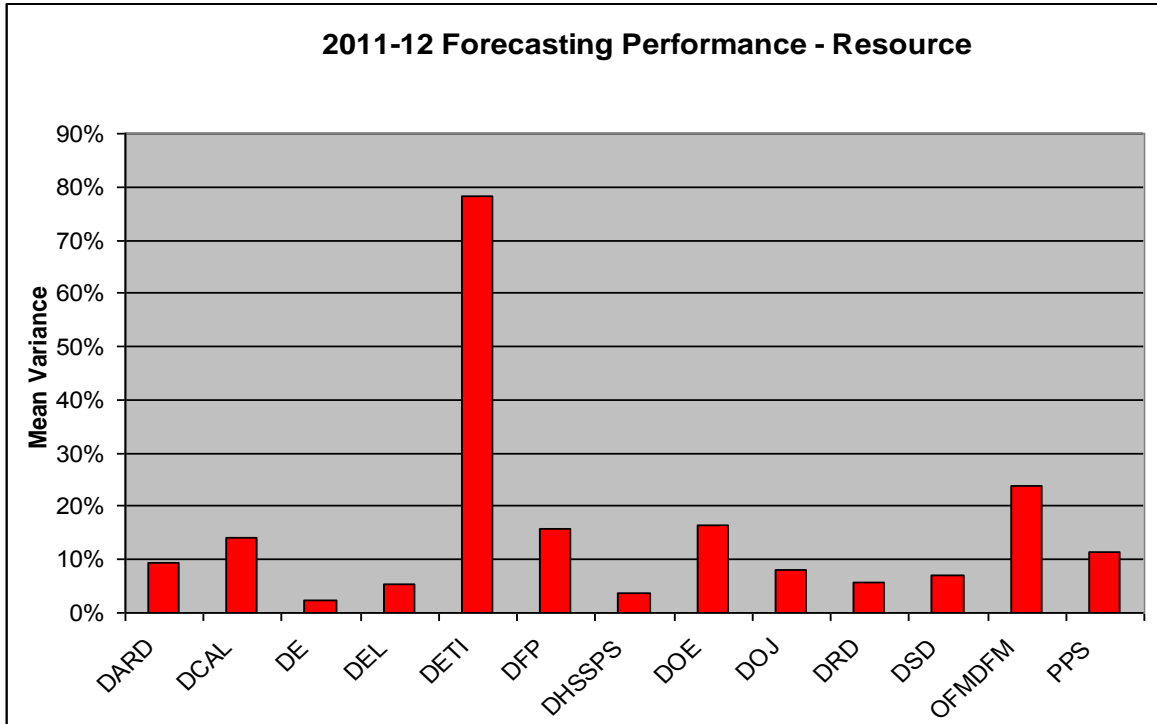
JUNE DEL Resource

Department	June Monitoring	Forecast Outturn received 9/7/2012	Difference
AOCC	1,936	1,788	-148
DARD	221,390	221,390	0
DCAL	116,043	116,049	6
DE	1,915,166	1,915,166	0
DEL	831,532	830,632	-900
DETI	198,784	198,784	0
DFP	186,255	186,255	0
DHSSPS	4,462,644	4,462,644	0
DOE	127,857	127,857	0
DOJ	1,187,651	1,187,651	0
DRD	503,613	503,613	0
DSD	514,883	514,723	-160
FSA	8,684	8,040	-644
NIA	44,422	44,422	0
NIAO	8,621	8,621	0
NIAUR	457	457	0
OFMDFM	80,065	80,065	0
PPS	36,693	36,693	0
Total	10,446,696	10,444,850	-1,846

