

Consolidated Fund Account 2022-23

Consolidated Fund Account 2022-23

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

Ordered by the House of Commons
to be printed on 26 October 2023



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN 978-1-5286-4493-8

E03000049 10/23

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

Contents

Performance Report	5
Overview	5
Performance analysis	7
Accountability Report	9
Corporate governance report	9
Parliamentary accountability and audit report	18
Financial Statements	24
Receipts and Payments Account for the year ended 31 March 2023	24
Notes to the Account	25

Performance Report

Overview

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 His 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
- 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, 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
- 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 11 to 17.

Performance analysis

The outturn for the year shows total payments and total receipts of £762.2 billion each (2021-22: £760.0 billion), including a receipt of £102.1 billion (2021-22: £134.2 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 CF 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 £590.5 billion to £642.5 billion and underlying payments increased from £724.6 billion to £744.6 billion:

	Receipts		Payments	
	2022-23 £m	2021-22 £m	2022-23 £m	2021-22 £m
Total receipts / payments	762,159	760,037	762,159	760,037
Less Advances to HMRC	(10,035)	(3,402)	(10,035)	(3,402)
Less Transactions with the Contingencies Fund	(7,500)	(32,001)	(7,500)	(32,000)
Less Deficit funding from the NLF	(102,079)	(134,160)	-	-
	642,545	590,474	744,624	724,635

The accounts of the Contingencies Fund are published separately.

Receipts

In 2022-23 tax receipts increased by £63.0 billion from £542.0 billion to £605.0 billion. More information is set out in the Annual Report and Accounts and Trust Statement prepared by HM Revenue & Customs. Miscellaneous receipts decreased by £3.7 billion from £32.4 billion to £28.7 billion. Further details can be found in note 3.

Payments

Supply payments to government departments increased by £16.8 billion from £687.2 billion in 2021-22 to £704.0 billion in 2022-23. Note 4c sets out the cash supplied to the ten highest drawing departments during 2022-23. Further details on how Supply has been spent can be found in individual departmental Annual Reports & Accounts. Payments to the European Union (EU) increased by £2.2 billion, from £0.1 billion in 2021-22 to £2.3 billion in 2022-23. This increase was primarily due to settlement of a customs infraction case, described below.

EU withdrawal: the financial settlement

The European Union (Withdrawal Agreement) Act 2020 implements the Withdrawal Agreement. The UK's payments under the financial settlement are primarily covered under Treasury's budget, and detailed in the Treasury's Annual Report and Accounts. However, under the main financial provision of the Act, payment of customs duties on imports from outside the EU before the end of the transition period such as Budget contributions during the transition period, are met by the CF. It is currently anticipated that these payments will cease by the end of 2026.

Customs undervaluation case

In March 2018, the European Commission alleged that from 2011 to 2017 the UK did not take adequate steps to prevent customs undervaluation fraud involving imports of Chinese textiles and footwear and that customs duty was therefore owed to the EU. In March 2022, the European Court of Justice published its judgement, finding against the UK on most liability points. The UK made payments totalling €2.6 billion (£2.3 billion) in June 2022, January 2023, and February 2023 to cover both principal and interest. These payments were made from the CF and formally settled the case, with the UK fulfilling its international obligations as notified to Parliament on 9 February 2023¹.

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.

James Bowler

Accounting Officer
HM Treasury

17 October 2023

¹ <https://questions-statements.parliament.uk/written-statements/detail/2023-02-09/hcws561>

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 CF's governance structures and how they support the achievement of the CF'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 Houses of Parliament.

Corporate governance report

Directors' report

Operationally, the CF is managed by HM Treasury and staff charged with its oversight are employees of HM Treasury. Separately, the CF makes funding available for certain salaries and pensions but is not an employer. The CF itself has no employees of its own.

Directors' conflicts of interest

In 2022-23, no material conflicts of interest have been noted by the senior management overseeing the CF.

Personal data related incidents

The CF had no protected personal data related incidents during 2022-23 (2021-22: 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 CF 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 should give a true and fair view of the state of affairs of the CF and of its receipts and payments for the financial year. Notes 7-10 accompanying the Account disclose certain information relating to the CF on an accruals basis to assist preparation of Whole of Government Accounts.

In preparing the Account the Accounting Officer should:

- 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 are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

The Treasury has appointed its Permanent Secretary, James Bowler, as Accounting Officer of the CF.

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 are fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are 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 (C&AG) under the requirements of the National Loans Act 1968. The National Audit Office (NAO) performs the external audit on behalf of the C&AG and bears the cost of that work. No non-audit work was undertaken by the NAO in relation to the CF in 2022-23.

