



Northern Ireland  
Assembly

## Research and Information Service Briefing Note

---

Paper 02/13

15 January 2013

NIAR 3-13

**Colin Pidgeon**

# Financial Forecasting by the Department of Employment and Learning for 2012-13

This short Briefing Note provides the Committee for Employment and Learning with the most up-to-date data available on the Department for Employment and Learning's (DEL) forecast outturn for the current financial year.

**This Note should be read in conjunction with RalSe paper 190/12 *Financial forecasting performance data: scrutiny by committees*<sup>1</sup> which provides explanations of the source of the data and how it should be interpreted.**

---

<sup>1</sup> [http://www.niassembly.gov.uk/Documents/RalSe/Publications/2012/finance\\_personnel/19012.pdf](http://www.niassembly.gov.uk/Documents/RalSe/Publications/2012/finance_personnel/19012.pdf)

## Introduction

This Briefing Note updates the data provided in RaISe paper 190/12 to give the latest available position.<sup>2</sup> Attention is drawn specifically to the data in relation to DEL.

The Note is structured in the following way:

- Changes in the Total Forecast Outturn over the 2012-13 financial year are charted to show patterns (section 1);
- Total Forecast Outturn data for November is compared with the September Forecast and the October Monitoring position (section 2); and,
- The Department of Finance and Personnel's (DFP) most recent analysis of forecasting performance is briefly presented.

It was noted in RaISe paper 190/12 that scrutiny of departments' financial performance is a fundamental accountability function of the Assembly.

The data presented in this Note should assist the Committee for Employment and Learning in fulfilling that scrutiny function by improving the level of information available to Members about the Department's spending figures.

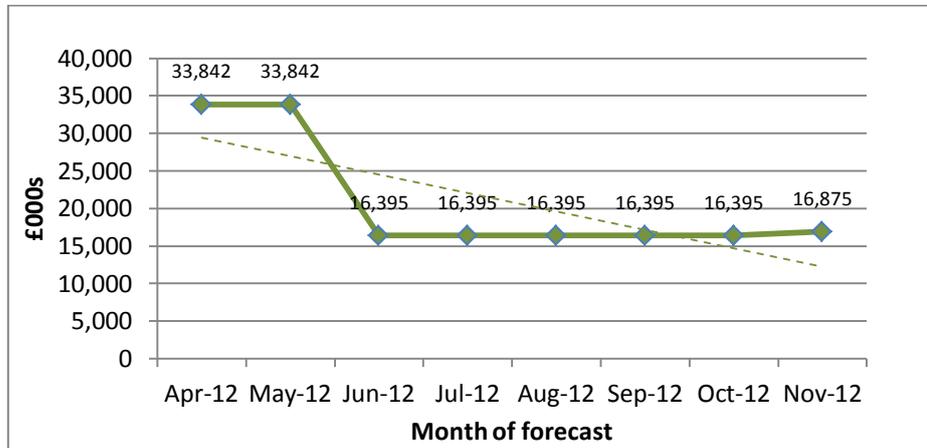
---

<sup>2</sup> The data is provided monthly to the Committee for Finance and Personnel and to RaISe by DFP.

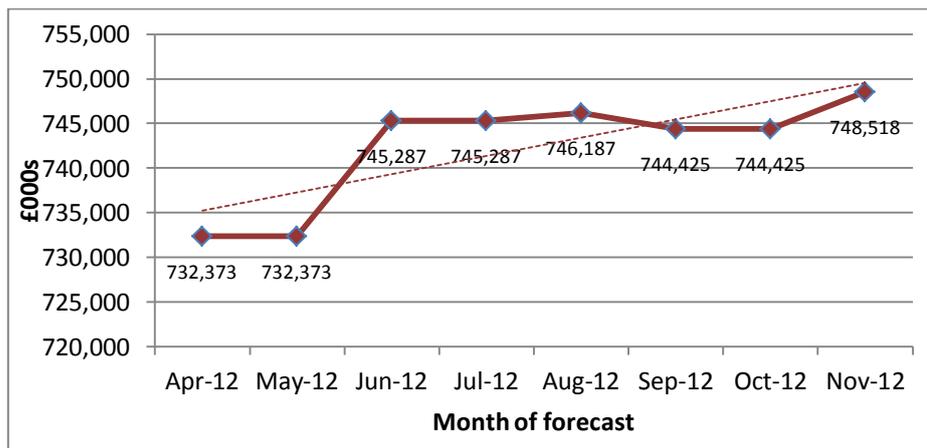
# 1. Total Forecast Outturn

Figures 1 to 3 show how DEL's forecasts for Total Forecast Outturn at year end have changed month-by-month. Linear trend lines are also shown.

