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H M Treasury

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4 January 2001

Dear Accounting Officer

**GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000:
COMMENCEMENT ORDER**

Purpose of this DAO

This letter informs you that a Commencement Order bringing into force nearly all sections of the Government Resources and Accounts Act 2000 that are not already in force was made on 21 December (Statutory Instrument no. 3449(c.1 11)).

Background

As you are aware, the Government has publicly signaled its intention to introduce resource based Supply from 2001-02 and to replace Appropriation Accounts with resource accounts from that year onwards. The Committee of Public Accounts (PAC) and other Parliamentary Committees confirmed in July 2000 that they were content with the Government's proposed timetable for the introduction of Resource Accounting and Budgeting (RAB). Preparations for the introduction of resource based Estimates from spring 2001 are now well under way. In accordance with assurances given to Parliament, any department that has not demonstrated its ability to produce sufficiently robust resource data from that point may be subject to additional monitoring, or other procedures, by the Treasury designed to ensure that the implementation of RAB does not lead to any reduction in control.

The Government Resources and Accounts (GRA) Act 2000 received Royal Assent in July 2000. The Act provides the statutory framework required to introduce RAB, Whole of Government Accounts (WGA) and a number of other provisions related to the production of government accounts.

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Content of the Commencement Order

The Commencement Order (copy attached), brings into force all sections of the Act that are not already in force except for those provisions in Section 11 of and paragraph 24 of Schedule 1 to the Act which relate to the scrutiny of WGA and Whole of Government of Wales Accounts and, to the extent that they apply to Wales, Sections 12 and 13 (resource budgeting for Health Authorities). These provisions will be commenced separately at a later stage.

The Commencement Order has been made now to allow the introduction of RAB and WGA to take place in accordance with the planned timetable. The Order also implements provisions of the Act not directly related to RAB or WGA (such as the ability to return money incorrectly returned to the Consolidated Fund). The Order was followed, on 22 December, by a Designation Order related to WGA (Statutory Instrument no. 3357). Sir Andrew Turnbull's letter to Principal Accounting Officers I dated 4 December provided information about WGA, including the definitive list of bodies designated in the Order which has now been made.

The Commencement Order fixes two commencement dates. Provisions listed in Article 3 will come into force on 1 April 2001. Provisions listed in Article 2 were brought into force on 22 December (see explanatory note to the attached Order for details) as they need to, or can appropriately, be brought into force before the start of the 2001-02 financial year.

The transitional provision in Article 4 ensures that, where appropriate, powers brought into force by the Order do not relate to the business of any financial year ending with or before 31 March 2001. Among other things, this prevents difficulties arising with the remaining cash based processes and accounts which need to be delivered under existing legislation but will occur after 1 April 2001.

Next Steps

Recipients of this letter are asked to note its contents and to ensure that it is copied to others within their organisation who are likely to have an interest.

The main action associated with the provisions brought into force by the Commencement Order should already be in place. Departments are planning for the introduction of full resource based Estimates and Accounts as the vehicle for Parliamentary authority for their expenditure from Spring 2001 and have plans in place to prepare for the introduction of Whole of Government Accounts.

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The making of the Order puts these plans onto a legislative basis so that all departments will be required by statute to present resource based Estimates and accounts from 2001-02 onwards.

If you have any questions about the Order, please contact Lorraine Constable here on x5361 (email lorraine.constable@hm-treasury.gov.uk). Queries about Whole of Government Accounts should be directed to Dave Watkins here on x4560 (email David.Watkins@hm-treasury.gov.uk).

BRIAN GLICKSMAN
Treasury Officer of Accounts

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STATUTORY INSTRUMENTS

2000 No. 3349 (C.111)

GOVERNMENT RESOURCES AND ACCOUNTS

The Government Resources and Accounts Act 2000
(Commencement No. 1 and Transitional Provision)
Order 2000

Made ..

21st December 2000

The Treasury, in exercise of the powers conferred on them by section 30 of the Government Resources and Accounts Act 2000(a), and of all other powers enabling them in that behalf, hereby make the following Order:—

Title and interpretation

1.—(1) This Order may be cited as the Government Resources and Accounts Act 2000 (Commencement No. 1 and Transitional Provision) Order 2000.

(2) In this Order— “the Act” means the Government Resources and Accounts Act 2000, and “financial year” has the meaning given by section 28 of the Act.

