

## **DEPARTMENT OF FINANCE PROPOSED ESTIMATES STRUCTURE FOLLOWING REVIEW OF FINANCIAL PROCESSES (RoFP)**

Review of Financial Processes (RoFP) aims to improve transparency on financial matters to the Assembly and members of the public by aligning, as far as possible, the recording of expenditure in the Estimates, Budgets and Resource Accounts.

It is currently anticipated that the 2022-23 Main Estimates will be the first set of Estimates to be prepared on the new basis.

The proposed reforms will also provide additional detail/clarity in the Estimates and corresponding Budget Bills including:

- The provision sought will be split by budgetary controls, with separate limits being voted for Resource DEL, Capital DEL, Resource AME, Capital AME, Non-Budget expenditure, rather than the current situation whereby a single net resource requirement figure is voted;
- Separate income and expenditure ambits will be provided detailing services funded by each of: DEL, AME and Non Budget. This will contrast to the current situation whereby a single ambit is voted combining services funded across all budget categories;
- Non-voted budgetary spend will be included in the Part II Subhead of the Estimate E.g. utilisation and release of provisions, Consolidated Fund Excess Receipts (CFERs). Currently non-voted expenditure is not shown in the Estimate itself, although it is shown in the supporting tables; and
- Additional notes will also be included to show additional detail on: Expenditure by Non-Departmental Public Bodies; Accounting Policy Changes; Expenditure resting on sole authority of the Budget Act; Gifts; and Contingent Liabilities.

It is anticipated that Public Spending Directorate will seek the Executive's agreement to the new Estimates format by 30 November 2021.

## **DoF structure**

Currently for DoF there are usually three adjustments to the DEL budget position in order to arrive at the Estimates position:

***Income from the cost of collection of district rates.*** All rates collected are paid into the Northern Ireland Consolidated fund. The district rates element is then paid to councils after the costs of collection have been deducted. As this is not directly received by the Department it is not recorded in Estimates or accounts, but still contributes towards our costs in the budget.

***SEUPB's resource consumption.*** The boundary for the budget encompasses the spending of both the Department and its North/South Body. However, the Estimates boundary includes the Department only and hence SEUPB's spending is excluded.

***Research and Development expenditure.*** Following the introduction of the 2010 European System of Accounts (ESA10), the treatment of expenditure on research and development (R&D) changed from resource to capital within budgets. However, ESA 10 does not apply to estimates or accounts and expenditure on R&D remains in resource.

For DoF there are also two items that are currently included in Estimates but not in budgets.

***Grant paid to SEUPB.*** As noted above, the Department's budget records the full costs of SEUPB, which will include non-cash items such as depreciation and pension costs. These items are outside the Estimates boundary, so in order that the Assembly can approve the amount of money that is provided to SEUPB to fund its running costs, the cash grant amount is included in the non-budget section.

***Notional costs.*** These are costs that the Department incurs in relation to its activities for which no charge is made in cash. For DoF this mainly relates to the notional fee from the NIAO for the external audit of its accounts.

To align the Departments budget and estimates the SEUPB cash grant will be removed and the full net resource consumption will be presented in the estimate. In addition the research and development costs will be reflected in capital in the estimates.

To preserve the independence of the NIAO in determining audit fees while still enabling departments to account for the cost of audit, the audit fees will remain as a notional cost so this will continue to be a misalignment between the estimates and budget.

As the cost of rate collection is non-voted in estimates the position is being considered. However as legislation would be required to make any changes to the treatment it is unlikely that it will be resolved before the new structure is implemented and it will be reflected in the non-voted section.

I have attached at Annex A the current structure and the proposed new structure for consideration.

I am happy to provide more information if required.

