



Northern Ireland  
Assembly

Committee for Finance

# OFFICIAL REPORT (Hansard)

June Monitoring Round and Provisional Out-turn:  
Department of Finance

3 July 2024

# NORTHERN IRELAND ASSEMBLY

## Committee for Finance

June Monitoring Round and Provisional Out-turn: Department of Finance

3 July 2024

**Members present for all or part of the proceedings:**

Mr Matthew O'Toole (Chairperson)  
Ms Diane Forsythe (Deputy Chairperson)  
Mr Paul Frew  
Miss Deirdre Hargey  
Mr Eóin Tennyson

**Witnesses:**

Ms Cris Farmer	Department of Finance
Ms Joanne McBurney	Department of Finance
Ms Maryann Smith	Department of Finance

**The Chairperson (Mr O'Toole):** We welcome for the last time this session, much to their relief, I am sure, having had a busy session, Joanne McBurney, Budget director at the Department of Finance; Maryann Smith, head of the central expenditure division; and Cris Farmer, head of in-year monitoring. We would appreciate an opening statement on the monitoring round and the forecast out-turn. Members, as always, please indicate should you wish to ask questions.

**Ms Joanne McBurney (Department of Finance):** Thank you, Chair. As usual, I will try to keep my opening remarks brief to allow for a bit more time for questions. The Committee will have Monday's statement to the Assembly on the 2023-24 provisional out-turn and the 2024-25 June monitoring round.

The provisional out-turn shows Departments' expenditure for the preceding financial year compared with the final Budget position for that year. The tables accompanying Monday's statement show the position for each Department.

Underspends from 2023-24 at block level can be carried forward into this financial year provided that they are below the limit set out in the Budget exchange scheme. However, due to the financial package, carry-forward is not permitted for resource departmental expenditure limit (DEL) in 2023-24. The one exception to that is for Barnett consequentials that were received late in the financial year, which, Treasury has agreed, can be carried forward.

On non-ring-fenced resource DEL, due to the mitigating action taken towards the end of the year, no funding was returned to Treasury. Due to those late Barnett consequentials, £41.1 million resource DEL can be carried forward into 2024-25.

The usual Budget exchange limits apply to all other expenditure categories. On capital DEL, a total of £9.1 million was carried forward under the Budget exchange scheme. That includes £1.6 million of

late Barnett consequentials. On financial transactions capital (FTC), of the total underspend of £10.8 million, only £0.6 million can be carried forward under the Budget exchange scheme. However, the remaining £10.2 million will be used to offset FTC loan repayments, thereby reducing future liabilities.

On ring-fenced resource DEL, of the total underspend of £443.4 million, some £373 million relates to student loan impairments. The underspend vastly exceeds the carry-over limit, which allows only £8.6 million of ring-fenced resource DEL to be carried forward. However, it is important to note that that funding can be used only for non-cash costs of depreciation and impairments and so cannot be used to fund services. Also, the amount relating to student loan impairments is primarily a result of the funding model used by Treasury rather than underspend by the Department.

In summary, the provisional out-turn provides for £41.1 million of resource DEL, £9.1 million of capital DEL, £8.6 million of ring-fenced resource DEL and £0.6 million of FTC to be carried forward under the Budget exchange scheme.

Turning to the June monitoring round, the tables that accompanied Monday's statement provide details of reduced requirements and bids submitted by Departments, along with the allocations agreed by the Executive and the outcome of the June monitoring round for each Department. Taking account of the carry-forward from 2023-24, and after addressing prior commitments and providing funding for the Education Authority (EA) pay and grading review, the Executive had £213.1 million of resource DEL and £57.5 million of capital DEL available to allocate. That includes an additional £23.9 million from the application of the 124% needs-based adjustment to the spring Budget and £185 million of anticipated Barnett consequentials from Westminster Main Estimates.

It will come as no surprise that, with the exception of FTC, the bids submitted by Departments far outweighed the funding available for allocation. On resource DEL, departmental bids, at £1.27 billion, were six times the amount available, while on capital DEL, at £521 million, the bids were nine times higher than the amount available. Including the EA pay and grading review, the Executive agreed allocations of some £256.8 million resource DEL, £57.5 million capital DEL and £3.2 million financial transactions capital. Also included in the June monitoring outcome for each Department is £161.3 million resource DEL, £2.9 million ring-fenced resource DEL and £120 million capital DEL in respect of Treasury earmarked funding and budget cover transfers from Whitehall Departments.

