



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper

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Paper 80/20

25 November 2020

NIAR 251-20

**Public Finance Scrutiny Unit**

# Pilot Project - Proactive Committee Use of Departmental Forecasting & Outturn Data

This Briefing Paper outlines the terms of reference for new work undertaken by the Public Finance Scrutiny, located in the Finance and Economics Team of the Assembly's Research and Information Service (RaISe). This venture - entitled "Pilot Project - Proactive Use of Departmental Forecasting & Outturn Data" - aims to further support Assembly committees in their budget-related roles and responsibilities; encouraging a more proactive and holistic approach.

## Introduction

For many years, the Department of Finance (DoF) has supplied the Committee for Finance (CfF - formerly Committee for Finance and Personnel) with monthly departmental total forecast outturn (TFO) data. In the past, to facilitate CfF consideration of these data, the Public Finance Scrutiny Unit (PFSU)<sup>1</sup> - located in the Finance and Economics Team of the Assembly's Research and Information Service (RalSe) - has produced a number of different outputs, including: published briefing papers; committee presentations; and, training presentations and workshops.<sup>2</sup> These outputs have had some success when committee members actively relied on their contents.

At present, the CfF continues to receive departmental TFO data, as provided by the DoF. To support the CfF's consideration of those data, along other Assembly committees (primarily the statutory committees), the PFSU has undertaken new work, entitled "Pilot Project - Proactive Use of Departmental Forecasting & Outturn Data" (the Pilot). The Pilot aims to encourage a more proactive and holistic approach, to further support committees when engaging with departments throughout the Executive Budget cycle and carrying out their related advisory and scrutiny roles and responsibilities. This Paper outlines the Pilot's terms of reference: its background – including key context-setting information (section 1); its aim and objectives (section 2); and, key dates for its outputs and related activities (section 3).

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<sup>1</sup> The Pilot Project Team membership is: Eileen Regan, Senior Researcher; Rachel Keyes, Colin Pidgeon and Chris Rothwell, Research Officers.

<sup>2</sup> See, e.g., RalSe-PFSU (2014) [Year-end surges in Northern Ireland departmental expenditure](#); RalSe-PFSU (2015) [Departmental financial forecasting 2011-12 to 2014-15](#); and, RalSe-PFSU (2016) [Monitoring Rounds: Assembly Scrutiny](#).

## 1. Background

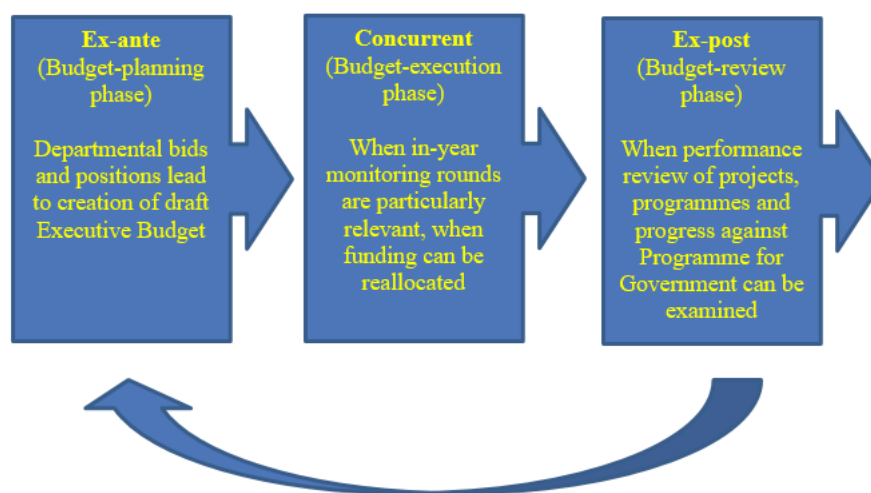
To explain why the Pilot has been undertaken, below relevant background information is outlined, i.e.:

- 1.1 Key phases in Executive Budget cycle – a refresher
- 1.2 Departmental TFO data – an explanation
- 1.3 Current context following return of fully functioning Assembly

### 1.1 Key phases in Executive Budget cycle – a refresher

Figure 1 below provides an overview of key phases in the Executive Budget cycle. This provides a basic refresher on what those phases are and why each exists, in order to lay a foundation for how departmental TFO data could be used by Assembly committees during those phases, as explained later in this Paper at sub-section 2.1:

**Figure 1: Key phases in Executive Budget cycle<sup>3</sup>**



This Pilot will create new outputs aimed at enhancing committees' engagement with the **Executive Budget cycle via its individual phases and in its entirety**. (The Pilot's terms are detailed in sections 2-3 below.)

### 1.2 Departmental TFO data – an explanation

To support committee members' understanding of departmental TFO data, in particular when and how to effectively interpret and apply the dataset, it is important to explain the basics, i.e. what TFO data are and entail (sub-section 1.2.1) and key limitations associated with the dataset (1.2.2).

<sup>3</sup> Graphic compiled by RaiSe-PFSU, November 2020.

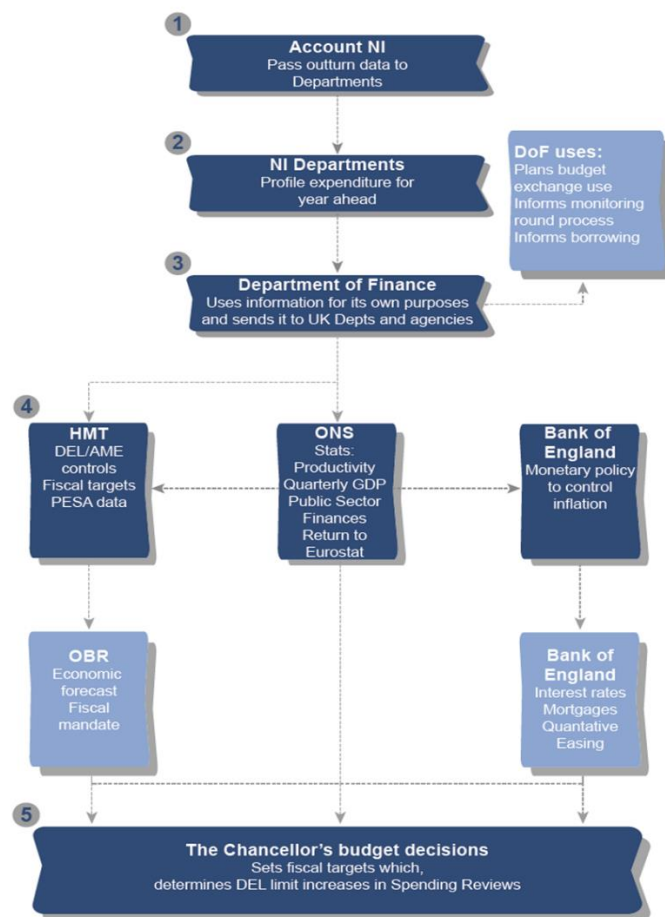
### 1.2.1 Basic overview of what TFO data are and entail

Departmental TFO data comprise:<sup>4</sup>

- Forecast data – defined as the best estimate of spend which will be incurred in each month to come in the current financial year; and,
- Outturn data – defined as a monthly profile showing expenditure already incurred for the months past.

Using a flow chart, Figure 2 below illustrates the compilation and uses of NI departmental TFO data. It does so presenting key actors at both the NI devolved government level and the UK central government level, as defined under the financial arrangements of current devolution in NI - the NI Public Finance Framework (NI PFF).<sup>5</sup>

**Figure 2: Compilation and use of NI departmental TFO data by NI devolved government and UK central government<sup>6</sup>**



<sup>4</sup> DoF (2020) 2020-21 Outturn and Forecast Guidance, page 8 (unpublished at time of writing – supplied to the RaSe-PFSU by e-mail).

<sup>5</sup> The NI PFF is defined by the statutory and non-statutory measures defining NI’s financial arrangements under current devolution.

<sup>6</sup> Graphic produced by RaSe-PFSU, November 2020, relying on various sources, including the DoF, the ONS and Treasury.