Governance Statement

Governance Framework

The CF is managed within the Treasury's overall risk and governance framework as set out in the Treasury's Annual Report and Accounts 2022-23². This includes the Treasury Board's assessment of its compliance with the Corporate Governance Code for Central Government Departments.

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.

Tom Scholar was Treasury Permanent Secretary and Accounting Officer for the CF from the start of the 2022-23 financial year until 8 September 2022. In the intervening period between Tom Scholar's departure and my appointment on 17 October 2022, Catherine Little and Beth Russell assumed responsibility as Acting Permanent Secretaries, with Catherine Little acting Accounting Officer for the CF. I have received assurance of Accounting Officer cover throughout the period 1 April to 17 October prior to me becoming the Accounting Officer. This has ensured appropriate assurances are in place to enable me to sign off this statement. 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

The Audit and Risk Committee (ARC) supports me and the Treasury's additional Accounting Officers in their oversight responsibilities on financial reporting, systems of internal control as well as managing risk and governance in relation to the Treasury Group's Annual Report and Accounts, Central Funds (Consolidated Fund, National Loans Fund, Contingencies Fund and Exchange Equalisation Account) and Whole of Government Accounts. In accordance with the ARC Handbook, the Committee provides independent challenge on the robustness of the mechanisms in place, and the evidence provided, to deliver the assurance needed by the Board and Departmental Accounting Officers.

The ARC provides oversight of activity performed by the Government Internal Audit Agency (GIAA) and approves the Internal Audit Plan for the year which is developed to assure key risks and controls. The Group Chief Internal Auditor attends every ARC meeting, updating on the plan and reporting on key controls.

The ARC also oversees the work of the Fund's external auditors, the NAO.

Members of the Committee are appointed by the Chair along with me as Principal Accounting Officer (PAO) of HM Treasury. The Chair of the Committee reports directly to me and is also a Non-Executive member of the Treasury Board.

The membership of the ARC at 31 March 2023 was:

- Zarin Patel - Zarin is a Qualified Chartered Accountant. Zarin brings broad experience, both executive and Non-Executive, from the public and private sectors. She is an experienced ARC Chair, Board Director and a previous Chief Financial Officer, with expertise in managing transformation within complex digital-centric businesses and broad experience across finance, investment, procurement, large capex, audit

² <https://www.gov.uk/government/collections/hmt-annual-report>

and corporate finance, as well as general management. Zarin's other roles include: Non-Executive Director (NED); Chair of ARC; Member of Environment, Social and Governance, Remuneration and Nominations Committees at Pets at Home Group PLC (2021 to date); NED at Hays plc (from January 2023); NED, Chair of ARC, Member of Nominations and Remuneration Committee of Anglian Water Services Limited (2018 to date); Trustee and Chair of ARC at National Trust (2018 to date).

- Edward Braham - Edward is one of the most senior lawyers in the City, with a wealth of experience across finance and business. He was the Senior Partner of the international law firm, Freshfields, successfully leading the firm for 5 years through Brexit uncertainty, increased nationalism around the world, and the pandemic, and remains as a partner. His focus was particularly in strategic growth in the US and addressing all aspects of sustainability, including culture and diversity and building on the firm's existing environmental, social and governance (ESG) commitments. Edward's other roles include: Director of TheCityUK, Chair of its International Trade and Investment Group and member of its Nominations and Remuneration Committee (2018 to date); Mayoral and Shrieval Independent Panel and Innovation and Growth Advisory Board at City of London Corporation (2021 to date); Member of the Campaign Board at the Museum of London (2021 to date); Member of the Advisory Council at Capital as a Force for Good (2021 to date); Member of the Court of the Goldsmiths Company, Trustee of the Goldsmiths' Charity and Chair of the Goldsmiths' Centre, the leading educational and workshop charity for the UK trade (2011 to date).
- Jane Hanson - Jane brings wide financial, public and private sector experience. Jane is a fellow of the Institute for Chartered Accountants with over 30 years' experience in commercial, not for profit, other private and public sector organisations. She was previously Risk and Governance Director at Aviva plc (2002 to 2006) and Non-Executive Director and Chair of the Board Risk Committee at Direct Line Insurance Group plc (2011 to 2021), Old Mutual Wealth plc (2013 to 2016) and William Hill plc (2019 to 2021). Jane is also a magistrate. Jane's other roles include: Chair of UK Gov Dormant Asset Expansion Board (2011 to date); Chair of Audit Committee and Non-Executive Director of Welsh Water plc (2021 to date); Chair of Audit Committee at the Civil Aviation Authority (2021 to date); Chair of Bardic Symphony Orchestra (2020 to date).

