HM Treasury

Annual Report and Accounts of HM Treasury

Year to the 31 March 2024

HC 48 July 2024

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This is part of a series of departmental publications which, along with the Main Estimates 2024-25 and the document Public Expenditure: Statistical Analyses 2024, present the government's outturn for 2023-24 and planned expenditure for 2024-25.

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

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Preface

About this Annual Report and Accounts

This document integrates performance and financial data with analysis to help readers gain a better understanding of the work of HM Treasury and how it spends taxpayers' money to deliver the government's economic and fiscal policies. It covers the activities of HM Treasury from April 2023 to March 2024 (inclusive), and is split into 4 main sections:

- the **Performance report** includes a summary of progress and key milestones achieved during 2023-2024 (the Performance overview), followed by a deeper dive into the department's achievements over the year against each of the three priority outcomes, HM Treasury's own corporate objective (the Performance analysis)

- the **Accountability report** is further split into three sub sections and includes: a Corporate governance report where HM Treasury reports on the operating structure of the department and important transparency matters such as conflicts of interest and whistle blowing. It also includes a statement of the Accounting Officer's responsibilities, and a Governance Statement on how HM Treasury manages risk; a Remuneration and staff report setting out an open account of the pay and benefits received by ministers, executive and non-executive members of the Board, disclosures on HM Treasury's pay and pensions policies, and details of staff numbers and costs; and a Parliamentary accountability and audit report allowing readers to understand the department's expenditure against the money provided to it by Parliament by examining the Statement of Outturn against Parliamentary Supply. A copy of the audit certificate and report made to Parliament by the head of the National Audit Office setting out his opinion on the financial statements is also included in this section

- the **Financial Statements** show HM Treasury Group's income and expenditure for the financial year, the financial position of the department as at 31 March 2024, and additional information designed to enable readers to understand these results

- the **Trust Statement** provides a record of fine and levy income collected by Treasury on behalf of government during the financial year

Contents

Statement by the Permanent Secretary

It is a true testament to its staff that HM Treasury has responded with agility and commitment in uncertain times through another busy year.

Despite the historically uncertain macroeconomic environment, the department has continued to make progress on its objectives and economic priorities. Inflation has been falling from historic highs having peaked at over 10% in autumn 2022 with the cost-of-living challenges this brings. Monetary policy, supported by fiscal policy, has been set through the year to return inflation sustainably to target. Growth continues below the pre-financial crisis trend. Increasing growth has been the focus of the year's fiscal events with policy focussed on the labour market and on business investment. The OBR took account of these interventions, adding 0.5% to the level of GDP in the medium term. Repairing the public finances remains a priority with debt issuance at historic highs following interventions in successive crises.

The international agenda has been dominated by the war in Ukraine and the implications this has had on the global economy. Treasury has been at the fore in UK efforts to provide both military, economic and financial support to Ukraine and also the unprecedented financial sanctions brought to bear on Russia, working with international partners. The situation in the Middle East has compounded global economic uncertainty.

For financial services, the focus has been delivering the Financial Services and Markets Act 2023 and progressing the Mansion House reforms announced in July 2023 following the interventions in March 2023 to deliver stability following the failure of Silicon Valley Bank in the US.

The Darlington Economic Campus has also continued to go from strength to strength, as the department surpassed 237 people in post as of March 2024. HM Treasury remains committed to ensuring that staff can build sustainable careers outside of London.

Across London, Darlington and Norwich, our people are at the centre of everything we achieve. That is why we separated the range D grade, creating distinct HEO and SEO grade to allow us to improve progression, retention and recruitment at that level.

The professionalism of HM Treasury's civil servants over the past year has been exemplary. It remains a privilege to be part of this organisation, where all colleagues can thrive in a diverse and inclusive environment and contribute to the security and prosperity of the nation. Thank you to everyone who has contributed to HM Treasury's continued success over the past year.

James Bowler CB
Permanent Secretary to the Treasury

23 JULY 2024

Performance Report

Performance Overview

During 2023-24, the department was led by The Rt Hon Jeremy Hunt MP, as Chancellor of the Exchequer, supported by a ministerial team: The Rt Hon Laura Trott MBE MP (Chief Secretary to the Treasury), Nigel Huddleston MP (Financial Secretary to the Treasury), Bim Afolami MP (Economic Secretary to the Treasury), Gareth Davies MP (Exchequer Secretary to the Treasury) and Baroness Vere (Treasury Lords Minister).

The work of HM Treasury reaches everyone in the UK and includes public spending and financing; setting the strategy for sustainable economic growth; financial services policy; and strategic oversight of the UK tax system. The department plays an important role on the international stage. This includes trade and customs policy (regional/bilateral trade agreements, and customs arrangements in relation to the EU), and international representation and cooperation (notably via the G7, G20, IMF and bilateral channels). HM Treasury has also been at the forefront of the UK's economic response to Russia's invasion of Ukraine, working closely with our international partners.

HM Treasury had three Priority Outcomes for 2023-24:

- Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes.
- Increase employment and productivity to deliver sustainable national and local economic growth across all parts of the UK.
- Ensure the stability of the macroeconomic environment and financial system.

This performance overview sets out how the department has worked to deliver its Priority Outcomes and corporate objectives while highlighting key achievements of the last year.

HM Treasury key performance indicators April 2023 – March 2024

Priority Outcome 1: Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes

Fiscal rules are designed to ensure sustainable public finances, economic growth and stability, value for money for the taxpayer, a strong balance sheet, and intergenerational fairness. The Charter for Budget Responsibility, which sets out the government's fiscal rules, was approved by the House of Commons on 6 February 2023.

The government for this reporting period, had a fiscal mandate to reduce underlying debt (public sector net debt excluding the Bank of England) as a percentage of gross domestic product (GDP) by the fifth year of the rolling forecast period. The debt rule was supplemented by a target for public sector net borrowing to be below 3% of GDP by the fifth year of the rolling forecast period; limiting borrowing to ensure debt reduction is delivered through tax and spending policy.

Public sector net debt excluding the Bank of England (PSND ex BoE) as a percentage of GDP	
PSND is a measure of how much the public sector owes in total to private sector organisations including overseas institutions, minus the amount of cash and other short-term assets it holds. PSND ex BoE excludes the liabilities and the liquid assets held on the Bank of England's balance sheet and is often referred to as "underlying debt".	
89.5% **(2022-23: 88.1%)**	PSND ex BoE reached 89.5% of GDP in 2023-24 (2022-23: 88.1%).
Source: Office for National Statistics and Office for Budget Responsibility	

Public Sector Net Borrowing (PSNB) as a % of GDP	
PSNB is the gap between total spending and receipts measured over the course of a financial year. PSNB is an accrued measure, meaning transactions are recorded at the time of economic activity. Borrowing is often referred to as "the deficit".	
4.5% **(2022-23: 5.3%)**	PSNB was 4.5% of GDP in 2023-24 (2022-23: 5.3%).
Source: Office for National Statistics and Office for Budget Responsibility	

Priority Outcome 2: Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK

This priority outcome focused on taking decisions to strengthen the economy, increase productivity and the number of people in employment. Sustainable economic growth is at the heart of everything HM Treasury works to achieve. Local growth is at the core of this vision: ensuring the benefits of economic development are felt everywhere.

HM Treasury supported the government at Autumn Statement 2023 and Spring Budget 2024 to deliver a package of measures in support of growing the UK's economy.

Growth in output per hour(%)	
Growth in output per hour worked the main indicator of productivity growth.	
0.5% **(2022-23: -0.00%)**	Output per hour worked grew 0.5% over 2023-24 but in per worker terms fell by 0.1%.
Source: Office for National Statistics and Office for Budget Responsibility	

GVA Added per Hour Worked (Regional)
This also measures productivity growth but at a regional level.

GVA Added per Hour Worked (Regional)		
Region	**Output per hour relative to UK**	**YoY Change**
North East	-12.6%	5.2%
North West	-6.8%	1.8%
Yorkshire and the Humber	-11.3%	1.6%
East Midlands	-15.8%	-4.5%
West Midlands	-13.0%	-0.5%
East of England	-4.6%	0.8%
London	26.2%	-1.2%
South East	10.8%	0.3%
South West	-6.8%	-0.3%
Wales	-17.3%	1.7%
Scotland	-2.0%	2.2%
Northern Ireland	-13.2%	-2.7%
(2020-21)		
Source: ONS Regional labour productivity, UK: 2021[1]		

16-64 employment rates (Regional)		
This measure employment rates at a regional level.		
Region	**March 2024 (%)**	**Yoy Change (%)**
North East	69.1	-3.5
North West	72.7	-1.6
Yorkshire and The Humber	73.1	-1.0
East Midlands	74.6	-0.7
West Midlands	73.9	0.6
East of England	76.2	-1.8
London	74.4	-0.1
South East	78.6	-0.2
South West	77.4	-0.7
Wales	69.6	-1.7
Scotland	73.1	-1.6
Northern Ireland	71.8	1.0
Source: Labour Force Survey		

[1] The ONS Regional labour productivity, UK: 2021 was released in June 2023.

Business investment as a percentage of GDP	
Business investment as a share of GDP affects the UK's productivity and the long-term sustainable growth rate.	
10.6% (2022-23: 10.3%)	Business investment increased by 2.6% over 2023-24 and totalled 10.6% of GDP (or £240.3 bn) by the end of the financial year, recovering to 5.2% above its pre-pandemic level.
Source: Office for National Statistics and Office for Budget Responsibility	

Economic inactivity (people aged 16-64 who are not in work or seeking work) (UK)	
Economic inactivity shows the number of people not in employment who have not been seeking work within the last 4 weeks and/or are unable to start work within the next 2 weeks.	
21.8% (2022-23 21.8%)	Based on the latest ONS estimates the economic inactivity rate was at 22.1% in Q4 2023-24 (January to March) up from 21.4% in Q1 2023-24 (April to June) and averaged 21.8% over 2023-24 as a whole (official statistics under development). Inactivity due to long-term sickness remains historically high, at 2.8 million in Q4 2023-24 and making up 30% of the inactive population.
Source: Office for National Statistics	

Priority Outcome 3: Ensure the stability of the macroeconomic environment and financial system

HM Treasury's ongoing management of the macroeconomic framework and economic strategy; consisting of operationally independent monetary policy, responsible fiscal policy, supply side reforms; and effective financial system regulation is central to maintaining macroeconomic stability and creating the conditions for increased sustainable economic growth.

Internationally, HM Treasury promotes the strong standards and collaboration that upholds the UK's interests in global macroeconomic and financial stability. HM Treasury works internationally to: 1) secure consensus on the strategic use of sanctions against evolving threats and geopolitical developments, 2) produce high quality economic analysis on energy markets and climate risks to inform HM Treasury's leadership in delivering effective interventions to manage volatility in domestic and international energy markets and 3) promote the benefits of trade and inward investment, ensuring that global and domestic trade policy priorities are aligned and the benefits are realised for the UK.

Gross Domestic Product (GDP) growth	
GDP shows the total value of all goods and services an economy produces. GDP growth is the main indicator of economic activity. (2023-24)	
0.1% **(2022-23: 1.7%)**	The economy continued to recover from the energy price shock over 2023-24, although high interest rates, necessary to bring inflation back down to target, have weighed on growth. The UK economy entered a technical recession in 2023-24, with contractions of 0.1% in Q2 2023-24 (July to September) and 0.3% in Q3 2023-24 (October to December) Growth returned at the end of 2023-24 with 0.7% growth in Q4 (January to March), therefore limiting the recession to two quarters and meaning the economy grew by 0.1% over the financial year 2023-24, compared to the previous period 2022-23.
Source: Office for National Statistics and Office for Budget Responsibility	

CPI inflation	
The rate of inflation shows the average change in the prices of goods and services bought by households. (average across 2023-24)	
5.7% **(2022-23: 10.0%)**	Over 2023-24, CPI inflation fell from 40-year highs seen in 2022 as global energy market shocks – as a result of Russia's invasion of Ukraine – subsided. CPI Inflation averaged 5.7% across 2023-24 as a whole, with annual inflation falling to 3.2% in March 2024. Domestic inflation has been a more significant driver of high inflation over the last year, with price rises becoming more broad-based.
Source: Office for National Statistics and Office for Budget Responsibility	

Aggregate capital ratio for the UK banking sector (using Common Equity tier 1 capital ratios)	
The aggregate capital ratio is the percentage of the total capital held by the banking system to its risk-weighted assets. It is a measure of the loss absorbing capacity of the banking system and is an indicator of the resilience of the financial system.	
15.9% **(2022-23: 16.1%)**	The most recent data show that the aggregate Common Equity Tier 1 capital ratio for the UK banking sector was 15.9% in Q4 2023 (Q4 2022: 16.1%). This is down 0.2ppts on Q3 2022. Overall, the key capital ratio for major UK banks remains over three times higher than during the financial crisis and significantly above regulatory requirements, demonstrating that the sector is resilient.
Source: Bank of England	

FTSE Implied Volatility Index Series (IVI)	
The FTSE implied volatility index series is an end-of-day index that measure the implied volatility of the FTSE 100 and FTSE MIB indices.	
11.1%	The FTSE IVI stood at 11.1 in 2023-24, as UK equity market volatility receded to pre-pandemic lows in 2024, despite the still challenging macroeconomic backdrop and macro financial risk outlook.
(2022-23: 20.6%)	
Source: Bloomberg	

Snapshot of Treasury activity in 2023-24

Month	Milestones
April	**27 April** Publication of a range of tax measures to make the system simpler and more effective
May	**22 May** Sale of £1.26bn of NatWest shares, reducing stake to 38.6%
June	**29 June** Financial Services and Markets Bill receives Royal Assent
July	**14 July** South Yorkshire named as first UK Investment Zone
August	**1 August** Alcohol duty changes take effect
September	**7 September** Negotiations concluded with the European Commission for association to the Horizon Europe and Copernicus programmes
October	**19 October** HM Treasury and French Tresor hold annual Economic and Financial Dialogue
November	**22 November** Autumn Statement takes place **29 November** The Autumn Finance Bill 2023 is published
December	**21 December** The Berne Financial Services Agreement is signed
January	**25 January** The Bank of England and HM Treasury publish their response to the consultation on a digital pound
February	**27 February** HM Treasury publishes the Supplementary Estimates for 2023-24
March	**3 March** Darlington Economic Campus celebrates its 3rd anniversary **6 March** Delivery of the Spring Budget **14 March** Spring Finance Bill published

Key issues and risks

HM Treasury faces a range of issues and risks as a central government department and employer. The issues faced are diverse in nature and severity and will sometimes be determined by contextual demands and external forces over which the department may have influence but no control. Over the course of the year, the Executive Management Board and directors have actively considered such issues and risks as part of HM Treasury's Risk Management Framework. The Governance Statement provides further detail.

Priority Outcome 1: Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes.

As noted in the 'Fiscal transparency and risk management' section page 32, HM Treasury's Risk Management Framework includes the Fiscal Risk Group which is responsible for monitoring and assessing risks to HM Treasury's Priority Outcome 1.