Figure 2 above tracks the information flows from Account NI, to departments, to the DoF, and then onwards at the UK central government level – see below.

Under the NI PFF, specifically the DoF Forecast Outturn Guidance (DoF Guidance), departments are required to provide a monthly profile showing outturn data for the months past in the given financial year and for those still to come. This is to be the best estimate of expenditure to be incurred by the department for that financial year.<sup>7</sup> The forecasts therefore are updated every month by departments.

The DoF Guidance further states:

*Forecast v Actuals is one of the main indicators that HM Treasury use to measure departmental performance and it is an **area where there is scope for considerable improvement amongst the NI departments**. This is also the measure used to show departmental forecasting accuracy. The expectation is that there would not be a significant variance on lines between the last forecast month and the actual spend reported for that same month. [emphasis added]*<sup>8</sup>

As the above states, assessment of departmental forecasting accuracy is an important measure for Treasury. **Such accuracy requirements necessitate committee examination of both the most recent forecast for the month in question and the expenditure outturn data when those data subsequently become available. This enables committees to compare between the two. It also highlights that departments in NI need to improve their forecasting accuracy.**

This is something for committees to pay particular attention to for reasons - as Figure 2 highlights – that concern the inter-connectedness between central and devolved levels of government in terms of TFO data. The bottom half of that Figure relates to the UK central government level, including reporting and decision-making activities relating to the UK Budget, which in turn impacts the Executive Budget, as the top of that Figure highlights.

Simply stated, departments are to ensure that the quality of the information and data they report is to a sufficiently high level of accuracy, in line with the NI PFF. If departments do not, they impact, e.g., fiscal planning undertaken by the Treasury, or the accuracy of data published by the Office for National Statistics (ONS). And the ONS reminds all about the importance of accuracy:

*The Atkinson Review identified some significant problems in the way in which public spending data are entered into the National Accounts. Public spending represents over a fifth of Gross Domestic Product (GDP) as measured using the government consumption component of the*

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<sup>7</sup> DoF (2020) 2020-21 Outturn and Forecast Guidance, page 11 (currently unpublished – supplied to the RalSe-PFSU by e-mail).

<sup>8</sup> DoF (2020) 2020-21 Outturn and Forecast Guidance, page 11 (currently unpublished – supplied to RalSe-PFSU by e-mail).

*expenditure measure of GDP, so ensuring the accuracy of the public sector data on which the National Accounts are based is crucial.*<sup>9</sup>

In more specific terms, the DoF's Guidance to departments regarding TFO data states:

*Accurate monthly forecasts are essential for HM Treasury's management of the overall fiscal position and to inform fiscal policy. The information is also used to facilitate the compilation of overall national statistics on public expenditure and to allow HM Treasury to fulfil its role in monitoring the performance of departments and devolved administrations against their agreed expenditure limits.*<sup>10</sup>

Previous editions of that DoF Guidance also have pointed to the use of TFO data by the Office of Budget Responsibility (OBR), when preparing OBR's macro-economic and fiscal forecasts. OBR forecasts are relied upon by the Chancellor when developing Spending Reviews and tax plans:

*The Office for Budget Responsibility (OBR), is an independent body, tasked with forecasting the UK's economic policy and fiscal position. The OBR bases its fiscal forecasts on departmental spending plans and any announced new policies, the latest year's forecast is also informed by Forecast Outturn data.*<sup>11</sup>

Finally, the Treasury's Budget Exchange Scheme (also part of the NI PFF) relies on departmental TFO data at the UK level, to allow the limited carry-forward of underspends. A relevant extract of that Scheme states:

*There is no scope to carry forward underspends that are not forecast in advance of the Supplementary Estimate.*<sup>12</sup>

**Further noteworthy for committees in this regard are potential considerations arising from COVID-19 throughout 2020, the UK exit from the European Union (EU) in January 2021 and the outworkings following on from the Chancellor's November 2020 Spending Review. All could present the Executive with the increasing need for fiscal flexibility at year end, similar to the Executive's Scottish and Welsh counterparts.**

Some indication of this was suggested by the 6 October 2020 statement of the Finance Minister in the Assembly plenary, when he stated:

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<sup>9</sup> ONS (2006) [Improving the quality of central government expenditure data](#), page 47.

<sup>10</sup> DoF (2020) 2020-21 Outturn and Forecast Guidance, page 3 (currently unpublished – supplied to RaiSe-PFSU by e-mail).

<sup>11</sup> DoF (2016) [2016-17 Outturn and Forecast Outturn Guidance](#), page 6.

<sup>12</sup> Treasury (2020) [Consolidated Budgeting Guidance 2020-21](#), paragraph 1.73.

*My counterparts in Scotland and Wales and I are collectively making statements to our respective legislatures, setting out our expectations for more fiscal flexibility to manage the implications of COVID-19.<sup>13</sup>*

That statement could indicate potential heightened importance in departmental forecasting accuracy for the remainder of this financial year, and into the future; something committees could bear in mind when discharging their budget-related advisory and scrutiny functions throughout the Executive Budget cycle.

**As mentioned above, Committees also should be aware – as Figure 2 highlights – of the inter-connectedness between central and devolved levels of government in terms of this area. The bottom half of that Figure relates to the UK central government level, including reporting and decision-making activities relating to the UK Budget. Those are based on Executive/departmental reporting and decision-making activities relating to the Executive Budget in NI, which appear at the top of the Figure.**

### 1.2.2 Key limitations associated with departmental TFO dataset

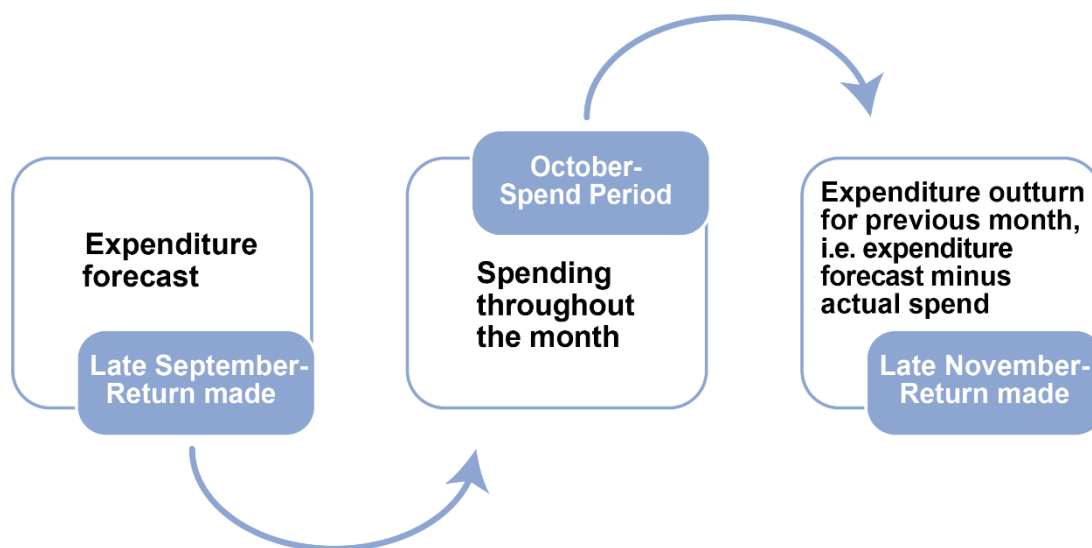
**Committees should be aware of a fundamental key limitation of departmental TFO data is the unavoidable time lag** between the departmental expenditure forecast being made in the prior month, the departmental expenditure actually occurring in the given month (the actual spending) and the ability to examine the expenditure outturn for that month. In other words, the accuracy of the forecast expenditure for that month against the actual spend can obviously not be analysed until after the latter has been verified. This limitation impacts on how such analysis can be used to inform committee advisory and scrutiny functions during, e.g., the in-year Monitoring Rounds.