The ARC met six times during 2022-23. Pre-meeting discussions with the National Audit Office and Internal Auditors were held where needed. Attendance is outlined in the table below:

Name	Attendance
Zarin Patel	6/6
Sir Peter Estlin ³	4/4
Edward Braham	6/6
Jane Hanson	3/3
Ian Kenyon ⁴	4/5

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.

Internal Audit

From 1 April 2022 the provision of internal audit services for the CF transferred from Exchequer Funds Internal Audit (provided by the internal audit function of the Debt Management Office) to the Government Internal Audit Agency (GIAA) in line with the services GIAA provides across the core HM Treasury Group.

For the CF, an annual risk-based internal audit programme is agreed with the Treasury Accountant and then approved by the ARC. 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.

Chris Westwood, Director of Internal Audit provided his Annual Report and Opinion on the adequacy and effectiveness of the framework of governance, risk management and control operating over the CF to the Accounting Officer and ARC. A substantial opinion was provided for the period 2022-23. This assessment is based on the work that GIAA have conducted during the year in relation to the CF. It provides assurance on the adequacy and effectiveness of the risk management, control and governance framework relevant to the Annual Report and Accounts. There were no matters arising from the work of Internal Audit in the period that would give rise to separate comment in the Governance Statement.

³ Sir Peter Estlin's appointment finished on 31 October 2022. His interests include: Alderman, City of London; Independent Director, Rothschild & Co; Chair, Association of Apprentices, (previously Group Financial Controller and acting Group CFO, Barclays).

⁴ Ian Kenyon joined ARC as an independent member on 25 April 2022 and stepped down on 17 January 2023. Ian's interests included: Director of Nuclear Finance and Programmes at the Ministry of Defence's Defence Nuclear Organisation and he previously held senior finance roles at Kingfisher, Sainsbury's and Chief Finance Officer roles at Carpetright plc, Carphone Warehouse and HMV Group plc and Cancer Research UK. He is Treasurer of the University of Nottingham and a member of their Council and Trustee of the Kenyon Charity Trust.

Head of Internal Audit Report

On the basis of the work undertaken and discussions with EFA management, in my opinion the framework of governance, risk management and control for the CF was adequate and effective during 2022-23. There were no matters arising from the work we carried out in 2022-23 that would give rise to a separate comment in the governance statement nor areas of concern that I needed to bring to the specific attention of the Accounting Officer. This is the same level of assurance on the adequacy and effectiveness of governance, risk management and internal control that was issued to the Accounting Officer in 2021-22.

The annual internal audit opinion is a key element of the assurance framework, which the Accounting Officer needs to inform their annual Governance Statement. It does not detract from the Accounting Officer's personal responsibility for the framework of governance, risk management and control, on the effectiveness of which they take assurance from their senior management and formal controls, as well as from Internal Audit.

The planned internal audit programme was reviewed and endorsed by HM Treasury's ARC and Accounting Officer. GIAA has delivered a programme of internal audit engagements throughout 2022-23 including a review of all types of payments and receipts across the CF, as well as general arrangements within EFA including its controls over static data changes and access to the ACME system and its implementation of a Treasury Management System upgrade.

Throughout the year, GIAA has continued to liaise with the EFA team and attend the HMT Audit and Risk Committee meetings.

Chris Westwood, Director of Internal Audit, Centre of Government Group, GIAA

Management of the Consolidated Fund

The CF is managed by the Treasury Accountant and their managers within the Exchequer Funds and Accounts (EFA) team of HM Treasury, overseen by the Group Finance Director. Any matters concerning the CF are reported directly to me.

Risk Management

Treasury Risk management and reporting to the Treasury's Boards

HM Treasury's approach to risk management is informed by principles set out in The Orange Book. In line with the guidance, risk management forms an integral part of the department's governance, leadership and activities. HM Treasury's ARC supports the Accounting Officers in overseeing the Risk Management Framework. 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.

The Treasury's risk management framework enables the identification and management of risks to the department's strategic objectives. The Framework is underpinned by Directors', Risk Groups' and the Operations Committee's responsibility for monitoring, challenging and reporting on performance against and risks to the Treasury's objectives.

Following a full review in summer 2021 the department embedded a new approach to risk appetite, with Executive Management Board (EMB) setting the appetite for different categories of risk, improving consistency of reporting and driving decision making based on mitigations and responses.

All key updates on performance and risk for the Executive Management Board (EMB) and Treasury Board (Sub-Committee) (TB(SC)) are shared via the Quarterly Performance and Risk Report, escalating critical issues and risks that exceed the department's risk appetite to enable senior managers to respond appropriately. As a risk owner, the Treasury Accountant feeds into the quarterly operational risk register.

