Northern Ireland Assembly

Research and Information Service
Research Paper

Paper 82/14 | 15 April 2014 | NIAR 914-13

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# Year-end surges in Northern Ireland departmental expenditure

This Research Paper presents a review of available evidence in relation to expenditure surges at the end of the fiscal year in the public sector. The Paper discusses some possible implications that may arise from such year-end surges, where they are not justified by business needs. It also presents analysis of Northern Ireland departmental data that confirms that year-end surges were a feature of public expenditure in Northern Ireland over the 2010-11 to 2012-13 period.

# Key points

- The literature reviewed by RaISe suggests that year-end surges in public sector expenditure may pose risks to value for money for the taxpayer (see section 1);

- This view is reflected by a number of policy and guidance documents published by the Treasury and by the Department of Finance and Personnel (see section 2);

- Analysis of departmental expenditure outturns month-by-month shows that many departments spend considerably more in the final month of the fiscal year (March) than the average for the preceding eleven months.  This 'surging' is particularly noticeable in capital expenditure (see section 3); and,

- The prevailing arrangements under which Northern Ireland's public resources are managed and controlled constrain the flexibility for the Department of Finance and Personnel to introduce measures for the future to limit unreasonable or unjustified year-end surges.  In particular, the controls imposed by the Treasury in relation to the carryover of resources from one fiscal year into the next (i.e. through the Budget Exchange Scheme) are a significant barrier.

# Contents

# Introduction

The purpose of this Research Paper is to further enable financial scrutiny in the Northern Ireland Assembly.

The Paper examines the expenditure profile of Northern Ireland departments and their associated Arm's Length Bodies (ALBs). Expenditure data provided by the Department of Finance and Personnel (DFP) to the Assembly is analysed over a three-year period to show a monthly breakdown of spending.

The Research Paper is structured in the following way:

- Section 1 establishes context by drawing on the literature to explain the concept of year-end surges (also known as 'spending up' to the budget), and to highlight its potential implications regarding value for money;
- Section 2 examines the system of public expenditure controls, with particular emphasis on the rules and policies that have a bearing on year-end surges within Northern Ireland;
- Section 3 presents graphical analysis of the aggregate Northern Ireland monthly expenditure profiles from 2010-11 to 2012-13 for the capital and resource categories; and,
- Section 4 provides some concluding remarks and possible scrutiny points for Assembly committees.

The Paper aims to provide Assembly's statutory committees with an additional evidence base upon which to build further scrutiny of departmental stewardship of public money and related decision making.

**The Paper should not be read as implying that year-end expenditure surges are automatically problematic or bad practice. There may well be legitimate and reasonable explanations for the expenditure patterns explored. The Paper seeks to highlight patterns and trends for the information of committees; the underlying reasons for those patterns and trends are outside the scope of the Paper.**

# 1. What is a year-end expenditure surge?

This section explains the concept of year-end expenditure surge – also known as 'spending up' to the budget, or 'use it or lose it'. It also draws on the literature to highlight potential risks associated with such expenditure patterns.

The concept of a year-end surge is used to describe an increase in expenditure at the end of the fiscal year compared to the earlier months of the year.

## 1.1. Year-end surges and value for money

The Chartered Institute of Public Finance and Accountancy's (CIPFA) *A guide to forecasting methods in public services* defines year-end surges as follows:

> *In many public service organisations there is often poor profiling of budgets through the year demonstrated by a trend to hold on to budgets for the first few months of the financial year only then to have a spending frenzy in the last three months as departments and service units try to spend to budget. This approach to budget management does not (intuitively) suggest that a robust approach has been used to forecast expenditure or that value for money is at the forefront of spending decisions.*[1]

The extract cited above highlights the primary concern in relation to year-end surge: that it suggests risks in relation to value for money.

This risk has been highlighted elsewhere in the context of discussion of the 'annuality principle' of budget management (i.e. the budget is adopted one year at a time and at the end of the year unused appropriations are cancelled):

> *The annual rule can create a rush for spending at the close of the fiscal year […] and may encourage ministries to make economically inefficient expenditures towards the end of the year.*[2]

A similar point was made by the Institute for Fiscal Studies (IFS) in a survey of public spending in the United Kingdom (UK) in 2009 conducted ahead of the 2010 Spending Review. The IFS made the observation in the context of discussion of the UK Government's End-Year Flexibility Scheme (EYF). EYF allowed UK departments and the devolved administrations to carry-over stocks of resources from one fiscal year into future years.

The IFS argued that the increases in EYF stocks held by departments gave rise to a dichotomy for the UK government:

[1] CIPFA (2013) 'A guide to forecasting methods in the public services', London, see page 3
[2] Tommasi, D (2013) 'The Budget Execution Process' chapter in *The International Handbook of Public Financial Management*, Palgrave Macmillan: Basingstoke (see page 295)

> ***1.*** *While the government may not want to penalise departments that have chosen to save in the past, it is hard to see how they will not take accumulated EYF entitlements into account when planning spending settlements for the next Spending Review period, since the constraints on overall spending growth are so tight … While this may enable the government to prioritise its spending better during the next Spending Review period,* ***it would probably come at the cost of restoring an incentive for departments to rush spending inappropriately for fear of losing future allocations.***[3] ***[emphasis added]***

As well as reinforcing the value for money risk, the highlighted part of the cited passage suggests one possible explanation: there is an incentive for departments to spend in this manner. (The specific features of the public expenditure controls that apply in Northern Ireland that help to explain this incentive are explored in more depth in section 2.)

At this stage, the important point is that the incentive exists. It is also crucial to note however that 'spending up' behaviour should not automatically be seen as irrational. It has been observed that:

> *Many organisations fund their spending out of a fixed budget that expires at year's end.* ***Faced with uncertainty over future spending demands, these organisations have an incentive to build buffer stocks over the front end of the budget cycle.*** *When demand does not materialise, they then rush to spend these funds on lower quality projects at the end of the year.*[4] *[emphasis added]*

This passage helps to illustrate that there can be uncertainty about departments' expenditure requirements; the retention of resources until the latter part of the fiscal year may therefore be a rational response to this uncertainty.

Having defined the concept of year-end surge, and some possible risks created by it, the next section of this Research Paper surveys the available empirical evidence on the incidence of year-end surges. This is to establish the extent to which year-end surges have been found to actually occur in practice.

## 1.2. Evidence of year-end expenditure surges

Writing in 2006, Douglas and Franklin observed that:

> *A persistent problem in government budgeting that has received too little attention in the scholarly literature has been the practice of executive*

[3] IFS (2009) 'A survey of public spending in the UK' available online at: http://www.ifs.org.uk/bns/bn43.pdf (accessed 25 March 2014) (see page 42)

[4] Liebman, J B and Mahoney, N (2010) 'Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement' available online at: http://www.hks.harvard.edu/jeffreyliebman/LiebmanMahoneyExpiringBudgets.pdf (accessed 25 March 2014) (see page 1)

> *branch agencies rushing to spend their appropriated balances before the end-of-fiscal year. If unspent, these funds will lapse back to the general fund to be appropriated in the upcoming fiscal year. Critics of this type of behaviour complain that it discourages savings and often results in wasteful spending on low-priority items.*[5]

Whilst it appears to be true that there is not a surfeit of academic literature, it is not the case that year-end surges have been paid no attention whatsoever. As long ago as 1980, the United States (US) Government Accounting Office (GAO) reported that:

> *Government-wide fourth quarter spending surges continue to exist, although they have declined from 33 percent in the last quarter of fiscal year 1977 to 29 percent at the end of fiscal year 1979.*[6]

Furthermore, the GAO found that at least part of the cause was inadequate monitoring of public expenditure:

> *Regarding year-end spending, we found that several responsible agency managers were not monitoring spending patterns and were not sufficiently informed to respond to questions on the subject. For example, they could not adequately explain the reasons for the surges and stated they did not realize that disproportionate year-end spending existed in the agency.*[7]

Having noted this finding however, the GAO also explained that - for some agencies – there were legitimate reasons for year-end surges due to the nature of the programmes delivered by agencies. For example, the major fire season in many US States is July, August and September: an agency with a fire suppression program, therefore, can have an "*acceptable yet disproportionate*" increase in fourth quarter spending.[8]

**This observation by the GAO is important in the context of this Research Paper, because it reinforces the point made in the introduction to this Research Paper that a year-end surge should not automatically be seen as problematic; Members should therefore note that it is perfectly possible for there to be legitimate reasons for year-end surges.**

Nevertheless, the Senate Subcommittee on Oversight of Government Management found that:

> *…the rush to obligate expiring funds before the end of the fiscal year frequently resulted in a lack of competition, poorly defined statements of*

[5] Douglas, J W and Franklin A L (2006) 'Putting the brakes on the rush to spend down end-of-year balances: carryover money in Oklahoma State Agencies' in Public Budgeting and Finance vol. 26, part 3 pages 46-64. (see page 46)
[6] GAO (1980) 'Federal Year-End Spending: a Symptom Of A Larger Problem'
[7] GAO (1980) 'Federal Year-End Spending: a Symptom Of A Larger Problem' (see page 7)
[8] GAO (1980) 'Federal Year-End Spending: a Symptom Of A Larger Problem' (see page 3)

*work, inadequately negotiated contracts, and the procurement of low-priority items or services.*[9]

The GAO returned to examine year-end surges in 1998. It found that:

*…there are more safeguards against unplanned year-end spending and, in most discretionary programs, fewer resources available for low-priority purchases than in 1980.*[10]

The follow-up study also noted that there were problems with data collection and reporting, but was nevertheless able to conclude that:

*Agencies may still be tempted to quickly spend funds that will expire, but year-end spending is unlikely to present the same magnitude of problems and issues as before.*[11]

Based on the GAO's report, the improvement appears to have been due to changes in the public expenditure system in the US. For example, procurement reforms introducing the requirement for competitive tendering, and a change in the nature of many federal agencies from direct purchasers of services to grant funders of individual beneficiaries or lower tiers of government.[12]

Whilst it may be the case that competitive tendering has *reduced* the ability of (and/or incentive for) agencies to procure goods and/or services at less than best value for money, there is some empirical evidence that it has not been eliminated altogether. Liebman and Mahoney investigated data on all federal contracts over a five-year period to 2009. This work not only examined the time profile of expenditure, but (of particular interest for this Research Paper) also the relative *quality* of year-end spending in relation to US$130bn of IT projects.

The authors made three key observations based on their analysis:

*First, there is a surge of spending at the end of the year. Second, end of year spending is of lower quality. Third, permitting the rollover of spending into subsequent years periods leads to higher quality.*[13]

As well as at federal level, year-end surges have been observed in the US at state level. Douglas and Franklin have noted:

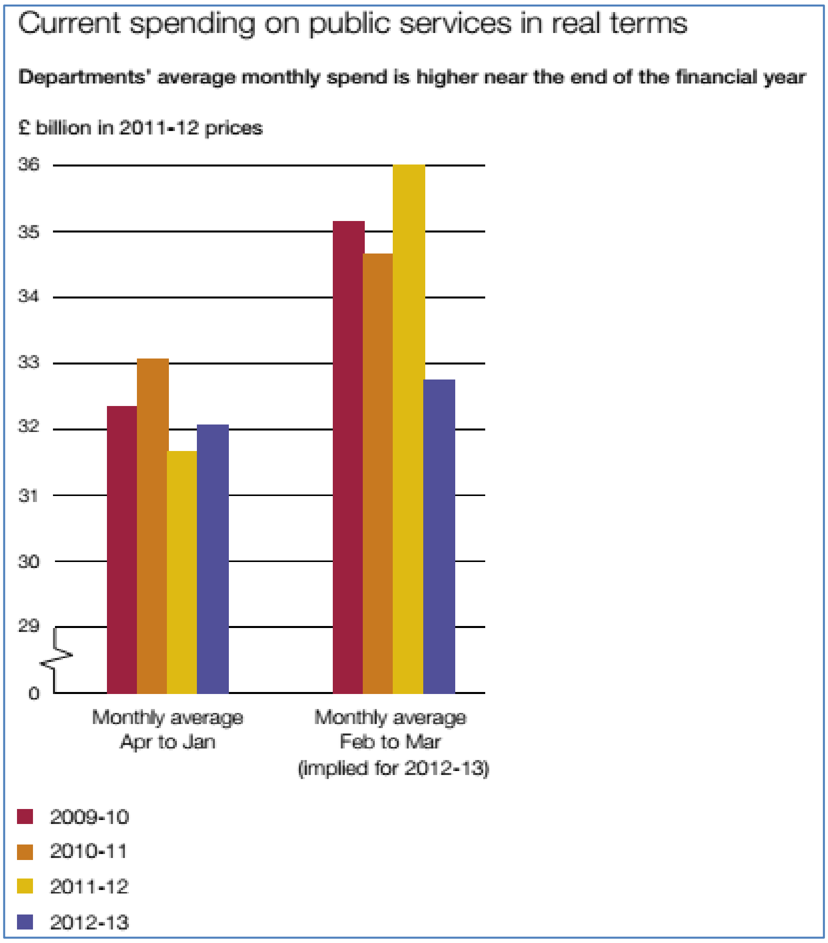
[9] GAO (1998) 'YEAR-END SPENDING: Reforms Underway But Better Reporting and Oversight Needed', available online at: http://www.gao.gov/assets/230/226113.pdf (accessed 25 March 2014) (see page 1)
[10] GAO (1998) 'YEAR-END SPENDING: Reforms Underway But Better Reporting and Oversight Needed', available online at: http://www.gao.gov/assets/230/226113.pdf (accessed 25 March 2014) (see page 2)
[11] GAO (1998) 'YEAR-END SPENDING: Reforms Underway But Better Reporting and Oversight Needed', available online at: http://www.gao.gov/assets/230/226113.pdf (accessed 25 March 2014) (see page 13)
[12] GAO (1998) 'YEAR-END SPENDING: Reforms Underway But Better Reporting and Oversight Needed', available online at: http://www.gao.gov/assets/230/226113.pdf (accessed 25 March 2014) (see page 13)
[13] Liebman, J B and Mahoney, N (2010) 'Do Expiring Budgets Lead to Wasteful Year-End Spending? Evidence from Federal Procurement' available online at: http://www.hks.harvard.edu/jeffreyliebman/LiebmanMahoneyExpiringBudgets.pdf (accessed 25 March 2014) (see page 26)

> *Historically, unspent general fund appropriations for agencies in Oklahoma state government lapsed and reverted back to the state treasury at the end-of-the-fiscal year. Additionally, agencies sometimes had their next year's appropriations cut if they had large revertments at the end of the year. These practices could result in a rush by state agencies to spend down the remainder of their [resources] at the end of each fiscal year.*[14]

Closer to home, a 2014 report by the National Audit Office (NAO) *Forecasting in government to achieve value for money* analysed departments' monthly expenditure returns to the Treasury and found:

> *Spending is most volatile as year end approaches. Departments' average monthly spend is higher in the last two months of the financial year than in the previous ten months.*[15]

This is illustrated in the graph below, which compares spending in the last quarter of the fiscal year with the preceding three quarters:[16]




[14]Douglas, J W and Franklin A L (2006) 'Putting the brakes on the rush to spend down end-of-year balances: carryover money in Oklahoma State Agencies' in Public Budgeting and Finance vol. 26, part 3 pages 46-64. (see page 54)

[15]NAO (2014) 'Forecasting in government to achieve value for money', available online at: http://www.nao.org.uk/report/forecasting-government-achieve-value-money/ (accessed 12 February 2014) (see page 32)

[16]NAO (2014) 'Forecasting in government to achieve value for money', available online at: http://www.nao.org.uk/report/forecasting-government-achieve-value-money/ (accessed 12 February 2014) (see page 32)

In addition, the NAO argued that the tendency of departments to hold onto resources until the later part of the year can lead to the late identification of surplus resources. Late surrender of resources is one expenditure forecasting-related issue noted by the NAO in its report. Furthermore, the NAO makes the related point that there can be consequences for value for money:

> *Poor forecasts of aggregated expenditure can lead to late identification of under or overspending and rapid, poor value for money responses.*[17]

Interestingly, a similar point has been made in Northern Ireland. The Minister of Finance and Personnel has underscored the importance of forecasting to the Assembly, particularly in relation to the surrender of resources late in the year. For example, in his statement on the January Monitoring Round outcome for 2012-13, the Minister of Finance and Personnel said:

> *I remain concerned at the high level of reduced requirements surrendered in this round, particularly since it is difficult to spend large amounts of resources in the final few months of the financial year.*[18]

To understand how year-end expenditure surges, financial forecasting and the requirements for value for money interrelate, it is helpful to consider the prevailing framework for controlling public expenditure. To this end, the following section of this Research Paper highlights relevant elements of the Northern Ireland Public Finance Framework.