For example, if a department forecasts in September that it will spend less than originally planned for October, its respective committees may want to ask the department about its potential surrender of any of its current funding for reallocation. However, outturn data enabling forecasting accuracy analysis is unavailable at that time, and will not be until the following month; this unavoidable delay challenges a committee's ability to use TFO data when engaging during in-year phases of the Executive Budget cycle (illustrated above at Figure 2 above).

Figure 3 below seeks to illustrate this forward- and backward-looking dimension of TFO data and its unavoidable impact on departmental forecasting accuracy analysis:

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<sup>13</sup> Assembly Official Report, [6 October 2020](#).

**Figure 3: Departmental forecast and outturn reporting cycle<sup>14</sup>**

There are other limitations relating to departmental TFO data, which are better discussed below at sub-section 2.3. when identifying inter-dependencies relating to the delivery of this Pilot's outputs and related activities.

### 1.3 Current context following return of fully functioning Assembly

Following the resumption of devolved governance in January 2020, there is an apparent increased committee focus on engaging with budget scrutiny throughout the Executive Budget cycle. This appears to have been driven by a number of factors, including in no particular order of significance:

- a. A three-year memory gap due to the political hiatus in NI from 2017-2020; while Westminster performed the scrutiny role for NI budgetary matters. Westminster relied on NI Secretary of State representations that factored in NI departmental submissions prepared by the NI Civil Service (NICS);
- b. 2017-18 was the last Executive Budget that Assembly Committees sought to scrutinise when the prevailing budgetary practice was less than optimum. Nonetheless, Committees may recall how they sought at that time to improve budget scrutiny through coordinated engagement with departments;
- c. Extra 2020-21 budget considerations arose, including COVID-19 considerations, departmental costings on the implementation of New Decade, New Approach and the UK exit from the EU, e.g. departmental funding shortfalls, underspends, underlying assumptions and uncertainty;
- d. The need for open and transparent, accountable government in light of high public expectation, following evidence heard during the Renewable Heat Incentive (RHI) Inquiry proceedings and subsequent published findings, the return of fully functioning devolved institutions in NI, and more recently, the opaqueness of government planning and decision-making relating to COVID-19 and the UK exit from the EU, especially in relation to public finance;

<sup>14</sup> Graphic produced by RalSe-PFSU, November 2020, drawing on DoF (2020) 2020-21 Outturn and Forecast Guidance, (currently unpublished – supplied to RalSe-PFSU by e-mail).



- e. UK Government economic and financial planning during 2020-21 has been disrupted: first, by the processes in Westminster over the UK's exit from the EU; and second, by implications arising from COVID-19. These two factors have combined to delay the Chancellor's Spending Review (SR) and his Budget. The Chancellor's 25 November 2020 SR announcement at the time of writing this Paper is anticipated to bring new considerations; and,
- f. The long-standing, ongoing DoF Review of Financial Process is impacted by many of the above, as noted the Department's recent updates to the Committee in August and November 2020. The Review now is to be implemented during 2022-23.

To a lesser or greater extent, all the above impact the entire Executive Budget cycle and the Assembly's related advisory and scrutiny roles and responsibilities, including those of committees. This context informs the development of new outputs developed under the Pilot, which is explained in the next section.

## 2. Pilot terms of reference

New work is underway on the “Pilot Project - Proactive Use of Departmental Forecasting & Outturn Data” (the Pilot). The Pilot is informed by: the current context outlined above at section 1; past experience; and, good practice.

This terms of reference (ToR) resonates with all three, outlining the Pilot’s:

2.1 Underlying principles

2.2 Aim and objectives

2.3 New outputs and related activities, including timetabling

2.4 Relevance to Assembly Corporate Strategy 2018-23

### 2.1 Underlying principles

The Pilot is informed by RalSe-PFSU experience from 2012 to date of working with committees in the area of departmental forecasting accuracy, while relying on departmental TFO data; and also its more general experience of working with them throughout the Executive Budget cycle.

In addition, the Pilot is grounded in good practice relating to government budgeting, as defined by the Organisation for Economic Cooperation and Development (OECD) in 2015. When applied to the Executive Budget cycle, that good practice helps to explain three distinct phases in that cycle, namely: <sup>15</sup>

- **Phase 1: *Ex-ante* - During the budget planning stage**, when departmental Ministers begin to consider and formulate their priorities. This is the phase during which preparatory departmental positions and bids are important, ultimately leading up to a draft Executive budget;
- **Phase 2: *Concurrent* - During the execution of budget**, when in-year Monitoring Rounds are particularly relevant. This phase provides the mechanism for the Executive to distribute additional funding or to make changes to departmental allocations in response to departmental changing events and or priorities, resulting in surrenders or additional bids; and
- **Phase 3: *Ex-post* - After the spending has occurred**, when departmental reports on projects and programmes are published in the form of Annual Reports and Accounts.

Further to the above, the Pilot also is guided by the 2015 OECD publication entitled *Principles of Budgetary Governance*, in particular, but not limited to, the following: <sup>16</sup>

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<sup>15</sup> OECD (2015) [Recommendation of the Council on Budgetary Governance](#) .

<sup>16</sup> OECD (2015) [Recommendation of the Council on Budgetary Governance](#) .

- Managing budgets within clear, credible and predictable limits for fiscal policy (Principle 1);
- Closely aligning budgets with the medium-term strategic priorities of government (Principle 2);
- Providing an inclusive, participative and realistic debate on budgetary choices (Principle 5); and,
- Actively planning, managing and monitoring budget execution (Principle 7).

A further source of good practice relied on when formulating this Pilot was publications produced by other legislatures in this area, e.g. the Republic of Ireland's (RoI's) Oireachtas Parliamentary Budget Office's *Expenditure Analysis Series*<sup>17</sup> and the UK OBR's *Commentary on the Public Sector Finances*.<sup>18</sup> Each seeks to independently inform public debate, support legislative scrutiny and ultimately improve public financial management.

## 2.2 Aim and objectives

Drawing on the above sub-section, the Pilot aims to encourage a more proactive and holistic approach, that is to further support committees when engaging with departments throughout the Executive Budget cycle and carrying out their related advisory and scrutiny roles and responsibilities.

In so doing, the PFSU is to develop new outputs for committees, which proactively use available departmental TFO data, in order to, e.g.:

- Undertake informed scrutiny of departmental budget proposals during the *ex ante* phase – the budget formulation planning process;
- Advise Ministers on the prioritisation of the resources available to them for pursuing policy options or changes to public services; and,
- Hold Ministers and their departments to account for their decision-making and performance against Programme for Government objectives during the *ex post* phase.

## 2.3 New Pilot outputs, related activities, interdependencies and timescales

The Pilot is designed to advance in three sequenced stages, with specified outputs and related activities and dates, i.e.:

- **Stage 1: October through December 2020 –**

<sup>17</sup> See PBO (2020) [PBO Analysis of Voted Spending on Public Services at end-October 2020](#) .

<sup>18</sup> See OBR (2020) [Commentary on the Public Sector Finances: September 2020](#) .

### Creating a Pilot Dashboard and a related Pilot Commentary

- Review existing reliable and relevant information and data sources identified from elsewhere – both governmental and non-governmental – which could be used to inform the development of the Pilot outputs, including, but not limited to, those produced by other parliamentary research services.
- Develop and compile an online Pilot Dashboard, while relying on available departmental TFO data, the review noted above and RaISe-PFSU experience of working in the Assembly, committees in particular. The Pilot Dashboard is to present the TFO data in the most accessible and meaningful way, using an interactive format. This is to enable interested parties to view these data across all departments, or to select a particular department or month. For example, to highlight where departments' actual spend departs from its initial forecast profile. Such findings could help to identify whether departments have changed plans or priorities, due to either proactively when seeking to achieve new policy objectives, such as those related to preventative spending in education, or those that are reactive, when needing to respond to something that happens, such as health needs arising from COVID-19. Over time, the ultimate goal for such medium to longer-term analyses is to identify trends and in turn patterns, which inevitably are observable only in time.

