

# **Consolidated Fund Account 2018-19**

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# Consolidated Fund Account 2018-19

Presented to Parliament pursuant  
to Section 21(1) of the National  
Loans Act 1968

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# Performance report

## Overview

The Overview section provides information on the purpose and activities of the Consolidated Fund and a summary of its performance.

### Purpose and activities of the Consolidated Fund Account

The Consolidated Fund (CF) was first set up in 1787 as 'one fund into which shall flow every stream of public revenue and from which shall come the supply for every service'. The basis of the financial mechanism by which the CF is operated is governed by the Exchequer and Audit Departments Act 1866.

In order to separate government revenue and expenditure on the one hand and government borrowing and lending on the other, the National Loans Fund (NLF) was established on 1 April 1968 by the National Loans Act 1968 to account for government borrowing and lending which were until then accounted for within the CF. The accounts for the CF and NLF are now published separately. Both the CF and NLF are administered by HM Treasury (the Treasury), with the bank accounts maintained at the Bank of England. The CF can therefore be regarded as central government's current account, whereas the NLF can be regarded as central government's main borrowing and lending account. By virtue of section 19(1) of the National Loans Act 1968, the net liabilities of the NLF are a liability of the CF.

The CF receives the proceeds of taxation and certain other government receipts, makes issues to finance Supply Services, meets the Standing Services directly charged by statute and reimburses the NLF for net interest costs. The CF finishes every day with a nil balance on its bank account because any surpluses or deficits are offset by transfers to or from the NLF.

The receipts of the CF mainly consist of:

- tax revenues such as those collected by Her Majesty's Revenue and Customs (HMRC);
- other receipts paid over by departments known as Consolidated Fund Extra Receipts (CFERs);
- tax-type revenues such as fines, penalties and certain licence fees paid over by departments and known as Trust Statement income;
- repayments from the Contingencies Fund; and
- balancing payments from the NLF when daily payments by the CF exceed its receipts.

The payments from the CF are mainly for:

- Supply Services, which are payments issued to government departments to finance their net expenditure. Parliament votes the necessary financial provision normally through the Supply Estimates process, which confers formal statutory authority through the Supply and Appropriation Acts that follow. There are normally two separate pieces of Supply legislation in each financial year: the Supply and Appropriation (Main Estimates) Act and the Supply and Appropriation (Anticipation & Adjustments) Act. The departments then use the cash for the purposes approved by Parliament;
- Standing Services, which are charges exempt from any need to be voted annually by Parliament because it has, by statute, permanently authorised the payments. These include for example the salaries of members of the higher judiciary, expenses of holding general elections, United Kingdom contributions to the budget of the European Union and financial assistance payments made under the Banking Act 2009;
- Standing Service payments for Political and Public salaries and pensions include Speakers, Opposition Leaders, Opposition Whips and the offices of high ranking officials which include the Comptroller and Auditor General, Parliamentary and Health Service Ombudsman and Information Commissioner;
- issues to the Contingencies Fund; and
- balancing payments to the NLF when daily receipts into the CF exceed its payments.

The key issues and risks facing the CF are considered in the Governance Statement on pages 7 to 11.

## Performance analysis

The outturn for the year shows payments and receipts of £558.0 billion (2017-18: £547.8 billion), including a receipt of £34.3 billion (2017-18: £44.9 billion) from the NLF to cover what would have been the deficit for the year.

Transactions with the Contingencies Fund artificially inflate both receipts and payments as do advances to HMRC to cover daily revenue shortfalls as described in note 2 to the accounts (the latter have the effect of increasing tax receipts to the Consolidated Fund by funding payments that would otherwise have been funded by HMRC from tax receipts). After adjusting for these, and for the deficit funding from the NLF, total underlying receipts increased from £489.1 billion to £509.9 billion and underlying payments increased from £534.0 billion to £544.2 billion:

	Receipts		Payments	
	2018-19 £m	2017-18 £m	2018-19 £m	2017-18 £m
Total receipts / payments	<b>557,983</b>	547,800	<b>557,983</b>	547,800
Less Advances to HMRC	<b>(9,758)</b>	(9,780)	<b>(9,758)</b>	(9,780)
Less Transactions with the Contingencies Fund	<b>(4,002)</b>	(4,000)	<b>(4,000)</b>	(4,000)
Less Deficit funding from the NLF	<b>(34,341)</b>	(44,928)	-	-
	<b>509,882</b>	489,092	<b>544,225</b>	534,020

The accounts of the Contingencies Fund are published separately.

### Receipts

In 2018-19 tax receipts increased by £27.9 billion from £441.3 billion to £469.2 billion. More information is set out in the Annual Report and Accounts and Trust Statement prepared by HM Revenue & Customs. Miscellaneous receipts decreased by £6.6 billion from £39.3 billion to £32.7 billion. Further details can be found in note 3.

### Payments

Supply payments to government departments increased by £12.5 billion from £475.8 billion in 2017-18 to £488.3 billion in 2018-19. Note 4c sets out the cash supplied to the ten highest drawing departments during 2018-19. Further details on how Supply has been spent can be found in individual departmental Annual Reports & Accounts. Payments to the budget of the European Union (EU) increased by £2.6 billion, from £12.9 billion in 2017-18 to £15.5 billion in 2018-19. Further details can be found in note 5.

### International Support

The EU Budget is used to back various mechanisms that provide financial assistance to EU Member States and Third Countries including loans from the European Financial Stabilisation Mechanism, European Balance of Payments Facility, Macro Financial Assistance and the European Investment Bank. The CF would be responsible for any payments arising from the UK's contingent liability relating to lending under these mechanisms as described in the Parliamentary accountability and audit report. The UK has continued to support the International Monetary Fund (IMF) through the NLF in 2018-19 in line with our commitments as an IMF member. Through the NLF, the UK has provided support through the quota subscription and lending to the IMF. The UK's bilateral loan facility to Ireland has been funded by HM Treasury's Vote which is funded through the normal Supply procedures. Details can be found on the GOV.UK website<sup>1</sup>.

<sup>1</sup> <https://www.gov.uk/government/publications/bilateral-loan-to-ireland>

In March 2018, a formal notice of infraction was received from the European Commission alleging that over the period 2011-2017, the UK did not take adequate steps to prevent losses to the EU budget from customs undervaluation fraud and that €2.7bn of customs duty is owed. Following correspondence between the UK and the Commission, the Commission have referred the case to the European Court of Justice. The government does not agree with the Commission's estimate of evaded duty and does not accept liability, so will be fully contesting the case.

### **EU withdrawal: the financial settlement**

The financial settlement represents a settlement of the UK's financial commitments to the EU and the EU's financial commitments to the UK, which result from the UK's participation in the EU budget, and other commitments relating to the UK's EU membership. The details of the financial settlement were set out in the Joint Report from the Negotiators of the EU and the UK Government that was published in December 2017<sup>2</sup>. The Joint Report sets out the scope of the EU obligations covered by the settlement and the methodology for calculating the UK's share and a payment schedule.

The Withdrawal Agreement<sup>3</sup> put the financial settlement into legal form, in the context of an overall agreement under Article 50 and the framework for the Future Relationship. It was agreed by the EU member states at the special European Council on Sunday 25 November 2018. Although a definitive value on the financial settlement in relation to the UK's withdrawal from the EU will, by its nature, be dependent on future uncertain events, the Government has set out a reasonable central estimate of the settlement of £35-39 billion.

The National Audit Office (NAO) produced a report (*Exiting the EU: The financial settlement*<sup>4</sup>) in April 2018 concluding that this was a reasonable estimate. Their report in November 2018 (*Exiting the EU: The financial settlement – follow up report*<sup>5</sup>) reviewed the revised estimate based on new information that was available, and found it to still be within Government's estimated range. However, both reports contained qualifications about the level of uncertainty over the final amount. The Office for Budget Responsibility (OBR) forecast in March 2019 that the financial settlement would be £37.8 billion<sup>6</sup>, within the Government's central estimate.

Further information on the financial impact of EU withdrawal is included in Annex E of "European Union Finances 2018: statement on the 2018 EU Budget and measures to counter fraud and financial mismanagement"<sup>7</sup>.

### **Long-term expenditure trends**

Since the function of the CF is to account for the proceeds of taxation and certain other government receipts, make issues to finance Supply Services, meet the Standing Services directly charged by statute and reimburse the NLF for net interest costs, it has no long-term expenditure trends.

