

NORTHERN IRELAND BUDGET ACT 2019

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the Northern Ireland Budget Act 2019 (c. 30) which received Royal Assent on 31 October 2019.

- These Explanatory Notes have been prepared by the Northern Ireland Office in order to assist the reader of the Act in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act means in practice; provide background information on the development of policy; and provide additional information on how the Act affects existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

Table of Contents

Subject	Page of these Notes
Overview of the Act	3
Policy background	3
The Northern Ireland Budget	3
The Northern Ireland (Anticipation and Adjustments) Act 2019	3
The Northern Ireland Budget Act 2019	4
Legal background	4
Territorial extent and application	4
Commentary on provisions of the Act	4
Section 1: Issue of sums out of the Consolidated Fund for the year ending 31 March 2020 and appropriation of that sum	4
Section 2: Power of the Department of Finance to borrow	5
Section 3: Use of resources (other than accruing resources) in the year ending 31 March 2020	5
Section 4: Limits on use of certain accruing resources in the year ending 31 March 2020	5
Section 5: Act to take effect as if it were a Budget Act of the Assembly etc.	5
Section 6: Interpretation and Section 7: Short title	5
Schedule 1 – Sums granted for the year ended 31 March 2020	5
Schedule 2 – Amounts of resources authorised for use and amounts of accruing resources which may be used in year ending 31 March 2020	5
Commencement	5
Related documents	5
Annex A - Territorial extent and application in the United Kingdom	6
Annex B - Hansard References	7

These Explanatory Notes relate to the Northern Ireland Budget Act 2019 (c. 30) which received Royal Assent on 31 October 2019.

Overview of the Act

- 1 The Act deals with matters arising from the continued absence of a Northern Ireland Executive, and the consequent inability of the Northern Ireland Assembly to pass legislation to provide the authority for departmental expenditure.
- 2 It authorises Northern Ireland departments and certain other bodies to incur expenditure and use resources for the financial year ending on 31 March 2020, as detailed in the corresponding Main Estimates volume and summarised in the Schedules to the Act.

Policy background

The Northern Ireland Budget

- 3 As a devolved matter, ordinarily the passage of a Budget Act to authorise the issue of sums from the Consolidated Fund of Northern Ireland would be taken through the Northern Ireland Assembly by Ministers in the Northern Ireland Executive. However, there has been no Executive since 9 January 2017, when the then deputy First Minister of Northern Ireland resigned, which also resulted in the First Minister ceasing to hold office. The Northern Ireland Assembly is not currently sitting in the absence of an agreement to form an Executive. Without an Executive to agree a Budget and a sitting Assembly to pass Budget Acts, it falls to Parliament to legislate to provide authority for expenditure in Northern Ireland.
- 4 Budget Acts are normally passed twice during each financial year when the devolved institutions are in place. The first is done based on the opening budget position for the financial year following the agreement of a Budget. The second is done at the end of the financial year to seek authority for the changes which have been made to the budget allocations during the course of the financial year. The Northern Ireland Budget Act 2018 was passed by Parliament in July 2018 in order to provide the required authorisations and appropriations for the full 2018-19 financial year based on the most up to date spending plans at that time.

The Northern Ireland (Anticipation and Adjustments) Act 2019

- 5 Following this, the Northern Ireland Civil Service continued to manage the delivery of services in Northern Ireland. This involved the reallocation and reprioritisation of some budgets, and also the allocation of new funding which has become available to the Northern Ireland administration as a result of the funds authorised by Parliament in the UK Estimates process. Parliament's authorisation for these revisions was provided in the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 in March 2019.
- 6 In addition to providing the authorisations and appropriations for the revised amounts required for the full 2018-19 financial year, the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 also provided authorisations and appropriations for a vote on account. This was to allow Northern Ireland departments and other public bodies to continue to deliver public services into the first half of the 2019-20 financial year.
- 7 This vote on account is a normal process for any Supply and Appropriation Act and did not imply the setting of a 2019-20 Budget for the Northern Ireland departments and other public bodies. Its purpose was to provide access to cash and resources, approximately 70 per cent of the amount authorised for the previous financial year, to ensure that services could continue to be delivered pending the consideration of a Budget Act for the full 2019-20 financial year.

These Explanatory Notes relate to the Northern Ireland Budget Act 2019 (c. 30) which received Royal Assent on 31 October 2019.

- 8 The amounts authorised and appropriated in the vote on account are expected to begin to be exhausted from 31 October 2019, and the purpose of the Act is to provide the authorisations and appropriations for the balance to complete each department's full 2019-20 cash and resource requirements. The figures in this Act are based on the draft 2019-20 Budget announced in Parliament for the Northern Ireland departments by the Secretary of State for Northern Ireland on 28 February 2019, adjusted to reflect the latest in-year position agreed by the Northern Ireland Civil Service.

The Northern Ireland Budget Act 2019

- 9 This Act is a minimal step to ensure that public services can continue to be provided in Northern Ireland for the full financial year. It leaves in place the requirement for devolved spending decisions to be made by the Northern Ireland Executive or, in the ongoing absence of Ministers, the Northern Ireland Civil Service. In addition the allocations set out in the Act continue to be based on the advice of the Northern Ireland departments.
- 10 No new money was voted as a result of the Act. Instead it appropriates sums already provided to the Consolidated Fund of Northern Ireland through the UK Estimates process, together with revenue generated within Northern Ireland under the Assembly's devolved powers.

