

Public Finance Scrutiny Workshop Series ¹

Module 4:

In-Year Monitoring:

supporting Assembly scrutiny during Execution stage of Budget cycle

Research and Information Service
Finance and Economics Research Team
Public Finance Scrutiny Unit

19 June 2024

Overall Aim:

To better equip Members of the Legislative Assembly (MLAs) and those who support them (staffers, political party researchers, Assembly officials and others) in Northern Ireland Assembly plenaries and committees

Related Objectives:

Through accessible explanation, reducing complexity and confusion, the themed modules seek to:

1. Increase knowledge and understanding of public finance
2. Raise awareness of good practice in public finance
3. Nurture applied learning amongst MLAs and those who support them
4. Strengthen Northern Ireland Assembly scrutiny in plenary and committees
5. Support delivery of efficient, transparent and accountable governance in Northern Ireland through informed scrutiny and oversight

“Five-stop” online reference guide - themed modules: (updated as needed)

1. Northern Ireland Executive Budget cycle:
explaining key concepts to support Assembly scrutiny
2. Northern Ireland Public Finances:
demystifying and supporting Assembly scrutiny throughout Budget cycle
3. Spending Plans and Supply Estimates Process:
supporting Assembly scrutiny during Formulation and Approval stages of Budget cycle
4. **In-Year Monitoring:
supporting Assembly scrutiny during Execution stage of Budget cycle**
5. Resource Accounts:
supporting Assembly scrutiny during Audit stage of Budget cycle

Themes for today:

❖ Northern Ireland Executive Budget Cycle:

- Recap Module 1
- Recap Module 2
- Recap Module 3

❖ In-Year Monitoring:

- What?
- Why?
- When?
- How?
- Overview of what should be an annual Executive Budget cycle – from Formulation through Execution
- Anticipated improvements to IYM going forward

❖ Scrutinising In-Year Monitoring Controls:

- DoF-issued Templates and Departments' Returns
 - Reduced Requirements (RR)
 - Reclassifications
 - Bids

❖ Sources to inform effective scrutiny

❖ Key takeaway definitions

❖ Northern Ireland Executive Budget Cycle:

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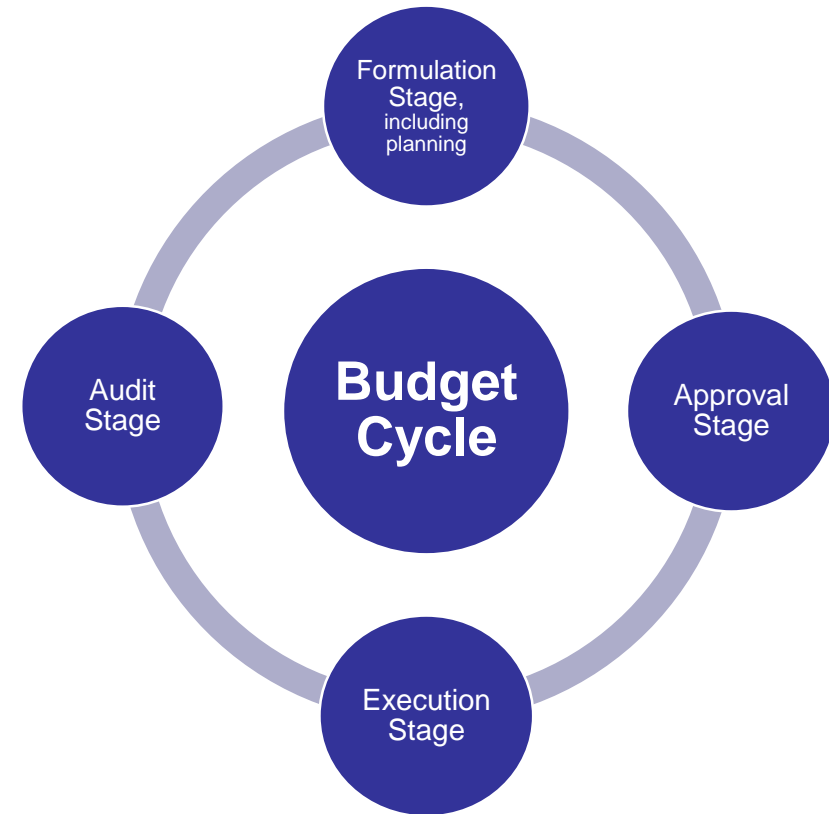
Recap from Module 1:

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“Northern Ireland Public Finance Framework” (“PFF”) -