Spending pressures: The past year has seen increased spending risks arising from new pressures and challenges in generating savings, which are increasing pressures on departmental settlements. This increased risk also comes in the context of an approaching spending review which Spring Budget 2024 confirmed would be held after the next general election. These risks will continue to be managed through the department's established spending control processes and will need to be addressed through the Spending Review.

Public sector pay and industrial action: Balancing public sector pay with sustainable public finances is a central component of Priority Outcome 1. Short term domestic risks to the outlook, such as industrial action, became less widespread across the year as the 2023-24 pay settlement was agreed. For the 2023-24 pay round, the government during the period of this report accepted the headline pay recommendations of the Pay Review Bodies (PRB) in full for armed forces, teachers, prison officers, police, the judiciary, medical workforces and senior civil servants.

Priority Outcome 2: Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK.

Supply side reforms: In successive fiscal events supply side reforms were set out with policies including cutting the rate of employee national insurance to 8%; making full expensing permanent; £4.5bn for the UK's manufacturing sectors; and a Back to Work Plan to help get long-term unemployed, sick or disabled people into work.

Priority Outcome 3: Ensure the stability of the macroeconomic environment and financial system.

As noted in the 'Fiscal transparency and risk management' section, HM Treasury's Risk Management Framework includes the Economic Risk Group, which is responsible for identifying and assessing risks associated with the stability of the macro-economic environment and financial system. It also helps identify risks to ensuring strong growth and competitiveness across all regions of the UK.

Macroeconomic stability: The department's ongoing management of the macroeconomic framework and economic strategy is focused on operationally independent monetary policy, responsible fiscal policy, supply side reforms and effective financial system regulation. These remain the key instruments to deliver macroeconomic stability. The Financial Policy Committee's December 2023 assessment concluded that the overall risk environment continues to be challenging but that in aggregate the UK banking sector remains resilient.

Inflation reduces real incomes, creates uncertainty, and threatens the UK's growth outlook, which is a core focus of the department's Priority Outcome 2. 2023-24 saw the easing of inflation.

International outlook: Wider international factors continued to influence the UK economic outlook this year. Russia's war on Ukraine continues to have significant economic repercussions, and risks causing higher inflation and lower GDP, driven by instability in global markets, particularly energy. The UK has provided military, humanitarian, and economic support to Ukraine. Risks are also heightened by the impacts of Hamas' attack on Israel, and the UK has provided over £100m in humanitarian support this financial year in response to the ongoing situation in Gaza. HM Treasury also continues to co-lead delivery of the Economic Crime Plan 2023-26, agreed between the public and private sectors, which is helping to protect the UK from the threat of illicit finance at home and overseas.

National Security Risk Assessment: The 2023 National Risk Register was published in August 2023.[2] HM Treasury is the lead government department for four risks on the Register: 1. malicious attacks on UK financial critical national infrastructure; 2. A cyber-attack on a retail bank; 3. a technological failure of a systematically important retail bank; and 4. technological failure of a UK critical financial market infrastructure. HM Treasury has local and national plans in place where appropriate and shares collective incident response capability under the UK's Authorities' Response Framework (ARF).

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[2] https://www.gov.uk/government/publications/national-risk-register-2023

Corporate Priorities:

Staff morale: The increased pace of work over the latter half of 2023-24, including delivering an Autumn Statement and Spring Budget in quick succession has been a challenge combined with the wider context of cost-of-living pressures and civil service headcount reductions. In response, HM Treasury launched a people strategy in April 2023 which sets out improving employee wellbeing, workload and resilience as one of four key themes. The department has also created a Wellbeing Action Plan and conducted an audit of the department's wellbeing offer.

Financial risks

In carrying out its activities, HM Treasury is exposed to a number of risks, including financial risks that have arisen due to the net liabilities of the EU financial settlement, the Bank of England Asset Purchase Facility Fund (BEAPFF) and investments held by the Group.

Effective monitoring of these risks contributes to delivery of Priority Outcome 3, to ensure stability of the macroeconomic environment and financial system. The department has a Risk Management Framework in place to consider, manage and, where possible, mitigate these risks.

The table below outlines a summary of the key financial risks for HM Treasury for the reporting year. Further details on HM Treasury's risk management are set out in the Governance Statement and Note 22 – Financial Risk.

Summary of key financial risks

Type of risk	Relates to	Carrying amount (£bn)	Note to the Accounts
Credit risk	Loans and investment securities	6.5	12
Credit risk	Financial guarantees	(0.3)	17
Price risk	NatWest shareholding	6.8	11
Market risk	Bank of England Asset Purchase Facility Fund	(173.4)	13
Market and currency risk	EU financial settlement net assets	3.1	9, 15

In addition, the department holds a provision of £10.6bn for the amount payable to the EU under the financial settlement following the UK's withdrawal. The amount that will ultimately be paid is sensitive to a number of factors which are discussed in Note 16 – Provisions.

Structure of HM Treasury Group

The Permanent Secretary to HM Treasury is the Principal Accounting Officer (PAO) for HM Treasury Group. Details of HM Treasury group can be found on page 58.

Directors are responsible for managing HM Treasury's relationship with, and understanding the risks presented by, the department's arm's length bodies (ALBs) and other entities. This includes sufficient oversight to ensure an effective risk management system is in place to address risks to delivery and budgets within the ALBs and other entities for which they have sponsorship responsibility.

Regular reporting through the relevant policy teams supports central oversight and assessment by the Executive Management Board, Operating Committee and Audit and Risk Committee.

Our structure as at 31 March 2024 is shown below. Refer to the governance report and the remuneration report for changes to the senior leadership in the year.

Figure 1: Our Ministers as of 31 March 2024

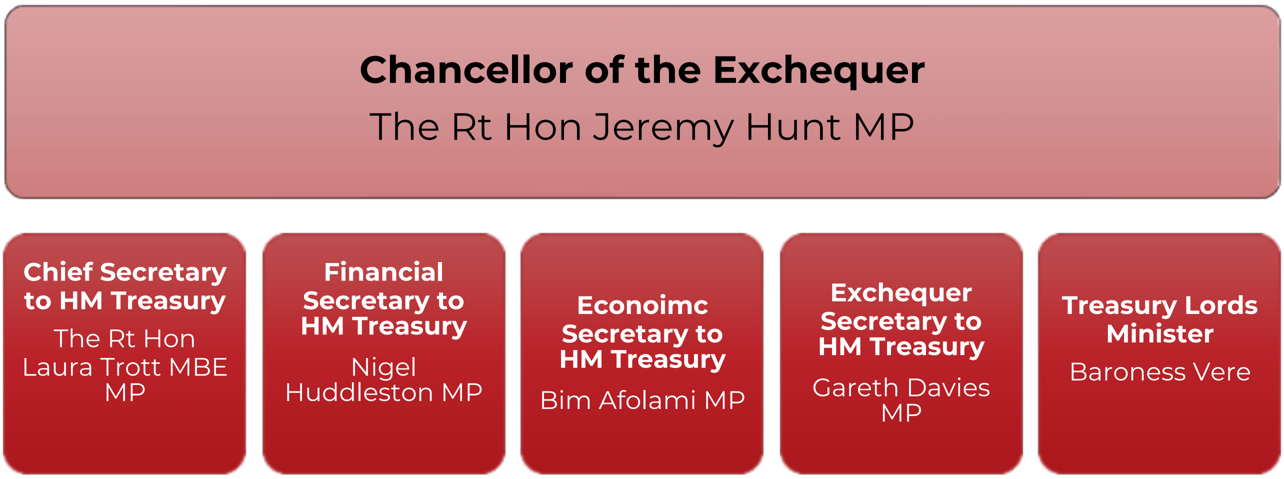


Figure 2: Our Executive Management Board as of 31 March 2024[3]

Permanent Secretary
James Bowler CB

Second Permanent Secretary
Catherine Little CB

Second Permanent Secretary
Beth Russell CB

Chief Economic Adviser and Second Permanent Secretary
Sam Beckett CB

Director General Financial Services
Gwyneth Nurse CB

Director General Tax and Welfare
Dan York-Smith CB

Director General Public Spending
Conrad Smewing

Director General International Finance
Lindsey Whyte CB

Director General Productivity and Growth
Jessica Glover

Director Finance
Anna Caffyn

Director Operations
Rebecca Coady

Director Strategy, Planning Budget
Will Macfarlane

Treasury Legal Adviser
Peter King

[3] Catherine Little CB left the department on 31 March 2024. Whilst ministers were considering recruiting a future Second Permanent Secretary, Beth Russell CB oversaw public spending. James Bowler CB oversaw International Group and national security beyond spending, Sam Beckett CB took on chairing Operations Committee. Anna Caffyn left the department on 31 March 2024. Andrew Cartner joined EMB on an interim basis to provide senior finance oversight whilst the FD role was advertised and recruited. Sarah Whitehead was appointed as Finance Director and joined the department on the 20 May.

Figure 3: Our Non-Executive Directors as of 31 March 2024

Lead non-executive board member and non-executive board member with responsibility for the union

The Rt Hon Lord Hill CBE

Non-executive board member	**Non-executive board member**	**Non-executive board member**	**Non-executive board member**
Gay Huey Evans CBE	Jane Hanson CBE	Zarin Patel	Edward Braham

Financial review

HM Treasury's finances

HM Treasury receives authority from Parliament to commit resources to run the department, both capital and cash, via the Supply Estimates process. These are published twice in each financial year.

HM Treasury provide funding to seven arm's length bodies: the Office of Budget Responsibility (OBR); the National Infrastructure Commission (NIC); the Debt Management Office (DMO); the Government Internal Audit Agency (GIAA); UK Asset Resolution (UKAR); UK Government Investments (UKGI); and the UK Infrastructure Bank (UKIB), as well as funding the Royal Household through the Sovereign Grant. For further details of these, alongside our other arm's length bodies, please see Corporate Governance Report and Note 1.3 - Basis of consolidation.

The Government Finance Function (GFF) enables the delivery of high-quality public services and ensures that public money is spent efficiently and effectively. The Function and its values are well established in HM Treasury and was headed up by Catherine Little CB, our Second Permanent Secretary until 31st March 2024.

During the year HM Treasury completed the finance functional self-assessment which assesses the departments compliance with the government functional standards. The government functional standard sets the expectation for the effective management and use of public funds. Overall HM Treasury was found to be compliant.

Where HM Treasury spent its money in 2023-24

HM Treasury Group's income and expenditure is reported in the Statement of Comprehensive Net Expenditure (SoCNE) (page 142), and the Statement of Outturn against Parliamentary Supply (SOPS) (page 106). A reconciliation between the SOCNE and the SOPS can be found on page 115.

For the year ended 31 March 2024, HM Treasury Group reported a net expenditure after tax of £38.4bn. HM Treasury and its agencies reported expenditure of £38.9bn, which was offset by net income of £0.5bn from the arm's length bodies (ALBs) in the Group. Departmental Expenditure Limits (DEL) is the money allocated to a department via budgets which are firm, planned and set for multi-year periods. Annually Managed

Expenditure (AME) is public expenditure which cannot be included in DEL this is because budgets are volatile or demanded in a way that the department cannot control.

Over the course of 2023-24, HM Treasury Group's DEL funding was spent approximately 70% on funding the core department, and 30% on the department's arm's-length bodies, to support operations and achievement of strategic objectives. For DEL funding spent by the core department, approximately 68% of this was for paying staff. Another 32% on other programmes and expenditure to support the department's objectives, which includes ministerial travel to key events across the world, the department's participation in the COVID Inquiry, strengthening the UK's sanctions regime against designated individuals, supporting key industries via the Business Engagement Process, funding to the Centre for Finance, Innovation and Technology (CFIT), and maintaining HM Treasury's estate across the country.

The department also made a significant number of transactions within AME budgets. This was predominantly to support liquidity in credit markets via the Bank of England's Asset Purchase Facility (APF). Transactions within AME budgets also include movements in the EU Financial Settlement provision, which covers changes to exchange rates, discount rates and underlying assumptions. With other smaller AME transactions including the continued sale of government's shareholding in NatWest Group.

The overview of expenditure/(income) by DEL and AME is set out below.

Explanations of the variance of outturn against estimate can be found on page 113.

In £m	2023-24 Estimate	2023-24 Outturn
Resource DEL	395	364
Resource AME	63,893	38,183
Capital DEL	7	1
Capital AME	44,284	41,432

Five-year net expenditure analysis

The below figures show the net expenditure for HM Treasury Group across the last five years.

DEL net expenditure

Figure 4: Five-year trend analysis – DEL net expenditure (£m)

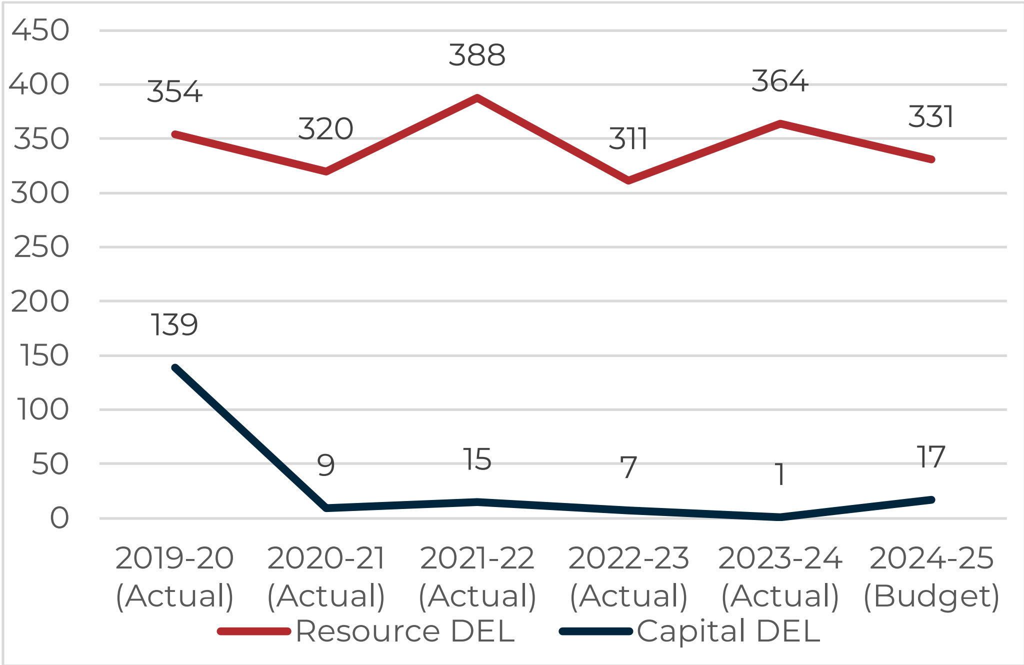


Figure 4 shows the five-year trend analysis of DEL expenditure with negative figures being net income

AME net expenditure

Figure 5: Five-year trend analysis – AME net expenditure (£bn)

