



# EXPLANATORY NOTES

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## Northern Ireland Budget Act 2023

### Chapter 3

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# NORTHERN IRELAND BUDGET ACT 2023

## EXPLANATORY NOTES

### What these notes do

These Explanatory Notes relate to the Northern Ireland Budget Act 2023 which received Royal Assent on 8 February 2023 (c. 3).

- These Explanatory Notes have been prepared by the Northern Ireland Office in order to assist the reader 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 will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect 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
<b>Overview of the Act</b>	<b>2</b>
<b>Policy background</b>	<b>2</b>
<b>Legal background</b>	<b>3</b>
<b>Territorial extent and application</b>	<b>3</b>
<b>Commentary on provisions of Act</b>	<b>4</b>
Sections 1 and 2: Use of resources and limits on use of resources	4
Sections 3 and 4: Issue and use of sums out of the Consolidated Fund (of Northern Ireland)	4
Section 5: Power of the Department of Finance to borrow	4
Section 6: Use of Income	4
Section 7: Operation from beginning of the year ending 31 March 2023	4
Sections 8 and 9: Use of Resources and limits on use of resources	4
Sections 10 and 11: Issue and use of sums out of the Consolidated Fund (of Northern Ireland)	4
Section 12: Power of the Department of Finance to borrow	5
Section 13: Act to take effect as if it were a Budget Act of the Assembly etc.	5
Section 14: Repeal of provisions superseded by this Act	5
Section 15: Interpretation and Section 16: Short title	5
Schedule 1 – Part 1 – Authorised Amounts	5
Schedule 1 – Part 2 – Expenditure	5
Schedule 1 – Part 3 – Income	5
Schedule 2 – Part 1 – Authorised Amounts	5
Schedule 2 – Part 2 – Expenditure	5
Commencement	5
<b>Related documents</b>	<b>6</b>
<b>Annex A - Hansard References</b>	<b>7</b>

## Overview of the Act

- 1 The Act deals with matters arising from the continued absence of a Northern Ireland Executive following the Assembly elections on 5 May 2022 and the extension of the Executive Formation period following the failure of the parties to form an Executive by 28 October 2022.
- 2 This Budget legislation authorises Northern Ireland departments and certain other bodies to incur expenditure and use resources for the financial year ending on 31 March 2023, as will be detailed in the corresponding Main Estimates volume to be laid in Parliament before the end of the 2022/23 financial year and summarised in the Schedules to the Act. It also provides for a vote on account to allow those departments and public bodies to continue to deliver public services into the early months of the 2023/24 financial year.

## Policy background

- 3 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 following the agreement of a budget by the Northern Ireland Executive. However, there have been no functioning devolved institutions in Northern Ireland since 3 February 2022, when the then First Minister of Northern Ireland resigned, which also resulted in the deputy First Minister ceasing to hold office. The Executive failed to form after the 5 May 2022 Assembly elections and the subsequent failures to elect a Speaker means that the Assembly cannot conduct any business so it falls to Parliament to legislate to provide authority for departmental expenditure in Northern Ireland.
- 4 The Northern Ireland Assembly passed the Budget Act (Northern Ireland) 2022 on 8 March 2022 to provide the authorisations and appropriations for the revised amounts required for the full 2021/22 financial year and 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 in the early months of the 2022/23 financial year prior to a Budget Act being passed.
- 5 This vote on account provided access to cash and resources, approximately 45% of the amount authorised for the previous financial year, to ensure that services could continue to be delivered pending the passing of a Budget Act by the Northern Ireland Assembly for the full 2022/23 financial year.
- 6 In the absence of a Budget Act and in anticipation of the amounts authorised and appropriated in the vote on account being exhausted, the Permanent Secretary of the Department of Finance in Northern Ireland exercised the emergency powers under section 59 of the Northern Ireland Act 1998<sup>1</sup> and section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001<sup>2</sup> in order to allow services to continue to be delivered in Northern Ireland. These powers have a limit of up to 95% of the previous year's funding

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<sup>1</sup>[Section 59 of the Northern Ireland Act 1998](#)

<sup>2</sup>[Section 7 of the Government Resources and Accounts Act \(Northern Ireland\) 2001](#)

envelope and cannot authorise the use of accruing resources<sup>3</sup>.

- 7 The Act will provide the authorisations and appropriations for the balance for the full 2022/23 financial year. The figures in this Act are based on the Budget announced in Parliament in a Written Ministerial Statement by the Secretary of State for Northern Ireland on 24 November 2022.
- 8 This Act is a necessary step to ensure that public services can continue to be provided in Northern Ireland. It will require devolved spending decisions to be made by senior officers of Northern Ireland departments as provided for by the Northern Ireland (Executive Formation etc) Act 2022.
- 9 No new money will be allocated as a result of the Act. Instead it will appropriate sums 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

- 10 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, based on the Budget statement announced in Parliament by the Secretary of State on 24 November 2022 adjusted for the distribution of some centrally held funding and technical transfers between departments for items such as central HR functions. It would be deemed for those purposes to be an Act of the Assembly. To that end, instead of the usual Assembly process, a Main Estimates document will be laid following introduction of this Act and this would be deemed to be equivalent to the Assembly Supply process.

## Territorial extent and application

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

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<sup>3</sup> The income received by a Department that it is authorised to retain to offset related expenditure rather than surrender to the Northern Ireland Consolidated Fund. The limits for such income are set in the Act.

