**DAERA FINANCE COMMITTEE (FC) MEETING**

**10 May 2023 @ 14.00-15.30**

**Via Microsoft Teams**

**Minutes**

**Attendees: Brian Doherty (Chair)**

**Kathryn Clarke**

**Paul Donnelly**

**Roger Downey**

**Norman Fulton**

**Robert Huey**

**David Reid**

**Owen Lyttle (Deputising for Tracey Teague)**

**Seamus McErlean**

**Briege Lafferty**

**Richard McAuley**

**Nuala Hennessy**

**William Peel**

**Beverley Bhatia (Secretariat)**

**Apologies: Tracey Teague**

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|  | **Description** | **Paper Reference / Action owner** |
| **1** | **Apologies and Minutes and Action Points of Previous Meeting** | **FC 09/23a**  **FC 09/23b** |
|  | The Chair welcomed members to the meeting and noted the apologies.  Members agreed the Minutes of 7 February 2023 Finance Committee meeting.  In relation to action points, it was confirmed that:  Budget 2023-24 update  Veterinary Service Animal Health Group (VSAHG) provided bTB Programme costs for 2010/11 - 2022/23 to the Finance Committee. Brian Doherty advised that he would discuss this action further in item 4 in relation to Budget 2023-24  Aged Debt Analysis.  Rural Affairs Division (RAD) provided a detailed report on the Divisional debt. David Reid confirmed that RAD are focused on reducing older debt and that work is ongoing. |  |
| **2** | **Investment Strategy for Northern Ireland (ISNI) – Qualitative Assessment** | **FC 10/23** |
|  | William Peel presented the paper providing an update on the Investment Strategy for Northern Ireland Medium Term Investment Plan.  William reminded members that Part 1 of the plan, which was to provide comments to the Strategic Investment Board (SIB) in relation to baseline metrics, was completed in January 2023.  Part 3 of the plan is a Medium Term Investment Plan which sought capital investment proposals over a 10-year timeframe (2023-24 to 2032-33). This information was commissioned from Business Areas in January 2023.  As per SIB instructions the proposals were categorised under the Missions of People, Place and Planet.  The proposed return to SIB was shared with the Permanent Secretary and received her approval on 17 February 2023.The information was entered onto the new data information gathering tool in February 2023.  The next step required Business Areas to assess each programme qualitatively under the suggested appraisal process devised by SIB. A scoring matrix from 1-10 was used, where a score of one would indicate that a proposal has an indirect negative impact on a criterion and ten indicates a direct and tangible positive impact.  William highlighted a high level summary of the returns which showed the majority of Capital Investment plans have an indirectly Positive outcome under the three Qualitative assessment objectives.  Members endorsed the release of the information to SIB.  Roger Downey acknowledged the amount of work involved in completing the exercise and thanked business areas for working with Finance Division.  Members thanked William for his paper. |  |
| **3** | **2022/23 Provisional Outturn** | **FC 11/23** |
|  | Nuala Hennessy presented the paper providing an update on the 2022/23 Provisional Outturn.  Nuala reminded members that the Departmental spend was measured against the Third Monitoring Round position which was the Final Budget position agreed in November 2022.  The paper confirmed the Department’s 2022/23 Total DEL Provisional Outturn (PO) was 99.9%, broken down as Resource DEL 99.9%, Resource D/I DEL 99.8% and Capital DEL 99.9%.  Nuala advised that this result was an excellent outcome for the Department as the unpredictability on finances this year was extremely challenging, not least due to the very late confirmation of our 2022-23 budgets, pressures in Cost of Living, the ongoing threat of Avian Influenza and unprecedented increases in the incidence rate of bTB as well as the large number of ring-fenced budgets.  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. |  |
| **4** | **Budget 2023-24** | **FC 12/23** |
|  | Roger Downey presented the paper with an update on the 2023-24 Budget and the indicative internal opening budget allocations of Resource DEL and Capital DEL.  Roger confirmed that the Secretary of State for Northern Ireland made a Written Ministerial Statement on 27 April 2023, advising that DAERA has an opening Resource DEL allocation of £579.8m (of which the £233.3m baseline is subject to a £3.5m cut) and a Capital DEL allocation of £115.7m.  He stressed that the Department is still facing significant pressures that will need to be managed in-year including TB Compensation, Private Veterinary Practitioner Costs and Cost of Living increases.  Roger advised that Business Areas were provided with their Indicative Internal Opening Budget Allocations for 2023-24 on 2 May 2023 and that they will be required to absorb inflationary pressures, maximise income and scale back projects to remain within the baseline.  He also advised that Finance Division will be commissioning an internal First Monitoring Round before the end of May and a paper will be provided to the Finance Committee meeting on it on 27 June.  In addition Roger reminded members on the factors to consider when planning Capital projects and profiling expenditure.  An extensive discussion took place on bTB programme costs and the significant impact these rising costs were having on the Department’s funding position. Main concerns were around:   * ensuring a shared understanding of the science underpinning current approach; * the extent of the TB compensation pressure above the existing baseline; * the potential for costs to increase further which the FC considers to be unaffordable; and * the need for this issue to be included in the Departmental risk register.   **Action Point**  VSAHG to provide a paper for a focused Top Leadership Team / senior officials workshop by early June which sets the current approach to management of the disease and the veterinary rationale underpinning this approach. It should present options to reduce programme costs substantially and which can be implemented as soon as possible to deliver savings this year. The minimum viable product to enable trade should also be defined. These options, which should all be costed in terms of savings they can deliver in-year, should include an assessment of the longer term consequences for the control problem which will inform decisions to be taken by the end of the workshop on short /medium cost control actions to be implemented. | Robert Huey |
