

BUDGET ACT

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Budget Act. They have been prepared by the Department of Finance and Personnel in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.
2. The notes need to be read in conjunction with the Act. They do not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section does not seem to require any explanation or comment, none is given.

PURPOSE

3. The Act authorises the issue from the Consolidated Fund of Northern Ireland of the cash sum of £4,134,044,000 which is the total of the Spring Supplementary Estimates for 2001-02 £198,035,000 and the cash sum required on account for 2002-03 of £3,936,009,000. The Act also authorises the use of resources amounting to £5,060,806,000 including £574,419,000 in the Spring Supplementary Estimates for 2001-02 and £4,486,387,000 required on account for 2002-03, and revises the limits as set in the Budget (No.2) Act (Northern Ireland) 2001 on the amount of accruing resources, including both operating and non-operating accruing resources that may be directed to be used for certain purposes for the year ending 31st March 2002; in addition, the Act authorises temporary borrowing by the Department of Finance and Personnel.
4. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2002 are to be appropriated for services, as set out in Schedule 1 to the Act.
5. The amount of resources (including accruing resources) authorised for use for the year ending 31st March 2002 are to be used for the purposes specified in Schedule 2 to the Act.

6. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2003 are to be appropriated for services as set out in Schedule 3 to the Act.
7. The amount of resources authorised for use for the year ending 31 March 2003 are to be used for the purposes specified in Schedule 4 to the Act.

BACKGROUND

8. Budget Acts are the legislative means by which the Assembly gives approval for voted expenditure by Departments. Previously this was measured on a cash basis. However, from 2001-02 expenditure is measured on a resource basis (bringing the public sector into line with the private sector) whilst maintaining an overall cash limit on departmental activity.
9. The requirements of the Government Resources and Accounts Act (Northern Ireland) 2001 have been taken into account in the Budget Act. The Budget Act contains powers to authorise the issue of sums from the Northern Ireland Consolidated Fund and appropriate those sums to services and has also obtained the Assembly's authorisation for the use of resources by Departments in addition to cash. This latter provision reflects the change from controls based solely on cash to a new system where limits on the use of resources for specified purposes is the main public expenditure control mechanism. In order to reflect this change, which is linked to the introduction of resource accounting and budgeting the title 'Budget' Act is more appropriate than 'Appropriation' Act, which dealt only with cash allocations. Budget Acts also set the relevant limits on the accruing resources (including both operating and non-operating) that may be directed to be used for specified purposes.
10. Budget Acts authorise the Department of Finance and Personnel to issue money from the Northern Ireland Consolidated Fund for the services detailed in corresponding Estimates volumes and summarised in Schedules in the Act. From 2001-2002 Budget Acts also authorise the use of resources for the services detailed in corresponding Estimates volumes and summarised in Schedules in the Act. Estimates volumes and other relevant documents are published so as to be available when Budget Bills are introduced in the Assembly. The Main Estimates (initial voted provision for a financial year) and subsequent Supplementary Estimates which increase or vary what was approved in the Main Estimates are contained in separate Budget Acts.
11. The Act covering the Spring Supplementary Estimates for 2001-02 must be effective before 1 April 2002. The Spring Supplementary Estimates bring Departments' legal authority to use resources and spend cash fully into line with their allocations agreed by the Executive Committee in December

monitoring. The Act also contains a Vote on Account for 2002-03 on both a cash and resource basis. This provides funds to Departments for the early months of the financial year while the Assembly is considering the 2002-03 Main Estimates. The timetable for the preparation of Estimate detail has meant that it has not been possible for departments to submit Main Estimates to the Department of Finance and Personnel and for these to be introduced and voted by the Assembly before 1st April 2002. Taking a Vote on Account is a long established practice at Westminster and in the Dáil, and was the process adopted in Northern Ireland under direct rule.

COMMENTARY ON SECTIONS

Section 1 : Issue of Sum out of the Consolidated Fund for year ending 31st March 2002 and appropriation of that sum.

Subsection (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the supplementary sum of £198,035,000 for 2001-2002.

Subsection (2) appropriates that sum for the purposes specified in Schedule 1.

Section 2 : Use of resources (other than accruing resources) for year ending 31st March 2002.

This section authorises the use of additional resources amounting to £574,419,000 for 2001-2002, for the purposes specified in column 1 of Schedule 2.

Section 3 : Revised limits on use of certain accruing resources in year ending 31st March 2002.

Subsection (1) sets relevant limits on the total amount of accruing resources, including both operating and non-operating accruing resources that may be directed to be used for certain specified purposes as shown separately in the Estimates for 2001-02.

Subsection (2) provides authority for the direction of accruing resources as specified in column 3 of Schedule 2 for the purposes specified in the corresponding entries in column 1 of that Schedule.

Subsection (3) provides authority for the accruing resources limits set by the Budget (No. 2) Act (Northern Ireland) 2001 to be superseded by the amounts specified in column 3 of Schedule 2 of the Budget Act (Northern Ireland) 2002.

Section 4 : Issue of sum out of the Consolidated Fund for year ending 31st March 2003 and appropriation of that sum.

Subsection (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £3,936,009,000 for 2002-03.

Subsection (2) appropriates that sum for the purposes specified in Schedule 3.

Section 5 : Power of the Department of Finance and Personnel to borrow.

This section authorises the temporary borrowing by the Department of Finance and Personnel of approximately half the aggregate sum covered by section 1 (1) and section 4 (1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

Section 6: Use of resources (other than accruing resources) for year ending 31st March 2003.

This section authorises the use of resources amounting to £4,486,387,000 for 2002-2003, for the purposes specified in column 1 of Schedule 4.