Consolidated Fund Account 2019-20

HC 762

September 2020

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Consolidated Fund Account 2019-20

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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 finance needs of the CF are met by the NLF (via the proceeds of borrowing) to the extent that taxation and other receipts are insufficient to meet its outgoings.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 financing needs of the CF are expected to be met over the long term mainly through future tax revenue receipts and other government revenues. Whilst the level of receipts in any year is subject to policy changes and, relatedly the UK's economic position, any shortfall can be met through the issuance of debt from the NLF, the demand for which remains robust. Therefore, in accordance with the Government Financial Reporting Manual, whilst the accounts are prepared on a cash basis it has been concluded that it is appropriate to consider the CF as a going concern.

Key issues and risks

The key issues and risks facing the CF are considered in the Governance Statement on pages 7 to 12.

Performance analysis

The outturn for the year shows total payments and total receipts of £591.7 billion each (2018-19: £558.0 billion), including a receipt of £68.5 billion (2018-19: £34.3 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 decreased from £509.9 billion to £506.3 billion and underlying payments increased from £544.2 billion to £574.8 billion:

	Receipts		**Payments**	
	2019-20 £m	2018-19 £m	**2019-20 £m**	2018-19 £m
Total receipts / payments	**591,742**	557,983	**591,742**	557,983
Less Advances to HMRC	**(9,339)**	(9,758)	**(9,339)**	(9,758)
Less Transactions with the Contingencies Fund	**(7,600)**	(4,002)	**(7,600)**	(4,000)
Less Deficit funding from the NLF	**(68,490)**	(34,341)	**-**	-
	506,313	509,882	**574,803**	544,225

The accounts of the Contingencies Fund are published separately.

Receipts

In 2019-20 tax receipts increased by £3.3 billion from £469.2 billion to £472.5 billion. More information is set out in the Annual Report and Accounts and Trust Statement prepared by HM Revenue & Customs. Miscellaneous receipts decreased by £7.9 billion from £32.7 billion to £24.8 billion. Further details can be found in note 3.

Payments

Supply payments to government departments increased by £32.4 billion from £488.3 billion in 2018-19 to £520.7 billion in 2019-20. Note 4c sets out the cash supplied to the ten highest drawing departments during 2019-20. 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) decreased by £1.3 billion, from £15.5 billion in 2018-19 to £14.2 billion in 2019-20. 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 UK left the EU on 31 January 2020. Under the terms of the Withdrawal Agreement the UK will maintain its existing contingent liabilities to the EU under these mechanisms, but not take on any additional contingent liabilities related to further financial operations approved after our withdrawal. Up until 31 March 2021 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, after which point any subsequent payments would be funded by HM Treasury through the Supply process.

The UK has continued to support the International Monetary Fund (IMF) through the NLF in 2019-20 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[1].

In March 2018, a formal notice of infraction was recevied 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 UK left the EU on 31 January 2020. The Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from European Union and the European Atomic Energy Community, signed on 24 January 2020 and now in effect, sets out the financial settlement that was reached on the UK's rights and obligations as a departing Member State. The financial settlement addresses mutual obligations that arose primarily as a consequence of the UK's participation in the EU budget, and commitments related to the UK's broader membership of the EU.

Further information on the financial impact of EU withdrawal is included in Annex E of "European Union Finances 2019: statement on the 2019 EU Budget and measures to counter fraud and financial mismanagement"[2].

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

21 September 2020

[1] https://www.gov.uk/government/publications/bilateral-loan-to-ireland
[2] https://www.gov.uk/government/statistics/european-union-finances-statement-2019

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 2019-20, 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 2019-20 (2018-19: 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 2019-20.

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 2019-20. 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 Chair of the Committee (Richard Meddings) reports directly to the Permanent Secretary and is also a Non-Executive member of the Treasury Board.

1.7 The membership of the ARC at the 31 March 2020 was:

- Richard Meddings - Non-Executive Director, Credit Suisse Group AG; Non-Executive Director, TSB (September 2017 - present) and Chairman from 1 February 2018; Non-Executive Director, Deutsche Bank AG and their Chair of Audit Committee (October 2015 – July 2019); Non-Executive Director JLT plc (September 2017 – April 2019); Non-Executive Director Teach First (February 2016 - present). Financial Reporting Review Panel in FRC (2008 – 2018) and Board member of International Chambers of Commerce UK (2007 – present); Non-Executive Director, Legal & General plc (December 2014 to May 2017); Non-Executive Director and Senior Independent Director of 3i Group plc (2008-2014) and Chair of Audit and Risk Committee; and Main Board Director (2002-2014) and Group Finance Director (2006–2014) Standard Chartered PLC.