Throughout 2022-23, EMB has taken an active approach to mitigating and managing specific risks and issues through its regular meetings and ad-hoc risk deep-dive meetings.

Consolidated Fund Risk management

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, a Central Funds Risks and Controls Review Panel comprising directors from both Treasury and the Debt Management Office provides me with additional assurance on CF operations and risk management. The panel, chaired by the Treasury Group Finance 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.

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.

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. Annual certificates of assurance are received from all member organisations.

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.

The system of internal control

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.

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.

The system of internal control has been in place throughout the year ended 31 March 2023 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.

Risk profile

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.

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. Payment instructions are computer-generated and are derived from underlying transaction records, minimising the risk of keying errors. Separately, in accordance with legislation 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.
- Incorrect accounting: Application controls exist within the IT system used to manage financial transactions and account for receipts and payments of the CF. Monthly management accounts for the CF are provided to me. The accounting for any unusual transactions is suitably considered.
- Failure of IT systems: Our network infrastructure, which is provided by an outsourced supplier, has a high level of resilience. It is configured across two data centres which provides an availability of 99.99% due to the configuration allowing a near instant failover should an issue arise.
- 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 essential payments

operations to continue. Business continuity arrangements are regularly reviewed and tested within the framework of the Treasury's corporate Business Continuity Plan and 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.
- 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 guidelines⁵. EFA's own Data Handling Policy identifies risks specific to EFA.

Review of effectiveness

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 GIAA who provided positive assurance as to the management and control of the CF in 2022-23 and EFA management 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.

The ARC considered the 2022-23 accounts in draft and provided me with its views before I formally signed the accounts.

No significant internal control issues, including data-related incidents, have been identified in 2022-23, 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 2022-23.

In my opinion, the system of internal control was effective throughout the financial year and remains so on the date I sign this report.

⁵ Available at <https://www.gov.uk/government/publications/security-policy-framework>

Parliamentary accountability and audit report

Regularity of payments (audited)

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

Losses and special payments (audited)

During 2022-23, the CF had no losses or special payments totalling over £300,000 (2021-22: £nil).

Fees and charges (audited)

The CF does not have any fees or charges.

Remote contingent liabilities (audited)

The CF has one contingent liability, relating to UK coins in circulation that falls outside the scope of IAS 37 as the possibility of an outflow of resources is remote. However, disclosure is necessary under Parliamentary accountability requirements.

UK Coins in Circulation

As at 31 March 2023 the estimated total face value of coins in circulation was £4,640 million (2021-22 £4,683 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 2022-23 was £19.5 million (2021-22 £13.2 million) (notes 6a and 9). The probability of a material liability in respect of coinage is considered remote.

James Bowler

Accounting Officer
HM Treasury

17 October 2023

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 2023 under the National Loans Act 1968. The financial statements comprise the Receipts and Payments account and the related notes 1 to 6; the accruals-based disclosures in notes 7 to 10; and the notes 11 to 13, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the National Loans Act 1968.

In my opinion, the financial statements:

- properly present the Consolidated Fund's receipts and payments for the year ended 31 March 2023; and
- have been properly prepared in accordance with the National Loans Act 1968.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 2019*. I am independent of the Consolidated Fund in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Consolidated Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, 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 when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Consolidated Fund is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Performance and Accountability Reports, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit

- the parts of the Accountability Report subject to audit have been properly prepared;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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 material misstatements in the Performance and Accountability Report.

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 by the Consolidated Fund or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within HM Treasury from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements and Annual Report are properly presented in accordance with the applicable financial reporting framework; and
- assessing the Consolidated Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Consolidated Fund will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Consolidated Fund's accounting policies;
- inquired of management, the Consolidated Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Consolidated Fund's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Consolidated Fund's controls relating to the Consolidated Fund's compliance with the National Loans Act 1968 and Managing Public Money.
- inquired of management, Consolidated Fund's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Consolidated Fund for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and posting of unusual journals. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Consolidated Fund's framework of authority as well as other legal and regulatory frameworks in which the Consolidated Fund operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Consolidated Fund. The key laws and regulations I considered in this context included the National Loans Act 1968 and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having a direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

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

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.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

20 October 2023

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

Financial Statements

Receipts and Payments Account for the year ended 31 March 2023

	Notes	2022-23 £m	2021-22 £m
Receipts			
Tax Revenue			
HMRC	2	605,018	542,051
Vehicle Excise Duty	2	7,448	7,101
Business Rates Retention/National Non-Domestic Rates	2	11,388	12,305
		623,854	561,457
Other Receipts			
Repayments from the Contingencies Fund		7,500	32,001
Miscellaneous receipts	3	28,726	32,419
Deficit met from the National Loans Fund		102,079	134,160
		762,159	760,037
Payments			
Supply Services			
	4	704,023	687,192
Standing Services			
Advances to HMRC in support of revenue	2	10,035	3,402
Payments to the National Loans Fund for net interest payments		37,973	37,056
Payments to the European Union	5	2,334	49
Other Standing Services	6a	294	338
		754,659	728,037
Issues to the Contingencies Fund		7,500	32,000
		762,159	760,037

The notes on pages 25 to 40 form part of this Account.