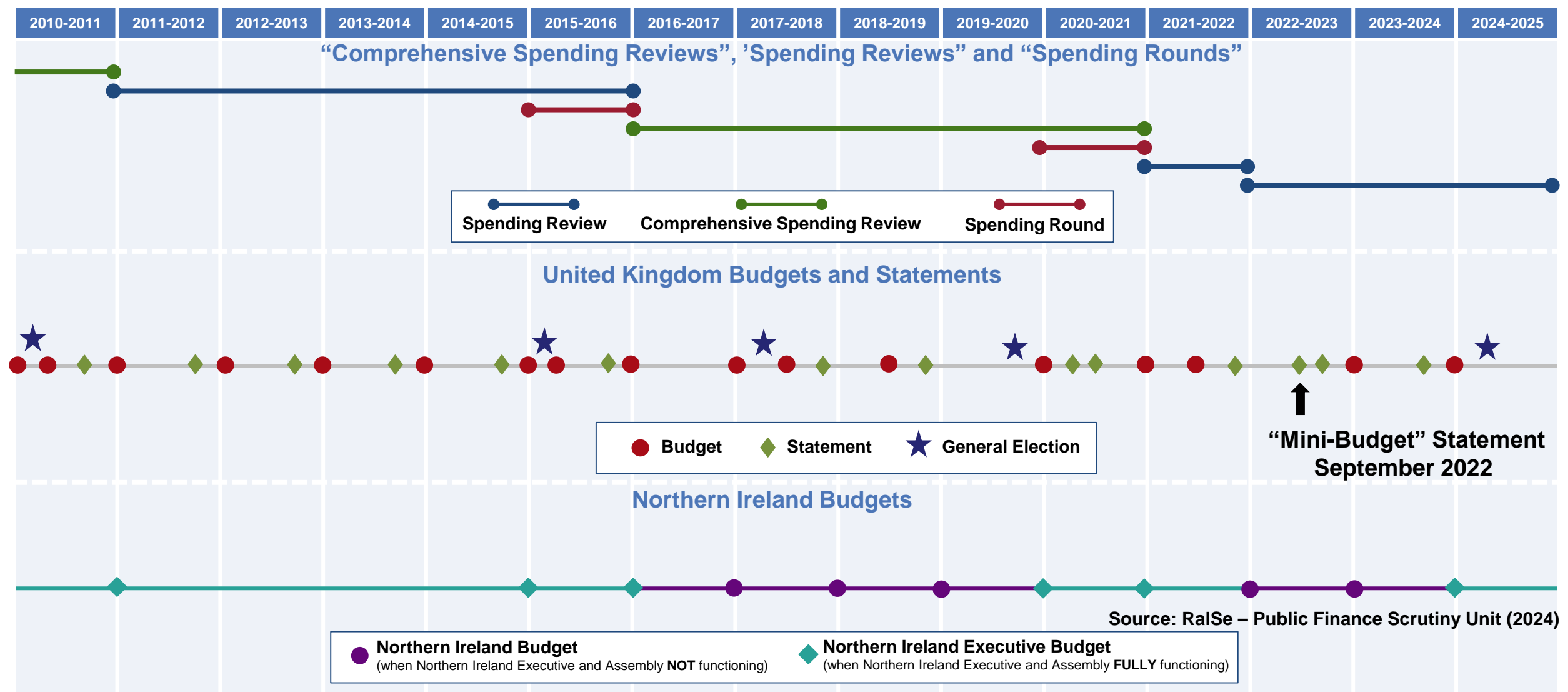
1. PFF sets out “rules” and related boundaries for the Executive and the Assembly, when exercising their powers and taking decisions relating to Northern Ireland public finance
 - Both flexibilities and constraints arise for the Executive and the Assembly, given those rules and related boundaries
2. Budget cycle and its 4 stages are part of the PFF
3. Northern Ireland Executive Budget cycle is a sub-cycle of United Kingdom Government’s Budget cycle
 - They inter-relate, with United Kingdom Government first taking action
4. Northern Ireland Executive Budget runs on “twin tracks”
 - Budget policy and Budget legislation

OECD international good practice: 4 stages of government budget cycle -



Source: RaISe–PFSU (2024), relying on OECD (2018)

Financial year running 1 April – 31 March



KEY POINTS (previous slide):

- ❖ The United Kingdom Government undertakes its Comprehensive Spending Reviews (CSR), Spending Reviews (SR) or Spending Rounds (SRo) via the Chancellor of the Exchequer/His Majesty's (HM) Treasury
- ❖ Thereafter:
 - The United Kingdom Budget is set by the Chancellor, for the period specified by the CSR/SR/SRo
 - Budgets and Statements then are delivered by the Chancellor during the budget year, to reflect:
 - **“Non-Barnett funding”** – that is, other sources of funding provided by the United Kingdom Government to the Executive; and,
 - **“Barnett consequentials”** – those are, any changes in Whitehall departmental programmes, resulting in additional allocations from the United Kingdom Government to the Executive
 - HM Treasury then confirms all funding with the Executive's Minister of Finance (MoF), before any allocations are made
 - The MoF then proposes allocations for Executive approval during the annual Executive Budget cycle – its Execution stage - which includes the In-Year Monitoring (IYM) process, when the MoF engages with all Executive Departments (through their ministers and officials)

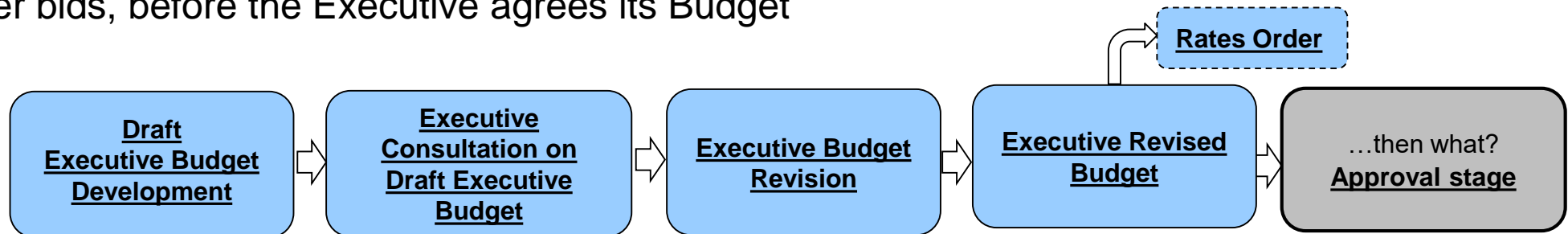
Recap from Module 3:

Spending Plans and Supply Estimates Process: Formulation (including planning) and Approval stages of Budget cycle

