



Factsheet P5 Procedure Series

Revised August 2010

House of Commons Information Office

Budgets and Financial Documents

Contents

Introduction	3
Current Budget Procedure	3
<i>Budget Speech</i>	3
<i>The Budget Resolutions</i>	3
<i>The Finance Bill</i>	4
<i>Amendments</i>	4
<i>Finance Bill proceedings</i>	4
<i>Lords proceedings</i>	5
<i>Following the Bill's progress</i>	5
<i>Select Committee consideration</i>	5
<i>The term "budget"</i>	5
<i>Committee of Ways and Means</i>	6
<i>Timing of the Budget and the Unified Budget: 1993-96</i>	6
<i>The Budget Box</i>	6
Budget Papers and information	7
<i>The Budget on the internet</i>	7
Appendix A - Budget dates: 1900-2010	8
Appendix B – Duration of recent Chancellors' budget speeches	10
Appendix C - Dates of Pre Budget statements since 1997	10
Contact information	11
Feedback form	12

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Raising money for the purposes of Government expenditure, and the scrutiny of that expenditure, forms an important aspect of the work of the House. The purpose of this **Factsheet** is to explain the means by which the House oversees the raising of taxes to pay for this spending. Other ways of holding the government to account are described in **Factsheet P6**, Financial procedure.

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Introduction

The Budget is the annual financial statement and review of levels of taxation as presented to the House of Commons by the Chancellor of the Exchequer.

This Factsheet describes the development and history of the Budget, the current system as introduced after the 1997 general election and the proceedings on the Finance Bill.

Only the House of Commons can decide what charges may be made on the people. It is a basic constitutional principle that only the peoples' elected representatives can have any say in what taxes should be imposed upon them. Neither the unelected House of Lords nor the Sovereign can have any influence in such matters.

Current Budget Procedure

Since 1998, Governments have held the annual Budget in the spring as well as a Pre-Budget Report in the autumn of each year. On the 25 November 1997 the first of these was published and the Chancellor's statement in the House of Commons began by stating its purpose: to report the Government's assessment of the economy, to outline the Government's Budget aims and to encourage an informed debate on the issues.¹

Budget Speech

Budget Speeches generally fall into two parts: a résumé of the economic situation and a detailed account of the measures needed to raise the amount of money required. Tax changes generally come fairly late in the speech. Budgets have varied greatly in length, in recent years they have tended to be shorter with one to one and a half hours being the present day norm. Traditionally, the Chancellor is heard uninterrupted as he delivers his speech. The longest continuous Budget speech was the 4 hour 45 minute statement by William Gladstone in 1853. Benjamin Disraeli's 1852 speech lasted 5 hours but that included a break. Disraeli does, however, hold the record for the shortest speech, in 1867, which took just 45 minutes. The duration of recent statements is given in Appendix B.

In 1989, the Budget speech was, with the agreement of the Opposition, made as the reply to a Private Notice Question. This was to prevent its delay by a Member who was known to be about to move the issue of a by-election writ.

The response to the Budget speech is made by the Leader of the Opposition rather than shadow Chancellor as might be expected; the shadow Chancellor makes his response the day after the Budget speech. This is a long standing convention and even Erskine May provides no indication as to its origin. The convention means that the Leader of the Opposition is able to make a general speech on the state of the economy while the shadow Chancellor is able to spend a day analysing the details of the budget before making a considered response, something that would not be possible if his response came immediately after the Chancellor's speech.

The Budget Resolutions

The tax proposals in the Chancellor's Speech may come into effect immediately by virtue of the *Provisional Collection of Taxes Act 1968*. This is a re-enactment of an Act of 1913, introduced in the wake of the 1909 Finance Bill, which took a year to pass and considerably dislocated the workings of the nation's finances. Under the Act, tax changes and tax continuations but not new

¹ See Appendix C for a list of dates of Pre-Budget statements

taxes can be validated by a single motion taken after the Budget Speech. However, within ten sitting days the House must pass the individual resolutions concerned with each tax or duty. The new rates have effect until 5 August for a March or April Budget; this is effectively the timetable for the Finance Bill to have Royal Assent. Further provisions are that the Bill must have a second reading within 30 sitting days of the resolution; a prorogation or dissolution invalidates the resolution.

The Finance Bill

A Bill is ordered to be brought in to give permanent legal effect to the Resolutions and is generally presented the same day. Printing may take up to 2 or 3 weeks. The Bill is usually called the Finance Bill and is set down for **second reading** in the normal way.

