

*These notes refer to the Budget (No. 3) Act (Northern Ireland)
2020 (c.6) which received Royal Assent on 25 November 2020*

Budget (No. 3) Act (Northern Ireland) 2020

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes relate to the Budget (No. 3) Act (Northern Ireland) 2020 which received Royal Assent on 25 November 2020. They have been prepared by the Department of Finance 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 should be read in conjunction with the Act. They are not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section or Schedule does not seem to require an explanation or comment, none is given.

BACKGROUND AND POLICY OBJECTIVES

3. Budget Acts are the legislative means by which Assembly approval is sought for departments and certain other public bodies to incur expenditure and use resources as detailed in the corresponding Estimates volume and summarised in the Schedules to the Acts. Furthermore, Budget Acts enable the Assembly to hold departments accountable for managing and controlling those resources within the limits authorised.
4. The Budget Act not only authorises the use of resources but contains powers to authorise the issue of sums of cash from the Northern Ireland Consolidated Fund to departments and other public bodies and appropriate those sums to services. Budget Acts normally also set the relevant limits on the accruing resources that may be directed to be used for purposes specified in the Schedules to the Act. Accruing resources are divided into two categories: a) operating accruing resources, which is resource income offset against the gross resource expenditure and b) non-operating accruing resources, which is capital income, mainly relating to the sale of assets, and offset against gross capital spend.
5. Estimates volumes and other relevant documents such as the Vote on Account document are published so as to be available when Budget Acts are introduced in the Assembly. In most years a separate Budget Act will be introduced relating to the Main Estimates (initial voted provision for a financial year) and subsequent Supplementary Estimates which revise that initial provision

as a result of the in-year monitoring rounds. The Budget Act relating to the Supplementary Estimates normally also provides interim resources and funding (around 45%) for the first few months of the next financial year.

PURPOSE

6. The Bill will give effect to the 2020-21 Northern Ireland Main Estimates and will authorise the issue of cash from the Consolidated Fund of Northern Ireland of £4,757,631,000 in addition to the cash sum in the Vote on Account authorised by the Budget Act (NI) 2020 and in the Further Vote on Account authorised by the Budget (No.2) Act (NI) 2020. The Bill will also authorise the use of resources amounting to £4,791,050,000 in addition to the Vote on Account resources authorised by the Budget Act (NI) 2020 and the Further Vote on Account resources authorised by the Budget (No.2) Act 2020. The Bill also specifies the limits 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 31 March 2021. In addition, the Bill will authorise temporary borrowing by the Department of Finance.
7. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31 March 2021 are to be appropriated for services, as set out in column 1 of Schedule 1 to the Act.
8. The amount of resources authorised for use for the year ending 31 March 2021 are to be used for the purposes specified in column 1 of Schedule 2 to the Act.
9. The Bill also authorises cash totalling £112,618,000 for six Departments and other public bodies, and resources totalling £183,290,000 for seven departments and other public bodies, in respect of the 2016-17 year. This gives effect to the 2016-17 Statement of Excesses for the relevant departments and other public bodies following the report of the Assembly's Public Accounts Committee which recommended that the amounts necessary be provided by Excess Votes.
10. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31 March 2017 are to be appropriated for services, as set out in column 1 of Schedule 3 to the Act.
11. The amount of resources authorised for use for the year ending 31 March 2017 are to be used for the purposes specified in column 1 of Schedule 4 to the Act.
12. A number of spent enactments will also be repealed.

COMMENTARY ON SECTIONS

Section 1: Issue of sum out of the Consolidated Fund for the year ending 31 March 2021 and appropriation of that sum

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £4,757,631,000 for 2020-21.

Sub-section (2) appropriates that sum for the purposes specified in column 1 of Schedule 1.

Section 2: Power of the Department of Finance to borrow

This section authorises the temporary borrowing by the Department of Finance in 2020-21 of approximately half the sum covered by Section 1 (1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

Section 3: Use of resources (other than accruing resources) in the year ending 31 March 2021

Sub-section (1) authorises the use of resources amounting to £4,791,050,000 for 2020-21.

There is a distinction between the cash sum authorised for issue in section 1, and the amount of resources authorised for use in section 3. The cash sum in section 1 includes cash used to finance capital investment, and also takes into account movement in working capital and payments based on provisions created in previous years. These do not constitute resource consumption. The resources authorised in clause 3 exclude those items, but include non-cash items, mainly the depreciation of assets and creation of new provisions.

Sub-section (2) authorises that sum for the purposes specified in column 1 of Schedule 2.

Sub-section (3) specifies the departments and other bodies to which these authorisations apply.

Sub-section (4) confirms that this section does not include accruing resources.

Section 4: Limit on use of certain accruing resources in the year ending 31 March 2021

This section sets the limit on the accruing resources, including both operating and non-operating accruing resources that may be directed to be used for certain specified purposes in the year ending 31 March 2021.

Section 5: Cash Excesses for the year ending 31 March 2017

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £112,618,000 to the six departments and other public bodies mentioned in Schedule 3 that exceeded the authorised provision in 2016-17. It authorises the amounts that may be used, as detailed in column 2 of Schedule 3, and the purposes for which they may be used, as specified in column 1 of that Schedule.

Section 6: Resource excesses for the year ending 31 March 2017

Subsection (1) authorises the use of resources amounting to £183,290,000 by the seven departments and other public bodies mentioned in Schedule 4 that exceeded the authorised provision in 2016-17. It authorises the amounts that may be used, as detailed in column 2 of Schedule 4, and the purposes for which they may be used, as specified in column 1 of that Schedule.

Subsection (5) clarifies the additionality of the resources authorised by Clause 6 over any existing statutory provision for 2016-17.

Section 7: Repeal of spent provisions

This clause removes from the statute books three Budget Acts which are no longer operative, as specified in Schedule 5.

Section 8: Interpretation

As in Budget Bill.

Section 9: Short Title

This section sets out the short title of the Budget (No. 3) Act (Northern Ireland) 2020.

SCHEDULES TO THE ACT

Schedule 1: Sums granted for the year ending 31 March 2021.

Schedule 2: Amounts of resources authorised for use and amounts of accruing resources which may be used in the year ending 31 March 2021.

Schedule 3: Excess sums granted for the year ending 31 March 2017.

Schedule 4: Excess amounts of resources authorised for use in the year ending 31 March 2017.

Schedule 5: Repeals

HANSARD REPORTS

13. The following table sets out the dates of the Hansard reports for each stage of the Act's passage through the Northern Ireland Assembly.

<i>STAGE</i>	<i>DATE</i>
Introduction	19 October 2020
Second Stage debate	20 October 2020
Consideration Stage	2 November 2020
Further Consideration Stage	9 November 2020
Final Stage	10 November 2020

These notes refer to the Budget (No. 3) Act (Northern Ireland) 2020 (c.6) which received Royal Assent on 25 November 2020

<i>STAGE</i>	<i>DATE</i>
Royal Assent	Received 25 November 2020