- Tim Score - Tim's experience covers financial management and an in-depth knowledge of the technology sector. He was Chief Financial Officer of ARM Holdings plc from 2002 to 2015, Senior independent director, Chair of Audit and Interim Chairman at National Express Group (2005-2014), CFO of Rebus Group and William Baird PLC, Group Financial Controller at BTR Plc and LucasVarity PLC. Other roles: Chair of The British Land Company plc. Member of the Board of Trustees of Royal National Theatre; Chair of the Audit Committee of the Football Association; Non-executive director and Chair of Audit Committee at Pearson plc.

- Zarin Patel – Zarin Patel is a 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 appointed to the board of Post Office Limited in November 2019 and sits on its Audit and Risk Committee. She was formerly the Chief Financial Officer at the BBC and a member of its Executive Board.

- Sir Peter Estlin – Alderman, City of London; Independent Director, Rothschild & Co; Trustee, Trust for London (previously Group Financial Controller and acting Group CFO, Barclays).

1.8 The ARC met six times during 2019-20. Pre-meeting discussions with the National Audit Office and Internal Auditors were held before each session. Attendance is outlined in the table below:

	Attendance
Richard Meddings[3] (Chair)	6/6
Tim Score	5/6
Sir Peter Estlin[4]	1/1
Zarin Patel	5/6
Jacinda Humphry[5]	4/5

1.9 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.

1.10 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).

1.11 The ARC challenged and approved the Internal Audit work programme throughout the year and followed up on management action to address audit recommendations.

1.12 Outside the planned ARC meetings individual members have shared their commercial and professional expertise with key officials across the Treasury.

1.13 The external auditor is the Comptroller and Auditor General and the NAO attend all ARC meetings on his behalf.

1.14 The ARC receives all NAO reports and a summary of EFIA reports relating to the CF, as well as underlying reports on internal audits where issues are identified leading to Red or Amber assessments (no such report in 2019-20 and one in 2018-19, with recommendations subsequently addressed).

Exchequer Funds Internal Audit (EFIA)

1.15 Internal Audit for the CF is provided by EFIA, whose services are provided by the internal audit function of the Debt Management Office. The Head of EFIA reports directly to both me and the ARC on audit reporting matters.

1.16 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

1.17 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.

[3] Requested suspension from 4 September 2018 for duration of his appointment as Executive Chairman of TSB. Returned on 1 May 2019
[4] Requested suspension from 1 July 2018 to 31 December 2019 whilst undertaking the role of Lord Mayor of the City of London for 2018-19.
[5] Stepped down on 29 February 2020.

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, challenge the assumptions made and, where appropriate, offer advice on how best to mitigate them. Within this structure some key positions hold specific accountabilities.

2.2 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. The Framework is underpinned by Risk Groups and the Operations Committee, who are responsible for monitoring, challenging and reporting on performance against and risks to the Treasury's objectives.

2.3 By tracking indicators, horizon-scanning, and assessing the likelihood, probability, impact and potential mitigation of risks, the Risk Groups contribute to the Treasury's risk management framework, enabling the Executive Management Board and senior managers to take action where appropriate.

2.4 The department's Quarterly Performance and Risk Report (QPRR) is the formal system through which the Treasury addresses, challenges and responds to identified risks. The Report includes outcome objectives, all of which the department seeks to influence (but may not control) and departmental deliverables, all of which the Treasury seeks to achieve via policy interventions.

2.5 Risk coordinators from across the department meet on a quarterly basis to feed into the QPRR. In 2019-20 coordinators represented the Economic Risk Group; Fiscal Risk Group; Project Risk Group; risks related to the department's arms-length bodies; and Legislative risk. Further, as a risk owner, the Treasury Accountant provides a quarterly risk return for the Consolidated Fund to a central Treasury team. This analysis complements the Risk Groups' input into the QPRR, which analyses trends across key performance data and assesses the level of risk to delivery of the department's strategic objectives. The QPRR is discussed by Treasury's Executive Management Board (EMB) and the Treasury Board (Sub Committee) (TB(SC)) on a quarterly basis, which enables EMB, TB(SC) and senior managers to take action where appropriate.

2.6 The format of the QPRR was revised in 2019-20 to include a strategic risk narrative that complemented Groups' and Risk Groups' quarterly reports. This enables strategic oversight of the Treasury's work and the cross-cutting risks to delivery of its objectives.

2.7 The Chair of the ARC is invited to report concerns or issues to the TB(SC) and is a non-executive member of the Treasury Board.