**Tom Scholar**  
Accounting Officer  
HM Treasury

9 July 2019

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<sup>2</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/665869/Joint\\_report\\_on\\_progress\\_during\\_phase\\_1\\_of\\_negotiations\\_under\\_Article\\_50\\_TEU\\_on\\_the\\_United\\_Kingdom\\_s\\_orderly\\_withdrawal\\_from\\_the\\_European\\_Union.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/665869/Joint_report_on_progress_during_phase_1_of_negotiations_under_Article_50_TEU_on_the_United_Kingdom_s_orderly_withdrawal_from_the_European_Union.pdf)

<sup>3</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/759019/25\\_November\\_Agreement\\_on\\_the\\_withdrawal\\_of\\_the\\_United\\_Kingdom\\_of\\_Great\\_Britain\\_and\\_Northern\\_Ireland\\_from\\_the\\_European\\_Union\\_and\\_the\\_European\\_Atomic\\_Energy\\_Community.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/759019/25_November_Agreement_on_the_withdrawal_of_the_United_Kingdom_of_Great_Britain_and_Northern_Ireland_from_the_European_Union_and_the_European_Atomic_Energy_Community.pdf)

<sup>4</sup> <https://www.nao.org.uk/report/exiting-the-v-settlement/>

<sup>5</sup> <https://www.nao.org.uk/report/exiting-the-eu-the-financial-settlement-follow-up-report/>

<sup>6</sup> [https://cdn.obr.uk/March-2019\\_EFO\\_Web-Accessible.pdf](https://cdn.obr.uk/March-2019_EFO_Web-Accessible.pdf)

<sup>7</sup> [https://www.gov.uk/government/statistics/european-union-finances-2018?utm\\_source=6a1502f4-e656-4e07-9acf-9ebfd6cacdc6&utm\\_medium=email&utm\\_campaign=govuk-notifications&utm\\_content=immediate](https://www.gov.uk/government/statistics/european-union-finances-2018?utm_source=6a1502f4-e656-4e07-9acf-9ebfd6cacdc6&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)



## **Accountability report**

The accountability report contains a Corporate governance report and a Parliamentary accountability and audit report. The purpose of the Corporate governance report is to explain the composition and organisation of the Consolidated Fund's governance structures and how they support the achievement of the Consolidated Fund's objectives. It includes the Statement of Accounting Officer's responsibilities and the Governance statement. The Parliamentary accountability and audit report includes key Parliamentary accountability information on regularity of expenditure and remote contingent liabilities as well as the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

### **Corporate governance report**

#### **Directors' report**

Operationally, the Consolidated Fund (CF) is part of HM Treasury and its staff are employees of HM Treasury. The CF makes funding available for certain salaries and pensions but is not an employer. The CF itself therefore has no employees of its own.

#### **Directors' conflicts of interest**

In 2018-19, no material conflicts of interest have been noted by the senior management overseeing the Consolidated Fund.

#### **Personal data related incidents**

The CF had no protected personal data related incidents during 2018-19 (2017-18: nil).

## Statement of Accounting Officer's Responsibilities

Under section 21(1) of the National Loans Act 1968, the Treasury is required to prepare a statement of Account relating to the Consolidated Fund for each financial year in the form and on the basis considered appropriate by HM Treasury. The Account is prepared on a cash basis and must give a true and fair view of the state of affairs of the Consolidated Fund and of its receipts and payments for the financial year. Notes 7-11 accompanying the Account disclose certain information relating to the Consolidated Fund on an accruals basis to assist preparation of Whole of Government Accounts.

In preparing the Account the Accounting Officer is required to:

- observe the relevant accounting and disclosure requirements of the Government Financial Reporting Manual in so far as they are relevant to the Account and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis; and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

The Treasury has appointed its Permanent Secretary, Tom Scholar, as Accounting Officer of the Consolidated Fund.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable and for keeping proper records, are set out in *Managing Public Money* published by the Treasury.

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the CF's auditors are unaware, and that he has taken all the steps that he ought to have taken as Accounting Officer to make himself aware of any relevant audit information and to establish that the CF's auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

### Audit arrangements

The Account is prepared under section 21(1) of the National Loans Act 1968. The account is audited by the Comptroller and Auditor General under the requirements of the National Loans Act 1968. The National Audit Office (NAO) bears the cost of all external audit work performed on the CF. No non-audit work was undertaken by the NAO in relation to the CF in 2018-19.

## Governance Statement

### 1. Governance Framework

- 1.1 The Consolidated Fund (CF) is managed within the Treasury's overall risk and governance framework as set out in the Treasury's Annual Report and Accounts 2018-19. This includes the Treasury Board's assessment of its compliance with the Corporate Governance Code for Central Government Departments.
- 1.2 The Chancellor of the Exchequer, as Minister in charge of the Treasury, is responsible and answerable to Parliament on all the policies, decisions and actions of the Treasury, and ultimately of the CF.
- 1.3 As Accounting Officer for the CF, I am personally responsible and accountable to Parliament for the organisation and quality of management of the CF, including its use of public money and the stewardship of its assets, in line with those responsibilities assigned to me in Managing Public Money.

### Audit and Risk Committee

- 1.4 The Audit and Risk Committee (ARC) provides independent, objective and constructive challenge on the robustness of the control mechanisms in place and the evidence provided to deliver the assurance needed by the Board. It supports the Permanent Secretary and the other core department Accounting Officers in their responsibilities for managing risk, control and governance. The Committee may consider any issue relating to the running of the Treasury as well as any delivery or reputational risk. The ARC has oversight of the production of the Treasury Annual Report and Accounts, Central Funds (Consolidated Fund, National Loans Funds, Contingencies Fund and Exchange Equalisation Account) and Whole of Government Accounts.
- 1.5 Details on the overall risk and governance structure of HM Treasury can be found in the Governance Statement in the Treasury's Annual Report and Accounts.
- 1.6 The Permanent Secretary appoints members of the Committee for periods up to three years, extendable by one additional three-year period. The interim Chair of the Committee (Tim Score) reports directly to the Permanent Secretary and is also a non-executive member of the Treasury Board.
- 1.7 During the year, two members of the ARC have requested a suspension to their roles:
- On 4 September 2018 Richard Meddings was appointed as Executive Chairman of TSB pending the appointment of a new Chief Executive Officer of TSB. Given the significant commitment to that appointment and to avoid any possible perception of a conflict of interest Richard requested a suspension to his non-executive Treasury role, which was agreed for the duration of his appointment as Executive Chairman of TSB. Tim Score has been appointed as interim chair of the ARC during Richard's period of suspension.
  - Peter Estlin requested a suspension to his ARC role from 1 July 2018 to 31 December 2019 following his nomination for Lord Mayor of the City of London for 2018-19.
- 1.8 The membership of the ARC at the 31 March 2019 was:
- Tim Score - Non-executive director and Chair of Audit Committee at Pearson PLC; Non-executive director Chair of Audit Committee and Chairman -Elect at the British Land Company PLC; Chair of the Audit Committee of the Football Association; Member of the Board of Trustees of Royal National Theatre; Chief Financial Officer of ARM Holdings PLC (2002 to 2015); Senior independent director, Chair of Audit and Interim Chairman at National Express Group (2005 to 2014); CFO of Rebus Group and William Baird PLC; Group Financial Controller at BTR Plc and LucasVary PLC.
  - Zarin Patel – Non-Executive Director of John Lewis Partnership Plc, Anglian Water Services Limited and is a member of their respective Audit and Risk Committees. She is also a Trustee of National Trust and chairs its Audit and Risk Committee. She was formerly the Chief Financial Officer at the BBC and a member of its Executive Board.

- Jacinda Humphry - Director of Government Finance Transformation – central finance function. Previously Finance Director – Department of Communities and Local Government (now Ministry of Housing, Communities and Local Government).

1.9 The ARC met five times during 2018-19. Pre-meeting discussions with the National Audit Office and Internal Auditors were held before each session. Attendance is outlined in the table below:

	<b>Attendance</b>
Tim Score (interim Chair)	4/5
Richard Meddings <sup>8</sup>	3/3
Peter Estlin <sup>9</sup>	3/3
Zarin Patel	5/5
Jacinda Humphry	3/5

- 1.10 The ARC has a robust Conflicts of Interest Policy, which requires members to excuse themselves from discussions where potential conflicts may occur. Members are required to inform me about any potential conflicts and highlight these at the start of each meeting as appropriate.
- 1.11 In addition to the independent members, the appropriate Accounting Officers, HM Treasury's Group Director of Finance and the Treasury Accountant (or, in their absence, the Head of Exchequer Accounts) also attend ARC meetings. Members have the opportunity for a pre-committee discussion with the NAO, Group Head of Internal Audit for HM Treasury and Head of Exchequer Funds Internal Audit (EFIA).
- 1.12 The ARC challenged and approved the Internal Audit work programme throughout the year and followed up on management action to address audit recommendations.
- 1.13 Outside the planned ARC meetings individual members have shared their commercial and professional expertise with key officials across the Treasury.
- 1.14 The external auditor is the Comptroller and Auditor General and the NAO attend all ARC meetings on his behalf.
- 1.15 The ARC receives all NAO reports and a summary of EFIA reports relating to the CF plus underlying reports on internal audits where issues are identified leading to Red or Amber assessments (one such report in 2018-19, with recommendations subsequently addressed after the reporting period, and no such report in 2017-18).

**Exchequer Funds Internal Audit (EFIA)**

- 1.16 Internal Audit for the CF is provided by EFIA who reports directly to both me and the ARC on audit reporting matters.
- 1.17 For the CF, an annual risk-based internal audit programme is agreed with the Treasury Accountant (or, in their absence, one of their managers) in advance of the ARC's approval. The work programme always includes a review of the receipts and payments process, due to the very high value of payments made by the CF. The ARC reviews the work programme and is kept informed of progress and amendments.

**Management of the Consolidated Fund**

- 1.18 The CF is managed by the Treasury Accountant and their managers within the Exchequer Funds and Accounts (EFA) Team of HM Treasury. The EFA team reports any matters concerning the CF directly to me.

