



## EXPLANATORY NOTES

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### Northern Ireland Budget (No. 2) Act 2023

Chapter 43



# NORTHERN IRELAND BUDGET (NO. 2) ACT 2023

## EXPLANATORY NOTES

### What these notes do

These Explanatory Notes relate to the Northern Ireland Budget (No. 2) Act 2023 which received Royal Assent on 18 September 2023 (c. 43).

- These Explanatory Notes have been prepared by the Northern Ireland Office in order to assist the reader of 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.

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## Overview of the Act

- 1 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 2024.

## Policy background

- 2 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 and its approval by the Assembly. 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.
- 3 In the continued absence of the Northern Ireland Executive, the Secretary of State for Northern Ireland set out draft budget allocations for the 2023-24 financial year (the Budget) in a Written Ministerial Statement to Parliament on 27 April 2023. It is necessary to introduce legislation to put the budget allocations on a legal footing and authorise the issue of sums to, and use of resources by, Northern Ireland departments for the full financial year ending 31 March 2024. It will provide certainty for the Northern Ireland departments in order to protect public finances and maintain the delivery of Northern Ireland's public services. This Budget will require devolved spending decisions to be made by senior officers of Northern Ireland departments in respect of which provision is made in the Northern Ireland (Executive Formation etc) Act 2022.
- 4 The Northern Ireland Budget Act 2023, which received Royal Assent on 8 February 2023, included a Vote on Account (VoA) which has allowed Northern Ireland departments and other bodies to continue to deliver services into the current financial year 2023-24, up to a limit of approximately 65% of the previous year's (2022-23) budget. The VoA ensures that there has been technical access to cash and provides legal authority for the Northern Ireland Civil Service (NICS) to use this money to deliver public services pending the passing of a further Northern Ireland Budget Act for the full 2023-24 year.
- 5 This Act is a necessary step to ensure that public services can continue to be provided in Northern Ireland.
- 6 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.

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## Legal background

- 7 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 27 April 2023. Specific provision is made for the authorisations and limits set by the Act to take effect as if they were contained in an Act of the NI Assembly and for estimates laid before Parliament to take effect as if they had been approved by the Assembly.

## Territorial extent and application

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

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

- 9 Sections 1 and 2 authorise the use of resources by Northern Ireland departments and other specified public bodies amounting to £27,403,514,000 in the year ending 31 March 2024 for the purposes specified in Part 2 of the Schedule and subject to the limits set out in subsections (4) to (7) of Section 2. The authorisations in Sections 1 and 2 supersede those made by sections 8 and 9 of the Northern Ireland Budget Act 2023.

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

- 10 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 £22,790,893,000 for the purposes set out in Part 2 of the Schedule. The authorisations in Sections 3 and 4 supersede the authorisations made by sections 10 and 11 of the Northern Ireland Budget Act 2023.

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

- 11 Section 5 authorises the temporary borrowing by the Northern Ireland Department of Finance of £11,395,447,000 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 2024.

### Section 6: Use of Income

- 12 Section 6 authorises the use of income by Northern Ireland departments and other specified public bodies from the sources specified in Part 3 of the Schedule, for the purposes specified in Part 2 of the Schedule in the year ending 31 March 2024. That is subject to limits on how income may be used set out in subsections (2) to (5).

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## Section 7: Act to take effect as if it were a Budget Act of the Assembly etc.

- 13 Section 7 provides for the authorisations and limits in the Act to have the same effect as if they were contained in a Budget Act of the Northern Ireland Assembly. It also modifies references in other pieces of legislation to the Northern Ireland Estimates which would normally form part of the Assembly's supply process, including the consideration of the estimates by the Assembly's committees and the approval of the estimates document by a vote in the Assembly. For those purposes the Estimates document, which was laid before Parliament on 3 July 2023, is deemed equivalent to those Assembly processes. Section 7(3) would require the Northern Ireland Audit Office and the Northern Ireland Public Service Ombudsman to prepare their accounts in accordance with the Estimates laid before Parliament.

## Sections 8 and 9: Interpretation and Short title

- 14 These provisions are self-explanatory.

## Schedule: Part 1 – Authorised Amounts

- 15 For each Department, Part 1 of the Schedule sets out the amount of resources authorised for use by each Northern Ireland department and other public bodies (Sections 1 and 2) and the sums of money granted to each Northern Ireland department and other bodies (Sections 3 and 4) for the year ending 31 March 2024.

## Schedule: Part 2 – Expenditure

- 16 For each Department, Part 2 of the Schedule 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 2024.

## Schedule: Part 3 – Income

- 17 For each Department, Part 3 of the Schedule sets out the sources from which income can be used by each Northern Ireland department and other body for the year ending 31 March 2024.

## Commencement

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

## Related documents

- 19 The following documents are relevant to the Act and can be read at the stated locations:
- Northern Ireland Finances 2023 - Statement made on 27 April 2023 by the Secretary of State for Northern Ireland: <https://questions-statements.parliament.uk/written-statements/detail/2023-04-27/hcws748>

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## Annex A - Territorial extent and application in the United Kingdom

20 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 1-9	No	No	No	Yes
Schedule	No	No	No	Yes

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## Annex B – Hansard References

21 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 June 2023	<a href="#">Vol. 735 Col. 438</a>
Second Reading	10 July 2023	<a href="#">Vol. 736 Col. 101</a>
Committee of the Whole House	4 September 2023	<a href="#">Vol. 737 Col. 140</a>
Third Reading	4 September 2023	<a href="#">Vol. 737 Col. 144</a>
<i>House of Lords</i>		
Introduction	5 September 2023	<a href="#">Vol. 832 Col. 323</a>
Second Reading	14 September 2023	<a href="#">Vol. 832 Col. 1132</a>
Third Reading	14 September 2023	<a href="#">Vol. 832 Col. 1158</a>
Royal Assent	19 September 2023	<a href="#">House of Commons Vol. 737 Col. 1155</a>
		<a href="#">House of Lords Vol. 832 Col. 1319</a>

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