[17] NAO (2014) 'Forecasting in government to achieve value for money', available online at: http://www.nao.org.uk/report/forecasting-government-achieve-value-money/ (accessed 12 February 2014) (see page 5)
[18] Official Report, 22 January 2013, available online at: http://www.niassembly.gov.uk/Assembly-Business/Official-Report/Reports-12-13/22-January-2013/

# 2. Public expenditure controls

In addition to the issues raised in the preceding section, the phenomenon of 'spending up' to the budget is important in the context of Northern Ireland - a devolved government that receives fiscal transfers from central government. It may be possible under current arrangements for 'good' budgetary practice to be viewed as the use of all available resources, rather than maximisation of the value for money achieved through those resources.

Additionally, there may be a concern that surrendering underspends sends a signal to central government that the devolved administration is overfunded, potentially leading to downward pressure on future resource allocations. Consequently, this section examines the framework of public expenditure control that applies in Northern Ireland and highlights particular rules and policies that appear to be especially relevant to the issue of year-end surge. First it sets out key terminology.

## 2.1. Terminology

The public expenditure examined is broken down into two categories:

- Capital; and,
- Resource.

**Capital expenditure**

When government departments buy or improve an asset that will be in use for more than one year, and is above a threshold value, it is referred to as a capital, or non-current, spend. This includes the purchasing of buildings, machinery and equipment, and also the enhancement of these assets.

**Resource expenditure**

Resource costs are incurred for either administration or programme delivery. This includes spending on the maintenance of capital assets (e.g. repainting), where it does not add to or enhance capital assets.

Resource expenditure also includes a number of non-cash items such as depreciation and impairments.

## 2.2. Treasury policies and controls

### 2.2.1. The Statement of Funding Policy

The overarching policy in relation to public finance in Northern Ireland is the Treasury's *Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly: Statement of Funding Policy.* Among other things, this policy sets out the key principles that apply to the allocation of public resources within the UK.

Of particular significance to this Research Paper is the principle of 'discipline': i.e. that the system of devolved finance is subject to overall UK macroeconomic and fiscal policy.[19] Furthermore, the policy states that:

> *The devolved administrations will be fully accountable for the proper control and management of their public expenditure allocation and for securing economy, efficiency and value for money through scrutiny by the relevant Parliament or Assemblies…*[20]

So, the policy highlights the importance of the Northern Ireland Assembly's scrutiny role in this context. Furthermore, the policy emphasizes the responsibility of the devolved administrations to "*ensure they introduce suitable arrangements for the planning and control of public expenditure*".[21]

### 2.2.2. Improving Spending Control

In a further policy document, the Treasury has expressed a dim view of loose spending control towards the end of financial year. The 2012 policy *Improving Spending Control* states:

> *Good spending control demands that public sector organisations monitor performance against objectives through the year and make adjustments to stay on track. This requires prompt and accurate management information systems coupled with active top management engagement.*
>
> ***There is no place for excess expenditure or low-value spending in the last quarter of the financial year.*** *Any evidence of excessive spending at the year-end in areas that will not generate savings in future years will be*

[19] HMT (2010) 'Statement of Funding Policy' available online at: http://webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/d/sr2010_fundingpolicy.pdf (accessed 10 April 2014) (see paragraph 2.6.)
[20]HMT (2010) 'Statement of Funding Policy' available online at: http://webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/d/sr2010_fundingpolicy.pdf (accessed 10 April 2014) (see paragraph 3.2, point 5)
[21]HMT (2010) 'Statement of Funding Policy' available online at: http://webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/d/sr2010_fundingpolicy.pdf (accessed 10 April 2014) (see paragraph 10.1)

> *taken into consideration in future decisions on spending issues, including the allocation of funding.[22][emphasis added]*

Although this *Improving Spending Control* policy is subordinate to the overarching *Statement of Funding Policy* in relation to its application to Northern Ireland,[23] it nevertheless indicates that year-end surges should be avoided unless they are fully justified.

### 2.2.3. End-year carryover

It was discussed in section 1 of this Paper that one of the contributory factors to year-end surging is the annual cycle of expenditure control. Prior to the UK Government's Spending Review 2010, this was ameliorated by the EYF scheme. This has since been replaced with the more tightly controlled Budget Exchange Scheme.

The Budget Exchange Scheme is a mechanism that allows departments to carry forward Departmental Expenditure Limit (DEL) underspends from one year to the next. The limits on the Budget Exchange Scheme that apply to Northern Ireland amount to 0.6% of resource DEL and 1.5% of capital DEL – currently excluding the Department of Justice, which is subject to separate end-of-year flexibility arrangements.[24]

The Budget Exchange Scheme, and the EYF Scheme it replaced, share the same intention: to reduce the tendency to rush to spend budgets at year-end because unspent resources must be surrendered. As noted above, an implication of this may be that the value for money obtained from year-end expenditure could be lower than if the same level of resources had been spent during the year in a more carefully planned and evaluated manner.

In a 2011 report, the National Audit Office (NAO) described how the budgeting system at the UK level is designed to operate in support of macro-fiscal objectives:

> *The budgeting system used by the Treasury to plan, allocate and control public expenditure has been designed to: support the achievement of macro-economic stability by ensuring that public expenditure is controlled in support of the Government's fiscal framework; and provide good incentives for departments to manage spending well so as to provide high quality public services that offer value for money for the taxpayer. In practice, we found that the system as operated works towards the first objective, but can create perverse incentives as regards the second. The absence of*

[22] HMT (2012) 'Improving spending control' available online at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220648/improving_spending_control.pdf (accessed 10 April 2014) (see paragraphs 3.20-3.21)

[23] HMT has previously confirmed to RaISe that where there is a conflict between the Statement of Funding Policy and other Treasury policies, the former will take precedence. Source: e-mail from Treasury official dated 28 November 2012.

[24] NIA Official Report, 21 January 2014 http://www.niassembly.gov.uk/Documents/Official-Reports/Plenary/2013-14/21%20January%202014%20REVISED.pdf

*flexibility between the different expenditure limits is also a barrier to intelligent strategic financial management. In particular:*

- *End Year Flexibility was introduced to allow departments to set aside funding for use in future years of the spending review period, and* ***avoid the incentive to 'spend up to the budget'*** *at the end of the financial year. However, in practice, fiscal tightening has meant that the Treasury has restricted departments' access to the accumulated funds, and the tool has largely lost its effectiveness.* [25]*[emphasis added]*

Although the UK Government replaced EYF with the Budget Exchange Scheme, the cited passage is nevertheless helpful in reinforcing the point made by the IFS (cited above in section 1.1.) that one goal of government (i.e. fiscal consolidation in this instance) may conflict with another (i.e. reducing the incentive to 'spend up' to the budget). A question therefore arises about how that tension may be reconciled.

**The Committee for Finance and Personnel (CFP) may wish to ask the Department of Finance and Personnel (DFP) for a devolved perspective on the resolution of the conflict between goals.**

Having established these high-level UK public expenditure controls, the following sub-section focuses on relevant policies and practices at the Northern Ireland level.

## 2.3. Northern Ireland policies and controls

### 2.3.1. Managing Public Money Northern Ireland

At a high level, *Managing Public Money Northern Ireland* sets out the main principles for dealing with resources used by public sector organisations in Northern Ireland. It states that:

*Each departmental Accounting Officer should make sure that the Minister in his or her department appreciates:*

*• the importance of operating with regularity and propriety; and,*

*• the need for efficiency, economy, effectiveness and prudence in the administration of public resources, to deliver value for money.*[26]

This requirement establishes the fundamental duty for departments to secure value for money in their use of resources.

[25] NAO (2011) 'Progress in improving financial management in government' available online at: http://www.nao.org.uk/wp-content/uploads/2011/03/1011487.pdf (accessed 25 March 2014) (see page 25)

[26] DFP (2008) 'Managing Public Money Northern Ireland' available online at: http://www.dfpni.gov.uk/index/finance/afmd/afmd-key-guidance/afmd-mpmni/mpmni_chapters.pdf (accessed 10 April 2014) (see paragraph 2.2.3.)

### 2.3.2. The In-Year Monitoring and Financial Forecasting Systems

The Northern Ireland system of In-Year Monitoring of public expenditure is unique in the UK context. The system allows resources which are unexpectedly surplus to the requirements of the department to which they have been allocated to be reallocated during the fiscal year to another department. The other devolved administrations do not operate equivalent systems.

It has been noted in previous RaISe papers that the operation of the In-Year Monitoring system relies, in part, on monthly financial forecasts supplied by Northern Ireland departments to DFP.[27] Among other things, the financial forecasting process is intended to allow departments to assess for themselves and to communicate where there may be reduced requirements, or where expenditure pressures may be developing.

It was noted above that the NAO have argued that there is a relationship between financial forecasting and the tendency of public sector organisations to 'spend up' to the budget: *poor forecasting means departments make rapid allocation decisions to meet end-of-year pressures*.[28]

The In-Year Monitoring system however creates opportunities for Northern Ireland to avoid some of the potential pitfalls of last-minute spending by reallocating resources; this mechanism is not available to UK departments of the other devolved administrations. But resources can only be reallocated if they have been surrendered by the department to which they were originally allocated.

For example, if a road building scheme is delayed into a later year, the capital resources allocated to it should be released for other priorities. This is only likely to happen if resource-use has been accurately forecast. In other words, only if departments are able to accurately specify their expenditure needs will they be in a position to identify any reduction in their requirements.

### 2.3.3. In-year Monitoring guidelines

DFP annually publishes guidelines for departments on the In-Year Monitoring process. The 2014-15 guidelines explain that the process: "*aids good financial management and ensures resources are directed to the highest priority areas.*"[29]

The guidelines go on to emphasize that:

> *The fundamental principle in respect of the public expenditure control framework is that NI departments must not incur expenditure in excess of*

[27] See, for example, section 3 of RaISe paper 190/12, available online at: http://www.niassembly.gov.uk/Documents/RaISe/Publications/2012/finance_personnel/19012.pdf

[28]NAO (2014) 'Forecasting in government to achieve value for money', available online at: http://www.nao.org.uk/report/forecasting-government-achieve-value-money/ (accessed 12 February 2014) (see page 15)

[29] DFP (2014) 'In-Year Monitoring of Public Expenditure: 2014-15 Guidelines', (see paragraph 2.2.) not available online at time of writing.

*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 budget allocations. This applies regardless of the circumstances involved and departments will be expected to take all possible steps to avoid an overspend.*[30]

DFP's In-Year Monitoring guidelines stress the importance of not overspending. However, significantly for this Research Paper, there is also a requirement that departments "*must surrender reduced requirements at the first available opportunity.*"[31]

This requirement – if adhered to – provides the Northern Ireland Executive with the opportunity to ensure sub-optimal year-end spending is minimised.

### 2.3.4. Outturn and Forecast Outturn Guidance

As discussed above, the In-Year Monitoring process relies on financial forecasting conducted by departments.[32] DFP also publishes guidance for departments on this forecasting process.

The main purposes of the forecasting guidance are to:

- obtain robust expenditure profiles from departments, allowing for management of the public expenditure position at Block level;
- ensure that resources are not lost to the NI Executive through effective management of Budget Exchange; and,
- maintain credibility around the financial information provided to the Minister, the Assembly and the Treasury.[33]

In line with these purposes, the 2014-15 version of the guidance states:

*Department's returns should accurately reflect their anticipated month on month accrued expenditure and forecast of expenditure for the year. Year-end surges, caused by inserting balancing figures in the last month to ensure full spend against the Monitoring total, are not acceptable. This pattern of spend should only be shown where this is an accurate representation of anticipated spend. An explanation should be provided to clarify where an end year surge is correctly reported.*[34]

[30] DFP (2014) 'In-Year Monitoring of Public Expenditure: 2014-15 Guidelines', (see paragraph 5.2.) not available online at time of writing.
[31] DFP (2014) 'In-Year Monitoring of Public Expenditure: 2014-15 Guidelines', (see paragraph 5.10.) not available online at time of writing.
[32] DFP (2014) 'In-Year Monitoring of Public Expenditure: 2014-15 Guidelines', (see paragraph 7.3.) not available online at time of writing.
[33] Source: correspondence from DFP official, 9 April 2014
[34] DFP '2014-15' OUTTURN AND FORECAST OUTTURN GUIDANCE' paragraph 4.10

In should be noted that this forecasting guidance is not specifically concerned with ensuring value for money of year-end spending. Rather it is more focused on ensuring the quality of forecasting data.[35]

The significant point for the Assembly's committees is that DFP seeks clarification and assurance in relation to the accuracy of forecast year-end expenditure surges. This is important when considering the monthly expenditure profiles presented in section 3 of this Research Paper.

Furthermore, the forecasting `guidance also requires that, when submitting their forecasts to DFP, departments should provide explanations for "*unusual trends or numbers*", including year-end surges.[36] This implies that year-end surges in the expenditure of Northern Ireland departments are not to be totally unexpected.

## 2.4. Summary of the evidence

The information and evidence discussed in this paper so far have established that:

- year-end surges have been an observable phenomenon in public sector spending in both the US and the UK for a considerable period of time;
- there is a body of evidence (from Treasury policy documents, guidance legislative reports and other academic and accountability studies) supporting the view that year-end spending may be sub-optimal; and,
- equally, it may be that year-end surges are partly (possibly even wholly) justified by the nature of expenditure committed by a particular department.

With these points in mind, the next section presents analysis of the pattern of public expenditure in Northern Ireland from 2010-11 to 2012-13.

[35] Source: correspondence from DFP official, 9 April 2014
[36] DFP '2014-15' OUTTURN AND FORECAST OUTTURN GUIDANCE' paragraph 4.17

# 3. The Monthly Expenditure Profile of Northern Ireland Departments and their Associated Public Bodies (ALBs)

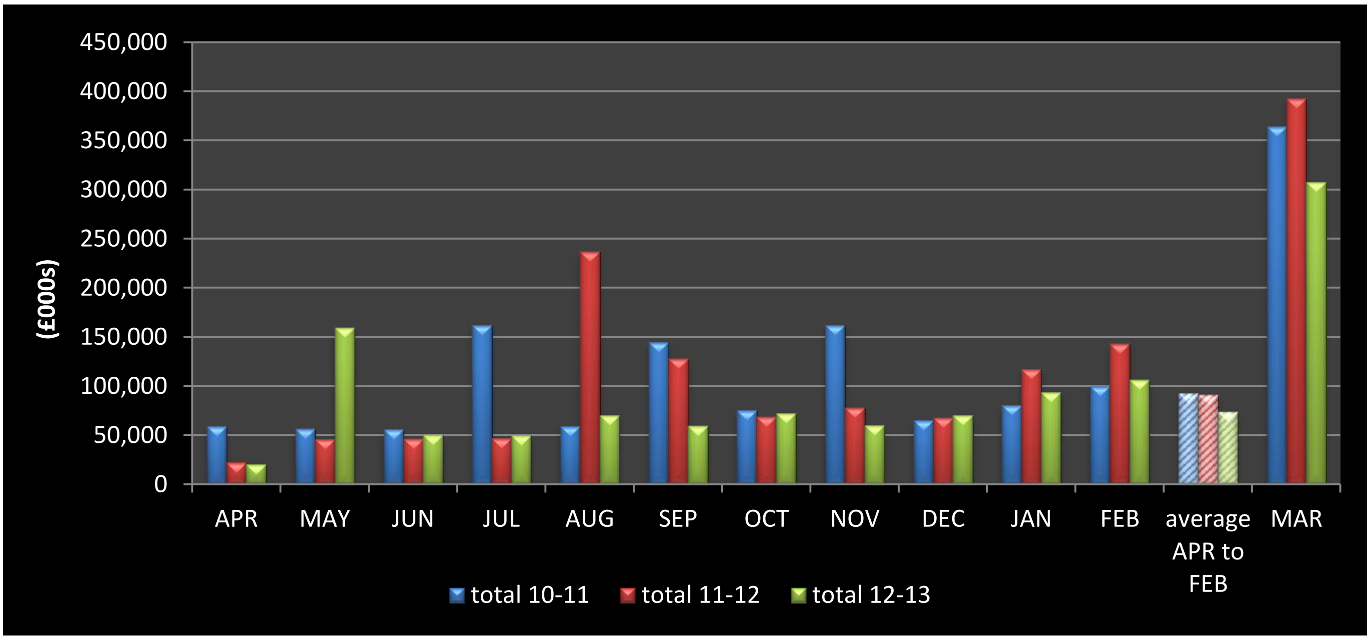
This section examines the aggregated month-by-month expenditure of Northern Ireland departments and their associated ALBs for 2010-11 to 2012-13. The analysis relies on outturn data provided by departments to DFP, and by DFP to the Assembly.[37] It clearly demonstrates that there were significant expenditure spikes in the final month of each fiscal year.

The expenditure spikes occur in *both* the capital and the resource expenditure categories, but these are significantly more noticeable in capital expenditure. In this context, Members may wish to note that it is recognised that "*capital investment expenditures are difficult to manage within an annual budget framework*".[38]

## 3.1. The Northern Ireland capital expenditure profile

Figure 1 shows the capital expenditure outturn of all Northern Ireland departments for each month of the fiscal years 2010-11 to 2012-13.[39] RaISe has also calculated the average expenditure for the first eleven months of each fiscal year. The average is shown in Figures 1 and 2, alongside the outturn expenditure for the month of March for ease of comparison.