<sup>8</sup> Requested suspension of duties from 4 September 2018 for duration of his appointment as Executive Chairman of TSB.

<sup>9</sup> Requested a suspension of duties from 1 July 2018 following his nomination for Lord Mayor of the City of London for 2018-19.

## **2. Risk Management**

### **Treasury Risk management and reporting to the Treasury's Boards**

- 2.1 The department has a sound system in place to consider the risks faced by the Treasury, challenge the assumptions made about these risks and, where appropriate, offer advice on how best to mitigate risk.
- 2.2 The Operating Committee (OpCo) is a sub-committee of the Executive Management Board (EMB). Its role is to oversee the financial, planning, operational and risk management issues of the department. It also provides financial, commercial and business case approval. OpCo meets monthly and is chaired by the Second Permanent Secretary (Charles Roxburgh).
- 2.3 OpCo considers operational risks to the Treasury objectives. In addition, EMB has three other risk committees, the Economic Risk Group, the Fiscal Risk Group and the Projects Risk Group. The Risk Groups contribute to the Treasury's risk management framework by identifying, tracking indicators, horizon-scanning, and assessing the likelihood, probable impact and potential mitigation of risks, enabling EMB and senior managers to take action where appropriate. The Economic and Fiscal Risk Groups are chaired by Director Strategy Planning and Budget and the Chief Economic Adviser respectively. The Project Risk Group is chaired by the department's Project Management Champion.
- 2.4 A risk management framework operates across the Treasury, including the Consolidated Fund, ensuring the effective identification, assessment and management of operational risks, ensuring that they can be escalated as appropriate. On a quarterly basis, a risk summary for the Consolidated Fund together with information on its governance arrangements is submitted to a central Treasury team. The risk summary looks at the likelihood, probable impact and potential mitigation of risks to delivery of objectives. The central Treasury team collate the various returns received and present their analysis to OpCo.
- 2.5 EFA also feeds a summary of key risks, including those operational risks identified through the process above, into a separate Quarterly Performance and Risks report return which is then discussed by EMB and the Treasury Board (Sub-committee) on a quarterly basis. This covers broader areas such as Cyber Risk across the entirety of EFA's operations. This enables EMB, Treasury Board Sub-committee and senior managers to take action where appropriate.
- 2.6 The interim Chair of the ARC is invited to report concerns or issues to the Treasury Board (Sub-committee), and is a non-executive member of the Treasury Board.

### **Consolidated Fund Risk management**

- 2.7 EFA is managed within the Treasury's risk management framework, as set out in the Treasury's Annual Report and Accounts (summary provided above). The Treasury Accountant and their managers have overall responsibility on a day-to-day basis for risk management of those Funds managed by EFA, and for ensuring that my financial, regularity and propriety responsibilities as Accounting Officer of the CF are discharged appropriately. They are supported by members of EFA management who are responsible for ensuring that the tasks in their respective areas are compliant with operational policies and procedures, and with legislation. EFA management provides me with a quarterly update report on changes to the control environment and changes in risk exposure.
- 2.7 Risk management is key to all processes within EFA, including business continuity resilience planning for those public funds for which EFA is responsible. Business continuity resilience is regularly tested locally and with business partners, and lessons learned feed into improved business continuity processes. The risk management strategy includes periodic horizon scanning to identify any changes in risk exposure, to evaluate the change and to identify appropriate mitigating actions. Significant risk issues are recorded in a risk register and are assessed by likelihood and impact. A risk owner, who is responsible for managing the risk, is assigned to each risk. The risk register is reviewed quarterly by EFA management, and is circulated to me alongside the quarterly risks and controls report.
- 2.8 There are sufficient experienced staff in the EFA team with an appropriate range and breadth of knowledge to manage the CF, covering absences as necessary and maintaining resilience. EFA

management ensures that key operational staff with responsibilities relating to the CF are trained and equipped to manage risk in a way appropriate to their authority and duties. Training on risk awareness and management is provided as required, either by management or by attending appropriate courses. Training is also provided to staff to build the team's capability and to increase its resilience. EFA team members are encouraged to obtain professional qualifications in areas that are relevant to their roles.

### 3. The system of internal control

- 3.1 As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of the CF's policies, aims and objectives, whilst safeguarding the public funds and assets, for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.
- 3.2 The system of internal control is designed to manage risk to an acceptable level, balancing the impact of potential risks with the resources required to manage them, rather than eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the CF's policies, aims, and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.
- 3.3 The system of internal control has been in place throughout the year ended 31 March 2019 and up to the date of approval of the financial statements, and accords with Treasury guidance. During the year there were no significant changes to the control environment.

### 4. Risk profile

- 4.1 The CF is managed generally within the framework of the Treasury's system of internal control. This framework includes resourcing the administration of the CF, security and the management of risks across the Treasury's business.
- 4.2 The key risks in managing the CF and their associated controls are:
- **Irregularity of transactions, including fraudulent or erroneous payments:** Clear separation of duties is enforced by appropriate user permissions within the accounting system and payment approval panels. Up-to-date policy and procedures manuals including job instructions are readily accessible to all operational staff. Payment instructions are computer-generated and are derived from underlying transaction records. This minimises the risk of keying errors. Net Supply issued to departments to finance expenditure is approved annually by Parliament through the annual Supply and Appropriation Acts. There are normally two separate pieces of Supply legislation in each financial year: the Supply and Appropriation (Main Estimates) Act and the Supply and Appropriation (Anticipation & Adjustments) Act. EFA inputs these limits onto the accounting system, which ensures that these limits are adhered to. Separately, the Comptroller and Auditor General, through the NAO Exchequer Section, approves the regularity of CF payments in advance and reconciles CF transactions on a daily basis. This is not part of the internal control environment but provides additional assurance to Parliament as to the legality of payments made. There is also a clear and comprehensive audit trail in the IT system, to which the NAO Exchequer Section has real-time access. During the year EFA was the subject of an advanced penetration test of its core IT system and the processes surrounding it. The report has been received and EFA is working with third party vendors to review the recommendations made. Overall, although some weaknesses were identified the overall process and controls in place were effective in preventing a third-party attempt at fraud.
  - **Incorrect accounting:** Application controls exist within the IT system used to manage financial transactions and account for receipts and payments of the CF. Cash-based accounting entries are generated from pre-defined templates. New general ledger accounts are authorised by the Treasury Accountant in EFA or one of their managers before being set up. Monthly management accounts for the CF are also produced and reviewed by the Treasury Accountant (or, in their absence, the Head of Exchequer Accounts), and are provided to me. The accounting for any unusual transactions is suitably considered.

- **Failure of IT systems:** The Nippon Telegraph and Telephone Corporation (NTT) data centre offers high levels of resilience with the data centre platform availability set to 99.9 per cent and the network connectivity availability set to 99.99 per cent. NTT has dual centres, which provides a high level of resilience. As part of disaster recovery measures, there is an Active/Active configuration across the two data centres, which ensures a superior level of availability across both sites with near instant failover. EFA also has its own contingency plans in place.
- **Failure to provide an effective service in adverse circumstances, including disaster situations:** To ensure operational resilience in key areas in the event of a threat to business continuity, staff within EFA are trained to provide cover for times when other staff members are absent. Measures are in place to facilitate the NAO Exchequer Section's normal payments approval process in the event of disruption to enable the essential payments business to continue. The risks that impact upon EFA's key stakeholders are managed by their involvement in business continuity planning and testing. Business continuity arrangements are regularly reviewed and tested within the framework of the Treasury's corporate Business Continuity Plan facilities.
- **Failure of principal counterparties to provide agreed services:** Well-developed Service Level Agreements (SLAs) for the provision of services from all principal counterparties are in place. They cover details of the monitoring and control arrangements that both parties are expected to observe. Bi-annual meetings are held with managers at the Bank of England where service levels are discussed. A monthly report of any failure to meet the service requirements is also sent to the Bank of England by EFA. Regular meetings are held with DMO, Government Banking and HMRC management where service levels and incidents are discussed.
- **Information risk:** Data and information risks are managed in accordance with the Treasury's policies, which involve a range of controls to prevent unauthorised disclosures. These include encryption and physical and IT security. HM Treasury adheres to Cabinet Office guidelines.<sup>10</sup> Further guidance on information security and assurance is available to all Treasury staff on the intranet. EFA's own Data Handling Policy identifies risks specific to EFA. This policy is reviewed as required. EFA continues to assess and improve data handling in line with GDPR.

## 5. Review of effectiveness

- 5.1 In line with HM Government guidance, set out within the Corporate Governance Code of Good Practice for central government departments, I have reviewed the effectiveness of the system of internal control. My review is informed by the work of EFIA who provided positive assurance as to the management and control of the CF in 2018-19 and the executive managers within EFA who have responsibility for the development and maintenance of the internal control framework, as well as comments made by external auditors in their management letter and other reports. I have been supported by the Treasury Group ARC and risk owners in addressing weaknesses and ensuring continuous improvement of the system is in place. Information about the effectiveness of the Treasury's overall system of governance including board effectiveness, attendance, compliance with the Corporate Governance Code and quality of management information reviewed is reported in the Treasury's Annual Report and Accounts.
- 5.2 The ARC considered the 2018-19 accounts in draft and provided me with its views before I formally signed the accounts.
- 5.3 No significant internal control issues, including data related incidents, have been identified in 2018-19, and no significant new risks have been identified in the year. No ministerial directions have been given in 2018-19.
- 5.4 In my opinion, the system of internal control was effective throughout the financial year and remains so on the date I sign this report.