After the approval of the principle of the Bill, a motion is considered for its committal, i.e. to send the Bill to **committee**. Up to 1968, all Finance Bill Committee stages had been taken on the floor of the House but, to save the time of the House, the decision was made to include a standing committee stage. General practice nowadays is to split the bill to allow the more controversial, important or novel provisions to be dealt with in a committee of the whole House, which all Members can attend, and the rest in a public bill committee (for public bill committees, see **Factsheet L6**).² Procedure on the Bill is the same as for any public bill except that the committee often consists of about 30 to 40 Members (as opposed to the more usual figure of around 15 or 20). The committee does not generally meet until after a Committee of the Whole House has concluded consideration of the parts of the Bill committed to it. Membership of the committee tends to be announced just before Committee of the Whole House takes place.

Amendments

Large numbers of amendments to the Finance Bill are normally laid by Opposition parties, Government backbenchers and by Ministers themselves. Lloyd George remembered when the amendments submitted to a Finance Bill "... *numbered something like a dozen, or twenty at outside. Now [1913] they number anything between 100 and 150*" There were more than 400 amendments to the *Finance (No.2) Bill 2005-06* at committee stage and a further 101 at report stage. Not all of these, of course, will be debated but the Finance Bill committee traditionally involves long sittings.

Finance Bill proceedings

The **report stage** is usually taken over two days and does not significantly differ from that on other Bills. **Third reading** used to be dealt with on a separate day but is now often combined with the second day of the report stage. All proceedings on the Finance Bill are exempt business (see **Factsheet P4**) and so Committee of the Whole House and Report stages in particular can go on into the night. In recent years, most Government Bills have been subject to programme motions

MONEY BILLS: The Parliament Act 1911, section 1(2) defines a money bill as a public bill which in the opinion of the Speaker of the House of Commons contains only provisions dealing with all or any of the following subjects, namely, the imposition, repeal, remission, alteration or regulation of taxation; the imposition for the payment of debt or other financial purposes of charges on the Consolidated Fund or the National Loans Fund, or on money provided by Parliament or the variation or repeal of any such charges; Supply; the appropriation, receipt, custody, issue or audit of accounts of public money; the raising or guarantee of any loan or the repayment thereof; or subordinate matters incidental to those subjects or any of them.

² Following a debate on the legislative process on 1 Nov 2006, the House voted in favour of introducing public bill committees instead of standing committees, from the 2006-07 session.

and the Finance Bill has been no exception. However, even before programme motions became commonplace, debate on the Finance Bill had only ever been guillotined three times since 1967-8 (in 1974, 1992 and 1997). The Speaker is often unable to certify the Finance Bill as a Money Bill³ for the purposes of the Parliament Acts, since it tends to contain matters outside the strict definition of such a Bill set down in those Acts. However, the Finance Bill is always a Bill "of aids and supplies" (see *Erskine May*, 23rd Edition, pp 567 *et seq.*) and, as such, the Lords never seek to amend it.

Lords proceedings

As with all Bills, the Finance Bill is printed and numbered when it reaches the Lords. The Bill usually completes all its stages in one day. The financial powers of the House of Lords are limited by the ancient 'rights and privileges' of the House of Commons and by the terms of the Parliament Acts 1911 and 1949. Because the Lords cannot amend it, their printed version of the Finance Bill normally becomes the text of the Finance Act. The Bill then receives Royal Assent in the normal way.

Following the Bill's progress

Information on the Finance Bill is available from a number of sources. The text of the Bill is printed in hard copy and published electronically on the Parliamentary website on the public bills before Parliament page. The progress of the bill through Parliament is recorded in the Weekly Information Bulletin, available on the Parliament website. As the bill is amended during the various stages of its progress it will be re-printed and re-numbered, the new versions appearing on the website. Amendments to the bill will be published with the Vote Bundle and are included with the text of the bill on the website.

Select Committee consideration

The Treasury Select Committee normally reports on the Budget in detail and other Select Committees may investigate its effect on their sectors of responsibility.

Miscellaneous

The term "budget"

The name "Budget" derives from *bougette*, the French for a little bag; a word which was in use in the eighteenth century, sometimes disparagingly. In a pamphlet of 1733, Sir Robert Walpole, Prime Minister and Chancellor of the Exchequer, is depicted satirically as a quack doctor opening his bag (or budget) of pills and potions.

