

Stephen McMurray
Director of Financial Management

Lighthouse Building
4th Floor
1 Cromac Place
Gasworks Business Park
Ormeau Road
Belfast BT7 2JB
Tel: 02890 829016
Fax: 02890 829516
Email: Stephen.McMurray@dsdni.gov.uk

CLERK TO COMMITTEE FOR SOCIAL DEVELOPMENT

Dr Kevin Pelan
Room 412
Parliament Buildings
BELFAST
BT4 3XX

22 May 2012

Dear *Kevin*

DSD June 2012 Monitoring Round proposals

1. Your letter of 9 May to Margaret Sisk about the above refers. Apologies for the lateness of this letter, but the monitoring return is not due with DFP for another two weeks and we like to get a balance of giving the Committee time to input and final agreement within the Department on what to send to DFP.
2. At this stage in the process any information provided may be subject to change. The nature of the monitoring round process is such that there may be changes to entries or figures as the position evolves and particularly since the final return is not due to DFP until 6 June.

3. Bearing that in mind, the table below summarises the Department's main monitoring round proposals as currently envisaged. Brief explanations as to the reasoning behind the proposals are included in the subsequent paragraphs.

Table: Main Monitoring Round Proposals

<u>Housing Bid</u>	£m	Classification
Boiler replacement scheme	4.0	Capital
<u>Social Security Agency surrender</u>		
IFRS adjustments	5.0	Resource non-cash
<u>Urban Group</u>		
Reclassification request	2.3	Resource to capital
Proposed reduction/ reallocation	0.4	Resource DSD to DCAL

Housing - £4.0m Capital Bid

4. The Finance Minister announced in his draft budget statement on the 15th December 2011 that £4m per year over 3 years, from 2012/13 to 2014/15, was set aside for Green New Deal proposals, subject to the approval of an appropriate economic appraisal. The Department for Social Development has responsibility for Domestic Energy Efficiency, and has taken the lead in establishing and chairing a Cross- Departmental Group, tasked with examining the Green New Deal business proposal. This proposal was one of several options then taken forward as part of an economic appraisal.
5. The Department of Finance & Personnel has just approved the option based around the Housing Executive's proposal to replace oil boilers over 15 years old with new oil or gas boilers. The approval of the business case and the expected release of funding in the monitoring round will allow work to start on the scheme as soon as possible.

Social Security Agency - £5m Non-cash surrender

6. The Agency has identified reduced non-cash requirements of £5m due to changes associated with International Financial Reporting Standards (IFRS). Accounting issues over the application of IFRS requirements continue to evolve and the Agency has adopted a cautious approach to making the necessary adjustments to baselines.

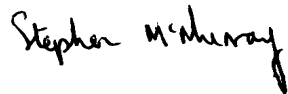
Urban Group – proposed reclassification & reallocation

7. To help address pressures arising from an anticipated shortfall of around £4m in capital receipts, the Urban Group wishes to reclassify £2.3m from resource to capital. The resource funding has been made available through careful management of various site maintenance budgets. It is hoped to use the reclassified monies to fund a range of Public Realm projects, for example those in Newry, Dungannon, Lisburn and Bangor.
8. The Committee should also note plans for a proposed reduction and reallocation of ILEX funds from DSD (£0.4m) and OFMDFM (£0.35m) to DCAL, for City of Culture related resource expenditure. This is on foot of an Executive paper by the Finance Minister in April that sought agreement to making extra funding available to DCAL for UK City of Culture 2013 costs. The transactions are to be effected in the June monitoring round, on the clear understanding that a DCAL bid(s) for additional funding will be met from the DSD / OFMDFM easements.

Summary & Conclusion

9. The preceding paragraphs set out the indicative June monitoring round proposals. To set these in context, I have provided at Appendix 1, details of the Department's 2012-13 opening expenditure limits across the main Business Areas of Social Security, Child Maintenance & Enforcement, Housing & Urban Regeneration. The June monitoring round essentially affords the first opportunity for Departments to propose/make adjustments to these allocations.

10. I trust this information is helpful and look forward to discussing the proposals with the Committee on 24 May. I would advise that Heather Cousins (Resources & Social Policy Group Deputy Secretary) and I will be presenting.



STEPHEN MCMURRAY

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

Appendix 1 – Our resources for 2012/13

Spending Area	Current £m	Capital £m	Total £m
Social Security Administration	252.7	2.7	255.5
Dept Work & Pensions Admin Agency Services	0.4	-	0.4
Sub-Total			
	253.1	2.7	255.8
Child Maintenance and Enforcement Division (NI) Administration	19.4	-	19.4
NI Housing Executive	189.5	-32.9	156.7
Housing Associations	-0.8	115.0	114.1
Sub-Total			
	188.7	82.1	270.8
Urban Regeneration/Community Development	62.3	33.0	95.3
EU Peace Programme	0.3	2.6	2.9
Sub-Total			
	62.6	35.6	98.1
Overall Total	523.7	120.4	644.1

Due to rounding, the sum of individual totals may not match exactly the sub-totals or overall total in the table.

In addition, the Department has been allocated an Annually Managed Expenditure Budget of £5,425 million (£5,418 million for Social Security Benefit Expenditure and Financial Assistance Scheme and £7 million for Urban Regeneration Non-Cash Costs). The Annually Managed Expenditure Budget is demand-led and consequently subject to change throughout the year.