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<sup>10</sup> Available at <https://www.gov.uk/government/publications/security-policy-framework>.

## Parliamentary accountability and audit report

### Regularity of payments

The receipts and payments of the CF were applied to the purposes intended by Parliament.

The above statement has been audited.

### Losses and special payments

During the current year, the CF had no losses or special payments totalling over £300,000 (2017-18: £nil).

The above statement has been audited.

### Fees and charges

The CF does not have any fees or charges.

The above statement has been audited.

### Remote contingent liabilities

The CF has contingent liabilities that fall outside the scope of IAS 37 as the possibility of an outflow of resources is remote. However, their disclosure is necessary under Parliamentary accountability requirements. As at 31 March 2019 the CF had the following remote contingent liabilities:

	<b>At 31 March 2019 £m</b>	At 31 March 2018 £m
<b>EIB: Callable capital subscription</b>	<b>30,643</b>	31,288
<b>Loans Guaranteed by the EU Budget</b>		
European Financial Stabilisation Mechanism	<b>6,268</b>	6,740
Balance of Payments Facility	<b>411</b>	607
Third countries	<b>2,099</b>	2,466
European Fund for Strategic Investments	<b>875</b>	479
Other (macro-financial assistance, EIB lending, Euratom)	<b>210</b>	271
	<b>9,863</b>	10,563
<b>Value of UK coins in circulation</b>	<b>4,710</b>	4,574

#### *European Investment Bank: Callable capital subscription*

The latest EIB financial statements at 31 December 2018 show the UK is liable for €35,699 million of callable capital to the EIB (£30,643 million at an exchange rate of £/€1.165<sup>11</sup>) (31 December 2017: €35,699 million, £31,288 million at an exchange rate of £/€1.141). Under Article 5 of the EIB's Statute, the Board of Directors may call upon each Member State to pay its share of the balance of subscribed capital to such extent as may be required for the Bank to meet its obligations.

<sup>11</sup> As published in the Official Journal of the European Union, 1 April 2019.



### *Loans Guaranteed by the EU Budget*

The EU Budget covers three main types of lending operations: a) to Member States under the Balance of Payments Facility and European Financial Stabilisation Mechanism; b) guarantees to the European Investment Bank for lending eligible under the European Fund for Strategic Investments (EFSI); and c) loans and guarantees to Third Countries under Macro Financial Assistance, Euratom and European Investment Bank operations. These loans are guaranteed by the EU Budget and the contingent liabilities would only crystallise in the event of borrower default. For the European Fund for Strategic Investments and loans to Third Countries, the default would have to exceed the size of the corresponding guarantee funds for contingent liabilities to crystallise. The probability of this remains remote.

The European Commission periodically prepares reports showing the capital outstanding and accrued interest in respect of lending operations for which the risk is covered by the EU Budget. The information above is the latest available from the Commission reports, detailing the situation as at 31 December 2017. All amounts are reported at the exchange rate prevailing at the year end date of £/€1.165.

The total of £9,863 million in the table above represents the UK's maximum liability from outstanding loans to EU Member States, Third Countries and private sector entities for which the risk is ultimately borne by the EU Budget. The estimated UK share of the total EU contingent liability is 15.39% (2017-18: 16.20%), determined by the Own Resources Decision on financing the EU budget (note 5). Total capital outstanding and accrued interest to date, excluding the parts covered by the Guarantee Fund for External Actions and relating to the EFSI (described below), stands at €68,044 million (2017-18: €70,999 million) so the UK's indicative share would be €10,471 million or £8,988 million (2017-18: €11,505 million or £10,084 million). Once EFSI is included, less the amount held in the EFSI Guarantee Fund, the total stands at €74,668 million (2017-18: €74,371 million) so the UK's indicative share would be €11,490 million or £9,863 million (2017-18: €12,051 million or £10,563 million).

The European Financial Stabilisation Mechanism (EFSM) allows the Union to grant up to €60 billion in financial assistance to any EU Member State. The mechanism has been drawn upon three times. The programmes that remain outstanding were initiated by Ireland in December 2010 as part of a three year international financial assistance programme of which €22.5 billion was provided by the EFSM; and by Portugal in May 2011 as part of a three year international financial assistance programme of which €24.3 billion was provided through the EFSM. Both programmes have since concluded, with the final disbursements taking place in November 2014. However, Ireland and Portugal remain under post programme surveillance until 75% of the financial assistance received in each case has been repaid. Since 2014, loans to Portugal and Ireland have been refinanced in accordance with a Council agreement in 2013 to extend maturities on loans to both countries. The figure of £6,268 million relates to the indicative UK share of the total drawdown of €46,800 million (2017-18: €46,800 million) plus accrued interest. The EFSM also granted up to €7,160 million in short term loans to Greece in July 2015. These were subsequently repaid in August 2015.

For clarity, the UK has no contingent liability through the EU budget or otherwise to the financial assistance programmes provided by euro area Member States and institutions to Greece or Cyprus. These programmes were provided by euro area-only financial assistance mechanisms which are not backed by the EU Budget and therefore involve no liability for the UK. The UK's exposure and commitment to the International Monetary Fund is described in the account for the National Loans Fund.

The EU's Balance of Payments Facility can offer up to €50 billion in medium-term financial assistance for EU countries outside the euro area. The Commission's latest report shows outstanding loans of €3,114 million in respect of loans disbursed and accrued interest to Latvia and Romania (2017-18: €4,272 million). The UK share of this is €479 million or £411 million (2017-18: €692 million or £607 million).

The contingent liability also includes EU guarantees to Third Countries, i.e. countries that are not members of the EU, including Macro Financial Assistance to Armenia, Georgia, Jordan, the Kyrgyz Republic, Lebanon, Moldova, Tunisia and Ukraine; and loans made by the European Investment Bank to Third Countries and some EU Member States prior to their accession to the EU. The Guarantee Fund for External Actions is maintained to bear the first losses in the event of default on these loans. This is financed from the general budget of the EU with a target size of 9 per cent of total outstanding loans. The UK's estimated share of the residual contingent liability is €2,445 million or £2,099 million (2017-18: €2,814 million or £2,466 million), once the limit of the EU guarantee under the EIB's External Lending Mandate is taken into account.

The European Fund for Strategic Investments (EFSI) was established in 2015. It is an initiative managed by the EIB Group that aims to mobilise private investment in projects which are strategically important for the EU. The EFSI Guarantee Fund was established to provide a liquidity cushion in the event that the EIB Group were to call on the guarantee. The Fund is financed from the EU Budget and is being progressively provisioned to reach €9.1 billion (i.e. 35 per cent of the total EU EFSI Guarantee) by 2022. Taking into account the value of the assets in the EFSI Guarantee Fund, the UK's estimated share of the residual unfunded contingent liability currently stands at €1,019 million or £875 million (2017-18: €546 million or £479 million).

#### *UK Coins in Circulation*

As at 31 March 2019 the estimated total face value of coins in circulation was £4,710 million (2017-18 £4,574 million). The CF has potential liability in respect of returned and damaged coins and if coins are redeemed. The value of returned, damaged and redeemed coins paid in 2018-19 was £188.6 million (2017-18 £1,213.1 million) (notes 6a and 9). The probability of a material liability in respect of coinage is considered remote.

#### *EU withdrawal: the financial settlement*

On 29 March 2017 the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified. During this time the UK remains a full member of the EU with all the rights and obligations of membership.

The agreed terms on which the UK will leave, including any financial settlement payable by the UK towards commitments and liabilities that the EU entered into when the UK was a member state, will be determined by the withdrawal agreement under Article 50 and become legally binding when ratified. On 19 March 2018 the UK and EU negotiators published a draft withdrawal agreement. An updated withdrawal agreement was published on 25 November 2018. This draft withdrawal agreement has not been approved by Parliament and therefore does not give rise to any legal or constructive obligation for the Consolidated Fund at the reporting date.

The Consolidated Fund may be required to settle any liabilities arising from changes in legislation, regulation and funding arrangements resulting from EU exit on behalf of UK Government where these are not covered by other government departments. This is disclosed as an unquantifiable remote contingent liability in accordance with the principles of Managing Public Money.

The above statements have been audited.

**Tom Scholar**  
Accounting Officer  
HM Treasury

9 July 2019

# **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

## **Opinion on financial statements**

I certify that I have audited the financial statements of the Consolidated Fund for the year ended 31 March 2019 under the National Loans Act 1968. The financial statements comprise: the Receipts and Payments account and related notes 1 to 6; the accruals-based disclosures in notes 7-11; and notes 12 to 14. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements properly present the receipts and payments of the Consolidated Fund for the year ended 31 March 2019; and
- the financial statements have been properly prepared in accordance with the National Loans Act 1968 and in the form prescribed by HM Treasury.