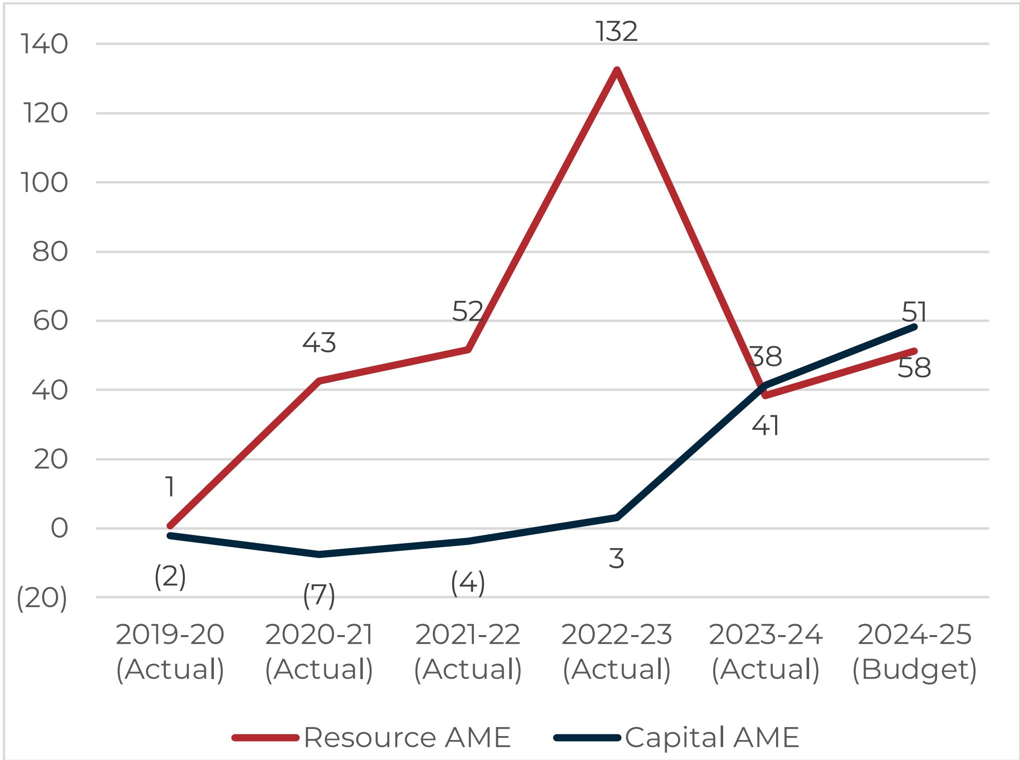


Figure 5 shows the five-year trend analysis of AME expenditure with negative figures being net income

Figure 6: Five-year trend analysis – AME net expenditure excluding BEAPFF (£bn)

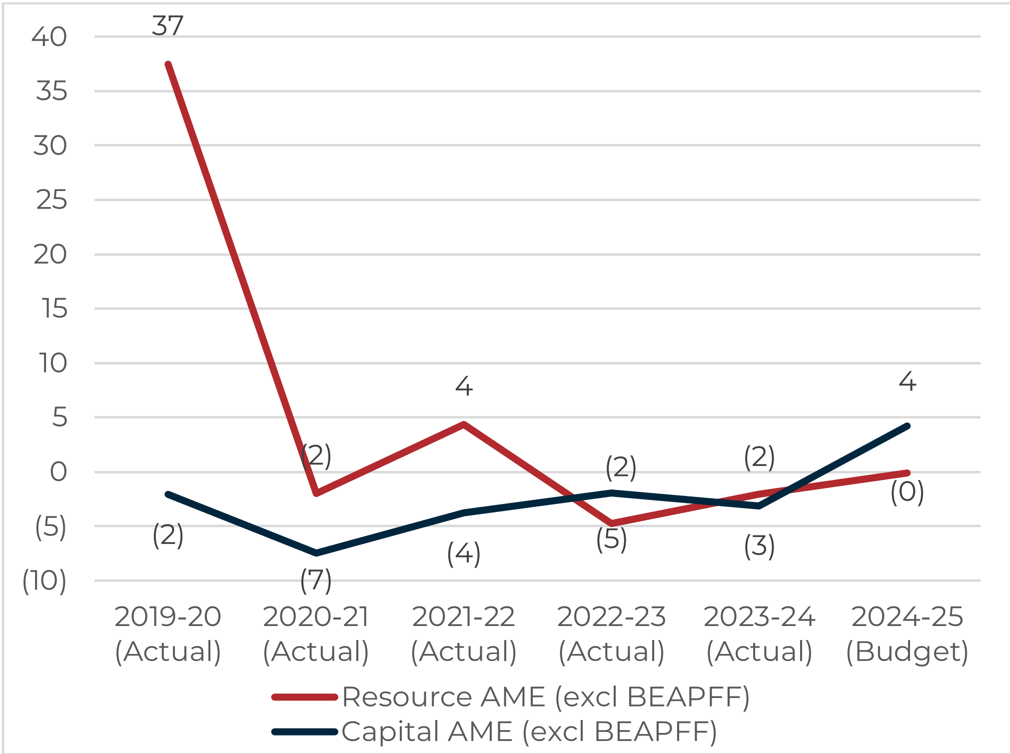


Figure 6 shows the five-year trend analysis of AME expenditure excluding BEAPFF with negative figures being net income

HM Treasury's income and expenditure

Figure 7 & 8 shows the total income and expenditure for the year to the 31 March 2024 and the prior year. Detail of the entities which are consolidated into HM Treasury Group can be found in the Accountability Report & Note 1.3 – Basis of consolidation.

Figure 7: HM Treasury Group Income for the year to the 31 March 2024 (£m)

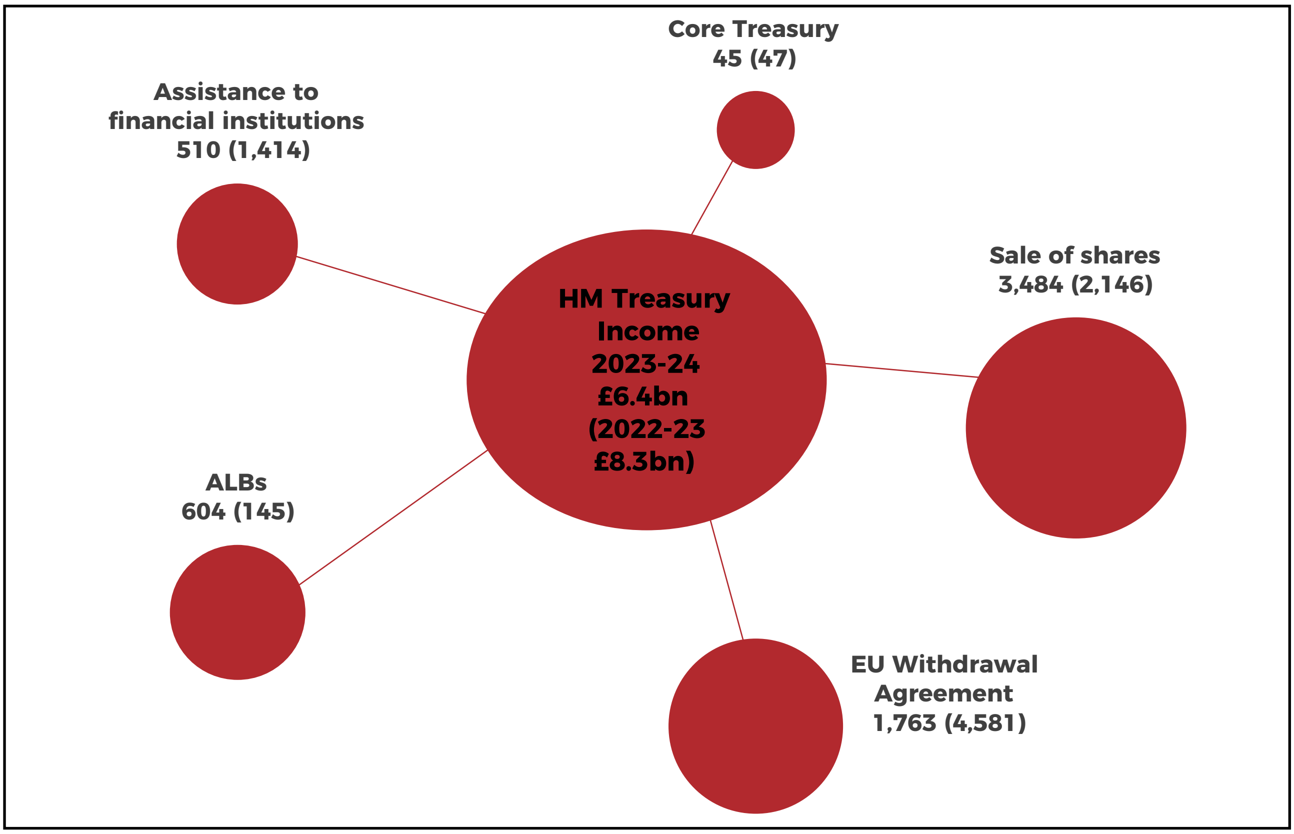
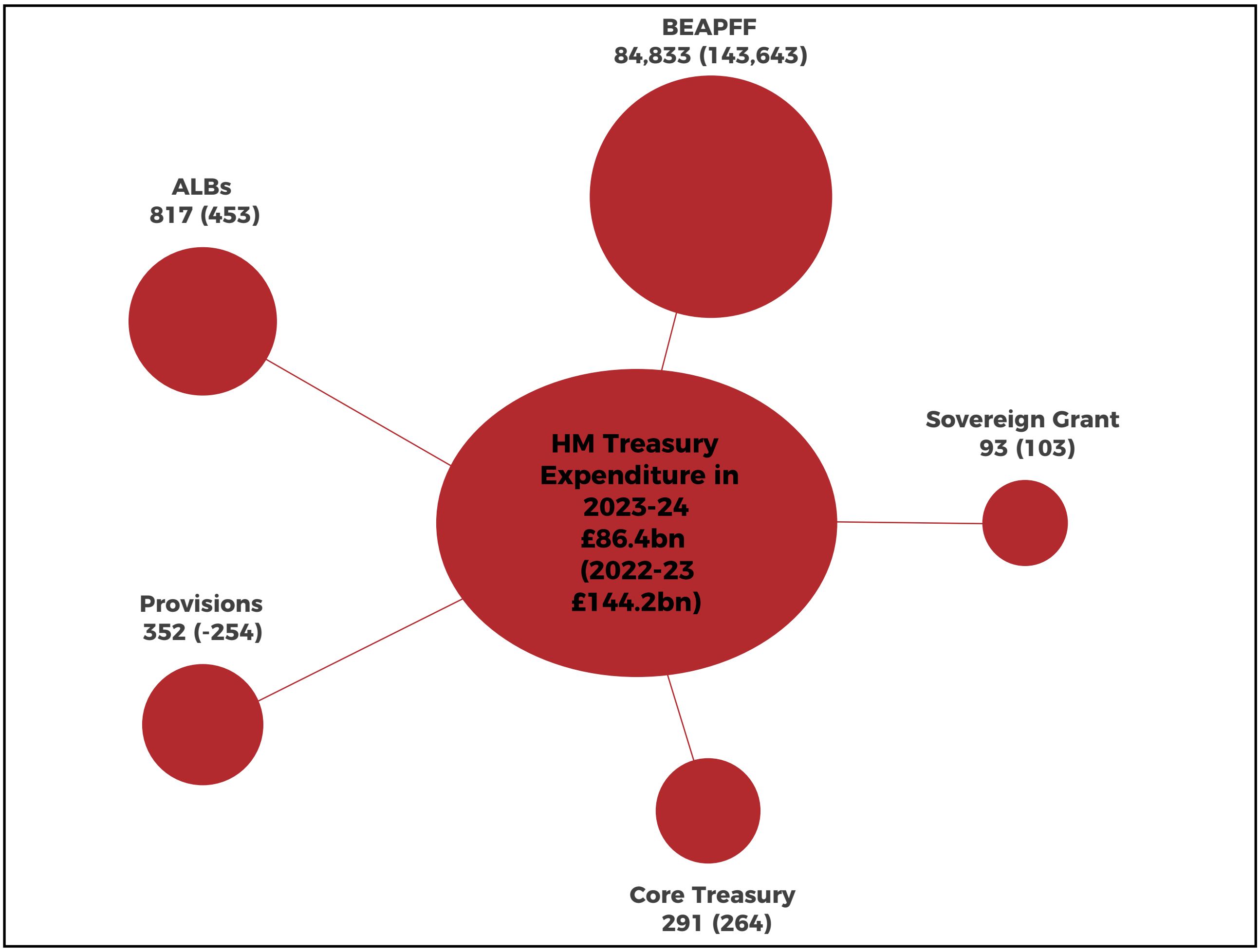


Figure 8: HM Treasury Group Expenditure for the year to the 31 March 2024 (£m)



HM Treasury's Balance sheet

Figure 9 & 10 shows the total assets, liabilities and net asset position for 31 March 2024 and the prior year. Detail of the entities which are consolidated into HM Treasury Group can be found in the Accountability Report & Note 1.3 – Basis of consolidation.