At first, the term was applied only to the Chancellor's review of the nation's finances at the beginning of each financial year (Lady Day, 25 March up to the change of calendar in 1754 and 6 April thereafter). Later, the word became applied to a financial statement or plan in any context but, nationally, *The Budget* came to be understood as the spring financial statement. In election years, after a change of Government, a Budget will usually be introduced by the incoming Chancellor, whether or not the outgoing Chancellor has already delivered one. In some years (e.g. in 1947, 1955, 1964, 1974 and 1976), an extra Budget (often called by the newspapers a *mini-budget*) has been necessary to adjust details of taxation.

³ Erskine May, 23rd ed, pp928-9, see box beside main text for details

Committee of Ways and Means

Between 1641 and 1967, proposals for raising taxation originated in the Committee of Ways and Means (where they were initiated by a Government Minister) but with effect from 1967 that Committee was abolished. The Chairman of Ways and Means presided over that Committee; and though Speakers have sometimes presided at Budgets since abolition of the Committee (as, for example, in 1968 and 1989), the Chairman does still generally occupy the chair during the speech.

Timing of the Budget and the Unified Budget: 1993-96

For most of last century, with the exception of the period 1993 to 1996, the annual Budget statement has been delivered in the spring. In his Budget Speech on 10 March 1992 the then Chancellor of the Exchequer (Norman Lamont) announced that he intended to revise the annual Budget timetable so that tax and spending proposals could be presented to Parliament at the same time – the “unified Budget”. Chancellor Lamont published a White Paper setting out his proposals in greater detail (*Budgetary reform*, HMSO, Cm 1867). With effect from November 1993, (the December date originally proposed was brought forward to November) the Chancellor's Budget Statement to the House of Commons covered tax proposals for the forthcoming financial year and the Government's spending plans for the next three years, thus combining the Budget with the Autumn Statement.

It included a summary of the main tax and spending proposals, an analysis of departmental expenditure plans for the forthcoming three years, a statement of the Government's medium term financial strategy, the short term economic forecast and information on the cost of tax reliefs. The first Budget Statement to be delivered under the new procedures was on 30 November 1993; the last on 26 November 1996. However, the Labour Government which came to power in May 1997 reverted to spring Budgets once Chancellor Gordon Brown had delivered his first Budget in July 1997.

Budgets have traditionally been delivered on Tuesdays, though there is nothing sacrosanct about the day. Recently Budget statements have been given on a Wednesday; see Appendix A for details of the day and date of Budget statements since 1900.

The Budget Box

The Budget speech was traditionally carried to the House of Commons on Budget Day in a battered red despatch box first used by Gladstone in about 1860. James Callaghan did not use the red box when he was Chancellor (1965-67); he used a larger brown box. Chancellor Gordon Brown used a new budget box for his first Budget in 1997, one made for him by young trainees in his Dunfermline East constituency. George Osborne, the current Chancellor, used Gladstone's budget box for the last time to deliver the 2010 Budget.

Most Budgets delivered by a Chancellor

The then Chancellor, Gordon Brown, delivered his eleventh budget on 21 March 2007, the most by a single Chancellor in the last Century. David Lloyd George was the next most prolific Chancellor, delivering seven budgets in the early part of the last century. The only Chancellor to have delivered more speeches than Gordon Brown was William Gladstone who delivered twelve speeches and was Chancellor for over twelve years, though these were not continuous but served in four terms between 1852 and 1888.

Budget Papers and information

The Budget papers include the *Financial Statement and Budget Report (FSBR)* and a House of Commons (HC) Paper, which is known also as the *Red Book*. This is because it traditionally had a red cover. The FSBR is an analysis of the financial strategy and recent and planned developments in the economy as well as a summary of the Budget tax measures.

Accompanying the Budget Report are a number of press notices, up to about 60 in number, from the Treasury, Inland Revenue, HM Customs and Excise and other government departments. These add detail to the Budget proposals, on both taxation and expenditure, and explain their background in greater detail.

The Budget on the internet

HM Treasury has a set of Budget Information pages on its Internet site and usually has the Chancellor's Budget Statement mounted shortly after he sits down at the end of the speech. The accompanying Budget papers are also made available. The Budget debate, the text of the Finance Bill and its proceedings, and a set of Frequently Asked Questions about the Budget are available on the House of Commons Web Site, which also has links to The Stationery Office site for the Finance Act. At the Parliamentary Web Site (<http://www.parliament.uk>), follow the links through the House of Commons menus or see URL details given below:

- HM Treasury's Budget Information pages - <http://www.hm-treasury.gov.uk/budget.htm>
- Budget debate and Finance Bill proceedings in *Hansard* - <http://www.parliament.the-stationery-office.co.uk/pa/cm/cmhansrd.htm>
- Public Bill Committee proceedings - <http://www.publications.parliament.uk/pa/cm/stand.htm>
- Finance Bill on the Public Bills page - <http://www.publications.parliament.uk/pa/pabills.htm>
- Finance Act at The Stationery Office site – <http://www.legislation.gov.uk/>
- Frequently Asked Questions on the Budget – (House of Commons Information Office) <http://www.parliament.uk/about/faqs/house-of-commons-faqs/budget/>

Appendix A - Budget dates: 1900-2010

Please note that this Appendix does not constitute a complete list of Chancellors since 1900, as one Chancellor - Iain Macleod (Chancellor June 1970 - July 1970) - did not deliver a Budget. He died on 20 July 1970.

Year	Chancellor	Day	Date	Year	Chancellor	Day	Date
1900	Hicks Beach	Mon	5 Mar	1940	Simon	Tue	23 Apr
1901	Hicks Beach	Thur	18 Apr	1940	Wood	Tue	23 Jul
1902	Hicks Beach	Mon	14 Apr	1941	Wood	Mon	7 Apr
1903	Ritchie	Thur	23 Apr	1942	Wood	Tue	14 Apr
1904	Austen Chamberlain	Tue	19 Apr	1943	Wood	Mon	12 Apr
1905	Austen Chamberlain	Mon	10 Apr	1944	Anderson	Tue	25 Apr
1906	Asquith	Mon	30 Apr	1945	Anderson	Tue	24 Apr
1907	Asquith	Thur	18 Apr	1945	Dalton	Tue	23 Oct
1908	Asquith	Thur	7 May	1946	Dalton	Tue	9 Apr
1909	Lloyd George	Thur	29 Apr	1947	Dalton	Tue	15 Apr
1910	Lloyd George	Thur	30 Jun	1948	Cripps	Tue	6 Apr
1911	Lloyd George	Thur	16 May	1949	Cripps	Wed	6 Apr
1912	Lloyd George	Tue	2 Apr	1950	Cripps	Tue	18 Apr
1913	Lloyd George	Tue	22 Apr	1951	Gaitskell	Tue	10 Apr
1914	Lloyd George	Mon	4 May	1952	Butler	Tue	11 Mar
1915	Lloyd George	Tue	4 May	1953	Butler	Tue	14 Apr
1915	McKenna	Tue	21 Sep	1954	Butler	Tue	6 Apr
1916	McKenna	Tue	4 Apr	1955	Butler	Tue	19 Apr
1917	Bonar Law	Wed	2 May	1956	Macmillan	Tue	17 Apr
1918	Bonar Law	Mon	22 Apr	1957	Thorneycroft	Tue	9 Apr
1919	Austen Chamberlain	Wed	30 Apr	1958	Heathcoat-Amory	Tue	15 Apr
1919	Austen Chamberlain	Wed	29 Oct	1959	Heathcoat-Amory	Tue	7 Apr
1920	Austen Chamberlain	Mon	19 Apr	1960	Heathcoat-Amory	Mon	4 Apr
1921	Austen Chamberlain	Mon	25 Apr	1961	Selwyn Lloyd	Mon	17 Apr
1922	Horne	Mon	1 May	1962	Selwyn Lloyd	Mon	9 Apr
1923	Baldwin	Mon	16 Apr	1963	Maudling	Wed	3 Apr
1924	Snowden	Tue	29 Apr	1964	Maudling	Tue	14 Apr
1925	Churchill	Tue	28 Apr	1965	Callaghan	Tue	6 Apr
1926	Churchill	Mon	26 Apr	1966	Callaghan	Tue	3 May
1927	Churchill	Mon	11 Apr	1967	Callaghan	Tue	11 Apr
1928	Churchill	Tue	24 Apr	1968	Jenkins	Tue	19 Mar
1929	Churchill	Mon	15 Apr	1969	Jenkins	Tue	15 Apr
1930	Snowden	Mon	14 Apr	1970	Jenkins	Tue	14 Apr
1931	Snowden	Mon	27 Apr	1971	Barber	Tue	30 Mar
1931	Snowden	Thu	10 Sep	1972	Barber	Tue	21 Mar
1932	Neville Chamberlain	Tue	19 Apr	1973	Barber	Tue	6 Mar
1933	Neville Chamberlain	Tue	25 Apr	1974	Healey	Tue	26 Mar
1934	Neville Chamberlain	Tue	17 Apr	1974	Healey	Tue	12 Nov
1935	Neville Chamberlain	Mon	15 Apr	1975	Healey	Tue	15 Apr
1936	Neville Chamberlain	Tue	21 Apr	1976	Healey	Tue	6 Apr
1937	Neville Chamberlain	Tue	20 Apr	1977	Healey	Tue	29 Mar
1938	Simon	Tue	26 Apr	1978	Healey	Tue	11 Apr
1939	Simon	Tue	25 Apr	1979	Howe	Tue	12 Jun
1939	Simon	Wed	27 Sep	1980	Howe	Wed	26 Mar

