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CLERK TO COMMITTEE FOR SOCIAL DEVELOPMENT

Dr Kevin Pelan
Room 412
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BELFAST
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12 December 2011

Dear *Kevin*

BRIEFING TO SOCIAL DEVELOPMENT COMMITTEE ON MONITORING ROUND PROPOSALS

1. The Committee has requested a detailed briefing paper on the current monitoring round in advance of the planned oral briefing on 15 December - your letter to the Department's Assembly Liaison Officer of 24 November 2011 refers. The information is set out in the following paragraphs.

2-Stage Monitoring Round

2. Earlier this year, following detailed consideration and discussion with Departments, the Department of Finance & Personnel confirmed the move from 4 to 3 monitoring rounds

for the 2011-12 financial year. The monitoring round process currently underway is thus the final opportunity for amendments to Departmental budgets, placing greater emphasis on the need for accurate predictions on spend and budgetary requirements.

3. For this reason, DFP commissioned inputs for the monitoring round in 2 stages. The first stage, which did not require Executive approval and covering routine technical adjustments both within and across Departments and Annually Managed Expenditure forecasts, was completed on time on 7 December.
4. The second stage, with a return deadline of 3 January 2012 and the subject of the oral briefing later this week, will cover reduced requirements (both resource & capital expenditure) and any bids to be brought forward. There will also be the opportunity to process any exceptional technical issues missed in the December transactions. The table at Annex 1 provides a synopsis of the key elements of our proposed return, while the following paragraphs provide additional commentary on the key points. It should be noted however that figures may be subject to change before the final return to Finance & Personnel on 3 January.

Overall Position

5. As indicated in Annex 1, Business Areas have identified various easements in both running cost and capital expenditure, which are available for re-distribution against emerging pressures. These stem largely from project slippage in the Social Security Agency (mostly welfare reform projects such as Universal Credit and Personal Independence Payment); in the Urban Regeneration Group (across a range of projects); and in respect to a reduction in demand-led programmes in the Core Department (Independent Living Fund and Financial Assistance Scheme). It is proposed to utilise £5.1m against emerging pressures, surrender £4.5m and make a bid for £2m against this surrender for the Housing Executive's thermal improvements programme.

Bid - £2m Housing

6. At this stage, but subject to final considerations on the extent of any capital easements elsewhere in the Department, it is proposed that we bid for a further £2m in funding for the Housing Executive's window/thermal improvements programme. Our bid for £4m in the October monitoring round for this was only partially met, with £2m being allocated. The programme has attracted widespread interest (including a series of Assembly Questions about specific areas and even particular estates) since the commitment in the Programme for Government that all Housing Executive properties would get double-glazing.

Reallocations to meet Pressures

7. By far the greatest emerging pressure this late in the year is the potential liability arising from a test case being taken to the European Court of Justice regarding the pension entitlement of fee-paid tribunal members. Should the Court rule in favour of the applicant in this case, the Department could be facing arrears payments in excess of £4.2m. For this reason, the bulk of resource easements identified will be set aside against this pressure, with any surplus over and above this amount surrendered to DFP to be used against any over-commitment at NI Block level.

Capital Easements

8. We are also anticipating additional capital receipts and surplus funding from 2 areas on the housing front. It is proposed that the additional £0.50m expected in co-ownership receipts be reallocated to the Social Housing Development Programme (new build). Additional, Housing Association Grant receipts will be surrendered.

Officials Attending

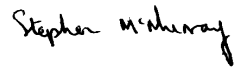
9. Finally, I should advise that those attending the briefing will be:

Stephen McMurray -	DSD Director of Financial Management
Damien Carragher -	Principal Officer, Housing Finance
Brian Robinson -	Principal Officer, Urban Group Support

Conclusion

10. I hope the Committee find this preliminary briefing helpful.

Yours sincerely



STEPHEN McMURRAY

cc: Stephen Brimstone
Margaret Sisk
Kathy Sands
Billy Crawford
Sheila Maguire

Summary Table : Monitoring Round Proposals

Business Area	Bids	Easements	Reasons	Proposed Handling
Social Security Agency	-	£4.00m resource	Mainly slippage in some DWP-led Welfare Reform projects	Retain mainly against potential O'Brien case pension liability (£3.4m); with £100k also going to CMED to meet pressures there. Surrender balance of £0.5m
Urban Group	-	£0.187m admin £1.580m resource £0.829m capital	Slippage across a range of projects	Retain £200k of resource funds against O'Brien case liability; surrender the remaining resource, admin & capital
Housing	£2.00m	£0.200m resource £0.800m capital £0.667m capital grant	Additional Loan Repayments & Co-ownership receipts Additional Housing Association Grant recoupment	Allocate £100k to part-fund new landlord registration scheme & £500k capital to New Build Surrender the remaining £1,067k relating to additional receipts
Core Department	-	Up to £1.200m £0.100m Non-cash	Reduced admin costs £700k (staff and general expenditure reductions) and including £500k from revised Independent Living Fund and Financial Assistance Scheme projections Reduced depreciation costs	Retain £600k against potential O'Brien case pension liability; divert £200k to Appeals Service tribunal costs and surrender the remaining £400k Surrender non-cash.