Consolidated Fund Risk management

2.8 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 has 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. In addition, during 2019-20, a new Central Funds Risks and Controls Review Panel comprising directors from both Treasury and the Debt Management Office was formed to provide me with additional assurance on EFA operations and risk management. The panel, chaired by the Fiscal Group Director, reviews the quarterly controls report and accompanying risk register produced by EFA management in advance of submission to me, providing challenge and input across the range of controls.

2.9 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 as noted above is circulated to me alongside the quarterly risks and controls report.

2.10 The Treasury Accountant is also chair of the Public Finance Business Continuity group, a network that links relevant teams across the Treasury, the Bank of England, Debt Management Office, NAO, HMRC and Government Banking to ensure business continuity risks are adequately and consistently addressed across all operational partners in the stewardship of Exchequer funds. The chair reports to me annually following certificates of assurance received from all member organisations.

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 2020 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.

3.4 In the last quarter of the year new business continuity measures were introduced by EFA to mitigate the health risks to staff associated with Covid-19 while continuing to meet the increased operational demands placed on Exchequer fund management during this period. These measures have enhanced the internal control environment in terms of flexibility and resilience, but not significantly changed its existing structure and high level of efficacy.

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.

- **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 and facilities. In preparation for issues related to Covid-19 EFA reviewed its operations and identified and implemented a number of operational and technical improvements to support home working over a sustained period.

- **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.[6] 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 2019-20 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

[6] Available at https://www.gov.uk/government/publications/security-policy-framework.

quality of management information reviewed is reported in the Treasury's Annual Report and Accounts.

5.2 The ARC considered the 2019-20 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 2019-20, and no significant new risks specific to the operational management and performance of the CF have been identified in the year. No ministerial directions have been given in 2019-20.

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.

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 (2018-19: £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 2020 the CF had the following remote contingent liabilities:

	At 31 March 2020 £m	At 31 March 2019 £m
EIB: Callable capital subscription	**31,645**	30,643
Loans Guaranteed by the EU Budget		
European Financial Stabilisation Mechanism	**6,593**	6,268
Balance of Payments Facility	**241**	411
Third countries	**2,103**	2,099
European Fund for Strategic Investments	**1,439**	875
Other (macro-financial assistance, EIB lending, Euratom)	**181**	210
	10,557	9,863
Value of UK coins in circulation	**4,733**	4,710

European Investment Bank: Callable capital subscription

The latest EIB financial statements at 31 December 2019 show the UK is liable for €35,699 million of callable capital to the EIB (£31,645 million at an exchange rate of £/€1.128) (31 December 2018: €35,699 million, £30,643 million at an exchange rate of £/€1.165).

Under Article 150 of the Withdrawal Agreement the UK left the EIB on 31 January 2020. As the Article sets out, the UK will maintain its existing contingent liability for its callable capital with the EIB as it stood at the point of withdrawal. The UK is also due to receive back its paid-in capital at the EIB in 12 annual installments starting in 2020. This will be replaced by an additional contingent liability corresponding to the financial operations of the EIB which were covered by this paid-in capital. This contingent liability will wind down in relation to the amortisation of EIB operations approved before withdrawal.

Under the EU Withdrawal Act, which implements the Financial Settlement, any calls on contingent liabilities related to the EIB which take place after 31 March 2021 will be funded by HM Treasury through the Supply process, rather than directly from the Consolidated Fund. HM Treasury's liabilities in respect of the EIB will be disclosed in HM Treasury's accounts.

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.

Under the terms of the Withdrawal Agreement, the UK will maintain its existing contingent liabilities for loans guaranteed by the EU budget as they stood at the point of withdrawal, but not take on any further liabilities for loans agreed after withdrawal. The terms of this arrangement are set out in Article 143 of the Withdrawal Agreement, and specify that for instruments with an associated provisioning fund, the UK's share of the provisioning fund is treated alongside its contingent liability for the corresponding loans, resulting in some instances in a net contingent asset. As with the EIB contingent liabilities, any calls on the UK's contingent liabilities for loans guaranteed by the EU budget that fall after 31 March 2021 will be funded by HM Treasury through the Supply process, not from the Consolidated Fund. Therefore these liabilities will be disclosed in HM Treasury's accounts.

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 crystalise. 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 2019. All amounts are reported at the exchange rate prevailing at the year end date of £/€1.128.

