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CLERK TO COMMITTEE FOR SOCIAL DEVELOPMENT

Dr Kevin Pelan
Room 412
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4 November 2015

Dear *Kevin*

November 2015 Monitoring Round

1. The Department's final monitoring return for 2015-16 was due with Finance & Personnel yesterday 3 November, having been commissioned at short notice on 27 October. An oral briefing on the final monitoring round had originally been scheduled for Thursday 10th December, based on the assumption that our return would ordinarily have been due on 4 January 2016.
2. I can only apologise that the usual procedure for briefing the Committee before submission of details to DFP has not been possible. The Committee will appreciate that this is something completely outside my control, which has been the result of the difficult financial environment witnessed this year. Against this unusual and unprecedented background, the following table and

subsequent paragraphs outline the main proposals submitted. Deputy Secretary Ian Snowden and I would be happy to brief the Committee in person on the detail on Thursday 5 November if that is convenient. If this is not possible, then please advise me or Billy Crawford (DALO) of an alternative date of the Committee's choosing.

3. Following advice from DFP Supply colleagues, the Department has submitted one capital bid in the final monitoring round of the year. We had originally bid for £100m in Financial Transactions Capital (FTC) funding for NI Co-ownership Housing Association in the June monitoring round, to cover a 4-year period and the first £25m was allocated. DFP has advised that we need to re-submit a bid for the £75m balance.
4. The tables which follow summarise the resource and capital easements identified to DFP, complete with a brief explanation as to the reasons behind each surrender.

Table 1: Identified Resource Easements

Business Area	£'m	Easements declared to DFP
CMS	2.6	Easement caused by an embargo on recruitment, savings in IT costs and higher than expected rental income
SSA	9.3	The easement is mainly due to: Confirmation of staff to be released under the Voluntary Exit Scheme and associated funding. Further delays in implementation of welfare reform, leading to an assumption that no Welfare Reforms will go live in the current financial year. Reductions in supplier contract costs
Core	0.9	Easement relates to the National Insurance Fund costing exercise.
Total Resource	12.8	

Table 2: Identified Capital Easements

Business Area	£'m	Easements declared to DFP
SSA	1.5	Easement re Social Fund Crisis Loans due to a significant reduction in claims volumes below forecast which has also reduced recoveries
	0.7	Reduced Estate Modernisation costs and delays in Universal Credit related works
SSA	2.3	Ringfenced Financial Transaction Capital (FTC) – Easement relates to the North Belfast Project
Housing	7.0	Ringfenced RRI borrowing: easement of £7m relating to Together Building United Communities (TBUC). The Department is currently investigating the possibility of re-profiling RRI borrowing into later financial years due to slippage in TBUC schemes for a number of Departments
Urban Group	1.0	Ringfenced funding relating to a TBUC project in the Colin Urban Village - work on a proposed playpark there has been delayed.
	0.4	Additional capital receipts
Total Capital	12.9	

5. The main risk to the Department in declaring the easements detailed in the tables above, is that we are not holding back any funding in relation to the implementation of Welfare Reform. If a decision were to be taken on Welfare Reform that would see elements go live in this financial year, it is possible that this could create pressures which would be impossible for the Department to manage.

Summary

6. The above paragraphs and tables set out the main elements of the Department's final monitoring round proposals for 2015-16, which I trust the Committee will find helpful. Subject to confirmation of the date (paragraph 2 above), I should confirm that I will be attending any oral briefing along with Ian Snowden, Acting Deputy Secretary.

A handwritten signature in black ink, appearing to read 'D. Brown', with a horizontal line extending to the right.

DEBORAH BROWN

- cc.** A Hamilton
I Snowden
T O'Reilly
T Meharg
K Sands
L Hillis