

11 December 2003

## **WHOLE OF GOVERNMENT ACCOUNTS**

### **-IMPROVING PUBLIC SECTOR FINANCIAL REPORTING-**

Local Government Minister, Nick Raynsford, today welcomed the Chancellor of the Exchequer's announcement of the inclusion of local authorities within whole of government accounts (WGA). In his Pre-Budget Report statement yesterday the Chancellor announced that full audited WGA, incorporating local government, will be produced from 2006/07, following two dry run years starting in 2004/05.

Whole of government accounts will provide a consolidated set of commercial-style accounts for the entire UK public sector. They will increase the transparency of Government finances, and improve the completeness and comparability of public sector financial data. The UK will be one of the few countries in the world to produce accounts of this sort, and the first to incorporate local government.

Nick Raynsford said:

"The new freedoms and flexibilities we are extending to local authorities, and especially the new prudential regime for capital spending, depend heavily on proper accounting practices, which WGA will help to promote. WGA will also make available better information on local authorities' asset bases, which will enable Government support for capital assets to be more effectively targeted.

"Local government has been closely involved in the preliminary work on WGA, as have CIPFA and the Audit Commission. We are very grateful for this assistance, and we look forward to working closely together during the implementation phase."

### **NOTES FOR EDITORS**

Further details of the WGA initiative are given in the Chief Secretary to the Treasury's press release issued today.

The extension to WGA announced yesterday will bring into the accounts 585 local government bodies (including police and fire authorities), 481 of which are based in England.

The new prudential system, which gives local authorities greatly increased freedom in their capital spending decisions, was introduced by the Local Government Act 2003 and will come into force on 1 April 2004.