The total of £10,557 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 in the above table is 15.69% (2018-19: 15.39%), based on a call in 2020, 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 €65,555 million (2018-19: €68,044 million) so the UK's indicative share would be €10,286 million or £9,118 million (2018-19: €10,471 million or £8,988 million). Once EFSI is included, less the amount held in the EFSI Guarantee Fund, the total stands at €75,903 million (2018-19: €74,668 million) so the UK's indicative share would be €11,909 million or £10,557 million (2018-19: €11,490 million or £9,863 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 £6,593 million relates to the indicative UK share of the total drawdown of €46,800 million (2018-19: €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 €1,734 million in respect of loans disbursed and accrued interest to Latvia and Romania (2018-19: €3,114 million). The UK share of this is €272 million or £241 million (2018-19: €479 million or £411 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 forecast repayments. The UK's estimated share of the residual contingent liability is €2,372 million or £2,103 million (2018-19: €2,445 million or £2,099 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 €1,624 million or £1,439 million (2018-19: €1,019 million or £875 million).

UK Coins in Circulation

As at 31 March 2020 the estimated total face value of coins in circulation was £4,733 million (2018-19 £4,710 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 2019-20 was £33.7 million (2018-19 £188.6 million) (notes 6a and 9). The probability of a material liability in respect of coinage is considered remote.

EU withdrawal: the financial settlement

The UK left the EU on 31 January 2020. The Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from European Union and the European Atomic Energy Community, signed on 24 January 2020 and now in effect, sets out the financial settlement that was reached on the UK's rights and obligations as a departing Member State. The financial settlement addresses mutual obligations that arose primarily as a consequence of the UK's participation in the EU budget, and commitments related to the UK's broader membership of the EU.

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

21 September 2020

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 2020 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 2020; and
- the financial statements have been properly prepared in accordance with the National Loans Act 1968 and HM Treasury directions issued thereunder.

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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Consolidated Fund's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Consolidated Funds have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Consolidated Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer are 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Consolidated Fund'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. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the Consolidated Fund to cease to continue as a going concern.

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 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

23 September 2020

National Audit Office

157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

Receipts and Payments Account for the year ended 31 March 2020

	Notes	**2019-20 £m**	2018-19 £m
Receipts			
Tax Revenue			
HMRC	2	**472,548**	469,152
Vehicle Excise Duty	2	**7,011**	6,780
Business Rates Retention/National Non-Domestic Rates	2	**11,300**	11,043
		490,859	**486,975**
Other Receipts			
Repayments from the Contingencies Fund		**7,600**	4,002
Miscellaneous receipts	3	**24,793**	32,665
Deficit met from the National Loans Fund		**68,490**	34,341
Total receipts		**591,742**	**557,983**
Payments			
Supply Services	4	**520,734**	488,297
Standing Services			
Advances to HMRC in support of revenue	2	**9,339**	9,758
Payments to the National Loans Fund for net interest payments		**39,306**	39,965
Payments to the budget of the European Union	5	**14,206**	15,531
Other Standing Services	6a	**557**	432
		584,142	**553,983**
Issues to the Contingencies Fund		**7,600**	4,000
Total Payments		**591,742**	**557,983**

The notes on pages 20 to 34 form part of this Account.

Tom Scholar
Accounting Officer
HM Treasury

21 September 2020

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 7-12 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 notes 10 and 11 to the accounts are reported at the exchange rate prevailing at the year end date of £/€1.128[7] (2018-19: £/€ 1.165).

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 £9.3billion was advanced from the CF for this purpose in 2019-20 (£9.8 billion in 2018-19).

[7] As published in the Official Journal of the European Union, 31 March 2020.

3. Miscellaneous receipts

	Notes	2019-20 £m	2018-19 £m
Consolidated Fund Extra Receipts (CFERs)[1]		**18,383**	26,325
Trust Statement revenue[2]		**5,548**	5,456
United Kingdom coinage issued	9	**173**	406
Crown Estate surplus revenue		**14**	339
Current year over-issues of Supply repaid	4	**63**	-
Prior year over-issues of Supply repaid	4	**-**	4
Miscellaneous		**612**	135
Total		**24,793**	32,665

[1] 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.

[2] 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	CFERs 2019-20 £m	Trust Statement 2019-20 £m	Total 2019-20 £m	Total 2018-19 £m
1. HM Treasury	**14,868**	**398**	**15,266**	19,365
2. BBC Licence Fee	**-**	**3,270**	**3,270**	3,227
3. Department for Business, Energy and Industrial Strategy	**842**	**511**	**1,353**	3,464
4. Ministry of Housing, Communities and Local Government	**1,130**	**-**	**1,130**	825
5. Serious Fraud Office	**3**	**988**	**991**	111
	16,843	**5,167**	**22,010**	26,992
Other	**1,540**	**381**	**1,921**	4,789
Total	**18,383**	**5,548**	**23,931**	31,781

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 £7.1 billion excess cash from Bank of England Asset Purchase Facility Fund (2018-19: £9.7 billion), £6.2 billion from Government financial sector interventions (2018-19: £8.9 billion) and £2.0 billion from other items (2018-19: £0.8 billion). Further information can be found in the Treasury's 2019-20 Annual Report & Accounts and the Treasury's 2019-20 Trust Statement.