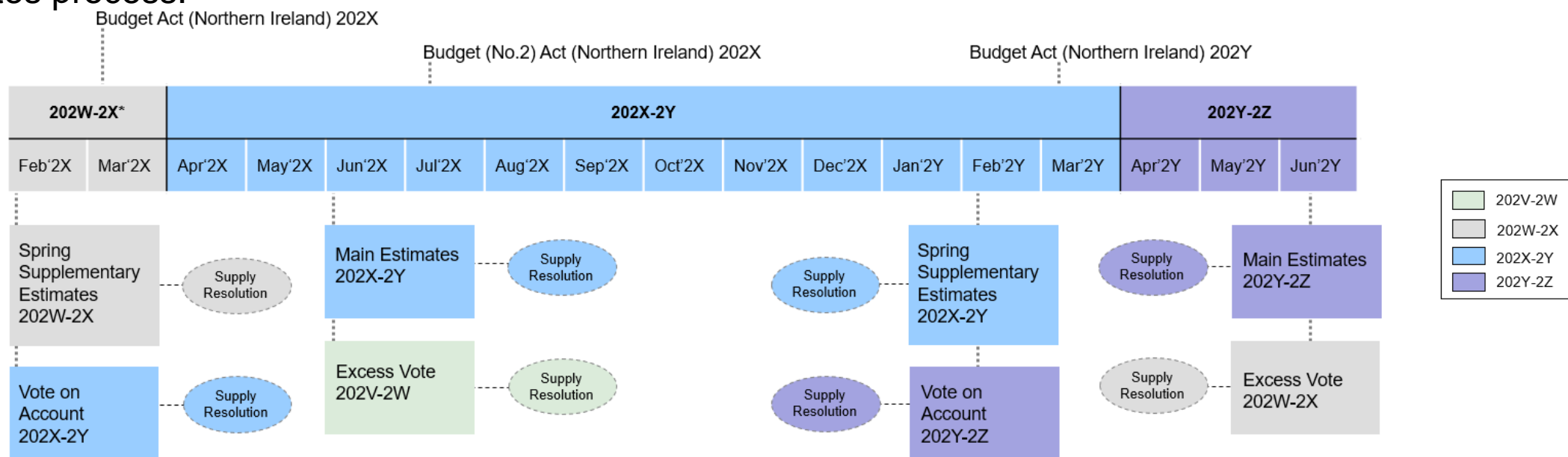
Formulation stage – in a typical Budget cycle:

- ❖ **Spending Envelope** – The MoF confirms with Treasury the Budget position for each Department; that position should be treated as the “ceilings” in which each Department must operate
- ❖ **Prioritisation** – Ideally, the Executive's Programme for Government (PfG) is to inform departmental priority-setting, including:
 - Those priorities which are to be cross-departmental strategies/targets; and,
 - Those at individual departmental level
- ❖ **Bidding** – Each Department submits its bids to DoF:
 - First, at the outset, to initially inform the setting of the Executive Budget, the departmental bid is based on the department's priorities and pressures, while factoring in any identified Executive priorities; and,
 - Later, to further inform the setting of the annual Executive Budget, the DoF may invite all Departments to submit further bids, before the Executive agrees its Budget

❖ Thereafter:



- ❖ In what should be the Approval stage of an annual Executive Budget cycle, the Executive makes formal requests to the Assembly, for the Assembly's authorisation of departmental funding
 - Those requests are made **four times during the annual cycle** - namely: **Vote on Account; Main Estimates; Spring Supplementary Estimates; and, Excess Vote** – and known as the Supply Estimates process:



* Years presented in the format of 202X, 202Y etc. for illustrative purposes – showing how the Approval stage of Northern Ireland's Budget cycle would work in a "typical" year. Actual years have therefore not been used

Source: RaISe-PFSU (2024)

- ❖ **KEY NOTE:** Spring Supplementary Estimates reflect the final departmental budget allocations for the given Executive Budget year – having taken account of all changes that had been made to the Budget for that year, through the IYM process – that is, at each monitoring round in the given Budget cycle

❖ Northern Ireland Executive Budget Cycle:

- Recap Module 1
- Recap Module 2
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- Why?
- When?
- How?
- Overview of what should be an annual Executive Budget cycle – from Formulation through Execution
- Anticipated improvements to IYM going forward

❖ Scrutinising In-Year Monitoring Controls:

- DoF-issued Templates and Departments' Returns
 - Reduced Requirements (RR)
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❖ Sources to inform effective scrutiny

❖ Key takeaway definitions

In-Year Monitoring: What?

- ❖ [Department of Finance](#) (DoF) describes IYM as a process that:

...provides a formal system for reviewing spending plans and priorities in each financial year in light of the most up-to-date position. It is designed to aid good financial management and ensure that resources are directed towards the Executive's highest priority areas...

- ❖ What it is?

- In effect, IYM is a budget management tool used during the Execution stage of what should be the annual Executive Budget cycle, to support the Executive, including its individual Departments

- ❖ What it is **not**?

- [DoF](#) states:

The process is not intended to facilitate the re-opening of the agreed Budget position and departments must treat all allocations set in the course of the Budget process as ceilings and should seek to manage their activities to contain spending within those ceilings, unless and until any increase is agreed

In-Year Monitoring: Why?

- ❖ IYM is required under Northern Ireland's Public Finance Framework – the PFF – which sets out “rules” and related boundaries for the Executive and the Assembly, when exercising their powers and taking decisions relating to Northern Ireland public finance, including each annual Executive Budget cycle
- ❖ IYM-related rules concern, for example:
 - The [Northern Ireland Act 1998](#), as amended, requires the following:
 - Section [60](#) – Financial control, accounts and audit relating to Northern Ireland Departments, Northern Ireland Assembly, Comptroller and Auditor General for Northern Ireland
 - Section [67](#) – Provision of information from Northern Ireland Departments to His Majesty's (HM) Treasury
 - HM Treasury's [Statement of Funding Policy](#) (Latest version November 2023)
 - Executive/departmental identified priorities
 - DoF-issued IYM Guidelines and related templates

❖ All these IYM-related rules aim to:

- Improve openness and transparency across departmental budgets
- Increase accountability of both the Executive and individual Departments
- Support departmental budget management within agreed boundaries, such as providing departmental flexibility for resource reprioritisation across budget lines and in line with its identified priority areas
- Allocate additional funding received in-year - for example, as a result of a “Barnett consequential” from HM Treasury
- Enable the Executive to make informed decisions in-year regarding departmental resource movement between Resource Departmental Expenditure Limits (RDEL) and Capital DEL (CDEL), in line with specified requirements - the PFF rules – which includes Executive/departmental identified priorities
- Help to support the Northern Ireland Estimates process – the Approval stage of the annual Executive Budget cycle
- Reduce the amount of funding that the Executive returns to HM Treasury at the financial year-end, due to, for example, departmental underspends resulting from late departmental reporting to the Executive **or** late Barnett consequentials from HM Treasury

SCRUTINY POINTS:

The Committee may wish to ask the Department:

- 1. Has the Department undertaken any monitoring and evaluation to inform any internal review as to how effectively it has undertaken IYM under the prevailing DoF Guidelines?**

For example, please detail in full whether the Department:

- Has learnt any lessons, such as those that could improve future departmental monitoring so that funding returned to HM Treasury is kept to a minimum? If so, what were those lessons?**
- Has shared any identified good practice both within and outside the Department?**

- ❖ In the Execution stage of what should be an annual Executive Budget cycle, IYM occurs **three times per year** – through “**monitoring rounds**”
 - Held each June, October and January of the given financial year, and coordinated by DoF, **unless:**
 - Potential ad hoc exception this year: DoF IYM 2024/25 Guidelines ([Paragraph 3.4](#)) state:

...it may be necessary, in light of emerging public expenditure issues throughout the year, to commission ad-hoc monitoring rounds or to adjust the timing of planned monitoring rounds
 - Potential elimination of October monitoring round post 2024/25: [DoF](#) informed the Assembly in May 2024, [stating](#):

We put it to the Executive that we would review the October monitoring round and that, in any given year, we might decide not to have one..... there is usually not as much money in the October monitoring round on which to make those decisions. We have said that we will review that during the year and decide, on the basis of what is happening, whether to have an October monitoring round

- Indicative timetable for 2024/25 IYM in Northern Ireland – see Guidelines ([Paragraph 3.4](#)):

	June	October	January 1 st Stage	January 2 nd Stage
Departmental Returns	31 May	3 October	5 December	3 January
Executive Meeting	27 June	24 October	N/A	9 January
Assembly Statement	1 July	28 October	N/A	13 January

Source: DoF - [2024-25 In-Year Monitoring of Public Expenditure - Guidelines](#)

- ❖ The IYM process comprises six key elements:

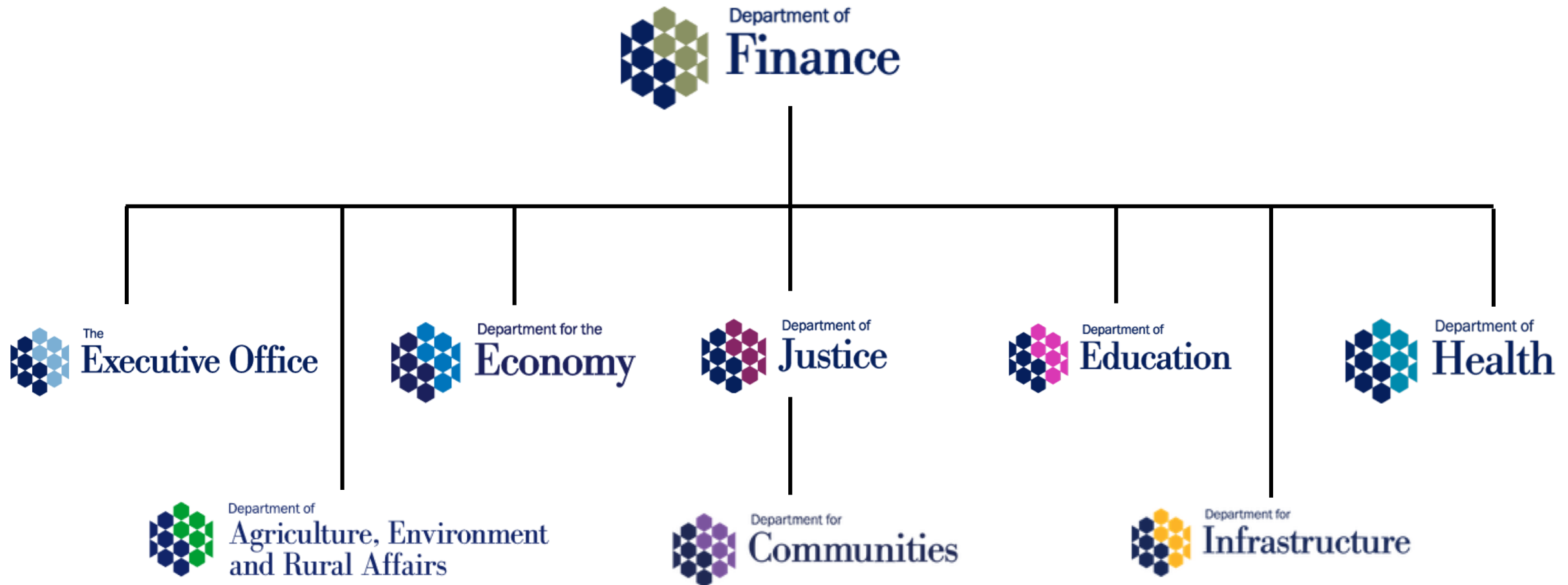
6 Key elements
1) DoF-coordinated Departmental Engagement
2) DoF-issued Guidelines and Related Templates
3) DoF-compiled Monthly Financial Reports to HM Treasury
4) DoF-maintained Resource Budgeting Management (RBM) system
5) Minister of Finance's Statement to the Assembly
6) Assembly Statutory Committee Engagement with Departments

- ❖ More detail on each follows on next slides ...

1. DoF-coordinated Departmental Engagement:

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- Led by DoF, at the direction of the Executive, to support Executive Budget management



Source: RaISe–PFSU (2024)

2. DoF-issued Guidelines and Related Templates:

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- Typically:
 - Published [Guidelines](#) – issued by DoF - at the start of each IYM process (before the June monitoring round) – for example, most recent version [2024-25](#) was published May 2024
 - Supported by IYM **templates** that have been issued by DoF, and then submitted to DoF after having been completed by individual Departments at each monitoring round to:
 - Bid for additional resource due to, for example: new projects; planned projects where increased cost; increased service provision; or, shortfall in expected income from a service
 - Propose budget Reclassifications from one expenditure category to another, subject to HM Treasury specified restrictions
 - Identify “Reduced Requirements” – that is, a service or function requiring less than its current allocation – and necessitating a surrender of relevant funding, as necessary
 - Comply – the DoF-issued Guidelines and the Templates - with other relevant DoF and HM Treasury publications, including:

HM Treasury	DoF
Consolidated budgeting guidance: 2023-24	Financial Reporting Guidance 2024
Statement of Funding Policy (2023)	Managing Public Money Northern Ireland (2023)
The Government Financial Reporting Manual: 2024-25	

3. DoF-compiled Monthly Financial Reports to HM Treasury:

- Contain departmental outturn/forecast data that has been compiled by each Department in line with annually issued DoF [Outturn and Forecast Outturn Guidance](#) (last published July 2023)
- Help to inform the DoF monthly report to HM Treasury on departmental outturn/forecast data (that report detailed on later slide):

DoF use the monthly outturn and forecast outturn information provided by departments to inform decision making during the In-year Monitoring process. Therefore, the importance of timely and realistic actual and forecast outturn cannot be overstated. It is essential that departments provide up to date and accurate information in their monthly returns.