# Commentary on provisions of Act

## Sections 1 and 2: Use of resources and limits on use of resources

- 12 Sections 1 and 2 authorise the use of resources by Northern Ireland departments and other specified public bodies amounting to £26,656,975,000 in the year ending 31 March 2023 for the purposes specified in Part 2 of Schedule 1. The authorisations in sections 1 and 2 supersede those made by section 6 of the Budget Act (Northern Ireland) 2022, and under section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 for the year ending 31 March 2023.

## Sections 3 and 4: Issue and use of sums out of the Consolidated Fund (of Northern Ireland)

- 13 The purpose of sections 3 and 4 is to authorise the Northern Ireland Department of Finance to issue out of the Consolidated Fund of Northern Ireland the sum of £21,487,341,000 for the purposes set out in Part 2 of Schedule 1. The authorisations in sections 3 and 4 supersede the authorisations and appropriations made by section 4 of the Budget Act (Northern Ireland) 2022, and under section 59 of the Northern Ireland Act 1998 for the year ending 31 March 2023.

## Section 5: Power of the Department of Finance to borrow

- 14 Section 5 authorises the temporary borrowing by the Northern Ireland Department of Finance of approximately half the sum covered by section 3. 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 2023.

## Section 6: Use of Income

- 15 Section 6 authorises the use of income by Northern Ireland departments and other specified public bodies from the sources specified in Part 3 of Schedule 1, for the purposes specified in part 2 of Schedule 1 in the year ending 31 March 2023.

## Section 7: Operation from beginning of the year ending 31 March 2023

- 16 As the authorisations in sections 1 to 6 supersede previous authorisations in the Budget Act (Northern Ireland) 2022 and authorisations previously made under section 59 of the Northern Ireland Act 1998 and under Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001, section 7 allows the sections 1 to 6 to be treated as having effect from the beginning of 1 April 2022.

## Sections 8 and 9: Use of Resources and limits on use of resources

- 17 Sections 8 and 9 authorise the use of resources by Northern Ireland departments and other specified public bodies amounting to £17,404,266,000 in the year ending 31 March 2024 for the purposes specified in Part 2 of Schedule 2.

## Sections 10 and 11: Issue and use of sums out of the Consolidated Fund (of Northern Ireland)

- 18 The purpose of sections 10 and 11 are to authorise the Northern Ireland Department of Finance to issue out of the Consolidated Fund of Northern Ireland the sum of £14,154,737,000 for the purposes set out in Schedule 2 Part 2.

## Section 12: Power of the Department of Finance to borrow

- 19 Section 12 authorises the temporary borrowing by the Northern Ireland Department of Finance of approximately half the sum covered by section 10. 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 2024.

## Section 13: Act to take effect as if it were a Budget Act of the Assembly etc.

- 20 Section 13 provides for this Act to have the same effect as if it were a Budget Act of the Northern Ireland Assembly including references in other pieces of legislation relating to the requirement for the laying and approval of estimates.

## Section 14: Repeal of provisions superseded by this Act

- 21 Section 14 repeals sections 4 to 6 of, and Schedules 3 and 4 to, the Budget Act (Northern Ireland) 2022 which are superseded by the authorisations in this Act.

## Section 15: Interpretation and Section 16: Short title

- 22 These provisions are self-explanatory.

## Schedule 1 – Part 1 – Authorised Amounts

- 23 Part 1 of Schedule 1 sets out the amount of resources authorised for use by each Department and other public bodies (sections 1 and 2) and the sums of money granted to each Northern Ireland department and other bodies (section 3 and 4) for the year ending 31 March 2023.

## Schedule 1 – Part 2 – Expenditure

- 24 Part 2 of Schedule 1 sets out the purposes for which resources (section 2) and money (section 4) can be used by each Northern Ireland department and other bodies for the year ending 31 March 2023.

## Schedule 1 – Part 3 – Income

- 25 Part 3 of Schedule 1 sets out the sources from which income can be used by each Northern Ireland department and other body for the year ending 31 March 2023.

## Schedule 2 – Part 1 – Authorised Amounts

- 26 Part 1 of Schedule 2 sets out the amount of resources authorised for use by each Department and other public body (sections 8 and 9) and the sums of money granted to each Northern Ireland department and other body (sections 10 and 11) for the year ending 31 March 2024.

## Schedule 2 – Part 2 – Expenditure

- 27 Part 2 of Schedule 2 sets out the purposes for which resources (section 9) and money (section 11) can be used by each Northern Ireland department and other body for the year ending 31 March 2024.

## Commencement

- 28 The Act will come into force on Royal Assent.



## Related documents

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

- Northern Ireland Finances 2022/23 - Statement made on 24 November 2022 by the Secretary of State for Northern Ireland: <https://questions-statements.parliament.uk/written-statements/detail/2022-11-24/hcws385>

## Annex A - Hansard References

30 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	12 January 2023	<a href="#">Vol. 725. Col. 725</a>
Second Reading	23 January 2023	<a href="#">Vol. 726 Col. 773</a>
Committee of the Whole House	23 January 2023	<a href="#">Vol. 726. Col. 821</a>
Third Reading	23 January 2023	<a href="#">Vol. 726. Col. 825</a>
<i>House of Lords</i>		
Introduction	24 January 2023	<a href="#">Vol. 827. Col. 103</a>
Second Reading	7 February 2023	<a href="#">Vol. 827 Col. 1158</a>
Third Reading	7 February 2023	<a href="#">Vol. 827 Col. 1208</a>
Royal Assent	8 February 2023	<a href="#">House of Commons Vol 727. Col 949</a>
		<a href="#">House of Lords Vol. 827</a>

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