Department of Finance
An Roinn Airgeadais
www.finance-ni.gov.uk

Supply Estimates in Northern Ireland: Guidance Manual

November 2022

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Contents

Foreword: Supply Estimates

This manual is intended to serve as a practical reference guide for anyone with direct or indirect responsibility for the control of public spending in general and for the Supply Estimates process in particular. It is aimed principally at officials in Northern Ireland Government departments but should also be of use to those in arms-length public bodies (ALBs), to the Northern Ireland Audit Office (NIAO), to the Assembly, or indeed anyone with an interest in the process by which the Assembly authorises the Executive's expenditure plans.

Supply Estimates are at the heart of public spending controls. It is through Estimates that the Executive seeks the Assembly's authority for its spending plans and without such authority comparatively little public expenditure can lawfully take place.

The changes agreed as part of the Review of Financial Process project mean that data in Estimates is consistent with the Executive's Budget Controls, which both improves clarity and makes Estimates central to public spending control. This revised Estimates Manual reflects the alignment changes.

The Assembly has delegated many controls to the DoF and expects DoF to apply those controls effectively. It is nonetheless departments themselves, and Departmental Accounting Officers in particular, who are ultimately responsible for the content of their Estimates. Departments and DoF must therefore work together to ensure that all Supply Estimates are of the highest standards and meet the Assembly's requirements and expectations.

We hope that you will find this a useful document that plays its part in further driving forward standards of financial management and control across government in Northern Ireland.

While this is intended to be a stand-alone guidance manual on Supply Estimates, readers may also wish to consult other material including:

- The Northern Ireland Act 1998; The Government Resources and Accounts Act (Northern Ireland) 2001; and The Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022 (for legislative requirements);
- Managing Public Money Northern Ireland (for guidance on the proper handling and reporting of public money and the main principles for dealing with resources used by public sector organisations in Northern Ireland);
- HM Treasury's Consolidated Budgeting Guidance (for detail on budgeting issues);
- DoF's In-Year Monitoring Guidelines and other guidance issued by DoF on the recording of public expenditure and for specific budget, monitoring and Estimate exercises.

Contacts

For further information, or to report any errors or omissions, departments should contact their

DoF Supply Team, while other users should contact DoF enquiries on 02891858111 or email dof.enquiries@finance-ni.gov.uk .

1 Estimates: Purpose and Responsibilities

1.A. The role and purpose of Supply Estimates

Background to the Westminster Supply Process

1.1 Until the late 17th century grants of Supply were viewed as 'extraordinary' and originated as a response to the need to raise money for a war. Parliament asserted its monopoly on fiscal authorisation in Article IV of the Bill of Rights of 1689 (see Box 1.1 below).

> **Box 1.1: Article IV of the Bill of Rights 1689**
>
> "That the levying Money for or to the use of the Crowne by pretence of Prerogotive without Grant of Parlyment for longer time or in other manner then the same is or shall be granted is illegall"

1.2 The statutory basis for parliamentary control of Crown (that is Government) expenditure itself derives from 1689 when the standing army was legalised but its expenses were only granted for a year ahead by an annual vote. Gradually the principle that expenses be granted for a year ahead and for clearly defined purposes was extended to other areas of Crown expenditure until, by 1830, the expenses of all civil expenditure were so provided. The Consolidated Fund (effectively, the name of the public bank account at the Bank of England) was created in 1787 as the fund into which all revenue was to be paid and from which all payments for public services were to be made.

1.3 Parliament cannot though initiate such processes and the House cannot consider a 'charge upon the public revenue' unless it is first sought by the Crown. Such charges are divided into two groups, those that are voted by Parliament on an annual basis (the Supply Estimates process on which this guidance concentrates) and those that Parliament has authorised through statute without the need for further, annual, parliamentary authority (e.g., Consolidated Fund Standing Services).

1.4 The Crown is charged with the management of all the revenue of the State, and with all payments for the public service. So, acting with the advice of its ministers, it presents to the House of Commons its requirements for the financing of public services. In return, the Commons authorises expenditure (through granting Supply) and provides the ways and means to meet that expenditure, through taxes and other sources of public revenue. The role of the House of Lords is confined to assenting to those financial provisions of the Commons which require statutory authorisation. Since the withholding of the Lords' assent to a money bill is effective only for a month and would in any event be treated by the Commons as a serious breach of its privileges, it is, in effect, the lower House which exercises Parliament's financial control.

Supply in Northern Ireland

1.5 The Supply process in Northern Ireland is based on the Westminster model and Estimates are presented to the NI Assembly by the Minister for Finance for approval, on behalf of the Executive, and reflecting the Executive's spending plans.

1.6 There is, however, an important distinction between the powers of a Minister of the Crown at Westminster and a Northern Ireland department. Northern Ireland departments are statutory corporations and as such have no powers except those which are conferred on them by or under statute. Even if they have the legal power to do something they will only be able to finance planned activities if they have the statutory authority to spend. This authority to spend is largely given by the Assembly through the Supply process and the Budget Acts. The exceptions being some direct charges on the NI Consolidated Fund by individual statutes (see chapter 4) and benefits financed from the Northern Ireland National Insurance Fund under statute. It is only once the relevant Budget Bill has obtained Royal Assent that the provision sought in the Estimates can be used or spent by the department. (See *Managing Public Money Northern Ireland*, Chapter 2).

1.7 As a devolved administration, Northern Ireland has a separate Consolidated Fund, which is funded by the Block Grant voted by Westminster as part of the Supply Estimates of the Northern Ireland Office, and by local revenues. The cash requirements of Northern Ireland departments, as approved by the Assembly in the Supply process, are met from issues from the Northern Ireland Consolidated Fund.

1.8 Any significant changes to Supply Estimates in Northern Ireland (whether in process, format or content) must be cleared by DoF and the Executive and in consultation with the Assembly, normally through the Public Accounts Committee (PAC) and the Finance Committee.

Authority to Incur Expenditure

1.9 As explained in paragraph 1.6 above, activities by Northern Ireland departments will be supported by specific enabling legislation and any resulting charge upon public funds must, in addition, be authorised by legislation. However, in certain exceptional circumstances, some categories of expenditure may properly rest on the sole authority of the Budget Act. The Budget Act (see also paragraphs 1.22-1.26) gives formal authority for expenditure plans set out in the departmental Supply Estimates.

1.10 Any charge upon public funds must be authorised by legislation. Most expenditure by government departments will be supported by specific enabling legislation, though some categories of expenditure may properly rest on the sole authority of the Budget Act. This Act (see paragraphs 1.22-1.26) gives formal authority for expenditure plans set out in the Supply Estimates.

1.11 Resting on sole authority for expenditure on the Budget Act requires formal written DoF approval and is allowed only in certain circumstances, or for certain categories of expenditure. For expenditure on services that have no other legislative authority use of the Budget Act will only be allowed if:

- The expenditure is no more than £1,500,000 a year;

or,

- It is expected to last for no more than two years; and
- Any existing explicit statutory limits are respected; and
- No specific legislation on the matter in question is before the Assembly.

1.12 Such expenditure must be identified in Note G in Part III of the Estimate, using the "black box" symbol i.e., ■, and detail the reasons why the department is relying on sole authority of the Budget Act.

Annuality

1.13 Supply voted by Parliament was not always time limited. The authorisation of expenditure was originally linked to the collection of tax revenues authorised during the same session. Since tax collection was often a slow process, the expenditure Estimates and the vote of Supply remained open after the end of the financial year. The Committee of Public Accounts (PAC), following its establishment in 1861, proposed a move to annuality, and this was accepted by the Government and introduced from 1862-63.

1.14 As a result, Supply (now meaning resources, capital or cash) voted by the Assembly and authorised under a Budget Act is only available to be applied to the financial years (running from 1 April to the following 31 March) specified in the Act. There is no flexibility to carry forward any spending to the next financial year.

1.15 Any resources, capital or cash authorised in the Supply Estimates but not used by the end of a financial year are thus no longer authorised for use. In practice, and to avoid unnecessary administrative costs, where a department has drawn down cash from the

Consolidated Fund that is unspent at the year-end it will normally be treated as though it has been returned to the Fund and reissued and will be off set through a deduction from the amount available to be drawn down in the following year. This ensures annuality is observed and a department is not provided with more cash than is required. Where this arrangement is not appropriate, the excess must be surrendered back to the Consolidated Fund.

1.B. Estimates Cycle and Timetable

Estimates Timetable Relating to One Financial Year

1.16 Box 1.2 below illustrates the Estimates cycle in relation to the financial year 202x-2y.

Box 1.2 Timetable for Supply Estimates for one financial year (202x-2y)	
Date	Action
January/ February 202x	**Vote on Account 202x-2y** As part of the Spring Supplementary Estimates process for 202w-2x, the Vote on Account for 202x-2y is published and laid in the Assembly.
February/ March 202x	**Budget Bill 202x** The Supply Resolution debate is followed by the introduction of a Budget Bill which seeks authorisation for the provisions in the Spring Supplementary Estimates for 202w-2x and a Vote on Account for 202x-2y. The Bill is progressed through the Assembly and obtains Royal Assent before the end of the financial year on 31 March 202x.
May/June 202x	**Main Estimates 202x-2y** The Main Estimates for **202x-2y** are published and laid in the Assembly.
June 202x	**Budget (No. 2) Bill 202x** The Supply Resolution debate is followed by the introduction of a Budget (No.2) Bill which seeks authorisation for the provisions in the Main Estimates 202x-2y (less that already authorised in the Vote on Account). The Bill is progressed through the Assembly and obtains Royal Assent (usually in July before the summer recess).
January/ February 202y	**Spring Supplementary Estimates 202x-2y** The Spring Supplementary Estimates for 202x-2y are published and laid in the Assembly.
February/ March 202y	**Budget Bill 202y** The Supply Resolution debate is followed by the introduction of a Budget Bill which seeks authorisation for the provisions in the Spring Supplementary Estimates for 202x-2y (and the Vote on Account for 202y-2z). The provisions for the 202x-2y financial year in this Bill will supersede those contained in the previous two Budget Acts. The Bill is progressed through the Assembly and obtains Royal Assent before the end of the financial year on 31 March 202y.
May/June 202z	**Statement of Excesses 202x-2y** Any necessary statement of Excesses for the 202x-2y financial year are published and laid in the Assembly at this point. These are authorised

	alongside the Main Estimates for the Financial year 202z-2a).
June 202z	**Budget (No. 2) Bill 202z** The Supply Resolution debate is followed by the introduction of a Budget (No.2) Bill which, in addition to seeking authorisation for the provisions in the Main Estimates 202z-2a, seeks authorisation for any Excesses for the 202x-2y financial year. The Bill is progressed through the Assembly and obtains Royal Assent (usually in July before the summer recess).

1.C. Role of the Assembly

Assembly Scrutiny and Debate

1.17 Estimates are prepared by departments and examined by DoF Supply to ensure that they meet the Assembly's requirements and are consistent with the Executive's expenditure plans. After approval by DoF Supply the Estimates are presented and recommended (as required by Section 63 of the Northern Ireland Act 1998) to the Assembly by the DoF Minister who moves the Supply Resolution(s) summing up the requests for Supply for each body. In addition to NI Executive departments, the Assembly Commission, the Food Standards Agency, the Northern Ireland Authority for Utility Regulation and the Public Prosecution Service for Northern Ireland each have their own Estimate which are also presented to the Assembly as part of the Estimates document.

1.18 There is a separate process for the scrutiny and the laying of Estimates for the Northern Ireland Audit Office and the Office of the Northern Ireland Public Services Ombudsman which is carried out through the Assembly's Audit Committee. However, in terms of format and content their Estimates are fully consistent with other Estimates and, for completeness and the benefit of the users of Estimates, they are included in the single Estimates document published by DoF.

1.19 While rare, Special Supplementary Estimates or new Estimates (e.g., where a new department may be formed) may be presented at other times when required. Such an Estimate would only be presented where it is not possible or appropriate to await the next Main or Spring Supplementary Estimate to secure Assembly authorisation.

1.20 Estimates are prepared by departments and examined by DoF to ensure they meet Assembly propriety requirements and are consistent with the Executive's agreed expenditure plans. After review by DoF, the Estimates are presented and recommended (as required by Section 63 of the Northern Ireland Act 1998) to the Assembly by the DoF Minister who moves the Supply Resolution(s).

1.21 Following Assembly scrutiny and debate, the sums set out in the Estimates are approved by the resolution of the Assembly. Following the decisions of the Assembly on the resolutions, the related legislation is introduced.

Budget Acts

1.22 The Budget Bill, providing the statutory authority for the appropriation of resources and capital and for the drawdown of cash from the Northern Ireland Consolidated Fund, is introduced and recommended (as required by Section 63 of the Northern Ireland Act 1998) by the DoF Minister.

1.23 Assembly Standing Orders provide that Bills may be progressed by accelerated passage. Approval for this approach is generally sought for Budget Bills as this ensures that the most up to date financial information is available to the Assembly when debates take place and enables Royal Assent to be secured prior to the conclusion of the financial year (in the case of Spring Supplementary Estimates) and the summer recess (in the case of the Main Estimates).

1.24 There are normally two separate pieces of Supply legislation in each finance year:

- A Budget Bill that follows the Main Estimates and Statement of Excesses which is normally approved in June. When this receives Royal Assent it is known as the Budget (No. 2) Act (Northern Ireland).
- A Budget Bill that follows the Spring Supplementary Estimates and Vote on Account which is normally approved in February or March. When this receives Royal Assent it is known as the Budget Act (Northern Ireland).

1.25 These Acts provide statutory authority for the total amounts of resources, capital and cash sought in the Estimates, broken down by department. The Budget (No. 2) Act (Northern Ireland) includes the provision sought in the Main Estimates and may also contain provision sought in the Statement of Excesses (relating to a previous year). The Budget Act (Northern Ireland) includes the provision sought in the Spring Supplementary Estimates and the Vote on Account (relating to the next year). Through these Acts the Assembly exercises direct control over expenditure by applying specific limits. The Acts also provide statutory authority for services or functions of departments specified in the Estimates which rest upon the sole authority of the Budget Act.

1.26 The Acts set out, by department:

- Voted limits on departmental spending in line with budgetary controls as relevant: resource DEL; capital DEL; resource AME and capital AME;
- The voted limit on any non-budget expenditure;
- The amount of cash that can be issued from (or is required to be surrendered to) the Consolidated Fund in respect of the net cash requirement for the Estimate;
- A description (known as an ambit) of the services or purposes to which expenditure

and income is to be put in respect of each of the relevant control limits (i.e. voted DEL, voted AME, voted non-budget and cash).

1.D. Role of DoF

Responsibility for Estimates Policy and Format

1.27 No resources can be properly committed or expenditure incurred, by departments without the approval of DoF (see Chapter 2 of Managing Public Money Northern Ireland). Most departmental expenditure needs to be voted through the Supply Estimates. Supply Estimates must be approved by DoF before they are presented to the Assembly and must be fully consistent with the Executive's budgetary controls. All expenditure within departmental budgets should appear within the Estimate, though not all will need to be voted by the Assembly.