The Pilot Dashboard is to be hosted on the RaISe blog – *Research Matters*<sup>19</sup> - alongside other RaISe produced dashboards.

There also is a Technical Note - attached at the Appendix to this Paper - to aid interpretation and manipulation of the figures provided on the Pilot Dashboard.

- Develop and compile a Pilot Commentary, while relying on as above. This Pilot Commentary is attached at the Appendix. It draws on the data displayed in the Pilot Dashboard, seeking to highlight apparent patterns or trends in the TFO data issued by the DoF, albeit with the noted limitations of that data (see sub-sections 1.2.2 and 2.3.1).
- Secure initial feedback on both Pilot Dashboard and Pilot Commentary.
- Provide initial presentation to CfF on the new outputs.
- Draw on CfF feedback to inform future Pilot work undertaken during this Stage.
- Provide follow up presentations to the CfF as the noted outputs evolve.

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<sup>19</sup> <https://www.assemblyresearchmatters.org/> .

- **Stage 2: January through June 2021 –**

**Updating and testing Pilot outputs with stakeholders**

- Update the Pilot Dashboard and the Pilot Commentary, upon release of new departmental TFO data by the DoF.
- Undertake review of work undertaken to date, including seeking feedback from key relevant stakeholders,<sup>20</sup> such as RaISe and Clerking colleagues, *via* workshops/presentations/ written feedback.
- Compile a report recording key findings of the above review.
- Amend the Pilot outputs developed at that time as appropriate to refine their contents.

- **Stage 3: June through September 2021 -**

**Updating, refining and finalising Pilot outputs**

- Update the Pilot Dashboard and the Pilot Commentary, upon release of new departmental TFO data by the DoF.
- Implement remaining work identified during Stage 2 review.
- Discuss and identify further means to add to existing Pilot outputs, such as creating broad templates and securing relevant approvals, as appropriate.
- Develop those outputs.
- Disseminate them as appropriate.
- Communicate and share learning with RaISe and Clerking colleagues working in areas that naturally align with the Pilot's aim and objectives.

Throughout each stage, meetings at agreed intervals take place amongst the Pilot Team.<sup>21</sup> Those meetings are intended to both review ongoing progress and take appropriate decisions aimed at enabling the Pilot's delivery.

### 2.3.1 Interdependencies

There could be some slippage with the delivery of this Pilot due to potential delays as a result of, e.g., the confluence of the timetable with the 2021-22 Executive Budget (including outworkings of the Chancellor's November announcement regarding the outcome of the Spending Review), the end of the UK exit transition period, COVID-19 considerations, and or other.

Moreover, there are some interdependency issues arising from the TFO data, which could slow or hinder compilation and or delivery of the Pilot outputs (at this time the Pilot Dashboard and the Pilot Commentary). Those issues include, but are not necessarily limited to:

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<sup>20</sup> Key stakeholders include but are not limited to: DoF officials, NIAO officials, committees (i.e. clerks and their staff, and committee members themselves), research colleagues within and outside RaISe, relevant external bodies, including the third sector and universities, as appropriate.

<sup>21</sup> The Pilot Project Team membership is: Eileen Regan, Senior Researcher; Rachel Keyes, Colin Pidgeon and Chris Rothwell, Research Officers.

- **Timing of data release** - As noted above, the RaISe-PFSU does not control the TFO data. The updates to the Pilot Dashboard and the Pilot Commentary are contingent upon the DoF’s provision of that data, which in turn is reliant upon timely receipt of submissions from departments.
- **Format of data** - Until September 2020, the data were provided in a format that did not facilitate efficient transfer into software to enable easy analysis (i.e. the pdf documents meant that data had to be input by hand). The RaISe-PFSU has now secured agreement from the DoF to provide data in a more accessible format for the Pilot Dashboard (excel spreadsheets).
- **Aggregation** - The expenditure forecasts made by individual business areas within departments are totalled together. The available TFO data relied on for this Pilot is at the **departmental** level. This restricts commentary, analysis and scrutiny to that same level. This is not an issue confined to NI data. The Oireachtas Parliamentary Budget Office reports a similar issue.<sup>22</sup> Lower level, less aggregated data could enable more sophisticated and detailed analysis in future. The RaISe-PFSU is to engage with the DoF on this point.
- **Absence of time series** - In the past, the RaISe-PFSU had access to departmental TFO data over several years. However, in 2016 the NI departments were reduced in number and reorganised.<sup>23</sup> This exercise required budgets to transfer at that time, along with related departmental functions, to the new entities responsible for those functions, and this broke the time series in departmental TFO data. In addition, after that, there was the three-year political hiatus in fully functioning devolution in NI, January 2017 to January 2020. During that time, TFO data were not provided to the CfF because the Assembly was not sitting. Both these events leave significant gaps in the TFO data, i.e. from 2017 to early 2020.
- **“Noise” in the data** - Public finances are subject to cyclical peaks and troughs.<sup>24</sup> The above-noted absence of time-series data means that the RaISe-PFSU does not currently have the ability to compare patterns in the data across years. This means what initially could appear to be significant variances actually are caused by regular cyclical factors, such as expenditure driven by seasonal factors, such as weather or plant growing seasons. Because the data are supplied by the DoF/individual departments without context or explanatory information, the RaISe-PFSU potentially will not be in a position necessarily to distinguish between significant variances and “noise-based” variances, such as TEO outturn for Resource in September 2020 shows a significant negative figure that cannot be explained or interpreted by simply examining the data. As noted earlier in this subsection, however, the

<sup>22</sup> This is not an issue confined to NI data. The Oireachtas Parliamentary Budget Office has reported a similar issue. See PBO (2020) [PBO Analysis of Voted Spending on Public Services at end-October 2020](#), page 2.

<sup>23</sup> [The Departments \(Transfer of Functions\) Order \(Northern Ireland\) 2016](#).

<sup>24</sup> See Office for Budget Responsibility (2018) [In-year fiscal forecasting and monitoring](#) for a comprehensive presentation of this at the UK level.

dataset will build again over time, which hopefully will allow for more nuanced interpretation.

## 2.4 Relevance to Assembly Corporate Strategy 2018-23

This Pilot seeks to facilitate delivery of the Assembly Corporate Strategy 2018-23.<sup>25</sup> In particular, the Assembly Corporate Strategy aims to:

*Build... excellence and innovation in our services...[and] Strengthen... engagement with the public*

It supports delivery of the Corporate Strategy's four central strands, including many of the high-level objectives underpinning each strand, namely:

- *Investing in the development, expertise and well-being of our people*
  - *Maximising the potential of our people through longer-term on learning and development opportunities*
- *Building excellence and innovation in our services*
  - *Promoting innovation in our systems to improve services to our customers*
  - *Ensuring people have the support, policies and tools required to adapt to changing demand*
  - *Modernising the communication of Assembly business and proceedings through investment in high quality broadcasting, digital technology and social media*
- *Strengthening engagement with the public*
  - *Embedding opportunities for engaging with the public and demonstrating openness and transparency in all our work*
  - *Developing and implementing new approaches to engagement which enable the public to connect with and participate in the work of the Assembly*
  - *Modernising the communication of Assembly business and proceedings through investment in high quality...digital technology...*
- *Developing a confident legislature with a strong parliamentary culture*
  - *Developing the Assembly distinct purpose and identity by supporting its legislative scrutiny and representative roles*
  - *Creating solutions to improve the operation of the Assembly in response to constitutional and political change, or service and infrastructure requirements*
  - *Investing in the continuing professional development of Assembly Members with a focus on parliamentary and scrutiny skills*

<sup>25</sup> <http://www.niassembly.gov.uk/about-the-assembly/corporate-information/policies/the-northern-ireland-assembly-commission-corporate-strategy-2018-to-2023/> .

