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John McKibbin  
Department of Finance and Personnel  
Rathgael House  
Balloo Road  
Bangor  
BT19 7NA

3 January 2014

Dear John,

### **2013-2014 Public Expenditure – January 2014 Monitoring**

1. This letter sets out the Department's main proposals in relation to the 2013-14 January monitoring round. The subsequent paragraphs detail non-cash bids as well as the various resource/capital easements and certain technical reallocations from across the Department.

## Main Monitoring Round proposals

2. The overall position is set out in the table below.

**Table 1: January Monitoring Round summary position**

<b>Reduced Capital Requirements</b>	<b>£m</b>
HELM clawback	8.10
Housing Association Grant receipts	0.60
Private Rented Sector Registration	<u>0.23</u>
	<b><u>8.93</u></b>
<b>Reduced Resource Requirements</b>	
Housing (January monitoring easements)	7.46
Housing (repeat entry from October monitoring)	<u>10.00</u>
	<b><u>17.46</u></b>
<b>Proposed resource reduction / reallocation</b>	
Housing benefit admin grant	<b>+ 3.98</b>
Housing deficit grant	<b><u>- 3.98</u></b>
<b>IFRIC 12 Reclassification – (Technical Accounting)</b>	
DEL Capital	<b>+ 1.50</b>
DEL Resource	<b><u>- 1.50</u></b>
<b>Housing Non-cash bids</b>	
Affordable Home Loans	2.25
Empty Home Loans	<u>1.07</u>
	<b><u>3.32</u></b>
<b>Reduced requirement (non-cash)</b>	
Social Security Agency	<b><u>0.63</u></b>

### Reduced capital requirements (£8.93m)

3. Additional capital receipts of around £8.7m have been identified on the housing side. There is an £8.1m recovery of grant for advance land purchases from HELM Housing Association. Given that this related to a prior year, we have confirmed the appropriate accounting

treatment with the NI Audit Office and the advice is that the £8.1m is a debtor that we should recognise. We have also discussed the matter with Supply colleagues and agreed that it be reflected in the final monitoring round return. A further £0.6m in extra Housing Association Grant receipts has been achieved, bringing the amount of additional Housing capital receipts available to £8.7m. An additional capital easement of £0.23m has been identified in relation to the IT set-up costs for the Private Rented Sector Registration scheme.

#### **Housing Resource Easements - £7.46m**

4. The Housing Executive has identified resource easements of £7.46m, primarily from reduced planned maintenance costs (£7m). The contractual position has still not been finalised and thus it is unlikely that there will be significant spend in this area for the remainder of the year. The total figure also includes easements of £0.25m and £0.21m respectively in relation to delayed consultancy costs for the Social Housing Review Programme and the release of an outstanding accrual relating to 2011-12 Household Fuel payment costs.

#### **Housing Resource Easement – declared in October monitoring £10.00m**

5. The £10m previously notified at October monitoring for reclassification is now surrendered as a proposed NIHE Buy-back scheme has not proceeded as planned.

#### **Housing Benefit Admin Costs – £3.98m resource reduction/reallocation**

6. For a number of years, NIHE has been funding elements of Housing Benefit admin costs from their deficit grant, so the adjustment is to regularise the position in respect to current needs. A technical adjustment has therefore been included to transfer funds from the NIHE Housing Grant line.

#### **Housing Reclassification – resource to capital, £1.50m**

7. Under IFRIC 12 there is a duty to provide budget coverage in both capital and revenue for IT expenditure. IT expenditure is currently centralised in revenue, with an annual IFRIC

technical accounting adjustment made to cover likely capital costs included therein. The £1.5m reclassification request is to meet the forecast capital expenditure element.

### **Non-Cash Bids – £3.32m Affordable & Empty Home Loan Schemes**

8. Capital funding of £5.0m for an Affordable Home Loans scheme pilot (under the Get Britain Building initiative) and an Empty Home Loans scheme (£3.7m) was allocated in the October monitoring round. As these are to be loan schemes, associated impairment cost cover is required as a technical accounting adjustment and equivalent non-cash bids of £2.25m and £1.07m respectively have been included in this monitoring round. As capital funding for these two schemes has also been confirmed for 2014-15, similar non-cash bids will be necessary in the June 2014 monitoring round.

### **Social Security Agency - Reduced Non-cash requirements - £0.63m**

9. A nett easement of £0.63m in resource non-cash funding has been identified for surrender by the Agency. The easement has arisen from a recent LPS re-evaluation of land & buildings, which has necessitated depreciation and impairment adjustments to baselines.

### **NI Co-ownership - £10m reallocation**

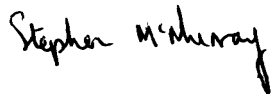
10. The NI Co-Ownership Scheme remains the Department's main measure for supporting potential first-time buyers and those returning to the market who wish to purchase their own home, but cannot afford to do so due to affordability problems. For 2013-14 the Department has already provided NICHA with funding of £40m and, with private finance, it will provide around 1000 affordable homes. By the end of August 2013 the Co-Ownership Scheme had received over 980 applications and is on course to exceed its original target. The Department is re-distributing £10m from other Housing and SSA budgets and capital receipts to provide additional NI Co-ownership funding.

### **Other Technical Adjustments**

11. As in previous monitoring rounds, a number of other reallocations and technical adjustments have been made within and between the various business areas, as well between Departments. These are routine adjustments and were effected through uploads to the database from information on the standard monitoring round proformas.

## **Conclusion**

12. I hope these few explanatory paragraphs are helpful. The relevant proformas have been submitted separately and we are happy to discuss any of the detail if necessary.

A handwritten signature in black ink that reads "Stephen McMurray". The signature is written in a cursive, slightly slanted style.

**STEPHEN McMURRAY**

Director of Financial Management

- cc. Board members  
Stephen Brimstone (SpAD)  
John McKenna (OFMDFM)  
Peter Jakobsen (DFP)  
Pamela Galloway (DFP)  
Janet Hoy (DFP)  
Kathy Sands  
David Reid