1.28 The requirement for DoF approval is a long-standing convention, being one aspect of DoF's control in matters of finance and public expenditure. In addition, many statutes contain a requirement for DoF approval or consent. Where legislation specifically requires DoF consent, any expenditure or resource consumption without such consent is **illegal**. Where there is no statutory requirement for DoF approval, expenditure or resource consumption without DoF approval is **irregular**.

1.29 DoF is responsible for the form and content of Estimates. The format is agreed with the Assembly and reflects the conventions of the Assembly's accounting and audit, the provision of additional information and the Executive's expenditure planning and control arrangements. No alteration in the form of departmental Estimates may be made without DoF approval. Furthermore, important changes in the general form of the Estimates are not made or sanctioned by DoF without consultation with the Assembly, normally through the Public Accounts Committee (PAC) and the Finance Committee.

1.30 Since the Assembly does not vote on how provision is distributed through sections and subheads within each voted budgetary limit in an Estimate, this gives the department discretion to vary allocations between sections through virement, (see also paragraphs 2.63-2.74). By longstanding custom this discretion is exercised by DoF.

Approval and publication of Estimates

1.31 Estimates for departments and most other bodies are presented to the Assembly by DoF as a single publication. The Northern Ireland Audit Office and the Office of the Northern Ireland Public Services Ombudsman each present their own Estimates through the Assembly's Audit Committee, reflecting their independent status. Nevertheless, the format and content of these Estimates will, subject to any differences set out in legislation or otherwise agreed with the Assembly, be the same as other Estimates and, for completeness and the benefit of the users of Estimates, they are included in the single Estimates document published by DoF.

1.32 DoF commissions Estimates and provides departments with agreed format templates to be completed. These templates need to be completed and returned within required timeframes to ensure the Assembly timetables can be met and Royal Assent secured within the required deadline.

1.33 DoF uses data provided by departments and input on the Resource Budget Management (RBM) database to generate the information contained in the Estimates tables. DoF is responsible for maintaining these processes and for providing departments with the support necessary to generate the Estimates effectively within the necessary timescale.

1.34 DoF reviews the templates returned from departments and ensures these are taut, realistic and align with departmental budget allocations. DoF then drafts the introductory sections of the Estimates volume and arranges for printing and publication of the Estimates and the associated Budget Bill.

1.E. Role of Departments

Accounting Officer Responsibilities

1.35 The permanent head of a department will be separately appointed, by DoF, as Accounting Officer for that department (see Chapter 3 of Managing Public Money Northern Ireland for more detail on Accounting Officer responsibilities). The appointment carries with it responsibility for accounting to the Assembly for the amounts voted to meet the department's annual Estimate. Other senior managers within a department, or within the department's agencies or arm's length bodies, may be appointed as additional Accounting Officers, with responsibility for particular areas of expenditure within the departmental Estimate. In such cases, the permanent head of the department will remain as the Departmental Accounting Officer.

Responsibility for Content of the Estimates

1.36 Departments are responsible for:

- Ensuring that the content of Estimates is complete, accurate and consistent with Assembly and DoF requirements;
- Ensuring that Estimates are taut and consistent with best forecasts of requirements and budget allocations;
- Ensuring that the ambits (see paragraphs 3.12-3.15) of their Estimates cover all the services which have been approved for inclusion within the Estimate for the year;
- Ensuring that expenditure does not take place on services and that income is not

retained unless covered by relevant ambits;

- Ensuring that any income to be retained under Section 8 (1) of the Government Resources and Accounts Act (Northern Ireland) 2001, is fully identified;
- Planning and controlling the allocation of resources, capital and cash so that these do not exceed the amounts voted by the Assembly;
- Notifying the Assembly, where appropriate, of any contingent liabilities, advances received and any associated resource or capital consumption incurred in anticipation of Assembly approval;
- Ensuring that the Analysis of Income note provides a full and detailed assessment of the departments' anticipated income;
- Ensuring that all necessary notes to the Estimate are provided;
- Ensuring that the required consultation has taken place with the Department's scrutiny committee prior to submission of the Estimate.

1.37 As mentioned above, the information required for the production of the Estimates is taken from DoF's RBM database. Departments must ensure that all spending and income data is input accurately onto this database. Detailed guidance on the recording of data on RBM is provided separately by DoF.

1.38 Departments must follow the structure and format for Estimates as agreed between DoF and the Assembly which is consistent with the presentation of spending data in other publications and ensures that the information provided appropriately reflects the department's objectives and functions and is informative to the Assembly.

1.39 Estimates must accurately reflect budgetary limits set by the Executive and it is the responsibility of the department to ensure that it does not seek provision outside of those limits. The relevant DoF Supply Team will scrutinise Estimates for compliance with budgets and any Estimates outside of these limits will not be approved for presentation to the Assembly.

Consulting DoF

1.40 Departments should consult DoF, through the relevant Supply Team, before making any significant changes to their Estimate. Such changes should generally be made in time for the start of a budget process and not in-year where at all possible.

1.41 Examples of issues where consultation would be required are:

- Significant changes to an ambit in Part I of the Estimate.
- A significant reorganisation of sections within the Part II Subhead Detail table.
- The inclusion of new footnotes to explain parts of the Estimate.

- Any inclusions, ommissions or changes that might be considered novel or contentious.

Engagement with Assembly Committees

1.42 Assembly Committees have an important role to play in the scrutiny of departmental spending plans and for that reason departments should ensure that they engage fully with their Assembly Committees prior to the submission of their Estimates, and the Assembly's debate on the Supply Resolutions and Budget Bills.

1.43 The precise nature of the information which the departmental Committee will require for this engagement process will reflect the particular nature of the department's spending plans, as well as the interests of the committee.

1.F. Relationship between Budgets, Estimates and Accounts

Review of Financial Process

1.44 Until 2021-22 there were significant differences between the scope and the definitions of expenditure for the purposes of the Executive's budgetary controls, the Assembly's Estimates and departmental accounts.

1.45 The Review of Financial Process aimed to reduce such differences in treatment to only those that are absolutely necessary for the proper management of spending and presentation of data. The key changes brought into effect by the alignment project are:

- Assembly controls over government spending are aligned with the Executive's budgeting controls;
- All non-voted expenditure and income within budgets is brought within the coverage of Estimates, only expenditure or income that is covered by separate legislation will remain non voted;
- Assembly controls in Estimates are on a net (rather than both gross and net) basis, to line up with budgetary controls;
- The Estimates and accounting boundaries are extended to consolidate arm's length bodies, and other bodies classified to the central government sector.

1.46 The Executive's budgetary controls as reflected in estimates are:

- Departmental Expenditure Limits (DEL) – firm annual plans are set through the Executive's Budget process. Departments may not exceed the limits that they have been set. All spending should be assumed to be in DEL unless DoF has stated otherwise. DEL is split by resource and capital.

- Annually Managed Expenditure (AME) – spending that is demand led, volatile as to amount and so large as to be unable to be absorbed within normal DEL controls. AME is split by resource and capital.

1.47 These changes improve the consistency and transparency of public expenditure reporting and mean that Estimates lie at the heart of the spending control process. The changes to Estimates content and policy resulting from the Review of Financial Process are fully reflected in this manual.

2 Estimates: Policy

2.A. Assembly Authority

Tautness and Realism

2.1 Supply Estimates must not be misleading. The Assembly expects the Estimates to be based upon taut and realistic spending plans. This means that the provision being sought in the Estimates must reflect the department's budget position as agreed by the Executive, together with its AME and non-budget requirements as agreed with DoF. The amounts sought in the Estimate should be neither more nor less than actual planned expenditure.

2.2 As well as reflecting the department's budget position, the Estimate should provide an accurate and detailed breakdown of how that provision is expected to be spent. This means in particular that the Part II: Subhead Detail table must allocate provision to appropriate estimate rows and categories and not assume that provision can be freely reallocated through virement at a later date.

Timing of expenditure

2.3 As outlined above (see paragraphs 1.22-1.26) it is only once the Estimates are formally approved (which includes the related Budget Act having obtained Royal Assent) that the provision they contain can be spent by a department. This means that departments are not able to incur expenditure beyond any amounts already authorised, or on new services, on the basis that they will then correct the situation in a later Supplementary Estimate.

2.4 Where a department identifies an urgent requirement to incur expenditure in advance of the normal authority it may need to seek an advance from the Northern Ireland Consolidated Fund under the contingency arrangements provided for in the Financial Provision (Northern Ireland) Order 1998. Further advice about issues to be considered in relation to departmental authority to spend can be found in Chapter 2 of Managing Public Money Northern Ireland.

Control Limits voted by the Assembly

2.5 As set out above, the Assembly votes limits as subsequently set out in Budget Acts. Where applicable there are voted limits on:

- Net resource DEL requirement.
- Net capital DEL requirement.

- Net resource AME requirement.
- Net capital AME requirement.
- Net non-budget requirement.
- Net cash requirement for the Estimate as a whole.

2.6 A breach of any of these voted limits would result in an Excess Vote.

2.7 The Assembly must vote an actual amount, whether positive or negative, for any control limit where the departmental Estimate includes spending and/or income. If the control limit would otherwise be zero perhaps because spending is fully offset by income, the Estimate must show a token £1,000 to be voted.

2.B. Voted and Non-Voted Expenditure in the Estimate

2.8 As mentioned previously, most departmental net spending, and that of the department's agencies and arm's length bodies, needs to be voted annually by the Assembly, but some spending has separate standing legislative authority and does not need to be voted through the Estimates process (see chapter 4 for more detail).

2.9 In order that Estimates present data that is, as far as possible, consistent with budgetary control limits, they will include both voted and non-voted budgetary spending data. The two sets of data are clearly separated and the non-voted data is essentially there for information purposes only. The various controls (Excess Votes, virement, etc.) on spending that require approval in the Estimates apply to voted data only (though a DEL breach resulting from an overspend on non-voted DEL would be no different than a breach on voted DEL in the Executive's budgetary control terms). The voted/non-voted split is clearly identified in Part I and the Part II: Subhead Detail table in the Estimate.

Movements between voted and non-voted spending

2.10 If a department has both voted and non-voted resource DEL and wanted to increase voted DEL spending by making savings on non-voted DEL spending it would need to reflect this movement in a Supplementary Estimate and seek Assembly authority for the increase in the voted control limit. In the opposite scenario, where the department was planning to increase non-voted DEL spending by reducing voted DEL spending it would not specifically need a Supplementary Estimate to do this; though if the department was having a Spring Supplementary Estimate for any other purpose it should reflect this change in the Estimate.

2.11 Depending on its size, any such movement between voted and non-voted spending within a department's spending plans is likely to require agreement through the

Executive's in-year monitoring process, and should also be explained to the department's Committee, as should any large variations between Main and Supplementary Estimates. The department would also need to explain any large variation between Estimate provision and outturn as shown in the Statement of Assembly Supply in the departmental accounts.

2.C. Negative Control Limits

Main Estimates

2.12 A department will only begin a financial year with a negative budgetary limit if it expects to generate more budgetary income than expenditure it incurs, however this is unlikely to occur on the resource side.

2.13 On the capital side, any year in which a department is selling off significant assets or is expecting large repayments of loan principal could result in the capital budget being negative. Again, this is in practice a rare occurrence.

2.14 More commonly there may be a situation where there is more cash than required. This may occur for a pension scheme Estimate where the scheme more than covers the cost of making pension payments from the contributions it receives in respect of current scheme members. In such cases, the Estimate will show a negative net cash requirement.

Supplementary Estimates

2.15 Although a department having a negative budgetary limit is a relatively rare occurrence, reductions in budgets (perhaps because of reduced requirements handled through the Executive's in-year monitoring process) are more likely. The ability to reflect reductions in spending plans by reducing previously voted limits ensures that Estimates will accurately present movements in plans during the year.

Managing negative limits

2.16 There is no real difference in control terms between a department having a voted limit of £1,000,000 or -£1,000,000. The first implies that the department will need Supply of one million pounds and the second that the department will have a surplus income over spending of one million pounds. In either case, the department must stay within its voted limit in order to avoid an Excess Vote. Where the voted limit is negative this entails the department generating income over expenditure of at least the negative amount.

2.17 Where the net cash requirement is negative the department will expect to end the year with a cash surplus. Even though the Assembly has voted the negative limit, departments should not, of course, hold on to more cash than they actually need. Such a surplus would therefore be surrenderable to the Consolidated Fund even though it is not shown as a CFER in the Estimate. Depending on the amounts involved, the expectation of the cash requirement in the following year, etc. the department might either utilise this surplus against Supply in the following year or simply surrender it to the Consolidated Fund soon after the year-end. In the case of any doubt the Government Accounts Branch (GAB) in DoF will advise on the action to take.

2.D. Consolidation of Other Bodies into Estimates

Consolidation Requirements

2.18 Following the Review of Financial Process, departmental Estimates include not only the spending plans of the relevant government department but also those of any other central government bodies (mainly, but not necessarily exclusively, NDPBs) for which the department has responsibility. The consolidation boundary is defined so as to include all bodies classified to central government by the Office for National Statistics (ONS).

2.19 The Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022 gives the Department of Finance the power to designate, by laying an Order before the Assembly, those bodies that must be consolidated. Such Orders list not only the designated body but also the relevant responsible department and, where necessary, the effective period of the designation. Orders will normally be laid around the end of the calendar year and will cover designations for both the current and the next financial years. If necessary, a further Order will be laid shortly before the start of the financial year, adjusting the designations as necessary for the Main Estimates. An Order will list all bodies to be designated and therefore removing a body that was included in an earlier list effectively removes the requirement for its consolidation in that financial year.

2.20 It is important that the Orders presented by the Department of Finance are complete and accurate. Departments will be consulted about their content and should carefully scrutinise their entry.

Co-funded bodies and funding from other UK administrations

2.21 Central government bodies can only be designated and consolidated within the Estimate, and accounts, of one government department. Any co-funded central government bodies (those obtaining financing from more than one department) must have a single sponsor department into which they are consolidated (see HMT's Consolidated Budgeting Guidance for more information on co-funded NDPBs and other arm's length bodies).

2.22 Where a body is financed from both the Northern Ireland Consolidated Fund and also the UK Consolidated Fund or the Consolidated Fund of another Devolved Administration, then the department should contact DoF who will agree with HM Treasury and/or the other devolved administration as to where the body should be designated. Once this is agreed and the body has been designated, all payments to the body will be channelled through the responsible department.

Changes to Designated Status during the financial year

2.23 The designation of a body may change during a year, for example if:

- A new body is created part way through the year;
- ONS reclassify a body into or out of the central government sector; or
- A machinery of government change may move a designated body from one department to another.

2.24 In such cases the Designation Order presented towards the end of the year will incorporate the necessary changes. The effective date will be the start of the financial year except than where the Order states otherwise.