3. DoF-maintained Resource Budgeting Management (RBM) system:

- [DoF](#) describes the RBM system as:

The Northern Ireland Public Expenditure database that records the budget and outturn of Northern Ireland public sector organisations.

- Departments are required to submit returns in 2024-25 for each monitoring round by:

	June	October	January 1 st Stage	January 2 nd Stage
Departmental Returns	31 May	3 October	5 December	3 January

5. Minister of Finance's Statement to the Assembly:

- At the conclusion of each monitoring round:
 - The MoF provides a Written Statement to the Assembly, to report on the outcome of the monitoring round exercise
 - Usually, it is accompanied by an Oral Statement delivered in an Assembly plenary, in [DoF IYM Guidelines](#) – for example: [Ministerial IYM Statements](#)
 - Routinely, the Finance Committee Chair has been first responder to the Minister's Oral Statement
 - Existing Opposition since February 2024 – its role?

6. Assembly Statutory Committee Engagement with Departments:

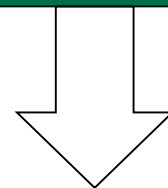
- Each Department is to forward its completed templates to its respective committee within seven days of having returned them to DoF – see: [The Functioning of Government \(Miscellaneous Provisions\) Act \(Northern Ireland\) 2021](#)

Overview of what should be an annual Executive Budget cycle - from Formulation through Execution:

To
begin with ...

United Kingdom Government:

- The Secretary of State confirms “Spending Envelope” for Northern Ireland for the given budget year
- That is to follow on from precursor events at the United Kingdom central government level – those are, the Spending Review led by His Majesty’s Treasury and the Budget Statement made by the Chancellor
- The United Kingdom Government may provide other sources of funding to the Executive, in addition to the above – called “Non-Barnett funding”
- Thereafter, the United Kingdom Government may announce changes in Whitehall departmental programmes during the budget year, resulting in additional allocations to the Executive – called “Barnett consequentials”



Northern Ireland Executive/Departments

DOF:

- Issues IYM Guidance and related templates at the start of each IYM process (before the June Monitoring Round) to all statutory Departments

Individual Statutory Departments:

- Complete IYM templates – issued by DoF - at each monitoring round, to explain the department's:
 - Reduced Requirements (RR)
 - Reclassifications transferring budget from one category to another (within the specified rules)
 - Bids for Additional Resources
 - Amongst other relevant budgetary information, if provided
- Informed – in part – (the department's IYM template return) by the department's monthly returns made to DoF for the given financial year, detailing the department's actual DEL, AME and other spend for the preceding month(s) in the financial year, along with forecast spend for the remaining months of that year
- Return completed templates to DoF by the specified deadline, and forward to statutory committee within seven days of submission to DoF, as specified under [The Functioning of Government \(Miscellaneous Provisions\) Act \(Northern Ireland\) 2021](#)

Minister of Finance/Department of Finance:

- Analyses responses and proposes allocations – that is, DoF officials to the Minister
- Followed by the Minister bringing a paper to the Executive for approval, based on the above and other
- Informs the Northern Ireland Assembly of the outcome of the IYM round:
 - Written Statement provided to the Assembly; usually accompanied by an Oral Statement in an Assembly plenary; on occasion a Written Statement only
 - Statement published on [DoF website](#), alongside the IYM Guidelines

His Majesty's Treasury:

- Throughout the financial year, DoF provides monthly departmental forecast/outline data to HM Treasury, as required, to facilitate Treasury's role in monitoring the performance of Whitehall Departments and DAs against agreed expenditure limits for each, as specified by the United Kingdom Government

Source: RaiSe-PFSU (2024)

Which follows on with ...