**Current structure****Departmental Expenditure Limits**

- 1 Finance, Procurement & Policy
- 2 NICS Shared Services
- 3 NISRA
- 4 Land and Property Services
- 5 EU Peace Programmes
- 6 EU Community Initiatives
- 7 European Regional Development Fund
- 8 NICS Accommodation Services

**Annually Managed Expenditure (AME)**

- 9 Provisions
- 10 Depreciation and Impairments

**Non-Budget**

- 11 Special EU Programmes Body
- 12 Notional Charges

**Proposed revised structure****Departmental Expenditure Limits****Voted Expenditure**

- 1 Finance, Procurement & Policy
- 2 NICS Shared Services
- 3 Northern Ireland Statistics and Research Agency
- 4 Land and Property Services
- 5 EU Programmes

*of which*

*EU Peace Programmes*

*EU Community Initiatives*

*European Regional Development Fund*

- 6 Special EU Programmes Body (North South Implementation Body - Net)
- 7 NICS Accommodation Services

**Non-Voted Expenditure**

- 8 Land and Property Services (Cost of Rate Collection)

**Annually Managed Expenditure (AME)**

- 9 Provisions - Departmental Expenditure
- 10 Depreciation - Departmental Expenditure
- 11 Special EU Programmes Body (North South Implementation Body - Net)

**Non-Budget**

- 12 Notional costs

## Part II: Subhead Detail and Resource to Cash Reconciliation

£'000

2021-22								2020-21	2019-20	
Resources						Capital		Provision	Outturn	
1	2	3	4	5	6	7	8	9	10	
Admin	Other Current	Grants	Gross Total	Accruing Resources	Net Total	Capital	Non-operating Accruing Resources	Net Total Resources	Net Total Resources	
<b>RfR A: To help the Executive secure the most appropriate and effective use of resources and services for the benefit of the community and deliver quality, cost effective and efficient public services and administration in the department's areas of executive responsibility.</b>										
	233,892	111,963	68,413	414,268	121,307	292,961	44,969	-	736,767	212,434
<b>Departmental Expenditure in DEL:</b>										
A-1:	Finance, Procurement and Policy									
	46,166	1,857	47	48,070	27,089	20,981	1,005	-	30,982	21,318
A-2:	NICS Shared Services									
	116,625	50	144	116,819	38,325	78,494	11,332	-	82,217	81,361
A-3:	Northern Ireland Statistics and Research Agency									
	1,404	38,943	-	40,347	17,505	22,842	2,346	-	21,315	15,231
A-4:	Land and Property Services									
	2,233	59,709	64,000	125,942	30,153	95,789	5,705	-	536,315	32,121
A-5:	EU Peace Programmes									
	-	-	1,645	1,645	1,398	247	-	-	186	397
A-6:	EU Community Initiatives									
	-	-	1,438	1,438	1,222	216	-	-	141	207
A-7:	European Regional Development Fund									
	-	-	59	59	-	59	-	-	59	161
A-8:	NICS Accommodation Services									
	67,064	-	-	67,064	5,615	61,449	24,581	-	52,725	57,567
<b>Annually Managed Expenditure (AME):</b>										
A-9:	Provisions									
	-	2,010	-	2,010	-	2,010	-	-	2,010	1,641
A-10:	Depreciation									
	-	9,394	-	9,394	-	9,394	-	-	9,394	1,221
<b>Non-Budget:</b>										
A-11:	Special EU Programmes Body ♥									
	-	-	1,080	1,080	-	1,080	-	-	1,023	934
A-12:	Notional Charges									
	400	-	-	400	-	400	-	-	400	275
<b>Total:</b>	<b>233,892</b>	<b>111,963</b>	<b>68,413</b>	<b>414,268</b>	<b>121,307</b>	<b>292,961</b>	<b>44,969</b>	<b>-</b>	<b>736,767</b>	<b>212,434</b>

