

*These notes refer to the Budget (No. 2) Act (Northern Ireland)
2001 (c.16) which received Royal Assent on 20 July 2001*

Budget (No. 2) Act (Northern Ireland) 2001

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Budget (No.2) Act. They have been prepared by the Department of Finance and Personnel in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by the Assembly.
2. The notes need to be read in conjunction with the Act. They do not, and are not meant to be, a comprehensive description of the Act. So where a section or part of a section or Schedule does not seem to require any explanation or comment, none is given.

PURPOSE

3. The Act gives effect to the 2001-2002 Northern Ireland Main Estimates and authorises the issue from the Consolidated Fund of Northern Ireland of £4,679,167,000 in addition to a cash sum of £3,806,414,000 in the Vote on Account authorised by the Budget Act (Northern Ireland) 2001. The Act also authorises the use of resources amounting to £5,021,262,000 in addition to an amount of £4,305,870,000 authorised by the Budget Act (Northern Ireland) 2001; and specifies the limits 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 31 March 2002; in addition, the Act authorises temporary borrowing by the Department of Finance and Personnel and repeals a number of spent enactments.
4. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31 March 2002 are to be appropriated for services as set out in Schedule 1 to the Act.
5. The amount of resources (including accruing resources) authorised for use for the year ending 31 March 2002 are to be used for the purposes specified in Schedule 2 to the Act.

Background

6. Budget Acts are the legislative means by which the Assembly gives approval for voted expenditure by Departments. Previously this was measured on a cash basis. However, from 2001-02 expenditure is measured on a resource basis

(bringing the public sector into line with the private sector) whilst maintaining an overall cash limit on departmental activity.

The requirements of the Government Resources and Accounts Act (Northern Ireland) 2001 have been taken into account in the Budget (No.2) Act. The Budget (No.2) Act authorises the issue of sums from the Northern Ireland Consolidated Fund and appropriates those sums to services. It also authorises the use of resources by departments. This latter provision reflects the change from controls based solely on cash to a 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' Act is more appropriate than 'Appropriation' Act which dealt only with cash allocations. The Budget (No. 2) Act also sets the relevant limits on the accruing resources (including both operating and non-operating) that may be directed to be used for specified purposes.

Budget Acts authorise the Department of Finance and Personnel to issue money from the Northern Ireland Consolidated Fund for the services detailed in corresponding Estimates volumes and summarised in Schedules in the Act. From 2001-2002 Budget Acts also authorise the use of resources for the services detailed in corresponding Estimates volumes and summarised in Schedules in the Act. Estimates volumes and other relevant documents are published so as to be available when Budget Bills are introduced in the Assembly. 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 are contained in separate Budget Acts.

Commentary on Sections

7. **Section 1 : Issue of Sum out of the Consolidated Fund for year ending 31st March 2002 and appropriation of that sum.**

Subsection (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £4,679,167,000 for 2001-2002.

Subsection (2) appropriates that sum for the purposes specified in Schedule 1.

Section 2 : Power of the Department of Finance and Personnel to borrow.

This section authorises the temporary borrowing by the Department of Finance and Personnel of approximately half the sum covered by Section 1 (1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

Section 3 : Use of resources (other than accruing resources) for year ending 31st March 2002

This section authorises the use of resources amounting to £5,021,262,000 for 2001-2002, for the purposes specified in column 1 of Schedule 2.

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***Section 4 : Limit on use of accruing resources in year ending 31st March
2002***

This section 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 2001-02. The total amounts are specified in column 3 of Schedule 2 and may be directed to be used for the purposes specified in the corresponding entries in column 1 of that Schedule.

Section 5 : Repeal of spent enactments

This Act removes from the statute book two Appropriation Orders which are no longer operative.