

BUDGET (NO 2) (NORTHERN IRELAND) ORDER 2006

S.I. 2006 No. 1916 (N.I. 12)

EXPLANATORY MEMORANDUM

INTRODUCTION

1. The Budget (No.2) (Northern Ireland) Order (“the Order”) was made on 19 July 2006. 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. Expenditure is 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. 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 2006-07. An amount of £7,082,792,000 is sought in addition to the amount previously authorised in the Budget (Northern Ireland) Order 2006. The Order also authorises the issue of cash from the Consolidated Fund in support of services for 2006-07. An amount of £6,237,325,000 is sought in addition to the amount previously authorised by Parliament in the Budget (Northern Ireland) Order 2006. In addition the Order specifies the limits on the amount of accruing resources

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including both operating and non-operating accruing resources that may be directed to be used for certain purposes for the year ending 31 March 2007.

6. The Order also authorises an excess amount of resources of £32,164,692.48 along with an increase in the limit for accruing resources of £12,148,511.50 for Department of Health, Social Services and Public Safety Superannuation in respect of the 2004-05 financial year.
7. In addition, the Order also authorises an excess amount of cash of £6,978,347.96 for the Department of Finance and Personnel Superannuation.
8. The Order authorises temporary borrowing by the Department of Finance and Personnel in the current financial year. Finally the Order repeals two spent enactments.
9. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2007 are to be appropriated for services as set out in Schedule 1 to the Order.
10. The amount of resources (including accruing resources) authorised for use for the year ending 31st March 2007 are to be used for the purposes specified in Schedule 2 to the Order.
11. The enactments listed in Schedule 3 are repealed to the extent specified in the second column of that schedule.
12. Further information on the provision contained in the Order is set out within the 2006-07 Main Estimates volume and the Statement of Excesses document for 2004-05.

COMMENTARY ON PROVISIONS

13. **Article 1: Title and commencement: Article 2: Interpretation**
Article 3: Issue of sum out of the Consolidated Fund for the year ending 31st March 2007 and appropriation of that sum.
Paragraph (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £6,237,325,000 for 2006-07.
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 2007
This Article authorises the use of resources amounting to £7,082,792,000 for 2006-07 for the purposes specified in column 1 of Schedule 2.
Article 5: Limit on use of accruing resources in year ending 31st March 2007.
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 2006-07.
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 31st March 2005
This Article, which relates to the Department of Health, Social Services and Public Safety Superannuation Estimate authorises the use of resources amounting to £32,164,692.48 for 2004-05 and increases the relevant limit on accruing resources by £12,148,511.50 in that year for the purposes specified in its' Request for Resources A (as set out in column 1 of Schedule 2).
Article 8: Cash excess for year ending 31st March 2005.

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This Article, which relates to the Department of Finance and Personnel Superannuation Estimate authorises the issue of a sum from the Consolidated Fund amounting to £6,978,347.96 for 2004-05 for expenditure on pensions, lump sums and gratuities to or in respect of persons covered by the Principal Civil Service Pension Scheme, civil pensions and gratuities.

14. **Article 9: Repeal of Spent Enactments**

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

COMMENCEMENT

The Order came into operation on 20 July 2006.