

BUDGET ACT (NORTHERN IRELAND) 2008

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes have been prepared by the Department of Finance and Personnel in order to assist the reader in understanding the Act. It does not form part of the Act and has not been endorsed by the Assembly.
2. The notes should be read in conjunction with the Act. It is not, and is 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 will be 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 Act. Furthermore, the Budget Acts will enable the Assembly to hold departments accountable for managing and controlling those resources within the limits authorised.
4. The Budget Act will not only authorise 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 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 are published so as to be available when Budget Acts are introduced in the Assembly. Separate Budget Acts will be introduced relating to the Main Estimates (initial voted provision for a financial year) and subsequent Supplementary Estimates which revises that initial provision as a result of the in-year monitoring rounds. The Budget Act relating to the Supplementary Estimates will also provide interim resources and funding (around 45%) for the first few months of the next financial year.
6. The Act authorises the use of resources for both 2007-08 and 2008-09. For 2007-08 a total revised amount of £14,429,839,000 will be authorised and for 2008-09 a Vote on Account of £6,493,908,000 is taken to provide departments with provision for the early months of 2008-09, until the Main Estimates are voted in the summer. The Act revises the limits as set in the Budget Act (Northern Ireland) 2007 on the amount of

*These Notes refer to the Budget Act (Northern Ireland) 2008 (c.3)
which received Royal Assent on 12 March 2008*

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 2008. The Act also authorises the issue of cash from the Consolidated Fund in support of services for both 2007-08 and 2008-09. For 2007-08 the Act authorises a total revised amount of £11,851,642,000 which is detailed in the 2007-08 Spring Supplementary Estimates. For 2008-09 a Vote on Account of £5,335,212,000 is taken.

7. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2008 are to be appropriated for services, as set out in Schedule 1 to the Act.
8. The amount of resources (including accruing resources) authorised for use for the year ending 31st March 2008 are to be used for the purposes specified in Schedule 2 to the Act.
9. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2009 are to be appropriated for services as set out in Schedule 3 to the Act.
10. The amount of resources authorised for use for the year ending 31st March 2009 are to be used for the purposes specified in Schedule 4 to the Act.

COMMENTARY ON CLAUSES

Clause 1 : Issue of Sum out of the Consolidated Fund for year ending 31st March 2008 and appropriation of that sum.

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the revised sum of £11,851,642,000 for 2007-2008.

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

Sub-section (3) provides authority for cash limits set by the Budget (Northern Ireland) Order 2007 and the Budget Act (Northern Ireland) 2007 to be superseded by the amounts specified in column 2 of Schedule 1 to the Budget Act (Northern Ireland) 2008.

Clause 2: Use of resources (other than accruing resources) in the year ending 31st March 2008

This section authorises the use of resources amounting to £14,429,839,000 for 2007-2008, for the purposes specified in column 1 of Schedule 2.

Sub-section (4) provides authority for the resources limits set by the Budget (Northern Ireland) Order 2007 and the Budget Act (Northern Ireland) 2007 to be superseded by the amounts specified in column 2 of Schedule 2 to the Budget Act (Northern Ireland) 2008.

Clause 3: Revised limits on use of certain accruing resources in the year ending 31st March 2008

Sub-section (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 Spring Supplementary Estimates for 2007-08

Sub-section (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.

Sub-section (3) provides authority for the accruing resources limits set by the Budget Act (Northern Ireland) 2007 to be superseded by the amounts specified in column 3 of Schedule 2 to the Budget Act (Northern Ireland) 2008.

Clause 4: Issue of sum out of the Consolidated Fund for the year ending 31st March 2009 and appropriation of that sum

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £5,335,212,000 for 2008-09.

Sub-section (2) appropriates that sum for the purposes specified in Schedule 3.

Clause 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 sum covered by Section 4 (1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

Clause 6: Use of resources (other than accruing resources) for the year ending 31st March 2009

This section authorises the use of resources amounting to £6,493,908,000 for 2008-2009, for the purposes specified in column 1 of Schedule 4.

*These Notes refer to the Budget Act (Northern Ireland) 2008 (c.3)
which received Royal Assent on 12 March 2008*

Clause 7: Interpretation

As in Budget Act.

Clause 8: Short Title

This section sets out the title of the Act.

SCHEDULES TO THE ACT

Schedule 1 : Sums granted for the year ending 31st March 2008.

Schedule 2 : Amounts of resources authorised for use and amounts of accruing resources which may be used in year ending 31st March 2008.

Schedule 3 : Sums granted for the year ending 31st March 2009.

Schedule 4 : Amounts of resources authorised for use in the year ending 31st March 2009.

© Crown copyright 2008

Printed in the UK by The Stationery Office Limited under the authority and superintendence of Carol Tullo, Controller of Her Majesty's Stationery Office and Government Printer for Northern Ireland and the Officer appointed to print the Acts of the Northern Ireland Assembly