

# **BUDGET (NO. 2) BILL (NORTHERN IRELAND) 2012**

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## **EXPLANATORY AND FINANCIAL MEMORANDUM**

### **INTRODUCTION**

1. This Explanatory and Financial Memorandum has been prepared by the Department of Finance and Personnel, in order to assist the reader of the Bill and to help inform the debate on it. It does not form part of the Bill and has not been endorsed by the Assembly.
2. The Memorandum should be read in conjunction with the Bill. It is not, and is not meant to be, a comprehensive description of the Bill, and where a clause or part of a clause does not seem to require any explanation or comment, none is given.

### **BACKGROUND**

3. Budget Bills are the legislative means by which Assembly approval will be 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 Bills. Furthermore, the Budget Bills will enable the Assembly to hold departments accountable for managing and controlling those resources within the limits authorised.
4. The Budget Bill will not only authorise 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 Bills also set the relevant limits on the accruing resources that may be directed to be used for purposes specified in the Schedules to the Bill. 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 Bills are introduced in the Assembly. Separate Budget Bills will be introduced relating to the Main Estimates (voted provision for a full financial year) and subsequent Supplementary Estimates which revises that

provision as a result of the in-year monitoring rounds. The Budget Bill relating to the Supplementary Estimates will also provide interim resources and funding (around 45%) for the first few months of the next financial year.

## **PURPOSE**

6. The Bill will give effect to the 2012-13 Northern Ireland Main Estimates and will authorise the issue of cash from the Consolidated Fund of Northern Ireland of £8,203,787,000 in addition to the cash sum in the Vote on Account authorised by the Budget Act (NI) 2012. The Bill will also authorise the use of resources amounting to £8,424,156,000 in addition to the Vote on Account resources authorised by the Budget Act (NI) 2012 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<sup>st</sup> March 2013. In addition, the Bill will authorise temporary borrowing by the Department of Finance and Personnel.
7. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31<sup>st</sup> March 2013 are to be appropriated for services, as set out in Schedule 1 to the Bill.
8. The amount of resources (including accruing resources) authorised for use for the year ending 31<sup>st</sup> March 2013 are to be used for the purposes specified in Schedule 2 to the Bill.
9. The Bill also authorises excess votes of resources totalling £13,004,918.26 for two Departments, in respect of the 2010-11 financial year.
10. A number of spent enactments will also be repealed.

## **COMMENCEMENT**

11. The legislation shall come into operation on Royal Assent.

## **COMMENTARY ON CLAUSES**

### **Clause 1: Issue of sum out of the Consolidated Fund for the year ending 31<sup>st</sup> March 2013 and appropriation of that sum**

Sub-section (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £8,203,787,000 for 2012-2013.

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

**Clause 2: Power of the Department of Finance and Personnel to borrow**

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

**Clause 3: Use of resources (other than accruing resources) in year ending 31<sup>st</sup> March 2013**

This clause authorises the use of resources amounting to £8,424,156,000 for 2012-2013, for the purposes specified in column 1 of Schedule 2.

**Clause 4: Limit on use of accruing resources in year ending 31<sup>st</sup> March 2013**

This clause sets the limits on the accruing resources, including both operating and non-operating accruing resources, that may be directed to be used for certain specified purposes in the year ending 31<sup>st</sup> March 2013.

**Clause 5: Resource excesses for the year ending 31<sup>st</sup> March 2011**

Sub-section (1) authorises the use of resources by the two departments mentioned in Schedule 3 that exceeded the authorised provision in 2010-11.

Sub-section (2) authorises the amounts that may be used, as detailed in column 2 of Schedule 3, 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 Clause 5 over any existing statutory provision for 2010-11.

This clause gives effect to the 2010-11 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.

**Clause 6: Repeal of spent provisions**

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

**Clause 7: Interpretation**

As in Budget Bill.

**Clause 8: Short title**

This clause sets out the title of the Bill.

**FINANCIAL EFFECTS OF THE BILL**

12. As detailed above.

**HUMAN RIGHTS ISSUES**

13. The Bill is compatible with the European Convention on Human Rights.

**EQUALITY IMPACT ASSESSMENT**

14. No effect on this area.

**SUMMARY OF THE REGULATORY IMPACT ASSESSMENT**

15. No effect on this area.

**LEGISLATIVE COMPETENCE**

16. At Introduction, the Minister of the Department of Finance and Personnel, had made the following statement under section 9 of the Northern Ireland Act 1998:

*“In my view, the Budget (No. 2) Bill (Northern Ireland) 2012 would be within the legislative competence of the Northern Ireland Assembly.”*

**RECOMMENDATION**

17. The Minister in charge of the Bill, Mr Sammy Wilson, has made the following recommendation as required under Section 63 of the Northern Ireland Act 1998.

*“As Minister of Finance and Personnel, I recommend the Budget (No. 2) Bill (Northern Ireland) 2012 to the Assembly as is required by Section 63 of the Northern Ireland Act 1998.”*