## **Opinion on regularity**

In my opinion, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Consolidated Fund in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Fund's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the National Loans Act 1968.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement,

whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Fund's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and Accountability Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the National Loans Act 1968;
- in the light of the knowledge and understanding of the Consolidated Fund and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

**Gareth Davies**

Comptroller and Auditor General

11 July 2019

National Audit Office

157-197 Buckingham Palace Road  
Victoria

London, SW1W 9SP

# Receipts and Payments Account for the year ended 31 March 2019

	Notes	2018-19 £m	2017-18 £m
<b>Receipts</b>			
<b>Tax Revenue</b>			
HMRC	2	<b>469,152</b>	441,346
Vehicle Excise Duty	2	<b>6,780</b>	6,310
Business Rates Retention/National Non-Domestic Rates	2	<b>11,043</b>	11,884
		<b>486,975</b>	<b>459,540</b>
<b>Other Receipts</b>			
Repayments from the Contingencies Fund		<b>4,002</b>	3,998
Miscellaneous receipts	3	<b>32,665</b>	39,334
Deficit met from the National Loans Fund		<b>34,341</b>	44,928
		<b>557,983</b>	<b>547,800</b>
<b>Payments</b>			
<b>Supply Services</b>			
	4	<b>488,297</b>	475,838
<b>Standing Services</b>			
Advances to HMRC in support of revenue	2	<b>9,758</b>	9,780
Payments to the National Loans Fund for net interest payments		<b>39,965</b>	43,676
Payments to the budget of the European Union	5	<b>15,531</b>	12,904
Other Standing Services	6a	<b>432</b>	1,602
		<b>553,983</b>	<b>543,800</b>
<b>Issues to the Contingencies Fund</b>		<b>4,000</b>	4,000
<b>Total Payments</b>		<b>557,983</b>	<b>547,800</b>

*The notes on pages 19 to 33 form part of this Account.*

**Tom Scholar**  
Accounting Officer  
HM Treasury

9 July 2019

# Notes to the Account

## 1. Statement of Accounting Policies

The Consolidated Fund (CF) was first set up in 1787 as 'one fund into which shall flow every stream of public revenue and from which shall come the supply for every service'. The basis of the financial mechanism by which the CF is operated is governed by the Exchequer and Audit Departments Act 1866.

The CF is administered by the Treasury; its bank account is maintained at the Bank of England.

These accounts are prepared on a cash basis under section 21(1) of the National Loans Act 1968 as an account of payments and receipts. In addition, accruals-based disclosures are made at notes 7-11 to assist preparation of Whole of Government Accounts. They are restricted to those items not disclosed in departmental Annual Reports and Accounts or elsewhere. These items include liabilities in respect of pensions paid directly from the CF, coinage issued and redeemed, the UK's capital subscription to the European Investment Bank, the Public Dividend Capital (PDC) of the Land Registry and ongoing litigation. These disclosures have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of investments. There is limited direct read-across between the accruals-based notes 7-11 and the cash-based CF Receipts and Payments account. References are given where there is a direct read-across to notes 3 and 6a.

There are no accounting standards in issue that are not yet effective that would impact on the CF.

All notes are stated in millions of pounds sterling (£m) with the exception of those notes including payroll or pensions information which are stated in thousands of pounds sterling (£000) or pounds sterling (£).

### *Foreign currency translation*

Monetary assets and liabilities included in note 10 to the accounts are reported at the exchange rate prevailing at the year end date of £/€ 1.165<sup>12</sup> (2017-18: £/€ 1.141).

## 2. Tax Revenue

Detailed breakdowns of tax revenues paid into the CF are set out in Trust Statements prepared by the receiving departments. These departments are Her Majesty's Revenue and Customs (HMRC), the Driver and Vehicle Licensing Agency (DVLA) and the Ministry of Housing, Communities and Local Government (MHCLG). Tax receipts collected by HMRC are subject to an estimation process applied by HMRC to distinguish between tax receipts and national insurance contributions which are also collected by HMRC. Cash paid over to the CF by HMRC in any reporting period may include amounts later identified as national insurance contributions which are then repaid to the National Insurance Fund.

HMRC is empowered to receive funding from the CF to meet its cash needs on days when its revenue-related outflows exceed its receipts. Some £9.8 billion was advanced from the CF for this purpose in 2018-19 (£9.8 billion in 2017-18).

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<sup>12</sup> As published in the Official Journal of the European Union, 1 April 2019.

**3. Miscellaneous receipts**

	Notes	2018-19 £m	2017-18 £m
Consolidated Fund Extra Receipts (CFERs) <sup>1</sup>		<b>26,325</b>	32,821
Trust Statement revenue <sup>2</sup>		<b>5,456</b>	4,808
United Kingdom coinage issued	9	<b>406</b>	1,208
Crown Estate surplus revenue		<b>339</b>	340
Current year over-issues of Supply repaid	4	-	1
Prior year over-issues of Supply repaid	4	<b>4</b>	17
Miscellaneous		<b>135</b>	139
<b>Total</b>		<b>32,665</b>	39,334

<sup>1</sup> CFERs comprise:

- Negative Supply (for Departments that end the year with a negative net cash requirement outturn);
- departmental income that falls outside the ambit of the Estimates; and
- fines, levies and penalties considered insufficiently material to be reported in a Trust Statement.

<sup>2</sup> Trust Statement Revenue comprises fines, levies and penalties considered sufficiently material to be reported in a Trust Statement. The figures above exclude Trust Statement revenue included within Tax Revenue on the face of the Receipts and Payments account and already reported in note 2.

*Receipts surrendered to the Consolidated Fund*

Remitter	2018-19			2017-18
	CFERs £m	Trust Statement £m	Total £m	Total £m
1. HM Treasury	<b>19,349</b>	<b>16</b>	<b>19,365</b>	26,309
2. Department for Business, Energy and Industrial Strategy	<b>1,757</b>	<b>1,707</b>	<b>3,464</b>	3,774
3. BBC Licence Fee	-	<b>3,227</b>	<b>3,227</b>	3,173
4. Department for Education	<b>1,935</b>	-	<b>1,935</b>	1,715
5. Department for Digital, Culture, Media and Sport	<b>1,624</b>	-	<b>1,624</b>	336
	<b>24,665</b>	<b>4,950</b>	<b>29,615</b>	35,307
Other	<b>1,660</b>	<b>506</b>	<b>2,166</b>	2,322
<b>Total</b>	<b>26,325</b>	<b>5,456</b>	<b>31,781</b>	37,629

Note that receipts are recorded against the remitting entity even where that entity is part of a wider group which may also generate remittances.

Receipts from HM Treasury comprised £9.7 billion excess cash from Bank of England Asset Purchase Facility Fund (2017-18: £10.0 billion), £8.9 billion from Government financial sector interventions (2017-18:



£15.8 billion) and £0.8 billion from other items (2017-18: £0.5 billion). Further information can be found in the Treasury's 2018-19 Annual Report & Accounts and the Treasury's 2018-19 Trust Statement.

#### 4. Analysis of Supply Services

##### 4a Supply Services issues and repayments

	Notes	2018-19	2017-18
		£m	£m
<b>Supply Issues</b>			
For current year		<b>488,287</b>	475,315
For previous year		<b>10</b>	523
Supply Services issued		<b>488,297</b>	475,838
Current year over-issues of Supply repaid	3	-	(1)
Prior year over-issues of Supply repaid	3	<b>(4)</b>	(17)
<b>Net Supply Services issued</b>		<b>488,293</b>	475,820

Note 4a shows receipts and payments of Supply in a financial year.

##### 4b Supply Services analysed by period

Year for which Supply granted	2018-19	2017-18	2016-17
	£m	£m	£m
Positive Net Cash Requirement	<b>519,203</b>	501,912	483,334
Negative Net Cash Requirement	<b>(6,331)</b>	(13,883)	(3,791)
Excess Vote	<b>n.a</b>	-	-
Total Net Supply granted by Parliament	<b>512,872</b>	488,029	479,543
Surplus not required (as reported)	<b>n.a</b>	(13,568)	(15,583)
Revised Total Net Cash Requirement outturns reported by government departments	<b>n.a</b>	474,461	463,960

##### Analysed by Year of Payment/(Receipt):

2016-17	Issues made in year		481,812
	Current year over-issues surrendered in cash		(17,346)
	Prior year issues applied to a subsequent year		6,934
	Prior year over- issues surrendered in cash		-
2017-18	Issues made in year	475,315	523
	Current year over-issues surrendered in cash	(1)	-
	Prior year issues applied to a subsequent year	7,946	(7,946)
	Prior year over- issues surrendered in cash	-	(17)
2018-19	Issues made in year	<b>488,287</b>	-
	Current year over-issues surrendered in cash	-	-
	Prior year issues applied to a subsequent year	<b>8,805</b>	-
	Prior year over- issues surrendered in cash	-	(4)
<b>Total</b>		<b>n.a</b>	463,960

Note 4b analyses the receipts and payments of Supply according to the year for which the Supply was granted. The Net Cash Requirement for 2018-19 will not be finalised until all government departments have published their accounts. Therefore this figure and the subsequent analysis is noted as not yet available (n.a). This will be published in the 2019-20 CF Account. Excess Votes are always approved in March of the following year, therefore any adjustments to Supply in respect of Excess Votes will always be recorded as an adjustment to the previous year's figures.