**Figure 1: Monthly expenditure outturn, all departments and ALBs (£m) 2010-11 to 2012-13**




[37]Data for 2010-11, and 2012-13 is from final restated returns following the end of the fiscal year (May). DFP advised RaISe it does not have final restated outturn for the 2011-12 year. Data for 2011-12 is therefore taken from the final 'normal' return would for that year (April).

[38]Tommasi, D (2013) 'The Budget Execution Process' chapter in *The International Handbook of Public Financial Management*, Palgrave Macmillan: Basingstoke (see page 296)

[39]No analysis of the current (2013-14) fiscal year is possible at this time. This is because, following the end of the fiscal year, departments are given the opportunity to restate their outturn figures for each month. The restated outturn figures for 2013-14 will not be available to the Assembly until May or June 2014.

### Discussion of Figure 1

Over the three years shown, aggregated capital expenditure increased on average by more than 300% in March, compared to the mean for the preceding eleven months.[40] Table 1 shows the year-end surge for each year.

**Table 1: percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 92,577 | 363,928 | 293% |
| 2011-12 | 90,857 | 392,931 | 332% |
| 2012-13 | 73,701 | 307,444 | 317% |

**Please note, Appendix 1 provides individual departmental breakdowns, alongside graphical representations and other observations made by RaISe.**

Table 2, overleaf, shows the aggregated surge in March expenditure over three years, by department, compared to the aggregated average expenditure for the months of April to February over those three years. Those departments that exhibited a greater percentage increase than the percentage increase for Northern Ireland as a whole are highlighted in red. Those departments that exhibited a lesser increase than the percentage increase for Northern Ireland as a whole are highlighted in green.

[40] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

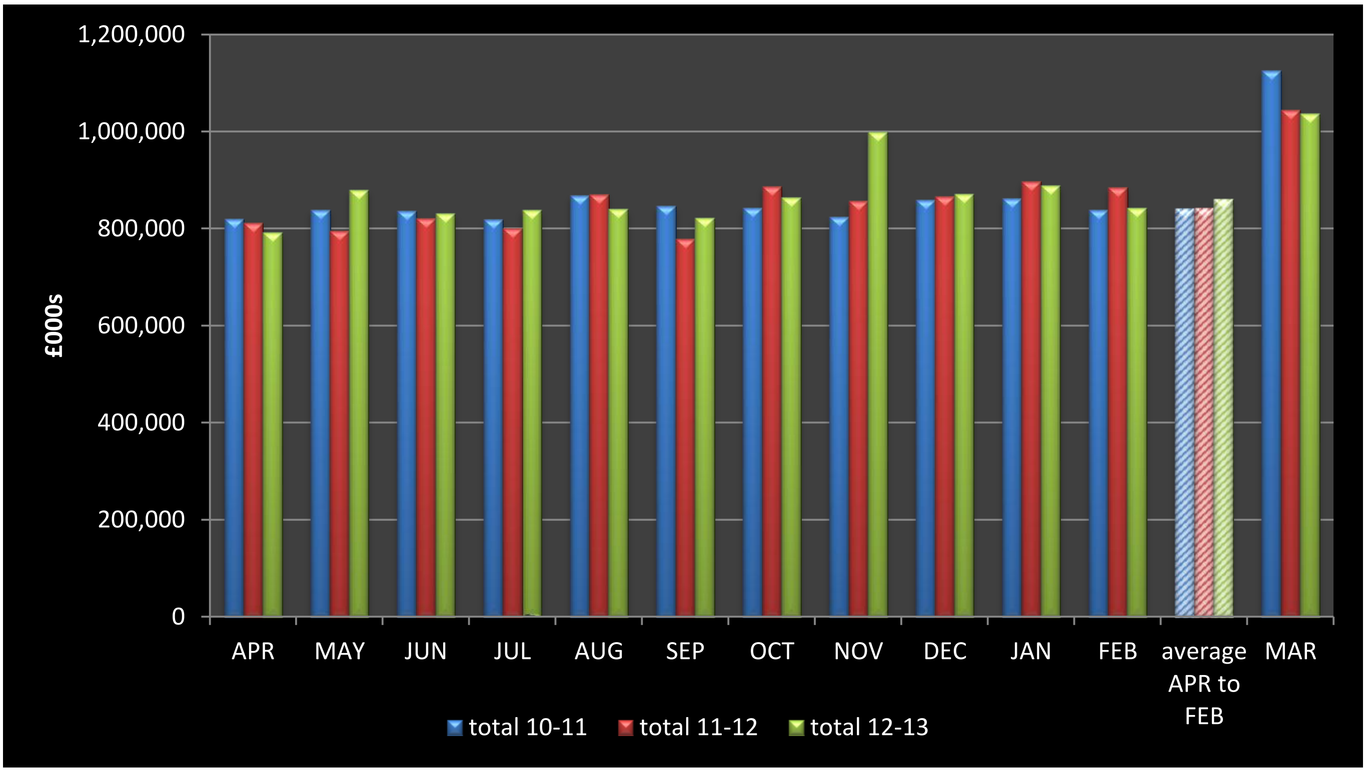
**Table 2: department-by-department increase in year-end capital expenditure (aggregated over three years)**

| Department (including ALBs) | Average increase (in aggregates) in March expenditure over average April-to-February expenditure |
|---|---|
| **All Northern Ireland departments** | **314%** |
| Department of Agriculture and Rural Development (DARD) | 504% |
| Department of Culture Arts and Leisure (DCAL) | 448% |
| Department of Education (DE) | 230% |
| Department of Employment and Learning (DEL) | 623% |
| Department of Enterprise Trade and Investment (DETI) | 91% |
| Department of Finance and Personnel (DFP) | 387% |
| Department of Health, Social Services and Personal Safety (DHSSPS) | 461% |
| Department of the Environment (DOE) | 977% |
| Department of Justice (DOJ) | 461% |
| Department of Regional Development (DRD) | 132% |
| Department of Social Development (DSD) | 985% |
| Office of the First and deputy First Minister (OFMDFM) | 216% |

## 3.2. The Northern Ireland resource expenditure profile

Figure 2 shows the resource expenditure outturn of all Northern Ireland departments for each month of the fiscal years 2010-11 to 2012-13.

**Figure 2 : Monthly expenditure outturn, all departments and ALBs (£m) 2010-11 to 2012-13**




### Discussion of Figure 2

Over the three years shown, aggregated resource expenditure increased on average by more than 25% in March compared to the mean for the preceding eleven months. [41] Table 2 shows the year-end surge for each year.

**Table 3: percentage increase in year-end resource expenditure**

| Year | Average monthly expenditure (Apr to Feb(£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 843,424 | 1,126,025 | 34% |
| 2011-12 | 842,824 | 1,044,877 | 24% |
| 2012-13 | 861,097 | 1,037,585 | 20% |

[41] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

The year-end surges in resource expenditure are of a considerably lower magnitude than those that occurred over the same time period in capital expenditure; the increases in March expenditure nevertheless remain both noticeable and significant.

It would be unexpected to find year-end surges in resource expenditure to the same degree as exhibited in capital. This is primarily because a large proportion of departmental resource expenditure relates to payment of staff; salary payments are regular and predictable. As noted above, capital investment expenditure can be more difficult to manage.

**Please note, Appendix 1 provides individual departmental breakdowns, alongside graphical representations and other observations may by RaISe.**

Table 3, overleaf, shows the aggregated surge in March expenditure, by department, compared to the aggregated average expenditure for the months of April to February. Those departments that exhibited a greater percentage increase than the percentage increase for Northern Ireland as a whole are highlighted in red. Those departments that exhibited a lesser increase than the percentage increase for Northern Ireland as a whole are highlighted in green.

**Table 2: department-by-department increase in year-end capital expenditure (aggregated over three years)**

| Department (including ALBs) | Average increase (in aggregates) in March expenditure over average April-to-February expenditure |
|---|---|
| **All Northern Ireland departments** | **26%** |
| Department of Agriculture and Rural Development (DARD) | 114% |
| Department of Culture Arts and Leisure (DCAL) | 94% |
| Department of Education (DE) | 16% |
| Department of Employment and Learning (DEL) | 12% |
| Department of Enterprise Trade and Investment (DETI) | 201% |
| Department of Finance and Personnel (DFP) | 50% |
| Department of Health, Social Services and Personal Safety (DHSSPS) | 6% |
| Department of the Environment (DOE) | 99% |
| Department of Justice (DOJ) | 46% |
| Department of Regional Development (DRD) | 61% |
| Department of Social Development (DSD) | 40% |
| Office of the First and deputy First Minister (OFMDFM) | 101% |

# 4. Concluding remarks

The system of public expenditure controls seek to promote responsible budgeting and expenditure practices. The Treasury's *Statement of Funding Policy* explicitly highlights the role of legislative scrutiny. The case for legislative scrutiny of year-end expenditure by departments has also been made elsewhere:

> *The threat of public scrutiny of poor end-of-year spending decisions would be an example of a moral incentive that the legislature could use to control the activities of the agents.*[42]

Another writer has observed:

> *Where performance is measured, performance improves. Where performance is measured and reported, the rate of improvement accelerates.*[43]

In other words, the knowledge that the Assembly and its committees are scrutinising year-end surges in departmental expenditure may, of itself, create an incentive for departments to pay close attention to their month-by-month expenditure profile. Put simply, this is because officials may be more careful about ensuring value for money if they know that they may be held to account by the Assembly for the timing of decisions and the associated payments.

**Points for scrutiny:**

**1. Statutory committees may wish to ask their respective departments for explanations of the year-end surges evidenced in the charts in Appendix 1; committees may wish to ask for copies of those explanations provided to DFP as required by the Outturn and Forecast Outturn Guidance (refer to section 2.2.4.)**

**2. CFP may additionally wish to:**

**a) seek information from DFP of any analysis it has conducted in relation to the pattern of departmental spending and any associated risk to value for money;**

**b) ask DFP whether year-end surges have been fully explained by departments in accordance with the Outturn and Forecast Outturn Guidance;**

**c) ask DFP to explain any steps it takes (beyond the requirements set out in its Outturn and Forecast Outturn Guidance to departments) to understand the reasons for year-end surges and any relationship with value for money; and,**

**d) ask DFP to identify further steps that might be taken - should a need be identified – to counter year-end surges if such surges create value for money risks.**

[42] Douglas, J W and Franklin A L (2006) 'Putting the brakes on the rush to spend down end-of-year balances: carryover money in Oklahoma State Agencies' in Public Budgeting and Finance vol. 26, part 3 pages 46-64. (see page 50)
[43] http://blog.gaiam.com/quotes/authors/thomas-s-monson/35853

A further issue which CFP might wish to consider is the relationship between 'spending up' behaviour by departments and the Northern Ireland Executive's practice of producing multi-annual instead of annual budgets. This was an issue explored by the previous CFP during its *Inquiry into the Role of the Northern Ireland Assembly in Scrutinising the Executive's Budget and Expenditure* in the last Assembly mandate.

For example, in its 2011 report CFP stated:

> *The Committee accepts that the approach of agreeing multi-year budgets, as in the cases of 2008-11 and 2011-15, offers advantages in terms of more strategic planning.*[44]

In a February 2014 debate on the Budget Bill, the Minister of Finance indicated that he shares this view:

> *I think that one of the merits of the four-year process is that it allows Departments to plan better, particularly their capital expenditure, and it allows them to see a longer-term picture of what they have at their disposal. Therefore, they can plan much better.*[45]

The implication appears to be that a multi-year budget plan provides certainty for departments about their future spending allocations. A logical outworking might therefore be that a multi-year budget could reduce the incentive for departments to hold onto resources until the year end before a last-minute surge. However, the evidence from the expenditure outturns presented in section 3 above does not seem to show that this is the case.

**Point for scrutiny: CFP may wish to seek DFP's view of the relationship between multi-annual budgeting and year-end surges in expenditure.**

Finally, an important consideration is that Northern Ireland expenditure is controlled in line with the Treasury framework discussed in Section 2 of this Research Paper. The most commonly advanced solution to the perceived problem of 'spending up' to the budget is to allow carry-over of resources from one fiscal year to the next.[46] However, this option – outside the agreed limits of the Budget Exchange Scheme – is not open to Northern Ireland.

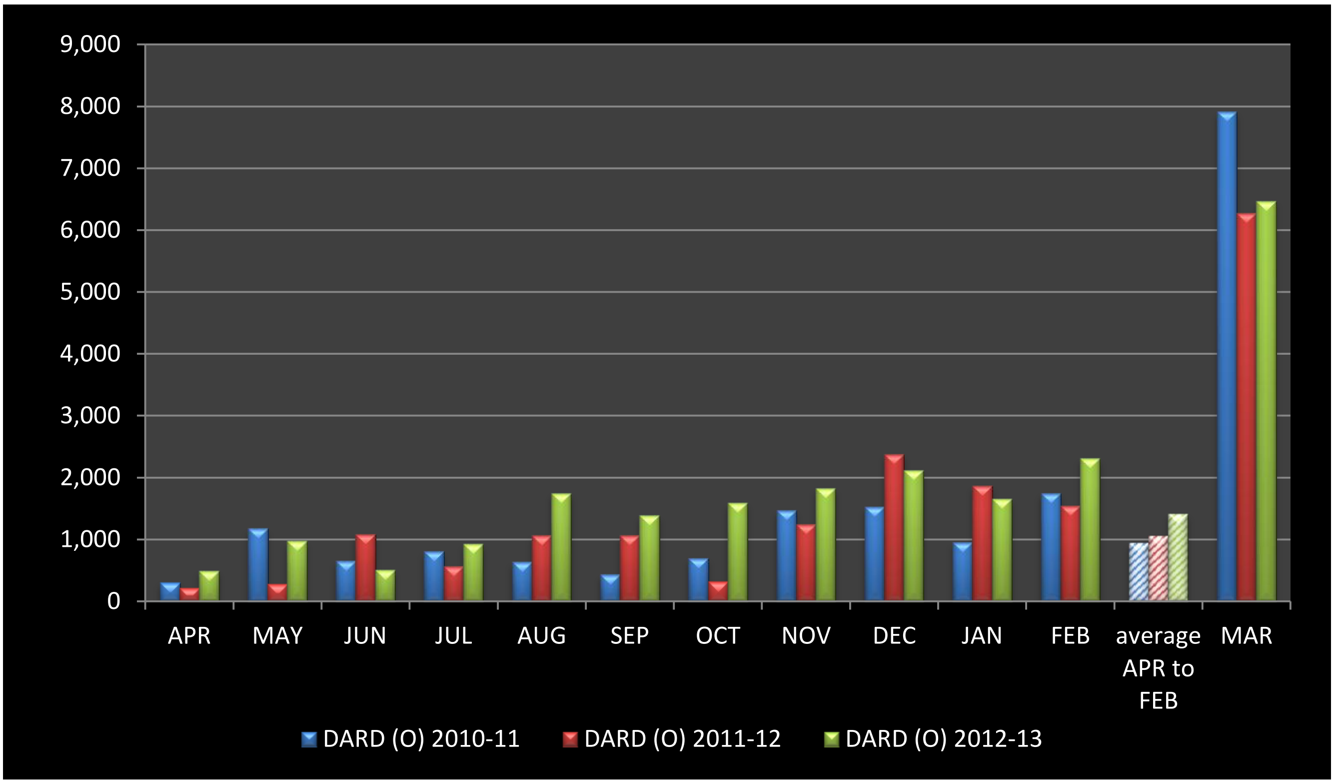
[44] CFP (2011) 'Third Report on the Inquiry into the Role of the Northern Ireland Assembly in Scrutinising the Executive's Budget and Expenditure' available online at: http://archive.niassembly.gov.uk/finance/2007mandate/reports/report_61_10_11R.htm (see paragraph 8)

[45] Official Report, 11 February 2014 http://www.niassembly.gov.uk/Assembly-Business/Official-Report/Reports-13-14/11-February-2014/#6