We are happy to take any questions that the Committee has on the provisional out-turn and June monitoring. I am conscious that we have provided a written briefing on forecast out-turn, so I am also happy to try to cover any questions on that if that would be helpful.

**The Chairperson (Mr O'Toole):** OK. That would be helpful. We have covered some of the issues around June monitoring, including the pre-election period, with the permanent secretary. On where we are and what happens on Friday morning, we have done the June monitoring round, and the next step will be your team engaging with the Treasury to find out what —. We assume — some of us hope — that there will be a new political team in the Treasury. At some point, more likely to be the beginning of next week rather than this Friday, you will seek an indication of when it plans a comprehensive spending review (CSR).

**Ms McBurney:** We will obviously seek early engagement with Treasury on when it plans to have the next spending review. I do not think that we will get that as early as next week, but we will certainly ask for it as early as possible, because we have to plan our own Budget process.

**The Chairperson (Mr O'Toole):** What questions do you need it to answer? What are the outstanding bits that you need it to confirm for this year's budgeting process?

**Ms McBurney:** In terms of the 2024-25 —.

**The Chairperson (Mr O'Toole):** In terms of 2024-25, whether as part of the in-year process or in general, what outstanding bits of information from it are you awaiting?

**Ms McBurney:** I would not call them outstanding bits of information, but we will be awaiting the Westminster Main Estimates being taken through Parliament. That will confirm whether our funding assumptions are correct. We will also await indications of the timing and scope of the spending review — whether it will be in the autumn; whether it will cover one year or a multi-year period — and we will press for clarity on any additional funding that will become available later in the year and whether it is likely that there will be other announcements. As well as Westminster Main Estimates, there are

Supplementary Estimates later in the year. It will be the ongoing engagement that we normally have with our Treasury spending teams.

**The Chairperson (Mr O'Toole):** Will you seek an early view on the fiscal framework negotiations, budget sustainability and the Joint Exchequer Committee?

**Ms McBurney:** Those things are now part of the routine engagement that we have with our Treasury spending team, and we will pick them up with that team over the summer.

**The Chairperson (Mr O'Toole):** Like lots of civil servants everywhere, presumably, at UK and devolved level, you have looked at the manifestos. Are you relatively confident that, given that certain assumptions were made ahead of the June monitoring round — I think that it is safe to assume that there will be a Labour Government in 48 hours' time; I hope so, anyway — the new Government will continue with the broad policy followed by the previous Government? Is that your assumption? You do not think that they will radically change the engagement on the fiscal framework.

**Ms McBurney:** No. The Labour manifesto said that it was committed to discussions on the fiscal framework, and the interim fiscal framework is a signed document between Treasury and the Northern Ireland Executive, so I do not foresee any rolling back on that. We will pick up engagement on that, as we will on the Budget sustainability plan and the wider fiscal framework. All those things will be picked up with Treasury in the coming weeks and months.

**The Chairperson (Mr O'Toole):** OK. I will open it up. I am conscious of time. I will go first to the Deputy Chair, Diane Forsythe, and Members should indicate if they want to come in.

**Ms Forsythe:** I thank the team for being with the Committee again today. I have a specific question. I know that Cris is there for in-year monitoring, so this is for her and for you, Joanne. When we get the information on forecast versus out-turn in the format that it is in, I wonder whether it can be displayed in a different way so that it is a wee bit more meaningful for us in terms of month-to-month management accounts projections of where we will be in the year. Where we are looking at it, it has been greyed out where the forecast has become reality, and then that adjusts the forecast out-turn at the end of the year. Is there any way that we can see where the Departments are forecast to be as at June versus where they actually are so that we can see whether they have fallen behind or are ahead? Can anything be done with the information to provide not just the Finance Committee but all the Statutory Committees with meaningful information on how things are going in-year and to prevent any year-end panic expenditure?

**Ms McBurney:** Yes. We are happy to work with the Committee to present the information in a way that is useful to you. I appreciate that —.

**The Chairperson (Mr O'Toole):** You mean a way that we would understand. Is that what you are saying? *[Laughter.]*

**Ms McBurney:** No. To be honest, there is a lot of information underpinning what we give to you, and sometimes it is complex and there is a balance to be found between bombarding you with lots of information and getting something meaningful.