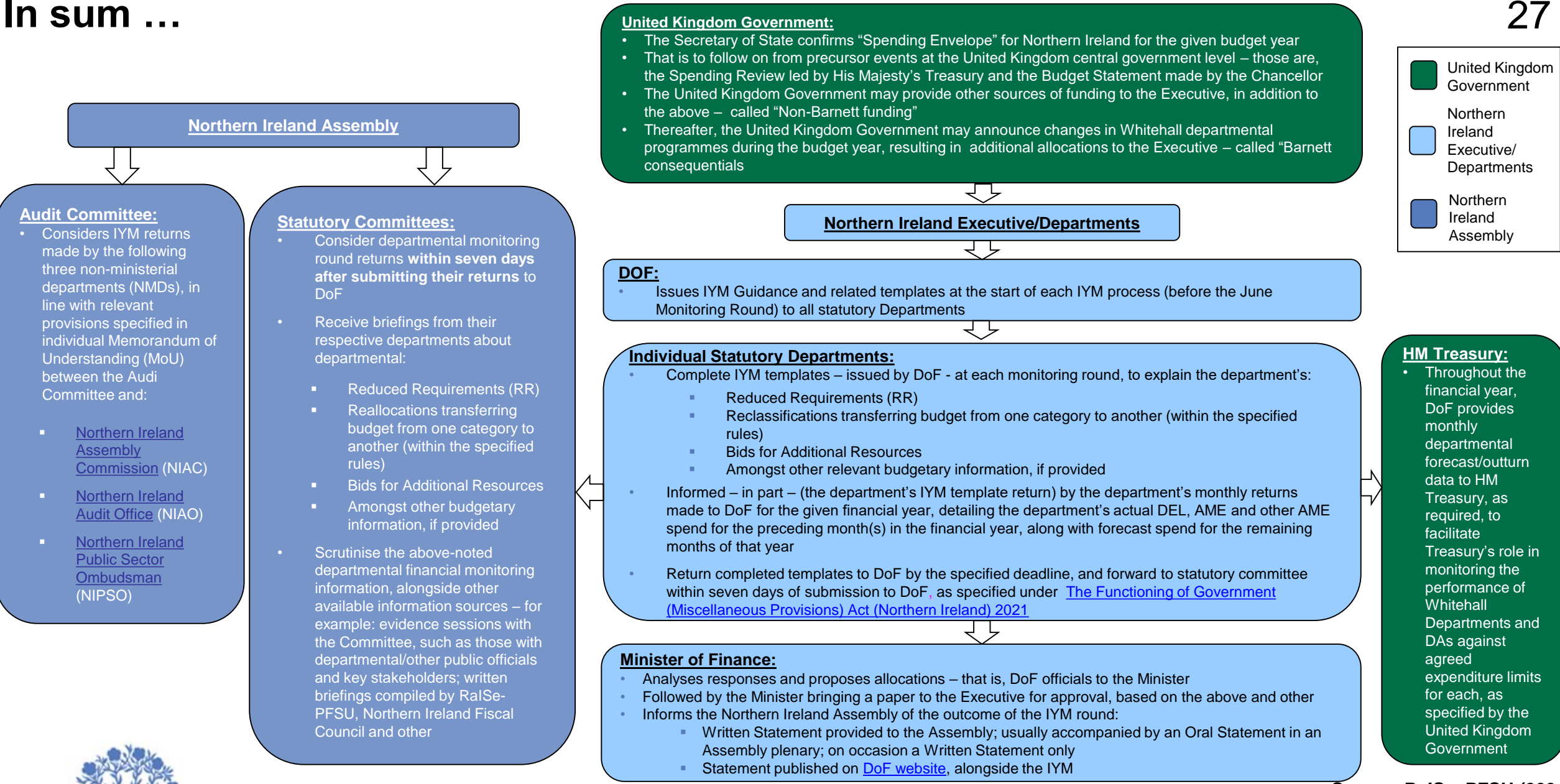
Northern Ireland Assembly

Audit Committee:

- Considers IYM returns made by the following three Non-Ministerial Departments (NMDs), in line with relevant provisions specified in individual Memorandum of Understanding (MoU) between the Audit Committee and:
 - Northern Ireland Assembly Commission (NIAC)
 - Northern Ireland Audit Office (NIAO)
 - Northern Ireland Public Sector Ombudsman (NIPSO)

Statutory Committees:

- Consider departmental monitoring round returns that have been received **within seven days after submitting their returns** to DoF
- Receive briefings from their respective Departments about departmental:
 - Reduced Requirements (RR)
 - Reallocations transferring budget from one category to another (within the specified rules)
 - Bids for Additional Resources
 - Amongst other budgetary information, if provided
- Scrutinise the above-noted departmental financial monitoring information, alongside other available information sources – for example: evidence sessions with the Committee, such as those with departmental/other public officials and key stakeholders; written briefings compiled by RalSe-PFSU, Northern Ireland Fiscal Council and other



SCRUTINY POINT:

- 2. Within seven days of submitting its departmental IYM return to DoF, as required under the IYM Guidelines, would the Department please provide copies of the return it made to DoF, including the Department's completed templates, not summaries of those templates? If not, please detail why. In securing such information, the Committee seeks greater openness and transparency throughout the IYM process – the Execution stage of the Budget cycle – and increased accountability of departmental, and ultimately Executive decision-making relating to the Budget.**

Anticipated improvements to IYM going forward:

- ❖ **June 2021** - Northern Ireland Audit Office (NIAO) published a report [The Northern Ireland budget process \(2021\)](#) – recommended:

In-Year Monitoring rounds provide an opportunity to review budget requirements and Executive priorities during the year, but this process could be taken further. Programme for Government (PfG) interim outcomes in the consideration would help to ensure funds are allocated where most required to achieve the goals set by the Executive

- ❖ **October 2023** - Northern Ireland Fiscal Council (NIFC) published a technical paper [Improving transparency of In-Year Monitoring](#) – suggested:

....suggests possible improvements to or additional information that could be provided either within the IYM Statements or shortly afterwards

- ❖ **May 2024** - [Northern Ireland Executive's Interim Fiscal Framework](#): notes the Sustainability Plan will include:

An assessment of the existing in-year monitoring process, with consideration given to the Northern Ireland Fiscal Council's 'Improving Transparency of In-Year Monitoring' publication

- ❖ **May 2024** - NIAO report on [Budgeting and Accountability](#) briefly mentions In-Year Monitoring process



SCRUTINY POINT:

- 3. What actions are the Executive and individual Departments taking to implement the recommendations suggested by both the Northern Ireland Audit Office and the Northern Ireland Fiscal Council, to increase transparency between the Executive's strategic objectives and departmental IYM decisions? Please detail in full.**

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❖ Scrutinising In-Year Monitoring Controls:

- DoF-issued Templates and Departments' Returns
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 - Reclassifications
 - Bids

❖ Sources to inform effective scrutiny

❖ Key takeaway definitions

DoF-issued Templates and Departments' Returns:

- ❖ Issued at the start of IYM process (usually June of each budget year) - by DoF to Departments - alongside the [DoF IYM Guidelines](#)
- ❖ Are to provide detail on the following departmental IYM resource movements – for the remainder of the current budget year, using departmental information and data at the time of the monitoring round:
 - Reduced Requirements (RR)
 - Reclassifications transferring budget from one category to another (within the rules)
 - Bids for Additional Resources
 - Amongst other relevant information, as needed

Reduced Requirements (RR):

- ❖ Arise as a result of a Department having a lower requirement for funding than what was initially allocated to it, as explained at paragraph 5.10 under [2024-25 DoF IYM guidelines](#) – for example:
 - Increased receipts, with no additional expenditure incurred
 - Unplanned departmental asset sales
 - A service or function requiring less than its existing provision
 - Allocation for a specific purpose not able to be spent on the intended project or function
 - A decision to cease or reduce a service or function (other than departmental proposals to reduce/cease expenditure to meet pressures arising elsewhere within the Department)
- ❖ Are above £1 million, unless unused earmarked funding that must be surrendered, irrespective of amount
- ❖ **Require - on an ongoing and timely basis** - departmental notification to DoF of any RR – that is, as soon as RR are identified, and as early as possible in the financial year

❖ Help to manage, for example:

- Challenges in departmental forecasting (including, for example; economic, cost-of-service delivery, demand), such as:
 - Low take-up of services
 - Unforeseen circumstances arising
- Inefficiencies in completing capital projects – for example, legal challenges, planning issues and staff capability - see NIAO reports:
 - [Major Capital Projects](#) (2024); and,
 - [Capacity and Capability](#) (2020)

Round

Reduced Requirements

Dept

DO NOT RESTATE CODE AND CATEGORY IN DESCRIPTION
Description (max 40 characters) i.e. Why are funds being surrendered?

