



Department of
**Finance and
Personnel**

www.dfpni.gov.uk

**From the Office of the
Minister for Finance & Personnel**

DFP Private Office
Craigantlet Buildings
Stoney Road
Belfast BT4 3SX

Telephone: 028 90529140

Email: private.office@dfpni.gov.uk

Your reference:

Our reference: SUB/20/2010

Mr Mitchel McLaughlin MLA
Room 336
Parliament Buildings
BELFAST
BT4 3XX

Dear Mitchel

18 January 2010

Following my statement to the Assembly on 12 January 2010, in respect of the Review of 2010-11 Spending Plans, you asked a question in relation to the Executive's End-Year Flexibility (EYF) Stock. In response, I indicated that I would write to you, setting out full details of the current position.

The EYF stock of the NI Executive at any point in time is dependent on both the level of previous underspend by the Executive as well as the level of access agreed by the Treasury, normally as part of the Spending Review process.

The 2007 Comprehensive Spending Review (CSR) settlement for the NI Executive provided access to £440 million of our EYF stock over the three year period from 2008-09 to 2010-11. Although, as I stated in the Assembly, this included a total of £80 million for the 2010-11 financial year, only £10 million of this amount was allocated as part of the Budget 2008-11 process. This means that the residual is available to offset the pressures faced by the Executive next year, as referred to in Paragraph 3.6 of the Review of 2010-11 Spending Plans Consultation Document.

Moving forward, access to our EYF stock for the years 2011-12 and beyond will be an important issue in respect of the 2010 Spending Review. The latest published position in respect of the Executive's EYF stock is set out in the HM Treasury publication, *Public Expenditure 2008-09: Provision Outturn*, which indicates that the Executive has an EYF stock of £523.7 million. However, this includes the £215 million access to our EYF stock for 2009-10 and 2010-11 that had previously been agreed with the Treasury.

In addition, as part of the 2008 Pre-Budget Report the amount of capital funding for the Department of Health in England in 2010-11 was reduced by £1.3 billion which would normally have resulted in a £42.7million reduction in our Capital Departmental Expenditure Limit (DEL), by application of the Barnett formula. However, to offset this reduction, Treasury provided enhanced access to our capital EYF stock of the same amount.

Therefore, in terms of the 2010 Spending Review negotiations, the net impact of the changes detailed above is that the NI Executive's EYF stock is currently £266.0 million to be supplemented by any underspend as reported in 2009-10 Provisional Outturn and any other technical adjustments. Whilst one option would have been to seek early access to our EYF stock for 2010-11 it is highly unlikely that Treasury would have agreed to this proposal in the current financial environment.

I hope this clarifies the position. A copy of this letter goes to the Speaker and to the Chairperson of the Committee for Finance and Personnel and is also placed in the library

Yours sincerely



SAMMY WILSON MP MLA