Consolidation of Intra-Group Transactions

2.25 The Estimates, as with the accounts, will be produced at group level and will normally (but see paragraph 2.27 below) need to remove any intra-group transactions. The financing of ALBs through grant-in-aid is automatically excluded from Estimates and budgets but any other intra-group transactions, such as the purchase of shared services by an ALB from the parent department, will need to be removed by the department and not recorded on the RBM database. In such an example, the pre- and post-consolidation differences would be:

Table 2.1: Example of differences between pre- and post-consolidation data in Estimate

	Pre-consolidation	Post-consolidation
ALB buys service from sponsor department	£250,000 DEL cost (appears in relevant ALB section in Estimate)	-
Department receives income from ALB	-£250,000 DEL cost (appears in relevant departmental section in Estimate)	-
Department incurs cost providing service	£250,000 DEL cost (appears in same departmental section in Estimate as the income)	£250,000 DEL cost (appears in relevant departmental section in estimate)
Total in Estimate	**£250,000 DEL**	**£250,000 DEL**

2.26 In the example above the department would record on the RBM database only the spending of £250,000 by the department in providing the service. The payment by the ALB and receipts of income by the department would be excluded from the recording. Nevertheless, the department would still need to hold this information for internal monitoring and control purposes and DoF may request information on such internal budgetary movements.

2.27 The Estimates must include all movements between various budgetary control limits. Therefore, if an intra-group transaction were to involve any such movement (for example, an ALB, whose spending appeared in AME, purchased a service from its parent department, whose spending appeared in DEL) those transactions would need to be included in the Estimate (i.e., they would need to appear on a pre-consolidation basis). This would only apply to such budgetary movements; all other transactions should be in the Estimate on a post-Consolidation basis.

2.28 Presenting the Estimates on a post-consolidation basis (subject to movements between budgetary limits all being included) provides the greatest consistency with the accounts and also ensures that the Assembly is only asked to approve the actual expenditure outside the Estimates boundary and not any offsetting movements of provision within the boundary.

2.E. Treatment of Income

2.29 The Review of Financial Process has also resulted in significant changes to the treatment of income in Estimates. Previously, unless there was specific statutory authority to do otherwise a department would either have to seek specific authority for income to be retained as accruing resources within the Estimate or would have to surrender it to the Consolidated Fund. Such accruing resources were voted by the Assembly as specific limits and any income above those limits would have to be surrendered. In order to better align the treatment of income in both budgets and Estimates the specific control over the amount of income that can be retained has been removed. However, controls over income remain, as set out below.

Defining Departmental Income

2.30 It is usually clear when a department is receiving income (e.g., from the sale of goods or services) but some types of receipt (such as recoveries of over-payments, compensation or statutory fines) may be less clear as to their treatment. In limited cases receipts may be recorded as negative expenditure (rather than increasing income) and some receipts may be due to the Consolidated Fund (and not retainable by the department). The Consolidated Budgeting Guidance should be consulted on recording income in budgets.

2.31 The treatment in Estimates will normally follow that in budgeting but in cases of doubt a department should contact the relevant Supply Team for advice. From the Estimates viewpoint, departmental income (including from asset sales and other capital income) and associated receipts usually has the following characteristics:

- Falling within the departmental budget (non-budget income usually falls within a separate Trust Statement though, as outlined elsewhere, non-budget departmental income is possible); and
- Relating to activities undertaken by the department – i.e. the department is not simply acting as agent for another party.

2.32 The following forms of income are usually treated as a benefit to the budget:

Resource

- Sales of goods and services (charges should be set using the principles in MPMNI).
- Royalties and associated payments for the use of intellectual property rights.
- Sales of licences where there is a significant degree of related service to the individual applicant.
- Licences and levies treated as tax in the national accounts, subject to DoF and Treasury agreement that they may be netted off budgets[1].
- Fines and penalties, subject to DoF and Treasury agreement that they may be netted off budgets.
- Insurance claims.
- Compensation (where the Office for National Statistics treats the income as impacting on the current budget).
- Interest and dividends.
- Income from rent of buildings and land.
- Those donations that are treated as current in the national accounts (donations can be capital as well)
- Income obtained from National Lottery distribution bodies that finances current expenditure.
- Income from the European Union that finances current expenditure.

Capital

- Income from capital asset sales – the book value on disposal scores as income in the capital budget.

[1] "Netting-off" is the usual term for this treatment in budgets but it does not imply net treatment in Estimates. The income appears in the Estimate in the normal way.

- Income from sale of stocks that score in the capital budget.
- Capital grants from the private sector, including developer contributions and capital donations.
- Income received from National Lottery distributing bodies that finances capital expenditure.
- Capital Grants from the European Union.
- Capital royalties.
- Privatisation proceeds (always in AME not DEL).
- Income received from exercising an overage (claw-back) agreement.
- Disposal of financial assets.

2.33 Departments' ability to retain income to be treated as negative DEL is subject to the Executive's approval through the Budget or in-year monitoring process.

2.34 The following categories of benefit would not normally be treated as departmental income in the Estimate:

- Proceeds from taxation and regulatory controls (including certain statutory licences, duties, fines, penalties, etc), which are normally outside of the departmental budget (unless exceptionally DoF and Treasury have agreed that they may be treated as negative DEL or AME in budgets).
- Where the department is simply acting as agent for another party (such as the European Union) and has no direct policy involvement and carries no risk or reward.
- Where the benefit is properly treated as a reduction in expenditure (such as a repayment of a grant credited back to a gross expenditure subhead in the Estimate) rather than as income.
- Any profit element on the disposal of an asset is credited back to a gross resource expenditure subhead in the Estimate rather than being recorded as income.

Tax Type Revenues and Trust Statements

2.35 Where a department collects non-budget tax revenues it will not normally include these as income in either its Estimate or its accounts but will instead produce a separate Trust Statement to report such revenues. However, where the amounts being collected in this way are not material the department may instead elect to report this income in notes to its accounts and Estimate. Further guidance on the use of Trust Statements is provided in the Financial Reporting Manual (FReM).

Authority to Retain and Use Income

2.36 The general constitutional principle is that all income of government departments and other bodies for whom the Estimates are provided must be paid into the Consolidated Fund unless there is express authority to treat it differently. However, DoF has powers Under Section 8 of the Government Resources and Accounts Act (Northern Ireland) 2001 to direct that income included in the Estimates and approved by the Assembly may be retained and used by a department for the purposes specified in the relevant Schedule to the Budget Act and up to the limits set in the Act. This DoF direction takes the form of a minute, laid in the Assembly. The minute directs that the income which it sets out in the Estimate may be used for the purposes described in the ambit. Without such authority the cash must be surrendered to the Consolidated Fund, known as Consolidated Fund Extra Receipts (CFERs).

2.37 In order for a department to retain income and offset it against spending within the Estimate it must: -

- Be classed as negative DEL or negative AME in budgets. (It might, exceptionally, be possible for a department to receive non-budget income to offset against non-budget expenditure in the Estimate but this would be unusual and would need to be specifically agreed with DoF and Treasury).
- Be included within the relevant income ambit(s) in Part I of the Estimate. Any categories of income not properly described in the ambit cannot be retained by the department. This gives formal Assembly and legislative control over categories of income.

2.38 Additionally, other controls and information requirements also help ensure proper control and Assembly oversight of departmental retention and use of income:

- An Analysis of Income Note (Note B to the Estimate, also see paragraphs 3.32-3.36) provides a breakdown of all categories and amounts of expected income. This note expands on the income ambit and also relates the categories of income back to specific sections in the Part II: Subhead Detail table. The department can only retain income of a type included in this note to the Estimate. So, although a department can retain additional income (i.e., above the level included in the Estimate) from an activity of which the Assembly had been made aware, it could not retain income from a completely new activity not included in the Estimate.
- For income from fees and charges, public bodies must ensure compliance with the guidance in MPMNI. The norm is to charge at full cost and public bodies are not in a position simply to increase charges in order to raise additional revenues. Departments, executive agencies, non-departmental public bodies and trading funds must include a report for fees and charges purposes in the notes to their accounts which is in compliance with the requirements of the Financial Reporting Manual.

- Departmental accounts will provide details of actual levels of income as against the level expected in the Estimate. Any differences of more than 10%, or £500,000, whichever is the higher, between the two would need to be explained by the department in the accounts.
- Although the Assembly votes net spending at a high level (e.g., total Resource DEL), the Estimate breaks this into (functional) sections in the Part II: Subhead Detail table. As with expenditure, this gives the Executive a degree of discretion to vary the allocations of income between sections, through virement within voted limits, subject to certain controls.

2.39 The requirement for Estimates to provide 'taut and realistic' information applies equally in relation to income even though it is not specifically voted as a control limit. Where income is greater than related spending, either within a particular section or for a whole voted budgetary limit (e.g., AME Resource), the Estimate will reflect a negative amount. Where a negative voted limit results, the department will need to ensure that sufficient income is generated to meet this limit, or an Excess Vote could result if the department does not correspondingly reduce spending accordingly.

Netting Off Income Against Gross Expenditure in Estimates

2.40 A net subhead or section within the Part II: Subhead Detail table is one where a benefit is directly netted off against gross spending (usually resource but this could potentially apply to capital also) and is not shown or treated as income in the Estimate. It is not necessarily the case that all expenditure within the subhead or section will be offset by income; it may be that only some expenditure is offset in this way.

2.41 In addition, ALB spending is shown net of budgetary income in Estimates. Rather than ALB income being shown in the various income columns it is directly netted off against gross spending, reducing the figures in the relevant gross columns in the Part II: Subhead Detail table.

2.42 The circumstances where net subheads or sections are used include:

- In relation to ALB spending data in the Estimate;
- Where the income comes from elsewhere in the same department (i.e. off-setting intra-group income and expenditure within the same category);
- Where the department is acting as an agent in handling money belonging to another party (A), where party A wishes to pay party B via the department (this is sometimes the case with income from the European Union – see paragraphs 2.44-2.45 below);
- Where the use of net accounting has been specifically authorised by in legislation (e.g., short-term voted loans to trading funds can, under Section 2B(5) of the Government Trading Funds Act 1973, be issued, repaid, reissued and repaid several times during a financial year;

- Certain amounts, such as recoveries of amounts paid in error and the reversal of unrequired provisions (including bad debt), may be netted against gross expenditure where this better reflects the effect of transactions provided this accords with the accounting policies set out in the Government Financial Reporting Manual (FReM). This does not however apply to recoveries from the Consolidated Fund.

2.43 Net subheads or sections should not be used in any other circumstances unless agreed in advance with DoF (which will in turn consult with Treasury and NIAO as necessary).

Income from the European Union

2.44 Certain payments by the European Union (EU) to private sector bodies, local authorities or public corporations may be made via government departments acting as agents for an EU body. In such cases the income is not income of the department and can be treated as a net section/subhead in the departmental Estimate. In such cases, departments should have a clear understanding with the EU body concerned about the extent of their responsibilities as agents. Where the department is involved in policy decisions relating to the payments or makes payments to other parties before the EU monies are received, it is not simply acting as an agent and a net treatment is not appropriate (the department should separately show income and related expenditure in the normal way).

2.45 EU income should normally have the same budgeting treatment as the expenditure it finances (e.g., negative DEL where the expenditure to which it relates is part of a DEL spending programme).

Income from Asset Sales

2.46 When an asset is sold the value of that asset is removed from the balance sheet. In both budgets and Estimates the proceeds from the sale are treated as a capital for the net book value (NBV). Similarly, both budgets and Estimates treat any related profit or loss as impacting on resources. If the proceeds from the asset sale are more than the NBV the department makes a profit, and this profit element is netted-off against resource spending. If the proceeds from the asset sale are less than the NBV the department makes a loss, and this loss element is treated as a resource cost.

2.47 Below are two examples:

i) A department sells an office building for £1,050,000 and the net book value is only £1,000,000 resulting in a profit of £50,000. The department would:

- Treat the £1,000,000 (net book value) as capital income in the Estimate;
- Treat the £50,000 (profit) as a benefit to (netting-off against) gross

resource expenditure in the Estimate.

ii) A department sells an office building for £1,050,000 and the net book value was £1,200,000 resulting in a loss of £150,000. The department would:

- Treat the £1,200,000 (net book value) as capital income in the Estimate;
- Treat the £150,000 (loss) as gross resource expenditure in the Estimate.

ALB Income

2.48 Following the Review of Financial Process, ALBs are consolidated into departmental expenditure in both budgets and Estimates and therefore their income and expenditure is treated in the same way as departmental income and expenditure with details recorded in budgets.

2.49 As mentioned in paragraph 2.40 above, ALB spending plans appear in the Estimate net of allowable (i.e., budgetary) income. This means that the ALB spending that appears in the gross columns of the Part II: Subhead Detail table has already been reduced by the ALBs income. This is done in order to ensure that the controls and restrictions over the use by ALBs of income they generate are no different following the Review of Financial Process than it was previously. The restrictions therefore primarily relate to the budgetary classification of the income (ALBs can generally retain and use income that is negative DEL or AME) and to any restrictions set out in legislation. The income of ALBs is not therefore included within, or restricted by, the income ambit(s) in Part I of the Estimate or the Analysis of Income note.

2.50 Because some lines in department's Estimates may contain expenditure by one or more ALBs, as well as departmental expenditure, it is important that when completing the Estimates, departments' ensure that the expenditure shown in the gross columns of the Part II: Subhead Detail table in the Estimate (i.e. columns 1, 4 and 8) show gross departmental expenditure, plus the net expenditure of any ALBs within that row; and that the income columns (i.e. columns 2, 5 and 9) excludes any income by ALBs.

2.51 Grant-in-aid from a parent department to an ALB is a source of funding, not income.

Treatment of Cash Related to Income

2.52 As with expenditure, income in the Estimate is recognised on an accruals basis. This means that income may offset gross spending in the Estimate well before the related payment is received (e.g., because the department performs a service in one year, and so accrues the income, but isn't paid for the service until the following year). Similarly, a department might receive cash in advance of income being accrued (e.g., a department lets an office on 1 January and the tenant pays six months rental in advance; at the year-end the department has 3 months rental pre-payment (so has cash and a creditor); the department won't accrue the income for the 1 April-30 June rental until the following year).

2.53 Notwithstanding these timing differences, a department may retain and use cash receipts provided it relates to income that is of a type that is authorised to be used by the department.

2.54 In order to be able to know what cash may be retained and what needs to be surrendered to the Consolidated Fund, departments must therefore analyse and differentiate their debtors between that representing budgetary income of a type that is included in the Estimate and other budgetary or non-budget income.

2.55 The table below provides an example of how cash related to income that is retained by the department may offset the net cash requirement either in earlier or later years to that in which the income accrues.

Table 2.2: Income and treatment of related cash

	Income	**Related cash** (Offsets net cash requirement in Estimate)	**Comment**
Year 1	500	-	Department does not receive any cash in Year 1
Year 2	500	700	Department receives all of Year 1 cash plus 200 of Year 2 cash
Year 3	500	1300	Department receives remainder of Year 2 cash plus all of Year 3 cash plus a pre-payment of all of Year 4 cash
Year 4	500	-	Cash for Year 4, and all earlier years, already received

Cash Receipts Greater Than Cash Requirements

2.56 Some departments may generate more cash than they anticipate they will need. This will usually be because the department covers most or all of its costs from income and some of the costs covered have no cash consequences (e.g., depreciation). This situation may well affect a wider range of departments in Supplementary Estimates, where the specific increases in spending in that Estimate are being offset by additional income.