£000s									
UOB	Record	Admin	Admin Dep/Imp	Resource	Res Dep/Imp	Capital	FT Capital	Total UOB	
								0	
								0	
								0	
Total RR:		0	0	0	0	0	0	0	

Ref No	Keyed By

Reason for Reduced Requirement

- ☐ Increased levels of receipts
- ☐ Unplanned asset sales (i.e.. Above those implicit in the relevant budget position)
- ☐ A service or function requiring less than its existing provision
- ☐ Savings from changes to pay/price assumptions
- ☐ A decision to cease or reduce a service or function

Further detail on Reduced Requirement, including *timing* of reduced requirement

--

How does the Reduced Requirement impact on key departmental objectives and draft PFG targets

--

SCRUTINY POINTS:

- 4. In the January monitoring round, were there any late departmental surrenders that resulted in returning funding to HM Treasury? Please detail in full, including the amount, the reason why, the lessons learned and any changes subsequently made to reduce the potential occurrence of any such late surrenders in the future?**
- 5. If any departmental RR requests, consider whether the Department has provided a reasonable explanation, given its current financial position, aims, objectives and priorities. Has it? If not, seek further explanation.**
- 6. What action is the Department taking to improve departmental capacity to ensure projects are delivered in line with projected forecasts?**
- 7. What action is the Executive taking to improve project delivery across all its departments – for example, will this be included in the Executive's work on Transformation? Please detail in full.**

Reclassifications:

- ❖ Arise where a Department requests to transfer budget within the same departmental “Unit of Business” (UoB) or “Unit of Service” (UoS), from one category (Resource or Capital), to the other
- ❖ Must seek formal DoF approval for movements between Resource and Capital categories, after having discussed with DoF Supply, and then having been processed separately within the current IYM Guidelines

2023-24 Monitoring

Code = RECLASS

Round

Reclassifications

Dept

DO NOT RESTATE CODE AND CATEGORY IN DESCRIPTION

£000s							Total	Ref No	Keyed By
UOB	Record	Description i.e. Reason for Transaction	Admin	Admin Dep/Imp	Resource	Res Dep/Imp			
							0		
							0		

Reason for Reclassification	
<input type="checkbox"/>	Where a Minister has decided to transfer budget cover between Capital and Resource
<input type="checkbox"/>	Budget cover transferred from another Department in the wrong Category.
<input type="checkbox"/>	Original allocation incorrectly classified or allocation is now in the wrong category as a result of a change in accounting treatment.
<input type="checkbox"/>	Where a category switch forms part of a pro-active management action. (Description provided should refer to proactive allocation)
<input type="checkbox"/>	Where a reclassification is necessary as part of a department's decision to re-allocate funds
One of these reasons MUST apply.	

General Comment

Note
This form should be used for movement which crosses Resource DEL and Capital DEL boundaries within same UOB. A movement which crosses these boundaries for a reason other than those listed above should be submitted as a Bid and a RR.

SCRUTINY POINTS:

- 8. If any departmental reclassification requests, consider whether the Department has provided a reasonable explanation, given its current financial position, aims, objectives and priorities. Has it? If not, seek further explanation.**
- 9. If DoF does not approve a reclassification, what are its reasons for its decision? Consider whether DoF has provided a reasonable explanation in light of the Executive's priorities and Budget. Is the Executive's explanation reasonable? If not, seek further explanation.**
- 10. What is the impact of the DoF decision at (9.) on the requesting Department?**

- ❖ Seek additional funding in-year for the Department, to address, for example:
 - A budget shortfall, for example, unsuccessful bidding during Executive Budget formation or during previous monitoring rounds
 - Income shortfall, for example, car parking
 - Increased service provision costs due to, for example, raised cost of existing service delivery (such as increased fuel costs)
- ❖ Require first that the department seek to find resources within its existing budget before submitting bids for additional funding through IYM
- ❖ Must be outlined on a DoF-issued template, wherein the Department:
 - Specifies funding above £1 million generally, unless exceptional circumstances where additional supporting information must be provided – for both, departments must detail the given circumstances
 - Demonstrates the potential impact on Executive priorities/specified Programme for Government commitments
 - Consistent with departmental aims, objectives and priorities
 - Complies with the prevailing statutory equality obligations

Continued next slide ...

❖ Prioritise using below [DoF](#) specified rankings:

1. ***“Inescapable*** - Legal or Contractual Commitments whose costs were not previously anticipated and if not met, may lead to proceedings being taken against the Department”
2. ***“Pre-committed*** - relating to a situation where the previous Executive has already taken prior decisions”
3. ***“High priority*** - deemed to be important proposed developments in either delivering the key areas covered in the PfG or dealing with other emerging issues of comparable importance”
4. ***“Desirable*** - considered value for money projects but have a less direct impact on key departmental objectives and targets”

❖ Classified also using [DoF](#) defined categories:

- ***“New projects*** which the department wishes to do”
- ***“Planned projects***, but now subject to increased costs – that is, either pure cost or volume increases”

Round

Bids

If Bid is less than £1 million do exceptional circumstances apply? If yes, please provide detail below.

Yes / No

Dept

DO NOT RESTATE CODE AND CATEGORY IN DESCRIPTION

Description (max 40 characters) i.e. Reason for bid?

