



## EXPLANATORY NOTES

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### Budget Act (Northern Ireland) 2015

#### Chapter 4



# **BUDGET ACT (NORTHERN IRELAND) 2015**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

1. These Explanatory Notes relate to the Budget Act (Northern Ireland) 2015 which received Royal Assent on 12 March 2015. 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 should 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 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 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 are 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 also provides interim resources and funding (around 45%) for the first few months of the next financial year.

## **PURPOSE**

6. The Act authorises the use of resources for both 2014-15 and 2015-16. For 2014-15 a total revised amount of £17,051,879,000 is authorised and for 2015-16 a Vote on Account of £7,742,283,000 is taken to provide departments and public bodies with provision for the early months of 2015-16, until the Main Estimates are voted in the summer. The Act revises the limits as set in the Budget (No. 2) Act (Northern Ireland) 2014 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<sup>st</sup> March 2015. The Act also authorises the issue of cash from the Consolidated Fund in support of services for both 2014-15 and 2015-16. For 2014-15 the Act authorises a total revised amount of £15,646,075,000 and for 2015-16 a Vote on Account of £7,075,640,000 is taken. In addition, the Act authorises temporary borrowing up to £3,537,820,000 in 2015-16 by the Department of Finance and Personnel. The Act will also authorise in 2015-16 the use of resources of £50,000 and specify a limit on the amount of accruing resources for a new service, the Department of Justice Northern Ireland Judicial Scheme.
7. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31<sup>st</sup> March 2015 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 31<sup>st</sup> March 2015 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 31<sup>st</sup> March 2016 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 31<sup>st</sup> March 2016 are to be used for the purposes specified in Schedule 4 to the Act.
11. The amount of resources (including accruing resources) authorised for use for the year ending 31<sup>st</sup> March 2016 by the Department of Justice Northern Ireland Judicial Pension Scheme are to be used for the purposes specified in Schedule 5 to the Bill.

## **COMMENTARY ON SECTIONS**

### **Section 1: Issue of sum out of the Consolidated Fund for the year ending 31<sup>st</sup> March 2014 and appropriation of that sum**

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the revised sum of £15,646,075,000 for 2014-2015.

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

Sub-section (3) provides authority for cash limits set by the Budget Act (Northern Ireland) 2012 and the Budget (No. 2) Act (Northern Ireland) 2013 to be superseded by the amounts specified in column 2 of Schedule 1 to the Budget Act (Northern Ireland) 2014.

### **Section 2: Use of resources (other than accruing resources) in the year ending 31<sup>st</sup> March 2015**

This section authorises the use of resources amounting to £17,051,879,000 for 2014-2015 for the purposes specified in column 1 of Schedule 2.

Sub-section (4) provides authority for the resource limits set by the Budget Act (Northern Ireland) 2014 and the Budget (No. 2) Act (Northern Ireland) 2014 to be superseded by the amounts specified in column 2 of Schedule 2 to the Budget Act (Northern Ireland) 2015.

### **Section 3: Revised limits on use of certain accruing resources in the year ending 31<sup>st</sup> March 2015**

Sub-section (1) sets relevant revised limits on the amount of 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<sup>st</sup> March 2015 in addition to the resources authorised by Section 2.

Sub-section (2) provides authority for the direction of accruing resources as specified in column 3 of Schedule 2 to be used for the purposes specified in the corresponding entries in column 1 of that Schedule.

Sub-section (3) provides authority for the accruing resource limits set by the Budget (No. 2) Act (Northern Ireland) 2014 to be superseded by the amounts specified in column 3 of Schedule 2 to the Budget Act (Northern Ireland) 2015.

### **Section 4: Issue of sum out of the Consolidated Fund for the year ending 31<sup>st</sup> March 2015 and appropriation of that sum**

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £7,075,640,000 for 2015-16.

Sub-section (2) appropriates that sum for the purposes specified in column 1 of 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 in 2015-16 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.

**Section 6: Use of resources (other than accruing resources) in the year ending 31<sup>st</sup> March 2016**

This section authorises the use of resources amounting to £7,742,283,000 for 2015-16, for the purposes specified in column 1 of Schedule 4.

**Section 7: Use of resources (other than accruing resources) in the year ending 31<sup>st</sup> March 2016 for a new service, the Department of Justice Northern Ireland Judicial Pension Scheme**

This section authorises the use of resources amounting to £50,000 for 2015-16, for the purposes specified in column 1 of Schedule 5.

**Section 8: Limit on the use of certain accruing resources in the year ending 31<sup>st</sup> March 2016 for a new service, the Department of Justice Northern Ireland Judicial Pension Scheme**

Sub-section (1) sets a limit on the amount of 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<sup>st</sup> March 2016 in addition to the resources authorised by Section 7.

Sub-section (2) provides authority for the direction of accruing resources as specified in column 3 of Schedule 5 to be used for the purposes specified in the corresponding entries in column 1 of that Schedule.

**Section 9: Short Title**

This section sets out the title of the Act.

**SCHEDULES TO THE ACT**

Schedule 1: Sums granted for the year ending 31<sup>st</sup> March 2015.

Schedule 2: Amounts of resources authorised for use and amounts of accruing resources which may be used in year ending 31<sup>st</sup> March 2015.

Schedule 3: Sums granted for the year ending 31<sup>st</sup> March 2016.

Schedule 4: Amounts of resources authorised for use in the year ending 31<sup>st</sup> March 2016.

Schedule 5: Amounts of resources authorised for use in the year ending 31<sup>st</sup> March 2016 by the Department of Justice Northern Ireland Judicial Pension Scheme.

## **HANSARD REPORTS**

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

<b>STAGE</b>	<b>DATE</b>
Introduction	09 February 2015
Second Stage Debate	16 February 2015
Consideration Stage	17 February 2015
Further Consideration Stage	23 February 2015
Final Stage	24 February 2015
Royal Assent	12 March 2015

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