Appendix 2: Forecasting Accuracy 2011-12 – Departmental Summary Charts

Non-ringfenced Resource Expenditure

Chart 1: Average Absolute Variance: Forecast V Actual - Resource

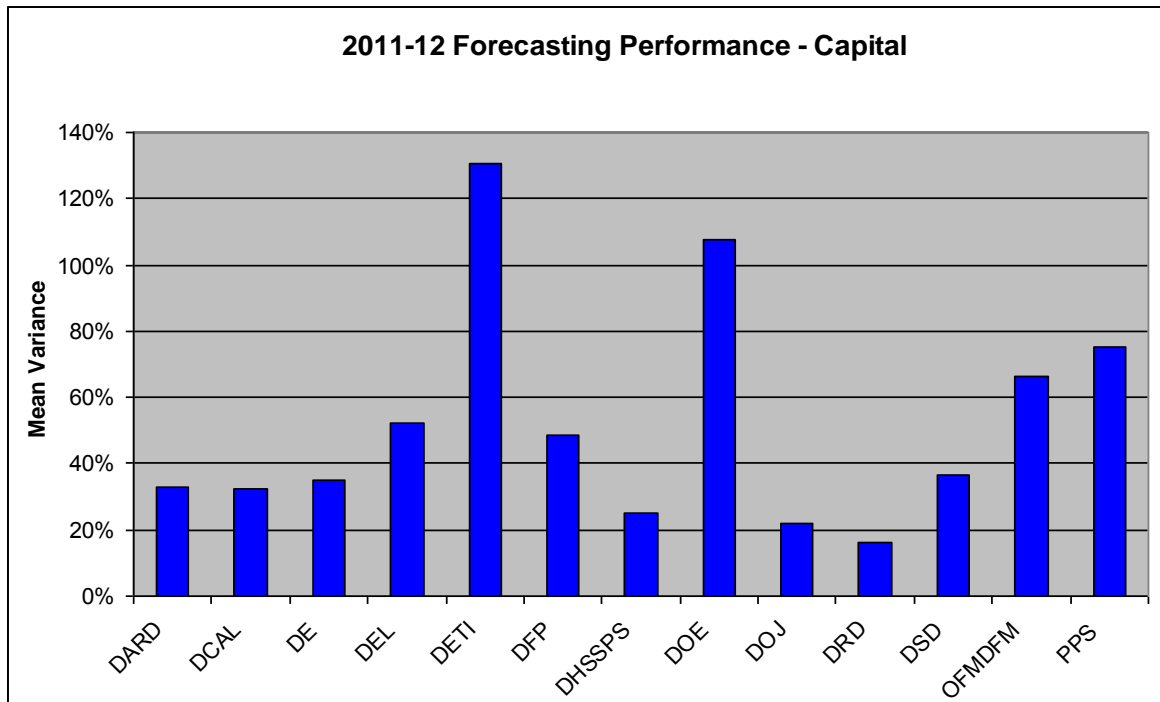


Note: The DETI forecasts appear to have been impacted heavily by the reclassification of £50 million from resource to capital in relation to the Presbyterian Mutual Society rescue package. If this PMS issue is stripped out the DETI mean variance reduces to 15.5%.

The **mean variance** between forecast and actual expenditure (reported two months after the forecast) for all departments over all of the 10 months June 2011 to March 2012 was **15.5%**.

Capital Expenditure

Chart 2: Average Absolute Variance: Forecast V Actual - Capital

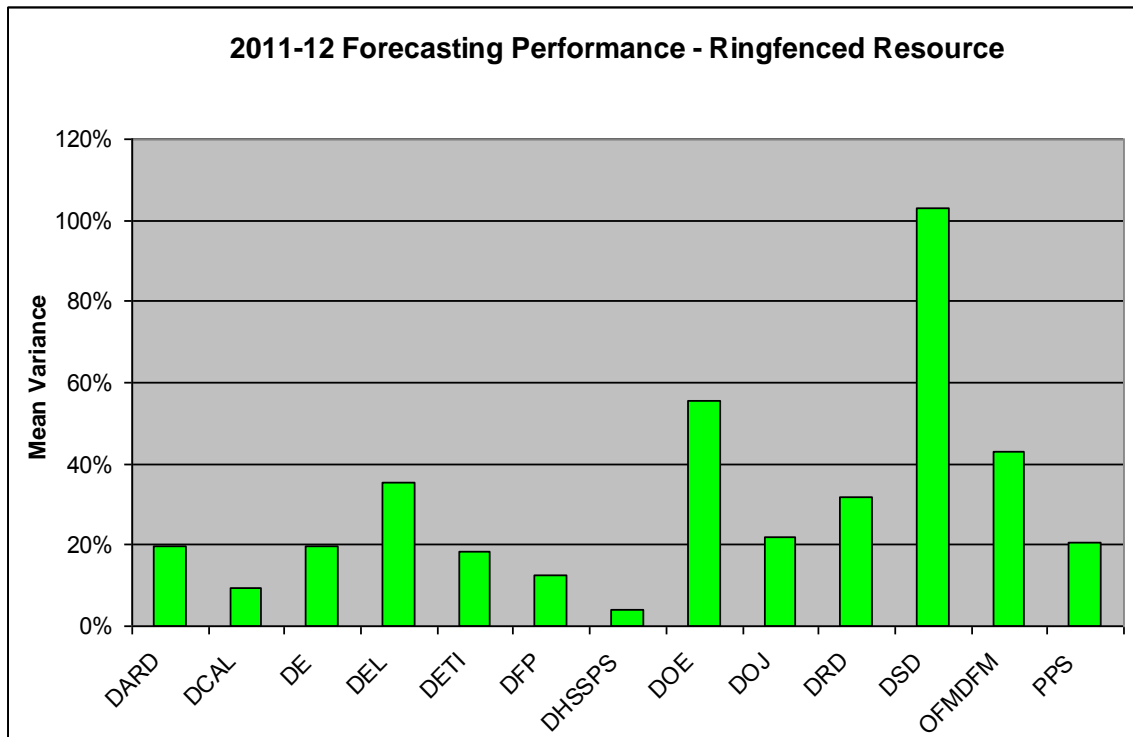


Note: The DETI forecasts appear to have been impacted heavily by the reclassification of £50 million from resource to capital in relation to the Presbyterian Mutual Society rescue package. If this PMS issue is stripped out the DETI average variance reduces to 55.8%.

The **mean variance** between forecast and actual expenditure (reported two months after the forecast) for all departments over all of the 10 months June 2011 to March 2012 was **52.4%**.

Ringfenced Resource

Chart 3: Average Absolute Variance: Forecast V Actual – Ringfenced Resource



The **mean variance** between forecast and actual expenditure (reported two months after the forecast) for all departments over all of the 10 months June 2011 to March 2012 was **30.4%**.