#### 4c Departmental Drawings

The following analysis sets out the cash supplied to the ten highest drawing departments during 2018-19. Details of how Supply has been spent can be found in each of the departmental Annual Report and Accounts.

#### Cash Supplied by the Consolidated Fund

Department	2018-19 £m	2017-18 £m
1. Department of Health and Social Care	106,600	102,100
2. Department for Work and Pensions	85,949	82,369
3. Department for Education	81,254	77,887
4. Ministry of Defence	37,473	36,418
5. Scotland Office	29,973	28,252
6. Department for Transport	17,429	18,660
7. H.M. Revenue & Customs	15,602	15,534
8. Northern Ireland Office	15,034	14,582
9. Wales Office	14,587	14,135
10. Ministry of Housing, Communities and Local Government	14,241	16,537
	<b>418,142</b>	406,474
Other	70,155	69,364
<b>Total</b>	<b>488,297</b>	475,838

#### 5. United Kingdom contributions to the Budget of the European Union (EU)

Member States' contributions to the EU Budget are made on the basis of the financing system set out in the Own Resources Decision (ORD) which was agreed by all Member States in 2013 and incorporated into UK law by virtue of the European Union (Finance) Act 2015.

Contributions relate to calendar years and are formula based, using factors that are in many cases subject to periodic revision over a number of years as better information becomes available, for example Gross National Income (GNI). Revisions to a Member State's contributions for a given year may therefore be made over several years. The ORD provides for the EU Budget to be financed by own resources consisting of:

(i) customs duties, including those on agricultural products;

(ii) sugar levies;

(iii) VAT-based resource, which is the product of the application of a uniform rate, not exceeding 0.3 per cent, to a hypothetical, harmonised expenditure base which must not for any Member State exceed 50 per cent of its GNI base; and

(iv) a GNI-based resource, sometimes referred to as the “fourth resource”. The rate of this GNI-based resource is whatever is required, given all other revenue, to balance the Budget.

The UK's abatement is calculated in accordance with the formula set out in the ORD. It is equal to approximately 66 per cent of the difference in the previous year between the UK's contribution to the EU's abatable budget expenditure and the UK's receipts from the EU Budget. Abatable budget expenditure is all expenditure allocated to the 15 countries that were Member States prior to 2004 plus most of the agricultural expenditure allocated to Member States that acceded since 2004.

	<b>Contribution for year ended 31 March 2019</b>	<b>Adjustment of prior years' contributions</b>	<b>2018-19 Total £m</b>	<b>2017-18 Total £m</b>
Custom duties	<b>2,642</b>	<b>(229)</b>	<b>2,413</b>	2,716
Sugar levies	<b>(3)</b>	-	<b>(3)</b>	-
VAT-based contribution	<b>3,288</b>	<b>138</b>	<b>3,426</b>	2,974
GNI-based contribution	<b>15,370</b>	<b>(829)</b>	<b>14,541</b>	11,761
	<b>21,297</b>	<b>(920)</b>	<b>20,377</b>	17,451
UK abatement	<b>(4,824)</b>	<b>(22)</b>	<b>(4,846)</b>	(4,547)
UK's total contribution to EU Budget	<b>16,473</b>	<b>(942)</b>	<b>15,531</b>	12,904

The changes agreed under ORD14 came into effect in October 2016 following the completion of ratification of the ORD by all Member States. Retroactive adjustments to Member States' contributions between January 2014 and October 2016 were made in January 2017. The UK made a payment of £0.4bn to cover the reduction in the amount of customs duties and sugar levies retained by the UK from 25% to 20% and a payment of £0.8bn to account for changes in the calculation of GNI and the financing shares of other Member States. The UK rebate was also increased by £0.6bn, putting the net payment at £0.6bn.

In 2018-19 the UK recognised a net receipt of £0.2bn in respect of the annual GNI and VAT revenue adjustment exercise and received a refund of £0.1bn in respect of opting out of Justice and Home Affair programmes.

The UK's contribution to the EU budget varies from year to year as a result of various factors, for example variations in payments made due to the nature of the Own Resources system and variations in UK receipts from the EU budget and consequent fluctuations in the UK abatement. The Government presents an annual statement to Parliament about the EU Budget<sup>13</sup>. Remote contingent liabilities relating to the EU Budget are described in the Parliamentary accountability and audit report on pages 12 - 14.

<sup>13</sup> <https://www.gov.uk/government/statistics/european-union-finances-2018>

**6a Other Consolidated Fund Standing Services payments**

	Notes	2018-19 £'000	2017-18 £'000
<b>Annuities and Pensions</b>			
Annuity to the Duke of Edinburgh		359	359
Royal Household Pension Scheme	7d	4,509	4,282
Pensions for Judicial Services <sup>1</sup>	8	77,829	79,927
Members of the European Parliament pensions	7d	1,855	1,782
Political and Public Service pensions	8	528	555
Civil List pensions	8	146	145
<b>Salaries and Allowances</b>			
Courts of Justice <sup>2</sup>		157,433	151,033
Members of the European Parliament		261	256
Political and Public	6b	1,379	1,308
<b>Miscellaneous Services</b>			
Election and referendum expenses <sup>3</sup>		(1,105)	149,643
Royal Mint (redeemed coinage)	9	188,558	1,213,140
Miscellaneous refunds		5	3
<b>Total</b>		<b>431,757</b>	<b>1,602,433</b>

<sup>1</sup> Pensions for Judicial Services includes pensions of previous Lord Chancellors.

<sup>2</sup> Courts of Justice salaries includes the salary of the Lord Chancellor.

<sup>3</sup> Election and referendum expenses funded in year total to £1,075,000. Excess funding of £2,180,000 was returned to the CF for Police and Crime Commissioner elections (£1,063,000) and EU referendum (£1,117,000) resulting in a net inflow of cash.

**6b Political and Public Service Payments**

Political and Public Service Payments reported in note 6a comprise payments to the holders of political posts or public offices and associated employers' national insurance contributions for which specific statutory powers exist enabling the CF to make such payments:

	<b>2018-19</b> £	2017-18 £
Holders of Political Posts - payments	<b>409,734</b>	388,290
Holders of Political Posts - employers' national insurance	<b>48,406</b>	43,732
Public Office holders - payments	<b>820,333</b>	781,604
Public Office holders - employers' national insurance	<b>100,953</b>	94,520
<b>Total</b>	<b>1,379,426</b>	1,308,146

The figures above exclude payments and associated employers' national insurance for the Lord Chancellor which are shown in table 6bi below but are included with Courts of Justice salaries rather than Political and Public in note 6a.

The payments to office holders are shown below and do not include employers' national insurance contributions. In line with the rest of the CF account, these are reported on a payments basis. Any backdated payments are reported in the year they are paid.

*6bi Payments to holders of Political Posts*

	<b>2018-19</b> <b>Salary</b> £	2017-18 Salary £
The Rt Hon Jeremy Corbyn MP <i>Leader of the Opposition – HOC</i>	<b>55,334</b>	49,176
The Rt Hon Baroness Smith of Basildon <sup>1</sup> <i>Leader of the Opposition – HOL</i>	<b>105,076</b>	93,382
Rt Hon Nicholas Brown MP <i>Opposition Chief Whip – HOC</i>	<b>33,490</b>	29,763
The Rt Hon Alan Campbell MP <i>Deputy Opposition Chief Whip – HOC</i>	<b>19,523</b>	17,208
The Rt Hon Lord Bassam of Brighton <sup>1&amp;2</sup> <i>Opposition Chief Whip – HOL (to Jan 2018)</i>	-	86,139
The Rt Hon Lord McAvoy <sup>1</sup> <i>Opposition Chief Whip – HOL (from Jan 2018)</i>	<b>99,903</b>	18,530
Mark Tami MP <i>Opposition Pairing Whip – HOC</i>	<b>19,523</b>	17,208
The Rt Hon John Bercow MP <i>Speaker – HOC</i>	<b>76,885</b>	76,885
	<b>409,734</b>	388,290

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The Rt Hon Elizabeth Truss MP <i>Lord Chancellor (to Jun 2017)</i>	-	13,501
Rt Hon David Lidington MP <i>Lord Chancellor (from Jun 2017 to Jan 2018)</i>	-	38,392
Rt Hon David Gauke MP <i>Lord Chancellor (from Jan 2018)</i>	<b>67,505</b>	15,425
	<b>67,505</b>	<b>67,318</b>

<sup>1</sup> The figures include the Lords Office-holder's Allowance of £36,366 per annum.

<sup>2</sup> Prior year figures include salary up to Jan 2018 and severance payment (£15,884)

Pensions are paid from the CF to former Prime Ministers, Speakers and Lord Chancellors in accordance with legislation (note 8). The CF does not pay any other expenses or allowances or make any other payments to MPs.