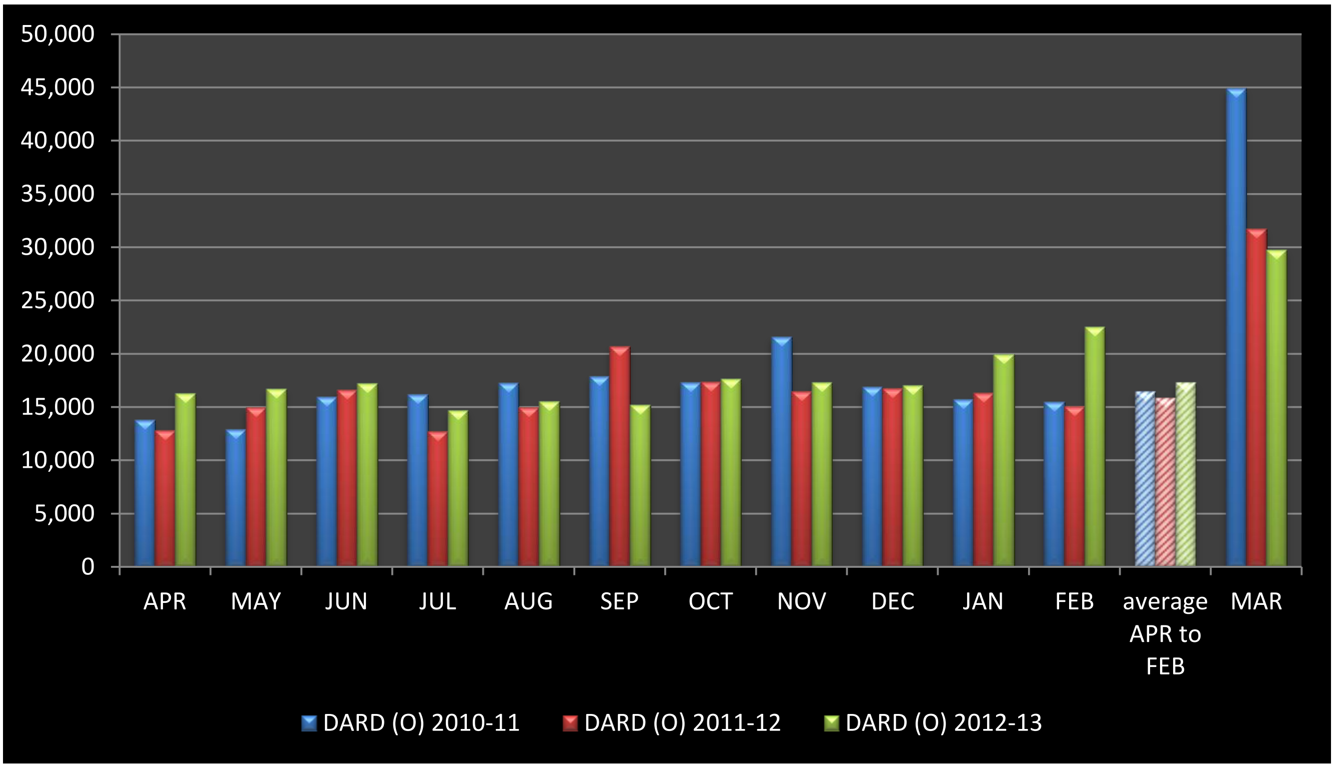
[46] See, for example, http://www.hks.harvard.edu/news-events/publications/impact-newsletter/archives/winter-2014/using-and-losing-reforming-wasteful-year-end-spending , Douglas, J W and Franklin A L (2006) op cit, and http://edocs.nps.edu/npspubs/scholarly/MBAPR/2007/Dec/07Dec_McPherson_MBA.pdf

# Appendix 1: monthly expenditure profiles for each Northern Ireland department

**A1.1. DARD Capital Outturn 2010-11 to 2012-13**




**A1.2 DARD Resource Outturn 2010-11 to 2012-13**



## A1.3. Discussion of figures A1.1. and A1.2.

Over the three years shown, aggregated capital expenditure increased on average by more than 500% in March compared to the mean for the preceding eleven months. [47]

**Table A1: DARD percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 945 | 7,910 | 737% |
| 2011-12 | 1,058 | 6,268 | 492% |
| 2012-13 | 1,413 | 6,467 | 358% |

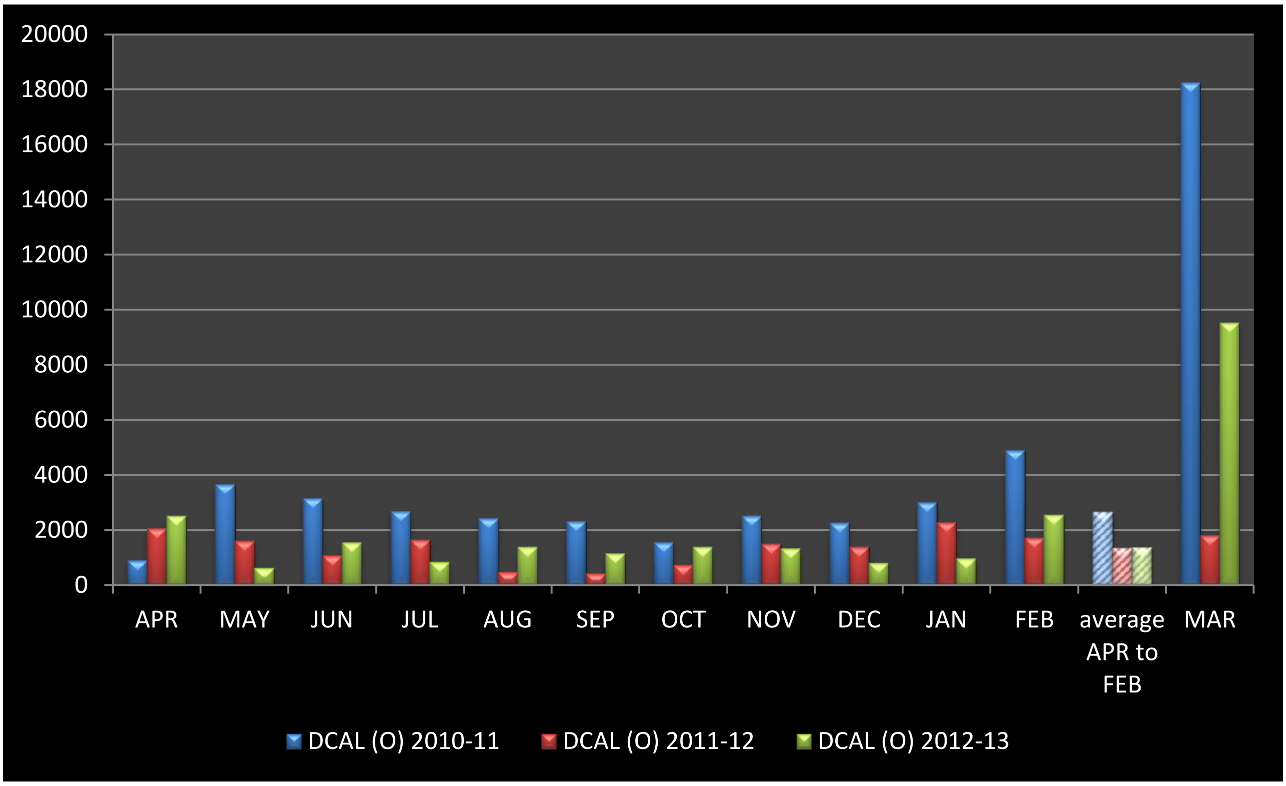
Over the three years shown, aggregated resource expenditure increased on average by more than 100% in March compared to the mean for the preceding eleven months. Table A2 shows the year-end surge for each year.

**Table A2: DARD percentage increase in year-end resource expenditure**

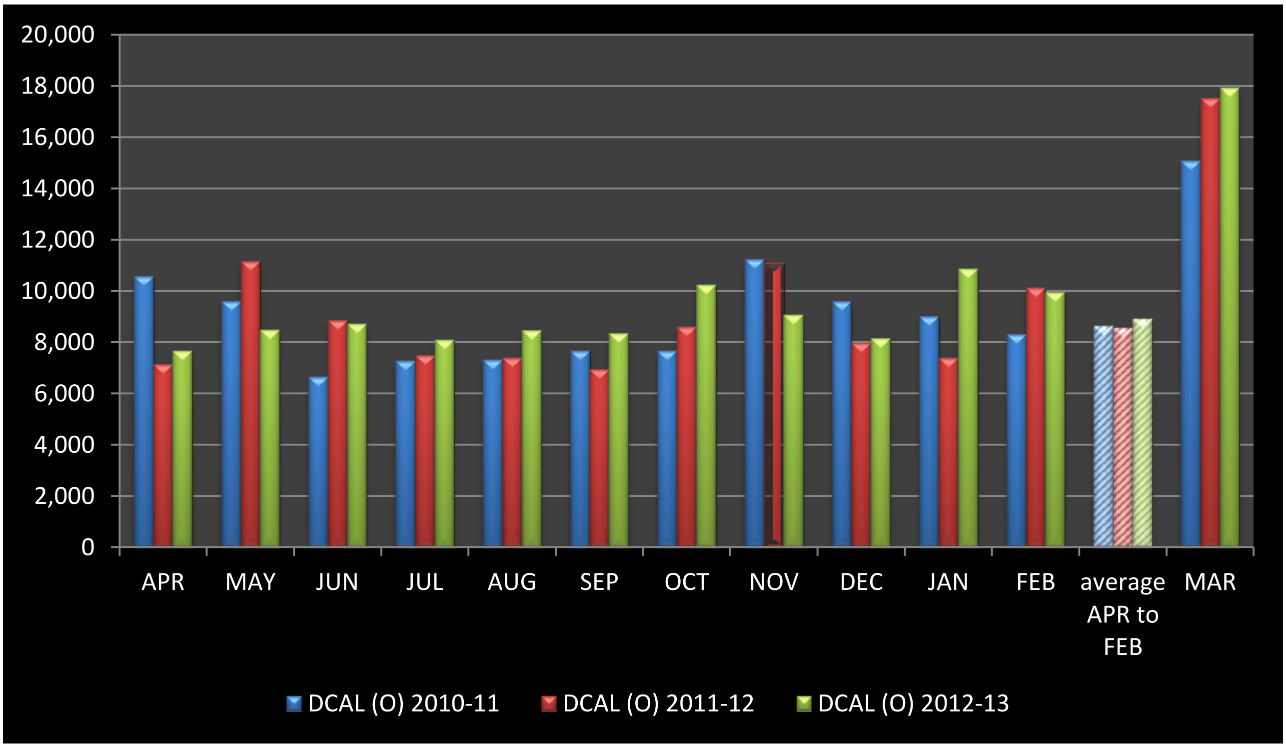
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 16,465 | 44,932 | 173% |
| 2011-12 | 15,881 | 31,755 | 100% |
| 2012-13 | 17,284 | 29,723 | 72% |

[47] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A2.1. DCAL Capital Outturn 2010-11 to 2012-13**




**A2.2. DCAL Resource Outturn 2010-11 to 2012-13**



### A2.3. Discussion of figures A2.1. and A2.2.

Over the three years shown, aggregated capital expenditure increased on average by nearly 450% in March compared to the mean for the preceding eleven months. [48]

**Table A3: DCAL percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 2,667 | 18,248 | 584% |
| 2011-12 | 1,358 | 1,815 | 34% |
| 2012-13 | 1,376 | 9,521 | 592% |

**Members should note that comparison of the averages may provide a distorted view. In 2011-12, DCAL's capital outturn in March was only 34% greater than the preceding eleven months which is greatly different from the increases in the 2010-11 and 2012-13.**

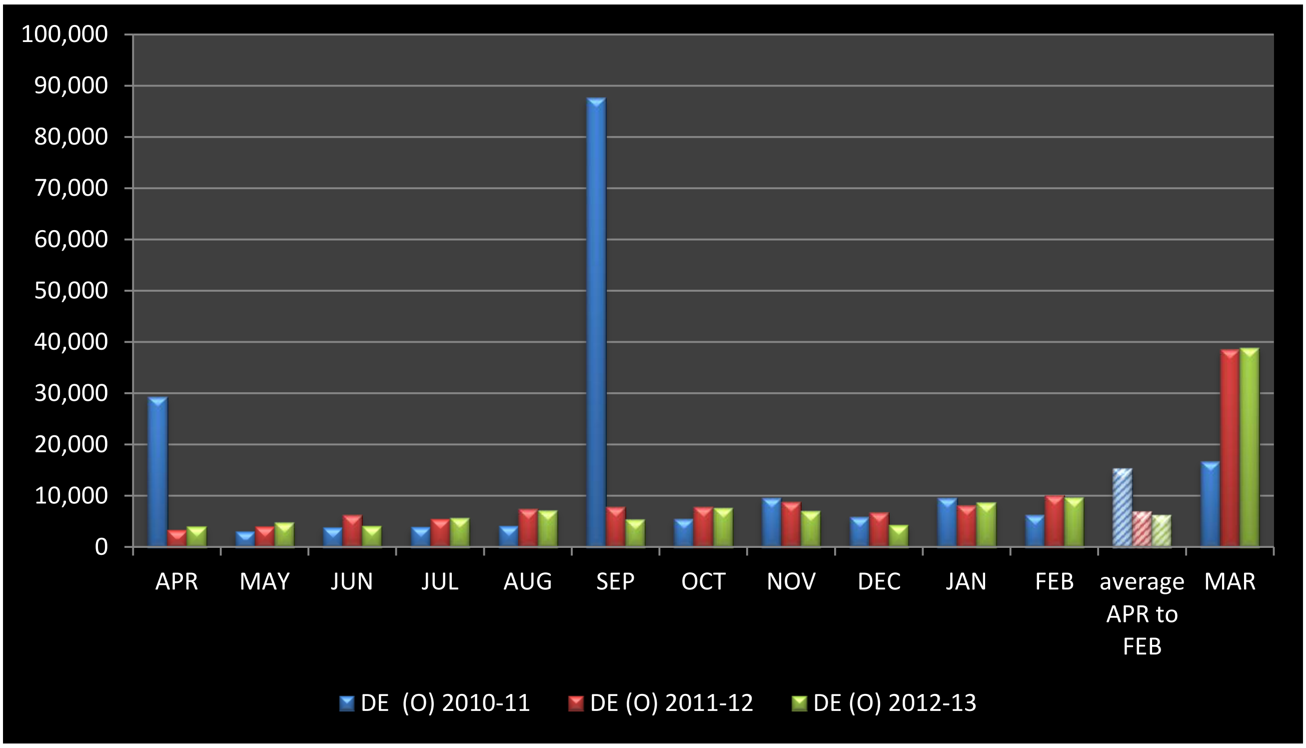
Over the three years shown, aggregated resource expenditure increased on average by more than 90% in March compared to the mean for the preceding eleven months. Table A4 shows the year-end surge for each year.

**Table A4: DCAL percentage increase in year-end resource expenditure**

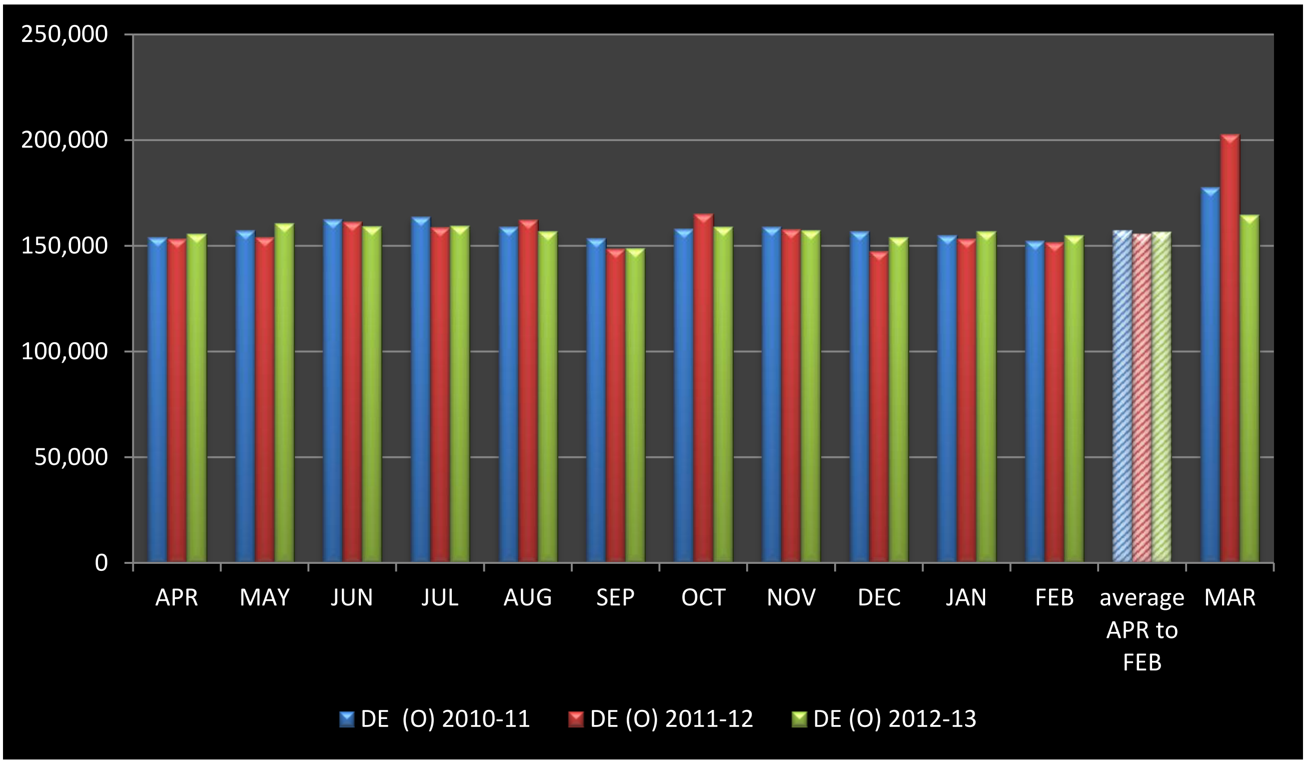
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 8,633 | 15,089 | 75% |
| 2011-12 | 8,569 | 17,537 | 105% |
| 2012-13 | 8,920 | 17,935 | 101% |