2.57 In such cases the net cash requirement in the Estimate may be negative. This means that the Assembly will vote a negative cash limit and require that the department generates sufficient excess cash receipts to surrender a cash amount to the Consolidated Fund that is at least equal to this negative limit. If the department received less cash than expected, and it was too late to reflect this in a Supplementary Estimate, it would need to reduce spending to remain within the approved overall negative limit. If this were not possible it would incur an Excess Vote.

2.F. Consolidated Fund Extra Receipts

2.58 In some cases income received by the department is recorded as being negative in DEL but must be returned to the Consolidated Fund in the Estimate. These are referred to as Consolidated Fund Extra Receipts (CFERs). The Review of Financial Process should reduce the amount of departmental income that is surrendered to the Consolidated Fund as CFERs. This is due to several issues:

- Departments should normally be able to retain budgetary income (that classed as negative DEL or AME) within the in-year monitoring rules, provided it is of a type anticipated by the department and is included within the Estimate.
- Any tax-type non-budget revenues (e.g., from duties, fines, etc.) should not be treated as departmental income and should instead appear in a separate Trust Statement. Revenue that passes through a Trust Statement will be surrendered to the Consolidated Fund by the department, but not as departmental income.
- If a department brings in more income or cash than it plans to spend it will not directly result in the excess being CFERed (see paragraph 2.17).

2.59 Departmental income and receipts might be expected to be presented as a CFER in Estimates in the following circumstances:

- Where income is in the departmental budget but is not of a type anticipated by the department and included in the income ambit and Analysis of Income note.
- Where departmental income is classed as non-budget by DoF and HMT.

2.60 The Estimate provides detail of expected CFERs in an Analysis of CFERs note (see paragraph 3.37-3.38).

2.61 Where any income or cash is CFERed, it is the responsibility of the department to ensure the prompt pay over of the correct amount to the Consolidated Fund.

2.62 If an overpayment or payment in error is made to the Consolidated Fund, DoF may agree to repay the money, though it will not be able to do so if the account for the year in which the overpayment was made has become indelible and cannot be further amended. If DoF agrees, it will seek approval from the Northern Ireland Audit Office to repay the money from the Consolidated Fund to the relevant departmental account. If it is not possible to make a repayment (e.g., because the department's accounts have been signed-off by the Comptroller and Auditor General) a department can seek provision for repayment through an Estimate. Where a repayment has to be made urgently, an advance from the Consolidated Fund may be sought in order to allow payment before Estimate provision is available.

2.G. Virement

2.63 Virement relates to the reallocation of provision in the Part II: Subhead Detail of an Estimate without the need for a further Supplementary Estimate to be brought to the Assembly. Virement reallocates underspends on one part of the Estimate to cover overspends on another part of the Estimate. Virement cannot be used to increase any voted total even if there is a corresponding underspend in another total.

2.64 Virement between rows and subheads is possible because the Assembly votes the budgetary limits (at Part I of the Estimate) at a higher level than the detail shown in Part II allowing the Executive a degree of flexibility to amend the detail of allocations in subheads. By custom this discretion is exercised on behalf of the Executive by DoF who will only approve virement for movement which would not require Executive approval as set out in the in-year monitoring guidelines.

Role of Northern Ireland Audit Office

2.65 The Statement of Assembly Supply in departmental accounts includes an analysis of outturn against the planned allocations in Estimates. The Comptroller and Auditor General will not give his opinion on departmental accounts before any virement issues have been agreed. It is therefore essential that virement is sought within advised timescales.

2.66 The Assembly is not specifically informed of the exercise of virement, however the Comptroller and Auditor General may report any use of virement to which he considers the Assembly's attention should be drawn.

Virement Rules and Requirements

2.67 The overarching rule governing virement for Northern Ireland departments is that virement cannot be approved by DoF if the corresponding Budgetary consequence would require the approval of the Executive through an in-year monitoring round. The use of virement is subject to the specific rules set out below:

2.68 <u>Virement applies to voted provision only.</u> While, where applicable, Estimates also show non-voted budgetary spending, departments cannot seek to vire provision from a non-voted section into a voted section as this would increase voted expenditure above the limit set by the Assembly. Such a transfer can only be sought through the presentation of a Supplementary Estimate. However, if a department wanted to increase spending on a non-voted section by making savings in another section in the same part of the budget (whether voted or non-voted), it could do so, subject to the Executive’s in-year monitoring rules, without the need for changes to the Estimate (though this should be included if a Supplementary Estimate were being presented for other reasons).

2.69 Virement cannot take place between voted budgetary limits. Virement can only take place within the budgetary limits voted by the Assembly (i.e., Resource DEL; Capital DEL; Resource AME; Capital AME; and Non-Budget). An increase in the provision in any of these limits, even if offset by a reduction in another, would require both the budgetary cover in the limit being increased and a Supplementary Estimate to obtain the necessary Assembly approval.

2.70 There can be no virement between resource and capital provision. This is in line with budgeting rules and reflects the fact that the Assembly votes separate limits for resource and capital.

2.71 Virement can only be applied to cover activities clearly authorised in the Estimate. Provision can only be vired into expenditure covered by the relevant ambit.

2.72 Virement will normally be expected to be to an existing estimate line within the voted limit. The opening of a new estimate line can be agreed where appropriate but this would be exceptional, in view of the constraints within the ambit, and is subject to prior DoF approval.

2.73 Virement is not required between the administration and programme subheads as this is not an Executive public expenditure control.

2.74 Virement is not allowed where:

- The amount involved is significant in relation to the Estimate as a whole (as this would represent a significant change to what the Assembly approved);
- The spending supported by the proposed virement is outside the scope of the ambit or might be viewed as novel or contentious;
- It would imply significant liabilities or spending in future years;
- Virement of resource, capital or non-budget amounts would lead to a consequent breach of the net cash requirement; or
- A particular budgetary provision is ring-fenced and virement would impact on that provision.

Applications for Virement

2.75 Where a department is seeking approval for virement it must send a formal application to DoF. The request should be made as soon as the department is reasonably confident that the outturn figures that will appear in its accounts will not change and must set out the following information:

- The relevant function and subhead in the Estimate for which the department wishes to meet overspend(s) from underspend(s).

- The relevant function and subhead in the Estimate for which the department wishes to use underspend(s) to meet overspend(s).
- Details of the underlying budgetary Units of Business and expenditure record lines effected.
- The reason the overspend(s) occurred and, if relevant, detail of what action has or will be taken to avoid future recurrence.
- A copy of the draft Statement of Assembly Supply to the accounts.
- A copy of any relevant drafts of notes to the accounts (e.g., relating to staff numbers, other costs, income, etc).

Refusal of Virement

2.76 If it is not possible for DoF to approve virement the department will incur an Excess Vote, even if the provision for the Estimate as a whole were underspent.

2.H. Excess Votes

2.77 The Assembly regards taut estimating as essential to proper Assembly control of Supply. This inevitably involves a risk that the sums voted may be exceeded but the Assembly regards this risk as less objectionable than the inclusion in Estimates of margins for contingencies or the artificial manipulation of Supply provision at the end of the financial year.

2.78 Departments must make every effort to ensure that expenditure does not exceed the limits and restrictions as set by the Assembly. Any expenditure outside of these limits will result in an 'Excess Vote'. Such expenditure potentially undermines the Assembly's control over public spending and must be subsequently accounted for to the Assembly. If an Excess Vote appears probable the department must make every effort to avoid the excess by reducing or postponing expenditure on that service, or other services within the budgetary limit. It must not, however, postpone payments that are due and fully matured.

2.79 An Excess Vote may arise because of:

- A breach of the voted Resource Departmental Expenditure Limit.
- A breach of the voted Capital Departmental Expenditure Limit.
- A breach of the voted Resource Annually Managed Expenditure.
- A breach of the voted Capital Annually Managed Expenditure.

- A breach of the voted non-budget limit.
- A breach of the net cash requirement limit.
- The incurring of expenditure on an activity that is not covered by the relevant ambit.
- The use of income to fund spending where the income is of a type not covered by the relevant ambit.
- Refusal of virement by DoF.
- The absence of any other required authority.

Negative Voted Limits

2.80 It is possible for a department to seek approval for a negative budgetary limit or net cash requirement. This is most likely to occur where the department expects to meet all its expenditure from income or to sell significant or valuable assets.

2.81 Where the Assembly has voted a negative limit this implies a net surplus of income over expenditure and the department will incur an Excess Vote if the activities within that budgetary limit fail to generate sufficient surplus income. This might occur because the expected level of income fails to materialise or expenditure is greater than expected. The implications of breaching a negative voted limit are the same as for breaching a positive limit and the procedure for correcting this through the Excess Vote procedure are also the same.

2.82 In such cases the department will have failed to generate the expected level of income/cash and/or to reduce spending accordingly. Such additional spending may be incurred through:

- Financing the spending by managing working capital;
- Non-cash costs (such as depreciation); or
- The improper use of cash that the department is not authorised to retain and use (such as receipts related to income that was due to be surrendered to the Consolidated Fund).

Cash Requirements

2.83 The Net Cash Requirement relates to spending within the Estimate as a whole and is not ring-fenced between any of the other voted limits. If one part of the Estimate (e.g., Resource DEL) generates additional income but doesn't increase spending the department will (all other things being equal) end up with lower outturn than the limits voted for Resource DEL and the Net Cash Requirement. This would automatically offset, in part or whole, any overspend impacting on cash elsewhere in the Estimate.

Procedure for Dealing with an Excess Vote

2.84 An Excess Vote may become apparent just before the end of the financial year (when it is too late to reduce expenditure or otherwise avoid the excess) or some time afterwards (most commonly when accounts are being prepared). Once the relevant accounts are completed and the exact amount of the excess is known and disclosed, the Comptroller and Auditor General reports to the Public Accounts Committee (PAC) following which the PAC will prepare a report to the Assembly.

2.85 The reason for the excess occurring will be fully reflected in these reports. The Assembly is likely to regard expenditure outside of an ambit as particularly unsatisfactory since the department will then have incurred expenditure on activities for which Assembly authority was not sought, even if the amount was within voted limits. Where a voted limit is breached, consideration is given to the reason for the breach and the extent, if any, to which the department was at fault or sought to take remedial action.

2.86 The NIAO and PAC reports are usually produced after the end of the financial year to which the excess relates. Following the PAC's report to the Assembly, DoF presents a Statement of Excesses, alongside a future Main or Supplementary Estimate, that seeks the Assembly's authority for the excess spending.

2.87 If the PAC has reported that it sees no objection to the necessary sums being provided by an Excess Vote, the question on the resolution to approve them is put to the Assembly. This is usually done in the following June alongside the Main Estimates and given authority in the subsequent Budget (No. 2) Act.

2.I. Payments and Transfers of Provision between Departments

2.88 There are several instances where a department might transfer budget provision or make a payment out of Estimates provision to another department. It is important that the correct recording for the transaction is applied and that all the departments involved record the transaction consistently.

2.89 The main types of transactions that take place between departments are: -

- Payments for services: one department buys goods or services from another; and
- Machinery of Government changes: responsibility for a continuing function is transferred from one government department to another.

Payments for Goods and Services

2.90 Where departments provide goods or services for one another, the provider department should generally 'hard charge' the receiving department so that the full costs of meeting departmental objectives can be clearly seen. Hard charging means that the provider department issue invoices for goods and services which the receiving department settles with a cash payment. An example which illustrates a payment for a service is:

2.91 Department A has responsibility for health issues and chooses to meet part of its responsibility for child vaccinations by making a contribution to department B (with responsibility for schools), so that department B can instigate a vaccination awareness programme in schools. This meets the objectives of department A and should be treated as a payment for a service provided by department B. Department A's Estimate should show a payment relating to child vaccinations and department B‟s Estimate should show income (from department A), offsetting expenditure on the vaccination awareness programme. The net cost would fall within department A's Estimate

2.92 The same principle and recording would apply if department A was buying into part of a wider awareness programme where the cost of the vaccination awareness element was judged to be £100,000.

Payments related to Co-Funded ALBs

2.93 Some ALBs are funded from two or more departments. In such cases there must only be one sponsor department responsible for the ALB through which all funding is channelled.

2.94 All departments or other bodies making funding contributions to the spending of the ALB do so through the sponsor department. Such contributions will be treated as grant payments within the department's budget (split between resource/capital and DEL/AME as appropriate). The sponsor department will treat such receipts as negative budgetary grant income. The contributing departments are therefore making a cash payment that equates to their budgetary contribution to the ALB's spending.

2.95 The spending of the co-funded ALB then impacts on the sponsor department (it forms part of its budget, Estimate and accounts) in the normal way. Further guidance on the treatment of co-funded ALBs can be found in the Consolidated Budgeting Guidance.

Machinery of Government Changes and other Transfers of Functions

2.96 This section relates to those circumstances where responsibility for a continuing function is transferred from one government department to another, or where a department is broken up. Where such a transfer takes effect from the start of a financial year and can be anticipated in the Main Estimates for that year no transfer of provision needs to take place through the Estimates; the receiving department will simply take on the new activity as it would for any other new service. Where the transfer takes place in-year, following approval of the Main Estimates, Supplementary Estimates will be required for the affected departments to reallocate the relevant budgetary provision and other spending authority.

2.97 Departments should observe the following key points when reflecting machinery of government changes in their Estimates:

- Machinery of government changes in isolation do not affect overall levels of public expenditure and should not affect the spending power of either the transferring or the receiving department (i.e., neither department should be left better or worse off as a result of the reallocation of budgetary cover or Estimates provision).
- The transfer must completely net out (at all control levels) between the two departments. To the extent that the transferred function now requires provision in excess of that being transferred from the previous department, this is not part of the machinery of government change.
- The reallocation must be completely offsetting and both the transferring and the receiving department must ensure that the information each provides is checked and agreed with the other department to ensure that the information is complete, consistent and correct.
- Departments should start the process of agreeing functions and levels of provision to be transferred as soon as the machinery of government change is decided.
- The receiving department takes on full responsibility for the transferred function, including accountability for the history, and will be accountable for any overspend against the Estimate provision being transferred to it. Note that the transferring department will retain the relevant descriptions from the ambit in order to provide the continuing authority for any spending that took place prior to the transfer.
- If appropriate, DoF will update Accounting Officers' appointments after the relevant Supplementary Estimates have been approved by the Assembly.
- Accounting Officers in both the transferring and receiving departments must have due regard for their responsibilities in the transitional period (i.e., the period after the machinery of government change has been announced and before the Supplementary Estimate is passed) and remember that whilst the transfer may take place in-year the Accounting Officer of the receiving department is accountable for the function for the full financial year. Accounting Officers in receiving departments should ensure that they seek appropriate assurances about values of transferred items and receive all documentation relevant to the function from the transferring department. Conversely, the transferring department must provide the necessary information.

2.98 To give effect to a machinery of government change in a Supplementary Estimate: -

<u>The transferring department will:</u>

- Explain the changes in the Introduction to the Estimate.
- Add a footnote against Part I to explain the changes to the various limits resulting

from this transfer (see paragraph 3.17).