Figure 9: HM Treasury Group Assets as at 31 March 2024 (£bn)

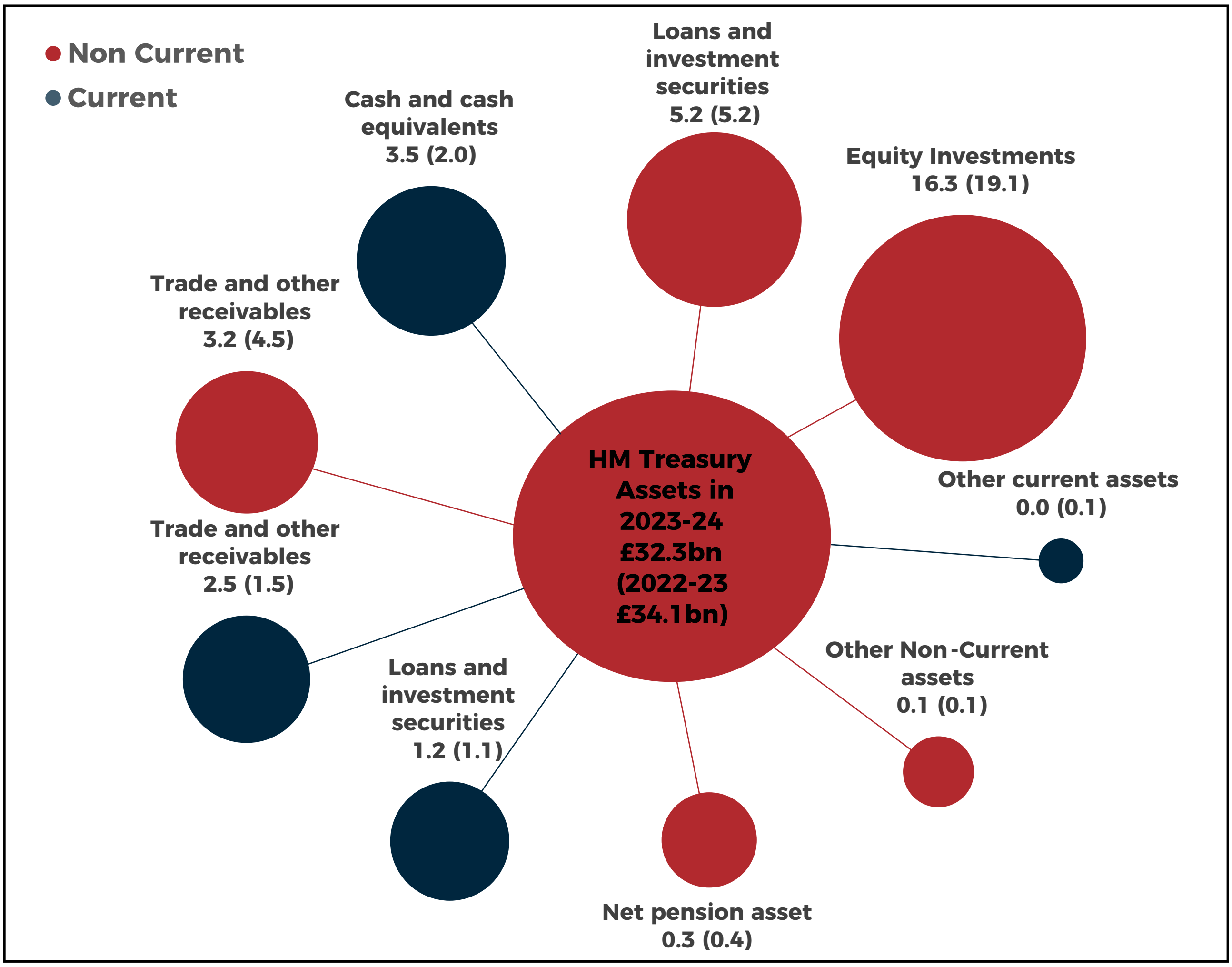
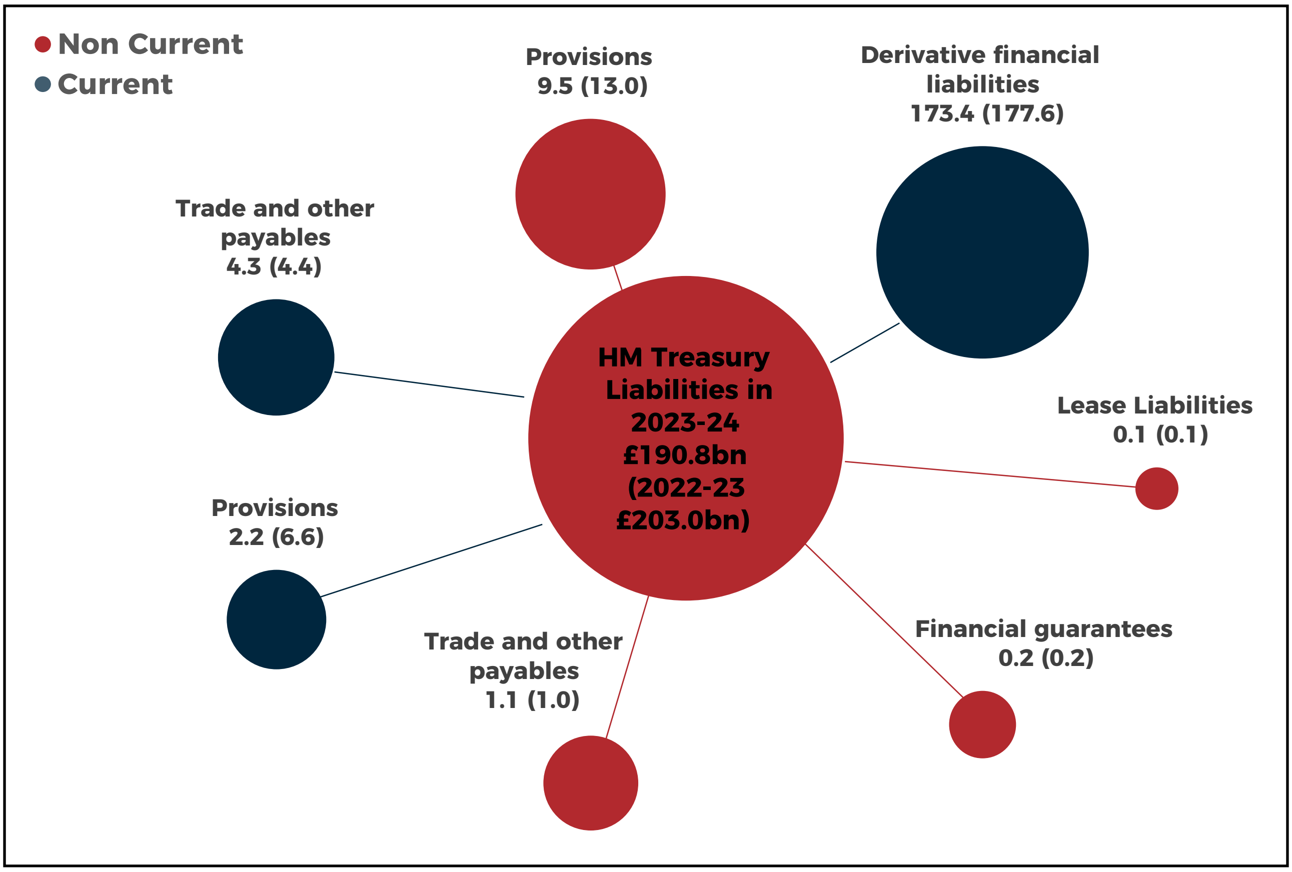


Figure 10: HM Treasury Group Liabilities as at 31 March 2024 (£bn)



Performance analysis

Priority Outcome 1 Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes

The department successfully delivered two fiscal events during the year, in November and March.

Inflation reduced steeply in 2023 and is on the path back to the target of 2% CPI. The department has supported the Monetary Policy Committee (MPC) as it has taken action to return it to target.

The department supported maintaining a consistent focus on tackling waste and inefficiency across the public sector, supporting work on the Public Sector Productivity Programme announced at Spring Budget 2024.

Tax simplification was a consistent theme for the department across the year. The department supported the delivery of a tax simplification package at Autumn Statement, and a further simplification package at Spring Budget 2024.

The department delivered the public sector pay settlement for 2023-24.

Whilst delivering this Priority Outcome, the department navigated a challenging economic climate, and introduced measures at each fiscal event to respond to these risks.

Priority Outcome 2 Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK

Sustainable economic growth is at the heart of everything HM Treasury is working to achieve.

Key policies announced across both fiscal events include cutting the rate of employee national insurance to 8%; making full expensing permanent; announcing £4.5bn for the UK's manufacturing sectors; and launching a Back to Work Plan to help get long-term unemployed, sick, or disabled people into work.

The department is supporting facilitating investment across the economy, while avoiding having a material impact on inflation or overall borrowing. The focus remains on prioritising support for non-inflationary longer-term growth.

The department, working closely with other government departments, is continuing its work to deliver on its legal obligations to reduce emissions to net zero by 2050.

Priority Outcome 3 Ensure the stability of the macro-economic environment and financial system

Global and UK markets remained relatively stable across the year, despite a small and brief uptick in volatility following Hamas' attack on Israel on 7 October.

HM Treasury, working in collaboration with other departments, is supporting the response to the illegal invasion of Ukraine, and will continue to be agile and resilient in supporting the UK's response.

The department supported the implementation of legislation giving the Bank of England a new and expanded regime for managing a Central Counter Party failure in order to protect the financial stability of the UK.

HM Treasury continues its work to improve the effectiveness of the Money Laundering Regulations, seeking to reduce burdens for legitimate businesses and customers while better protecting the UK from economic crime.

Priority Outcome 1: Place the public finances on sustainable footing by controlling public spending and designing sustainable taxes

Lead minister:	**Chancellor of the Exchequer for the period of this report**
Lead officials:	Second Permanent Secretaries Second Permanent Secretary and Chief Economic Adviser Director General, Public Spending Director General, Tax and Welfare
KPIs:	PSND ex BoE as a percentage of GDP PSNB as a percentage of GDP
Arm's length bodies that support Objective 1:	
UK Government Investments (UKGI) UKGI is a government company and is wholly owned by HM Treasury. UKGI is responsible for managing the government's financial and stewardship interests in a range of state-owned assets. This includes the government's shareholding in NatWest Group (NWG). Office for Budget Responsibility (OBR) Created to provide independent and authoritative analysis of the UK's public finances, the OBR is an Executive Non-Departmental Public Body (NDPB) sponsored by HM Treasury. Government Internal Audit Agency (GIAA) GIAA provides assurance to Accounting Officers that financial management practices meet required standards. Debt Management Office (DMO) The DMO's responsibilities include debt and cash management for the government, lending to local authorities and managing certain public sector funds.	

Overview and key components

The key channels through which HM Treasury delivers this priority outcome are:

- Efficient, well-run fiscal events and legislation including the Budget, Finance Bill and the Spending Review
- Ensuring value for money, transparency and risk management in spending across government and coherence across the range of levers which HM Treasury controls
- Maintaining the overall balance between taxes, borrowing and debt to ensure sustainability, fairness and stability
- Delivering on the joint mandate with HMRC to simplify the tax system in order to reduce costs to business and individuals and increase economic growth

- Monitoring and analysis of taxes and spending to ensure effective debt, cash and reserve management, ensuring sustainability of the public finances
- Working with HMRC to ensure tax receipts are delivered efficiently and effectively

Delivery of fiscal events and legislation

The department successfully delivered two fiscal events in 2023-24, the Autumn Statement in November 2023 and the Spring Budget in March 2024. Both fiscal events announced policy measures including cuts to National Insurance contributions (NICs) and permanent full expensing to increase business investment.

On 10 January 2023 the Finance Act 2023 received Royal Assent implementing a number of announcements from Autumn Statement 2023, including making full expensing permanent and simplifying R&D tax reliefs. On 13 March 2024, the Finance (No. 2) Bill was introduced and once passed will deliver announcements from Spring Budget 2024.

Managing public expenditure

The department has continued to focus on delivering the spending plans agreed at Spending Review 2021.

At the Spring Budget the department updated on progress made through the Public Sector Productivity Programme, a cross-government exercise intended to assess how public sector productivity growth can be increased, both in the short and long term.

The Main Supply Estimates and Supplementary Estimates processes were delivered. The department delivered the public sector pay settlement for 2023-24.

Tax and customs policy

HM Treasury and HM Revenue and Customs (HMRC) have worked closely across the Policy Partnership to implement a number of changes to the tax system to support the public finances and growth.

Legislation was passed to give effect to several of the policy changes above through the Finance Act 2024 and National Insurance Contributions (Reduction in Rates) Acts 2023 and 2024.

HM Treasury has worked with other departments to develop a new simplified and digitised approach to importing goods, as set out in the Border Target Operating Model. In December 2023, HM Treasury and HMRC also set out a package of targeted measures to simplify customs procedures.

Government Finance Function

HM Treasury sponsors the Government Finance Function (GFF), a community of over 10,000 finance professionals across government. It encompasses various disciplines, from strategic partners to auditors, collectively responsible for function performance. A collaborative approach is taken to set priorities and develop guidance. The function is co-led by Conrad Smewing (Director General, Public Spending, HM Treasury) and James McEwen (Chief Operating Officer, Ministry of Justice).

The Government Debt Management Function

The Government Debt Management Function (GDMF) is now located within HM Treasury. This small team of debt experts provides strategic leadership to support c.7,000 individuals managing and collecting debt owed to the government. The objective is to ensure fair debt outcomes for all, balancing timely payments with necessary support and responses to non-payment.

Efficiency

The GFF established the Finance Efficiency Board (FEB) which supported the launch of a new Government Efficiency Framework in July 2023, guiding Departments on defining, monitoring, and tracking efficiency savings.

This year, the GFF completed the Functional Convergence Programme delivering the 'NOVA' design for Finance, HR, Commercial, and Grants Management Functions. This will enhance corporate processes across government, primarily through adoption in departments' ERP systems. The programme has reduced system design costs and time.

Reporting and Control

High-quality financial reporting is vital for the GFF's goal of controlling public spending and enhancing public trust. Throughout 2023-24, the GFF collaborated with the National Audit Office on 2022-23 year-end audits to improve reporting timeliness and developed a recovery plan for Whole of Government Accounts reporting timelines.

The GFF maintains the cross-government Risk, Controls, and Assurance Board (RCAB) to oversee financial controls and risk aspects of the GFF strategy. The bimonthly board is conducting a review of best practices in producing Annual Reports and Accounts (ARA) to aid in improving reporting timeliness.

Planning, risk, and performance

The department is updating its Risk Management Framework, aiming to complete it in the next fiscal year. The emphasis is on integrating the revised Orange Book and incorporating best practices.

The Risk Management Centre of Excellence

The GFF hosts the Head of the Government Risk Profession and the Government Risk Management Centre of Excellence, which addresses all aspects of risk across government.

The team supports the Civil Service Board by providing insights from across departments, along with advice, guidance, toolkits, and training for both risk and non-risk specialists. They developed the Risk Control Framework in the Orange Book to help departments navigate standards, codes, and guidance effectively.

People and Capability

A skilled workforce is crucial for the GFF's current and future success. After the successful launch of the GFF Finance Career Framework, which delineates clear skills, capability, qualifications, and experience expectations across eight core job families, the GFF introduced the Skills Capture Tool. This enables individuals to evaluate their capabilities and provides insight into the Function's workforce capability and guides our development offerings.

The GFF continues to provide high quality, specialised learning, and development for finance professionals through the Government Finance Academy (GFA), and support to departments to address staff turnover through recruitment, attraction, and talent management services.

Fiscal transparency and risk management

As noted in the 'Key issues and risks' section of this report, the Executive Management Board and directors actively consider risks as part of HM Treasury's Risk Management Framework. This framework includes HM Treasury's Economic Risk Group (ERG) and Fiscal Risk Group (FRG), which are responsible for ensuring that interactions between risks to the macroeconomic outlook, financial systems, and public finances are systematically monitored and assessed in the round.

Alongside HM Treasury's Risk Management Framework, the independent OBR is responsible for analysing "the sustainability of the public finances and the risks thereto", as set out in the Charter for Budget Responsibility. In its latest Fiscal Risks and Sustainability report (FRS), published in July 2023, the OBR noted that the UK has experienced increased global challenges in recent years. The report provides a comprehensive examination of the public finances, considering short-term fiscal risks alongside a longer-term outlook for the public finances. This year's FRS examined three risks to the public finances: Inactivity and Health; Energy; and Debt Sustainability. It also provided an update on other risks in the OBR's fiscal risks register.

The report and response addressed amongst other risks:

- **Debt sustainability:** Structural changes to the economy caused by an ageing population, climate change and the transition to net zero are expected to put upward pressure on public spending and pose risks to the tax base over the coming decades.

- **Fiscal risk register:** In common with other advanced economies, the UK has faced a series of global shocks in recent years, which are identified and managed through its fiscal risk management framework. In addition, the Contingent Liability Central Capability published a report alongside Autumn Statement 2023 which continues to improve the UK's balance sheet management capabilities related to contingent liabilities.