James Bowler

Accounting Officer
HM Treasury

17 October 2023

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 7-10 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 and any other liabilities met by the CF. 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 7-10 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 (£).

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 His Majesty's Revenue and Customs (HMRC), the Driver and Vehicle Licensing Agency (DVLA) and the Department for Levelling Up, Housing and Communities (DLUHC). 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 £10.0 billion was advanced from the CF for this purpose in 2022-23 (£3.4 billion in 2021-22).

3. Miscellaneous receipts

	Notes	2022-23 £m	2021-22 £m
Consolidated Fund Extra Receipts (CFERs) ¹		16,058	20,598
Trust Statement revenue ²		11,700	10,988
United Kingdom coinage issued	9	56	104
Crown Estate surplus revenue		302	300
Current year over-issues of Supply repaid	4	60	-
Prior year over-issues of Supply repaid	4	49	5
Miscellaneous		501	424
Total		28,726	32,419

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 or is in excess of the amounts allowed to be retained under agreement with HM Treasury; 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.

<i>Receipts surrendered to the Consolidated Fund</i>			2022-23	2021-22
Remitter	CFERs	Trust Statement	Total	Total
	£m	£m	£m	£m
1. Department for Business, Energy and Industrial Strategy	756	6,106	6,862	6,608
2. HM Treasury	4,479	399	4,878	11,831
3. NHS Pension Scheme	4,350	-	4,350	3,642
4. BBC Licence Fee	-	3,749	3,749	3,829
5. Department for Levelling Up, Housing and Communities	2,510	-	2,510	1,989
	12,095	10,254	22,349	27,899
Other	3,963	1,446	5,409	3,687
Total	16,058	11,700	27,758	31,586

Note that receipts are recorded against the remitting entity even where that entity is part of a wider group which may also generate remittances. Further information on receipts surrendered can be found in individual department's Annual Report & Accounts.

4. Analysis of Supply Services

4a Supply Services issues and repayments

	Notes	2022-23 £m	2021-22 £m
Supply Issues			
For current year		704,023	686,443
For previous year		-	749
Supply Services issued		704,023	687,192
Current year over-issues of Supply repaid	3	(60)	-
Prior year over-issues of Supply repaid	3	(49)	(5)
Net Supply Services issued		703,914	687,187

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

4b Supply Services analysed by period

Year for which Supply granted	2022-23 £m	2021-22 £m	2020-21 £m
Positive Net Cash Requirement	768,165	760,697	878,207
Negative Net Cash Requirement	(3,562)	(3,904)	(3,606)
Excess Vote	n.a	-	-
	764,603	756,793	874,601
Total Net Supply granted by Parliament			
Surplus not required (as reported)	n.a	(65,475)	(103,229)
Revised Total Net Cash Requirement outturns reported by government departments	n.a	691,318	771,372
<i>Analysed by Year of Payment/(Receipt):</i>			
2020-21			788,549
Issues made in year			-
Current year over-issues surrendered in cash			6,289
Prior year issues applied to a subsequent year			(826)
Prior year over- issues surrendered in cash			
2021-22		686,443	749
Issues made in year		-	-
Current year over-issues surrendered in cash		23,389	(23,389)
Prior year issues applied to a subsequent year		(5)	-
Prior year over- issues surrendered in cash			
2022-23	704,023		-
Issues made in year	(60)	-	-
Current year over-issues surrendered in cash	18,509	(18,509)	-
Prior year issues applied to a subsequent year	(49)	-	-
Prior year over- issues surrendered in cash			
Total	n.a	691,318	771,372

Note 4b analyses the receipts and payments of Supply according to the year for which the Supply was granted. The Net Cash Requirement for 2022-23 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 2023-24 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 2022-23. Details of how Supply has been spent can be found in each of the respective departmental Annual Reports and Accounts.

