

BUDGET (NO. 2) ACT (NORTHERN IRELAND) 2011

EXPLANATORY NOTES

INTRODUCTION

1. These Explanatory Notes relate to the Budget (No. 2) Act (Northern Ireland) 2011 which received Royal Assent on 25 July 2011. 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 should 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 does not seem to require an explanation or comment, none is given.

BACKGROUND AND POLICY OBJECTIVES

3. Budget Acts are the legislative means by which Assembly approval is sought for departments and certain other public bodies to incur expenditure and use resources as detailed in the corresponding Estimates volume and summarised in the Schedules to the Acts. Furthermore, Budget Acts enable the Assembly to hold departments accountable for managing and controlling those resources within the limits authorised.
4. The Budget Act not only authorises the use of resources but contains powers to authorise the issue of sums of cash from the Northern Ireland Consolidated Fund to departments and other public bodies and appropriate those sums to services. Budget Acts also set the relevant limits on the accruing resources that may be directed to be used for purposes specified in the Schedules to the Act. Accruing resources are divided into two categories: a) operating accruing resources, which is resource income offset against the gross resource expenditure and b) non-operating accruing resources, which is capital income, mainly relating to the sale of assets, and offset against gross capital spend.
5. Estimates volumes and other relevant documents are published so as to be available when Budget Acts are introduced in the Assembly. Separate Budget Acts are introduced relating to the Main Estimates (initial voted provision for a financial year) and subsequent Supplementary Estimates which revise that initial provision as a result of the in-year monitoring rounds. The Budget Act relating to the Supplementary Estimates also provides interim resources and funding (around 45%) for the first few months of the next financial year.

PURPOSE

6. The Act gives effect to the 2011-12 Northern Ireland Main Estimates and authorises the issue of cash from the Consolidated Fund of Northern Ireland of £8,141,695,000 in addition to the cash sum in the Vote on Account authorised by the Budget Act (NI) 2011. The Act also authorises the use of resources amounting to £8,656,468,000, in addition to the

Vote on Account amount authorised by the Budget Act (NI) 2011 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 2012. In addition, the Act authorises temporary borrowing up to £4,070,847,000 in 2011-12 by the Department of Finance and Personnel.

7. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2012 are to be appropriated for services, as set out in Schedule 1 to the Act.

8. The amount of resources (including accruing resources) authorised for use for the year ending 31st March 2012 are to be used for the purposes specified in Schedule 2 to the Act.

9. The Act also authorises excess votes of cash and resources totalling £23,278,781.13 and £17,836,994.70 respectively, for two Departments, in respect of the 2009-10 financial year.

10. A number of spent enactments are also repealed.

COMMENTARY ON SECTIONS

Section 1: Issue of sum out of the Consolidated Fund for the year ending 31st March 2012 and appropriation of that sum

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £8,141,695,000 for 2011-12.

Sub-section (2) appropriates that sum for the purposes specified in column 1 of 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) in year ending 31st March 2012

This section authorises the use of resources amounting to £8,656,468,000 for 2011-12, for the purposes specified in column 1 of Schedule 2.

Section 4: Limit on use of accruing resources in year ending 31st March 2012

This section sets the limits on the accruing resources that may be directed to be used for certain specified purposes in the year ending 31st March 2012 in addition to the resources authorised by Section 3. Sub-section (2) provides authority for the direction of accruing resources as specified in column 3 of Schedule 2 to be used for the purposes specified in the corresponding entries in column 1 of that Schedule.

Section 5: Cash excess for the year ending 31st March 2010

Sub-section (1) authorises the issue of £23,278,781.13 from the Consolidated Fund of Northern Ireland in respect of one Department that exceeded the authorised provision in 2009-10. This section gives effect to the 2009-10 Statement of Excess for that department following the report of the Public Accounts Committee confirming that it sees no objection to the cash sum necessary being provided by an Excess Vote.

Sub-section (2) appropriates that sum for the purposes specified in column 1 of Schedule 3.

Section 6: Resource excesses for the year ending 31st March 2010

Sub-section (1) authorises the use of resources by the two departments mentioned in Schedule 4 that exceeded the authorised provision in 2009-10.

Sub-section (2) authorises the amounts that may be used, as detailed in column 2 of Schedule 4, and the purposes for which they may be used, as specified in column 1 of that Schedule.

Sub-section (3) clarifies the additionality of the resources authorised by Section 6 over any existing statutory provision for 2009-10.

This section gives effect to the 2009-10 Statement of Excesses for the two departments following the report of the Public Accounts Committee confirming that it sees no objection to the resource amounts necessary being provided by Excess Votes.

Section 7: Repeal of spent provisions

This section removes from the statute book two Budget Acts which are no longer operative.

Section 8: Interpretation

As in Budget Act.

Section 9: Short title

This section sets out the title of the Act.

SCHEDULES TO THE ACT

Schedule 1: Sums granted for the year ending 31st March 2012.

Schedule 2: Amounts of resources authorised for use and amounts of accruing resources which may be used in year ending 31st March 2012.

Schedule 3: Excess sum granted for the year ending 31st March 2010.

Schedule 4: Excess amounts of resources authorised for use in year ending 31st March 2010.

Schedule 5: Repeals

HANSARD REPORTS

11. The following table sets out the dates of the Hansard reports for each stage of the Act's passage through the Northern Ireland Assembly.

STAGE	DATE
Introduction	13 June 2011
Second Stage debate	20 June 2011
Consideration Stage	21 June 2011
Further Consideration Stage	27 June 2011
Final Stage	27 June 2011
Royal Assent	Received 25 July 2011

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