[48] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A3.1. DE Capital Outturn 2010-11 to 2012-13**




**A3.2. DE Resource Outturn 2010-11 to 2012-13**



## A3.3. Discussion of figures A3.1. and A3.2.

Over the three years shown, aggregated capital expenditure increased on average by 230% in March compared to the mean for the preceding eleven months.[49]

**Table A5: DE percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 15,350 | 16,725 | 9% |
| 2011-12 | 6,925 | 38,576 | 457% |
| 2012-13 | 6,265 | 38,875 | 521% |

**Members should note that DE's capital outturn figures are significantly affected by an especially large outturn in the month of September in the 2010-11 year. To remove the impact of this one month's expenditure, it may be helpful to note that the median April to February expenditure across the three years is £6,305,000.**

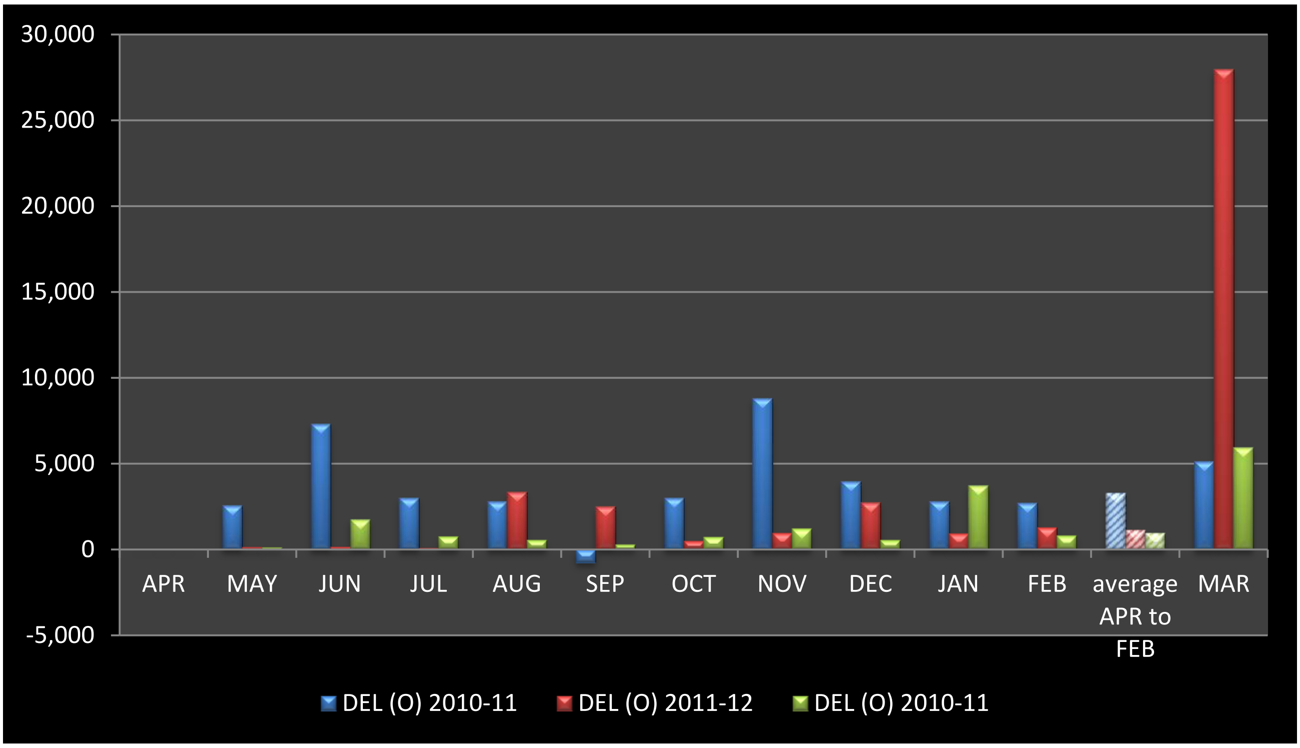
Over the three years shown, aggregated resource expenditure increased on average by more than 16% in March compared to the mean for the preceding eleven months. Table A6 shows the year-end surge for each year.

**Table A6: DE percentage increase in year-end resource expenditure**

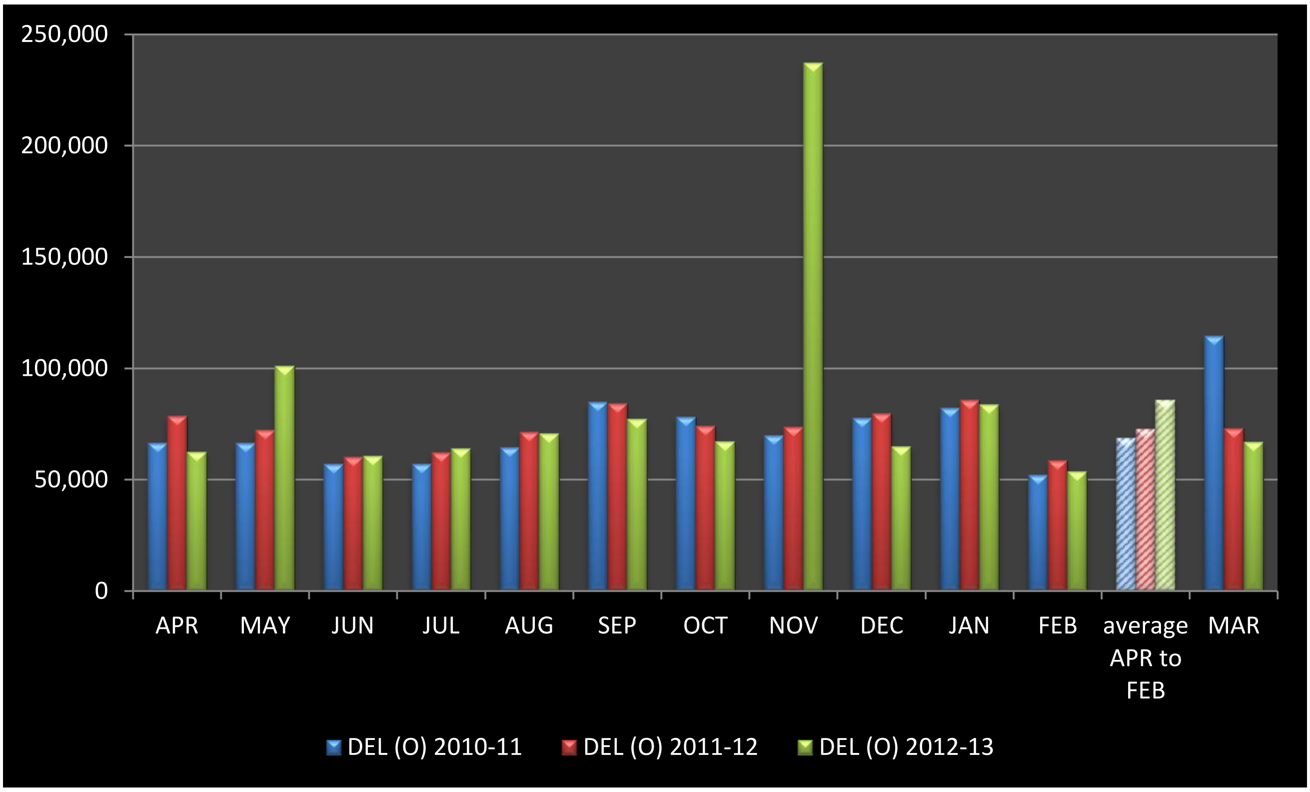
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 157,412 | 177,550 | 13% |
| 2011-12 | 155,798 | 202,895 | 30% |
| 2012-13 | 156,591 | 164,573 | 5% |

[49] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A4.1. DEL Capital Outturn 2010-11 to 2012-13**




**A4.2. DEL Capital Outturn 2010-11 to 2012-13**



### A4.3. Discussion of figures A4.1. and A4.2.

Over the three years shown, aggregated capital expenditure increased on average by more than 620% in March compared to the mean for the preceding eleven months.[50]

**Table A7: DEL percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 3,295 | 5,116 | 55% |
| 2011-12 | 1,150 | 27,996 | 2334% |
| 2012-13 | 959 | 5,957 | 521% |

**Members should note that the particularly significant outturn for March 2011-12 has a noticeable effect upon the averages. For example, the very large increase in expenditure in March 2012-13 is somewhat masked by the even larger 2011-12 increase.**

Over the three years shown, aggregated resource expenditure increased on average by 12% in March compared to the mean for the preceding eleven months. Table A8 shows the year-end surge for each year.

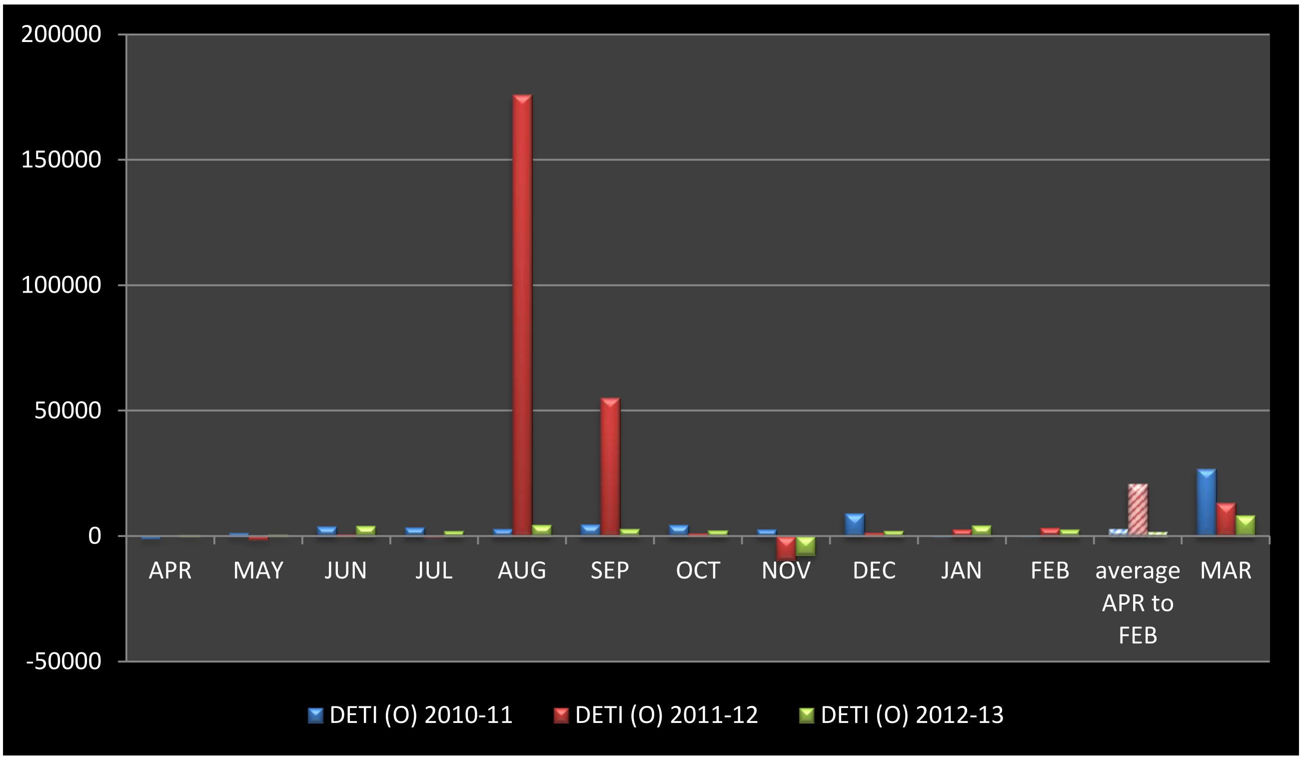
**Table A8: DEL percentage increase in year-end resource expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 68,808 | 114,458 | 66% |
| 2011-12 | 72,844 | 72,940 | 0% |
| 2012-13 | 85,762 | 66,921 | -22% |

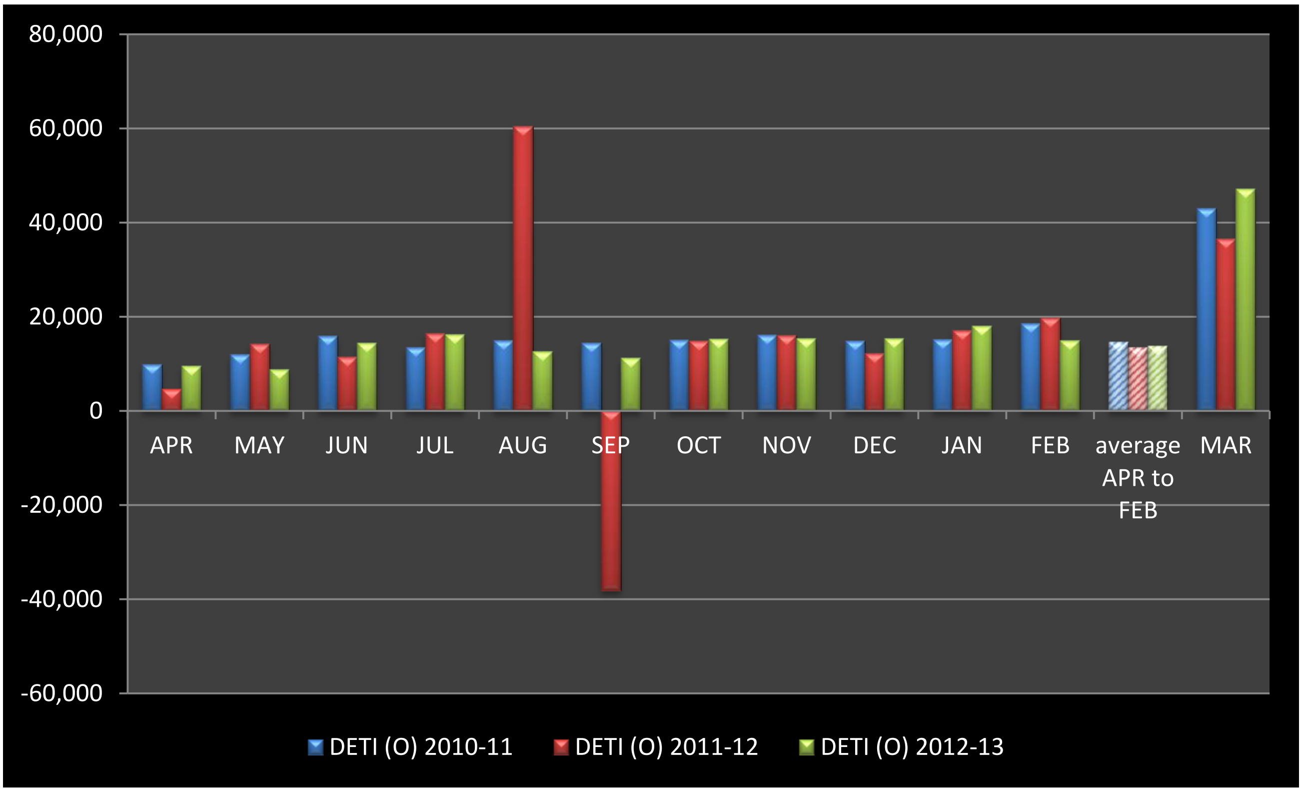
**Members should that note that DEL’s resource expenditure profile does not exhibit significant year-end surges, except for 2010-11.**

[50] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A5.1. DETI Capital Outturn 2010-11 to 2012-13**




**A5.2. DETI Resource Outturn 2010-11 to 2012-13**



### A5.3. Discussion of figures A5.1. and A5.2.

Over the three years shown, aggregated capital expenditure increased on average by over 90% in March compared to the mean for the preceding eleven months.[51]

**Table A9: DETI percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 2,851 | 26,936 | 845% |
| 2011-12 | 20,858 | 13,247 | -36% |
| 2012-13 | 1,674 | 8,197 | 390% |

**Members should note that the particularly significant outturn for August 2011-12 has a noticeable effect upon the averages. For example, the very large increases in expenditure in both March 2010-11 and 2012-13 are somewhat masked in figure A5.1. by the distortion in scale caused by the August 2011-12 outturn figure.**