Part II: Subhead detail												£'000s		
2021-22 Plans										2020-21 Provisions				
Gross	Administration		Resources			Programme		Net	Net Resources	Capital			Net	Capital
	Income	Net	Gross	Income	Net	Income	Net			Gross	Income	Net Capital		
1	2	3	4	5	6	7	8	9	10	11	12			
<b>Spending in Departmental Expenditure Limits (DEL)</b>														
<b>Voted expenditure</b>	234,983	-71,423	163,560	167,842	-49,884	117,958	281,518	45,039	-	45,039	725,223	20,904		
<i>Of which:</i>														
1: Finance, Procurement and Policy	46,166	-27,089	19,077	1,904	-	1,904	20,981	1,005	-	1,005	30,982	983		
2: NICS Shared Services	116,625	-38,325	78,300	144	-	144	78,444	11,382	-	11,382	82,167	15,423		
3: Northern Ireland Statistics and Research Agency	1,404	-119	1,285	38,943	-17,386	21,557	22,842	2,346	-	2,346	21,315	1,275		
4: Land and Property Services	2,233	-275	1,958	123,709	-29,878	93,831	95,789	5,705	-	5,705	536,315	1,814		
5: EU Programmes	-	-	-	3,142	-2,620	522	522	-	-	-	386	-		
<i>of which</i>														
<i>EU Peace Programmes</i>	-	-	-	1,645	-1,398	247	247	-	-	-	186	-		
<i>EU Community Initiatives</i>	-	-	-	1,438	-1,222	216	216	-	-	-	141	-		
<i>European Regional Development Fund</i>	-	-	-	59	-	59	59	-	-	-	59	-		
6: Special EU Programmes Body (North-South Implementation Body - Net)	1,491	-	1,491	-	-	-	1,491	20	-	20	1,333	22		
7: Accommodation Services	67,064	-5,615	61,449	-	-	-	61,449	24,581	-	24,581	52,725	1,387		
<b>Non-voted expenditure</b>	-	-	-	-	-	8,702	-	8,702	-	-	-	-		
<i>Of which:</i>														
8: Land and Property Services	-	-	-	-	-	-8,702	-	-8,702	-	-	-8,300	-		
<i>Consolidated Fund Extra Receipts</i>	-	-	-	-	-	-	-	-	-	-	-10,921	-		
<b>Total Spending in DEL</b>	<b>234,983</b>	<b>-71,423</b>	<b>163,560</b>	<b>167,842</b>	<b>-58,586</b>	<b>109,256</b>	<b>272,816</b>	<b>45,039</b>	<b>-</b>	<b>45,039</b>	<b>706,002</b>	<b>20,904</b>		
<b>Spending in Annually Managed Expenditure (AME)</b>														
<b>Voted expenditure</b>	-	-	-	11,604	-	11,604	11,604	-	-	-	11,604	-		
<i>Of which:</i>														
9: Provisions (Departmental Expenditure)	-	-	-	2,010	-	2,010	2,010	-	-	-	2,010	-		
10: Depreciation (Departmental Expenditure)	-	-	-	9,394	-	9,394	9,394	-	-	-	9,394	-		
11: Special EU Programmes Body (North-South Implementation Body - Net)	-	-	-	200	-	200	200	-	-	-	200	-		
<b>Total Spending in AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,604</b>	<b>-</b>	<b>11,604</b>	<b>11,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,604</b>	<b>-</b>		
<b>Non-Budget spending</b>														
<b>Voted expenditure</b>	230	-	230	-	-	-	230	-	-	-	230	-		
<i>Of which:</i>														
12: Notionals	230	-	230	-	-	-	230	-	-	-	230	-		
<b>Total Non-Budget Spending</b>	<b>230</b>	<b>-</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>-</b>		
<b>Total for Estimate</b>	<b>235,213</b>	<b>-71,423</b>	<b>163,790</b>	<b>179,446</b>	<b>-58,586</b>	<b>120,860</b>	<b>284,650</b>	<b>45,039</b>	<b>-</b>	<b>45,039</b>	<b>717,836</b>	<b>20,904</b>		
<i>Of which:</i>														
<b>Voted Expenditure</b>	235,213	-71,423	163,790	179,446	-49,884	129,562	293,352	45,039	-	45,039	737,057	20,904		
<b>Non-voted Expenditure</b>	-	-	-	-	-	-8,702	-8,702	-	-	-	19,221	-		