- *Designing Assembly specific models of legislative scrutiny and support based on relevant international best practice*

In particular, this Pilot is to develop and publish outputs, including an accessible interactive dashboard, which aims to support delivery of one of the central strands stated in the Assembly's Corporate Strategy and related objectives, i.e.:

*...Strengthening engagement with the public: ...Developing new approaches to engagement, which enable the public to interact with the work of the Assembly ...*

In doing so, its outputs seek to support Assembly engagement with the public and individual societal sectors, facilitating participatory democracy. That engagement aims to inform Assembly Committees' deliberations and decisions relating to the Executive Budget, throughout the Budget's cycle. In doing so, it seeks to enhance the Assembly's ability when discharging its budget-related advisory and scrutiny functions, with increased evidence-informed understanding and awareness.

The Pilot importantly seeks to help the Assembly in delivering another of its central strands and related objectives:

*...Developing a confident legislature with a strong parliamentary culture: ... Developing the Assembly distinct purpose and identity by supporting its legislative scrutiny and representative roles ... Designing Assembly specific models of legislative scrutiny and support based on relevant international best practice...*

Its outputs seek to do this by promoting greater transparency in Assembly business, potentially serving to improve government accountability.



**Appendix : Pilot Commentary**



Northern Ireland  
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## Research and Information Service Briefing Note

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Paper 80/20 - Appendix

25 November 2020

NIAR 354-20

**Public Finance Scrutiny Unit**

# Departmental Financial Forecasts & Outturns: Pilot Commentary for Autumn 2020

## Introduction

Throughout the Executive Budget cycle, Northern Ireland (NI) departmental Total Forecast Outturn (TFO) data is routinely compiled by the Department of Finance (DoF), based on individual departmental returns. TFO data is to help ensure effective and efficient delivery of the Executive Budget, in accordance with the financial arrangements set out under the financial arrangements (central and devolved) of current devolution in NI – i.e. NI's Public Finance Framework (PFF). These data comprise:<sup>1</sup>

- Forecast data – defined as the best estimate of spend which will be incurred in each month to come in the current financial year; and,
- Outturn data – defined as a monthly profile showing expenditure already incurred for the months past.

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<sup>1</sup> DoF (2020) 2020-21 Outturn and Forecast Guidance, page 8 (unpublished at time of writing – provided by email to RalSe-PFSU).

This Pilot Commentary outlines key observations arising from available TFO data, collected in September 2020, for the time period April 2020 to March 2021.<sup>2</sup> These data comprise outturn data up to and including September 2020, and forecast data for the remainder of the financial year. The Pilot Commentary draws on a Pilot Dashboard, which visually presents that specified TFO data using a two-part graphic series, which includes departmental expenditure profiles followed by departmental forecast performance (examples shown in Figures 1-5 herein). The Pilot Dashboard and Commentary are designed and compiled by the Public Finance Scrutiny Unit (PFSU), located in the Finance & Economics Team of the Assembly's Research and Information Service (RaISe). Collectively, they aim to support Assembly committees (primarily statutory) when engaging with departments on their budgets throughout the entire Executive Budget cycle. They encourage a proactive and holistic approach for committees to pick up on key forecasting issues meriting their consideration.

Using the following headings, this Pilot Commentary addresses:

**1.&2. Capital & Resource** - Sections 1-2 respectively address the broad expenditure classification categories under devolution – i.e. Capital and Resource – to highlight how individual departments are performing in terms of: Year-end expenditure forecast; Year-end surge; and, Year-to-date (YtD) expenditure. This should help committees understand how effectively individual departments plan, forecast and control their expenditure. For example, when engaging with departments in relation to in-year monitoring rounds, as part of their scrutiny roles in-year (“concurrent phase” using OECD budget cycle terms), these YtD data may help to show whether departments are broadly on track to spend their full year budgets. They also may indicate if there is a risk of over- or underspend. Importantly, they also provide committees with some insight into how effectively the DoF is managing the Executive Budget as a whole. For example, if all departments were forecasting that all of their capital budgets would be spent in March – the final month of the financial year – it could suggest a risk that not all the related projects could be completed on time. This might have implications for committees’ consideration of the next year’s budget in the planning phase of the budget cycle (“*ex ante* phase” using OECD terms).

**3. Expenditure profile – DoF example** - Relying on the DoF’s expenditure profile for its own expenditure from April 2020 – March 2021, this section illustrates how the data may be used at the departmental level to support informed committee engagement with departments, when carrying out their advisory and scrutiny budget-related roles and responsibilities. For example, the Pilot Dashboard graphically present monthly outturn figures alongside forecast figures for both capital and resource department allocations. In addition, a series of summary statistics highlight total budget allocation, YTD expenditure (£ and %), and projected year-end spend (£ and %)

**4. Forecasting accuracy** - This section looks broadly at departmental forecasting accuracy, commenting on departmental forecasts when considered against their outturn (actual spend). This helps committees to monitor departments’ financial processes,

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<sup>2</sup> The data are supplied to the CiF and RaISe-PFSU on a monthly basis, but are not currently published.

when engaging with them in relation to their planning, or holding them to account retrospectively at the end of the budget cycle (“*ex-post* phase” using OECD terms).

**5. Forecasting accuracy – DoF example** – This section illustrates how committees could rely on the data presented in the Pilot Dashboard to highlight specific issues in relation to an individual department’s profile. For example, they could do this where there is a low forecast accuracy reported for one month; and the Dashboard provides a 3-month cumulative comparison. The committees then could ascertain if forecasting inaccuracies are isolated events. In addition, the committees could rely on the forecasting accuracies for all departments, as displayed graphically on the Dashboard, to gauge whether identified departmental forecast inaccuracies are due to the impact of externalities affecting multiple departments (e.g. COVID-19) or are instead isolated events which may require further investigation.

Committees’ reliance on the above is intended to support their discussion and decision-making during each phase in the Executive Budget cycle (*ex ante*, concurrent and *ex post* - using OECD terms).<sup>3</sup> This would help to support committees when discharging their advisory and scrutiny roles and responsibilities under current NI devolution financial arrangements – the NI PFF.

When relying on the Pilot Commentary and Dashboard, committees should bear in mind the following notes:

- **The Pilot Commentary speaks to the “departments”, i.e. the nine ministerial departments. Its discussion excludes the data from the small non-ministerial departments, namely the Assembly, the Utility Regulator, the Public Prosecution Service, the Public Services Ombudsman and the NI Audit Office (albeit their data is included in the Pilot Dashboard).**
- There is a Technical Note to accompany the Pilot Dashboard to aid interpretation and manipulation of data. It is attached here at Annex 1.
- The contents of both the Pilot Commentary are informed – in part - by the 2015 Organisation of Economic Cooperation and Development (OECD) *Principles of Budgetary Governance*, which are provided at Annex 2.<sup>4</sup>

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<sup>3</sup> For fuller explanation of these OECD budget cycle terms to describe individual cycle phases, refer to 2015 publication: <http://www.oecd.org/gov/budgeting/principles-budgetary-governance.htm>.

<sup>4</sup> OECD (2015) <http://www.oecd.org/gov/budgeting/principles-budgetary-governance.htm> .

# 1. Capital

## 1.1. Year-end expenditure forecast

September 2020 forecasting – based on individual departmental returns - shows that all nine ministerial departments expected to spend 102.0% of their capital allocation by year-end in total. Expected year-end capital expenditure varies significantly, from between 75.5% reported by the DoF in relation to their £28 million capital allocation, to 962.7% reported by The Executive Office (TEO) in relation to their £9 million capital allocation.

The three departments with the largest capital allocations are: the Department for Infrastructure (DfI) - £544 million; the Department of Health (DoH) - £331 million; and, the Department for Communities (DfC) - £211 million: and they each predict overall year-end expenditures of 104.6%, 100.5%, and 94.2% respectively.

**It is worth noting that departments are not allowed to overspend their allocations, as required by Treasury<sup>5</sup> and in line with the OECD Principle 1 managing budgets within clear, credible and predictable limits for fiscal policy. Committees should be aware that a forecast overspend may be part of a departmental planned over commitment, to ensure the budget is fully utilised in the event of some slippage related to one or more departmental projects.**

## 1.2. Year-end surge

For committees, one of the most notable features of the combined monthly expenditure profile of **all nine** departments in the given period, is the dramatic surge in Capital expenditure forecast for March 2021, following more moderate, but still pronounced increases in January and February 2021.