- Remove from the Estimate any provision (voted or non-voted and whether resource, capital or cash) related to the transferred function.
- Remove from the Estimate any income related to the transferred function.
- Amend working capital balances (stocks, movements in receivables and payables, etc) by removing those related to the transferred function.

The receiving department will:

- Explain the changes in the Introduction to the Estimate.
- Add a footnote against Part I to explain the changes to the various limits resulting from this transfer (see paragraph 3.17).
- Add to the ambits (including income ambits if required) in its Estimate any necessary references related to the transferred function (note that the transferring department will also retain detail of the transferred function in its ambit for that financial year).
- Increase its provision by the full year requirement related to the transferred function (setting up new sections within the Part II: Subhead Detail table where necessary).
- Add any income related to the transferred function.
- Amend working capital balances (stocks, movements in receivables and payables, etc) by adding those related to the transferred function.

2.99 The Accounting Officer in the transferring department will continue to have formal responsibility for the transferred function until such time as the Supplementary Estimate and related legislation is approved. From that point onwards the Accounting Officer in the receiving department takes on full responsibility for the transferred function, not only for future actions but for the history also.

2.100 Following the transfer of provision through the Estimates, the receiving department (which will now have the full year's provision in relation to resources, capital and cash for the transferred function) will need to repay the transferring department for any net cash expenditure it has incurred on the transferred function in the year to date. This should be done as soon as possible, and well before the end of the financial year.

2.101 When amending the net cash requirement within the Supplementary Estimate, departments should ensure that the assumptions made as to when any interdepartmental debtors/creditors will be settled are consistent between departments. In particular departments should agree when they expect such balances to be settled in relation to the financial year.

2.J. Prior Period Adjustments

2.102 Prior period adjustments (PPAs) are material adjustments applicable to past years and arising from changes to, for example, accounting policies or the correction of errors. They would be expected to occur relatively infrequently.

2.103 In terms of Supply, there are essentially two types of PPA with which we are concerned:

- Either a restatement of data following a change in accounting standards.
- Or the correction of an error, omission or change in previously reported data.

2.104 Where a PPA results from a change in accounting standards, there is no net impact on budgets and the Supply sought in the prior year Estimate will have been correct at that time. In this case Estimates do not seek voted authority for the PPA but rather identify the accounting policy change and the impact on prior year data in an Accounting Policy Changes Note to the Estimate.

2.105 However, where the PPA results from an error or omission in previous recording, from a change in accounting policy initiated by the department or which is otherwise the result of a departmental action (rather than implementing required changes to accounting standards), there is a potential impact on net budgets and it is proper that the department seeks Assembly authority for the provision that should have been sought. In such circumstances an adjusting PPA should be included within the request for voted Supply in the Estimate.

2.106 This approach negates the need to reopen accounts which have already been closed (i.e., have been signed-off by the Comptroller and Auditor General of the Northern Ireland Audit Office) while securing Assembly approval for any changes in resources financed by Supply due to the adjustments. The consequence is that a Supply Estimate for a particular year may occasionally be used to authorise and regularise expenditure for a previous year.

2.107 Where a PPA is simply included in the accounting policy note to the Estimate there is no misalignment of treatment between Estimates, budgets and accounts. The same approach is not taken with the correction of errors or departmental initiated accounting policy changes because of the need to control budgetary spending and to obtain proper Assembly authority. For such PPAs a misalignment between Estimates and other controls is retained as alternatives would undermine the overall effectiveness of the spending controls.

Recording Prior Period Adjustments in the Estimate

2.108 Where a PPA is voted it appears in the non-budget section within the Estimate. This reflects the fact that the PPA has no impact on current year budget figures (though it might impact on prior year figures) and the PPA should reflect prior-year data only.

Where a change (such as a change in accounting policy) also impacts on the current year, any current year impact should be voted as part of the normal budgetary requirement within the Estimate.

2.109 Once the year in which the PPA has been voted by the Assembly has ended the PPA is removed from the provision for that year and added to the provision for the prior year(s) to which the expenditure properly relates.

- A PPA is included in a Main Estimate in year 3.
- The PPA seeks authority for spending in years 1 and 2 resulting from a change in departmental accounting policy.
- The Main Estimate for year 4 will remove the PPA when showing provisional outturn for year 3 but will add the relevant spending from the PPA to the outturn data for year 2 (and year 1 if it showed that year).

Prior Period Adjustments and Budgets

2.110 Where the PPA results from an accounting change brought in by a new or modified accounting standard, spending and budgets are likely to be restated as a classification change leaving the department no better or worse off than before. However, where the accounting policy change was initiated by the department, or otherwise resulted from a departmental decision, error or omission, it is likely to lead to a restatement of spending that impacts on the department's budget.

Prior Period adjustments and Excess Votes

2.111 Where a PPA resulting from an error or omission in recording is discovered too late to seek or be included in a Supplementary Estimate (or is discovered after the year-end) the lack of any or sufficient related provision in the Estimate for the year in which the PPA should have been included (if discovered before the accounts for that year are concluded) may lead to an Excess Vote even if all current year expenditure was otherwise within voted limits.

3 Content and Format

3.A. Content of Supply Estimates

Presentation of Estimates

3.1 Departmental Supply Estimates are presented to the Assembly by DoF. The format and content of the Estimates is set by DoF to ensure consistency of approach. DoF consults the Assembly, primarily through the Finance Committee and PAC before any significant changes are introduced, and as set out in paragraph 1.29, departments must follow the format as set by DoF.

3.2 Under the provisions of Section 6 (2) of the Audit (Northern Ireland) Order 1987, Supply Estimates for the Northern Ireland Audit Office (NIAO) are laid in the Assembly by the Assembly Audit Committee.

3.3 Under the provisions of Section 18 of the Public Services Ombudsman Act (Northern Ireland) 2016, Supply Estimates for the Northern Ireland Public Services Ombudsman (NIPSO) are laid in the Assembly by the Assembly Audit Committee.

3.4 The remaining Supply Estimates for other Northern Ireland departments, for some other bodies and for a number of pension schemes are published and laid in the Assembly by DoF as a single publication. For completeness, and to facilitate users in accessing information via a single source, this publication includes copies of the Estimates laid for NIAO and NIPSO.

3.5 The RBM database is used to generate much of the data for Main and Supplementary Estimates. It is vitally important therefore that the RBM database holds complete and accurate information. DoF provides departments with templates in the agreed format for each Estimates exercise and departments must follow the format set by DoF for that exercise.

3.6 Estimates are broken down into three main parts:

- Part I: this provides the key information that the Assembly will subsequently be asked to vote on and which will appear in the Budget Act.

- Part II: provides a more detailed breakdown of the data generating the key voted limits set out in Part I.

- Part III: provides supplementary information to help understand the data in Parts I and II and to add information about elements of departmental spending.

3.7 Tables and notes in Main Estimates generally provide not only current year plans but also comparative data for the previous two years; the final provision for the previous year and the final outturn for the year before that. Unlike Main Estimates, the Supplementary Estimate tables and notes generally contain no prior year data (though any prior period adjustments identified in the Accounting Policy note will provide prior year data), focussing only on the current year. However, many Supplementary Estimates tables and notes provide a split of current year data by existing provision, changes sought and revised provision.

Introduction

3.8 The aim of the Introduction to the Estimate is essentially to explain the main purpose of the Estimate. For Main Estimates, the Introduction will usually be fairly short, though it will still want to say in general terms what the provision sought in the Estimate is to be used for and to explain any significant differences compared with provision sought in the previous financial year.

3.9 For Supplementary Estimates, the Introduction will provide a summary of why the Supplementary Estimate is needed and explain significant changes compared with the Main Estimate including a summary of allocations, reduced requirements and other technical adjustments which have taken place through the in-year monitoring round process and will be provided in summary form by DoF.

3.10 It is not necessary for the Introduction to identify every individual change taking place in a Supplementary Estimate and departments can group related, or smaller, changes.

Part I

3.11 Part I of an Estimate provides the key information that will be voted by the Assembly and subsequently given legal authority in a Budget Act:

- Voted resource and capital budgetary limits for both DEL and AME. (Non-voted budgetary spending is also identified in Part I but does not appear in the related legislation.)
- Any voted spending outside the budget.
- The Net Cash Requirement for the Estimate.
- Expenditure and income ambits for each budgetary limit and any voted spending outside the budget.

3.12 It is vitally important that the ambits set out, in concise terms but providing the necessary level of detail, the full list of activities on which expenditure will be incurred or from which income will be generated within the relevant controls as unless it is covered by the ambit description expenditure cannot take place and income cannot be retained.

3.13 An ambit is essentially a function-based description (i.e. it describes the activities relating to the expenditure or income) and the list of activities it contains should read-across, in broad terms, to sections in the Part II: Subhead Detail table. Departments can only incur expenditure if it is within the relevant budgetary and cash limits and is properly reflected in the relevant ambit. Any expenditure outside of that described in the ambits would result in an Excess Vote.

3.14 Separate ambits are required where the Estimate contains any of the following: -

- Voted DEL expenditure.
- Voted DEL income.
- Voted AME expenditure.
- Voted AME income.
- Voted non-budget expenditure.
- Voted non-budget income
- The net cash requirement (NCR) for the Estimate as a whole.

3.15 Departments should follow the following guidelines when considering what their ambits need to contain:

- The purpose of the ambit is to provide an informative and appropriately detailed description of the department's functional activities on which expenditure authorised through the Estimate is to be incurred or generated income retained.
- The description of the activities incurring expenditure or generating income must be sufficiently detailed to satisfy the Northern Ireland Audit Office that any expenditure has taken place and income has been retained only in accordance with the ambit. Notwithstanding this requirement, ambits should seek to be clear and concise, avoiding overly long or wordy descriptions.
- Once an ambit has been approved by the Assembly and been included in legislation it cannot have data removed in subsequent Estimates during that year. Where, for example, there is a machinery of government change, the transferring department will retain the relevant descriptions from the ambit in order to provide the continuing authority for any spending that took place prior to the transfer and the receiving department will add the ambit details relating to the transferred function to provide

the authority for expenditure through to the end of the financial year.

- An ambit being amended in-year can only have descriptions of functional activities added to it and such additions should be made at the end of the existing ambit detail. In the Main Estimate for the next financial year the ambit should be reviewed and amended as necessary, removing functional activities no longer required and grouping the descriptions of included activities in the most logical order.

- The ambit does not need to be constructed as a single long list of activities, broken up only through semi-colons and potentially running on for several pages. The text should be grouped into a logical and helpful order of activities and split into separate sentences and paragraphs where appropriate.

- Functional activities included within the ambit must relate to one or more sections in the Part II: Subhead Detail table. Departments cannot include activities that are not related to provisions included in the Estimate.

- The ambit does not need to list the types of expenditure (or income) related to each activity (e.g. teachers' salaries, purchase of school books, refurbishment of schools), only the activity itself (e.g. primary schools, secondary schools).

- Acronyms should only be used where the term has previously been reproduced in full within the ambit and the acronym shown in brackets afterwards.

- It is not normally helpful to refer to expenditures or incomes as authorised by particular legislation. Virtually all departmental expenditure is authorised through legislation but this rarely needs to be quoted. Rather ambits should describe the functional activities to which the spending or income relates.

- Where departments are required to include the spending of designated bodies within their Estimate (normally, but not exclusively, NDPBs), they do not need to refer to the list of functional activities related to that body, as they would for the department. Instead, the department should either refer to the individual body (e.g. 'expenditure by the Education Authority'), where it is large and/or high-profile, or to a generic group of such bodies (e.g. 'expenditure by HSC Trusts') where there are a number of bodies performing the same general activities. ALB spending appears net of budgetary income in the Estimate and so these bodies are not referred to in income ambits. The treatment of ALBs in ambits reflects their closely defined responsibilities and the arms-length control that is generally applied.

- Where relevant, departments should include a phrase covering non-cash items at the end of each ambit. This may need something other than 'and associated non-cash items', since, for example, non-cash items in AME may be associated with spending in DEL rather than in AME and so are not associated with preceeding text in the

AME ambit. For DEL, something like 'associated depreciation and other non-cash costs' and for AME something like 'provisions and other non-cash costs' should generally suffice. However it is important that departments analyse the costs being reflected and include additional descriptions where this may be necessary.

3.16 Additionally, in Main Estimates a table provides details of amounts already allocated in the Vote on Account and the subsequent balance to complete (or surrender).

3.17 Part I will also contain footnotes, where appropriate, to provide other relevant information. Footnotes must be provided in the following circumstances:

- Where the department or body name has changed since the Vote on Account (in the case of the Main Estimate) or since the Main Estimate (in the case of a Supplementary Estimate), a footnote to the heading above the ambits must state the previous name of the department; the publication in which this last appeared; and the effective date of the change.

- Where provision has been sought within the Estimate for spending on services that are subject to the approval of legislation. An Estimate can include such provision only if the legislation has passed Second Reading prior to the Estimate being published. The footnote must appear against the relevant control limit(s) and state the amount(s) sought; the title of the Bill and confirm that no expenditure will take place unless and until the legislation comes into force.

- Where the department has obtained, or is obtaining, an advance from the Consolidated Fund it should include a footnote (against the relevant control limits) stating how much has been or is to be advanced; the purpose of the advance and when it will be repaid. Since, wherever practicable, the Assembly must be informed of Consolidated Fund advances before they are made, such footnotes will not usually represent the first formal notification to the Assembly, as a notification will usually have been made initially through a written Ministerial Statement.

- Where the Estimate reflects a transfer of functions (machinery of government change) between departments, all departments affected by the transfer (i.e. both those transferring and receiving functions) must provide a footnote. The footnote must appear against the relevant control limits and state the function or functions that are being transferred, the effective date of the change, the other department(s) involved in the transfer, the proposed changes to control limits, voted non-budget limits and the net cash requirement that result from the transfer (which would normally be a reduction in the case of transferring departments and a corresponding increase in receiving departments).

Part II: Changes Proposed (Supplementary Estimates Only)

3.18 This table, which only appears in Supplementary Estimates, identifies the Estimate lines, from the Part II: Subhead Detail table for which a change in provision is sought, together with the amount of the change and any consequential changes to the net cash requirement.

3.19 Only those lines where provision is changing (including those where offsetting changes to gross spending and income mean no net change) are included in this table. Any new estimate lines, not in the Main Estimate, should appear at the end of the relevant control limit (e.g., if voted DEL had lines 1-4 in a Main Estimate and the department added a fifth in the Supplementary Estimate, this would become line 5; if line 5 in the Main Estimate had been the first section in non-voted DEL, this would become section 6 in the Supplementary Estimate; and so on for subsequent sections).

Part II: Subhead Detail/Revised Subhead Detail

3.20 This table provides a useful breakdown of the resource and capital requirements and consists of a matrix that divides the total provision sought into various categories.