| **5** | **AFBI Finance Update** | **FC 13/23** |
|  | Kathryn Clarke presented the paper which provided an update on AFBI’s financial position.  Kathryn informed members that the audit of the 2021/22 Accounts has completed with an unqualified opinion. She advised that the NIAO had identified three priority 1 and two priority 2 recommendations within their draft report.  Kathryn also advised that the NIAO had confirmed that the audit of the 2022/23 Accounts will not be finished in time for the Consolidated DAERA Accounts to be completed by summer recess.  In addition, she noted that the AFBI Finance systems issue has now been resolved with all outstanding payments up to date.  On staffing Kathryn advised that the appointee for the advertised Director of AFBI Finance and Corporate Services has since turned down the position, the current post holder will remain in position for the next 12 months and work will continue to fill the post.  Roger Downey welcomed the unqualified opinion and queried the priority 1 recommendation for ‘Non-DAERA Income and Project Management’. Kathryn advised that the audit recommendation was in respect of Non DAERA income related to a number of loss making AFBI services which led to the NIAO querying the validity of the Fees and Charges disclosure within the Annual report and the introduction of a new project management system and further training would help to address this.  Members thanked Kathryn for the paper.  **Action point**  An update on progress with contract management controls to be raised at the next AFBI Accountability Meeting and an update to be provided to the FC confirming the priority 1 recommendations have been fully addressed. | Kathryn Clarke |
| **6** | **Contract Compliance** | **FC 14/23** |
|  | Briege Lafferty presented the paper highlighting that in 2022/23, DAERA achieved an overall contract compliance rate of 98.84%, exceeding the Account NI annual target of 98%.  Briege reminded members that the Programme and Project Support Office is available to assist and educate business areas on Account NI purchase ordering.  Brian Doherty thanked Briege for the paper and commended members for their contribution on exceeding the target. |  |
| **7** | **Direct Award Contracts (DACs)** | **FC 15/23** |
|  | Briege Lafferty presented the paper which provided a summary of DACs awarded in 2022/23 and a summary of the trends over the past three years.  Briege highlighted that the number of DACs awarded in 2022/23 was the same as the number in 2021/22 and the overall total value of DACs in 2022/23 was slightly lower than 2021/22.  Brian Doherty reminded members of the importance in following correct processes.  Members noted the content of the paper. |  |
| **8** | **Casework Committee Update** | **FC 16/23** |
|  | Richard McAuley presented the paper which provided an overview of the two business cases considered by the Casework Committee since the last update in February 2023. These related to:   * the Agri Environment Programme (EFS) Addendum No.3 business case which was approved by the Casework Committee on 10 March 2023 and received DoF approval on 2 May 2023; and * the PVP Fees business case which was approved by the Casework Committee on 5 April 2023.   Richard also highlighted concerns around the availability of both staff and budget resources to take forward the associated projects/programmes in 2023-24.  Brian Doherty commented that the quality of business cases considered by the Casework Committee had been good due to the early engagement with Finance and Economist colleagues.  Roger Downey recommended that an exercise be commissioned to update the cases to be considered by the Casework Committee to 31 March 2024.  **Action point**  Finance Division to commission an exercise to determine the pipeline of business cases that are due to be considered by the Casework Committee up to 31 March 2024. | **Roger Downey** |
| **9** | **AOB** |  |
|  | **Action Points**   * VSAHG to provide a paper for a focused Top Leadership Team / senior officials workshop by early June which sets the current approach to management of the disease and the veterinary rationale underpinning this approach. It should present options to reduce programme costs substantially and which can be implemented as soon as possible to deliver savings this year. The minimum viable product to enable trade should also be defined. These options, which should all be costed in terms of savings they can deliver in-year, should include an assessment of the longer term consequences for the control problem which will inform decisions to be taken by the end of the workshop on short /medium cost control actions to be implemented. * Finance Division to commission an exercise to determine the pipeline of business cases that are due to be considered by the Casework Committee up to 31 March 2024. * An update on progress with contract management controls to be raised at the next AFBI Accountability Meeting and an update to be provided to the FC confirming the priority 1 recommendations have been fully addressed.   Brian Doherty closed the meeting at 15.30.  The next meeting is scheduled for 27 June 2023. | Robert Huey  Roger Downey  Kathryn Clarke |