Provisions commenced on 22nd December 2000

2. Subject to articles 4 and 5 below, the following provisions of the Act shall come into force on 22nd December 2000:—

- (a) section 2(1) and (2);
- (b) sections 4 and 10;
- (c) sections 12 and 13, so far as they relate to the specifying of amounts and the giving of directions;
- (d) sections 15, 23, 24, 27 and 28;
- (e) section 29(1), so far as it relates to the provisions commenced by paragraphs (f) and (g) below;

- (f) paragraph 17 of Schedule 1, so far as it relates to the preparation and laying of estimates, the giving of directions, and the making of any provision described in section 3(4)(b) of the House of Commons (Administration) Act 1978(b) as substituted by that paragraph; and
- (g) paragraph 24 of Schedule 1, so far as it relates to the giving of directions under section 101A(4) of the Government of Wales Act 1998(c) as inserted by that paragraph.

- (a) 2000 c. 20.
- (b) 1978 c. 36.
- (c) 1998 c. 38.

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Provisions commenced on 1st April 2001

3.—(i) Subject to paragraph (2) and articles 4 and 5 below, the following provisions of the Act shall come into force on 1st April 2001—

- (a) sections 2, 12, 13, and 29, and Schedule 1, so far as they are not brought into force by article 2 above; and
- (b) sections 1, 3, 5 to 9, 14, 21, 22, 24, 25 and 26, and Schedule 2.

(2) Subsections (7) to (12) of the new section 101A inserted in the Government of Wales Act 1998 by paragraph 24 of Schedule 1 to the Act shall not come into force by virtue of this Order.

Sections 12 and 13 not commenced for Wales

4. Sections 12 and 13 of the Act shall not, by virtue of articles 2(c) or 3(1)(a) above, come into force so far as they apply to Wales.

Transitional provision

5.—(1) Subject to paragraphs (2) and (3) below, none of the provisions brought into force by this Order shall have effect in relation to the business of any financial year ending with or before 31st March 2001.

- (2) Paragraph (1) above does not apply to section 4 of the Act.
- (3) Paragraphs 19 and 23 of Schedule 1 to the Act shall have effect in relation to accounts prepared in respect of the financial year ending with 31st March 2001.

Bob Ainsworth
Greg Pope

21st December 2000

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order brings into force most of the provisions of the Government Resources and Accounts Act 2000 which did not come into force on the passing of the Act. The provisions which came into force on the passing of the Act were sections 16 to 20 (public-private partnerships) and 30 and 31 (commencement and short title). The only other provisions of the Act which are not brought into force by this Order are section 11 (the scrutiny of “whole of government” accounts) and those provisions in paragraph 24 of Schedule 1 which relate to the scrutiny of “whole of Government of Wales” accounts by the Auditor General for Wales. However, sections 12 and 13 (resource limits for Health Authorities, Special Health Authorities and Primary Care Trusts) are not brought into force so far as they apply to Wales. The provisions which are brought into force by this Order are brought into force on 1st April 2001, with the exception of the following provisions, which are brought into force on 22nd December 2000—

- (a) the power to repay money paid into the Consolidated Fund or National Loans Fund in error (section 4);
- (b) the power to give directions relating to the appropriation in aid of resources (section 2(1) and (2));
- (c) provisions relating to obtaining information for the purposes of “whole of government” accounts (section 10);
- (d) powers in sections 12 and 13 to specify amounts which may not be exceeded by Health Authorities, Special Health Authorities and Primary Care Trusts in their use of resources, and related direction-giving powers;
- (e) the power to make orders amending the Government of Wales Act 1998 in consequence of certain matters (section 15);
- (f) provisions relating to consultation prior to the exercise of certain powers (section 24);
- (g) certain ancillary and definitional provisions (sections 23, 27 and 28);
- (h) some of the financial provisions in paragraph 17 of Schedule 1 relating to the House of Commons; and
- (i) the power in paragraph 24 of Schedule 1 for the Treasury to give directions in relation to “whole of Government of Wales” accounts.

The Order provides that none of the provisions brought into force by the Order will have effect in relation to the business of any financial year (as defined in the Act) ending with or before 31st March 2001. Exceptions to this are made in respect of section 4 (see paragraph (a) above) and paragraphs 19 and 23 of Schedule 1 (which change the date by which various accounts are required to be submitted annually in respect of the preceding financial year).

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STATUTORY INSTRUMENTS

2000 No. 3349 (C.111)

GOVERNMENT RESOURCES AND ACCOUNTS

The Government Resources and Accounts Act 2000
(Commencement No. 1 and Transitional Provision)
Order 2000

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