- The table is divided vertically into three sections – resource, capital and (in Main Estimates) figures for the prior year.
- Columns 1-7 provide details of resource provision, split by administration and programme, and within each of these by gross spending, income and net expenditure. Columns 8-10 provide the same detail for capital (but without the administration/programme split as all capital is programme). Columns 11 and 12 provide comparative net totals for (total) resource and capital for the previous year. (These figures will usually reflect those in the Spring Supplementary Estimate (SSE) for the previous year but where appropriate will be adjusted to align with current year structure.
- The table is divided horizontally primarily by the relevant budgetary control totals (i.e., DEL, AME, non-budget). These budgetary limits are in turn divided into voted and non-voted spending functions (note that all ***non-budget*** spending included in Estimates will be voted; non-voted non-budget spending, such as movement in working capital, is outside of the Estimates boundary and therefore not included). Within each of these headings the department will create lines that provide a breakdown of spending plans between relevant spending areas. Estimates must be taut and realistic, and departments should therefore include in their Main Estimates appropriate functions they expect to carry out during the course of the year even if the actual amount of spending is somewhat uncertain.

3.21 While the number of lines a department will have in this table will depend on its size and the range of activities it undertakes, the Estimate lines should align directly to the Units of Service which make up the department's structure on the RBM database and upon which the Executive's budget controls are applied.

3.22 In Main Estimates, sections should always have data in them, even if only for the prior year (known as a 'dying line'). Such 'dying lines' should appear at the end of the relevant control limit (i.e., after all the sections with data in the current year). Dying lines are not numbered in the Main Estimate and if they remain unused are omitted from Supplementary Estimates. In Supplementary Estimates a section could have no data if it has been moved (perhaps elsewhere in the Estimate or as part of a machinery of government change).

3.23 In Supplementary Estimates this table is called the 'Part II: Revised Subhead Detail' and, as the title suggests, it reflects changes being sought in the Supplementary Estimate. Its structure is exactly the same as the table in the Main Estimate except that it does not include the columns for prior year comparative data. As with the 'Changes Proposed' table any new functions, not in the Main Estimate, appear at the end of the relevant control limit (e.g., voted resource DEL) with all subsequent functions re-numbered accordingly. Any function for which all data has been removed should nevertheless continue to appear in the same place in the table during that year.

Part II: Resource to Cash Reconciliation

3.24 This table identifies the adjustments necessary to reconcile the net resource and capital requirements to the net cash requirement. The reconciliation works as follows:

- Start with the total net resource and capital requirements (the sum of columns 7 and 10 in the Part II: Subhead Detail table - including both voted and non-voted data).
- Remove non-cash items: depreciation; new provisions and movements in existing provisions; Prior period adjustments; any other non-cash items (these should be agreed with the DoF before being included).
- Adjust for ALB cash requirements by removing all ALB resource and capital provision and adding in the grant-in-aid to be paid to ALBs. (Note that this adjustment means that all other adjustments in this table apply to the the department and its agencies only, ALB data are excluded).
- Adjust for movements in working capital (i.e. stock, debtors and creditors).
- Add the cash required to fund any use of provisions.
- Remove any non-voted budgetary provision (e.g. Consolidated Fund Standing Services, National Insurance Fund, etc).

3.25 Note that adjustments for ALB data are all taken together within the ALB section. The other adjustments, e.g., removing non-cash items, contain departmental data only.

3.26 It is important that the figures in this table are accurate and consistent with those elsewhere in the Estimate. The working capital adjustments should be populated with data as appropriate and for prior years should reflect the accounts: they must not be used to make arbitrary changes to the cash requirement to, for example, provide a contingency against unexpected events. Ensure that all consequential impacts are properly reflected in this table (e.g., the purchase or sale of capital assets will normally have a consequential impact on depreciation numbers).

Part III: Note A – Consolidated/Combined Statement of Comprehensive Net Expenditure and Reconciliation of Resource Expenditure

3.27 The Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) shows the income and expenditure for administration and programme costs that fall within the accounting boundary. It therefore includes both voted and any relevant non-voted items (e.g., CFERs that represent operating income, expenditure financed directly from the Consolidated Fund as a standing service or from the National Insurance Fund). For pension scheme Estimates the equivalent Combined Statement of Comprehensive Net Expenditure (CSoCNE) has a slightly different format as there are no administration costs; details of movements in scheme liabilities, transfers of pensions, pension contributions, etc. are provided. Income and expenditure is presented in the same way it is in accounts and therefore there is no requirement to show ALB spending net of budgetary income as per the Part II: Subhead Detail (see paragraph 2.41).

3.28 The table then includes a summary of how much of the Net Operating Cost falls within each of resource DEL, capital DEL, resource AME, capital AME, or outside of the budget.

<u>Reconciliation to Total Resource Budget</u>

3.29 Adjusting items to reconcile the Net Operating Cost to the Resource Budget are then identified as follows:

- Add any CFERs that are in the budget but fall outside the SoCNE.
- Remove any capital grants (which are reported as resource spend in accounts but treated as capital in Estimates and budget).
- Remove any CFERs that are in the SoCNE but outside the budget.
- Other necessary adjustments.

3.30 The table then includes a summary of how much of the total Resource Budget falls within each category of expenditure (i.e., resource DEL, resource AME.

Reconciliation to Total Resource (Estimates)

3.31 Adjusting items to reconcile the total Resource Budget to the Total Resource (Estimates) are then identified as follows:

- Add any prior period adjustments.
- Add any other voted spending outside the budget.
- Remove any CFERs that are in the budget.
- Other necessary adjustments.

Part III: Note B - Analysis of Voted Income

3.32 Where a department expects to receive income that is within DEL or AME it must provide in this note details of the source of the income and the amount expected. Although the Assembly does not vote a limit on the amount of income that a department can retain, this note helps to safeguard the Assembly's interests both by providing information on the level of income the department expects to receive and also by providing details of the types of income expected and the functions within the Part II: Subhead Detail table against which such income will offset spending. Only types of income set out in this note may be retained by the department. Any other income would have to be surrendered as a Consolidated Fund Extra Receipt.

3.33 The note first provides details of resource income, and then capital. Each of these categories is split by DEL and AME with Resource DEL being further split by administration and programme income.

3.34 Within each of these headings the income is split between various categories such as administration, sales of goods and services, interest and dividends, etc. Under each of these groupings the income is further split by identifying the function lines within the Part II: Subhead Detail table where the income appears.

3.35 The breakdown of income in this note is consistent with the income ambit(s) in Part I of the Estimate.

3.36 Although the Assembly does not vote a limit on the amount of income that a department can retain, Section 8 (1) of the Government Resources and Accounts Act (Northern Ireland) 2001 provides that DoF can specify income to be retained by departments to off-set expenditure. However, DoF will only do so up to the limits and for types of income which have been included in Estimates and considered by the Assembly.

Part III: Note C - Analysis of Consolidated Fund Extra Receipts

3.37 This note begins with a table that provides details of income, and related receipts, that the department is required to surrender to the Consolidated Fund. There are three different categories of CFER set out in this table

- Resource Income in Budgets: such income would be expected to be included in the Estimate and retained by the department. It would normally only be CFERed if it was of a type not authorised in the Estimate because it was by nature of a type which a department would not be expected to retain or perhaps because it was unplanned and unexpected.

- Capital Income in Budgets: again, such income would normally be expected to be included in the Estimate and retained by the department.

- Non-Budget amounts collected on behalf of the Consolidated Fund and in the Operating Cost Statement: most non-budget income relates to the department collecting tax-type revenues on behalf of government and being included in a separate Trust Statement rather than the department's accounts. Departmental income which is outside the budget should be rare and the department should check the treatment with DoF first. This row would be used to record CFERs of income above the limit allowed to be treated as within the budget.

3.38 Below this is a second table, which provides a more detailed description of the various sources of income or receipts that are CFERed. The breakdown of CFER data should be helpful to readers and should aim to provide a brief description of the functional activity from which the department expects to accrue income (and/or obtain receipts). The table also specifies the budgetary treatment of each category of CFER (although CFERs will usually be outside of the budget a department may occasionally have to CFER unexpected DEL or AME income).

Part III: Note D - Explanation of Accounting Officer Responsibilities

3.39 A note setting out the details of whom in the department is accountable to the Assembly for the Estimate. In many cases the single, Departmental Accounting Officer is responsible for all spending set out in the Estimate. It is possible though for separate, additional, Accounting Officers to be appointed for specific sections (function lines) of spending within the Estimate, though the Departmental Accounting Officer will remain responsible for the Estimate as a whole.

3.40 Where the department has consolidated ALBs within its Estimate the Chief Executive of the ALB will normally be listed as an ALB Accounting Officer responsible for spending within the section(s) in the Part II: Subhead Detail table where the ALB spending appears. The section listed may well contain several ALBs' data and so each

ALB Accounting Officer would be responsible only for their body's element of spending within that function.

3.41 Note that it is the Accounting Officer in place at the time of publication whose name should appear. The note should not anticipate future changes that are expected to occur after publication; a department would not publish a Supplementary Estimate simply to note a change in Accounting Officer details.

Part III: Note E - Arm's Length Bodies (ALBs)

3.42 This note lists each arm's length body (ALB) that is consolidated within the Estimate. For each ALB, information is provided on, where its costs appear in the Part II: Subhead Detail table, the amount of resources and capital allocated to that body, and the grant-in-aid paid to the body. If a department had several ALBs and aggregated them within the same function in the Part II: Subhead Detail table this note would be the only place where details of the provision allocated to individual ALBs was available in the Estimate.

Part III: Note F - Accounting Policy Changes

3.43 This note should set out details of any changes to the department's accounting policies since the previous year's Main Estimate. This includes both changes required by international accounting standards and changes resulting from departmental decisions. Consistency is important to ensure similar treatment of like items within each accounting period and from one period to the next to enable comparison of successive years' accounts, for example to identify trends in income and expenditure. Therefore changes in departmental accounting policies and practices should generally only be made when those changes will result in fairer presentations.

3.44 The note also provides details of any prior period adjustments impacting on the Estimate. The note identifies whether a prior period adjustment is voted in the Estimate (because it relates to an error or omission in a prior year) or is non-voted (because it results from a change in accounting standards). Details of the adjusted figures for the current and previous two years should be provided.

Part III: Note G - Expenditure Resting on the Sole Authority of the Budget Act

3.45 The new services rules generally provide that public spending should only take place where the Assembly has specifically authorised the activity in legislation. However, under certain circumstances (set out in paragraphs 1.9-1.12) the Budget Acts can be used as the sole authority for public expenditure. Where the department does rest expenditure on the sole authority of the Supply legislation it must list the expenditure in this note to the Estimate.

3.46 This note should identify: the budgetary control limit; the section within the Part II:

Subhead Detail table where the expenditure is located; the service that is resting on the sole authority of the Act; the amount involved; an explanation of why the department is relying on sole authority of the Budget Act; expected timescales; and, where applicable, details of required legislation.

Part III: Note H - Gifts

3.47 Where departments wish to make a gift worth more than £250,000 and have time to notify the Assembly in their Estimate (Main or Supplementary depending on timing) they should use this note to provide details of the gift and the amount involved. There are two main categories of gifts: those where a department is giving away something it already has; and those gifts, whether asset or cash, which it plans to obtain in order to give it to a third party (see also Managing Public Money Northern Ireland Annex 4.12).

Part III: Note I - Contingent Liabilities

3.48 Expenditure is authorised by the Assembly on an annual basis and it is not bound in advance to authorise funds needed to honour any liabilities, unless the liability has been charged by statute directly on the Consolidated Fund. In preparing Estimates departments are required to bring forward requests for resources on the basis of planned expected expenditure. Contingent liabilities are dependent on the outcome of particular events and are not included in Estimates because the related expenditure is not expected to arise in the relevant year or cannot be quantified.

3.49 This note is used to advise details of any contingent liabilities in force which, if they matured, would require the voting of additional expenditure beyond that included in the Estimate. The inclusion of a contingent liability in this note does not replace the requirement that departments must separately report to the Assembly any contingent liabilities that are outside its normal course of business and potentially for more than £250,000 in value (Managing Public Money Northern Ireland Annex 5.5 refers).

Part III: Note L - International Subscriptions

3.50 International relations are not a devolved matter therefore it is not envisaged that Note L will be required for Northern Ireland Estimates except in very exceptional circumstances.

3.51 International organisations are not subject to scrutiny by the Northern Ireland Audit Office and hence Assembly control is weakened. Significant subscriptions (those of more than £1 million) should be listed in this note. In addition, international subscriptions of more than £1 million and any that are large in relation to the rest of the budgetary provision should be shown in their own section in the Part II: Subhead Detail or identified in a section containing related data.

3.52 This note should include details of the budgetary limit and function/subhead (within the

Part II: Subhead Detail table) where the expenditure is located; the body receiving the subscription; and the amount involved.

3.B. Estimates Publications

Main Estimates

3.53 The Main Estimates set out, at departmental level (consolidating ALBs and other central government bodies for which a department has responsibility), the Executive's spending plans and seek the Assembly's authority for provision for the new financial year. They reflect departments' opening allocations for the year based on the Executive's agreed budget and are normally considered by the Assembly in May or June.

3.54 The Main Estimates document is published by DoF and presented to the Assembly by the Finance Minister. This includes Estimates for all departments and other bodies seeking voted authority. While the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman have separate arrangements for the laying of their Estimates, for completeness, and to facilitate users in accessing information via a single source, this publication also includes copies of their Estimates.

Revised Estimates

3.55 While unusual, it is possible that departments' requirements could significantly change between the presentation of a Main Estimate or Spring Supplementary Estimate and consideration of the Budget Bill, and the position could arise where, without an adjustment, the Assembly could be in the position of being asked to vote a provision which is known to be substantially incorrect. In such circumstances a Revised Estimate can be presented to replace the original Estimate however this can only be done if the original Estimate has not already been approved by the Assembly and if the change is significant enough to justify a Revised Estimate rather that awaiting a later Supplementary Estimate process.

3.56 A Revised Estimate cannot be used to seek an increase in budgetary or cash limits and increases for these should be sought through presentation of a Supplementary Estimate.

3.57 A Revised Estimate will look much like the Estimate that it replaces with any new sections incorporated into the Part II: Subhead Detail table under the appropriate budgetary limit. Any changes reflected in the Revised Estimate compared with the Estimate previously presented should be explained in the introduction.

3.58 The use of a Revised Estimate would be extremely rare and if a department considers a revised Estimate to be necessary it should contact DoF for advice.

Spring Supplementary Estimates

3.59 Spring Supplementary Estimates are normally presented in late January or February to reflect final budgetary allocations for the year taking into account changes made through the Executive's in-year monitoring round process and may increase, reduce or reallocate provision compared to the Main Estimate position.

3.60 A department will need to present a Supplementary Estimate in order to:

- Seek additional voted spending provision (DEL/AME/Non-budget, resources/capital, and/or cash);
- Reallocate voted spending provision between budgetary limits (eg from resource DEL to capital DEL) or within a budgetary limit where virement is not appropriate;
- Reduce voted spending provision;
- Amend an ambit to add new areas of expenditure or income.

3.61 Although a department would not usually present a Supplementary Estimate simply in order to amend non-voted budgetary provision or the estimated level of income for a particular activity, all such information should be updated as appropriate when a Supplementary Estimate is presented.