*6bii Payments to Public Office holders*

	<b>2018-19</b>	2017-18
	<b>Salary</b>	Salary
	<b>£</b>	£
Sir Amyas Morse <sup>1</sup> <i>Comptroller and Auditor General</i>	<b>222,661</b>	220,457
Dame Julie Mellor <sup>2</sup> <i>Parliamentary and Health Service Ombudsman (to Apr 2017)</i>	-	2,286
Rob Behrens, CBE <sup>2</sup> <i>Parliamentary and Health Service Ombudsman (from Apr 2017)</i>	<b>163,200</b>	157,778
Virginia McVea <i>Northern Ireland Chief Electoral Officer</i>	<b>78,908</b>	77,615
Elizabeth Denham <sup>3</sup> <i>Information Commissioner</i>	<b>180,000</b>	140,000
Lord Michael Bichard <i>Chair of the National Audit Office (reappointed from Jan 2018)</i>	<b>40,000</b>	40,000
Sir John Holmes <sup>4&amp;5</sup> <i>Electoral Commission Chair</i>	<b>70,749</b>	69,874
Anna Carragher <sup>4</sup> <i>Electoral Commissioner (fee based)</i>	<b>6,426</b>	7,542
Dame Sue Bruce <sup>4</sup> <i>Electoral Commissioner (fee based)</i>	<b>9,639</b>	12,828
David Howarth <sup>4</sup> <i>Electoral Commissioner (fee based) (to 30 Sep 2018)</i>	<b>3,402</b>	3,583
Anthony Hobman <sup>4</sup> <i>Electoral Commissioner (fee based) (to Dec 2017)</i>	-	5,847
Lord John Horam of Grimsargh <sup>4</sup> <i>Electoral Commissioner (fee based) (to 30 Sep 2018)</i>	<b>3,018</b>	5,851

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Alasdair Morgan <sup>4</sup> <i>Electoral Commissioner (fee based)</i>	<b>8,883</b>	8,869
Bridget Prentice <sup>4</sup> <i>Electoral Commissioner (fee based) (to 30 Sep 2018)</i>	<b>5,481</b>	6,416
Robert Vincent <sup>4</sup> <i>Electoral Commissioner (fee based)</i>	<b>6,609</b>	8,306
Professor Elan Closs Stephens <sup>4</sup> <i>Electoral Commissioner (fee based)</i>	<b>12,285</b>	14,352
Sarah Chambers <sup>4</sup> <i>Electoral Commissioner (fee based) (from Mar 2018)</i>	<b>6,615</b>	-
Joan Walley <sup>4</sup> <i>Electoral Commissioner (fee based) (from Nov 2018)</i>	<b>945</b>	-
Alastair Ross <sup>4</sup> <i>Electoral Commissioner (fee based) (from Nov 2018)</i>	<b>1,512</b>	-
Lord Gilbert of Panteg <sup>4&amp;5</sup> <i>Electoral Commissioner (fee based) (from Nov 2018)</i>	-	-
	<b>820,333</b>	<b>781,604</b>

<sup>1</sup> Salary details for the Comptroller and Auditor General (C&AG) and Chair of the NAO are also disclosed in the National Audit Office Annual Report and Accounts.

<sup>2</sup> Salary details for the Parliamentary and Health Service Ombudsman are also disclosed in the Parliamentary and Health Service Ombudsman Annual Report and Accounts

<sup>3</sup> Salary details for the Information Commissioner are also disclosed in the Information Commissioner's Annual Report and Financial Statements.

<sup>4</sup> Details of the salary of the Electoral Commission Chair and Electoral Commissioners' fees are also disclosed in the Electoral Commission Annual Report and Accounts.

<sup>5</sup> No fees paid in 2018-19.

Pensions are payable from the CF to former Comptrollers and Auditors General, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and Chairs of the Electoral Commission. The pension entitlement at retirement is calculated in accordance with the Principal Civil Service Pension Scheme. Subsequent increases in pensions are paid by the Civil Service Superannuation Vote, not by the CF.

Notes 7 to 11 below are prepared on an accruals basis; references are given to notes 3 and 6a where there is a direct read across to them.

## 7. Unfunded pension arrangements

The CF pays as a Standing Service the pension benefits of those Royal Household (RH) employees who entered employment before 31 March 2001 under the Royal Household Pension Scheme (RHPS) and the pension benefits of those Members of the European Parliament (MEPs) who had accrued benefits before 2009 or who elected to continue to participate in the European Parliament (UK Representatives) Pension Scheme when EU-wide pension arrangements were set up in 2009. Both schemes are now closed to new members. Pension benefits are based on final pensionable salary and/or career average. The following data for pension liabilities, which are accounted for as unfunded defined benefit arrangements, is in accordance with IAS 19 *Employee Benefits*. The liabilities are measured on an actuarial basis using the Projected Unit Credit Method and discounted using the rate advised by HM Treasury. Actuarial gains and losses are recognised in full as they occur.

### 7a Actuarial assessment assumptions

Full actuarial assessment was performed by the Government Actuary's Department for the Royal Household Pension Scheme as at 31 March 2019. For European Parliament (UK Representatives), the actuary rolled forward the results of the full actuarial assessments as at 30 September 2014 to determine the approximate positions as at 31 March 2019. The major assumptions used by the actuary for both schemes are shown below.

	<b>At March 2019</b>	At March 2018
	<b>% per annum</b>	% per annum
Rate of increase in salaries (MEPs)	4.60	4.45
Rate of increase in salaries (RH)	4.10	3.95
Discount rate	2.90	2.55

### Life Expectancy

The assumed life expectancy at age 65 of MEP pensioners retiring in normal health was as follows:

	<b>At 31 March 2019</b>		<b>At 31 March 2018</b>	
	<b>Men (years)</b>	<b>Women (years)</b>	Men (years)	Women (years)
Current pensioners	24.5	25.9	24.4	25.8
Future pensioners	25.0	26.4	24.9	26.3

The assumed life expectancy at age 60 of Royal Household pensioners retiring in normal health was as follows:

	<b>At 31 March 2019</b>		<b>At 31 March 2018</b>	
	<b>Men (years)</b>	<b>Women (years)</b>	Men (years)	Women (years)
Current pensioners	27.6	29.3	27.5	29.2
Future pensioners	29.6	31.2	29.5	31.2



Three further assumptions were used by the actuary for the Royal Household Pension Scheme:

	<b>At 31 March 2019</b>	At 31 March 2018
	<b>% per annum</b>	% per annum
Rate of increase in pension payments	2.60	2.45
Inflation assumption	2.60	2.45
Discount rate net of price inflation	0.29	0.10

*7b 2018-19 Expenditure and income*

	<b>RH</b>	<b>MEPs</b>	<b>2018-19 Total</b>	2017-18 Total
	£'000	£'000	£'000	£'000
<b>Expenditure</b>				
Current service costs (including member contributions)	<b>898</b>	<b>110</b>	<b>1,008</b>	1,078
Interest on scheme liability	<b>2,812</b>	<b>930</b>	<b>3,742</b>	4,288
Total expenditure	<b>3,710</b>	<b>1,040</b>	<b>4,750</b>	5,366
<b>Income</b>				
Pension contributions receivable				
Employers' contributions	<b>467</b>	-	<b>467</b>	513
Employees' contributions	<b>127</b>	<b>32</b>	<b>159</b>	171
Total income	<b>594</b>	<b>32</b>	<b>626</b>	684
<b>Net expenditure</b>	<b>3,116</b>	<b>1,008</b>	<b>4,124</b>	4,682

*7c Movement in liabilities during the year*

	<b>RH</b>	<b>MEPs</b>	<b>2018-19 Total</b>	2017-18 Total
	£'000	£'000	£'000	£'000
Scheme Liability at beginning of the year	<b>(112,046)</b>	<b>(37,351)</b>	<b>(149,397)</b>	(155,566)
Current service cost	<b>(771)</b>	<b>(78)</b>	<b>(849)</b>	(907)
Employee contributions	<b>(127)</b>	<b>(32)</b>	<b>(159)</b>	(171)
Net individual pension transfers-out	-	-	-	-
Benefit payments	<b>4,496</b>	<b>1,855</b>	<b>6,351</b>	6,054
Other finance charges – interest	<b>(2,812)</b>	<b>(930)</b>	<b>(3,742)</b>	(4,377)
Total	<b>(111,260)</b>	<b>(36,536)</b>	<b>(147,796)</b>	(154,967)
Actuarial gain / (loss) (note 7e)	<b>2,996</b>	<b>1,977</b>	<b>4,973</b>	5,570
Liability at end of year	<b>(108,264)</b>	<b>(34,559)</b>	<b>(142,823)</b>	(149,397)

The liability at the end of the year is based on actuarial assessments as at 31 March 2019. The change in liabilities is mainly due to the change in the financial assumptions used.

*7d Analysis of pension benefits paid by the Consolidated Fund*

This table provides details of cash payments made by the CF in relation to Royal Household and MEPs' pensions as disclosed above. The pension increase element of MEPs' pensions is disclosed in the Civil Service Superannuation Annual Report & Account.

