

BUDGET (NORTHERN IRELAND) ORDER 2005

S.I. 2005 No. 860 (N.I. 3)

EXPLANATORY MEMORANDUM

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 2004-05 and 2005-06. For 2004-05 a total revised amount of £11,763,968,000 is taken and for 2005-06 a Vote on Account of £5,498,417,000 is taken to provide departments with provision for the early months of 2005-06, until the Main Estimates are voted in the summer. The Order revises the limits as set in the Budget (No.2) (Northern Ireland) Order 2004 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 2005. The Order also authorises the issue of cash from the Consolidated Fund in support of services for both 2004-05 and 2005-06. For 2004-05 the Order authorises a total revised amount

*This Explanatory Memorandum refers to the Budget
(Northern Ireland) Order 2005 No. 860 (N.I. 3)*

of £10,278,252,000 which is detailed in the 2004-05 Spring Supplementary Estimates. For 2005-06 a Vote on Account of £4,656,058,000 is taken.

6. 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.
7. 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.
8. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2006 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 2006 are to be used for the purposes specified in Schedule 4 to the Order.
10. The Order shall come into operation on 22 March 2005.