COVID-19 inquiry

The UK COVID-19 Inquiry was announced in May 2021 and formally established under the Inquiries Act 2005 in June 2022. The COVID-19 Inquiry is responsible for examining the UK's preparedness and response to the COVID-19 Pandemic, and to learn lessons for the future. The COVID-19 Inquiry is divided into different modules to allow for a full and focused examination of different aspects of the pandemic, there are currently eight active modules with further to be announced in due course.

In 2023-24, public hearings for the first two modules were completed. This covered pandemic preparedness, core UK decision-making and political governance. The other active modules in 2023-24 concern the impact of COVID-19 on healthcare systems, vaccines and therapeutics, procurement, and the care sector. HM Treasury is a Core Participant for all but two of the COVID-19 Inquiry's active modules, the exceptions being module 6 (the care sector) and module 8 (children and young people).

HM Treasury has responded to various written requests from the Inquiry for both corporate and individual witness statements for these modules, alongside accompanying documentary evidence. In order to be able to respond to these requests from the Inquiry, HM Treasury has secured both legal support and Counsel representation. We identified potential witnesses and set up e-Disclosure services to provide evidence and data to the Inquiry.

HM Treasury continues to support the COVID-19 Inquiry. HM Treasury is committed to responding to requests for evidence from the Inquiry with openness and transparency.

Priority Outcome 2: Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK

Lead minister:	**Chancellor of the Exchequer for the period of this report**
Lead officials:	Second Permanent Secretaries Director General, Growth and Productivity
KPIs:	Growth in output per hour (%) GVA Added per Hour Worked (Regional) Gross Median Weekly Pay (Regional) 16-64 employment rates (Regional) Business investment as a percentage of GDP Economic inactivity (people aged 16-64 who are not in work or seeking work) (UK)
Arm's length bodies that support Objective 2:	
National Infrastructure Commission (NIC) The NIC provides the government with impartial, expert advice on major long-term infrastructure challenges. UK Infrastructure Bank (UKIB) UKIB can provide up to £22bn of infrastructure finance to help tackle climate change and support regional and local economic growth. It was established in June 2021.	

Overview and key components

This outcome relates to HM Treasury's long-term programme of policymaking to foster economic growth, support employment, improve productivity and maintain the whole of the UK's competitive advantages. Its key components are:

- Support the growth sectors of the future by working with departments to encourage investment in green industries, digital technologies, life sciences, creative industries, and advanced manufacturing.
- Increase the UK's attractiveness as a place to do business by taking advantage of the opportunities created by EU exit to ensure a dynamic and competitive corporate environment.
- Support the UK to achieve our climate targets in a way that maximises opportunities for economic growth and support for our green industries.
- Deliver on skills and productivity increases through collective work across HM Treasury and other departments to reform education and skills policy, improving economic inactivity and increasing supply of skilled labour.
- Secure the UK's position as a global, technologically advanced, green and competitive financial hub, and promote a financial services industry that is accessible for all.

- Oversee the strategy for, and delivery of, investment in economic infrastructure.

Growth

In successive fiscal events and stand-alone announcements throughout 2023-24, supply side reforms have been set out to boost economic growth by reducing economic inactivity and bolstering productivity, in particular by stimulating business investment and getting more people into the workforce.

Key policies include cutting the rate of employee national insurance to 8%; making full expensing permanent, announcing £4.5bn for the UK's manufacturing sectors; and launching a Back to Work Plan to help get long-term unemployed, sick or disabled people into work.

Employment and inactivity

In November 2023, The Back to Work plan to significantly expand available support and change the way people interact with the benefits system was announced.

From 1 April 2024, the National Living Wage (NLW) increased by 9.8% to £11.44 an hour with the age threshold lowered from 23 to 21 years old.

HM Treasury has supported households through additional Cost of Living Payments to 8 million UK households on eligible means-tested-benefits, 8 million pensioner households and 6 million people on eligible disability benefits, throughout 2023-24.

At Autumn Statement, the then Chancellor confirmed that Local Housing Allowance rates in Great Britain would be raised to the 30th percentile of local market rents in April 2024, and that working age benefits would be increased by 6.7%, in line with inflation in the 12 months to September 2023. The then Chancellor also announced that the Triple Lock would be maintained; Pension Credit standard minimum guarantee would also increase at the same rate.

HM Treasury continues to work closely with The Department for Work and Pensions, on implementation of policies to support employment, monitor their delivery and ensure they deliver value for the taxpayer.

Levelling up and Regeneration Act

HM Treasury's role in supporting local growth includes leading on the Living Standards Mission.

HM Treasury committed to local growth and announced a large package of support at Autumn Statement 2023 and throughout the year to boost growth and investment across the country.

At Autumn Statement 2023, the then Chancellor announced an extension to the Investment Zones programme from five to ten years, with a £160 million envelope over ten years which can be used for spending on interventions such as skills, research and development and local infrastructure, dependent on local need, and a single offer of tax incentives, scalable based on the number of eligible sites. Plans were announced to support Northern Ireland to capitalise on its unique opportunities by developing an Enhanced Investment Zone. The creation of a flexible Investment Opportunity Fund to support Investment Zones and Freeports to secure specific business investment opportunities was also announced.

Following the announcement at Spring Budget 2023 for devolution deals for Greater Manchester Combined Authority and West Midlands Combined Authority, at Autumn Statement HM Treasury published a Memorandum of Understanding setting out how the funding settlement will be provided to each of the Mayoral Combined Authorities at the next spending review.

At Spring Budget, the department supported the delivery of a devolution deal for the Northeast Mayoral Combined Authority, to support the region's growth ambitions, via capital funding to remediate brownfield sites, revenue funding to accelerate key regional projects, and a Growth zone with retained business rates growth.

Supporting the Union

HM Treasury has engaged regularly with the devolved administrations through the Finance: Interministerial Standing Committee (F:ISC).

The Spending Review 2021 set settlements for the devolved administrations.

Scotland

The Scottish Government's total block grant (DEL) funding is £44bn in 2023-24.

In line with the 2016 agreement, the Scottish Government and UK government completed a review of the Scottish Government's Fiscal Framework and the associated annex on 20 July 2023, after a Parliament's worth of experience. The agreement updates the Fiscal Framework, which underpins the powers over tax and welfare that are devolved to Scotland through the Scotland Acts of 2012 and 2016. From 2023-24 onwards, the statutory limit on borrowing for capital expenditure will be increased to £3bn and the annual limit will be increased to £450m a year. Both limits will be uprated annually. The Scottish Government will also have the power to borrow up to £600m each year within a statutory overall limit for resource borrowing of £1.75bn, with both limits in 2023-24 prices. The Scotland Reserve cap of £700m in 2023-24 prices will be uprated annually.

Wales

The Welsh Government's total block grant (DEL) funding is £19.6bn in 2023-24.

At Spring Budget 2024, the £160m acquisition of the Wylfa site in Anglesey and the Oldbury-on-Severn site in South Gloucestershire for nuclear projects was announced.

Northern Ireland

Following talks between Northern Ireland party leaders and the Secretary of State for Northern Ireland in December 2023, the power-sharing institutions at Stormont were restored in February 2024. A spending settlement of £3.3bn was agreed.

The Northern Ireland Executive's total block grant (DEL) funding is £17bn in 2023-24.

Promoting free, fair and open trade

HM Treasury supported the Department for Business and Trade's free trade agreement negotiations, leading on financial services provisions and providing policy expertise in other areas such as customs and trade facilitation, tax, rules of origin and services and investment. Free trade agreement negotiations took place with India, the Gulf Cooperation Council, Switzerland, the Republic of Korea, Israel, Mexico and Canada. The UK launched Critical Minerals Agreement negotiations with the United States following the adoption of the Atlantic Declaration in June 2023. HM Treasury led negotiations with Switzerland on a ground-breaking mutual recognition agreement, the Berne Financial Services Agreement. The agreement uses outcomes-based mutual recognition of domestic laws and regulations to facilitate cross-border trade in financial services – making it easier for corporate and high-net worth clients in the two markets to do business with each other. The UK joined the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in July 2023.

HM Treasury shares responsibility for tariff policy with the Department for Business and Trade and is solely responsible for tariff legislation. Since April 2023, HM Treasury has laid ten statutory instruments including a 2024 package of tariff suspensions requested by businesses and extending preferential tariff access for Ukraine.

Better regulation agenda

HM Treasury is committed to adhering to the principles of Better Regulation to guide policymaking across the department. The following section outlines the regulatory changes implemented in Financial Services over the past year including reforming primary legislation frameworks (the Financial Services and Markets Acts 2023), enabling innovation (e.g. financial market infrastructure sandbox), boosting trade (e.g. Berne Financial Services Agreement), and reducing unnecessary costs for business arising from regulation (e.g. repealing 344 pieces of unnecessary assimilated law).

Financial services

In June 2023, the Financial Services and Markets Act 2023 (FSMA 2023), received Royal Assent. This landmark legislation enables the UK's financial services regulation to be tailored to the UK; introduces new secondary objectives for the financial services regulators to facilitate the growth and international competitiveness of the UK economy; enhances the accountability of the financial services regulators; protects free access to cash in law and enables the regulation of crypto assets to support their safe adoption in the UK.

HM Treasury has made further changes to strengthen the risk-based approach at the heart of the Money Laundering Regulations 2017. This has been complemented by consultation, beginning in June 2023, on options to address weaknesses in Anti-Money Laundering and Counter-Terrorist Financing supervision.

HM Treasury hosted the first meeting of the Financial Regulatory Forum in October, which discussed a range of issues including developments in the financial services market and financial stability risks; regulatory developments in banking, insurance, and capital markets; and digital and green finance.

In July 2023 HM Treasury set out progress in delivering an open, green, and technologically advanced financial services sector that is globally competitive, while retaining the UK's commitment to high international standards.

This included a series of measures to boost returns and improve outcomes for pension fund holders to secure the best outcomes for pension savers, prioritising a strong and diversified gilt market and strengthen the UK's competitive position as a leading financial centre.

A number of announcements were made at Autumn Statement 2023, including extending the Mortgage Guarantee Scheme until the end of June 2025 to help prospective borrowers with smaller deposits buy a home.

In May 2023 HM Treasury sold £1.26 billion of its shares back to NatWest via a directed buyback.

In December 2023, the UK and Switzerland signed the Berne Financial Services Agreement to enhance cross-border trade by unlocking unprecedented new market access, securing existing access, and delivering greater certainty to clients and firms operating cross-border.

Financial Services Smarter Regulatory Framework

HM Treasury published Building a Smarter Financial Services Regulatory Framework: Delivery Plan[4] at Mansion House 2023 which delivers the outcomes following the Future Regulatory Framework Review consultation in November 2021 which was established to determine how the financial services regulatory framework should adapt to the UK's position outside of the European Union.

HM Treasury committed to making significant progress on the programme by the end of December 2023, and, using the powers in FSMA 2023, has removed 44% of assimilated law relating to financial services, totalling 344 different instruments. This includes the repeal of:

- the European Long-Term Investment Funds Regulation as the fund structure it regulates is now obsolete, with the UK's own Long Term Asset Fund in place designed with industry to help unlock investment;
- unnecessary assimilated law requirements in the Payment Accounts Regulations, related to fee information placed on current account providers, creating the flexibility to tailor requirements to the UK market.

HM Treasury has also made or laid statutory instruments[5] including to deliver on Lord Hill's central recommendation to fundamentally overhaul the UK's prospectus regime incentivising companies to start and grow in the UK; putting in place a consolidated tape to improve market data; take forward certain reforms identified in the government's 2021 Review of the Securitisation Regulation and repealed over 190 pieces of unnecessary assimilated law, cleaning up the statute book.

Priority Outcome 3: Ensure the stability of the macroeconomic environment and financial system

Lead minister:	**Chancellor of the Exchequer for the period of this report**
Lead officials:	Second Permanent Secretary and Chief Economic Adviser Director General, Financial Services Director General, International Finance
KPIs:	GDP growth CPI inflation Aggregate capital ratio for the UK banking sector FTSE Implied Volatility Index Series (IVI)
Arm's length bodies that support Objective 3:	
The Bank of England The Bank of England has specific statutory responsibilities for setting monetary policy, protecting and enhancing financial stability, and subject to those, to support the economic policy of the government, including its objectives for growth and employment. It is operationally independent from HM Treasury.	

[4] https://www.gov.uk/government/publications/building-a-smarter-financial-services-regulatory-framework-delivery-plan
[5] https://www.gov.uk/government/collections/a-smarter-regulatory-framework-for-financial-services

Overview and key components

HM Treasury's management of the health of the UK domestic economy, financial stability, and its international partnerships is essential to ensuring macroeconomic stability. Its key components are:

- Effective management of the macro-economic framework, including delivery of whole economy analysis and assessment of the effect of policy on potential output
- Promote strong international standards and institutions and strengthen relationships
- Effective management of the financial stability framework
- Support the development of a common approach with our international partners to delivering economic security and resilience, and to achieving our national security goals
- Ensure we maintain a coherent, agile and internationally respected approach to financial services regulation

Macroeconomic Stability & Resilience

Inflation fell across 2023-24 from 8.7% in April 2023 to 3.2% in March 2024. However, while inflation has fallen significantly from its peak, risks to the outlook remain. Domestic pressures became a more significant driver of inflation over the course of 2023-24 with tight labour market conditions driving high nominal pay growth and impacting the rate at which inflation was falling. Externally, developments in the middle east pose a potential risk to the inflation outlook and the government will continue to monitor this closely.

The Bank of England's independent Monetary Policy Committee (MPC) has incrementally raised the Bank Rate from 4.25% in April 2023 to 5.25% in March 2024 to tackle inflation. The MPC has a strong track record of delivering price stability and the government remains fully committed to supporting the Bank of England to bring inflation back down.

High interest rates to bring inflation back down to target has weighed on the performance of the UK economy across 2023-24. The economy showed no growth in Q1 2023-24 (April to June) and then entered a technical recession having contracted by 0.1% in Q2 2023-24 (July to September) and by a further 0.3% in Q3 2023-24 (October to December). Growth returned at the end of 2023-24 with 0.7% in Q4 2023-24 (January to March). During the year 2023-24 as a whole the economy has grown by 0.1% compared to the previous period(2022-23).

Financial stability

HM Treasury works closely with the financial authorities, including the Bank of England and the Financial Conduct Authority (FCA), to ensure the stability of the UK's financial system. During 2023-24, this work has included advancing regulatory reforms, both domestically and internationally, updates to the UK's resolution regime, and participation in cyber and other resilience exercises. HM Treasury has also continued to resolve financial sector interventions made as a result of the 2007-09 financial crisis.

Regulatory Reform

Next steps on the ring-fencing review

In December 2022, the intention to take forward the recommendations from the independent statutory review on ring-fencing, chaired by Sir Keith Skeoch was announced. Ring-fencing separates core retail services from risks arising elsewhere in the financial system and applies to large banking groups.