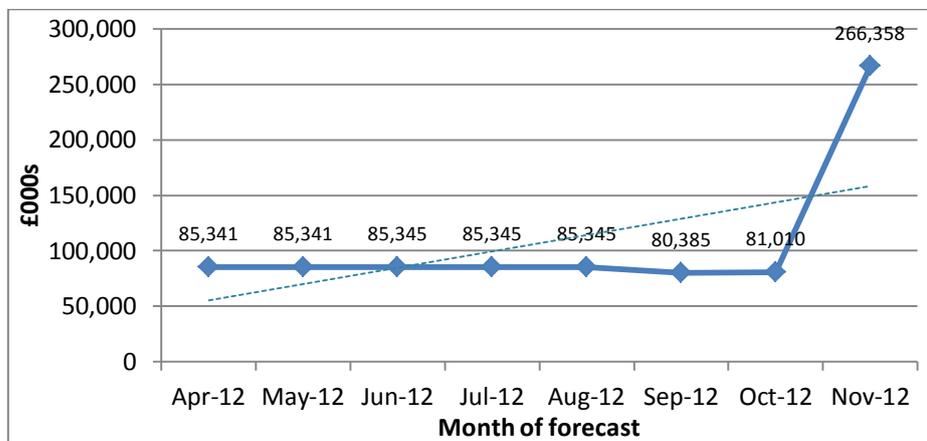
**Figure 1: DEL Total Forecast Outturn 2012-13: Capital Expenditure<sup>3</sup>**



**Figure 2: DEL Total Forecast Outturn 2012-13: Non-Ringfenced Resource Expenditure**



**Figure 3: DEL Total Forecast Outturn 2012-13: Ringfenced Resource Expenditure**



<sup>3</sup> Charts compiled by RaISe from DFP data

The following observation may be made about Figures 1 to 3:

- DEL's Total Forecast Outturn for Capital has remained almost static following a significant fall in the June 2012 forecast;
- At the same time as DEL's Capital forecast approximately halved (down £17,447,000), its Non-Ringfenced Resource forecast increased (up £12,914,000);
- In contrast, DEL's Total Forecast Outturn for Non-Ringfenced Resource shows an upward trend. Since the June 2012 forecast, when there was a relatively sharp increase, the forecast has been relatively consistent; and,
- DEL's Total Forecast Outturn for Ringfenced Resource remained almost static before a dramatic increase in the November 2012 forecast.

Members should note that DFP included a footnote in its data submission which states – in relation to ringfenced resource – that:

*Overspend by DEL is in advance of receiving Student Loan impairment reserve claim from HM Treasury.<sup>4</sup>*

## 2. Outturn Forecasts of November and September 2012

Table 1 sets out DEL's latest forecast (November) against the forecast presented in RaSe paper 190/12 (September). It also shows how both forecasts relate to the October Monitoring position and may be used to supplement Tables 1-3 of RaSe paper 190/12.

Members should note that the outcome of January Monitoring is yet to be announced and this may result in further changes.

**Table 1: DEL's Total Forecast Outturn against October Monitoring<sup>5</sup>**

| £000s                                      | September Forecast | October Monitoring | November Forecast | Difference      |
|--|--------------------|--------------------|-------------------|-----------------|
| <b>Capital Expenditure</b>                 | 16,395             | 17,288             | 16,875            | <b>-413</b>     |
| <b>Non-ringfenced Resource Expenditure</b> | 744,425            | 748,633            | 748,518           | <b>-115</b>     |
| <b>Ringfenced Resource Expenditure</b>     | 80,385             | 85,345             | 266,358           | <b>+181,013</b> |