I appreciate what you say about the two months that are greyed out. Cris will keep me right if I go astray here. What we ask Departments to do is called "out-turn and forecast out-turn" and it is based on the Treasury guidelines. They give us what should be actual out-turn up to the end of the preceding month and the monthly forecasts for the rest of the year. However, because that information is gathered so quickly after the end of the month, while we have it as out-turn and being actuals, it is a best guess at what their out-turn is, because they have not finalised their management accounts. When we get the information in from Departments, we really give them two months' leeway. For April and May, when we get the next returns in, in July —

**Ms Cris Farmer (Department of Finance):** 8 July.

**Ms McBurney:** — 8 July, we expect that to change. Although it is out-turn, I expect it to change slightly.

If I understand you correctly, part of your issue is that you get it each month and you cannot necessarily see how that has changed from the preceding month and how the forecast that they have given in advance compares with their actuals. What we could do, if it would be helpful, is, in each month, when we provide that written briefing, we will slot in the previous month's forecast, and then you can see how the actuals compare with the forecast, and you can see how they change again when we get there. We can do that and see whether it is helpful. Then, if you think you need a bit more, we are happy to work with you to get you information that is as useful as possible. Then, if the Committee have questions about any figures that jump out, we can go back to Departments and seek information on them.

Once that two months' grace period has passed, if a Department were to change its actuals more than two months, we would query with them. Once their management accounts are done internally, those actuals should not change and their out-turn should be the same, but we can do that. There are other things that change as we go through the year because, obviously, if a Department gets extra money in a monitoring round, for example, that can change the figures, but it should not change the backward look, only the forward look. We are really happy to work with the Committee to give you information that you find helpful.

**Ms Forsythe:** Thanks very much. I come from a background of working as an accountant and producing detailed monthly management accounts to inform business decisions in industry, so I really appreciate the value that the detail can give. If a Department has a large amount of money and is chipping away at it in its management accounts, it is not really becoming apparent to the Committee that they are spending it too quickly or are not spending it quickly enough, because the forecast is that it will be spent over all the year. The reality very much is that, in some projects, if you do not start spending in July over a six-month period, that project will not be delivered. Is there any way to shape that in terms of, "To meet our objectives for this year, here is the timeline that we expect to spend the money on", so that we can see quickly in September that, up to June and July, "Oh goodness, we have fallen behind in this, so there is a risk of a slippage. Should something be done?". It is just that meaningfulness of it so that nothing comes to us as a Committee as a shock in February or March.

**Ms McBurney:** No, that is an absolutely fair point. Some of the things you picked up on are things that we look at. Profiles are never flat, but you would look to see whether everything is being backloaded etc. I can absolutely see where you are coming from, and we will have a look and see what we can do to provide the information in a way that is helpful.

**Ms Forsythe:** Thank you very much. I appreciate that.

**Mr Tennyson:** Thank you, Joanne, for your answers so far. In relation to June monitoring, obviously it has been rehearsed at this stage that we are proceeding at risk because we do not have confirmation of the UK Main Estimates. Is it fair to assume that what has been allocated is prudent and that what we actually receive in the end could be higher?

**Ms McBurney:** It could be higher or it could be lower, but, if I were a betting woman, I would say, yes, higher. We have made an assessment of what, we think, is reasonable at this point, given our previous engagement with Treasury. We certainly have not overestimated what, we think, we can get. Obviously, a new Government coming in could take different decisions. That is why we have said that there is that risk, but it is a position that I am comfortable with at the moment.

**Mr Tennyson:** In both scenarios, whether it was higher or lower, what would be the process to manage that? Would it be a case of any additional funding going through October monitoring, or would there be some other procedure in the meantime?

**Ms McBurney:** We would have to look at the timing for getting it. If there were additional money, we would probably look at the quantum of that and how big a change it would make. If we thought that it was large enough and would make a significant difference, we would probably look at doing something in advance of October monitoring. Other than that, October monitoring would be the normal process for that. Similarly, if the Main Estimates did not generate what we thought they would, we would look at what we anticipate to get throughout the rest of the year. Main Estimates are not the end of the Westminster process: there are Supplementary Estimates, so we would take account of that.

While we have the monitoring rounds set out, if circumstances were to dictate doing something different, we would look at doing something different. We would not just say, "We cannot do anything because we are between monitoring rounds.". We would look at what we could do if we had to.