Year	Chancellor	Day	Date	Year	Chancellor	Day	Date
1981	Howe	Tue	10 Mar				
1982	Howe	Tue	9 Mar				
1983	Howe	Tue	15 Mar				
1984	Lawson	Tue	13 Mar				
1985	Lawson	Tue	19 Mar				
1986	Lawson	Tue	18 Mar				
1987	Lawson	Tue	17 Mar				
1988	Lawson	Tue	15 Mar				
1989	Lawson	Tue	14 Mar				
1990	Major	Tue	20 Mar				
1991	Lamont	Tue	19 Mar				
1992	Lamont	Tue	10 Mar				
1993	Lamont	Tue	16 Mar				
1993	Clarke	Tue	30 Nov				
1994	Clarke	Tue	29 Nov				
1995	Clarke	Tue	28 Nov				
1996	Clarke	Tue	26 Nov				
1997	Brown	Wed	2 Jul				
1998	Brown	Tues	17 Mar				
1999	Brown	Tues	9 Mar				
2000	Brown	Tues	21 Mar				
2001	Brown	Wed	7 Mar				
2002	Brown	Wed	17 Apr				
2003	Brown	Wed	9 Apr				
2004	Brown	Wed	17 Mar				
2005	Brown	Wed	16 Mar				
2006	Brown	Wed	22 Mar				
2007	Brown	Wed	21 Mar				
2008	Darling	Wed	12 Mar				
2009	Darling	Wed	22 Apr				
2010	Darling	Wed	24 Mar				
2010	Osborne	Tue	22 Jun				
2010	Osborne	Wed	23 Mar				

Appendix B – Duration of recent Chancellors' budget speeches

Date	Times	Duration
20 Mar 1990	3.31 to 4.56pm	1 hour 25 mins
19 Mar 1991	3.31 to 4.49pm	1 hour 18 mins
10 Mar 1992	3.31 to 4.42pm	1 hour 11 mins
16 Mar 1993	3.31 to 5.24pm	1 hour 53 mins
30 Nov 1993	3.35 to 4.51pm	1 hour 16 mins
29 Nov 1994	3.31 to 4.57pm	1 hour 26 mins
28 Nov 1995	3.31 to 4.41pm	1 hour 10 mins
26 Nov 1996	3.31 to 4.49pm	1 hour 18 mins
2 Jul 1997	3.46 to 4.49pm	1 hour 3 mins
17 Mar 1998	3.31 to 4.35pm	1 hour 4 mins
9 Mar 1999	3.31 to 4.40pm	1 hour 9 mins
21 Mar 2000	3.31 to 4.23pm	52 mins
7 Mar 2001	3.32 to 4.26pm	54 mins
17 April 2002	3.31 to 4.31pm	60 mins
9 April 2003	12.30 to 1.32pm	1 hour 2 mins
17 Mar 2004	12.52 to 1.27pm	55 mins
16 Mar 2005	12.30 to 1.22pm	52 mins
22 Mar 2006	12.31 to 1.34pm	1 hour 3 mins
21 Mar 2007	12.31 to 1.22pm	51 mins
12 Mar 2008	12.31 to 1.23pm	52 mins
22 Apr 2009	12.31 to 1.23pm	52 mins
24 Mar 2010	12.32 to 1.32pm	1 hour
22 June 2010	12.33 to 1.29pm	56 mins

Appendix C - Dates of Pre Budget statements since 1997

Year	Date
1997	25 Nov
1998	3 Nov
1999	9 Nov
2000	8 Nov
2001	27 Nov
2002	27 Nov
2003	10 Dec
2004	2 Dec
2005	5 Dec
2006	6 Dec
2007	9 Oct
2008	24 Nov
2009	9 Dec
2010	29 Nov

Note: Time checks are those recorded in Hansard at the start of the Budget Statement and again at the start of the ensuing debate. Thus the actual duration of the Chancellor's speech may have been slightly shorter than the times given here.

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| 3. Clear | <input type="checkbox"/> | Not always clear | <input type="checkbox"/> | Rather unclear | <input type="checkbox"/> |

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