

BUDGET (NORTHERN IRELAND) ORDER 2004

S.I. 2004 No. 707 (N.I. 6)

EXPLANATORY MEMORANDUM

INTRODUCTION

1. The Budget (Northern Ireland) Order (“the Order”) was made on 10 March 2004. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel (“the Department”) in order to assist the reader in understanding the Order. It does not form part of the Order.

BACKGROUND AND POLICY OBJECTIVES

2. Budget Orders are the legislative means by which Parliamentary approval will be sought for voted expenditure by departments. Previously this was measured on a cash basis. However, since 2001-02 expenditure has been measured on a resource basis whilst maintaining an overall cash limit on departmental activity.
3. The requirements of the Government Resources and Accounts Act (Northern Ireland) 2001 have been taken into account in drafting the Budget Order. The Budget Order seeks Parliament’s authorisation for the use of resources by departments, and contains powers to authorise the issue of sums of cash from the Northern Ireland Consolidated Fund and appropriate those sums to services. The former provision reflects the change from controls based solely on cash to the 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’ Order is more appropriate than ‘Appropriation’ Order, which dealt only with cash allocations. Budget Orders 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. Accruing resources represent income which, with the authority of Parliament, can be applied against gross expenditure. They are divided into two categories – operating accruing resources, which is income offsetting the gross total within the Resource Budget, and non-operating accruing resources, which is income relating to the sale of assets offsetting the gross total within the Capital Budget.
4. The Budget Orders authorise the use of resources for the services detailed in corresponding Estimates volumes and summarised in Schedules to the Order. Estimates volumes, Vote on Account and Excess Vote documents where appropriate are published so as to be available when Budget Orders are laid in Parliament. Budget Orders also provide Parliamentary authority for the Department of Finance and Personnel to issue money from the Northern Ireland Consolidated Fund by way of financing for the services detailed in corresponding Estimates volumes and summarised in the Schedules to the Order. Separate Budget Orders are taken to cover 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.
5. The Order authorises the use of resources for both 2003-04 and 2004-05. For 2003-04 a total revised amount of £12,956,491,000 is taken and for 2004-05 a Vote on Account of

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£5,157,494,000 is taken to provide departments with provision for the early months of 2004-05, until the Main Estimates are voted in the summer. The Order revises the limits as set in the Budget (No.2) (Northern Ireland) Order 2003 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 2004. The Order also authorises the issue of cash from the Consolidated Fund in support of services for both 2003-04 and 2004-05. For 2003-04 the Order authorises a total revised amount of £9,579,408,000 which is detailed in the 2003-04 Spring Supplementary Estimates. For 2004-05 a Vote on Account of £4,362,013,000 is taken.

6. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2004 are to be appropriated for services, as set out in Schedule 1 to the Order.
7. The amount of resources (including accruing resources) authorised for use for the year ending 31st March 2004 are to be used for the purposes specified in Schedule 2 to the Order.
8. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2005 are to be appropriated for services as set out in Schedule 3 to the Order.
9. The amount of resources authorised for use for the year ending 31st March 2005 are to be used for the purposes specified in Schedule 4 to the Order.
Commencement
10. The Order shall come into operation on 10 March 2004.

COMMENTARY ON ARTICLES

Article 1: Title and commencement:

Article 2: Interpretation

Article 3: Issue of Sum out of the Consolidated Fund for year ending 31st March 2004 and appropriation of that sum.

Paragraph (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the revised sum of £9,579,408,000 for 2003-2004.

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

Paragraph (3) provides authority for cash limits set by the Budget (Northern Ireland) Order 2003 and the Budget (No. 2) (Northern Ireland) Order 2003 to be superseded by the amounts specified in column 2 of Schedule 1 of the Budget (Northern Ireland) Order 2004.

Article 4: Use of resources (other than accruing resources) in year ending 31st March 2004.

This article authorises the use of resources amounting to £12,956,491,000 for 2003-2004, for the purposes specified in column 1 of Schedule 2.

Paragraph (4) provides authority for the resources limits set by the Budget (Northern Ireland) Order 2003 and the Budget (No. 2) (Northern Ireland) Order 2003 to be superseded by the amounts specified in column 2 of Schedule 2 of the Budget (Northern Ireland) Order 2004.

Article 5: Revised limits on use of certain accruing resources in year ending 31st March 2004

Paragraph (1) This article 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 2003-04.

Paragraph (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.

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Paragraph (3) provides authority for the accruing resources limits set by the Budget (No. 2) (Northern Ireland) Order 2003 to be superseded by the amounts specified in column 3 of Schedule 2 of the Budget (Northern Ireland) Order 2004.

Article 6: Issue of sum out of the Consolidated Fund for year ending 31st March 2005 and appropriation of that sum.

Paragraph (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £4,362,013,000 for 2004-05.

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

Article 7: Power of the Department of Finance and Personnel to borrow

This article authorises the temporary borrowing by the Department of Finance and Personnel of approximately half the sum covered by Article 6 (1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

Article 8: Use of resources (other than accruing resources) for year ending 31st March 2005.

This article authorises the use of resources amounting to £5,157,494,000 for 2004-2005, for the purposes specified in column 1 of Schedule 4.