

EXPLANATORY MEMORANDUM TO
THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000 (ESTIMATES
AND ACCOUNTS) ORDER 2021

2021 No. 265

1. Introduction

1.1 This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument designates bodies for inclusion in departmental Estimates and accounts for the financial year that ends on 31 March 2022. 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 better aligns the main elements of the spending control framework.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is the United Kingdom.

4.2 The territorial application of this instrument is the United Kingdom.

5. European Convention on Human Rights

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

6. Legislative Context

6.1 This instrument is made in exercise of the powers conferred by section 4A of the Government Resources and Accounts Act 2000. This power was first used for the financial year 2011-12.

6.2 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.

6.3 The House of Commons formally approved the Clear Line of Sight reforms, including the consolidation proposals, through a vote in the House on 5th July 2010 (Hansard

Volume 513 No.26, p.85-108). 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.

7. Policy background

What is being done and why?

- 7.1 In July 2007, the Government announced in *The Governance of Britain* Green Paper a “Clear Line of Sight” (Alignment) Project to simplify its financial reporting to Parliament by better aligning budgets, Estimates and accounts. The Treasury submitted detailed proposals for better alignment to Parliament in a memorandum in March 2009 (Cm 7567). The Liaison Committee of the House of Commons responded to the Government's proposals in its report *Financial Scrutiny: Parliamentary Control over Government’s Budgets (HC 804)*, published on 3 July 2009. The report accepted, on behalf of the relevant select committees of the House of Commons, all of the Government's proposals for a better aligned public spending framework as set out in Cm 7567. The proposals were endorsed through a vote in the House on 5 July 2010 (full details set out in paragraph 6.3 above).
- 7.2 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 budgeting controls.
- 7.3 The departmental group is defined by reference to the Office for National Statistics (ONS) classification to central government. Those bodies classified to central government and within the budgetary framework are within the boundary and other entities are excluded.
- 7.4 This instrument designates the bodies that fall within this agreed boundary and for each department lists the bodies whose expenditure is to be consolidated into the department’s Estimates and accounts for the financial year 2021-22.
- 7.5 The instrument does not amend or consolidate any other piece of legislation. A new instrument will be prepared each year to designate departmental boundaries. Amending orders will be brought forward within each year as necessary to keep the lists up-to-date and accurate.
- 7.6 The Annex provides further information on changes to bodies in the Order compared with the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) (No. 2) Order 2020 (SI 2020/1530).

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

- 8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

- 9.1 Consolidation is not a relevant issue for this Order.

10. Consultation outcome

- 10.1 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 consulted and given the opportunity to comment on those designations applicable to them.

11. Guidance

- 11.1 HM Treasury will continue to provide guidance and training on the consolidation of designated bodies into departmental Estimates and accounts.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 The impact on the public sector is minimal. Government departments will need to consolidate in their Estimates and resource accounts, the expenditure of the bodies designated by this Order. However, public sector bodies should not need to collect any additional information. The designated 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.
- 12.3 An Impact Assessment has not been prepared for this instrument as it will have no effect on the costs of the business or voluntary sector.

13. Regulating small business

- 13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

- 14.1 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.
- 14.2 The instrument does not include a statutory review clause.

15. Contact

- 15.1 Orietta Barbari at HM Treasury (Telephone: 020 7270 6304 or email: orietta.barbari@hmtreasury.gov.uk) can be contacted with any queries regarding the instrument.
- 15.2 Michael Sunderland, Deputy Director, Government Financial Reporting, at HM Treasury can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 The Chief Secretary to the Treasury, at HM Treasury can confirm that this Explanatory Memorandum meets the required standard.

ANNEX

This Annex provides a summary of changes to bodies in the Order compared with the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) (No. 2) Order 2020 (SI 2020/1530).

Bodies Added

Pool Reinsurance Company Limited

Bodies Removed

Community Housing Initiatives Limited

F&NE (1990) Limited

F&NE Limited

Heron's Reach Developments Limited

Financial Services Compensation Scheme
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South Tees Site Company Limited

Bodies Renamed

None