**DAERA FINANCE COMMITTEE (FC) MEETING**

**8 February 2022 @ 14.00-15.30**

**By Webex**

**Minutes**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| | **Attendees:** | **Brian Doherty (Chair)**  **Norman Fulton**  **Fiona McCandless**  **Robert Huey**  **Tracey Teague**  **Seamus McErlean**  **Marcus McAuley (Deputising for Paul Donnelly)**  **Richard McAuley**  **Briege Lafferty**  **William Peel**  **Ashley McGinnis (Deputising for Lynda Lowe)**  **Nuala Hennessy (Secretariat)** | | --- | --- | |  |  | | **Apologies:** | **Paul Donnelly**  **Lynda Lowe**  **Roger Downey** | |  |  | |  |
| | **Agenda Item** | **Description** | **Paper Reference / Action Owner** | | --- | --- | --- | | **1.** | **Apologies and Minutes and Action Points of Previous Meeting** | **FC 01/22** | |  | The Chair welcomed members to the meeting and noted three apologies.  Members agreed the Minutes of the 10 November 2021 meeting.  All action points have been cleared. |  | | **2.** | **Budget 2022-25 Update** | **FC 02/22** | |  | Richard McAuley presented the paper on Budget 2022-25 Update highlighting that the proposed Resource and Capital allocations from the proposed Executive Draft Budget have now been agreed by Minister but with the current situation with the Executive there is no certainty that the three year Budget will be agreed.  Brian advised that G3s have been well briefed to date on budget and are content that the proposed allocations on Resource were a reasonable outcome. BD reiterated that the current situation is unfortunate as Business Areas would benefit from the certainty of a three year Budget.  There was considerable discussion around the capital allocations for Green Growth (GG) with Tracey advising that it was in line with the current Green Growth Strategy submissions to Minister. Tracey highlighted that whilst the DAERA allocations were welcomed there are already significant areas delivering on GG both within DAERA and across the wider NICS. All future programmes will need to be underpinned by approved business cases and that in many instances funding will be transferred to other Departments to deliver on their GG programmes.  Following on from a question on Rural Decarbonisation, Tracey advised that discussions were ongoing but that the term Rural did not accurately reflect the work to be carried out and that substantial elements of programmes to deliver on this would be carried out by DfE and DfC.  It was noted that there were opportunities within the development of the DAERA Estate to demonstrate exemplar standards and lead by example. It was also agreed that in any case where this would be adopted there would be a clear need to be able to demonstrate savings.  Members noted the contents of the paper. |  | | **3.** | **2021-22 Estimated Provisional Outturn** | **Verbal**  **Update** | |  | Briege Lafferty provided a verbal update on Provisional Outturn advising that as we are in the final quarter of 2021-22, the focus by business areas now should be on spending out our budgets. The level of unpredictability on finance this year remains, not least due to Avian Influenza, COVID-19, EU Exit and Protocol costs.  In keeping with other years, In Year Financial Planning Branch (IYFPB) has conducted an Estimated Provisional Outturn exercise in January. The February exercise is currently commissioned and a further Estimated Provisional outturn exercise will be provided in March. This will identify emerging pressures and easements and take action to ensure that DAERA’s expenditure controls are not breached.  However, IYFPB is very mindful that the year is not over yet and there is still the potential for further underspends to emerge.  The key message should be to keep IYFPB up to date, flag any revised forecasts that would result in unforeseen pressures and/or underspends and provide details of any mitigating circumstances.  Members thanked Briege for the update. |  | | **4.** | **Staff Affordability – EU Exit** | **FC 03/22** | |  | William Peel presented the paper on Staff Affordability for EU Exit.  William highlighted that following January Monitoring there was £21.1m requirement for EU Exit Staff Costs on a total budget of £25.9m leaving surplus budget avail to offset other EU Exit pressures within the Department.  William advised that as at 01 January the EU Exit SIP was 317.8 FTE and 143.0 FTE vacancies registered with NICS HR. These figures exclude the costs of the current 85.1 FTE in post in respect of the NI Protocol, including Brexit Operational Readiness and VSAHG staff.  William confirmed that as part of the Budget 2022-25 exercise EU exit pressures of £32.7m / £34.3m / £35.7m had been flagged with DoF and that whilst no additional NI Block funding had been allocated the Department was currently engaging with DoF for additional funding from Treasury and a submission is currently with Minister for approval.  Robert Huey highlighted that the issue of staffing at the Points of Entry was very fluid and that more than likely the staff requirements would change but that no further information on the impacts was available at present.  