

BUDGET (NO. 2) (NORTHERN IRELAND) ORDER 2004

S.I. 2004 No. 1996 (N.I. 18)

EXPLANATORY MEMORANDUM

INTRODUCTION

1. The Budget (No. 2) (Northern Ireland) Order (“the Order”) was made on 27 July 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 is obtained for voted expenditure by departments. 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 preparing the Budget Order. The Budget Order as approved by Parliament authorises 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. 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 mainly income relating to the sale of assets offsetting the gross total within the Capital Budget.
4. 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 (original 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 2004-05. An amount of £6,128,912,000 has been approved by Parliament in addition to the amount previously authorised in the Budget (Northern Ireland) Order 2004. The Order also authorises the issue of cash from the Consolidated Fund in support of services for 2004-05. An amount of £5,526,201,000 has been approved by Parliament in addition to the amount previously authorised in the Budget (Northern Ireland) Order 2004. In addition the Order specifies the limits on the amount of accruing resources including both operating and non-operating accruing

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resources that may be directed to be used for certain purposes for the year ending 31 March 2005.

6. The Order also authorises an excess amount of resources of £1,000 along with an increase in the limit for accruing resources of £11,844.71 for OFMDFM in respect of the 2001-02 financial year and excess amounts of resources of £4,485,817.56 in respect of the Department of Agriculture and Rural Development (£ 4,157,656.45) and the Department of Enterprise, Trade and Investment (£328,161.11) in the 2002-03 financial year.
7. In addition the Order authorises temporary borrowing by the Department of Finance and Personnel in the current financial year. Finally the Order repeals 2 spent enactments.
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 1 to the Order.
9. The amount of resources (including accruing resources) authorised for use for the year ending 31st March 2005 are to be used for the purposes specified in Schedule 2 to the Order.
10. The enactments listed in Schedule 3 are repealed to the extent specified in the second column of that schedule.
11. Further information on the provision contained in the Order is set out within the 2004-05 Main Estimates volume and the Statement of Excesses document for 2001-02 and 2002-03.

COMMENTARY ON PROVISIONS

12.

Article 1: Title and commencement:

Article 2: Interpretation

Article 3: Issue of sum out of the Consolidated Fund for the 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 £5,526,201,000 for 2004-05.

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

Article 4: Use of resources (other than accruing resources) in year ending 31st March 2005

This Article authorises the use of resources amounting to £6,128,912,000 for 2004-05 for the purposes specified in column 1 of Schedule 2.

Article 5: Limit on use of accruing resources in year ending 31st March 2005

Paragraph (1) of 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 2004-05.

Article 6: 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 3 (1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

Article 7: Resource excess for year ending 31 March 2002

This Article, which relates to the Office of the First Minister and Deputy First Minister authorises the use of resources amounting to £1,000 for 2001-02 and increases the relevant limit on accruing

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resources by £11,844.71 in that year for the purposes specified in its' Request for Resources A (as set out in column 1 of Schedule 2).

Article 8: Resource excess for year ending 31st March 2003

This Article authorises the use of resources by the Department of Agriculture and Rural Development and the Department of Enterprise, Trade and Investment to the amount of £4,485,817.56 in the year ending 31st March 2003.

An amount of £4,157,656.45 is authorised for use by the Department of Agriculture and Rural Development for the purposes specified in its Request for Resources B (as set out in column 1 of Schedule 2), while an amount of £328,161.11 is authorised for use by the Department of Enterprise, Trade and Investment for the purposes specified in its Request for Resources B (as set out in column 1 of schedule 2).

Article 9: Repeal of spent enactments

This article removes from the statute book two Budget Acts which are no longer operative.