

EXPLANATORY MEMORANDUM TO
THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000 (ESTIMATES AND
ACCOUNTS) (AMENDMENT) ORDER 2014

2014 No. 3314

1. This explanatory memorandum has been prepared by Her Majesty's Treasury and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1. This instrument makes amendments to the list of bodies designated for inclusion in departmental Estimates and accounts for the financial year that ends on 31 March 2015. The designated bodies fall within the departmental budgetary control limits set by HM Treasury and so inclusion of these bodies within departmental Estimates and accounts simplifies government's financial reporting to Parliament by better aligning the main elements of the spending control framework.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1. In its First Report of Session 2014-15 the Joint Committee on Statutory Instruments drew special attention to the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2014 (SI 2014/531) ("the principal Order") on the ground that there was doubt as to whether that Order was *intra vires* in one respect.

3.2. The Committee's doubt arose because of the inclusion of the entries "Certification Officer" and "Director of Fair Access to Higher Education" in Table 6, and the inclusion of the entry "Prisons and Probation Ombudsman" in Table 9, of the Schedule to the principal Order. The Committee doubted that each of those entries was a "body" for the purposes of section 4A(3) and (4) of the Government Resources and Accounts Act 2000.

3.3. Paragraphs (a) and (b) of article 2(4), and article 2(5), of this instrument amend those entries to address the Committee's concerns.

4. Legislative Context

4.1. This instrument is made in exercise of the powers conferred by section 4A of the Government Resources and Accounts Act 2000. It amends the principal Order.

4.2. This instrument gives effect to part of the Clear Line of Sight reforms by specifying which bodies form part of departmental groups for the purposes of Estimates and resource accounts.

- 4.3. The House of Commons formally approved the Clear Line of Sight reforms, including the consolidation proposals, through a vote in the House on 5 July 2010 (House of Commons Debates, vol. 513 cc85-108). Through this, an undertaking was given to Parliament that from 1 April 2011 departmental Estimates and accounts would include Non-Departmental Public Bodies and other bodies classified to central government by the Office for National Statistics, whose spending is in budgets.
- 4.4. The principal Order was made in accordance with this undertaking. This instrument amends the list of bodies designated by that Order.

5. Territorial Extent and Application

- 5.1. This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

- 6.1. As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- 7.1 A key component of the Clear Line of Sight reforms is the consolidation into departmental Estimates and accounts of expenditure by all bodies within the departmental group. The designation of these bodies ensures that Parliamentary controls over government spending are closely aligned with budgetary controls.
- 7.2 The departmental group is defined by reference to the Office for National Statistics classification to central government. Those bodies classified to central government and within the budgetary framework are within the boundary and other entities are excluded.
- 7.3 The principal Order was made on 6th March 2014 to designate the bodies that fall within this agreed boundary and whose use of resources is to be consolidated into departmental Estimates and accounts for the financial year that ends on 31 March 2015. This instrument amends the list of bodies designated by that Order to ensure that the list remains up-to-date and accurate.
- 7.4 A body needs to be designated by an amending order if a department has become responsible for it and it was not previously in departmental budgets. The department's supplementary estimate will contain information about that body's use of resources in the current financial year.
- 7.5 A body is omitted from the list if it is decided that it should not be treated as being in departmental budgets for the current financial year.

7.6 Other amendments are made to reflect changes in the names of designated bodies or to correct names.

8. Consultation outcome

8.1 The Scottish Ministers, the Department of Finance and Personnel for Northern Ireland and the Welsh Ministers were consulted in accordance with section 4A(8) of the Government Resources and Accounts Act 2000. Government departments were also consulted. The consultation has helped to identify bodies that ought to be removed from the list, bodies that ought to be added to it and changes of name and minor corrections.

9. Guidance

9.1 Her Majesty's Treasury will continue to provide guidance and training on the consolidation of designated bodies into departmental Estimates and accounts.

10. Impact

10.1 There is no impact on business, charities outside the public sector or voluntary bodies.

10.2 Public sector bodies should not need to collect any additional information to consolidate designated bodies into their Estimates and accounts. These bodies, including charities in the public sector, already form part of departmental budgetary controls and so departments are already monitoring in-year spending. In addition, the Whole of Government Accounts project requires the collection of similar outturn data from all public bodies. There should therefore be no material impact on the public sector.

10.3 An impact assessment has not been prepared for this instrument because no material impact on the private sector, voluntary sector or public sector is foreseen.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 The consolidation of bodies within the central government boundary supports greater transparency of spending data by providing Members of Parliament with information about departmental spending plans that is easier to understand and to track. This allows the House of Commons to better scrutinise and challenge departmental spending, as well as supporting public bodies in managing and controlling their spending within a more coherent framework, removing inefficiencies and providing better value for money.

13. Contact

- 13.1 Debbie Edwards at Her Majesty's Treasury (tel: 020 7270 6529 or email: debbie.edwards@hmtreasury.gsi.gov.uk) can answer any queries regarding the instrument.