Members discussed the prospect of the current EU Exit funding of £18.8m becoming business as usual and non ring-fenced given the time lapse since EU Exit had been implemented and were advised that the Finance Director intended to raise the issue with DoF.  Members noted the contents of the paper. |  | | **5.** | **Staff Affordability – Non EU Exit** | **FC 04/22** | |  | Briege Lafferty presented the paper on Staff Affordability for EU Exit.  Briege highlighted the current SIP and vacancy position confirming 360 BAU vacancies as at 31 January 2022.  Briege confirmed that when current vacancies are added to the current SIP FTE and then compared against the APC, FFG and EMFG have a Red RAG status; VSAHG, RAET, NIEA and CSCPG have an Amber RAG status; and Forest Service has a Green RAG status. As a result, Financial Planning Branch is unable to raise further vacancies with NICS HR for FFG and EMFG at this time and will continue to review the situation in relation to VSAHG, RAET, NIEA and CSCPG.  Members discussed at length that the appropriateness of the current Head Count Limits particularly in light of the shift in Departmental priorities in recent years. Tracey highlighted the problems the current system was causing on the ability to fill priority posts.  Brian Doherty raised the issue of the current work force planning model not being fit for purpose and that a more appropriate model would be one that reflected Ministerial and Departmental priorities. All members were in agreement. Brian suggested that the current model be reviewed and options for a revised model be brought to the Finance Committee for consideration, recognising that the model was unlikely to be in place for the 2022-23 FY.  Members noted the contents of the paper.  **ACTION POINT:**  **Review to be carried out of current workforce planning model and options for a revised model to be presented to the Finance Committee.** | **Brian Doherty** | | **5.** | **AFBI Finance Paper** | **FC 05/22** | |  | Ashley McGinnis presented the AFBI paper providing an update on the current financial position.  This included an update on Royalty Income and the 2020-21 Annual Report and Accounts as well as an update on the recent Provisional Outturn Exercise.  In response to a query from Tracey, Ashley confirmed that AFBI Sponsor Branch is aware of and currently looking at the VAT issue on Soil Management.  Members noted the contents of the paper. |  | | **6.** | **Contract Compliance** | **FC 06/22** | |  | Richard McAuley presented the paper and noted that compliance in terms of value of POs was 97.54% in Quarter 3 of 2021-22, which is just short of the Compliance target of 98% published by Account NI in the Monthly Operational Report.  It was also confirmed that the Procurement and Contracts team within PPSO continue to educate individual approvers on how to correctly implement the procedures and how to avoid future non-compliance. Individuals are contacted directly, advised of the errors and are then taken through the correct procedure.  Members noted the contents of the paper. |  | | **7.** | **Direct Award Contracts** | **FC 07/22** | |  | Richard McAuley presented the paper highlighting:   * the summary list of Direct Award Contracts over £5k in the period 01 April 2021 – 31 December 2021 * the summary trend report of Direct Award Contracts awarded by the DAERA Core, Agencies and ALBs for the financial years 2018/19, 2019/20, 2020/21 and 2021/22   Members noted the contents of the paper. |  | | **8.** | **Aged Debt Analysis** | **FC 08/22** | |  | Richard McAuley presented the paper highlighting the summary of debt position at 31 December 2021 compared to the position at 30 September 2021, and position at the 31 December 2020 compared to 31 December 2021.  Richard also sought agreement that debts of less than £3k are not pursued if the debtor is based/resides outside the UK.  Members discussed this proposal and agreed that further information would be necessary before this request could be agreed. Richard agreed to provide further information to the Finance Committee.  Other than the point above Members noted the contents of the Paper.  **ACTION POINT**  **Paper to be present to Finance Committee setting out:**   * **How much are the debts involved?** * **How old are the debts?** * **What is the trend in these debts over recent years?** * **Position of MPMNI;** * **Discussion with DoF;** * **Discussion with NIAO; and** * **Mitigations that could be put in place to prevent bad debt arising.** | **Richard McAuley** | | **9.** | **Finance Committee Terms of Reference** | **FC 09/22** | |  | William Peel presented the paper and the amendments were agreed.  Seamus McErlean suggested an additional amendment which was also agreed.  **Action Point**  **Update Terms of Reference with agreed amendments.** | **Secretariat** | | **10.** | **AOB** |  | |  | None. Meeting finished at 15.20.  The next meeting is scheduled for 10 May 2022 and is already in Members’ diaries. |  | |  |