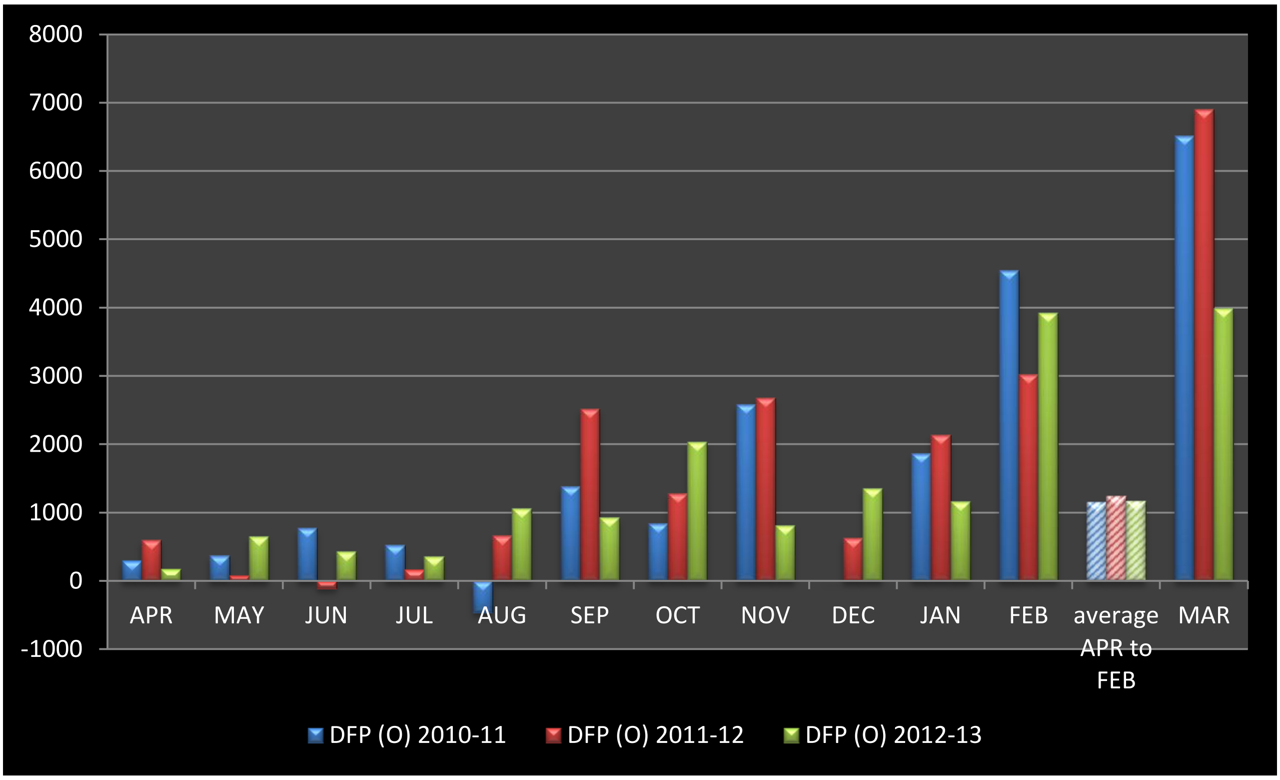
Over the three years shown, aggregated resource expenditure increased (on average) by 200% in March compared to the mean for the preceding eleven months. Table A10 shows the year-end surge for each year.

**Table A10: DETI percentage increase in year-end resource expenditure**

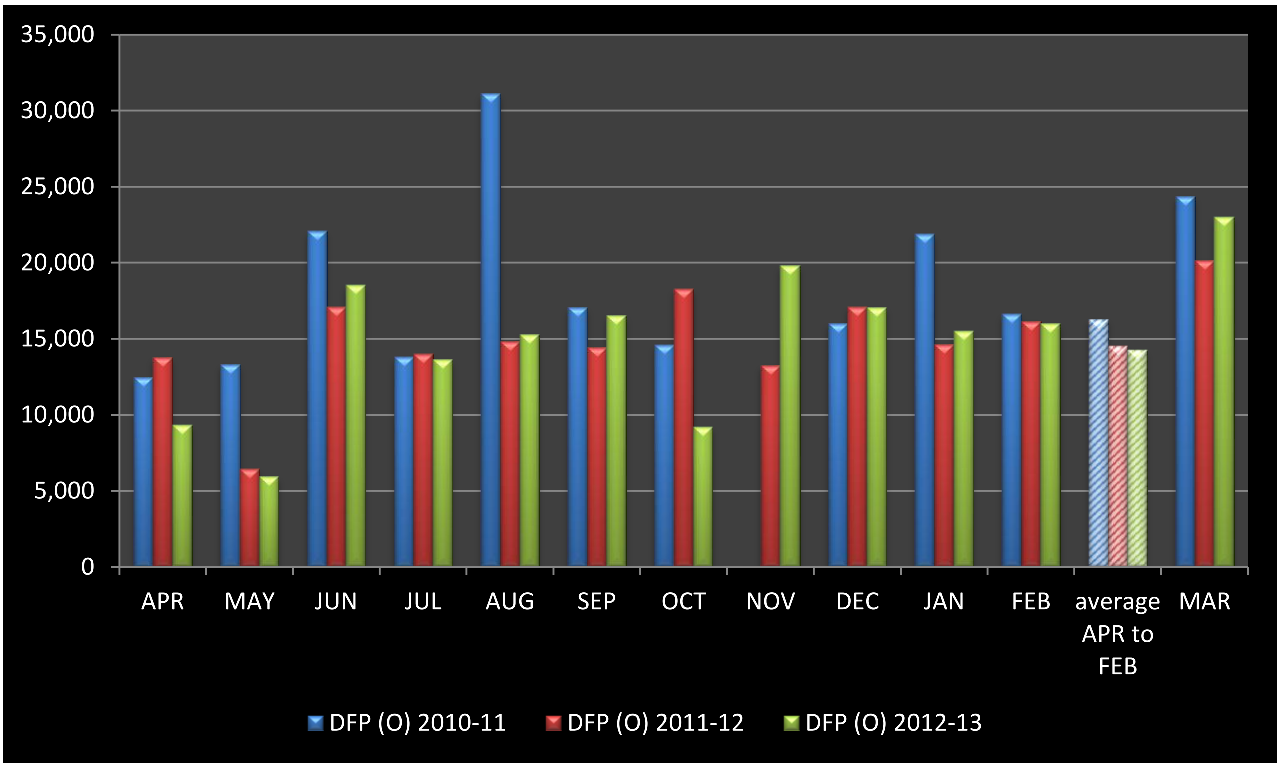
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 14,623 | 42,988 | 194% |
| 2011-12 | 13,569 | 36,589 | 170% |
| 2012-13 | 13,837 | 47,133 | 241% |

[51] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A6.1. DFP Capital Outturn 2010-11 to 2012-13**




**A6.2. DFP Resource Outturn 2010-11 to 2012-13**



## A6.3. Discussion of figures A6.1. and A6.2.

Over the three years shown, aggregated capital expenditure increased on average by almost 390% in March compared to the mean for the preceding eleven months.[52]

**Table A11: DFP percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 1,158 | 6,513 | 462% |
| 2011-12 | 1,243 | 6,903 | 455% |
| 2012-13 | 1,173 | 3,992 | 240% |

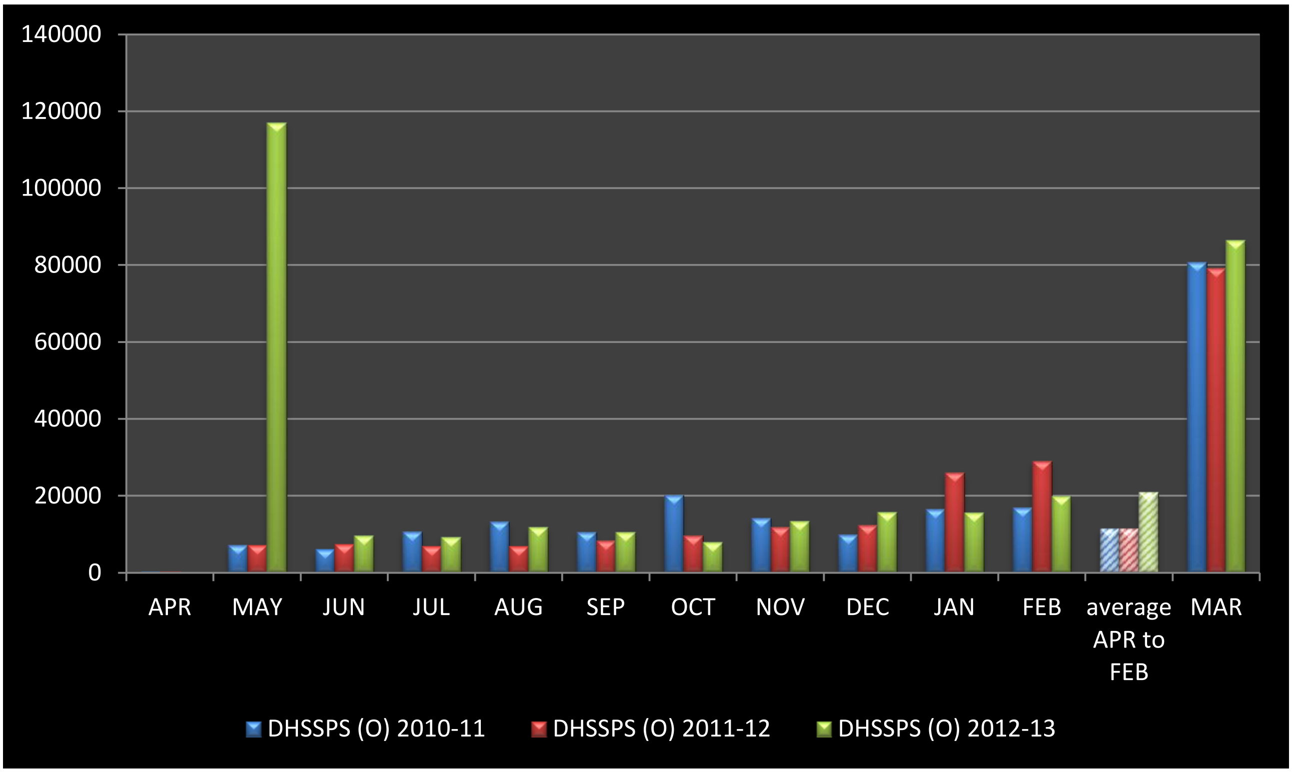
Over the three years shown, aggregated resource expenditure increased on average by 50% in March compared to the mean for the preceding eleven months. Table A12 shows the year-end surge for each year.

**Table A12: DFP percentage increase in year-end resource expenditure**

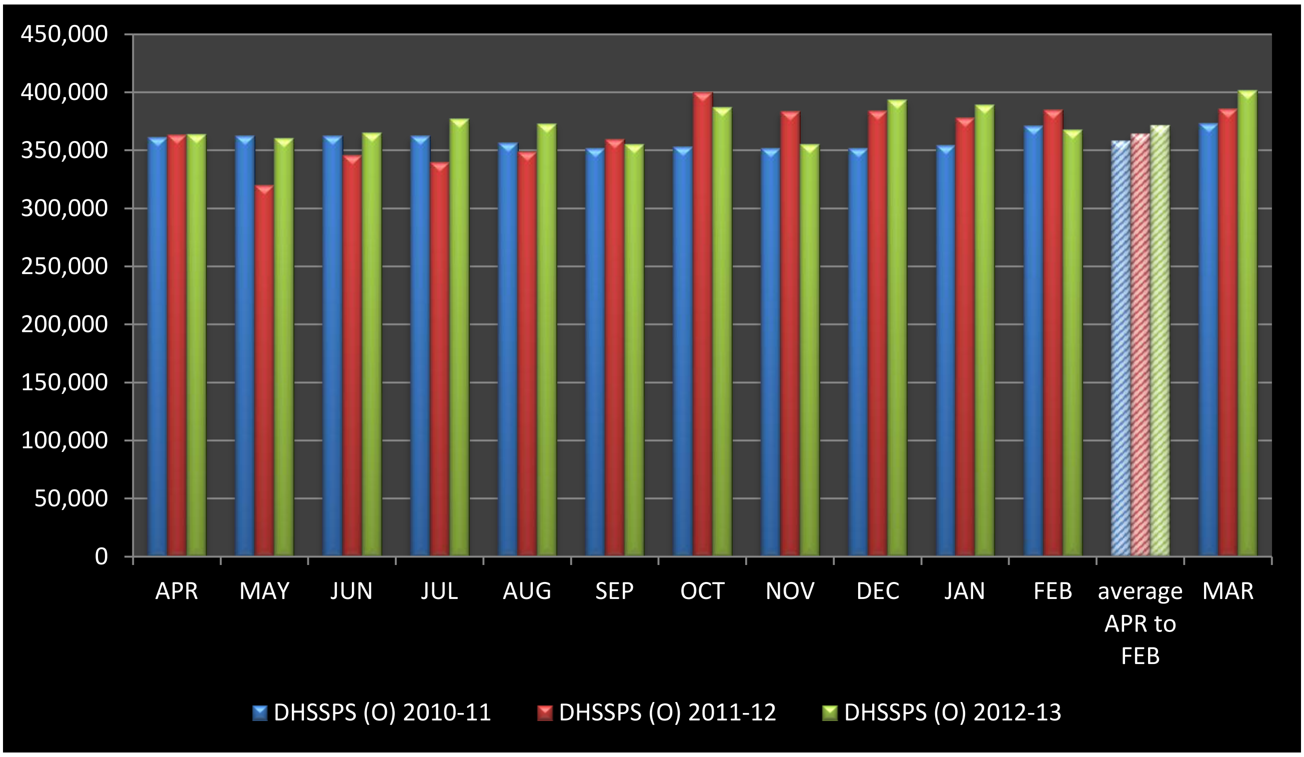
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 16,276 | 24,356 | 50% |
| 2011-12 | 14,546 | 20,151 | 39% |
| 2012-13 | 14,261 | 23,008 | 61% |

[52] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A7.1. DHSSPS Capital Outturn 2010-11 to 2012-13**




**A7.1. DHSSPS Resource Outturn 2010-11 to 2012-13**



## A7.3. Discussion of figures A7.1. and A7.2.

Over the three years shown, aggregated capital expenditure increased on average by just over 460% in March compared to the mean for the preceding eleven months.[53]

**Table A13: DHSSPS percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 11,473 | 80,734 | 604% |
| 2011-12 | 11,487 | 79,287 | 590% |
| 2012-13 | 21,010 | 86,525 | 312% |

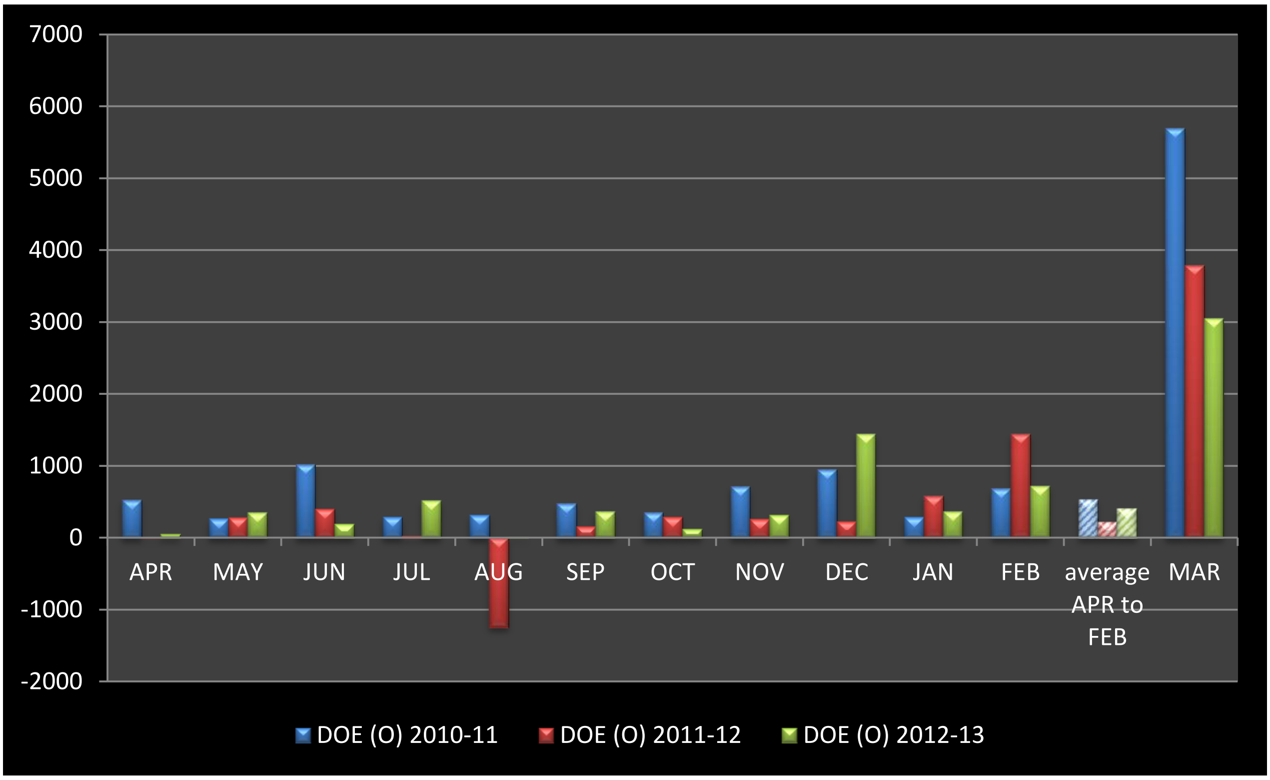
Over the three years shown, aggregated resource expenditure increased on average by 6% in March compared to the mean for the preceding eleven months. Table A14 shows the year-end surge for each year.

