

Ref S212/08/07

22 October 2007

Circular 34/07 regarding certain revisions to Circular 28/04: Implementation of deferred surrender of unspent capital under Multi-Annual Capital Envelopes

1. I am directed by the Tánaiste and Minister for Finance to refer to Circular 28/04 providing for the implementation of the capital carryover arrangements under the rolling five year multi-annual capital envelopes, as provided for under Section 91 of the Finance Act 2004.

New Budgetary Arrangements

2. On 13 September 2007, the Tánaiste and Minister for Finance announced certain changes to the annual budgetary process. A key element of the changed process is that the former Abridged Estimates Volume (AEV) will be discontinued, and that Budget Estimates will be presented in traditional AEV format at Budget time. These reforms necessitate changes to provisions in Circular 28/04 of 13 October 2004 which require Departments to provide initial estimates of the total amount of deferred surrender of unspent capital in the context of the AEV.

3. Accordingly, the revised arrangements for notification of capital carryover, consistent with the new budgetary process, are as set out below, and supersede the arrangements described in Circular 28/04. The other provisions of Circular 28/04 remain in place.

Pre Budget Outlook

4. The Pre-Budget Outlook (PBO), published by the Department of Finance in October each year incorporates the pre-Budget Estimates for Public Services for the year ahead, setting out the projected costs of providing in that year for the existing level of public services. As the PBO is being published approximately one month earlier than the former AEV, there will be no requirement on Departments to provide initial estimates of the total amount of capital carryover in advance of the PBO.

Budget Estimates and Appropriation Act

5. The new budgetary arrangements will require earlier preparation and decisions in regard to the expenditure element of the Budget. Departments must therefore submit their definitive statement of proposed capital carryover amounts by Vote to the Department of Finance by **Monday 19 November 2007**, and by the **third Monday in November** every year thereafter (rather than by the last Friday in November as was previously the case) for inclusion in the Budget Estimates and Appropriation Act in December. Indicative Subheads must also be given by that date for the Budget Estimates only.

Queries

6. Any queries in relation to this circular should be addressed to Philip Maher (telephone 01-604 5547 e-mail: philip.maher@finance.gov.ie) or Patricia Ballantine (telephone 01-6045548 e-mail: patricia.ballantine@finance.gov.ie) in Central Section, Sectoral Policy Division, Department of Finance.

Ann Nolan
Assistant Secretary
Sectoral Policy Division