

BUDGET (NORTHERN IRELAND) ORDER 2007

S.I. 2007 No. 914 (N.I. 8)

EXPLANATORY MEMORANDUM

INTRODUCTION

1. The Budget (Northern Ireland) Order (“the Order”) was made on 21 March 2007. This Explanatory Memorandum has been prepared by the Department of Finance and Personnel (“the Department”) in order to assist the reader in understanding the Order. It does not form part of the Order.

BACKGROUND AND POLICY OBJECTIVES

2. Budget Orders are the legislative means by which Parliamentary approval will be sought for voted expenditure by departments. Expenditure is measured on a resource basis whilst maintaining an overall cash limit on departmental activity.
3. The requirements of the Government Resources and Accounts Act (Northern Ireland) 2001 have been taken into account in drafting the Budget Order. The Budget Order seeks Parliament’s authorisation for the use of resources by departments, and contains powers to authorise the issue of sums of cash from the Northern Ireland Consolidated Fund and appropriate those sums to services. Budget Orders also set the relevant limits on the accruing resources (including both operating and non-operating) that may be directed to be used for specified purposes. Accruing resources represent income, which with the authority of Parliament, can be applied against gross expenditure. They are divided into two categories – operating accruing resources, which is income offsetting the gross total within the Resource Budget, and non-operating accruing resources, which is mainly income relating to the sale of assets offsetting the gross total within the Capital Budget.
4. Budget Orders authorise the use of resources for the services detailed in corresponding Estimates volumes and summarised in Schedules to the Order. Estimates volumes, Vote on Account and Excess Vote documents where appropriate are published so as to be available when Budget Orders are laid in Parliament. Budget Orders also provide Parliamentary authority for the Department of Finance and Personnel to issue money from the Northern Ireland Consolidated Fund by way of financing for the services detailed in corresponding Estimates volumes and summarised in the Schedules to the Order. Separate Budget Orders are taken to cover 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.
5. The Order authorises the use of resources for both 2006-07 and 2007-08. For 2006-07 a total revised amount of £16,829,572,000 is taken and for 2007-08 a Vote on Account of £6,216,507,000 is taken to provide departments with provision for the early months of 2007-08, until the Main Estimates are voted in the summer. The Order revises the limits as set in the Budget (No.2) (Northern Ireland) Order 2006 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 31st March 2007. The Order

*This Explanatory Memorandum refers to the Budget
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also authorises the issue of cash from the Consolidated Fund in support of services for both 2006-07 and 2007-08. For 2006-07 the Order authorises a total revised cash requirement of £11,193,685,000 which is detailed in the 2006-07 Spring Supplementary Estimates. For 2007-08 a Vote on Account of £5,050,369,000 is taken.

6. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2007 are to be appropriated for services, as set out in Schedule 1 to the Order.
7. The amount of resources (including accruing resources) authorised for use for the year ending 31st March 2007 are to be used for the purposes specified in Schedule 2 to the Order.
8. The cash sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31st March 2008 are to be appropriated for services as set out in Schedule 3 to the Order.
9. The amount of resources authorised for use for the year ending 31st March 2008 are to be used for the purposes specified in Schedule 4 to the Order.
10. Further information on the provision contained in the Order is set out within the 2006-07 Spring Supplementary Estimates volume and the Vote on Account document for 2007-08.

COMMENTARY ON ARTICLES

11. **Article 1: Title and commencement:**
Article 2: Interpretation
Article 3: Issue of Sum out of the Consolidated Fund for year ending 31st March 2007 and appropriation of that sum.
Paragraph (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the revised sum of £11,193,685,000 for 2006-2007.
Paragraph (2) appropriates that sum for the purposes specified in Schedule 1.
Paragraph (3) provides authority for cash limits set by the Budget (Northern Ireland) Order 2006 and the Budget (No. 2) (Northern Ireland) Order 2006 to be superseded by the amounts specified in column 2 of Schedule 1 of the Budget (Northern Ireland) Order 2007.
Article 4: Use of resources (other than accruing resources) in year ending 31st March 2007
This article authorises the use of resources amounting to £16,829,572,000 for 2006-2007, for the purposes specified in column 1 of Schedule 2.
Paragraph (4) provides authority for the resources limits set by the Budget (Northern Ireland) Order 2006 and the Budget (No. 2) (Northern Ireland) Order 2006 to be superseded by the amounts specified in column 2 of Schedule 2 of the Budget (Northern Ireland) Order 2007.
Article 5: Revised limits on use of certain accruing resources in year ending 31st March 2007
Paragraph (1) This article 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 Spring Supplementary Estimates for 2006-07.
Paragraph (2) provides authority for the direction of accruing resources as specified in column 3 of Schedule 2 for the purposes specified in the corresponding entries in column 1 of that schedule.
Paragraph (3) provides authority for the accruing resources limits set by the Budget (No. 2) (Northern Ireland) Order 2006 to be superseded by the amounts specified in column 3 of Schedule 2 of the Budget (Northern Ireland) Order 2007.

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Article 6: Issue of sum out of the Consolidated Fund for year ending 31st March 2008 and appropriation of that sum

Paragraph (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £5,050,369,000 for 2007-08.

Paragraph (2) appropriates that sum for the purposes specified in Schedule 3.

Article 7: Power of the Department of Finance and Personnel to borrow

This article authorises the temporary borrowing by the Department of Finance and Personnel of approximately half the sum covered by Article 6 (1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

Article 8: Use of resources (other than accruing resources) for year ending 31st March 2008

This article authorises the use of resources amounting to £6,216,507,000 for 2006-07, for the purposes specified in column 1 of Schedule 4.

COMMENCEMENT

The Order came in to operation on 21 March 2007.