**Mr Tennyson:** That is perfect. Thank you.

Table J that accompanies the Minister's statement sets out the departmental capital outcomes, comparing the opening position with the June monitoring position. The only really significant reduced requirement is £48 million in the Department of Health. Do we know what that reduced requirement relates to? I appreciate that you may not have that detail in front of you.

**Ms McBurney:** It relates to the mother-and-children's hospital. It is slippage in that project.

**Mr Tennyson:** OK. That was my last question.

**Ms McBurney:** That is an Executive flagship project, so the money is earmarked. I am sure that the Department of Health would say that it could use the money elsewhere, but it was earmarked for that specific purpose, so it was handed back.

**Mr Tennyson:** That is perfect.

**The Chairperson (Mr O'Toole):** No further members have indicated that they wish to ask questions.

I have a couple of final questions. One is about FTC. There has been some chat between Mr Tennyson and me about the potential use of financial transactions capital. Obviously, I would not suggest that an official would want to make policy or speculate about future policy decisions by a Minister, but — without putting words in Mr Tennyson's mouth — he has reasonably and possibly persuasively talked about the use of FTC for investment in low-carbon transition and green new deal-type investments. One other potential investment that I have talked about is to use some or all of our FTC headroom to start to energise the northern part of Belfast city centre. At the minute, it is falling into dereliction either by hook or by crook. I should say that that is not a statement about anyone who is involved; it is simply a form of words. It is falling into dereliction and is letting down the city and the region. Theoretically, it would be legally possible for FTC to be used to take, for example, an equity stake in a private-sector entity involved in a project to regenerate that part of the city. I am not asking you to endorse that, but it would, theoretically, be possible.

**Ms McBurney:** You are absolutely right: FTC could be used for loans to or equity investment in private-sector bodies. Obviously, it has to follow the Executive's direction of travel. I cannot speak for my Minister, but I am sure that she would be happy to consider any proposals for the use of FTC. While I have said that the money is not lost — it offsets our requirement to repay it — it would be better to use it.

**The Chairperson (Mr O'Toole):** OK. My final point is on the slightly vexed subject of June monitoring. I think that you have just said, Joanne, that we do not have confirmation of specific Main Estimates and the new Government could take a different decision. You have, understandably, given, I suppose, a more-than-educated guess as to what that might be, but it is also the case that the pre-election guidance says specifically:

*"Where a proposed announcement would involve consultation with UK Government Departments, the general presumption is that it should be deferred until the new UK Government is in place."*

Is my understanding incorrect that the guidance, effectively, seems to imply that the UK Government may have a say in confirming the levels of Main Estimates, so one interpretation might be that it could not be made?

**Ms McBurney:** That would not be my view of it. We have made assumptions around the funding that we will get on the basis of previous engagement with Treasury. We did not have to consult Treasury on the June monitoring round, nor do we have to do that afterwards. If we say that something is not 100% confirmed, it is for the Finance Minister and the Executive to decide whether they want to proceed at risk. The confirmation of the funding will not come through consultation with Treasury; it will come through those normal processes.

**The Chairperson (Mr O'Toole):** The information that enables you to advise them on the quantum of funding comes from information that is given to you by the UK Treasury via Main Estimates.

**Ms McBurney:** The funding will be confirmed when the Main Estimates are introduced in Parliament. Our assumptions on the funding that will be available are based on a number of things, including previous conversations with Treasury prior to the election and our understanding of the position in Whitehall Departments.

**The Chairperson (Mr O'Toole):** I have made my views on that clear. We may differ on that. My views are robustly expressed but with the utmost respect for your team and Department. I happen to think that they do a very good job in, often, difficult circumstances, and my view of the appropriateness or otherwise of June monitoring last Monday was made in that context, but I remain of that view. I think that I put that on record.

Do any other members wish to ask a question?

**The Committee Clerk:** Chair, we have now lost the Deputy Chair. With only three members —.

**The Chairperson (Mr O'Toole):** I think that she is online, but her screen is off.

In any case, we were about to draw the evidence session to a conclusion. The Deputy Chair is back. As things build towards an election tomorrow and recess, we are in that position in relation to a quorum.

Thank you very much for the evidence that you have given us. Notwithstanding my robust remarks on June monitoring, I hope that your teams are able to have a rest over the summer. I am aware that Department of Finance officials have had to work hard in the context of the restoration of the institutions and other work, so, please, take those good wishes as they are sincerely meant. We are all in need perhaps of that break. Thank you very much.