EXPLANATORY MEMORANDUM TO

THE WHOLE OF GOVERNMENT ACCOUNTS (DESIGNATION OF BODIES) ORDER 2026

2026 No. 66

1. Introduction

1.1 This Explanatory Memorandum has been prepared by His Majesty's Treasury and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 The Rt Hon James Murray, Chief Secretary to the Treasury confirms that this Explanatory Memorandum meets the required standard.

2.2 Charlotte Goodrich, Deputy Director for Government Financial Reporting, at HM Treasury, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Shikha Sharma at HM Treasury, email: Shikha.Sharma@hmtreasury.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The Whole of Government Accounts (Designation of Bodies Order) 2026 ("the Order") identifies bodies to be included in the consolidated Whole of Government Accounts for the year ending 31 March 2026. Designating these bodies enables the Treasury to require them to provide the necessary audited financial information, in a specified form and to a specified timescale, for the preparation of the Whole of Government Accounts.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.3 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. Policy Context

What is being done and why?

5.1 Parliament originally requested consolidated accounts for central government in the 1994-95 parliamentary session (Public Accounts Committee Fifteenth Report, Session 1994-95).

5.2 In July 1998, the Treasury published a scoping study report into the development of consolidated public sector accounts. The report concluded that the Government should aim to develop a fully audited set of accounts based on Generally Accepted

Accounting Practice adapted as necessary for the public sector context with the approval of the Financial Reporting Advisory Board, covering the whole of the public sector as far as practically possible. The reasons for preparing the Whole of Government Accounts include providing better transparency and accountability to Parliament, as well as improved information for fiscal policy.

5.3 Sections 9 to 11 of the Government Resources and Accounts Act 2000 ("the GRAA") provide the statutory framework for preparing Whole of Government Accounts, obtaining the necessary information, and for scrutiny by the Comptroller and Auditor General ("C&AG").

5.4 The C&AG issued a disclaimed opinion on the Whole of Government Accounts for 2022-23 ("WGA 2022-23") and 2023-24 ("WGA 2023-24") due to the volume of data missing from bodies which had been required to submit such data, and data submitted which had not been audited. This meant that the C&AG could not form an audit opinion in accordance with the International Auditing Standards (ISAs). HM Treasury is working with various stakeholders to resolve this issue.

5.5 The C&AG also raised certain issues that would have caused qualification, had the opinion not been disclaimed including: a disagreement regarding the definition and application of the boundary of the accounts, in particular the exclusion of public sector banks and other bodies; inconsistent accounting policies, mainly relating to different methods used in valuing infrastructure assets; inconsistent application of lease standards across central and local government; consolidation of components with non-coterminous year ends mainly relating to academy schools; consolidation of components whose accounts have not been audited; and the effects of any qualifications in relation to underlying accounts.

5.6 A large component of the boundary disagreement was in relation to the non-consolidation of NatWest Group PLC (NatWest). The Treasury had chosen to exclude NatWest Group on the basis that the inclusion of their figures would materially distort the position of the public sector as represented in the Whole of Government Accounts, the intent was to hold them on a temporary basis, and the Government's holding had been reducing over time. The last remaining part of the governments NatWest shareholding was disposed of on 30th May 2025.

5.7 The Whole of Government Accounts 2023-24 was published and laid before Parliament on 17th July 2025.

5.8 The Annex provides further information on the bodies which were added, removed, or renamed for this Order.

6. Legislative and Legal Context

6.1 Section 9(1) of the GRAA requires the Treasury to prepare "Whole of Government Accounts" for a group of bodies that appears to the Treasury to exercise functions of a public nature or to be entirely or substantially funded from public money. In practice, the Treasury primarily include bodies in the accounts based on their classification to the public sector by the ONS for National Accounts purposes. On this basis, the accounts include bodies within central government, devolved administrations, local government, public corporations and health sector during the period covered by the accounts.

6.2 Where the Treasury intend the Whole of Government Accounts for a financial year to relate in part to a particular body which falls within section 9(1) of the GRAA, section 10(1) of that Act enables the Treasury by order to designate that body. A body

designated in this way must provide the Treasury with information in accordance with section 10(2) and (3) of the GRAA.

6.3 The composition of central government, local government and public corporations changes each year as bodies are created, merged, or dissolved. Therefore, a designation order must be made annually under section 10(1) of the GRAA in respect of each set of accounts to reflect the bodies for the period covered by the accounts.

6.4 Section 9(4) of the GRAA requires the Treasury to prepare accounts that present a true and fair view and conforms to generally accepted accounting practice (subject to such adaptations as are necessary in the context).

6.5 Health trusts are not included in the Order since the audited financial information they are required to provide to the Department of Health and Social Care for the purposes of producing the Department of Health and Social Care's annual resource accounts is also used for Whole of Government Accounts purposes.

6.6 Northern Ireland Bodies that are subject to the requirements of the Government Resources and Accounts (Northern Ireland) Act 2001 are designated by the Northern Ireland Department of Finance.

6.7 Bodies whose activities are confined to Scotland are also not covered by the Order. The Scottish Government relies either on administrative powers or the Public Finance and Accountability Act (Scotland) 2001 to collect audited financial information from them.

7. Consultation

Summary of consultation outcome and methodology

7.1 The Treasury has made a decision to designate bodies for inclusion in the Order following consultation with government departments, local authorities and the Welsh Administration.

8. Applicable Guidance

8.1 Guidance is not required.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because of its low-level impact on the public, voluntary and private sectors.

Impact on businesses, charities and voluntary bodies

9.2 The impact on business, charities or voluntary bodies is negligible.

9.3 The legislation does not impact small or micro businesses.

9.4 The impact on the public sector is limited. Most of the information required by the Treasury is largely the same as each body produces for its own accounts and is also audited by its existing auditors. The additional work for most bodies is restricted to identifying the in-year transaction streams and year-end balances with other bodies within the boundary of the Whole of Government Accounts. These must be cancelled out so that the result and year-end position of the whole of government is presented as if it were a single entity.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is that the Treasury and the National Audit Office will monitor compliance with the requirements of this instrument. Review by those same bodies will inform the lists included in similar instruments for subsequent years.

10.2 The instrument is not required to include a statutory review clause under clause 28(3)(d) of the Small Business, Enterprise and Employment Act 2015

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

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

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").

Annex

This Annex provides a summary of changes to the Order as compared with the Whole of Government Accounts (Designation of Bodies) Order 2026.

Bodies added:

Central government and public corporations

C2C Railway Limited
British Steel Ltd
Global Centre of Rail Excellence (GCRE) Limited
Infected Blood Compensation Authority
Medr - the Commission for Tertiary Education and Research
National Energy System Operator Limited
Ploughshare Innovations ltd
Pubs Code Adjudicator
Sheffield Forgemasters Engineering Limited
Sheffield Forgemasters International Limited
Southwestern Railway Ltd
TfW Fibre Ltd
WEPCo Limited

Local government

Devon and Torbay Combined County Authority
East Midlands Combined County Authority
Hull and East Yorkshire Combined County Authority
Greater Lincolnshire Combined County Authority
Lancashire Combined County Authority
Malvern Hills Conservators

Bodies renamed:

Central government

Former name: Designation Order 2025	Current name: Designation Order 2026
DFT OLR holdings Ltd	DFT Operator Limited
British Nuclear Fuels Limited	Great British Energy - Nuclear

Bodies removed:

Central Government and public corporations

Higher Education Funding Council for Wales
International Military Services Limited
UK Green Infrastructure Platform Limited

Local Government

North of Tyne Combined Authority