**DAERA FINANCE COMMITTEE (FC) MEETING**

**10 May 2022 @ 14.00-15.30**

**By Webex**

**Minutes**

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| **Attendees:**  | **Brian Doherty (Chair)****Robert Huey****Tracey Teague****Seamus McErlean (Deputising for Norman Fulton)****Paul Donnelly****David Reid (Deputising for Fiona McCandless)****Roger Downey** **Briege Lafferty****William Peel****Lynda Lowe****Nuala Hennessy** **Gary Humphries (Secretariat)****Declan McCarney (For Presentation of Agenda Items 6 & 7)** |
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| **Apologies:** | **Fiona McCandless****Norman Fulton** |

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| **Agenda Item** | **Description** | **Paper Reference / Action Owner** |
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| **1.** | **Apologies and Minutes and Action Points of Previous Meeting** | **FC 10/22a****FC 10/22b** |
|  | The Chair welcomed members to the meeting and noted the apologies.Members agreed, subject to a minor amendment, the Minutes of the 8 February 2022 meeting. In relation to action points, it was confirmed that:Staff AffordabilityThe review of the current workforce planning model and options for a revised model is ongoing with a target completion date of September 2022.Aged Debt AnalysisCompleted with paper presented at **Agenda Item 6** of the meeting. |  |
| **2.** | **2021/22 Provisional Outturn** | **FC 11/22** |
|  | Nuala Hennessy presented the paper on 2021/22 Provisional Outturn (PO).The paper confirmed that the PO figurework contained within it was correct as at 09 May 2022 and that the Department’s 2021-22 overall DEL Provisional Outturn (PO) was 99.9%, broken down as Resource DEL 99.9%, Ringfenced Resource D/I DEL 99.2% and Capital DEL 99.8%. This result is an excellent outcome for the Department as the level of unpredictability on finances this year has been extremely challenging, not least due to Avian Influenza, COVID-19, EU Exit and Protocol as well as a number of Ring-fenced budgets.Members were also informed that the official PO return would issue to DoF by 13 May.Members noted the contents of the paper, agreed that it was an excellent result and acknowledged the work done by all staff involved in the exercise.  |  |
| **3.** | **Update on Budget 2022-23** | **FC 12/22** |
|  | Nuala Hennessy presented the paper on Budget 2022-23.The paper provided the current position in relation to the process around Contingency Planning Envelopes for departments, confirmed the Resource DEL and Capital DEL Contingency Planning Envelopes and advised that HMT has separately confirmed additional NI Protocol Resource DEL funding. The proposed internal allocations were advised (subject to Ministerial approval). An update was also provided on the current position in relation to the Cost of Living crisis. Members noted the contents of the paper and it was agreed that, going forward, relevant tables would show EMFG and NIEA separately.  |  |
| **4.** | **Staff Affordability – EU Exit** | **FC 13/22** |
|  | William Peel presented the paper on Staff Affordability for EU Exit.The paper confirmed that, in relation to 2021-22 Provisional Outturn, DAERA spent out 100% of the budget that was allocated for EU Exit staff costs and fully utilised both the NI Block and HMT allocations for EU Exit.The paper further advised that as at 01 April 2022 the EU Exit SIP was 350.3 FTE with 139.0 FTE vacancies registered with NICS HR. These figures exclude the costs of the current 91.0 FTE in post in respect of the NI Protocol, including Brexit Operational Readiness and VSAHG staff.A summary of the number of EU Exit posts returned and their costs for the next three financial years, as part of the Budget 2022-25 Information Gathering Exercise was provided. It was confirmed that NI Protocol Staffing requirements, as well as those for Green Growth are being reviewed separately and have therefore been excluded from the figures presented.In respect of the Contingency Planning Envelope that the Department of Finance has allocated to DAERA for 2022-23, it was confirmed that the Resource DEL Baseline from 2021-22 would roll forward into the 2022-23 financial year. Confirmation has also been received in relation to HMT funding for 2022-23 of £7.2m in relation to staffing costs associated with the NI Protocol. Finally the future EU Exit staffing requirement and associated costs were confirmed. It was also advised that it would be unaffordable if all existing EU Exit vacancies on HR Connect were filled for a full year and that affordability is currently being reviewed as part of the wider funding position of staff costs.Members noted the contents of the paper.  |  |