4. Analysis of Supply Services

4a Supply Services issues and repayments

	Notes	2019-20	2018-19
Supply Issues		**£m**	£m
For current year		**520,584**	488,287
For previous year		**150**	10
Supply Services issued		**520,734**	488,297
Current year over-issues of Supply repaid	3	**(63)**	-
Prior year over-issues of Supply repaid	3	**-**	(4)
Net Supply Services issued		**520,671**	488,293

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

4b Supply Services analysed by period

Year for which Supply granted	2019-20	2018-19	2017-18
	£m	£m	£m
Positive Net Cash Requirement	**541,781**	519,203	501,912
Negative Net Cash Requirement	**(9,099)**	(6,331)	(13,883)
Excess Vote	**n.a**	-	-
Total Net Supply granted by Parliament	**532,682**	512,872	488,029
Surplus not required (as reported)	**n.a**	(23,174)	(13,568)
Revised Total Net Cash Requirement outturns reported by government departments	**n.a**	489,698	474,461

Analysed by Year of Payment/(Receipt):

		2019-20	2018-19	2017-18
2017-18	Issues made in year			475,315
	Current year over-issues surrendered in cash			(1)
	Prior year issues applied to a subsequent year			7,946
	Prior year over- issues surrendered in cash			-
2018-19	Issues made in year		488,287	10
	Current year over-issues surrendered in cash		-	-
	Prior year issues applied to a subsequent year		8,805	(8,805)
	Prior year over- issues surrendered in cash		-	(4)
2019-20	Issues made in year	**520,584**	150	-
	Current year over-issues surrendered in cash	**(63)**	-	-
	Prior year issues applied to a subsequent year	**7,544**	(7,544)	-
	Prior year over- issues surrendered in cash	**-**	-	-
Total		**n.a**	489,698	474,461

Note 4b analyses the receipts and payments of Supply according to the year for which the Supply was granted. The Net Cash Requirement for 2019-20 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 2020-21 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 2019-20. 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	**2019-20 £m**	2018-19 £m
1.	Department of Health and Social Care	**114,000**	106,600
2.	Department for Work and Pensions	**91,858**	85,949
3.	Department for Education	**83,412**	81,254
4.	Ministry of Defence	**40,977**	37,473
5.	Scotland Office	**31,561**	29,973
6.	Department for Transport	**20,487**	17,429
7.	Ministry of Housing, Communities and Local Government	**16,768**	14,241
8.	H.M. Revenue & Customs	**16,296**	15,602
9.	Northern Ireland Office	**16,103**	15,034
10.	Department for Business, Energy and Industrial Strategy	**15,465**	14,139
		446,927	417,694
	Other	**73,807**	70,603
	Total	**520,734**	488,297

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. The UK is no longer an EU Member State, but under the terms of the Withdrawal Agreement it will continue to contribute to the EU budget through this system until the end of 2020, after which point we will no longer participate in successive annual EU budgets.

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.

			2019-20	2018-19
	Contribution for year ended 31 March 2020	**Adjustment of prior years' contributions**		
	£m	**£m**	**Total £m**	Total £m
Custom duties	**2,652**	**5**	**2,657**	2,413
Sugar levies	**-**	**-**	**-**	(3)
VAT-based contribution	**2,778**	**(83)**	**2,695**	3,426
GNI-based contribution	**13,046**	**(43)**	**13,003**	14,541
	18,476	**(121)**	**18,355**	20,377
UK abatement	**(4,149)**	**-**	**(4,149)**	(4,846)
UK's total contribution to EU Budget	**14,327**	**(121)**	**14,206**	15,531

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 2019-20 the UK recognised a net receipt of £27mn 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 Affairs 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[8]. Remote contingent liabilities relating to the EU Budget are described in the Parliamentary accountability and audit report on pages 13 - 15.