Cash Supplied by the Consolidated Fund

Department	2022-23 £m	2021-22 £m
1. Department of Health and Social Care	144,900	163,200
2. Department for Work and Pensions	125,383	114,478
3. Department for Education	98,552	92,694
4. Dep for Business, Energy and Industrial Strategy	62,133	31,815
5. Ministry of Defence	48,572	43,879
6. Scotland Office	42,364	43,133
7. Department for Transport	28,529	30,544
8. Department for Levelling Up, Housing and Communities	20,091	29,750
9. Northern Ireland Office	19,892	19,913
10. Wales Office	19,692	19,948
	610,108	589,354
Other	93,915	97,838
Total	704,023	687,192

5. Payments under the European Union (EU) Withdrawal Agreement 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 our former EU membership. When the Withdrawal Agreement was signed on 24 January 2020, it put the financial settlement into legal form, in the context of an overall agreement under Article 50 and the framework for the Future Relationship. The European Union (Withdrawal Agreement) Act 2020 implements the Withdrawal Agreement.

Accordingly, payment of customs duties on imports from outside the EU before the end of the transition period are met by the Consolidated Fund.

A total of **£2,334 million** was paid to the EU in 2022-23 (2021-22: £49 million). This includes payments totalling £2,285 million (2021-22: nil) relating to settlement of the case detailed in Note 10.

The remainder of the UK's payments under the financial settlement are primarily covered by Treasury's budget and detailed in the Treasury's Annual Report and

Accounts⁶. In addition, the Government presents a holistic account of the financial settlement in the annual statement to Parliament about the EU Budget⁷.

6a Other Consolidated Fund Standing Services payments

	Notes	2022-23 £'000	2021-22 £'000
Annuities and Pensions			
Annuity to the Duke of Edinburgh ¹		-	26
Royal Household Pension Scheme	7d	4,608	4,233
Pensions for Judicial Services ²	8	90,184	91,406
Members of the European Parliament pensions	7d	2,120	2,241
Political and Public Service pensions	8	541	562
Civil List pensions	8	131	139
Salaries and Allowances			
Courts of Justice ³		174,651	166,133
Political and Public	6b	1,477	1,438
Miscellaneous Services			
Election and referendum expenses		980	58,616
Royal Mint (redeemed coinage)	9	19,547	13,274
Miscellaneous refunds		96	1
Total		294,335	338,069

¹ The annuity to the Duke of Edinburgh was £359,000 per calendar year and was paid monthly in advance. Following the Duke's death in April 2021 payments ceased and £17,966 was repaid to the CF in 2021-22. This amount is included in note 3 "Miscellaneous".

² Pensions for Judicial Services includes pensions of previous Lord Chancellors.

³ Courts of Justice salaries includes the salary of the Lord Chancellor.

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.

⁶ <https://www.gov.uk/government/collections/hmt-annual-report>

⁷ <https://www.gov.uk/government/collections/eu-annual-statement>

6b Political and Public Service Payments

	2022-23	2021-22
	£	£
Holders of Political Posts - payments	418,596	402,302
Holders of Political Posts - employers' national insurance	51,567	46,873
Public Office holders - payments	891,219	881,844
Public Office holders - employers' national insurance	115,142	107,329
Total	1,476,524	1,438,348

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. Where an individual joins or leaves mid-month, funding for payment can be provided outside the standard payroll process (referred to as advanced funding). Such funding is subsequently recovered and accounted for as miscellaneous income in note 3.

6bi Payments to holders of Political Posts

	2022-23	2021-22
	Salary	Salary
	£	£
Sir Keir Starmer <i>Leader of the Opposition – HOC (from April 2020)</i>	55,335	55,335
The Rt Hon Baroness Smith of Basildon ¹ <i>Leader of the Opposition – HOL</i>	107,917	107,917
Rt Hon Nicholas Brown MP <i>Opposition Chief Whip – HOC (to May 2021)</i>	-	3,695

The Rt Hon Sir Alan Campbell MP	34,367	32,827
<i>Opposition Chief Whip – HOC (from May 2021)</i>		
<i>Deputy Opposition Chief Whip – HOC (to May 2021)</i>		
Lilian Greenwood MP	20,043	17,672
Deputy Opposition Chief Whip – HOC (from May 2021)		
The Rt Hon Lord McAvoy ¹	-	17,088
<i>Opposition Chief Whip – HOL (to May 2021)</i>		
The Rt Hon Lord Kennedy ¹	101,991	68,825
<i>Opposition Chief Whip – HOL (from June 2021)</i>		
Mark Tami MP	20,043	20,043
<i>Opposition Pairing Whip – HOC</i>		
The Rt Hon Sir Lindsay Hoyle MP	78,900	78,900
<i>Speaker – HOC</i>		
	418,596	402,302
Rt Hon Robert Buckland ²	-	48,809
<i>Lord Chancellor (to September 2021)</i>		
Rt Hon Dominic Raab ³	75,338	33,753
<i>Lord Chancellor (from September 2021- September 2022 and then from October 2022)</i>		
Rt Hon Brandon Lewis CBE ⁴	34,364	-
<i>Lord Chancellor (from September- October 2022)</i>		
	109,702	82,562

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

² Prior year figure includes a severance payment of £16,876 and advanced funding of £1,181 which was returned to the CF in year and is included in note 3 "Miscellaneous" prior year balance.