A consultation on the package of reforms to the ring-fencing regime was published in September 2023 and closed in November 2023.

Cyber and Operational Resilience

HM Treasury, alongside the other financial authorities, the National Cyber Security Centre (NCSC) and wider partners, has continued work to strengthen the operational resilience of the finance sector to risks such as hostile state activity, cyber-attacks, technological failure and dependencies on other critical sectors. As part of this, HM Treasury has delivered a new statutory framework for the Critical Third Parties (CTP) regime in the Financial Services and Markets Act 2023. This gives HM Treasury the ability to designate a third-party service provider to the UK financial services sector as 'critical', and gives the Bank of England, the Prudential Regulation Authority (PRA), and the FCA the power to set and enforce rules, as well as the ability to gather information and conduct investigations on designated CTPs. HM Treasury has also played an active role in cross government and finance sector resilience fora, and taken part in cyber and other resilience exercises, which involved partners from across government and the sector, as well as G7 partners. International work has continued, particularly through the G7 Cyber Expert Group. HM Treasury has also responded to incidents causing operational disruption in the sector, working closely with the other financial authorities. Work has also begun to introduce National Security Vetting to the sector, as part of our broader work to build the security and resilience of the finance sector, as one of thirteen Critical National Infrastructure (CNI) sectors.

Resolution Policy Framework

The UK's resolution regime sets the policy and legal framework for managing the orderly failure of financial firms, in a way that limits risks to financial stability, consumers and taxpayers. The resolution regime for banks was introduced by the Banking Act 2009 and was expanded to central counterparties (CCPs) in 2014.

The UK has expanded its resolution regime for CCPs further, and the new regime came into effect on 31 December 2023, following consultation. The regime provides the Bank of England with a number of tools to more quickly and effectively stabilise a failing CCP, while preventing contagion and protecting public funds. In January 2024, HM Treasury published a consultation setting out proposals to enhance the UK's resolution regime for banking institutions.

Following a consultation in January 2023, HM Treasury set out its intent to introduce a resolution regime for insurers, which would provide the Bank of England with new stabilisation powers and tools to manage the failure of a systemic insurer, enhancing UK financial stability and minimising risks to taxpayers' funds. HM Treasury issued a policy statement in August 2023 outlining some of the key features of the regime and responding to the consultation.

Money Market Funds

Money Market Funds (MMFs) are collective investment schemes and play a key role in the smooth functioning of UK financial markets. HM Treasury, in collaboration with the Bank of England and FCA, have been developing reform proposals to address financial stability risks from MMFs and improve their resilience as part of an international effort to manage Money Market vulnerabilities. In December 2023, HM Treasury published a near-final version of the statutory instrument to replace the Money Market Funds Regulation and create a new framework for Money Market Funds. Alongside this, the FCA published a consultation on their draft rules for Money Market Funds.

Exit from financial sector assets

HM Treasury has made further progress in resolving the financial sector interventions made as a result of the 2007-09 financial crisis. As part of the plan to return NatWest to full private ownership, alongside sales via the ongoing trading plan, in May 2023 HM Treasury sold £1.26 billion of its shares back to NatWest via a directed buyback.

International Leadership

HM Treasury has continued to work closely with other departments on the implementation of the Integrated Review Refresh (IR2023). The department protects and promotes the UK's domestic and global economic interests, together with international partners (including India, France, and Germany), to support an open, rules-based global economy underpinned by strong and effective international institutions.

The International Development White Paper was published in November 2023; the department supports ongoing delivery of its objectives across the shared challenges of climate change, nature loss, and pandemic preparedness. Priorities include supporting multilateral approaches to development financing needs and improving resilience to shocks, particularly those caused by climate change (including through UK leadership on Climate Resilient Debt Clauses).

These efforts include galvanising the international community and using UK membership and shareholding at the IMF, EBRD, and AIIB to advocate for International Finance Institution (IFI) reforms. These reforms are intended to improve the effectiveness of the multilateral system.

HM Treasury supported vulnerable countries through channelling 5.3bn US dollars' worth of IMF Special Drawing Rights in 2023, championing an increase to the IMF Poverty Reduction and Growth Trust's access limits, and working closely with international partners to secure an IMF quota increase (to help safeguard IMF resources). The department also worked with other shareholders to agree a EUR 4bn capital increase for the EBRD to support Ukraine's resilience and reconstruction, as well as strategic priorities across all EBRD regions.

Economic levers to respond to world events

HM Treasury has continued to play a key role in the economic and financial response to Russia's invasion of Ukraine, working with FCDO, DESNZ, and DBT on further measures and bans to increase pressure on Russia. The department has continued to support cross-government work on economic security, including agreeing the Atlantic Declaration in June 2023, a framework for a twenty-first century US-UK Economic Partnership.

In partnership with the FCDO, HM Treasury has continued to build on the extensive package of economic sanctions implemented against Russia since February 2022. Working closely with G7 allies, Australia, and the EU, the department has led development and implementation of extensive amendments to the Oil Price Cap on Russian oil and oil product exports.

HM Treasury is responsible for UK tariff policy jointly with DBT, and led on the implementation of tariffs on Russian imports; close cooperation with G7 partners helped to retain collective pace and pressure in action against the Russian state and people facilitating its war in Ukraine.

OFSI has expanded to enable delivery of strategic objectives, focused on proactive enforcement, promoting compliance in the UK and internationally, and professionalising sanctions implementation. OFSI is leading work to crack down on increased third-country facilitation of sanctions circumvention, by sharing information and intelligence, including through the new Enforcement Coordination Mechanism (ECM).

Future priorities for OFSI include establishing information sharing principles, with emphasis on financial intelligence and enforcement data; outreach/engagement with the private sector; and coordinated third-country engagement to deliver strong, consistent messages on sanctions implementation. This includes recent collaborative work with the National Crime Agency's National Economic Crime Centre on amber and red alerts issued to the private sector.

Work has also been ongoing to respond to the crisis in Gaza, and HM Treasury supported the FCDO releasing humanitarian support worth over £100m this financial year. The department has also worked closely with the FCDO to impose counter-terrorism (CT) sanctions on Hamas and Houthi targets, as well as those committing violence in the West Bank. HM Treasury is also working with the Home Office to tackle terrorism financing channels that may be aiding these groups.

Conflict zones are fragile environments and are often areas most likely to be exposed to sanctions risk. OFSI has been regularly engaging with the humanitarian sector and has introduced numerous General Licences to support humanitarian aid and to mitigate the unintended consequences of financial sanctions.

G7

HM Treasury was involved in discussions with the G7 representatives on the shared challenges facing the global economy, including the impact of Russia's invasion of Ukraine, the importance of tackling inflation, and promoting growth.

The G7's support for Ukraine remained at the heart of the Finance Ministers' and Central Bank Governors' agenda through coordination of economic support for Ukraine and action to increase the cost of war for Russia. The G7's commitments, alongside that of the wider international community, enabled the approval in March 2023 of an IMF Program for Ukraine amounting to 15.6bn US dollars over 4 years.

Meeting in May 2023, G7 Finance Ministers and Central Bank Governors emphasised their strong political commitment towards swift implementation of the OECD/G20 Inclusive Framework Two-Pillar Solution, an agreement that will ensure that multinational companies pay tax in the countries they do business in, as well as cracking down on harmful tax planning through a 15% global minimum corporate tax rate. The G7 also encouraged the wider adoption of Climate-Resilient Debt Clauses for loan agreements, a measure pioneered by the UK to provide fiscal space for countries facing climate catastrophes.

In October 2023, the G7 launched the Partnership for RISE (Resilient and Inclusive Supply Chain Enhancement) in collaboration with the World Bank. The UK's contribution of £2m, alongside contributions from others, is supporting the initiative. RISE aims to facilitate low- and middle-income countries playing bigger roles in the midstream and downstream of supply chains of key products which support the net zero transition, diversifying supply chains, and supporting economic development in those countries.

G20

HM Treasury worked closely with the Bank of England to drive progress on key policy priorities under the Indian and Brazilian G20 Presidencies.

This included HM Treasury working with the Indian Ministry of Finance, as co-chairs of the G20 Framework Working Group, to inform G20 Finance Ministers' and Central Bank Governors' understanding of the macroeconomic outlook and risks. Under UK and Indian leadership, the group produced a G20 report on the Macroeconomic Impacts of Food and Energy Insecurity and their implications for the global economy. The report set out the significant impact of Russia's war in Ukraine on food and energy prices and the global economy. The G20 also endorsed a Report on the Macroeconomic Risks Stemming from Climate Change and Transition Pathways, demonstrating that the costs of inaction are far greater than costs associated with the transition.

HM Treasury championed the implementation by Multilateral Development Banks (MDBs) of the recommendations of the Capital Adequacy Framework (CAF) Review. And in July, the G20 endorsed a Roadmap for Implementing the Recommendations of the G20 CAF Review. The CAF recommendations have the potential to unlock significant additional MDB financing for climate and development priorities. To further expand MDB financing capacity and effectiveness, HM Treasury has continued to support G20 engagement on a wider set of MDB reforms, including private capital mobilisation and MDB operating model reforms that should make them more effective as a system.

On the G20 Finance track's wider agenda, HM Treasury worked to maintain momentum on implementing the OECD/G20 Inclusive Framework Two-Pillar Solution and drove efforts to see the G20 welcome finalisation of the sustainability and climate-related disclosure standards published by the International Sustainability Standards Board (ISSB) in June 2023, recognising the benefits offered by consistent and globally comparable implementation of standards.

EU Trade and Cooperation Agreement and the Windsor Framework

HM Treasury has continued to support the successful implementation of the Trade and Cooperation Agreement, including through successful meetings of the Committees established by the agreement where HM Treasury is the responsible department.

Throughout 2023-24, HM Treasury worked with departments across government, including the Northern Ireland Office and the FCDO, to support the government's negotiations on the 'Safeguarding the Union' command paper, which addressed concerns with the Windsor Framework and supported the restoration of the Northern Ireland Executive. Particular areas where HM Treasury led work, in partnership with HMRC and other responsible departments, include goods movements, parcels, VAT and excise, and subsidy control. Agreed outcomes addressed the full range of issues in these areas, safeguarding both economic and democratic principles in Northern Ireland.

Following the agreement of the Windsor Framework, HM Treasury led on work, in partnership with the FCDO and DSIT, to negotiate and secure association to Horizon Europe and Copernicus on revised terms. The deal strengthened UK science, whilst delivering safeguards to ensure the UK does not end up contributing significantly more than our scientists get out.

Strategic Enablers

Lead minister:	**Chancellor of the Exchequer for the period of this report**
Lead official:	Permanent Secretary Second Permanent Secretaries

Overview and key components

HM Treasury's Strategic Enablers describe the internal reforms and priorities the department has prioritised, in line with the Civil Service Modernisation agenda, to increase our capacity and capability to deliver for the people of the UK. These priorities are anchored in the One Treasury Vision and Strategy and essential to the department's success in remaining a world leading economics and finance ministry. The Strategic Enablers, as defined in the HM Treasury Outcome Delivery Plan, are organised under four themes:

- **Workforce, skills and location** – including the major transformation to a multi-site model and establishment of the Darlington Economic Campus and HM Treasury's People Strategy
- **Innovation, technology and data** – including the recruitment of HM Treasury's first ever Chief Data Officer and development of a new Data Strategy
- **Delivery, evaluation and collaboration** – including the introduction of a new Change Portfolio and publication of the department's Evaluation Strategy
- **Sustainability** – including efforts to embed sustainability in all HM Treasury policymaking and aim for a Building Research Establishment Environmental Assessment Method (BREEAM) Excellent rating for the new permanent Darlington Economic Campus building.

Workforce, skills, location

Civil Service modernisation and reform, including HM Treasury's Corporate Strategy

HM Treasury is committed to ensuring it is, and remains, a world-leading economics and finance ministry. Our vision is that HM Treasury is a department which lives the Civil Service values of honesty, integrity, impartiality and objectivity, with a diverse, inclusive and innovative workforce and culture that creates an environment for all staff to thrive. As an institution, HM Treasury continues to undergo a period of sustained and extensive change, which require skills to sustain our position as a world-leading economics and finance ministry, underpinned by a commitment to multi-site working and technological capacity; establish and nurture a common Treasury culture and career offer wherever our staff are located; and respond to new challenges with clarity of purpose, supported by professional and effective processes. A departmental vision and strategy – One Treasury, with robust governance and regular staff consultation – has been implemented to help smooth the transition.

In order to help staff understand the collective ambition of reform across the wider civil service, in departmental communications we link together One Treasury with A Modern Civil Service, the civil service plan for modernisation and reform. Through this we show colleagues what reform means for them and their people so that all our staff understand what change they will see, when and how this relates to our collective ambition – as well as how they can support.

People Strategy

The launch of HM Treasury's People Strategy in April 2023 has led to progress against all four of the people priorities for the department, including investment in the skills, capability and wellbeing for all staff; attracting and retaining diverse and talented colleagues and embedding diversity and inclusion into everything we do so that HM Treasury is a place where everyone can thrive. Highlights include:

- The offer of Executive Development Programme and Leadership & Management Diploma qualifications for line managers, which opened in July;
- Achieving Level Two Carer Confident, showing we have support in place for colleagues who are, or may become, carers and;
- The introduction of in-person training for all our below-SCS line managers in September, which gives our line managers the time and space to develop their management capabilities.

Like the People Strategy, the Civil Service People Plan includes a focus on learning and development, pay and reward and improving the employee experience. It also brings in two additional areas of improvement: recruitment and developing a high-performing HR function which we will incorporate into our approach.

Expanding HM Treasury decision-making outside of London

The Darlington Economic Campus (DEC)[6] continues to grow its presence, relocating roles from HM Treasury, the Department for Business and Trade, the Department for Science Innovation and Technology, the Department for Energy, Security and Net Zero, the Department for Culture, Media, and Sport, the Department for Levelling Up, Housing and Communities, the Office of National Statistics, and the Competition and Markets Authority. These complement the over 700 Department for Education staff already based in the area.

Significant progress continues to be made in establishing HM Treasury's presence in the campus. In 2023-24 the department has:

- Continued to recruit to meet the department's overall FTE target of 335 by end March 2025, including at entry level (i.e. graduates and apprenticeships) and experienced hires. 85% have been recruited with 15% relocating from London since 2021. Of the 85%, 30% of those were previously working in the civil service and 70% new to the civil service.
- Continued to base roles at all grades out of the campus alongside a Second Permanent Secretary and Director General. Staff continue to make significant contributions to policy work including on the Budget, as well as leading on areas of energy policy, financial services, tax and pensions, investment/growth, data analytics and broader economic and fiscal policy.
- Following the Government Property Agency's (GPA) purchase of the land at Brunswick Street, HM Treasury continued to work with the GPA and with the other departments on the development and design of the permanent site. Core to the design will be building on the success of Feethams House where all departments are able to share space, sitting alongside and collaborating with each other.

[6] The Government Property Agency (GPA) are responsible for the physical delivery of the Darlington Economic Campus with Capital and revenue costs reported through the GPA accounts.