[8] https://www.gov.uk/government/statistics/european-union-finances-2018

6a Other Consolidated Fund Standing Services payments

	Notes	2019-20 £'000	2018-19 £'000
Annuities and Pensions			
Annuity to the Duke of Edinburgh		**359**	359
Royal Household Pension Scheme	7d	**4,499**	4,509
Pensions for Judicial Services[1]	8	**83,138**	77,829
Members of the European Parliament pensions	7d	**2,663**	1,855
Political and Public Service pensions	8	**545**	528
Civil List pensions	8	**139**	146
Salaries and Allowances			
Courts of Justice[2]		**162,952**	157,433
Members of the European Parliament		**199**	261
Political and Public	6b	**1,401**	1,379
Miscellaneous Services			
Election and referendum expenses[3]		**267,128**	(1,105)
Royal Mint (redeemed coinage)	9	**33,747**	188,558
Miscellaneous refunds		**45**	5
Total		**556,815**	431,757

1 Pensions for Judicial Services includes pensions of previous Lord Chancellors.
2 Courts of Justice salaries includes the salary of the Lord Chancellor.
3 Election and referendum expenses funded in 2018-19 totalled 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:

	2019-20 £	2018-19 £
Holders of Political Posts - payments	**399,324**	409,734
Holders of Political Posts - employers' national insurance	**44,675**	48,406
Public Office holders - payments	**853,084**	820,333
Public Office holders - employers' national insurance	**104,196**	100,953
Total	**1,401,279**	1,379,426

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

	2019-20 Salary £	2018-19 Salary £
The Rt Hon Jeremy Corbyn MP *Leader of the Opposition – HOC*	**49,707**	55,334
The Rt Hon Baroness Smith of Basildon[1] *Leader of the Opposition – HOL*	**96,419**	105,076
Rt Hon Nicholas Brown MP *Opposition Chief Whip – HOC*	**30,264**	33,490
The Rt Hon Alan Campbell MP *Deputy Opposition Chief Whip – HOC*	**17,645**	19,523
The Rt Hon Lord McAvoy[1] *Opposition Chief Whip – HOL*	**91,618**	99,903
Mark Tami MP *Opposition Pairing Whip – HOC*	**17,645**	19,523
The Rt Hon John Bercow MP[2] *Speaker – HOC (to October 2019)*	**64,071**	76,885
The Rt Hon Sir Lindsay Hoyle MP *Speaker – HOC (from November 2019)*	**31,955**	-
	399,324	**409,734**
Rt Hon David Gauke MP[3] Lord *Chancellor (to July 2019)*	**38,107**	**67,505**
Rt Hon Robert Buckland Lord *Chancellor (from July 2019)*	**46,274**	**-**
	84,381	**67,505**

[1] The figures include the Lords Office-holder's Allowance of £36,366 per annum.
[2] Current year figures include salary up to October 2019 and severance payment (£19,221)
[3] Current year figures include salary up to July 2019 and severance payment (£16,876)

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

	2019-20 Salary £	2018-19 Salary £
Sir Amyas Morse[1] *Comptroller and Auditor General (to May 2019)*	**37,172**	222,661
Gareth Davies[1] *Comptroller and Auditor General (from June 2019)*	**183,333**	-
Rob Behrens, CBE[2] *Parliamentary and Health Service Ombudsman*	**166,464**	163,200
Virginia McVea[5] *Northern Ireland Chief Electoral Officer*	**82,484**	78,908
Elizabeth Denham[3] *Information Commissioner*	**180,000**	180,000
Lord Michael Bichard *Chair of the National Audit Office (reappointed from Jan 2018)*	**40,000**	40,000
Sir John Holmes[4] *Electoral Commission Chair*	**71,805**	70,749
Anna Carragher[4] *Electoral Commissioner (fee based)*	**11,523**	6,426
Dame Sue Bruce[4] *Electoral Commissioner (fee based)*	**11,672**	9,639
David Howarth[4] [6] *Electoral Commissioner (fee based) (to 30 Sep 2018)*	**20**	3,402
Lord John Horam of Grimsargh[4] [6] *Electoral Commissioner (fee based) (to 30 Sep 2018)*	**32**	3,018
Alasdair Morgan[4] *Electoral Commissioner (fee based)*	**9,617**	8,883
Bridget Prentice[4] [6] *Electoral Commissioner (fee based) (to 30 Sep 2018)*	**40**	5,481
Robert Vincent CBE[4] *Electoral Commissioner (fee based)*	**9,402**	6,609
Professor Dame Elan Closs Stephens CBE[4] *Electoral Commissioner (fee based)*	**15,805**	12,285
Sarah Chambers[4] *Electoral Commissioner (fee based)*	**9,020**	6,615
Joan Walley[4] *Electoral Commissioner (fee based) (from Nov 2018)*	**8,363**	945
Alastair Ross[4] *Electoral Commissioner (fee based) (from Nov 2018 to Feb 2020)*	**8,739**	1,512
Lord Gilbert of Panteg[4] [7]	**7,593**	-