**Table A14: DHSSPS percentage increase in year-end resource expenditure**

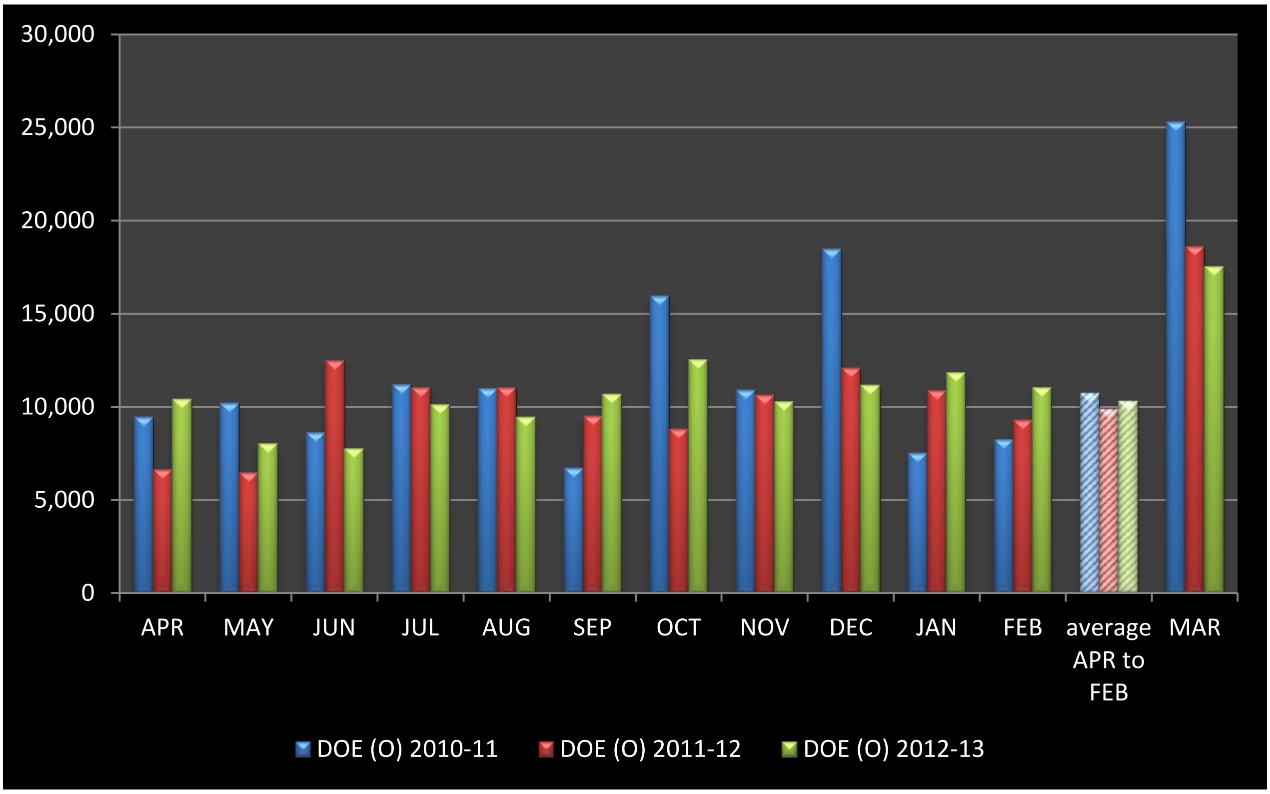
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 358,267 | 373,322 | 4% |
| 2011-12 | 364,472 | 385,778 | 6% |
| 2012-13 | 371,714 | 401,623 | 8% |

[53] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A8.1. DOE Capital Outturn 2010-11 to 2012-13**




**A8.2. DOE Resource Outturn 2010-11 to 2012-13**



### A8.3. Discussion of figures A8.1. and A8.2.

Over the three years shown, aggregated capital expenditure increased on average by over 970% in March compared to the mean for the preceding eleven months.[54]

**Table A15: DOE percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 535 | 5,696 | 964% |
| 2011-12 | 222 | 3,791 | 1608% |
| 2012-13 | 407 | 3,049 | 650% |

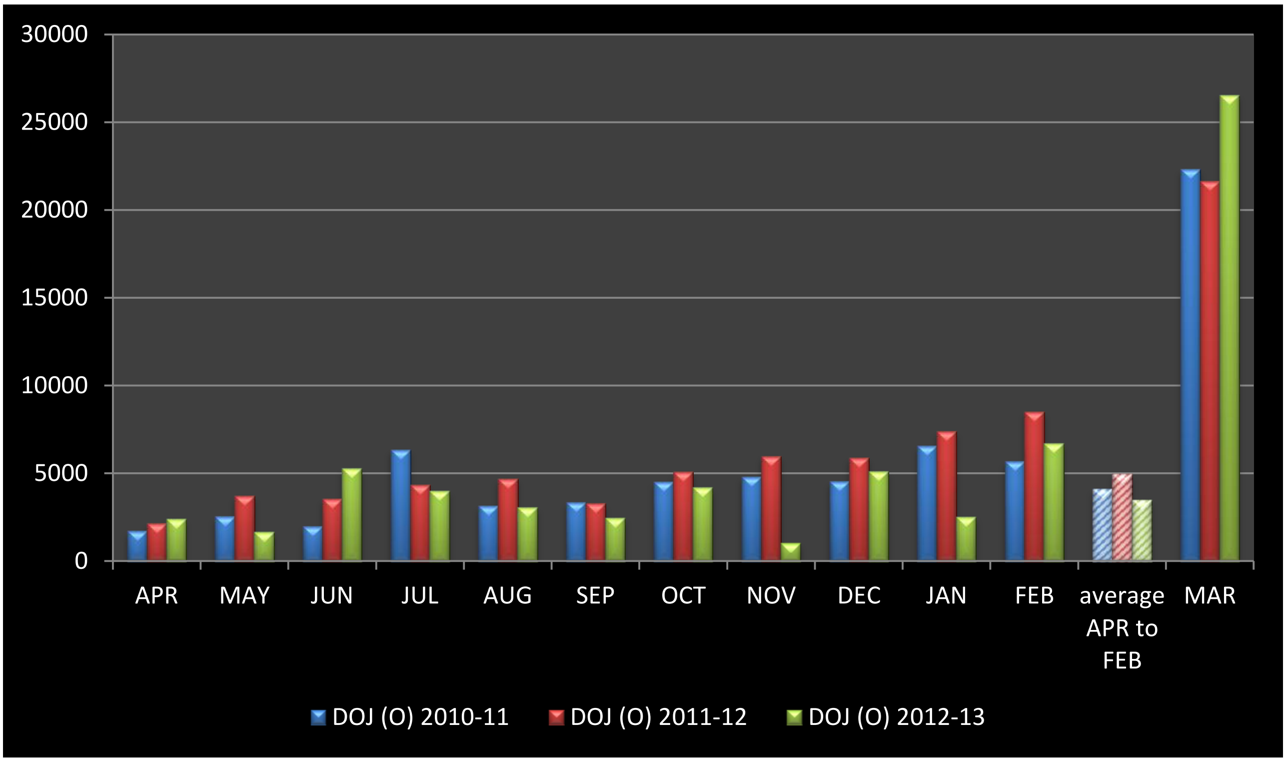
Over the three years shown, aggregated resource expenditure increased on average by almost 100% in March compared to the mean for the preceding eleven months. Table A16 shows the year-end surge for each year.

**Table A16: DOE percentage increase in year-end resource expenditure**

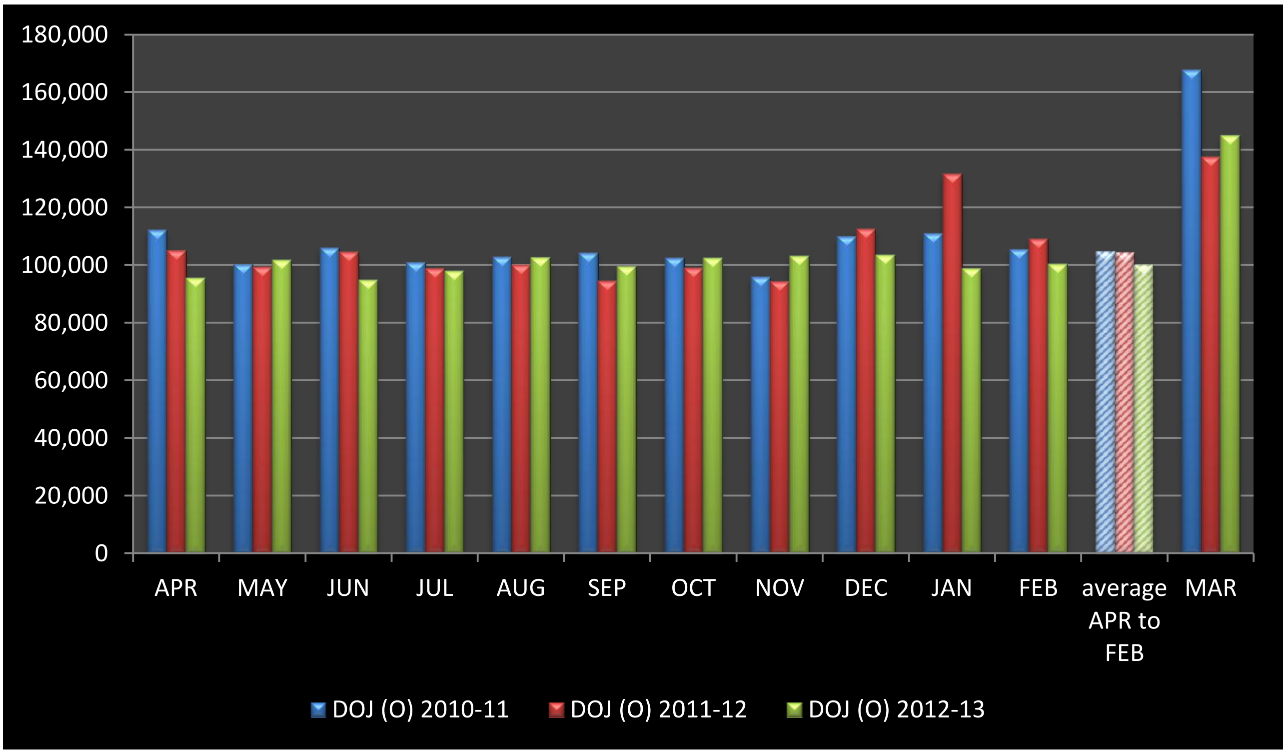
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 10,757 | 25,315 | 135% |
| 2011-12 | 9,895 | 18,622 | 88% |
| 2012-13 | 10,308 | 17,545 | 70% |

[54] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A9.1. DOJ Capital Outturn 2010-11 to 2012-13**




**A9.2. DOJ Resource Outturn 2010-11 to 2012-13**



### A9.3. Discussion of figures A9.1. and A9.2.

Over the three years shown, aggregated capital expenditure increased on average by over 460% in March compared to the mean for the preceding eleven months.[55]

**Table A17: DOJ percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 4,110 | 22,324 | 443% |
| 2011-12 | 4,955 | 21,644 | 337% |
| 2012-13 | 3,497 | 26,561 | 660% |

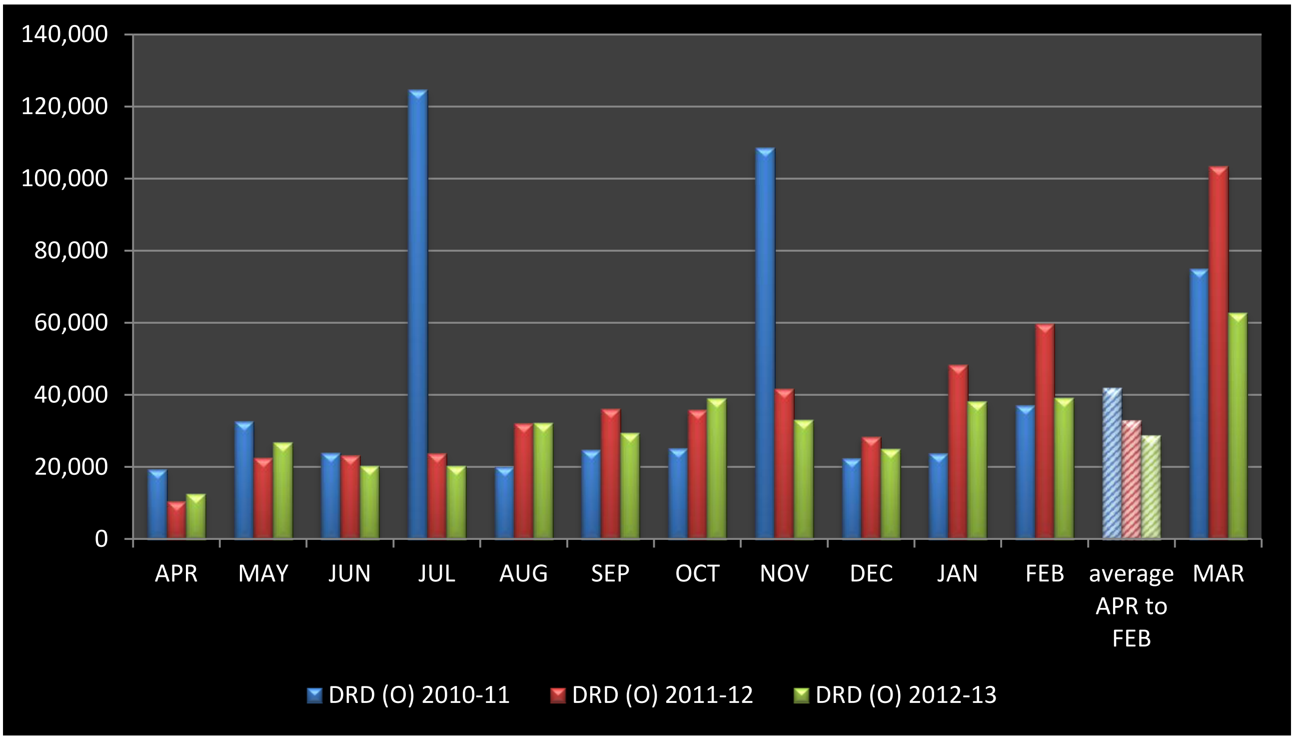
Over the three years shown, aggregated resource expenditure increased on average by just over 45% in March compared to the mean for the preceding eleven months. Table A18 shows the year-end surge for each year.