	<b>RH</b>	<b>MEPs</b>	<b>2018-19</b>	2017-18
	£'000	£'000	<b>Total</b>	Total
			£'000	£'000
Total pension paid	<b>3,960</b>	<b>2,445</b>	<b>6,405</b>	6,268
Commutation and lump sum benefits	<b>549</b>	<b>101</b>	<b>650</b>	403
Net individual pension transfers-out	-	-	-	-
<b>Total pension benefits paid</b>	<b>4,509</b>	<b>2,546</b>	<b>7,055</b>	6,671
Less: increase element of MEPs' pensions disclosed in the Civil Service Superannuation Annual Report & Account	-	<b>(691)</b>	<b>(691)</b>	(607)
<b>Total borne by the Consolidated Fund (note 6a)</b>	<b>4,509</b>	<b>1,855</b>	<b>6,364</b>	6,064

*7e Analysis of actuarial gains/(losses) on unfunded pension schemes*

	<b>RH</b>	<b>MEPs</b>	<b>2018-19</b>	2017-18
	£'000	£'000	<b>Total</b>	Total
			£'000	£'000
(Loss) / gain arising on scheme liabilities	(538)	471	<b>(67)</b>	1,412
Changes in assumptions underlying the present value of liabilities	3,534	1,506	<b>5,040</b>	4,158
<b>Total</b>	<b>2,996</b>	<b>1,977</b>	<b>4,973</b>	5,570

**8. Other pensions**

In addition to the pensions described in note 7, the CF also makes payments in relation to (i) pensions in respect of judicial services; (ii) Civil List pensions; and (iii) pensions for Parliamentary Officers for political and civil services provided. IAS 19 disclosures have not been provided for these payments either because they are reported in a separate account or because they are not material to the CF.

**Pensions for judicial services** – Liabilities in respect of this scheme are included in the Judicial Pension Scheme Annual Report & Account. Payments from the CF in respect of this scheme in 2018-19 amounted to £77.8 million (£79.9 million in 2017-18). These include pension payments made in respect of former Lord Chancellors.

**Civil List 'pensions'** – These are not pensions in the accepted sense. They represent awards for distinguished service to the arts and science and are payable for the life of the recipient. In total, a sum of £146,000 was paid from the CF in 2018-19 in respect of these pensions (£145,000 in 2017-18). This is not material to the CF.

**Pensions for Parliamentary Officers for political and civil services provided** - Relate to pensions for former Prime Ministers, Speakers, Comptrollers and Auditors General, Parliamentary Commissioners, Information Commissioners, Northern Ireland Chief Electoral Officers and Chairs of the Electoral

Commission. In total a sum of £528,000 was paid from the CF in 2018-19 in respect of these pensions (£555,000 in 2017-18) and is not material to the CF.

	2018-19			2017-18		
	Former political office holders or surviving dependents	Other former office holders or surviving dependents	Total	Former political office holders or surviving dependents	Other former office holders or surviving dependents	Total
Number of pensioners	8	14	22	7	14	21
Pension paid from CF (£'000)	233	295	528	260	295	555

The actuarial liability falling on the CF across all these schemes has been assessed at £8.7 million at 31 March 2019 - £1.1 million attributable to holders of offices as at 31 March 2019 and £7.6 million attributable to former holders of offices or the surviving widows of former office holders (£9.4 million at 31 March 2018 - £1.1 million to office holders at 31 March 2018, £8.3 million to former holders of offices or the surviving widows of former office holders). This also is not material to the CF.

Prior to the Public Service Pensions Act 2013, former Prime Minister, Speaker and Lord Chancellor office-holders were entitled to a pension from the CF. The entitled pension was half of the entitled salary per year irrespective of length of service, payable for life after leaving office. Under the 2013 Act, pension arrangements for office-holders who took up post after 1 April 2015, including the current Prime Minister Theresa May, are no longer being paid from the Consolidated Fund. This is now provided and paid entirely from the Parliamentary Contributory Pension Fund (PCPF).

The pension entitlement at retirement for other public office holders is calculated in accordance with the Principal Civil Service Pension Scheme rules and will be paid by the CF. Subsequent increases in pensions are paid by the Civil Service Superannuation vote, not by the CF.

The following public office holders who held posts during the year will become entitled to a pension payable from the CF.

	Total accrued pension at age 65 at 31 March 2019 or end date	Real increase in pension at age 65	CETV at 31 March 2019 or end date	CETV at 31 March 2018 or start date	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
The Rt Hon John Bercow MP <i>Speaker – House of Commons</i>	35 - 40	-2.5 - 0	936	914	- 22
Sir Amyas Morse <sup>1</sup> <i>Comptroller and Auditor General</i>	n/a	n/a	n/a	n/a	n/a
Rob Behrens <sup>1</sup> <i>Parliamentary and Health Service Ombudsman</i>	n/a	n/a	n/a	n/a	n/a
Elizabeth Denham <i>Information Commissioner</i>	5 - 10	2.5 - 5	149	83	46

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Virginia McVea <i>Northern Ireland Chief Electoral Officer</i>	0 - 5	0 - 2.5	46	22	15
Sir John Holmes <sup>2</sup> <i>Senior Electoral Commissioner</i>	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> Sir Amyas Morse - Comptroller & Auditor General and Rob Behrens - current Parliamentary and Health Service Ombudsman have waived their entitlement to the pension due to them as post holders.

<sup>2</sup> Sir John Holmes, the current Senior Electoral Commissioner, is not entitled to a pension payable from the CF.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are a member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV payment is made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. This disclosure is provided for completeness purposes only as the pensions payable from the CF are not transferable. The real increase in CETV excludes the effects of inflation and contributions paid by the member and uses common market valuation factors for the start and end of the period.

## 9. Coinage issued and redeemed

Amounts received by the Royal Mint from banks and other financial institutions for the face value of coins issued is payable to the CF and the face value of coins redeemed by the Royal Mint is a charge on the CF. The cost of minting the coinage is reported in the Treasury's Annual Report & Accounts.

Sums due to the Consolidated Fund:

	Notes	2018-19 £m	2017-18 £m
<b>Balance at 1 April</b>		<b>42</b>	239
Coins issued		<b>370</b>	1,046
Cash received by Consolidated Fund	3	<b>(406)</b>	(1,208)
Coins redeemed		<b>(152)</b>	(1,248)
Cash paid by Consolidated Fund	6a	<b>189</b>	1,213
<b>Balance at 31 March</b>		<b>43</b>	42

The decrease in the current year figures compared to 2017-18 is primarily due to receipts from the sale of the new £1 coin and payment for the old £1 coins withdrawn from circulation in the prior year.

## 10. Investments

### 10a European Investment Bank

Section 2 paragraph 3 of the European Communities Act 1972 provides for payments in respect of the capital or reserves of the European Investment Bank (the 'EIB'), or in respect of loans to the European Investment Bank, to be made from the CF.

The UK's interest in the EIB is a non-current investment. The EIB's capital has been provided through subscriptions by EU Member States broadly in proportion to the Gross National Product of the individual countries. The aim of the EIB is to further the objectives of the European Union by making long-term finance available for investment projects.

As at 31 December 2018, the UK's share of EIB subscribed capital was 16.11% or €39,195 million, making it a majority shareholder. The UK's subscribed capital is comprised of paid-in capital of €3,496 million and €35,699 million of the Bank's callable capital. The UK's subscribed capital share (16.11%) applied as a proportion of to the EIB's current total 'own funds' is €11,490 million as at 31 December 2018 as reported in the EIB's latest (31 December 2018) financial statements (€11,114 million at 31 December 2017). The sterling equivalent as at 29 March 2019 (last working day of financial year) is £9,862 million at an exchange rate of £/€1.165 (£9,741 million at £/€1.141 at 31 March 2018). Further details can be found in the Parliamentary accountability and audit report.

On 29 March 2017 the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified. During this time the UK remains a full member of the EU with all the rights and obligations of membership. In addition, the UK remains a member of the EIB as at 31 March 2019 while it is a member of the European Union.

On 19 March 2018 the UK and EU negotiators published a draft withdrawal agreement. An updated withdrawal agreement was published on 25 November 2018. This draft withdrawal agreement has not been approved by Parliament and therefore does not give rise to any legal or constructive obligation for the Consolidated Fund at the reporting date.

	<b>2018-19</b> <b>£m</b>	2017-18 £m
<b>European Investment Bank</b>		
<b>At 1 April</b>	<b>9,741</b>	9,118
Change due to exchange rate movements	<b>(202)</b>	227
Change due to increase in EIB net assets	<b>323</b>	396
<b>At 31 March</b>	<b>9,862</b>	9,741

*10b Land Registry Public Dividend Capital*

When the Land Registry was established as a trading fund it was deemed to have received Public Dividend Capital from the CF.

	<b>2018-19</b> <b>£m</b>	2017-18 £m
<b>Land Registry Public Dividend Capital</b>		
<b>At 31 March</b>	<b>62</b>	62
<b>Total Non-current investments at the end of the year</b>	<b>9,924</b>	9,803

**11. Ongoing Litigation**

In March 2018, the UK received a formal notice of infraction from the European Commission alleging that, over the period 2011-2017, it did not take adequate steps to prevent losses to the EU budget from customs undervaluation fraud and that €2.7bn of customs duty is owed. Following correspondence between the UK and the Commission, the Commission have referred the case to the European Court of Justice. The government does not agree with the Commission's estimate of evaded duty and does not accept liability, so will be fully contesting the case.

**12. Events after the Reporting Period**

There are no events after the reporting period to report.

**13. Related Parties**

The CF has transactions with most government departments and central government bodies. The Treasury has a custodian role with the CF which is outside the scope of IAS 24.

**14. Date of Authorisation for Issue of Account**

These financial statements have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's Audit Certificate.

### **HM Treasury contacts**

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