

*These notes refer to the Budget Act (Northern Ireland)
2002 (c.3) which received Royal Assent on 20 March 2002*

Budget Act (Northern Ireland) 2002

EXPLANATORY NOTES

BACKGROUND

8. Budget Acts are the legislative means by which the Assembly gives approval for voted expenditure by Departments. Previously this was measured on a cash basis. However, from 2001-02 expenditure is measured on a resource basis (bringing the public sector into line with the private sector) whilst maintaining an overall cash limit on departmental activity.
9. The requirements of the Government Resources and Accounts Act (Northern Ireland) 2001 have been taken into account in the Budget Act. The Budget Act contains powers to authorise the issue of sums from the Northern Ireland Consolidated Fund and appropriate those sums to services and has also obtained the Assembly's authorisation for the use of resources by Departments in addition to cash. This latter provision reflects the change from controls based solely on cash to a 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' Act is more appropriate than 'Appropriation' Act, which dealt only with cash allocations. Budget Acts 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.
10. Budget Acts authorise the Department of Finance and Personnel to issue money from the Northern Ireland Consolidated Fund for the services detailed in corresponding Estimates volumes and summarised in Schedules in the Act. From 2001-2002 Budget Acts also authorise the use of resources for the services detailed in corresponding Estimates volumes and summarised in Schedules in the Act. Estimates volumes and other relevant documents are published so as to be available when Budget Bills are introduced in the Assembly. 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 are contained in separate Budget Acts.
11. The Act covering the Spring Supplementary Estimates for 2001-02 must be effective before 1 April 2002. The Spring Supplementary Estimates bring Departments' legal authority to use resources and spend cash fully into line with their allocations agreed by the Executive Committee in December monitoring. The Act also contains a Vote on Account for 2002-03 on both a cash and

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resource basis. This provides funds to Departments for the early months of the financial year while the Assembly is considering the 2002-03 Main Estimates. The timetable for the preparation of Estimate detail has meant that it has not been possible for departments to submit Main Estimates to the Department of Finance and Personnel and for these to be introduced and voted by the Assembly before 1st April 2002. Taking a Vote on Account is a long established practice at Westminster and in the Dáil, and was the process adopted in Northern Ireland under direct rule.