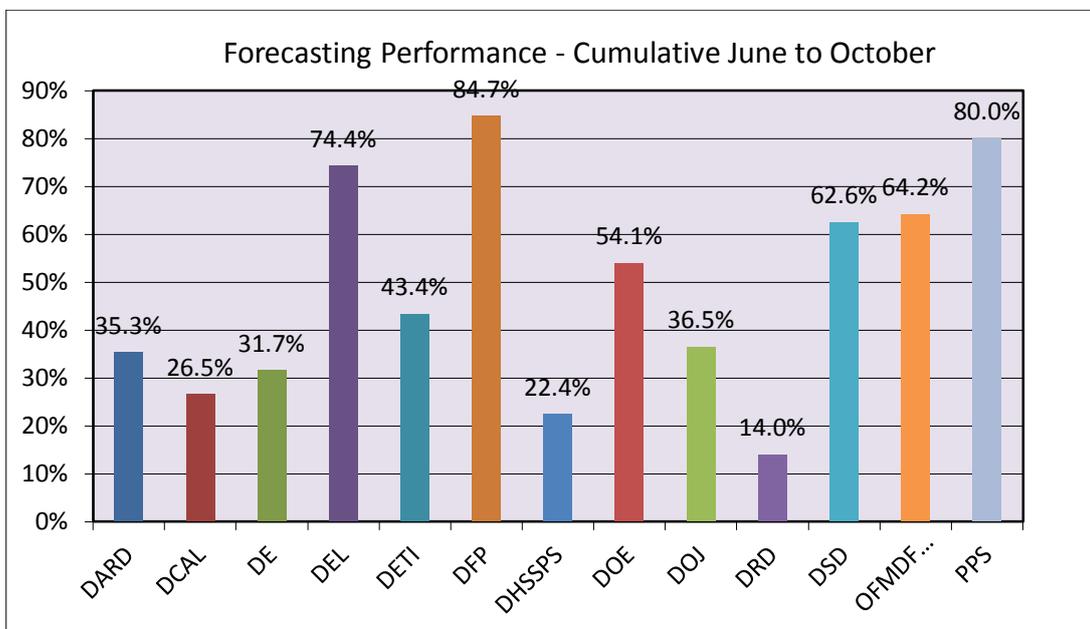
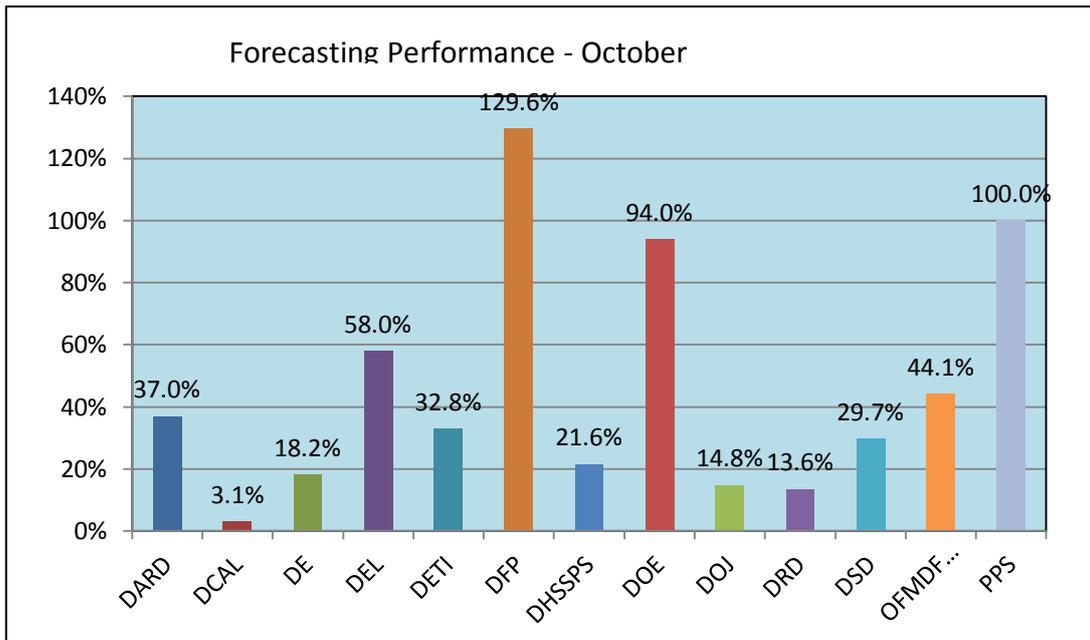
<sup>4</sup> DFP 'Forecast Outturns (November position)' submission to the Committee for Finance and Personnel and RaSe, 10 January 2012

