

## **BUDGET BILL**

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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 (initial voted provision for a financial year) and subsequent Supplementary Estimates which revises that initial 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 for the first few months of the next financial year.

## **PURPOSE**

6. The Bill will authorise the use of resources for both 2015-16 and 2016-17. For 2015-16 a total revised amount of £17,135,765,000 will be authorised and for 2016-17 a Vote on Account of £8,680,276,400 is taken to provide departments and public bodies with provision for the early months of 2016-17, until the Main Estimates are voted in the summer. The Bill will revise the limits as set in the Budget (No. 2) Act (Northern Ireland) 2015 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 2016. The Bill will also authorise the issue of cash from the Consolidated Fund in support of services for both 2015-16 and 2016-17. For 2015-16 the Bill will authorise a total revised amount of £15,770,704,000 which is detailed in the 2015-16 Spring Supplementary Estimates. For 2016-17a Vote on Account of £7,899,052,800 is taken. In addition, the Bill will authorise temporary borrowing up to £3,949,526,400 in 2016-17 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 2016 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 2016 are to be used for the purposes specified in Schedule 2 to the Bill.
9. The sums to be issued from the Consolidated Fund of Northern Ireland for the year ending 31<sup>st</sup> March 2017 are to be appropriated for services as set out in Schedule 3 to the Bill.
10. The amount of resources authorised for use for the year ending 31<sup>st</sup> March 2017 are to be used for the purposes specified in Schedule 4 to the Bill.
11. The amount of resources (including accruing resources) authorised for use for the year ending 31<sup>st</sup> March 2015 by the Public Prosecution Service for Northern Ireland are to be used for the purposes specified in Schedule 5 to the Bill.

## **COMMENCEMENT**

12. The legislation will 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 2016 and appropriation of that sum**

Subsection (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the revised sum of £15,770,704,000 for 2015-16.

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

Subsection (3) provides authority for cash limits set by the Budget Act (Northern Ireland) 2015 and the Budget (No. 2) Act (Northern Ireland) 2015 to be superseded by the amounts specified in column 2 of Schedule 1 to the Budget Bill (Northern Ireland) 2015.

### **Clause 2: Use of resources (other than accruing resources) in the year ending 31<sup>st</sup> March 2016**

This clause authorises the use of resources amounting to £17,135,765,000 for 2015-16, for the purposes specified in column 1 of Schedule 2.

Subsection (4) provides authority for the resource limits set by the Budget Act (Northern Ireland) 2015 and the Budget (No. 2) Act (Northern Ireland) 2015 to be superseded by the amounts specified in column 2 of Schedule 2 to the Budget Bill (Northern Ireland) 2015.

### **Clause 3: Revised limits on use of certain accruing resources in the year ending 31<sup>st</sup> March 2016**

Subsection (1) 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 in addition to the resources authorised by Clause 2.

Subsection (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.

Subsection (3) provides authority for the accruing resource limits set by the Budget (No. 2) Act (Northern Ireland) 2015 to be superseded by the amounts specified in column 3 of Schedule 2 to the Budget Bill (Northern Ireland) 2016.

**Clause 4: Issue of sum out of the Consolidated Fund for the year ending 31<sup>st</sup> March 2017 and appropriation of that sum**

Subsection (1) authorises the issue out of the Consolidated Fund of Northern Ireland of the sum of £7,899,052,000 for **2016-17**.

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

**Clause 5: Power of the Department of Finance and Personnel to borrow**

This clause authorises the temporary borrowing by the Department of Finance and Personnel in 2016-17 of approximately half the sum covered by Clause 4(1). This is a normal safeguard against the possibility of a temporary deficiency arising in the Northern Ireland Consolidated Fund.

**Clause 6: Use of resources (other than accruing resources) in the year ending 31<sup>st</sup> March 2017**

This clause authorises the use of resources amounting to £8,680,276,400 for 2016-17, for the purposes specified in column 1 of Schedule 4.

**Clause 7: Resource excesses for the year ending 31<sup>st</sup> March 2014**

Subsection (1) authorises the use of resources by the department mentioned in Schedule 5 that exceeded the authorised provision in 2013-14.

Subsection (2) authorises the amounts that may be used, as detailed in column 2 of Schedule 5, and the purposes for which they may be used, as specified in column 1 of that Schedule.

Subsection (3) clarifies the additionality of the resources authorised by Clause 7 over any existing statutory provision for 2013-14.

This clause gives effect to the 2013-14 Statement of Excesses for the department 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 8: Short Title**

This clause sets out the title of the Act.

**FINANCIAL EFFECTS OF THE BILL**

13. As detailed above.

**HUMAN RIGHTS ISSUES**

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

**EQUALITY IMPACT ASSESSMENT**

15. No effect on this area.

**SUMMARY OF THE REGULATORY IMPACT ASSESSMENT**

16. No effect on this area.

**LEGISLATIVE COMPETENCE**

17. At introduction the Minister of the Department of Finance and Personnel made the following statement under Section 9 of the Northern Ireland Act 1998:

*“In my view, the Budget Bill would be within the legislative competence of the Northern Ireland Assembly.”*

**RECOMMENDATION**

18. The Minister in charge of the Bill, Mr Mervyn Storey 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 Bill to the Assembly as is required by section 63 of the Northern Ireland Act 1998.”*