



EXPLANATORY NOTES

Budget (No. 2) Act (Northern Ireland) 2020

Chapter 3

BUDGET (NO. 2) ACT (NORTHERN IRELAND) 2020

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes relate to the Budget (No. 2) Act (Northern Ireland) 2020 which received Royal Assent on 17 June 2020. 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. However the Budget (No. 2) Act will not authorise the use of accruing resources.
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 also provides interim resources and funding (around 45%) for the first few months of the next financial year.

6. However in response to the COVID-19 emergency, the Budget (No. 2) Act is to authorise a further Vote on Account in addition to that previously authorised in the Budget Act (Northern Ireland) 2020. This will allow the Northern Ireland Departments and other bodies to continue to deliver services during the period of the COVID-19 response, pending the Main Estimates and associated Budget Act being introduced later in the year.

PURPOSE

7. The Act will give effect to the 2020-21 Further Vote on Account and authorises the use of resources for 2020-21. For 2020-21 a Vote on Account of £9,050,940,000 is taken to provide departments and public bodies with provision for the first half of 2020-21, until the Main Estimates are voted in the autumn. The Act also authorises the issue of cash from the Consolidated Fund in support of services for 2020-21. For 2020-21 a Further Vote on Account of £8,225,189,000 is taken. In addition, the Act authorises temporary borrowing up to £4,112,595,000 in 2020-21 by the Department of Finance.
8. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31 March 2021 are to be appropriated for services, as set out in column 1 of Schedule 1 to the Act.
9. The amount of resources authorised for use for the year ending 31 March 2021 are to be used for the purposes specified in column 1 of Schedule 2 to the Act.

COMMENTARY ON SECTIONS

Section 1: Issue of sum out of the Consolidated Fund for the year ending 31 March 2021 and appropriation of that sum

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the revised sum of £8,225,189,000 for 2020-21.

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 2020-21 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 2021

Sub-section (1) authorises the use of resources amounting to £9,050,940,000 for 2020-21.

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: Short Title

This section sets out the title of the Budget (No. 2) Act (Northern Ireland) 2020.

SCHEDULES TO THE ACT

Schedule 1: Sums granted for the year ending 31 March 2021.

Schedule 2: Amounts of resources authorised for use in the year ending 31 March 2021.

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.

STAGE	DATE
Introduction	26 May 2020
Second Stage debate	26 May 2020
Consideration Stage	1 June 2020
Further Consideration Stage	2 June 2020
Final Stage	2 June 2020
Royal Assent	Received 17 June 2020

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