

**PUBLIC EXPENDITURE 2009-10
DECEMBER MONITORING ROUND**

STATEMENT TO THE ASSEMBLY

BY

SAMMY WILSON MP MLA

MINISTER FOR FINANCE AND PERSONNEL

11 JANUARY 2010

Mr Speaker, with permission, I would like to make a Statement regarding the outcome of the December Monitoring round, following the Executive meeting on 17 December 2009.

This is the penultimate monitoring round of the 2009-10 financial year, and I am pleased to be able to announce to the Assembly that over £32 million of allocations have been possible in this round.

In my Statements to the Assembly on the outcome of both the June and September Monitoring rounds, I indicated that the improved spending performance demonstrated by departments in the last financial year has implications for the management of the public expenditure position going forward. In particular, I highlighted that we need to reduce our use of overcommitment as a tool for managing public expenditure.

Mr Speaker, this remains the position in this monitoring round where the highest priority must be given to the need to manage the overall financial position to protect the integrity of both the Executive and the NI block by ensuring we do not overspend against the amounts available to us.

The simple reality is that if, unlike the position under the previous Direct Rule administration, departments now spend the vast majority of the money available to them, we cannot anticipate significant funds being returned to the Executive during the year, or anticipate large year end underspends.

This must be viewed for what it is - a positive indication of an Executive that delivers in terms of expenditure on public services and evidence of improved financial management in departments.

The prudent approach adopted in previous rounds has been borne out by the much lower level of reduced requirements surrendered in this round when viewed in relation to previous years. It is the adoption of such an approach

that has allowed the Executive to make significant additional allocations to departments in this round.

Mr Speaker, turning to the detail of December Monitoring, the level of **reduced requirements** declared by departments in this round was **£27.0 million current expenditure** and **£37.2 million capital investment** – further details are set out in the tables attached to this Statement.

To underpin my point about better financial performance, I would highlight that, in total, reduced requirements this year represent only 57.8% of the amount declared to the same stage last year. This means that the amounts allocated to departments in the last Budget process are being used by departments for the purposes intended, rather than being returned for redistribution. Yet more evidence of successful delivery against the considered needs of the people of Northern Ireland.

These figures include a £4 million current expenditure reduced requirement in respect of the funding made available to DHSSPS in the September round to address the costs of the response to the Swine Flu pandemic. It was agreed in September that any amounts not required for this specific purpose would be returned to the donor departments. However, DHSSPS have also identified a current expenditure pressure of £0.9 million in respect of the roll out of the vaccination programme to the under fives and it has been agreed that this amount should be made available to the department. Therefore, the net amount of £3.2 million current expenditure has been returned to contributing departments. The amounts to be returned to individual departments are shown in the proposed allocations table attached to this statement.

As well as the reduced requirements surrendered by departments, additional funding has also become available due to revised estimates of the amount of EU match funding required this year, that is, £4.2 million current expenditure, and £8.0 million capital investment in respect of the first tranche of funding received from the Republic of Ireland for the A5/A8 projects.

To further facilitate sound financial management within departments, the Executive has also allowed departments to move resources across spending areas where the movement is reflective of a proactive management decision taken in order to enable the department to manage emerging pressures within their existing baselines. These departments are to be commended for the actions they have taken to address their pressures in this way.

It has also been necessary, due largely to technical issues, to reclassify some amounts between different categories of expenditure. Details of the changes are also provided in the tables attached to this Statement.

Departments submitted **bids** for **£30.8 million current expenditure** and **£28.6 million capital investment** in this round.

However, as mentioned earlier, the Executive's first priority must be to protect the integrity of the Northern Ireland block as a whole and, in light of the improved performance of departments last year, it is vital that we conclude this round with a prudent level of overcommitment. The impact of the changes above means that while there is significant scope for capital investment allocations the ability to make current expenditure allocations is more constrained.

The current expenditure allocations I am announcing today include:

- £0.9 million to DHSSPS in respect of the roll out of the Swine Flu vaccination programme to under fives;
- the return of the remaining £3.2 million of Swine Flu funding to contributing departments; and

- **£5 million to DHSSPS** in respect of the remaining £10 million of their **first call on available resources**, that was agreed as part of the Budget 2008-11 process.

In addition, I can announce the following **capital investment allocations, totalling £23.6 million**, which have also been agreed by the Executive:

- **£0.9 million** to DHSSPS in respect of the response to the **Swine Flu** pandemic. The changing clinical attack rate of the virus means that there will be a lower level of stock utilisation of anti viral and antibiotic goods than envisaged in the original scenario. Although this has reduced overall costs the accounting treatment of stock has led to a capital DEL pressure;
- **£2.7 million** to DOE to facilitate full implementation of the **Planning Service ePIC project** that has been developed to replace the obsolete 20*20 Planner;
- **£15 million** to DRD to increase the level of **Roads Structural Maintenance** carried out. This will be targeted to the highest priority areas and will make an important contribution both to the local economy and to road safety; and finally
- **£5 million** to DSD to address pressures that have arisen in respect of **Housing Renovation Grants**. These are due to a combination of unfunded opening commitments, accelerated in-year expenditure on mandatory grants by contractors and the necessity to issue a number of discretionary grants on an exceptional needs basis. This funding will have a positive impact both on the community and on the construction sector.

Details of these allocations are included in the table in Annex D to this statement.

The consequence of these current expenditure and capital investment allocations is that the Executive concludes the December monitoring round

with an **overcommitment of £22.7 million for current expenditure with no overcommitment in respect of capital investment.**

Given the spending performance by departments last year, and the relatively low level of reduced requirements this year, this level of overcommitment represents a prudent and sensible position for this stage in the financial year.

Conclusion

In conclusion, Mr Speaker, in the context of the action by departments to reduce end-year underspends, this round has seen welcome allocations being made to Executive priorities, and this has been made possible by the prudent and responsible approach adopted previous rounds. In addition to this we are concluding this round with a realistic level of overcommitment that will ensure that the integrity of the NI Block is maintained

This is evidence of a locally elected Executive delivering for the people of Northern Ireland.

Mr Speaker, I commend the December Monitoring position to the Assembly.