Electoral Commissioner (fee based) (from Nov 2018)		
	853,084	820,333

[1] 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.
[2] Salary details for the Parliamentary and Health Service Ombudsman are also disclosed in the Parliamentary and Health Service Ombudsman Annual Report and Accounts
[3] Salary details for the Information Commissioner are also disclosed in the Information Commissioner's Annual Report and Financial Statements.
[4] Details of the salary of the Electoral Commission Chair and Electoral Commissioners' fees are also disclosed in the Electoral Commission Annual Report and Accounts.
[5] The figures include a backdated pay increase with effect from 1 August 2018
[6] Current year figures relate to arrears from 2018-19
[7] 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

A full actuarial assessments was performed by the Government Actuary's Department for the European Parliament (UK Representatives) Pension Scheme as at 31 March 2020. For the Royal Household Pension Scheme, the actuary rolled forward the results of the full actuarial assessment as at 31 March 2019 to determine the approximate position as at 31 March 2020. The major assumptions used by the actuary for both schemes are shown below.

	At March 2020	At March 2019
	% per annum	% per annum
Rate of increase in salaries (MEPs)	4.60	4.60
Rate of increase in salaries (RH)	4.10	4.10
Discount rate	1.80	2.90

Life Expectancy

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

	At 31 March 2020		**At 31 March 2019**	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	23.7	25.1	24.5	25.9
Future pensioners	24.1	25.5	25	26.4

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

	At 31 March 2020		**At 31 March 2019**	
	Men (years)	**Women (years)**	Men (years)	Women (years)
Current pensioners	26.8	28.5	27.6	29.3
Future pensioners	28.5	30.2	29.6	31.2

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

	At 31 March 2020 % per annum	At 31 March 2019 % per annum
Rate of increase in pension payments	2.35	2.60
Inflation assumption	2.35	2.60
Discount rate net of price inflation	-0.50	0.29

7b 2019-20 Expenditure and income

	RH	**MEPs**	**2019-20 Total**	2018-19 Total
	£'000	£'000	£'000	£'000
Expenditure				
Current service costs (including member contributions)	**770**	**47**	**817**	1,008
Interest on scheme liability	**3,086**	**965**	**4,051**	3,742
Total expenditure	**3,856**	**1,012**	**4,868**	4,750
Income				
Pension contributions receivable				
Employers' contributions	**412**	**-**	**412**	467
Employees' contributions	**107**	**15**	**122**	159
Total income	**519**	**15**	**534**	626
Net expenditure	**3,337**	**997**	**4,334**	4,124

7c Movement in liabilities during the year

	RH	MEPs	2019-20 Total	2018-19 Total
	£'000	£'000	£'000	£'000
Scheme Liability at beginning of the year	**(108,264)**	**(34,559)**	**(142,823)**	(149,397)
Current service cost	**(663)**	**(32)**	**(695)**	(849)
Past service cost	**(500)**	**-**	**(500)**	
Employee contributions	**(107)**	**(15)**	**(122)**	(159)
Net individual pension transfers-out	**-**	**-**	**-**	-
Benefit payments	**4,486**	**2,663**	**7,149**	6,351
Other finance charges – interest	**(3,086)**	**(965)**	**(4,051)**	(3,742)
Total	**(108,134)**	**(32,908)**	**(141,042)**	(147,796)
Actuarial gain / (loss) (note 7e)	**(10,565)**	**(3,698)**	**(14,263)**	4,973
Liability at end of year	**(118,699)**	**(36,606)**	**(155,305)**	(142,823)

The liability at the end of the year is based on actuarial assessments as at 31 March 2020. The change in liabilities is mainly due to the fall in the discount rate 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.

	RH	MEPs	2019-20 Total	2018-19 Total
	£'000	£'000	£'000	£'000
Total pension paid	**4,021**	**2,669**	**6,690**	6,405
Commutation and lump sum benefits	**478**	**820**	**1,298**	650
Net individual pension transfers-out	**-**	**-**	**-**	-
Total pension benefits paid	**4,499**	**3,489**	**7,988**	7,055
Less: increase element of MEPs' pensions disclosed in the Civil Service Superannuation Annual Report & Account	**-**	**(826)**	**(826)**	(691)
Total borne by the Consolidated Fund (note 6a)	**4,499**	**2,663**	**7,162**	6,364

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

	RH	MEPs	2019-20 Total	2018-19 Total
	£'000	£'000	£'000	£'000
(Loss) / gain arising on scheme liabilities	841	57	**898**	(67)
Changes in assumptions underlying the present value of liabilities	(11,406)	(3,755)	**(15,161)**	5,040
Total	**(10,565**)	**(3,698)**	**(14,263)**	4,973

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 2019-20 amounted to £83.1 million (£77.8 million in 2018-19). 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 £139,000 was paid from the CF in 2019-20 in respect of these pensions (£146,000 in 2018-19). 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 £545,000 was paid from the CF in 2019-20 in respect of these pensions (£528,000 in 2018-19) and is not material to the CF.