<sup>5</sup> Compiled by RaSe from DFP data

### 3. Forecasting performance analysis

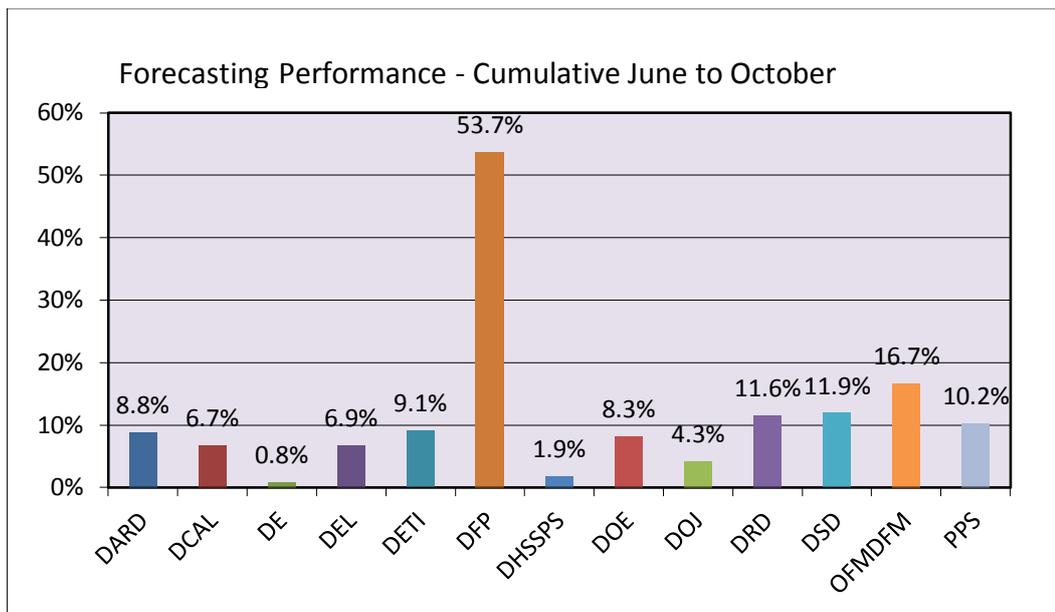
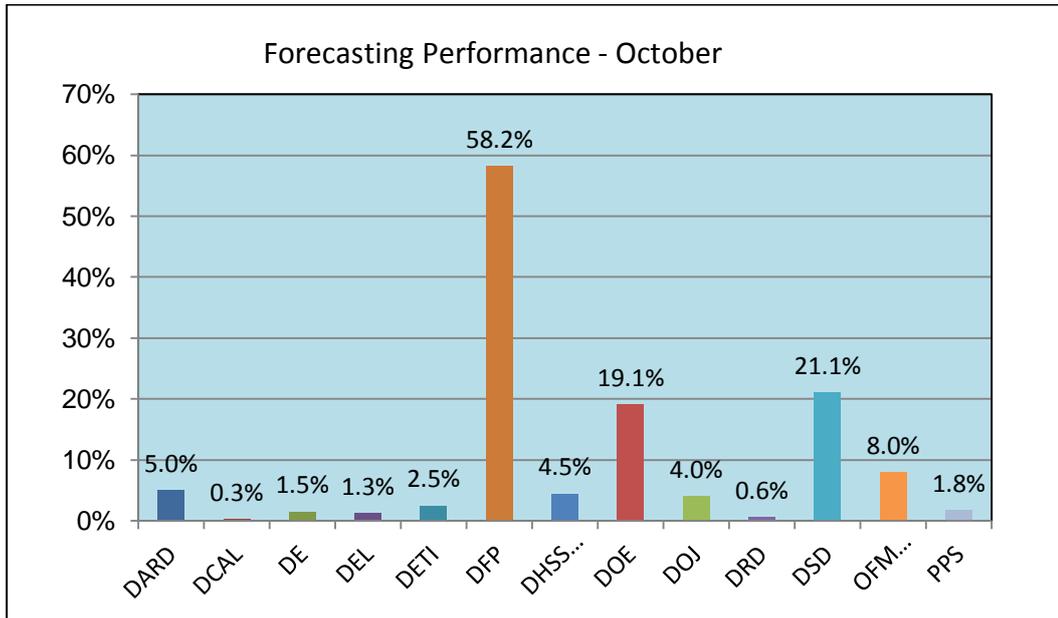
This section presents the analysis provided by DFP of departments' forecasting performance over the 2012-13 financial year to date.<sup>6</sup> As noted in RalSe paper 190/12, a smaller percentage figure represents a more accurate forecast. A larger percentage represents a less accurate forecast.