Additional Supplementary Estimates

3.62 Exceptionally an Additional Supplementary Estimate may be presented at any time during the year. It is brought to the Assembly only where urgent additional provision is needed at short notice which cannot await the normal timing for Main Estimates or Spring Supplementary Estimates or be met through a contingency advance from the Consolidated Fund.

3.63 The legislative timetable and pressure on Assembly time means any window of opportunity to present an Additional Estimate after the normal Spring Supplementary Estimate in late February or March is likely to be very short and the Assembly will only agree to accept such an Estimate where the most pressing and exceptional circumstances apply.

New Estimates

3.64 A New Estimate is required where a new department is established after the Main Estimates for the year have been presented to the Assembly in order to give it legislative authority to incur expenditure.

3.65 A New Estimate takes the same form as a Main Estimate and will include prior year comparative data for any functions transferring from other departments.

Vote on Account

3.66 Since formal authority to spend the provisions included in Main Estimates is not normally granted until June or July (when Royal Assent is given to the related Budget Act), provision for the early months of the financial year is provided through what is known as a 'Vote on Account'. The Vote on Account in respect of a financial year is normally presented to the Assembly in January or February, prior to the start of the financial year in question and alongside the Spring Supplementary Estimates for the previous financial year and is included as a legislative provision in the associated Budget Bill.

3.67 The amount of Vote on Account provision allocated to a department is normally a standard of 45 per cent of the budgetary and cash limits already voted for the corresponding services in the current financial year (i.e., in the Spring Supplementary Estimates). This is usually sufficient to cover departmental expenditure on continuing services until the Budget (No. 2) Act is passed but is also not so high as to prejudge the Assembly's consideration of the Main Estimate.

3.68 The Vote on Account is circulated to departments in draft to provide an opportunity for changes to the amounts (or perhaps to department names or to add footnotes) to be sought. Departments should consider whether the standard 45 per cent allocation is appropriate to their spending profile and seek either a higher or a lower amount. Where departments do want to seek additional provision in the Vote on Account they must provide suitable justification to DoF. DoF will consider approving a request for additional provision in the Vote on Account where:

- A change in content of continuing services within an Estimate is anticipated (e.g. because of a transfer of responsibility between departments).

- The budgetary treatment of a continuing service changes (e.g. moving from DEL to AME), requiring an associated adjustment to the Vote on Account for those budgetary limits.

- The profile for the use of budgetary provision and/or cash is expected to be significantly different during the early months of the incoming financial year (e.g. if proportionately more contractual obligations arise in the first few months).

- Provision is required in relation to a new service for which there is no provision in the current year but for which Assembly authority through enabling legislation already exists, or has at least completed second reading before the Vote on Account is presented to the Assembly.

3.69 If provision is made for a new service, the Vote on Account must be footnoted to identify the Act or Bill involved. Any provision made available by way of a Vote on

Account for a new service must not be used, either to finance that service or any other expenditure on the Estimate, until the enabling legislation has come into force. Once the enabling legislation comes into force the expenditure provided in the Estimate can be incurred without further reference to DoF. Departments should consult DoF if they wish to use Vote on Account provision for urgent expenditure on a service for which it did not provide.

3.70 If enabling legislation has not completed its Second Reading in the Assembly or Assembly authority for the new service is to rest on the sole authority of the Estimate and the confirming Budget Act, no provision for related expenditure should be sought in the Vote on Account.

3.71 Where the department covers all expenditure through income no provision should be sought in the Vote on Account. The continuation of the service into the new financial year should however be made clear by listing the Estimate in the Vote on Account, albeit with zero provision. Vote on Account provision should never be less than zero.

Statement of Excesses

3.72 The Statement of Excesses sets out the amounts of budgetary provision, cash and/or adjustments to ambits that the Executive requests the Assembly to grant through Excess Votes. Excess Votes are requested if voted Estimate expenditure has exceeded, or otherwise breached, the provision in any of the Estimates approved by the Assembly and authorised in Budget Acts. Any excesses are rounded up to the next full £'000

3.73 The Statement of Excesses is normally presented to the Assembly in May or June, alongside Main Estimates, some fourteen months after the end of the financial year to which it relates, if the Public Accounts Committee (PAC) has reported that it sees no objection to the sums necessary being provided by Excess Vote. Authorisation of additional voted budgetary provision and issues from the Consolidated Fund in respect of Excess Votes are given legislative authority in the Budget (No. 2) Act.

3.74 The information on Excess Votes is obtained from a NIAO report to the PAC. The Statement of Excesses can only be presented to the Assembly once the PAC has considered the NIAO report and has presented its own report to the Assembly. The timing of this can vary and the Statement of Excesses may well be presented after the next Main Estimates if the processes aren't completed in time.

3.75 The Statement of Excesses is an Assembly paper. It is produced by DoF and is circulated to those departments with Excess Votes in draft for checking and comment. Much of the commentary on the reason for the Excess Vote will be taken from the NIAO report and there will be limited opportunity for amendment.

4 Alternative Spending Authorities

Consolidated Fund Standing Services

4.1 As was made clear at the start of this Manual, all public spending must have Assembly authority. Although most such spending by government departments is authorised through the annual Estimates process some charges are instead authorised by the Assembly in statute as payable directly from the Consolidated Fund without the need for further annual authorisation. These are known as Consolidated Fund Standing Services

4.2 Examples include: some salaries and pensions of judges and certain other individuals e.g., the Comptroller and Auditor General.

4.3 Since they do not need further authority from the Assembly such expenditures appear in the departmental Estimate as non-voted budgetary provision. Similarly, they are removed in the Part II: Resource to cash reconciliation table as the department obtains the necessary cash directly from the Consolidated Fund without the need for further authority.

Advances out of the Consolidated Fund for civil contingencies

4.4 Section 6 of the Financial Provisions (Northern Ireland) Order 1998 gives DoF the ability to make repayable cash advances from the Northern Ireland Consolidated Fund to departments for urgent services in anticipation of provision for those services being authorised by the Assembly. The Assembly has recognised that there will sometimes be circumstances where the requirement for expenditure on some services – existing or new – is so urgent that it cannot await the voting of provision under the normal Supply procedure.

4.5 DoF may authorise advances out of the Consolidated Fund provided that the sum of such advances remaining unrepaid to the Consolidated Fund at any time does not exceed 2 per cent of the authorised supply expenditure for the previous financial year.

4.6 Use of advances from the Consolidated Fund to finance expenditure which requires specific legislation should be considered exceptional. It must be regarded as particularly exceptional for a new service since this will almost always involve anticipating subsequent Assembly approval through the normal Supply procedure. Consequently, it is always preferable to wait for the Assembly to vote the necessary provision if at all possible.

4.7 Use of advances from the Consolidated Fund can only be considered where it would clearly be contrary to the public interest to delay expenditure until Assembly approval has been obtained and where there are no reasonable grounds to doubt that the Assembly is willing to approve any necessary enabling legislation, the increased net cash requirement and any associated resource or capital provision.

4.8 Advances from the Consolidated Fund may not be used to finance Consolidated Fund Standing Services in advance of Assembly approval or new works programmes, as distinct from existing programmes; although advances for additional cash, in advance of Supply, which related to capital and fell within the circumstances set out at paragraphs 4.13a and 4.13d are not restricted. Also, an advance from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998 cannot retrospectively regularise spending that was undertaken prior to the advance being sought.

4.9 Before deciding whether to seek an advance from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998, departments should consider the proposal against the following tests:

- Genuine urgency in the public interest: where it would be inappropriate to postpone the expenditure until the necessary funds have been voted. The criterion is not administrative convenience but urgency in the public interest. (This public interest test cannot be met by reference to ministerial or official commitments having been made or to administrative convenience. Issues such as cost benefits, other efficiencies, health and safety, etc. are what count in this respect.

- Near certainty that any related Bill will become law: thereby providing proper Assembly authority for the service, without which the advance could not be repaid. Successful passage of the Bill through Second Reading in the Assembly is essential (see Box 4.1 below) but may not be sufficient.

Box 4.1: Use of the Contingencies Fund after Second Reading of enabling legislation

The issue is whether the Executive is prepared to take the responsibility of assuming that legislation being considered by Assembly will pass into law and, on that assumption, to incur expenditure by the use of an advance from the Consolidated Fund. In any event, an advance should never be made until the legislation has had a Second Reading (i.e., there is an Assembly expression of support for the principle of the Bill).

When the equivalent situation was being considered in the UK Parliament during the passage of the Contingencies Fund Bill in 1974. The then Financial Secretary said:

"The Contingencies Fund cannot be drawn upon for any purpose for which the statutory authority of Parliament is required until legislation seeking authority has been given a Second Reading."

4.10 If the amounts of cash and associated budgetary provision involved are very large, or the proposal is potentially contentious (i.e., there is some doubt as to whether the Assembly will be willing to approve the provision), DoF might need to consider the case for the presentation of a Special Supplementary Estimate, to be followed by its own Budget Bill. Given the impact on Assembly time this process would have it could only be followed in the most exceptional circumstances.

4.11 Whether or not recourse is made to an advance from the Consolidated Fund for cash, departments must notify the Assembly. Executive approval (confirmed through a statement to the Assembly by the DoF Minister) is required for any urgent resource commitment entered into in advance of Supply. Such instances would be extremely rare, and allocations are most likely to be dealt with as part of an in-year monitoring round. The advance from the Consolidated Fund is not relevant to resource only commitments since it is a cash fund and there is no resource equivalent. Nevertheless, departments should normally notify the Assembly by way of a Ministerial Statement where a commitment is made in advance of Supply. Written statements relating to such commitments are not required where:

- The resource requirement arises from a sudden write-down of an asset (e.g., as a result of fire or flood damage).
- The resource requirement is associated with an Excess Vote that is being referred to the Public Accounts Committee.

4.12 Announcements relating to proposed increases in control limits with no implications for the net cash requirement must be arranged with the relevant DoF Supply team.

Categories of Advance

4.13 Subject to the satisfaction of conditions, DoF may authorise advances from the Consolidated Fund under the following categories:

a) During the Vote on Account period, to meet urgent cash requirements (other than supporting a new services) in excess of the net cash requirement granted in the Vote on Account: the Vote on Account provision is normally sufficient and there is little call on for advances under this category. Should the advance be required to support a resource/capital allocation by the Executive for existing services during the Vote on Account period, the Assembly should be given advance notice of the intention to use an advance as for categories (b) to (d) below.

b) To meet the cash requirement supporting an urgent service which the Assembly has already approved through specific enabling legislation but for which existing provision is not available: if provision for the service is not already provided for in an Estimate before the Assembly, the necessary provision must be sought at the next opportunity.

This will involve an amendment to the ambit of the relevant budgetary limit, whether or not additional resource, capital and/or cash are also required. The advance is repaid as soon as the Assembly has approved the relevant Estimate. The approval of the DoF Accounting Officer is required for this category of advance.

c) To meet the cash requirement supporting a new service which is urgent and cannot await Assembly approval of both the specific enabling legislation and the necessary Estimate: repayment of the advance from voted provision is made from the Estimate as soon as the legislation and subsequent Estimate has been approved by the Assembly. Approval must be sought at the earliest opportunity and, wherever practicable, within the same financial year. This category also includes new services which will rest on the sole authority of the Budget Act. The approval of the DoF Accounting Officer is required for this category of advance.

d) To meet a further urgent cash requirement for existing services when provision for the total net cash requirement on the Estimate is exhausted: normally, the advance is made pending Assembly approval of the Spring Supplementary Estimate. Advances for existing services entail the greatest call on advances from the Consolidated Fund. The Assembly should be given advance notice of an advance when it supports an additional resource or capital allocation by the Executive for spending on existing services.

e) In the case of an Estimate where expenditure is largely financed from income, advances may be made in anticipation of the receipt of cash associated with such income: such advances should be repaid as soon as receipts have caught up with expenditure. If it becomes apparent, or most likely, that receipts will fail to materialise within the financial year, the department must submit a Supplementary Estimate to increase its net cash requirement and repay the advance.

Applying for an Advance

4.14 In seeking an advance from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998, and approval to commit resources, departments must be satisfied that the functions giving rise to the expenditure are not subject to any restrictions imposed by statute or by propriety, including any relevant undertakings given to the Assembly.

4.15 If a department requires an advance under categories 4.13a–e above, it should submit its application through its DoF Supply team to the Estimates Clerk. The application should:

- Clearly indicate the category into which the advance falls.
- Clearly state the amount sought (in both numbers and words).

- Indicate the date by which the advance is required.

- Provide a full justification for the cash advance, and any associated resource/capital.

- Explain the urgency of the expenditure (i.e., why it cannot await the normal Assembly process).

- Where relevant, explain why there is no reasonable doubt that the Assembly would be willing to approve the expenditure. As part of this, say when Second Reading took place and refer to any relevant comments made in the Assembly.

- Say when the advance is expected to be repaid.

- Confirm that the department's Minister iss upports the request for an advance from the Consolidated Fund.

- Applications falling under 4.13.b and 4.13.c must be accompanied by draft input for the Assembly Statement which will be made by the Finance Minister (see below), as should those for 4.13.a and 4.13.d when the cash advance supports an additional resource/capital allocation for existing services. Advances under 4.13.e are not subject to Assembly announcement

4.16 Where advances are made under categories 4.13.b or 4.13.c the relevant DoF Supply Team must prepare a submission, which contains the detail required above, to the DoF Accounting Officer. It should be cleared with the Treasury Officer of Accounts in advance and should indicate whether they support or object to the application (providing details of any objections).

4.17 If content, and subject to the approval of the DoF Accounting Officer for advances under 4.13.b or 4.13.c, the Supply Officer will confirm to Government Accounts Branch that the request for an advance complies with the requirements of Section 6 of the Financial Provisions (Northern Ireland) Order 1998 and that the advance is approved.

Informing the Assembly

4.18 The Assembly must, whenever practicable, be given advance notice of the intention to use an advance from the Consolidated Fund and, where appropriate, to consume additional resource/capital. Any intention to consume additional resources/capital will normally be notified to the Assembly through the in-year monitoring process.

4.19 DoF will normally only authorise an advance after the notification to the Assembly has been made, or at least arranged. The circumstances in which advances may be agreed before notification to the Assembly are limited to cases:

- Where the urgency justifies making the advance before a statement has been made

- That arise during an Assembly recess and so notification cannot be made until the Assembly returns

4.20 A footnote should be added to Part I (regardless of whether a Ministerial Statement has already been made) of the Main or Supplementary Estimate, usually in one of the following forms, as appropriate:

- “[£x] has been advanced from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998 to provide cash in respect of [£x] [resource/capital] [DEL/AME] spending supporting the service provided for under section [x] of this Estimate. A corresponding cash amount is required to enable repayment to be made to the Consolidated Fund [by xxx].”

  or,

- “[£x] has been advanced from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998 to provide for a deficient net cash requirement. A corresponding amount is required to enable repayment to be made to the Consolidated Fund [by xxx]. There are no implications for resources/capital supporting the services provided for in the Estimate.”