**Table A18: DOJ percentage increase in year-end resource expenditure**

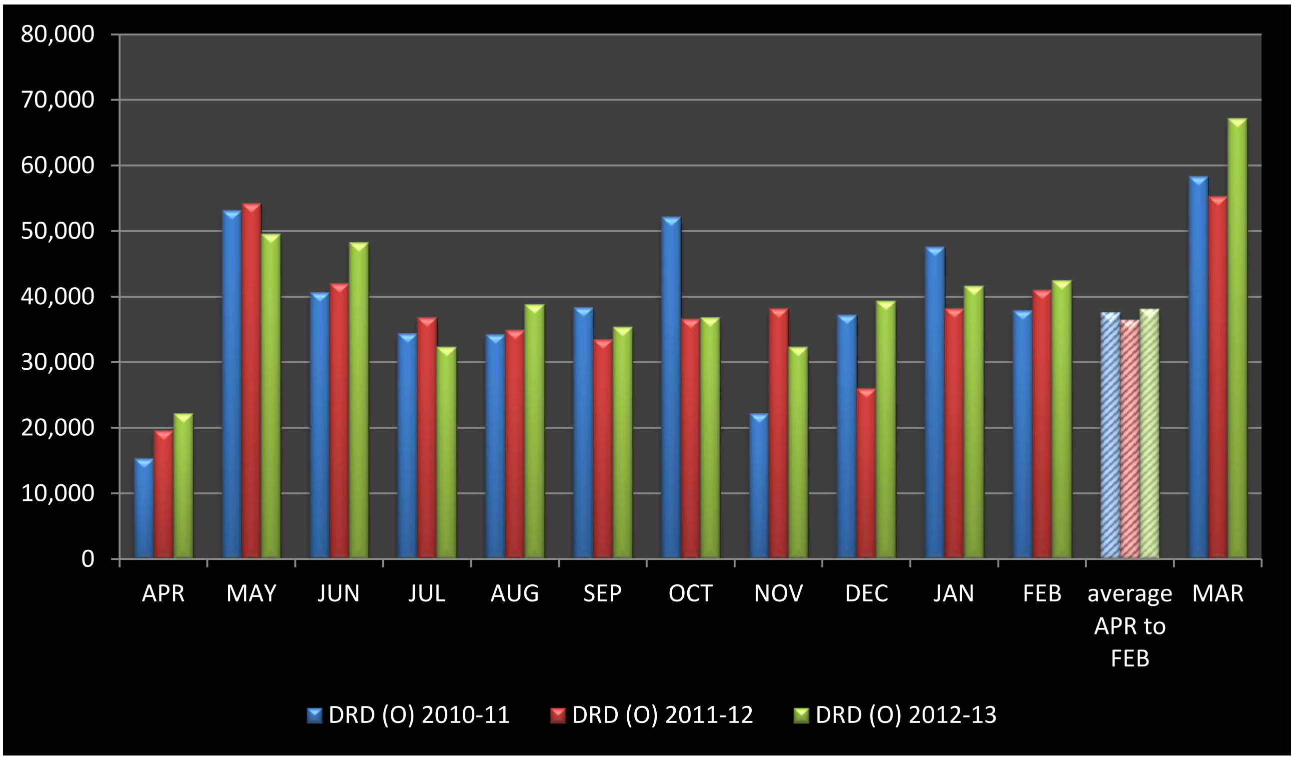
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 104,774 | 167,981 | 60% |
| 2011-12 | 104,602 | 137,647 | 32% |
| 2012-13 | 100,204 | 145,170 | 45% |

[55] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A10.1. DRD Capital Outturn 2010-11 to 2012-13**




**A10.2. DRD Resource Outturn 2010-11 to 2012-13**



### A10.3. Discussion of figures A10.1. and A10.2.

Over the three years shown, aggregated capital expenditure increased on average by over 130% in March compared to the mean for the preceding eleven months.[56]

**Table A19: DRD percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 42,036 | 74,972 | 78% |
| 2011-12 | 32,942 | 103,373 | 214% |
| 2012-13 | 28,759 | 62,750 | 118% |

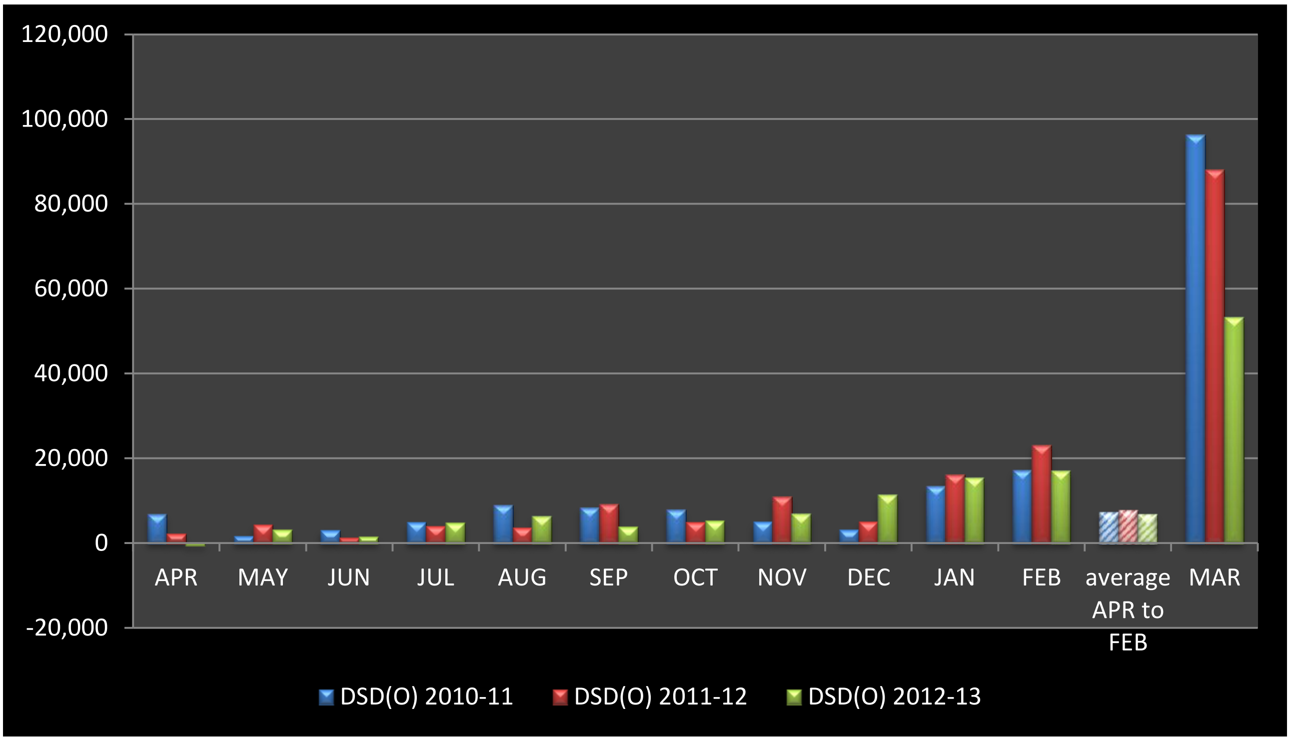
Over the three years shown, aggregated resource expenditure increased on average by just over 60% in March compared to the mean for the preceding eleven months. Table A20 shows the year-end surge for each year.

**Table A20: DRD percentage increase in year-end resource expenditure**

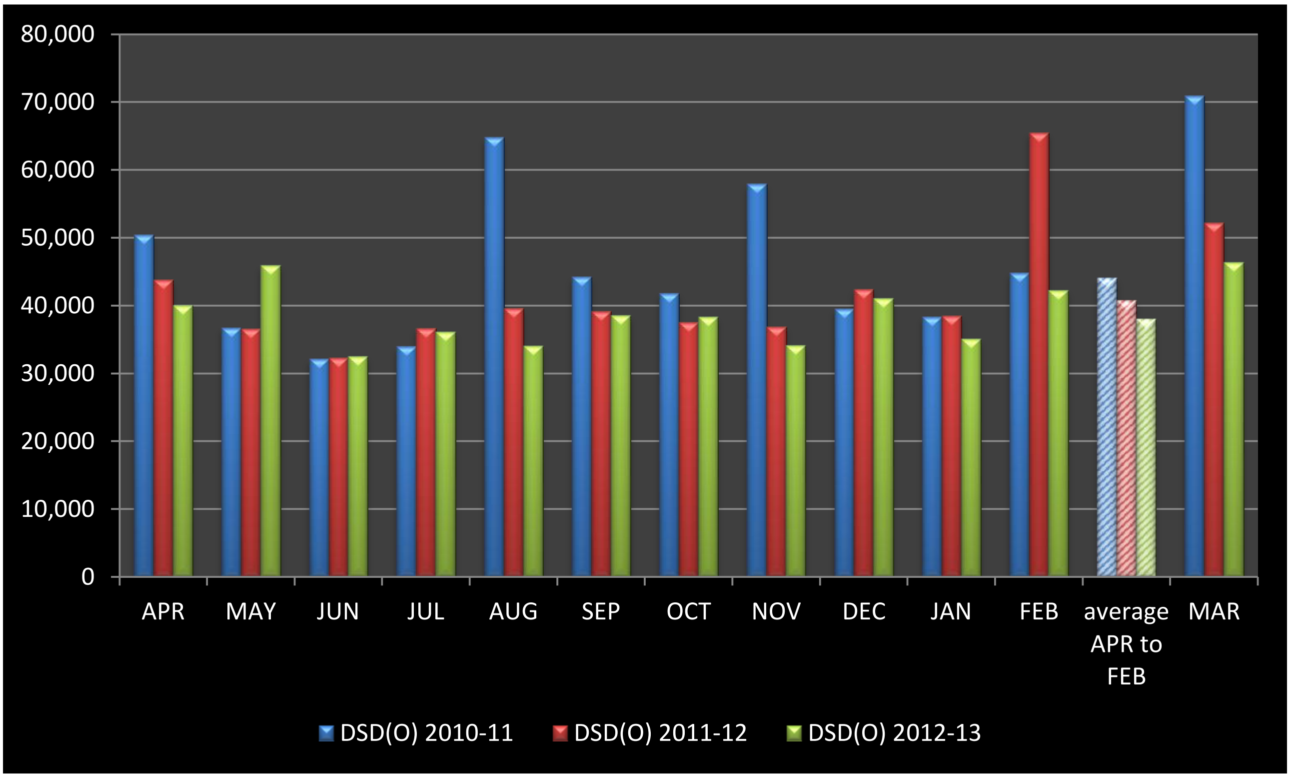
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 37,583 | 58,344 | 55% |
| 2011-12 | 36,475 | 55,299 | 52% |
| 2012-13 | 38,122 | 67,222 | 76% |

[56] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year.  This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A11.1. DSD Capital Outturn 2010-11 to 2012-13**




**A11.2. DSD Resource Outturn 2010-11 to 2012-13**



### A11.3. Discussion of figures A11.1. and A11.2.

Over the three years shown, aggregated capital expenditure increased on average by 985% in March compared to the mean for the preceding eleven months.[57]

**Table A21: DSD percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 7,337 | 96,387 | 1214% |
| 2011-12 | 7,731 | 88,130 | 1040% |
| 2012-13 | 6,860 | 53,326 | 677% |

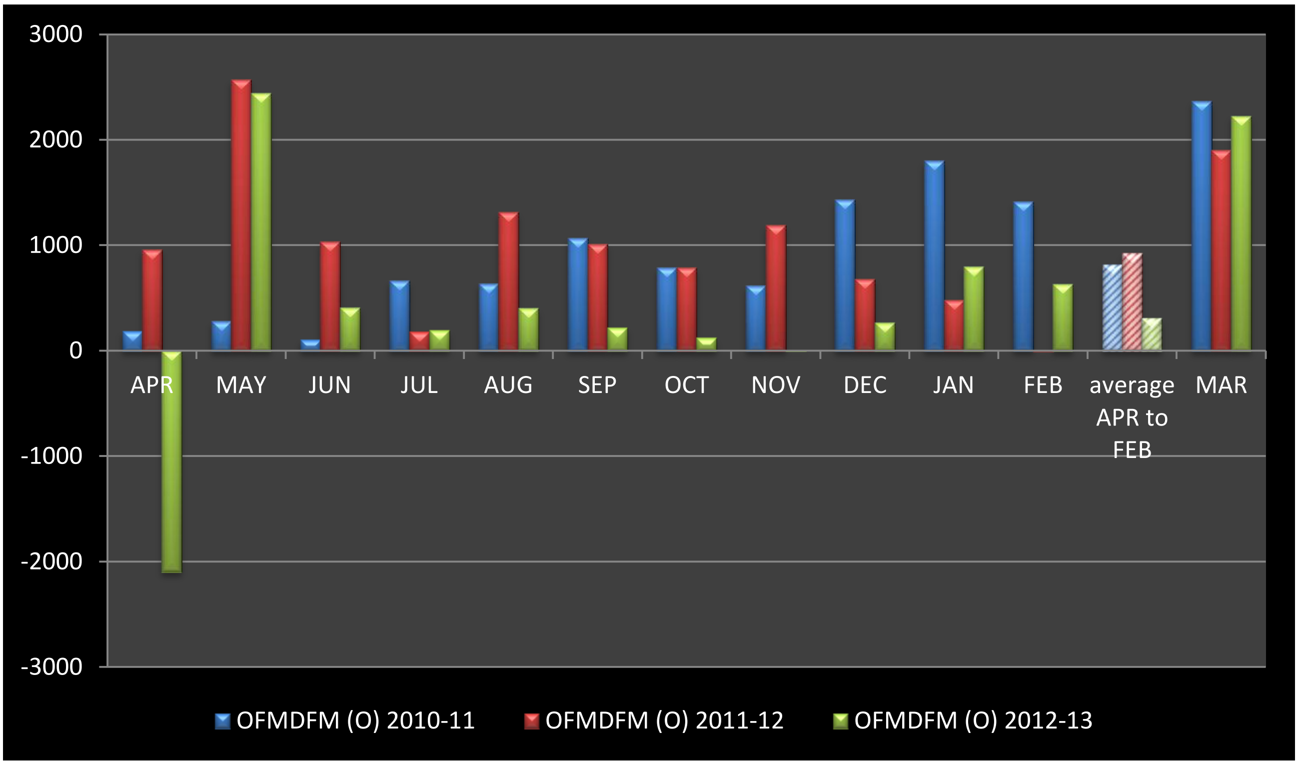
Over the three years shown, aggregated resource expenditure increased on average by 38% in March compared to the mean for the preceding eleven months. Table A22 shows the year-end surge for each year.

**Table A22: DSD percentage increase in year-end resource expenditure**

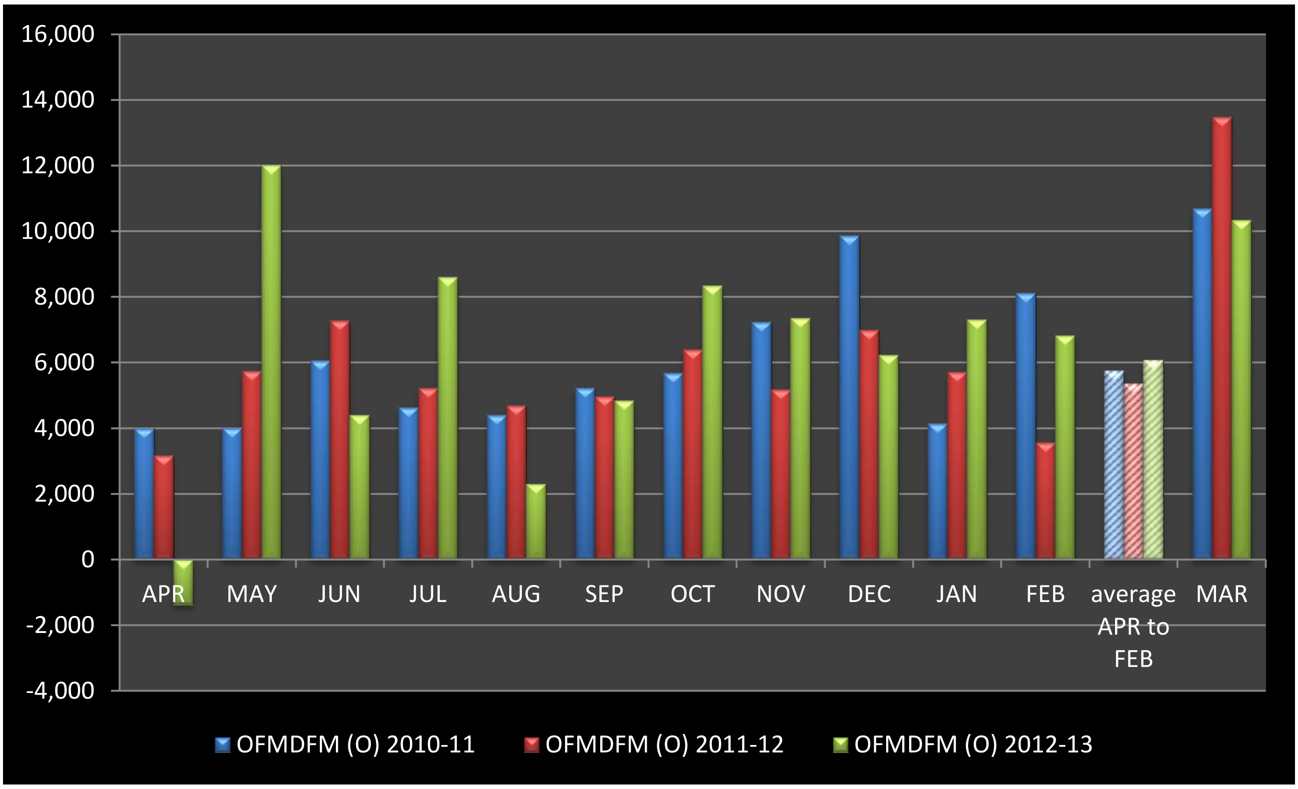
| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 44,068 | 71,006 | 68% |
| 2011-12 | 40,822 | 52,188 | 28% |
| 2012-13 | 38,016 | 46,383 | 22% |

[57] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.

**A12.1. OFMDFM Capital Outturn 2010-11 to 2012-13**




**A12.1. OFMDFM Resource Outturn 2010-11 to 2012-13**



### A12.3. Discussion of figures A12.1. and A12.2.

Over the three years shown, aggregated capital expenditure increased on average by % in March compared to the mean for the preceding eleven months.[58]

**Table A23: OFMDFM percentage increase in year-end capital expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 819 | 2,367 | 189% |
| 2011-12 | 928 | 1,901 | 105% |
| 2012-13 | 309 | 2,224 | 621% |

Over the three years shown, aggregated resource expenditure increased on average by just over 100% in March compared to the mean for the preceding eleven months. Table A24 shows the year-end surge for each year.

**Table A24: OFMDFM percentage increase in year-end resource expenditure**

| Year | Average monthly expenditure (Apr to Feb (£000s) | March expenditure (£000s) | Increase in March over Average |
|---|---|---|---|
| 2010-11 | 5,758 | 10,684 | 86% |
| 2011-12 | 5,352 | 13,476 | 152% |
| 2012-13 | 6,077 | 10,349 | 70% |

[58] Percentage increase figure derived by RaISe by adding the monthly average spend (excluding March) for each year and comparing it to the combined spend in March of each year. This method has the advantage of reducing skewing to the figures cause by especially large one-off payments.