Legal background

- 11 In the continuing absence of a Northern Ireland Executive, and the consequent inability of the Northern Ireland Assembly to pass a Budget Act, this Act provides the required authorisations and appropriations. It is deemed for those purposes to be an Act of the Assembly. To that end, instead of the usual Assembly process, a Main Estimates document was laid alongside this Act and this is deemed to be equivalent to the Assembly supply process.
- 12 The Act provides authorisations and appropriations for departments and other public bodies in Northern Ireland and leaves spending decisions, within the overall totals voted (and the more detailed totals in the Main Estimates document), to these departments.

Territorial extent and application

- 13 The Act extends across the United Kingdom but applies only to Northern Ireland.
- 14 See the table in Annex A for a summary of the position regarding territorial extent and application in the United Kingdom.

Commentary on provisions of the Act

Section 1: Issue of sums out of the Consolidated Fund for the year ending 31 March 2020 and appropriation of that sum

- 15 The purpose of Section 1 is to authorise the NI Department of Finance to issue out of the Consolidated Fund of Northern Ireland the sum of £5,306,684,000 for the purposes set out in Schedule 1. This sum is a balance to complete, and is in addition to the amount previously authorised by section 4 of the Northern Ireland Budget (Anticipation and Adjustments) Act 2019.

Section 2: Power of the Department of Finance to borrow

- 16 Section 2 establishes Section 2 authorises the temporary borrowing by the NI Department of Finance of approximately half the sum covered by Section 1. This is a normal safeguard against the possibility of a temporary deficiency arising in the Consolidated Fund of Northern Ireland and any such borrowing is to be repaid by 31 March 2020.

Section 3: Use of resources (other than accruing resources) in the year ending 31 March 2020

- 17 Section 3 authorises the use of resources by NI departments and other specified public bodies amounting to £6,041,303,000 in the year ending 31 March 2020 for the purposes specified in column 1 of Schedule 2. As with Section 1, this amount is a balance to complete, and is in addition to the amount previously authorised by section 6 of the Northern Ireland Budget (Anticipation and Adjustments) Act 2019.

Section 4: Limits on use of certain accruing resources in the year ending 31 March 2020

- 18 Section 4 sets limits on the accruing resources, including both operating and non-operating accruing resources, which may be used by the NI departments and specified public bodies for the purposes specified in column 1 of Schedule 2 in the year ending 31 March 2020.

Section 5: Act to take effect as if it were a Budget Act of the Assembly etc.

- 19 Section 5 provides for this Act to have the same effect as if it were an Act of the Northern Ireland Assembly. It also modifies references in other pieces of legislation which relate to the requirement for the laying and approval of estimates in the Assembly so that they include references to estimates laid before Parliament in the current financial year.

Section 6: Interpretation and Section 7: Short title

- 20 These provisions are self-explanatory.

Schedule 1 – Sums granted for the year ended 31 March 2020

- 21 Schedule 1 sets out the purposes and sums of money granted to Northern Ireland departments and other bodies under this Act (Section 1).

Schedule 2 – Amounts of resources authorised for use and amounts of accruing resources which may be used in year ending 31 March 2020

- 22 Schedule 2 sets out the amount of resources authorised for use by Departments and other bodies (see Section 3) and the limits to use of accruing resources (see Section 4).

Commencement

- 23 The Act comes into force on the day on which it is passed.

Related documents

- 24 The following documents are relevant to the Act and can be read at the stated locations:

- [The Northern Ireland Main Estimates 2019-20](#)

Annex A - Territorial extent and application in the United Kingdom

25 The Act extends across the United Kingdom but applies only to Northern Ireland.

Provision	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Extends and applies to Scotland?	Extends and applies to Northern Ireland?
Sections 1-7	No	No	No	Yes
Schedules 1 & 2	No	No	No	Yes

Subject matter and legislative competence of devolved legislatures

26 All of the content of this Act affects matters within the devolved (transferred) competence of the Northern Ireland Assembly. The Sewel Convention sets out that the UK Government will not normally legislate in an area of devolved competence without the agreement of the devolved legislature. The UK Government is clear that the circumstances in which this Act was introduced would come within the exception allowed by the Convention.

Annex B - Hansard References

27 The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
<i>House of Commons</i>		
Introduction	29 October 2019	Vol. 667 Col. 218
Second Reading	30 October 2019	Vol. 667 Col. 425
Committee of the whole House	30 October 2019	Vol. 667 Col. 448
Report and Third Reading	30 October 2019	Vol. 667 Col. 453
<i>House of Lords</i>		
Introduction	31 October 2019	Vol. 800 Col. 996
Second reading	31 October 2019	Vol. 800 Col. 1007
Grand Committee	N/A	N/A
Report	N/A	N/A
Third Reading	31 October 2019	Vol. 800 Col. 1020
Commons Consideration of Lords Amendment	N/A	N/A
Royal Assent	31 October 2019	House of Commons Vol. 667 Col. 592
		House of Lords Vol. 800 Col. 1079

© Crown copyright 2019

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Jeff James, Controller of Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.

These Explanatory Notes relate to the Northern Ireland Budget Act 2019 (c. 30) which received Royal Assent on 31 October 2019.



a Williams Lea company

Published by TSO (The Stationery Office), part of Williams Lea, and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0333 202 5070

Fax orders: 0333 202 5080

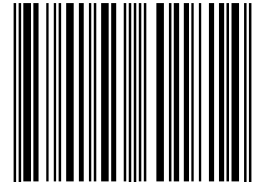
E-mail: customer.services@tso.co.uk

Textphone: 0333 202 5077

TSO@Blackwell and other Accredited Agents

£6.90

ISBN 978-0-10-560181-4



9 780105 601814