4.21 The Assembly’s Estimates and Budget Bill process is normally completed in a relatively short period of time, however where it is known that an advance will be made after Main or Supplementary Estimates have been presented to the Assembly, but before the corresponding Budget Bill will have received Royal Assent; the following form of words may be used in a footnote to Part I of the Estimate as an alternative to an announcement through a Ministerial Statement:

- “Pending passage of the Budget Act, urgent cash expenditure of [£x] in respect of [£x] [resource/capital] [DEL/AME] spending supporting the service provided for under section [x] will be met by repayable advances from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998. A corresponding amount is required to enable repayment to be made to the Consolidated Fund [by xxx].”

  or,

- “Pending passage of the Budget Act, urgent cash expenditure of [£x] will be met by repayable advances from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998. A corresponding amount is required to enable repayment to be made to the Consolidated Fund [by xxx]. There are no implications for resources/capital supporting the services provided for in the Estimate.”

4.22 Where appropriate, the word “service” is replaced by “new service”. The footnotes are for information only, and do not preclude further advances from the Consolidated Fund.

4.23 Where noting an Estimate in advance is not possible the intention to use an advance from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998, and use any associated resource/capital, will be announced through a Ministerial Statement by the Finance Minister. A commonly used form of words (which should be preceded by a fuller explanation of the circumstances leading to the advance, or of the new arrangements in the case of new services) is as follows:

- "Assembly approval for additional [resource/capital] of [£x] for this new service will be sought in a Supplementary Estimate for [department]. Pending that approval, urgent expenditure estimated at [£x] will be met by repayable cash advances from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998."

4.24 If the Assembly has already approved the new service through enabling legislation (relevant to category 4.13.b advances) the announcement of the advance will not refer to seeking authority for the service, but should instead say:

- "Assembly approval for additional [resources/capital] of [£x] for this new expenditure will be sought in a Supplementary Estimate for [department]. Pending that approval, urgent expenditure estimated at [£x] will be met by repayable cash advances from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998."

4.25 Where an advance is made under category 4.13.a or 4.13.d that supports additional resource/capital, the statement should say:

- "Assembly approval for additional [resources/capital] of [£x] will be sought in a Supplementary Estimate for [department]. Pending that approval, urgent expenditure estimated at [£x] will be met by repayable cash advances from the Consolidated Fund under Section 6 of the Financial Provisions (Northern Ireland) Order 1998."

Repayment of Advances

4.26 No final charge is permitted to rest on the Consolidated Fund as a result of an advance under Section 6 of the Financial Provisions (Northern Ireland) Order 1998. Assembly authority is therefore needed to enable sums advanced are repaid to the Consolidated Fund. In such cases, the necessary provision should normally be sought in the Estimates round of the financial year. Repayment of advances for voted services must normally be provided for in Supplementary or Special Estimates in the same year as the advance. Only in cases where the enabling legislation has not been passed during that year can, and must, the necessary Estimates authority to repay the advance also wait until the following year.

4.27 Where an advance remains outstanding at the end of the financial year it will normally impact on the department's net cash requirement for outturn purposes and could result in an Excess Vote. This applies to all categories of advance except for those under category 4.13.c (which is made in anticipation of both the specific enabling legislation and the necessary Supply Estimate), where the enabling legislation does not have Royal Assent by the end of the financial year (in which case it is not possible for the department to repay the Contingencies Fund advance).

4.28 Other than for advances under categories 4.13.c where the department has not repaid the advance by the financial year-end, the departmental accounts should show the cash spend financed by the advance under Section 6 of the Financial Provisions (Northern Ireland) Order 1998 as part of the department's net cash requirement. Failure to repay the advance could therefore lead to an Excess Vote through a breach of the net cash requirement. (In the case of an advance under category 4.13.c, where the enabling legislation remains to be authorised by the Assembly, it would not be appropriate to include the expenditure within the department's net cash requirement since the department would have no authority to include such expenditure within its Estimate. In this case the accounts would need to record the amount of the Contingencies Fund advance as an increase in creditors.).

4.29 For advances other than those under categories 4.13.c the department must ensure that any advance under Section 6 of the Financial Provisions (Northern Ireland) Order 1998 is repaid by the financial year-end. Where the advance is made in anticipation of cash receipts related to income (category 4.13.e) the department must monitor the progress in obtaining the receipts and if it looks as though they will not arrive by the year-end the department must seek a Supplementary Estimate to reflect an increase in debtors and obtain the cash to repay the Consolidated Fund advance.

Budget Cover

4.30 A Consolidated Fund advance provides cash for urgent expenditure; it does not provide any budgetary cover for associated resource or capital expenditure. Consequently, where a department seeks a Consolidated Fund advance it will separately need to ensure that it has the necessary budget cover (DEL or AME) to support the underlying expenditure.

Accounts of the Consolidated Fund

4.31 The accounts of the Consolidated Fund record all advances and repayments in a year and show any balances outstanding at 31 March. They are audited by the Comptroller and Auditor General for Northern Ireland and, with his report (if any), are presented to the Assembly. Because most advance under Section 6 of the Financial Provisions (Northern Ireland) Order 1998 will represent an anticipation of Assembly authority, there is likely to be close Assembly interest in the use of the Consolidated Fund for such purposes.

Accounting for Advances in Departmental Accounts

4.32 Advances from the Consolidated Fund to finance contingencies for services should be treated as a creditor, repayable from Supply cash subsequently voted by the Assembly. Advances and repayments are therefore included with other financing items in the Statement of Cash Flows and should not be treated as income or expenditure on the face of the department's Statement of Comprehensive Net Expenditure. Departments should explain any excess net cash requirement in line with FReM requirements.

5 Glossary

Accounting Officer	A person appointed by the Department of Finance (DoF) or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. By convention the appointee is usually the head of a department or other organization, or the Chief Executive of an arm's length body (ALB). The Accounting Officer appointed by DoF for a department (the Departmental Accounting Officer) is responsible for the Estimate as a whole and for preparing the associated consolidated accounts.
Accounts	A report of the income and expenditure outcomes for a particular year prepared on an accruals basis by a department or body in line with the government Financial Reporting Manual (FReM).
Ambit	Ambits are set out in Part I of the Estimate and specify activities that approved expenditure may be used to fund and sources of income that can be retained to off-set against expenditure. Separate ambits are required for both expenditure and income in each budgetary category in the Estimate (DEL, AME and non-budget).
Annuality	The concept that provision and spending authority apply only to the year or other period to which they relate and cannot be carried forward to future periods.
Annually Managed Expenditure (AME)	That part of Total Managed Expenditure (TME), which does not fall within Departmental Expenditure Limits (DELs). Expenditure in AME is generally less predictable and controllable than expenditure in DEL.
Arm's Length Body (ALB)	A non-departmental public body (NDPB), a company in which the department has a significant shareholding or other sponsored body over which the department has a significant level of control.
(The) Budget	The Executive's expenditure plan for the financial year.
Budget Acts	Acts of the Assembly which give formal approval to departmental Estimates. There are usually two such Acts each financial year: the Budget (No. 2) Act is presented in June and authorises the Main Estimates and any Statement of Excesses relating a prior year, and the Budget Act is presented in February/March and authorises Supplementary Estimates, Vote on Account for the forthcoming year.
Budgetary Controls	The means by which the Executive plans and controls expenditure to meet its objectives.

Capital Grant	(See 'Grant' below). In account, a capital grant scores as resource spending but in budgetary terms it scores as capital because an asset is created within the economy.
Capital Income or expenditure	Related to the sale or purchase of assets. The value must usually be above a certain capitalisation threshold and the asset must be expected to be used for a period of at least one year. It includes the purchase of buildings, equipment and land. The threshold is set by each body: items valued below it are not counted as capital assets, even if they do have a productive life of more than one year.
Central Government Body	Departments and their executive agencies, non-departmental public bodies. The Office for National Statistics determine which bodies are classified to central government.
Comptroller and Auditor General (C&AG)	The head of the Northern Ireland Audit Office who is appointed by the Crown and is an Officer of the Northern Ireland Assembly. As Comptroller, the C&AG authorises the issue by the Department of Finance (DoF) of public funds from the Consolidated Fund of Northern Ireland to government departments and others. As Auditor General, the C&AG certifies the accounts of government departments and most other public bodies and carries out value-for-money examinations.
Consolidated Fund (of Northern Ireland)	The Executive's current account, operated by the Department of Finance (DoF), through which passes most government payments and receipts.
Consolidated Fund Extra Receipt (CFER)	Income, or related cash, that passes through a department's accounts but may not be retained by the department and is surrendered to the Consolidated Fund.
Consolidated Fund Standing Service	Payment for a service which the Assembly has decided, by statute, should be met directly from the Consolidated Fund rather than being voted annually by the Assembly.
Contingent Liability	Potential liability that is uncertain but recognises that future expenditure may arise if certain conditions are met, or certain events happen.
Departmental Expenditure Limit (DEL)	A Public Expenditure budgetary control. DEL spending forms part of Total Managed Expenditure (TME) and includes that expenditure which is generally within the departments control and can be managed with fixed multi-year limits. Some elements may be largely demand led.
Depreciation	A measure of the wearing out, consumption or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through technological or market changes.
Estimate	A statement of how much money the Executive needs in the coming financial year, and for what purpose(s), and by which government department or other body it is sought.

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Excess Vote	The means by which excess expenditure or otherwise unauthorised expenditure of cash, capital or resources is regularised through an additional vote by the Assembly.
Executive Agency	A body established to undertake the executive functions of government, as distinct from policy advice. They are within central government and can be departments in their own right or a part of a department.
Financial Memorandum	A document setting out the key principles of strategic control framework accountability for an arms-length body.
Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022	Legislation that amends the Government Resources and Accounts Act (Northern Ireland) 2001 to allow DoF to issue directions about the preparation of Supply Estimates and to direct that such Estimates are to include information relating to "designated bodies".
Financial Reporting Manual (FReM)	A technical guide on the preparation of accounts for public bodies.
Function (line)	An Estimate line within the Part II: Subhead Detail table in an Estimate.
Generally Accepted Accounting Practice (UK GAAP)	The name given to the UK's main commercial accounting principles. Adapted as necessary for use by the public sector as outlined in the Financial Reporting Manual (FReM).
Government Resources and Accounts Act (Northern Ireland) 2001	Legislation that includes statutory powers required for the implementation of resource-based accounts and Estimates.
Grant	Payments made by a department, or other public body, to outside bodies to reimburse expenditure on agreed items or functions, and often paid only on statutory conditions being met. May be made for resource or capital purposes.
Grant in Aid	Financing payments made by a department to an NDPB or other arms-length body.
International Financial Reporting Standards (IFRS)	International accounting standards, adopted by government and reflected in UK GAAP.
Main Estimates	The means through which departments seek Assembly approval for their spending plans for the year ahead. Normally presented to the Assembly in May/June.
Managing Public Money Northern Ireland	A publication produced by the DoF which is concerned with regularity and propriety and sets out the main principles for dealing with resources used by public sector bodies.
National Accounts	Accounts produced by the Office for National Statistics in accordance with the European System of Accounts 1995, which promotes standardisation in the way in which public sector income and expenditure is measured.

Northern Ireland Audit Office (NIAO)	The office of the Comptroller and Auditor General, which audits the accounts of government bodies and carries out value for money inspections within the bodies it audits.
Negative Public Expenditure	The term for income which offsets gross public expenditure in national accounts.
Northern Ireland National Insurance Fund (NINIF)	A government fund used to meet the cost of contribution-based benefits and financed mainly by contributions paid by employers and individuals.
Near Cash	Expenditure that has a directly related cash implication, even though the timing of the cash payment may be slightly different. For example, expenditure on gas or electricity supply is incurred as the fuel is used, though the cash payment might be made in arrears on a quarterly basis.
Net Cash Requirement	The limit voted by the Assembly reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate. In the case of a negative net cash requirement, the department must generate a surplus of at least that amount.
Non-Cash	Expenditure where there is no directly related cash transaction but which reflects resources used. Examples include charges for depreciation and provisions.
Non-Departmental Public Body (NDPB)	A body that has a role in the process of government but is not a government department or part of one (though NDPBs fall inside the budgetary, Estimates and accounting boundary of government departments). NDPBs operate, to a greater or lesser extent, at arm's length from Ministers.
Office for National Statistics (ONS)	The independent body responsible for collecting and publishing official statistics about UK society and economy.
Propriety	The principle that patterns of expenditure and consumption should respect the Assembly's intentions, conventions and control procedures, including any laid down by the Public Accounts Committee.
Public Accounts Committee (PAC)	A committee of the Assembly, which examines the accounting for, and the regularity and propriety of, government expenditure. It also examines the economy, efficiency and effectiveness of expenditure. Also known as the Committee of Public Accounts.
Public Corporation (PC)	A publicly controlled trading body with substantial financial day to day operating independence.
Provision	A liability that has arisen but where the timing or amount of the payment is uncertain. [Note that terms such as 'budgetary provision' or 'Estimate

	provision' are usually referring to the amount for which there is authority to spend within those controls.]
Regularity	The principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and Managing Public Money Northern Ireland.
Resource income or Expenditure	Reflecting the consumption of resources (and the income so generated) in that year. Examples include pay, current grants and depreciation.
Revised Estimate	Presented to amend the resources, capital or cash requested in the Main Estimate, or to vary the way in which they are allocated. Can only be presented after the Main Estimate has been laid and before it has been voted on by the Assembly.
Second Reading	The second formal time that the Assembly may debate a bill, though in practice the first substantive debate on its content. If successful it is deemed to denote Assembly approval in principle for the proposed legislation.
Statement of Excesses	A formal statement detailing any departmental overspends (Excess Votes) as reported by the NIAO as a result of undertaking annual audits. Presented by DoF, usually alongside the Main Estimates in the following year plus one.
Subhead	A single cell within a function line within the Part II: Subhead Detail table in an Estimate.
Spring Supplementary Estimate	The means by which departments seek to amend Assembly authority provided through a Main Estimate by altering the limits for resources, capital and/or cash or varying the way in which provision is allocated. Normally presented in January/February each year.
Supply	The process whereby the Assembly gives statutory authority for both the consumption of resources (for resource and capital purposes) and for cash to be drawn from the Consolidated Fund.
Supply Resolution	A motion put to the Assembly by the Finance Minister seeking approval for the Supply set out in Estimates.
Token Estimate (or Section)	Where a department's expenditure within the Estimate (or a section) is wholly offset by income, a token amount of £1,000 is voted. Since Estimates may include negative limits (where income is greater than expenditure), a token amount would only be required where income and expenditure completely offset.
Total Managed Expenditure (TME)	A measure covering all managed public expenditure and comprising both Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME) spend.
Trading Fund	A public sector organisation that has a financing framework allowing it to meet outgoings from commercial revenues. In national accounts they are normally

	classified as public corporations.
Virement	The use of savings on one or more function lines or subheads to meet excesses on another function line or subhead within the same voted limit in an Estimate.
Voted Provision	That which has been authorised by the Assembly in response to Supply Estimates.
Vote on Account	Presented to the Assembly by DoF in February/March to provide provision for voted resources, capital and cash for each departmental Estimate in the early months of the following financial year. For each department it generally seeks up to 45 per cent of the amounts voted in the current year's Spring Supplementary Estimates.