	2019-20			2018-19		
	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**	8	14	22
Pension paid from CF (£'000)	250	295	**545**	233	295	528

The actuarial liability falling on the CF across all these schemes has been assessed at £9.6 million at 31 March 2020 - £9.2 million attributable to holders of offices as at 31 March 2020 and £0.4 million attributable to former holders of offices or the surviving widows of former office holders (£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). 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 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 are entitled to a pension payable from the CF.

	Total accrued pension at age 65 at 31 March 2020 or end date	Real increase in pension at age 65	CETV at 31 March 2020 or end date	CETV at 31 March 2019 or start date	Real increase in CETV
	£'000	**£'000**	**£'000**	£'000	£'000
The Rt Hon John Bercow MP *Former Speaker – House of Commons*	35 - 40	0 - 2.5	952	936	7
Sir Amyas Morse[1] *Former Comptroller and Auditor General*	n/a	n/a	**n/a**	n/a	n/a
Gareth Davies[1] *Comptroller and Auditor General*	n/a	n/a	n/a	n/a	n/a
Rob Behrens[1] *Parliamentary and Health Service Ombudsman*	n/a	n/a	n/a	n/a	n/a
Elizabeth Denham *Information Commissioner*	10 - 15	2.5 - 5	215	149	48
Virginia McVea *Northern Ireland Chief Electoral Officer*	5 - 10	0 - 2.5	71	46	17

[1] Sir Amyas Morse – Former Comptroller & Auditor General, Gareth Davies – Current Comptroller & Auditor General and Rob Behrens - Parliamentary and Health Service Ombudsman have waived their entitlement to the pension due to them as post holders.

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	2019-20 £m	2018-19 £m
Balance at 1 April		**43**	42
Coins issued		**139**	370
Cash received by Consolidated Fund	3	**(173)**	(406)
Coins redeemed		**(31)**	(152)
Cash paid by Consolidated Fund	6a	**34**	189
Balance at 31 March		**12**	43

10. Investments

10a European Investment Bank

Section 2 paragraph 3 of the European Communities Act 1972 provided 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 when the UK was a Member State was a non-current investment. The EIB's capital had 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. The UK's subscribed capital share (16.11%) applied as a proportion of the EIB's current total 'own funds' was €11,490 million as at 31 December 2018 as reported in the EIB's (31 December 2018) financial statements. The sterling equivalent as at 29 March 2019 (last working day of financial year) was £9,862 million at an exchange rate of £/€1.165.

On 31 January 2020 the UK left the EU under the terms of the Withdrawal Agreement. Article 150 of the Withdrawal Agreement provides for the return of the UK's paid-in capital in the EIB, as it stood at the point of withdrawal. The resulting asset is recognised as a receivable (see note 11). As a result, the EIB asset has been reclassified from non-current investment to receivable (see note 11). This has also led to a change in the measurement basis of the asset, reflecting that the UK 's interest is no longer in the performance of the net assets of the EIB but rather in the reimbursement of historic contributions.

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. On the 1st April 2020 the Land Registry ceased to be a Trading Fund under the Land Registry Trading Fund (Revocation) Order 2020 and now operates as non-ministerial government department. In preparation for this status change, the Public Dividend Capital of £62 million was repaid to the CF on 31 March 2020, leaving a balance of nil at the year-end.

11. European Investment Bank (EIB) receivable

On 31 January 2020 the UK left the EU under the terms of the Withdrawal Agreement. Article 150 of the Withdrawal Agreement provides for the return of the UK's paid-in capital in the EIB, as it stood at the point of withdrawal. The UK's paid-in capital was €3,496 million or £3,099 million and will be returned in

12 installments. No repayment had been made at 31 March 2020. The fair value of the future cash flows as at 31 March 2020 is estimated as €2,845 million (£2,522 million). Further details of the UK's continuing contingent liability to the EIB can be found in the Parliamentary accountability and audit report.

The table below provides an analysis of the expected timings of the discounted flows.

	2019-20
	£m
Due within 12 months	261
Due within more than 12 months	2,261
Total	**2,522**

12. 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.

13. Events after the Reporting Period

There are no events after the reporting period to report.

14. 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.

15. 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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