This is highlighted in the red box in Figure 1:

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<sup>5</sup> Treasury (2020) [Statement of Funding Policy](#), page 22.

**Figure 1: Monthly combined departmental expenditure profile for 2020-21<sup>6</sup>**

Eight of the nine ministerial departments, with the exception of the Department for Agriculture, Environment and Rural Affairs (DAERA), forecast that their highest expenditure is to occur in March 2021. Similar to the overall Executive forecasted expenditure, the following departments forecast higher levels of expenditure in months January, February and March 2021, than previous months: the Department of Justice (DoJ); the Department for the Economy (DfE); and, the Department for Communities (DfC). The DAERA forecasts higher levels of expenditure in the final four months of the current financial year – 2020-21 - when compared with previous months of that year.

The DoH reports a mid-year spike in May 2020 of £56 million, in addition to forecasting a secondary spike in expenditure in March 2021 of £71 million. Two departments forecast mid-year spikes, in addition to forecasting a secondary spike in expenditure in March 2021. The DoE forecasts expenditure of £21 million to occur in October 2020. This compares to a forecasted March 2021 expenditure of £27 million. The DfI forecasts expenditure of £70 million to occur in November 2020; compared to a forecasted March 2021 expenditure of £105 million.

The TEO is notable as it reports the highest variance in terms of a year-end spike, forecasting a March 2021 expenditure of £83 million. This represents a significant increase from the forecasted February 2021 expenditure of £1 million.

**By examining these profiles, committees can undertake their advisory and scrutiny roles in line with the OECD Principle 7, i.e. to actively plan, manage and monitor budget execution.**

### 1.3. Year-to-Date (YTD) Capital expenditure

The data show that up to the end of September 2020, departments had collectively spent slightly less than one quarter of the year's allocation, with only half the financial year remaining.

<sup>6</sup> Figure extracted from the Pilot Dashboard, compiled by RaiSe-PFSU, relying on the monthly TFO data provided by the DoF.

YTD capital expenditure varies significantly by department, e.g., the DfE has reported YTD expenditure of **-2.4%** of its capital allocation;<sup>7</sup> while the DfI and the DoH each report YTD expenditures of approximately 33% of their capital allocations.

Factors which may have contributed to this include:

- COVID-19 delays to the development and delivery of projects;
- Departments operating within a one-year budget for 2020-21; and or,
- Intentional departmental planning given, e.g. exigencies arising this year due to COVID-19.

**In this context, it is important for committees to note that there is a limit to the amount of funding that can be carried over from one year into the next under the Treasury's Budget Exchange Scheme (BES) – part of the NI PFF.<sup>8</sup> This is in line with the OECD Principle 1 managing budgets within clear, credible and predictable limits for fiscal policy. If the expenditure planned for year-end does not occur, committees should be aware that if potential breach of those limits could result in monies going back to Treasury. Also, committees should rely on the Pilot Commentary and related Dashboard to track potential departmental underspends.**

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<sup>7</sup> A negative capital expenditure can occur when a department disposes of an asset – i.e. sells a building or some land.

<sup>8</sup> Treasury (2020) [Statement of Funding Policy](#), pages 40-41.

## 2. Resource

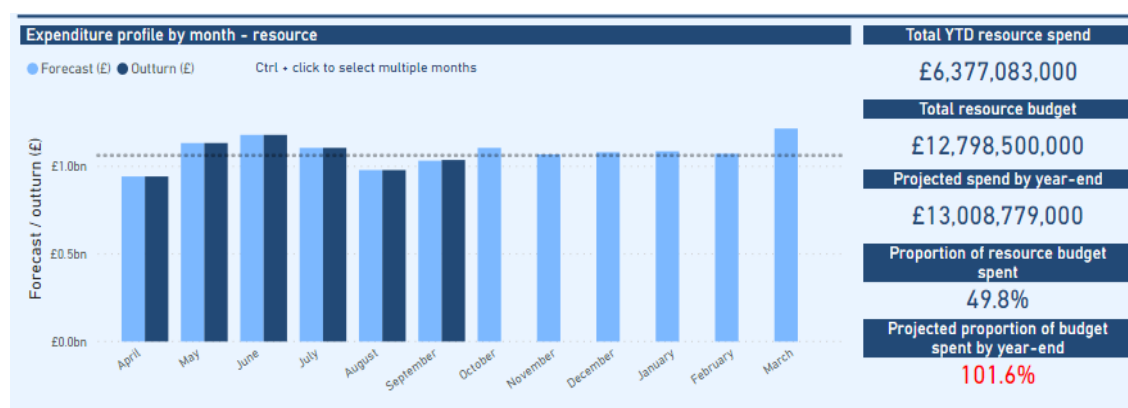
### 2.1. Year-end expenditure forecast

Departments expect to spend 101.7% of their resource allocation by year-end of this financial year (2020-21). They have forecast year-end expenditures of between 91.2% (TEO) and 110.9% (DfI) of their resource allocations. These data facilitate committees oversight of departmental financial management, in line with OECD Principle 7, i.e. to actively plan, manage and monitor budget execution.

### 2.2. Year-end surge

Figure 2 below looks more closely at the resource profile across all departments, excluding the DAERA. That exclusion is for the purposes of the illustration due to its large expenditure spike in October 2020.

**Figure 2: Monthly departmental Resource expenditure 2020-21 - excluding DAERA<sup>9</sup>**



With the DAERA October 2020 peak excluded, Figure 2 above shows that there is something of an anticipated surge in March 2021, though it is far less pronounced than in Capital expenditure.

Unlike Capital expenditure, however, where the profile is more likely to be uneven, a more even profile could be expected in Resource expenditure, due to its large proportion of salary payments.

**Year-end surging is not a new or unknown phenomenon in public expenditure globally or in NI. It was examined in detail in *RaISe (2014) Year-end surges in Northern Ireland departmental expenditure*,<sup>10</sup> including potential risks to value for money that could arise from such surges. For example, funding spent on lower priority objectives in a late rush in the financial year; instead of on higher priority objectives in a planned and considered manner. Committees should be**

<sup>9</sup> Figure extracted from the Pilot Dashboard compiled by RaISe-PFSU, relying on the monthly TFO data provided by the DoF.

<sup>10</sup> [http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2014/finance\\_personnel/8214.pdf](http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2014/finance_personnel/8214.pdf).



**aware that this is contrary to good practice identified by the 2015 OECD *Principles of Budgetary Governance*, in particular Principle 8 ensuring that performance, evaluation and value for money are integral to the budget process.**

### 2.3. Year-to-Date Resource expenditure

The overall resource position at the mid-year point for 2020-21 shows that up until the end of September 2020, departments had collectively spent approximately half of the year's allocation, with six months remaining in the current financial year. Six of the nine departments report YTD resource expenditure of between 44.5% and 54.5% of their resource allocations. The three remaining, namely the DAERA, TEO, and the DfI, report YTD resource expenditures of 19.2%, 36.5%, and 63.8%, respectively.

The DAERA YTD resource expenditure can be explained by a large expenditure of £316 million forecast for October 2020, equating to 58% of the DAERA resource allocation for the year. This large expenditure relates to the Single Farm Payments.

TEO forecast monthly resource expenditure of between £5.6 million and £8.3 million throughout the year, with the exception of August 2020 and March 2021; whereby allocations of approximately £27 million have been forecast for each. Despite a September 2020 expenditure forecast of £7.5 million, an outturn of **-£15.5 million** was reported, which went some way to offset the increased August expenditure, resulting in a YTD spend of 36.5%.

The DfI report their highest monthly resource expenditure in June and July 2020, of £89 million and £71 million respectively. Further reductions in expenditure were reported in September and October 2020; at which point forecasted expenditure remains relatively constant through until February 2021. The DfI forecasts a year-end surge, with approximately £60 million of resource expenditure expected in March 2021.

