

*These notes refer to the Budget (No. 2) Act (Northern Ireland)
2021 (c.5) which received Royal Assent on 4 August 2021*

Budget (No. 2) Act (Northern Ireland) 2021

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes relate to the Budget (No. 2) Act (Northern Ireland) 2021 which received Royal Assent on 4 August 2021. 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 2021-22 Northern Ireland Main Estimates and will authorise the issue of cash from the Consolidated Fund of Northern Ireland of £10,342,800,000 in addition to the cash sum in the Vote on Account authorised by the Budget Act (NI) 2021. The Bill will also authorise the use of resources amounting to £11,843,690,000 in addition to the Vote on Account resources authorised by the Budget Act (NI) 2021. 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 2022. 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 2022 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 2022 are to be used for the purposes specified in column 1 of Schedule 2 to the Act.
9. 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 2022 and appropriation of that sum

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £10,342,800,000 for 2021-22.

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 2021-22 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 2022

Sub-section (1) authorises the use of resources amounting to £11,843,690,000 for 2021-22.

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 2022

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 2022.

Section 5: Interpretation

As in Budget Bill.

Section 6: Short Title

This section sets out the short title of the Budget (No. 2) Act (Northern Ireland) 2021.

Schedules to the Act

Schedule 1: Sums granted for the year ending 31 March 2022.

Schedule 2: Amounts of resources authorised for use and amounts of accruing resources which may be used in the year ending 31 March 2022.

Schedule 3: Repeals

HANSARD REPORTS

10. 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	7 June 2021
Second Stage debate	8 June 2021
Consideration Stage	14 June 2021

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<i>Stage</i>	<i>Date</i>
Further Consideration Stage	21 June 2021
Final Stage	22 June 2021
Royal Assent	Received 4 August 2021