#### 3.1. Capital

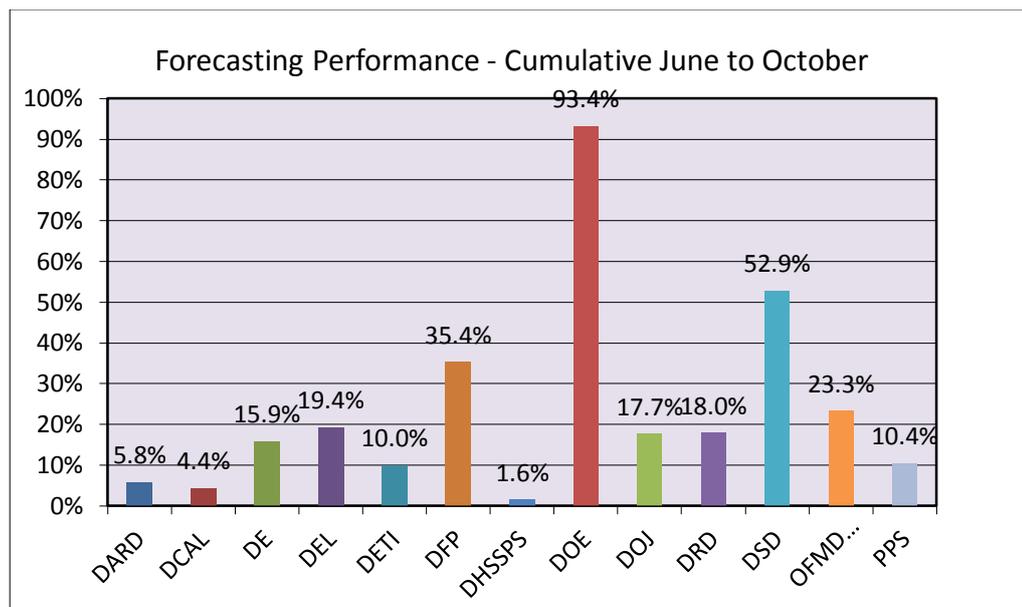
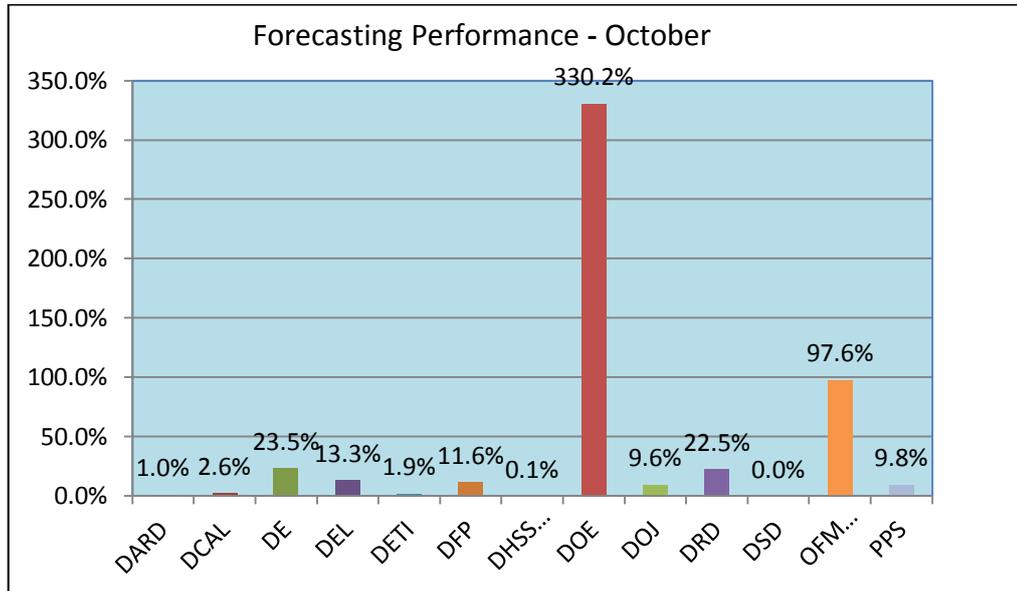


<sup>6</sup> Charts adapted by RalSe from DFP 'Forecast Outturns (November position)' submission to the Committee for Finance and Personnel and RalSe, 10 January 2012

### 3.2. Non Ringfenced Resource



### 3.3. Ringfenced Resource



The following observations may be made about these charts:

- The capital forecasts by DEL cumulatively from June to October have been the third least accurate;
- The resource forecasts by DEL from June to October have been considerably more accurate. **Members should note the impact of the student loans overspend is not reflected in these charts due to the period covered by the analysis.**

## Appendix 1: Worked example of forecasting accuracy analysis

| Capital forecast for October 2012               | (£000s) |
|---|---------|
| Forecast outturn for October provided September | 1,868   |
| Outturn for October reported December           | 784     |
| Difference = 1,868- 784                         | 1,084   |
| Difference as percentage = 1,084 / 1,868        | 58%     |