³ Current year figure includes a severance payment of £16,876, of which £7,833 was voluntarily repaid in November 2022 following reappointment as Lord Chancellor. The amount repaid to the CF is included in note 3 "Miscellaneous".

⁴ Current year figure includes advanced funding of £2,820 and an overpayment of £5,625. Both amounts were returned to the CF in year and are included in note 3 "Miscellaneous". The balance also includes a severance payment of £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

	2022-23 Salary £	2021-22 Salary £
Gareth Davies ¹ <i>Comptroller and Auditor General</i>	220,000	220,000
Rob Behrens, CBE ² <i>Parliamentary and Health Service Ombudsman</i>	171,125	171,125
Virginia McVea <i>Northern Ireland Chief Electoral Officer</i>	98,070	98,989
Elizabeth Denham ³ <i>Information Commissioner (to Nov 2021)</i>	-	129,311
John Edwards ^{3&4} <i>Information Commissioner (from Jan 2022)</i>	200,000	65,524
Dame Fiona Reynolds <i>Chair of the National Audit Office (from Jan 2021)</i>	40,271	40,000
John Pullinger CB ⁵ <i>Electoral Commission Chair (from May 2021)</i>	71,805	65,821
Alex Attwood ⁵ <i>Electoral Commissioner (fee based)</i>	12,736	12,537
Dame Sue Bruce ⁵ <i>Electoral Commissioner (fee based)</i>	8,756	21,094
Sarah Chambers ⁵ <i>Electoral Commissioner (fee based)</i>	6,965	6,965
Roseanna Cunningham ⁵ <i>Electoral Commissioner (fee based) (from Oct 2022)</i>	4,577	8,557
Alasdair Morgan ⁵ <i>Electoral Commissioner (fee based) (to Sept 2022)</i>	4,776	8,557
Dr Katy Radford ⁵ <i>Electoral Commissioner (fee based) (from Sept 2021)</i>	12,139	3,781
Chris Ruane ⁵ <i>Electoral Commissioner (fee based) (from Nov 2022)</i>	4,179	3,781
Professor Dame Elan Closs Stephens CBE ⁵ <i>Electoral Commissioner (fee based)</i>	11,144	14,658
Robert Vincent CBE ⁵ <i>Electoral Commissioner (fee based)</i>	7,562	8,358

Joan Walley ⁵ <i>Electoral Commissioner (fee based) (to Oct 2022)</i>	8,159	7,562
Lord Gilbert of Panteg ⁵ <i>Electoral Commissioner (fee based)</i>	8,955	7,562
	891,219	894,182

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 Prior year figure includes advanced funding of £16,599 that was recovered and is included in note 3 "Miscellaneous" prior year balance.

⁵ Details of the salary of the Electoral Commission Chair and Electoral Commissioners' fees are also disclosed in the Electoral Commission Annual Report and Accounts.

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 10 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 assessments were performed by the Government Actuary's Department for the Royal Household Pension Scheme as at 31 March 2022 and European Parliament (UK Representatives) Pension Scheme as at 31 March 2020. The actuary rolled forward the results to determine the approximate positions as at 31 March 2023. The major assumptions used by the actuary for both schemes are shown below.

	At March 2023	At March 2022
	% per annum	% per annum
Rate of increase in salaries (MEPs)	N/A	N/A
Rate of increase in salaries (RH)	3.65	4.15
Discount rate	4.15	1.55

Life Expectancy

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

	At 31 March 2023		At 31 March 2022	
	Men (years)	Women (years)	Men (years)	Women (years)
Current pensioners	23.6	25.2	23.5	25.1
Future pensioners	24.0	25.6	23.9	25.5

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

	At 31 March 2023		At 31 March 2022	
	Men (years)	Women (years)	Men (years)	Women (years)
Current pensioners	26.6	28.1	27.0	28.6
Future pensioners	28.4	29.8	28.7	30.3

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

	At 31 March 2023	At 31 March 2022
	% per annum	% per annum
Rate of increase in pension payments	2.40	2.90
Inflation assumption	2.40	2.90
Discount rate net of price inflation	1.70	-1.30