**The amount of funding that may be carried over from one year into the next is limited under the Treasury's Budget Exchange Scheme<sup>11</sup>, in line with the OECD Principle 1 managing budgets within clear, credible and predictable limits for fiscal policy. If the expenditure planned for year-end does not occur, committees should be aware that if potential breach of those limits could result in monies going back to Treasury. Also, committees should rely on the Pilot Commentary and related Dashboard to track potential departmental underspends.**

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<sup>11</sup> Treasury (2020) [Statement of Funding Policy](#), pages 40-41.

### 3. Expenditure profile – DoF

Figure 3 focuses on the DoF expenditure profile, to illustrate how at a departmental level, data may be used to support committee’s advisory and scrutiny function when engaging with departments on budget-related matters.

**Figure 3: Monthly DoF Capital and Resource expenditure profile, April 2020-March 2021<sup>12</sup>**



Similar to the position across departments as a whole, it can be seen in Figure 3 above that the DoF has forecast a significant rise in its capital expenditure in March 2021. The obvious question arising here for committees is whether a risk of slippage exists for the DoF, which could mean a risk that the DoF’s expenditure will not be spent during this financial year. Consideration of such issues arise from the OECD Principle 7, i.e. to actively plan, manage and monitor budget execution.

Figure extracted from the Pilot Dashboard compiled by RaiSe-PFSU, relying on the monthly TFO data provided by the DoF.

## 4. Forecasting accuracy

Aside from illustrating the expenditure profile, the Pilot Dashboard also visualises the concept of “forecasting accuracy” – i.e. an accurate estimate of the expenditure **to be incurred** when compared later with the expenditure **actually incurred**. This visualisation is achieved by presenting outturn as a percentage of forecast for the month of September 2020, and cumulatively for the period April to September 2020, to help “smooth out” significant one-off monthly variations in forecasting performance, which can distort the overall picture.

For example, the September 2020 forecasting accuracy figure is calculated by comparing the forecast figure for September 2020 (provided in August), with the outturn figure for September 2020 (provided in October). Figure 4 below shows these indicators across all departments.

To aid interpretation, the departmental forecasts are coloured according to the colour of departmental logos.

**Figure 4: Departmental forecast performance, from April – September 2020<sup>13</sup>**



In Figure 4 above, a percentage figure of 100 would show total accuracy in a department’s forecast, i.e. the department has spent each month exactly what it had indicated it would (forecasted), before the spending period began. The greater the variance from 100, the greater the degree of error in the forecast. For example, a

<sup>13</sup> Figure extracted from the Pilot Dashboard, compiled by RaiSe-PFSU, relying on the monthly TFO data provided by the DoF.

percentage figure of 75 shows an underspend of 25%; while a percentage figure of 125 shows an overspend of 25%.

**Committee scrutiny of these data in Figure 4 – departmental forecast performance – should be guided by the OECD Principle 10 promoting the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit.**

#### 4.1. Capital

Figure 4 above demonstrates considerable variance in the September 2020 Capital forecast accuracy. That is, two departments report September 2020 outturn figures falling within 10% of forecast figures (the DAERA and the DfI). A further three departments report September 2020 outturn figures falling within 30% of forecast figures (the DfE, the DoH and TEO). The greatest variance between forecast and outturn at this time was experienced by the DoF, which reported a **-2.6%** forecast accuracy, i.e. the DoF had a September 2020 forecast of £3.6 million and reported a September 2020 outturn of **-£95,000**.

The cumulative figures for the period April to September 2020 showed a much higher degree of forecasting accuracy; with eight of the nine departments reporting outturn figures falling within 10% of forecast figures. The DoF is the only department to report an outturn with a lesser degree of accuracy to its forecast. It reports an outturn figure that is 82.9% of its forecast figure. It should be noted that this cumulative figure includes the negative September 2020 figure previously discussed.

#### 4.2. Resource

Figure 4 above shows that departmental September 2020 Resource forecasts had a greater degree of accuracy than their September 2020 Capital forecasts. That is, four of the nine departments (the DfC, the DfE, the DoH and the DoJ) reporting outturn figures falling within 10% of forecast figures for September 2020; and eight of them (with the exception of the TEO) reporting outturn figures falling within 8% of forecast figures for the period April to September 2020. In the case of the TEO, it forecast an expenditure of £7.5 million, but reported an outturn of **-£15.5 million** for September 2020. This equates to a **-207.6%** forecast accuracy for September 2020. Forecast accuracy was 48.7% for the TEO for the period April to September 2020.

The DAERA experienced a forecast accuracy figure of 49.9% for September 2020. It, however, showed a marked improvement in its cumulative forecast accuracy for the period April to September 2020. It had a forecast accuracy of 91.7% for this period.

## 5. Forecasting accuracy – DoF

Figure 5 below looks more closely at the DoF forecasting accuracy figures. This reveals that overall, in the year to date, there has been only a small variance from the DoF forecast. This was more pronounced in September 2020, when the DoF forecast resource expenditure was £11.4 million. Its outturn, however, was £14.1 million; amounting to 123% of the forecast, as highlighted in the red box below.

**Figure 5: DoF Resource profile**



**Committee scrutiny of these forecasting accuracy data in Figure 5 above should be guided by the OECD Principle 10 promoting the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit.**

## Appendix 1: Technical Note on the Pilot Dashboard

### Introduction

This Technical Note is provided to users for explanation of the Pilot Dashboard in terms of:

- **Interpreting** the presentation of each visual in the two-part graphic series and how it is calculated; and,
- **Manipulating** each visual by applying different filters.

It first explains the Expenditure Profile (section 1); followed by Forecast Performance (section 2).

### 1. Spend Profile

#### Interpreting

1. *Expenditure profile by month – capital (April 2020 – March 2021)*

Shows the forecast and the outturn figures by month, for the current financial year, 2020-21.

The most recent outturn data compiled and made available by the DoF is September 2020.

The dotted line is the average monthly outturn for April – September 2020. It does not include October – November 2020, because the £0 in those months – due to their present unavailability – would drag down the average.

2. *Total YTD capital spend*

Shows the total outturn for all departments from April – September 2020 in this financial year.

3. *Total capital budget*

Shows the total budget for all departments at the June Monitoring Round Position for this financial year.

4. *Projected spend by year-end*

Shows the total outturn for all departments for April – September 2020, **plus** total forecast for all departments for October 2020 – March 2021, i.e. the actual spend for this financial year as of September 2020, **plus** the forecast spend for the remainder of this year.

### 5. *Proportion of capital budget spent*

Shows the outturn for April – September 2020, as a percentage of the total budget for this financial year, i.e. the amount of this year's budget spend as of September 2020.

### 6. *Projected proportion of budget spent by year-end*

Shows projected spend from item 4 above, as a percentage of the total budget from item 3 above, i.e. projected spend by the end of this financial year, divided by the total capital budget for the financial year.

## **Manipulating**

### ***Applying filter by month***

Users can focus on a particular month simply by clicking the chart column for that month. Callout boxes 2 – 5 will update accordingly, to show information relating to only the selected month. For example, selecting only September will show the spend in September, the total annual budget, and what proportion of the budget that the September spend accounts for. In this example, it is £81.248 million, which accounts for 5.1% of the total budget for all departments for this financial year.

To look at multiple months at one time, just Ctrl + click the relevant months.