| **5.** | **Staff Affordability – Non EU Exit** | **FC 14/22** |
|  | Briege Lafferty presented the paper on Staff Affordability for Non EU Exit.The paper provided the current SIP and vacancy position confirming 365 Business As Usual (BAU) vacancies as at 01 April 2022.It was confirmed that when current vacancies were added to the current SIP FTE and then compared against the Approved Planning Ceiling (APC), FFG, RAET and EMFG had a Red RAG status; NIEA and CSCPG had an Amber RAG status; and VSAHG and Forest Service had a Green RAG status. As a result, Financial Planning Branch is unable to raise further vacancies with NICS HR for FFG, RAET and EMFG at this time and will continue to review the situation in relation to NIEA and CSCPG. The projected BAU Salary funding position for the current 2022-23 year and for three future years was presented and this covered costs based on current numbers, costs of the projected staff numbers which included the current SIP and vacancies, costs of the Headcount Limit (HL) and costs for the APC.Finally it was advised that the current Headcount Limit was no longer affordable as it has been eroded by pay inflation and that this is currently being reviewed as part of the wider funding position of staff costs.There was a discussion around the need for the senior team to look at the allocation of staff to priorities given the restrictions on staff resources in terms of affordability and also supply.Members noted the contents of the paper. |  |
| **5.** | **Review of Financial Processes – update** | **FC 15/22** |
|  | Nuala Hennessy presented the paper on the Progress of the Review of Financial Processes (RoFP) Project.The paper confirmed that following a number of years of preparation the RoFP goes live in 2022/23. It was also advised that DAERA would be required to produce RoFP compliant Main and Spring Supplementary Estimates and consolidate the Financial Statements, Statement of Assembly Supply (SOAS) notes and material elements of the Annual Reports of DAERA’s Arms Length Bodies (ALBs) into the Department’s Annual Report and Accounts.Nuala advised that DoF has confirmed that work on the 2022/23 Main Estimates has been delayed and that production of the 2021/22 Dry Run Spring Supplementary Estimates would be brought forward and are due with DoF by 13 May.She also advised that the main challenges relate to the consolidation of the financial statements for the Department’s ALBs, especially AFBI, and Finance Division will continue to seek confirmation from AFBI that the required information will be provided in a suitable format to be consolidated in a timely and accurate manner. The challenges highlight the need to resource Finance Reporting Branch properly and with the right skills to perform their element of the RoFP.Roger Downey pointed out that, whilst the changes improves transparency for the reader, it is also likely to reduce flexibility in budget management and increase the risks of underspends or excess votes at the year end.Members noted the contents of the paper. |  |
| **6.** | **Debt – Outside Jurisdiction** | **FC 16/22** |
|  | Declan McCarney presented the paper on the issue of pursuing debts outside of jurisdiction.At the Finance Committee meeting on 8 February 2022 Committee members requested further advice and analysis on the difficulties of pursuing debt through the Small Claims Court in jurisdictions outside of the UK as a result of leaving the EU. The Committee was provided with the additional advice and analysis received from DoF, Internal Audit and NIAO and agreed that after implementing all possible internal actions to recover debts of less than £3,000, where the debtor is based / resides outside UK, the debt will not be pursued legally. It was agreed that a review would be performed in one year’s time. |  |
| **7.** | **Aged Debt Analysis** | **FC 17/22** |
|  | Declan McCarney presented the paper on Aged Debt Analysis.The paper provided a summary of debt position at 31 March 2022 compared to the position at 31 December 2021 and the position at the 31 March 2021.Members noted the contents of the paper. |  |
| **8.** | **Casework Committee: 2021-22 Business Cases** | **FC 18/22** |
|  | Roger Downey presented this paper which provided an overview of the eight cases that were considered by the Casework Committee in 2021-22.Members noted the contents of the paper. |  |
| **9.** | **AOB** |  |
|  | None. Meeting finished at 15.30.The next meeting is scheduled for 28 June 2022 and is already in Members’ diaries. |  |

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