7b Expenditure and income

	RH	MEPs	2022-23	2021-22
	£'000	£'000	Total	Total
			£'000	£'000
Expenditure				
Current service costs (including member contributions)	751	-	751	761
Interest on scheme liability	1,907	511	2,418	1,959
Total expenditure	2,658	511	3,169	2,720
Income				
Pension contributions receivable				
Employers' contributions	287	-	287	311
Employees' contributions	74	-	74	79
Total income	361	-	361	390
Net expenditure	2,297	511	2,808	2,330

7c Movement in liabilities during the year

	RH	MEPs	2022-23	2021-22
	£'000	£'000	Total	Total
			£'000	£'000
Scheme Liability at beginning of the year	(124,933)	(33,995)	(158,928)	(159,569)
Current service cost	(677)	-	(677)	(682)
Past service cost	-	-	-	-
Employee contributions	(74)	-	(74)	(79)
Net individual pension transfers-out	-	-	-	-
Benefit payments	4,598	2,120	6,718	6,462
Other finance charges – interest	(1,907)	(511)	(2,418)	(1,959)
Total	(122,993)	(32,386)	(155,379)	(155,827)
Actuarial gain / (loss) (note 7e)	39,378	8,005	47,383	(3,101)
Liability at end of year	(83,615)	(24,381)	(107,996)	(158,928)

The liability at the end of the year is based on actuarial assessments as at 31 March 2023. The decrease in in both scheme liabilities is primarily due to a rise 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	2022-23	2021-22
	£'000	£'000	Total	Total
			£'000	£'000
Total pension paid	4,136	2,950	7,086	6,969
Commutation and lump sum benefits	472	122	594	406
Net individual pension transfers-out	-	-	-	-
Total pension benefits paid	4,608	3,072	7,680	7,375
Less: increase element of MEPs' pensions disclosed in the Civil Service Superannuation Annual Report & Account	-	(952)	(952)	(901)
Total borne by the Consolidated Fund (note 6a)	4,608	2,120	6,728	6,474

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

	RH	MEPs	2022-23	2021-22
	£'000	£'000	Total	Total
	£'000	£'000	£'000	£'000
(Loss) / gain arising on scheme liabilities	(6,856)	-	(6,856)	1,673
Changes in assumptions underlying the present value of liabilities	46,234	8,005	54,239	(4,774)
Total	39,378	8,005	47,383	(3,101)

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 2022-23 amounted to £90.2 million (£91.4 million in 2021-22). 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 £131,000 was paid from the CF in 2022-23 in respect of these pensions (£139,000 in 2021-22). 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 £541,000 was paid from the CF in 2022-23 in respect of these pensions (£562,000 in 2021-22) and is not material to the CF.

	2022-23			2021-22		
	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	7	15	22	7	14	21
Pension paid from CF (£'000)	262	279	541	267	295	562

The actuarial liability falling on the CF across all these schemes has been assessed at £6.6 million at 31 March 2023 - £0.2 million attributable to holders of offices as at 31 March 2023 and £6.4 million attributable to former holders of offices or the surviving widows of former office holders (£9.4 million at 31 March 2022 - £0.3 million attributable to holders of offices as at 31 March 2022 and £9.1 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 2023 or end date £'000	Real increase in pension at age 65 £'000	CETV at 31 March 2023 or end date £'000	CETV at 31 March 2022 or start date £'000	Real increase in CETV £'000
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
John Edwards Information Commissioner	5 - 10	2.5 - 5	81	15	48
Virginia McVea Northern Ireland Chief Electoral Officer	10 - 15	0 - 2.5	168	132	12

¹ Gareth Davies –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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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	2022-23 £m	2021-22 £m
Balance at 1 April		1	1
Coins issued		56	104
Cash received by Consolidated Fund	3	(56)	(104)
Coins redeemed		(19)	(13)
Cash paid by Consolidated Fund	6a	20	13
Balance at 31 March		2	1

10. Customs undervaluation case

In March 2018, the European Commission alleged that from 2011 to 2017 the UK did not take adequate steps to prevent customs undervaluation fraud involving imports of Chinese textiles and footwear and that customs duty was therefore owed to the EU. In March 2022, the European Court of Justice published its judgement, finding against the UK on most liability points. The UK made payments totalling €2.6 billion (£2.3 billion) in June 2022, January 2023, and February 2023 to cover both principal and interest. These payments were made from the Consolidated Fund and settled the case, with the UK fulfilling its international obligations. There is therefore no outstanding liability at 31 March 2023 and the case has been formally closed.

11. Events after the Reporting Period

There are no events after the reporting period to report.

12. 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.

13. 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 Certificate and Report.

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk

ISBN: 978-1-5286-4493-8
E03000049