- Fostered relationships with schools, universities, charities and businesses to embed the campus into the town, worked with academia partners to introduce over 100 young people to the work of the campus and with local authorities, contributing to regular recruitment events.

- Continued to actively contribute towards the development and success of the Darlington Economic Campus to ensure it plays an integral part in the delivery of HM Treasury's objectives. This builds on HM Treasury's existing presence outside of London, with staff also based in Norwich and Edinburgh.

Diversity, Inclusion and Belonging

HM Treasury has remained committed to developing a workforce from a rich mix of backgrounds, skills and expertise over 2023-24. Our policy making and corporate functions draw on the widest possible evidence, experiences and perspectives, helping us to problem solve, make decisions and advise our ministers more effectively. We monitor our diversity data in line with Civil Service and national statistics and have continued to improve the diversity of our workforce representation, with some minor fluctuations usual for a workforce of this size.

We are proud to nurture an environment where diversity of thought and innovation is key to our success, ensuring we empower our people to thrive and perform at their best in their roles, and in different ways. Everyone is supported to have a voice and a sense of belonging in the department and all talents are embraced, valued and successes celebrated.

Our key actions include:

Focus	Progress
Recruitment	For our Graduate Development Programme (GDP), HM Treasury partners with organisations who support those from an ethnically diverse and lower socio-economic background through the assessment process. For our Graduate Development Programme (GDP), HM Treasury partners with organisations who support those from an ethnically diverse and lower socio-economic background through the assessment process. We have endeavoured to improve our socio-economic and geographic diversity by promoting a career in the civil service to communities that may not have considered it previously. This has been achieved through offering our Darlington Economic Campus as a location choice in many recruitment campaigns, devising a greater online and social presence, targeting our outreach to schools in more deprived areas, providing candidate guidance sessions and hiring managers holding drop-in sessions with prospective candidates. The campus has also delivered a variety of work experience opportunities. The department hosted 17 Summer Interns in 2023 and last year, we bid for 3 Autism Exchange interns to start in summer 2024.
Talent	HM Treasury delivered two talent development programmes in 2023-24 aimed at improving the diversity of colleagues aspiring to move to more senior grades in the department. The *Accelerate* programme for grades 6/7 had 38 participants from under-represented backgrounds. We also delivered an opt-in senior sponsorship scheme for colleagues with a disability/health condition or from an ethnically diverse background.
Wellbeing	In April 2023, the department launched new workplace adjustments procedures, a request portal and line manager training to support colleagues with disabilities and long-term health conditions. Over 2023-24 nearly 300 adjustments have been arranged. This year, HM Treasury achieved Carers Confident accreditation Level 2 and launched the Carers Passport, which assists with providing the flexibility and support Carers may need to thrive in their roles. The department also reapplied to retain its Disability Confident accreditation Level 3 status, as well as signing up to the Age-friendly Employer Pledge.
Diversity of thought in policy making	The department is committed to ensuring that diversity of background, thought, and expertise results in effective policy and decision-making for those it serves. HM Treasury is focused on building its capability to ensure policy makers are equipped to consider the impacts of policies on different regions and groups within the UK. This includes encouraging greater openness and innovation in our policymaking, engaging with a wider range of stakeholders, and bringing in data and evidence from different sources whilst ensuring we meet our legal obligations under the Public Sector Equality Duty.

Health, safety and wellbeing

HM Treasury actively promotes the health, safety and wellbeing of its staff.

Five work related accidents, near misses or ill health reports were received in the reporting period. None were reportable to the Health & Safety Executive under the Reporting of Injuries, Diseases, or Dangerous Occurrence Regulations 2013.

HM Treasury altered emergency evacuation procedures for our London office which will aid swifter evacuation. In addition, we liaised with the Government Property Agency and other departments to prepare for the implementation of a new evacuation marshal process.

Mental wellbeing guidance and details of support available were regularly communicated to all HM Treasury employees. Support includes access to trained Mental Health First Aiders, Treasury Supporters, and Group Wellbeing Champions.

The Employee Assistance Programme contract was extended for one year. The service provides wellbeing awareness information and counselling sessions as appropriate.

Reward and recognition

Pay at delegated grades

In June 2023, ministers for the period of this report agreed to allow departments to make a fixed payment of £1,500 to civil servants across delegated grades (below SCS). This payment was to recognise staff contribution, and in recognition of the challenges of the cost-of-living. HM Treasury was the first department to award this payment to c.1875 eligible staff in their June pay.

In August 2023, in line with the pay remit guidance issued by the Cabinet Office, HM Treasury provided staff with a minimum of 4.5% uplift to their pay, a further 0.5% of the total pay-bill was targeted to enhance support to low earners. This targeting enabled us to provide lower earners with awards of up to 9%. We also increased pay ranges across all grades and provided consolidated pay increases for staff on all spot-rates, including apprenticeships and the GDP, in line those on the departmental pay framework (grades B-E2).

End-of-year non-consolidated performance-related payments were awarded to all staff who had met their performance objectives, rather than just the higher performers. This decision was made in line with approach taken to bonus awards within the previous remit year, to recognise most staff for their performance and offer further financial reward to support against cost-of-living challenges.

In addition to bonuses linked to end-of-year performance moderation, HM Treasury has two other bonus methods used to recognise and reward staff. These are:

- Special bonuses – non-consolidated awards paid in-year to staff to recognise exceptional performance for specific contributions or pieces of work during the year.
- Recognition vouchers – a reward and recognition voucher scheme which allows managers to provide instant recognition in the form of lower value vouchers, to staff for excellent pieces of work.

This is in line with practice across the Civil Service and the private sector.

Pay at Senior Civil Service (SCS)

At SCS, following recommendations made by the independent Senior Salaries Review Body (SSRB), Cabinet Office sets out the implementation details in the SCS Pay Practitioners Guidance, which is published annually. For 2023-24 the government for the period of this report accepted the SSRB's recommendation in full, this included a headline award of 5.5% to staff across the SCS with effect from 1 April 2023, which was paid in September. Pay range minima were increased at SCS 1-3, with effect 1 April 2023. HM Treasury also used a further 1% of the SCS pay-bill for pay anomalies directed at progression increases for those lower in the pay ranges who are delivering in role and demonstrating expertise. All awards were provided in conjunction with the parameters prescribed within the SCS pay guidance.

Gender Pay

HM Treasury has committed to reducing its gender pay gap (GPG) and publishes its GPG data annually. The most recent report was published in November 2023. Information for Executive Agencies can also be found in the full report.

For HM Treasury core (excluding agencies), the mean GPG decreased by 3.2 percentage points from the previous year. The median GPG also decreased significantly, by 10.1 percentage points from 18% in 2022, to 7.9%. In addition, HM Treasury core mean and median gender bonus gaps have also fallen to -14.8% and -10.9% respectively, in favour of women. The proportion of women receiving bonuses has also increased as have the proportions of female employees in each pay quartile. Our most recent GPG report illustrated that both our mean and median pay gaps have decreased, and our bonus gap is in favour of women. This indicates that the long-term actions implemented last year are positively contributing to a reduction in our GPG. We will continue to monitor the impact of existing initiatives, and implement further actions with support representation, progression and gender pay parity.

Recruitment

Key recruitment campaigns in the last year included:

- Director General (SCS3) campaign recruited through partnership with executive search support
- 6 Director (SCS2) campaigns commenced in the period
- Graduate programme intakes in April 2023 (29) and September (35), with a total of 64 policy professionals recruited through this channel

The GDP (Graduate programme) campaign in Autumn 2023 (for 2024 intake) saw more than double the volume of applications than the previous year.

As of March 2024, more than 5% of HM Treasury staff are apprentices.

People survey

HM Treasury uses its annual People Survey results as an indicator of progress. In September/October 2023, the department took part in the annual Civil Service People Survey. The Employee Engagement Index – the key indicator of staff opinion – was down slightly from 68% in 2022 to 67% in 2023. However, HM Treasury's Employee Engagement Index score remained above the Civil Service benchmark of 64%, which also fell in comparison to the previous year.

The department continues to enjoy strong scores across key metrics when compared to the Civil Service benchmark. For example, 61% of staff who responded said that HM Treasury inspires them to do the best in their job, 7 percentage points higher than the Civil Service benchmark.

Learning, development and skills

HM Treasury invests in its people to develop the skills and capabilities required to undertake varied and complex work and respond flexibly to the evolving needs of the organisation. Throughout 2023-24 a range of corporate Learning and Development initiatives were delivered.

In line with the People Strategy, HM Treasury focused on management and leadership capability in 2023-24, launching a new Leadership & Management offer, to include People Management workshops for all below- SCS Line Managers and a Level 5 and Level 7 Leadership and Management apprenticeship.

HM Treasury continues to invest in the development of policy-making capability within the department, with flagship programmes including the Policy Leadership Programme (PLP), Policy Basecamp and the Graduate Development Programme (GDP), as well as offering a range of external qualifications in policy, economics and analytics.

Innovation, technology and data: data science

2023-24 has seen the data science team take shape, with the development of an advanced analytics and data management branch, with recruitment concluding in March 2024. The hub has made quick impact within the department, delivering a government-first AI tool to automate the triage of inbound Correspondence, develop 'SecureGPT' as a first version of providing safe Generative AI to teams, and are working toward a further enhanced version. The hub established a data engineering capacity, who are developing solutions to remove manual data processing from many teams across the department and automate the production of analysis.

Skills development continues, the cross government One Big Thing saw a huge number of staff improve capability, and we've followed that up with a regular rhythm of training events, including python and R bootcamps.

2023-24 has been to focus on establishing the fundamentals to stimulate innovation across the department, with some leading examples, technology and skills. We are now working in partnership with other Innovation & Technology teams.

Delivery, evaluation and collaboration – Evaluation Strategy

HM Treasury's vision is for all government policy, programmes and projects to be subject to proportionate, fit-for-purpose evaluation that is genuinely useful for decision makers. To support this, in March 2023, HM Treasury published its evaluation strategy which set out its approach to evaluation including through publications such as the Green Book[7] and Magenta Book.

HM Treasury recognises the importance of successful project delivery and continues to support the department's project delivery capability in achieving HM Treasury's strategic objectives.

Sustainability

The Treasury recognises our potential to impact the environment positively or negatively, directly, or indirectly, through our policy development and operations.

[7] The Green Book: appraisal and evaluation in central government – GOV.UK (www.gov.uk)

a) Developing sustainability and climate related reporting in the public sector

Transparency in sustainability and climate related reporting ensures decision makers have the information they need to assess and manage climate-related risks and identify potential opportunities.

As well as updating guidance on how sustainability should be reported, in 2023-24 HM Treasury introduced new climate-related reporting guidance for public sector entities.

Reflecting the recommendations of the Task Force on Climate-related Financial Disclosures, the department is overseeing a phased approach for central government adoption.

b) Embedding sustainability in policy making

We are committed to ensuring climate and environmental considerations are embedded into fiscal decision-making, including at spending reviews and fiscal events, to support the efficient allocation of resources to deliver the government's objectives. The Treasury assesses all measures at fiscal events, which informs advice to Ministers on areas of large impact and mitigation opportunities.

Supplementary guidance to the Treasury's Green Book was published in 2023-24, providing government analysts with rules for valuing energy usage and greenhouse gas emissions. This guidance is vital to ensure government takes full account of climate change and energy impacts when appraising and evaluating public policies and projects.

c) Sustainability of our estate and operations

This year we have undertaken a significant revision of our corporate policies relating to sustainability, and have produced a consolidated, cross function, Climate Adaptation, Sustainability and Environment Operations Strategy (CASE-Ops).

The department continues to work closely with the Government Property Agency on multiple projects to improve the sustainability of the estate we lease from them.

As lead client on the development of the permanent Darlington Economic Campus building, we are influencing its preparation of the Stage 2 design phase, and ensuring the plans are aligned with our policies on sustainable construction, nature recovery and biodiversity.

United Nations' Sustainable Development Goals

HM Treasury contributes to the UK delivery of the United Nations' Sustainable Development Goals (UN SDGs). The work of the department mainly supports three UN SDGs: No.8 Decent Work and Economic Growth; No.9 Industry Innovation and Infrastructure; and No.16 Peace Justice and Strong Institutions

Other corporate reporting

Transparency and scrutiny of performance

HM Treasury welcomes scrutiny, whether from Internal Audit, the National Audit Office, Members of Parliament or members of the public:

Scrutiny by internal audit – the Government Internal Audit Agency

The 2023-24 annual internal audit plan for the department was developed through consultation with HM Treasury's senior management team and discussed by Directors and Executive Management Board. The Audit and Risk Committee (ARC) approved the audit plan for 2023-24 in March 2023. By 31 March 2024, Internal Audit issued 13 audit reports providing 58 recommendations, one piece of advisory work providing 10 recommendations and one follow up report. The majority of the published reports for 2023-24 were given a substantial or moderate assurance rating (35% and 41% respectively, 18% were given a limited rating, 6% where ratings were not applicable. There were no reports found to have a unsatisfactory rating. The outcomes of this work are used to inform the Head of Internal Audit Annual Report and Opinion, drawing also on the insight available from work undertaken across the HM Treasury Group by the GIAA and other assurance providers during the year. Updates on the assurance reports and the implementation of recommendations have been provided to ARC on a quarterly basis.

Scrutiny by Parliament

Treasury ministers for the period of this report and officials are committed to providing timely and quality responses to Parliamentary Questions.

From 1 April 2023 to 31 March 2024 Treasury ministers for the period of this report responded on or before the parliamentary deadlines in relation to 99% of the 578 ordinary written questions received; 94% of the 335 named day questions received; and 100% of the 214 Lords written questions tabled to the department.

In addition to questions from individual Members of Parliament during the period from 1 April 2023 to 31 March 2024 ministers and officials appeared at various Committee sessions, including:

House of Commons Public Accounts Committee	
Tax Reliefs; The venture capital market	14 June 2023
Autumn Statement 2023	29 November 2023
Sexism in the City	17 January 2024
Work of HM Treasury	24 January 2024
SME Finance	28 February 2024
Budget 2024	13 March 2024
Source: Treasury Committee	

House of Commons Public Accounts Committee	
Tacking fraud and corruption	15 May 2023
Bulb Energy	25 May 2023
Resetting government programmes	05 June 2023
Support for innovation to deliver net zero	15 June 2023
Whole of Government Accounts 2020-21	09 November 2023
Managing government borrowing	07 December 2023
Cross-government working	11 December 2023
Cabinet Office functional savings	10 January 2024
Lessons for government: Monitoring and responding to companies in distress	17 January 2024
Lessons learned: Delivering value from government investment in major programmes	20 March 2024
Source: Public Accounts Committee	

House of Lords Economic Affairs Committee	
Bank of England: how is independence working?	04 July 2023
How sustainable is our national debt?	12 March 2024
Chancellor's Annual Scrutiny Session for 2023-24	19 March 2024

House of Lords Economic Affairs Committee	
Source: Lords Economic Affairs Committee	

House of Commons Welsh Affairs Committee	
Welsh Fiscal Framework	05 July 2023
Source: Welsh Affairs Committee	

House of Commons Work and Pensions Committee	
Defined benefit pension schemes	10 January 2024
Source: Work and Pensions Committee	

House of Lords International Agreements Committee	
UK-Swiss Financial Services Agreement	06 February 2024
Source: Lords International Agreements Committee	

House of Commons Home Affairs Committee	
Fraud	13 March 2024
Source: Home Affairs Committee	

Scrutiny by the public – correspondence and information requests

In the calendar year of 2023, HM Treasury replied to 6,891 enquiries from MPs (ministerial correspondence) and 2,838 direct from members of the public (treat official correspondence).