Priority	Ranking

UOB	£000s					
	Record	Admin	Admin Dep/Imp	Resource	Res Dep/Imp	Capital
Total BID:		0	0	0	0	0

Total UOB	Ref No	Keyed By
0		
0		
0		
0		

Details of Transactions submitted in Previous Rounds

Previous Bids submitted in this area and how much met.

Any reduced requirements in this area?

Any Proactive Management actions in this area?

Description of Bid

Why additional allocation is required at this stage?

How does the bid contribute to the achievement of departmental targets and draft PFG targets?

❖ SCRUTINY POINTS:

- 11. For any departmental Bid requests, consider whether the Department has provided a reasonable explanation, given its current financial position, aims, objectives and priorities. Has it? If not, seek further explanation.**
- 12. What monitoring and review has the Department undertaken to ensure good departmental budget management?**
- 13. Where bids are submitted to DoF with the same prioritising category, for example, “high priority”. If funding is unavailable to meet all such requests, how does DoF determine which of those bids will be successful and which will not? What criteria is applied?**

❖ Northern Ireland Executive Budget Cycle:

- Recap Module 1
- Recap Module 2
- Recap Module 3

❖ In-Year Monitoring:

- What?
- Why?
- When?
- How?
- Overview of what should be an annual Executive Budget cycle – from Formulation through Execution
- Anticipated improvements to IYM going forward

❖ Scrutinising In-Year Monitoring Controls:

- DoF-issued Templates and Departments' Returns
 - Reduced Requirements (RR)
 - Reclassifications
 - Bids

❖ Sources to inform effective scrutiny

❖ Key takeaway definitions

- ❖ **Assembly statutory committees scrutinise** departmental IYM during the Execution stage of the Executive Budget cycle – they scrutinise, for example, departmental priorities, reduced requirements, reallocations, bids for additional funding and other
- ❖ When doing so, committees should **rely on** available information and data sources – a diverse range of both governmental and non-governmental - for example:
 - Departmental completed IYM templates returned to DoF and forwarded to its statutory committee within seven days thereafter
 - Statements, written correspondence and evidence sessions, as provided to committees by departmental ministers, officials and public servants
 - Reports, evidence sessions and other, as provided to committees by the third sector
 - Available publications from academics, institutes, think tanks, other
 - Governmental data recorded on Online System for Central Accounting and Reporting – [OSCAR](#) (See slide 46)
 - RaISe – Public Financial Scrutiny Unit (PFSU) outputs and services – for example:
 - [Online Departmental Forecasting Accuracy Dashboard](#) and accompanying Commentary (See slide 47)
 - [Written and Oral Briefings](#) – past, recent and new
 - [Workshop Series](#) – featuring modules on both public finance and economic scrutiny

Online System for Central Accounting and Reporting – [OSCAR](#):

- ❖ Is a HM Treasury tool to manage public spending in the United Kingdom (Whitehall Departments, DAs such as the Executive, and other government financed public bodies)
- ❖ Collects multiple cross government datasets and consolidates them in the form of government published reports
- ❖ Provides governmental data for the United Kingdom Parliament and devolved legislatures, along with other stakeholders, to inform them when undertaking their respective roles and responsibilities
- ❖ Feeds (forecast and outturn departmental data) into various government publications concerning fiscal/economic monitoring, for example:
 - [Monthly Public Sector Finances Bulletin](#) (Office of National Statistics - ONS/HM Treasury)
 - [Quarterly National Accounts](#) (ONS)
 - [Quarterly GDP estimates](#) (ONS)
 - [Biannual economic and fiscal forecasts](#) (Office of Budget Responsibility - OBR)
 - [Public Expenditure Statistical Analyses](#) (HM Treasury)

Dashboard and accompanying Commentary:

❖ The online Dashboard:

- Visually presents Northern Ireland's departmental Total Forecast Outturn (TFO) data (capital and resource spending), when made available to PFSU
- Is an interactive data source that aims to enable more robust Assembly scrutiny of departmental expenditure profiles and forecast performance
- Is accompanied by a Commentary that PFSU compiles for each update
- Seeks to bring greater openness and transparency to public finance

❖ Recent challenges to the Dashboard have been PFSU securing departmental forecast and outturn data from March 2022 – April 2024. Some of the data, as reported by DoF officials, require appropriate caveating:

In 2022-23, in the absence of an agreed Budget, DOF used the out-turn and forecast out-turn information provided by Departments to monitor the overall block position. For that reason, Departments were not constrained to a departmental expenditure limit (DEL) control total, as was the case in previous years. Instead, they were asked to provide as accurate a forecast as possible against their anticipated expenditure.



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❖ Sources to inform effective scrutiny

❖ Key takeaway definitions

❖ In-Year Monitoring (IYM) process:

- It used by the Executive – and led by DoF - to provide a formal mechanism for reviewing departmental spending plans and priorities for each Budget year, in light of the most up to date information and data
- It aids good financial management and helps to ensure that Executive resources are directed towards its highest priority areas
- **Source:** DoF [In-Year Monitoring Guidance 2024-25](#)

❖ Departmental Expenditure Limit (DEL):

- A departmental spending control aggregate that sets a DA's expenditure limits for a multi-year period
- DEL includes expenditure which is generally within a Department's control and can be managed within multi-year limits, as set during United Kingdom Spending Reviews
- **Source:** HM Treasury [How to understand public sector spending](#)

❖ Estimates:

- The means through which Departments seek Northern Ireland Assembly approval for their spending plans
- Main Estimates are based on the previously announced Budget, and typically are published around June each year
- The Spring Supplementary Estimates usually are published around February each year; taking into account the in-year changes made at monitoring rounds
- **Source:** DoF [Supply Estimates in Northern Ireland: Guidance Manual](#)

❖ Budget Exchange:

- A HM Treasury mechanism that enables a DA to carry forward its underspends in line with the rules under the prevailing financial arrangements under the current devolution agreement (its Public Finance Framework - PFF)
 - For example, Northern Ireland - up to an agreed cap of 0.75% of their RDEL budget, 1.5% of their CDEL budget, and 1.5% of their Financial Transactions Capital (FTC) budget
- **Source:** DoF [In-Year Monitoring Guidance 2024-25](#); and, HM Treasury [Statement of Funding Policy \(2023\)](#)

Any Questions