### ***Applying filter by department***

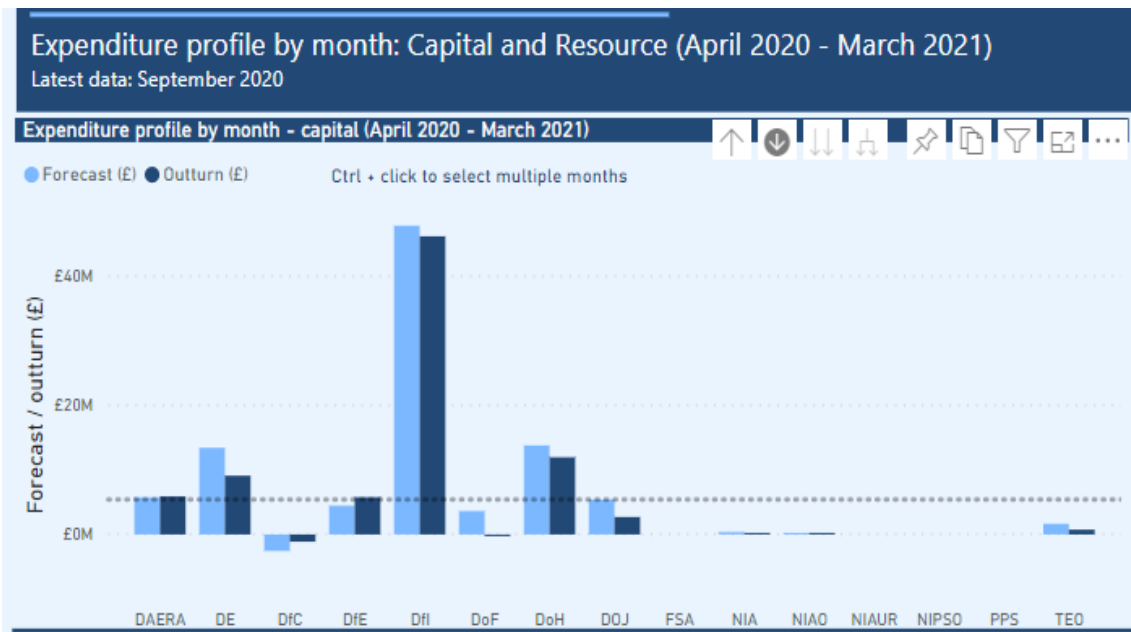
Users can focus on a particular department simply by clicking the buttons with the departmental logos at the right hand side of the page. This filter works in the same manner as described above when applying a month filter. For example, click on the Department for Infrastructure (DfI) logo and it shows a total spend so far this financial year of £180.2 million of a budget of £544.957 million. This tells users that 33.1% has been spent, and with the current forecasts, suggests a projected spend of 104% of the budget.

To look at multiple departments at one time, just Ctrl + click the relevant departments. Users also can click on a month column in the chart, while a department is selected. Clicking on September further shows that of the DfI spend this financial year, £46.216 million was in April, which is 8.5% of that department's budget for the year.

To “drill down” to the next level of detail in Visual 1, and show the departmental breakdown by month, users should hover over the chart, and click on the downward pointing arrow (circled in red in the figure below). Then select the relevant month. To come back to the overall view of all months, click on the upward arrow beside it.

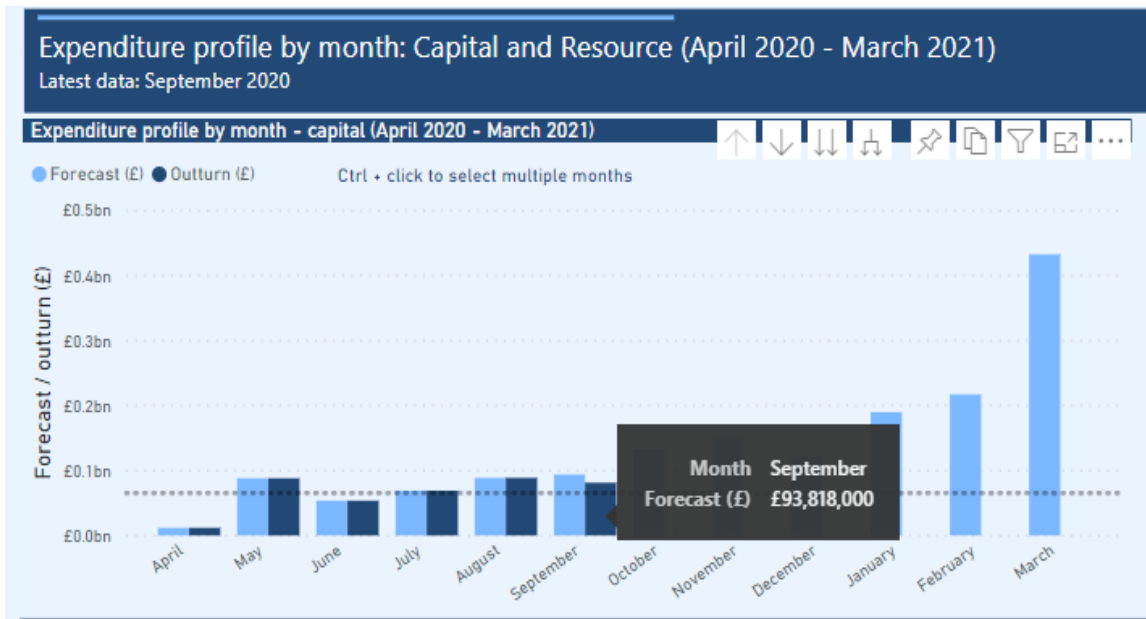


Users then will be shown all departments, for that month:





At any point, users can see the forecast or the outturn values in the visual by simply hovering over a specific month:



## 2. Forecast Performance

### Interpreting

#### 1. *Forecasting performance: September 2020 (Capital)*

Shows the current month (September 2020) forecasting accuracy. This is defined as the percentage difference between the forecast figures for the month of September (provided in the August 2020 departmental return) and the actual outturn figures for the month of September (provided in the October 2020 departmental return). This provides a measure of forecasting performance for each department.

For example, the 86.7% figure for the Department of Health in September 2020 is calculated as follows:

- £11.964 million outturn, *divided by*:
- £13.799 million forecast, *equals*:
- Outturn was 86.7% of what was forecast to be spent in September.

#### 2. *Cumulative forecasting performance: April – September 2020 (Capital)*

Shows the cumulative average forecasting accuracy over the previous months (April – September 2020). This is included to “smooth out” significant one-off monthly variations in forecasting accuracy. It is a rolling average of the previous months. For example, the September 2020 figure is the average accuracy across April – September 2020. In August 2020, it was the average of April – August 2020, and so on.

The two charts on the bottom half of the page show the same metrics; but for resource spending, rather than capital spending.

### Applying filters

#### ***Applying filter by department***

Users can focus on a particular department by simply clicking on the buttons with the departmental logos at the right hand side of the page. Users can also do this by clicking on the columns in the charts. Those columns are coloured based on the departmental logo colour to help make it easier to identify departments if more than one is selected.

To look at multiple departments at one time, just Ctrl + click on the relevant columns in the charts, or alternatively Ctrl + click the buttons at the right hand side of the page.

## Appendix 2: 2015 OECD *Principles of Budgetary Governance*<sup>14</sup>

### **Budgetary Governance**

*Budgetary governance is the process of formulating the annual budget, overseeing its implementation and ensuring its alignment with public goals.*

*The Recommendation on Budgetary Governance sets out **ten principles** which provide concise overview of good practices across the full spectrum of budget activity and aim to give practical guidance for designing, implementing and improving budget systems to make a positive impact on citizens' lives.*

*The Recommendation also underpins the importance of the budget principles to other aspects of good public governance, including integrity, open data, achievement of strategic goals, and the promotion of trust between citizens and government.*

### **The ten principles are:**

- 1. Manage budgets within clear, credible and predictable limits for fiscal policy.*
- 2. Closely align budgets with the medium-term strategic priorities of government.*
- 3. Design the capital budgeting framework in order to meet national development needs in a cost-effective and coherent manner.*
- 4. Ensure that budget documents and data are open, transparent and accessible.*
- 5. Provide for an inclusive, participative and realistic debate on budgetary choices.*
- 6. Present a comprehensive, accurate and reliable account of the public finances.*
- 7. Actively plan, manage and monitor budget execution.*
- 8. Ensure that performance, evaluation and value for money are integral to the budget process.*
- 9. Identify, assess and manage prudently longer-term sustainability and other fiscal risks.*

*Promote the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit.*

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<sup>14</sup> <http://www.oecd.org/gov/budgeting/principles-budgetary-governance.htm>