The timeliness of replies sent to MPs has improved consistently throughout 2023. At the start of the year HM Treasury prioritised clearing a backlog of overdue cases that had built up at the end of 2022 caused by the fast-moving nature of political events, and rapidly changing policy during the final quarter of 2022. This was soon recovered, and as incoming volumes reduced into the summer months, performance significantly improved. Volumes increased as Autumn Statement approached causing some delays but in 2023 overall, 62% of replies to MPs were within HM Treasury's 20 working day deadline (up from 40% in 2022). 79% of treat official responses were sent within 20-working days.

HM Treasury has introduced additional automation and artificial intelligence to the correspondence process, which allows us to allocate letters more efficiently and accurately to the right policy group. More detailed analysis of correspondence data has also been developed for policy groups, providing better visibility of their performance and to identify further areas for improvement.

HM Treasury received 1,193 requests for information that were handled under either the Freedom of Information Act or the Environmental Information Regulations and in 92% of cases the statutory response deadline was met, down 2% on the previous year.

Data Subject Access Requests (DSAR)

In the calendar year of 2023, HM Treasury responded to 38 data subject access requests, which it considered under the terms of the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 (DPA 2018).

35 of HM Treasury's responses were made within the statutory deadline and 3 were completed outside of that deadline.

Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) can investigate complaints about the administrative actions of a wide range of government departments and other public bodies, or the actions of organisations acting on their behalf. 27 complaints were made to the PHSO regarding HM Treasury during 2023-24, but none of these were taken forward for investigation.

The National Audit Office

The department welcomes the NAO's objective and independent commentary on its work and is diligent in responding to recommendations arising from Public Accounts Committee hearings following NAO reports. During the year, the National Audit Office completed and published the following reports specifically relevant to the department:

- Managing government borrowing
- Royal Household spending and accountability
- Whole of Government Accounts 2020-21
- Government resilience: extreme weather
- Financial services regulation: Adapting to change
- Investigation into whistleblowing in the civil service
- Bank of England: Managing legal, ethical and staff compliance risks
- Civil service leadership capability
- Use of artificial intelligence in government
- Whole of Government Accounts 2021-22
- Monitoring and responding to companies in distress

Please see the governance statement, page 58, for more information on the level of assurances gained.

Non-financial information

During the 2023-24 financial year, HM Treasury had no reportable incidents relating to anti-corruption and anti-bribery matters. Issues of social matters and respect for human rights are addressed through this report's separate disclosures on diversity and disability.

Task Force on Climate-related Financial Disclosures Framework (TCFD) Compliance Statement

Within this 2023-24 Annual Report and Accounts, the department has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector.

The department has complied with the TCFD recommendations and recommendations disclosures on:

1. governance (all recommended disclosures)
2. metrics and targets (disclosure (b)).

This is in line with the central government's TCFD-aligned disclosure implementation timetable. The department plans to make disclosures for Strategy, Risk Management, and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable.

James Bowler CB
Permanent Secretary

23 July 2024

Accountability Report

The Accountability Report contains the following three sections:

1. Corporate governance report which explains the composition and organisation of HM Treasury's governance structures and how they support the achievement of HM Treasury's objectives.
2. Remuneration and staff report which provides information on staff numbers and costs, and the remuneration of members of the Departmental Board; and
3. Parliamentary accountability and audit report that presents the Department's expenditure against the budgets set by Parliament and the audit opinion on the financial statements prepared by the National Audit Office.

Corporate governance report

Report from the Lead Non-Executive Board Member

The Treasury has continued at full stretch this year, whether that was delivering fiscal events for the Chancellor, responding to the situation in Ukraine or dealing with the day-to-day demands of a highly challenging political and economic environment.

It's been a year that has also seen a number of changes among the senior management team. Catherine Little CB, Second Permanent Secretary, left the department to become the Chief Operating Officer for the Civil Service and Permanent Secretary to the Cabinet Office and Philip Duffy, Director General Growth and Productivity, left to become the CEO at the Environment Agency. Jessica Glover was appointed as the new Director General, Growth and Productivity and Sam Beckett was appointed as Chief Economic Adviser and Second Permanent Secretary. Tamara Bruck, who was providing maternity cover for the Operations Director, has become the Executive Director of Strategy, Transformation and Assurance at the Environment Agency. Rebecca Coady returned from maternity leave as Operations Director, and Anna Caffyn, Finance Director, left to become the Finance Director at the Environment Agency.

The Economic Campus at Darlington has continued to recruit successfully and there are 242 (as of the 31 March 2024) Treasury officials working there. While the workload shows no sign of reducing, the Treasury is also working to reduce its headcount and to work more efficiently. To help with retention the Department has also carried out a major restructuring by de-merging the previous Range D grade into two new grades: Higher Executive Officer and Senior Executive Officer, in line with the standard Civil Service grading structure.

Despite the many challenges the department has faced, it has managed to maintain excellent levels of staff engagement: the 2023 staff survey results are once again above average for the Civil Service.

Throughout the year the Non-executive directors (NEDs) have provided independent advice, chairing the Treasury Board Sub-Committee (TB(SC)) and the Audit and Risk Committee. We have sought to bring external perspectives to the work of the Department, including on finance and staffing, and the Quarterly Performance and Risk Reports. We have also stepped up our oversight of the HM Treasury's Arm's Length Bodies. NEDs have helped in other ways outside the TB(SC) meetings, for example by serving on interview panels, or on cross-departmental initiatives on the Climate Network or the Union.

Given the scale of the macro-economic challenges the country faces, there is no prospect whatsoever that the demands on the Treasury and its leadership will reduce over the coming year. For our part, the NEDs will do what we can to support them.

This will be my last Report as Lead NED as my second term runs out later this year. I would therefore like to take this opportunity to thank not only all the other NEDs who have served on the Board with me, but also Sir Tom Scholar and James Bowler, the two Permanent Secretaries with whom I was fortunate enough to work. They and their colleagues on the TB(SC) represent the best of public service, serving Ministers with diligence and integrity, just as much today as they have always done.

Rt Hon Lord Hill of Oareford CBE
Lead Non-Executive Board Member

Governance Statement

The Governance Statement sets out HM Treasury's governance, risk management and internal control arrangements. It explains the composition and organisation of the department's governance structures and shows how they support the achievement of the department's priority outcomes. It applies to the financial year 1 April 2023 to 31 March 2024 and up to the date of approval of the Annual Report and Accounts.

HM Treasury Group

Treasury Group is made up of the core department and its arm's length bodies (ALBs) which are a combination of executive agencies, non-departmental public bodies (NDPBs), companies and additional bodies.

Core Department & Agencies[8] The Agencies act as an arm of the Core Department.	**Departmental group**[9] These bodies are within our accounting boundary and consolidated into the Group accounts.
Core Department: • HM Treasury • Office of Financial Sanctions Implementation (OFSI) **Executive agencies:** • UK Debt Management Office (DMO) • National Infrastructure Commission (NIC) • Government Internal Audit Agency (GIAA)	**Non-Departmental Public Bodies:** • Office for Budget Responsibility (OBR) **Companies:** • UK Government Investments Limited (UKGI) • UK Asset Resolution Ltd (UKAR) • Reclaim Fund Ltd • UK Infrastructure Bank Ltd (UKIB) • IUK Investments Holdings Ltd • HM Treasury UK Sovereign Sukuk plc • Pool Reinsurance Company Ltd **Additional bodies:** • Sovereign Grant • The Royal Mint Advisory Committee (RMAC) • Financial Reporting Advisory Board (FRAB)

[8] The Office of Tax Simplification was an Independent Office of HM Treasury, formal closure took effect when the Spring Finance Bill 2023 received Royal Assent on 11 July 2023.
[9] Help to Buy (HMT) Ltd dissolved on the 11 July 2023. Operation of the schemes continue and are operated by the core department.

Wider departmental group

HM Treasury has policy responsibility for several public corporations and non-ministerial departments, which are not consolidated in the Group accounts.

Public corporations:

- Bank of England (and its subsidiaries)
- Financial Conduct Authority (FCA)
- NatWest Group plc (and its subsidiaries)
- Crown Estate
- Royal Mint Trading Fund (and its subsidiary)
- Local partnerships LLP
- Financial Services Compensation Scheme (FSCS)

Non-Ministerial Department:

- Government Actuary's Department (GAD)
- National Savings and Investments (NS&I)
- HM Revenue & Customs (HMRC)

Additional bodies (Dual HM Treasury & Cabinet Office reporting):

- Infrastructure & Projects Authority (IPA)
- Public Sector Fraud Authority (PSFA)

The wider organisations of HM Treasury Group work to support the government's economic and fiscal strategy. The Permanent Secretary to the Treasury is the Principal Accounting Officer (PAO) for the HM Treasury Group.

Directors are responsible for managing the HM Treasury's relationship with, and understanding the risks presented by, the department's ALBs and other entities. This includes sufficient oversight to ensure an effective risk management system is in place to address risks to delivery and budgets within the ALBs and other entities for which they have sponsorship responsibility.

The Public Bodies Review Programme[10] aims to:

- assess whether a function should be delivered by the State, or whether an alternative is more fitting.
- ensure public bodies have a 'laser-like' focus on delivering their objectives, and are not making decisions which fall under the remit of Ministers.
- reduce the burden on the taxpayer as the increased pressures of the pandemic on the public purse come to an end.
- spend taxpayer money with greater care and ensure performance, expenditure and other data is shared openly.

A review of UK Government Investments (UKGI) was completed in 2023, and the report published in January 2024[11]. A review of National Savings & Investments (NS&I) is currently underway and will be followed by other bodies within Treasury Group as part of a rolling programme of reviews.

Regular reporting through the relevant policy teams supports central oversight and assessment by the Executive Management Board, Operating Committee and Audit and Risk Committee.

[10] https://www.gov.uk/government/publications/public-bodies-review-programme
[11] https://www.gov.uk/government/publications/uk-government-investments-public-body-review-report

HM Treasury Ministers

Over the past year, there have been several changes in HM Treasury's Ministerial team. These are set out in detail in the Remuneration chapter of this report on pages 84 to 97.

As of 31 March 2024, the department had six ministers.

The Chancellor of the Exchequer, Jeremy Hunt was appointed Chancellor of the Exchequer on 14 October 2022.

The Chancellor of the Exchequer is the government's chief financial minister and as such is responsible for raising revenue through taxation or borrowing and for controlling public spending. He has overall responsibility for the work of HM Treasury[12].

The Chief Secretary to the Treasury, Laura Trott MBE MP was appointed on 13 November 2023.

The Chief Secretary to the Treasury is responsible for Public Expenditure.

The Economic Secretary to the Treasury and City Minister, Bim Afolami MP was appointed on 13 November 2023.

The Economic Secretary to the Treasury is responsible for financial services policy, reform and regulation.

The Exchequer Secretary to the Treasury, Gareth Davies MP was appointed on 21 April 2023.

The Exchequer Secretary is responsible for growth and productivity; energy, environment and climate policy and taxes.

He is HM Treasury's Departmental Minister.

The Financial Secretary to the Treasury, Nigel Huddleston MP was appointed on 13 November 2023.

The Financial Secretary is responsible for the UK tax system and customs and trade policy and is Departmental Minister for HMRC, the Valuation Office Agency and the Government Actuary's Department.

The Treasury Lords Minister, Baroness Vere of Norbiton was appointed on 14 November 2023.

The Treasury Lords Minister covers Lords business relating to HM Treasury's work, including legislation, debates, and questions.

[12] The Chancellor's responsibilities cover: fiscal policy (including the presenting of the annual Budget), monetary policy, setting inflation targets, ministerial arrangements (in his role as Second Lord of HM Treasury), overall responsibility for the Treasury's response to COVID-19.

Permanent Secretaries

James Bowler CB is the Permanent Secretary and Principal Accounting Officer (PAO) for HM Treasury.

As the Permanent Secretary and PAO for HM Treasury, James is responsible for the delivery of the department's strategy and is accountable to Parliament for the organisation and management of the department, including its use of public money and stewardship of assets. He also has overall responsibility for the delivery of the aims and priorities of ministers and the decisions and actions taken by Treasury officials.

As at 31 March 2024, the Permanent Secretary was supported by the department's Second Permanent Secretaries Catherine Little CB[13], Beth Russell CB and Sam Beckett CB.

Catherine Little CB was responsible for Public Spending and Public Services, International Finance and Head of the Government Finance Function[14]

Beth Russell CB is responsible for: Tax and Welfare, Growth and Productivity and the Darlington Economic Campus.

Sam Beckett CB[15] is responsible for HM Treasury's work programme, on supporting the government's objectives on macroeconomic stability, treasury's relationships on monetary policy and the wider economic community and is Chief Economic Adviser and leading the Government Economic Service.

[13] Catherine Little CB left the department on 31 March 2024. Whilst ministers were considering recruiting a future Second Permanent Secretary, Beth Russell CB oversaw public spending. James Bowler CB oversaw International Group and national security beyond spending, Sam Beckett CB took on chairing Operations Committee.
[14] Following Catherine's departure, Conrad Smewing became one of two Heads of the Government Finance Function. Following an open recruitment campaign, James McEwan, Chief Operating Office and Director General of COO Group at the Ministry of Justice was appointed as Co Head of the Government Finance Function on 26 April 2024.
[15] Sam Beckett CB was appointed on 31 May 2023.

Non-Executive Board Members (Non-Executive Directors)

Rt Hon Lord Hill of Oareford CBE
Lead Non-Executive Director
Committees: The Treasury Board, Chair of the Treasury Board Sub-Committee and Nominations Committee.
Expertise: Financial Regulation, Financial Stability, Financial Services, Capital Markets, Government and Politics.

Zarin Patel
Non-Executive Director and Chair of the Audit and Risk Committee (ARC)

Committees: The Treasury Board, The Treasury Board Sub-Committee, Nominations Committee and Chair of the Audit and Risk Committee.
Expertise: Qualified Chartered Accountant, Managing Transformation, Finance, Investment, Procurement, audit and corporate finance.

Jane Hanson CBE
Non-Executive Director and member of the Audit and Risk Committee (ARC)

Committees: Member of the Treasury Board; Treasury Board Sub-Committee; Nominations Committee and Audit and Risk Committee.
Expertise: Fellow of the Institute for Chartered Accountants, Commercial, Not-for-profit, Risk, Governance, Financial Services and Regulatory frameworks.

Edward Braham
Non-Executive Director and member of the Audit and Risk Committee (ARC)

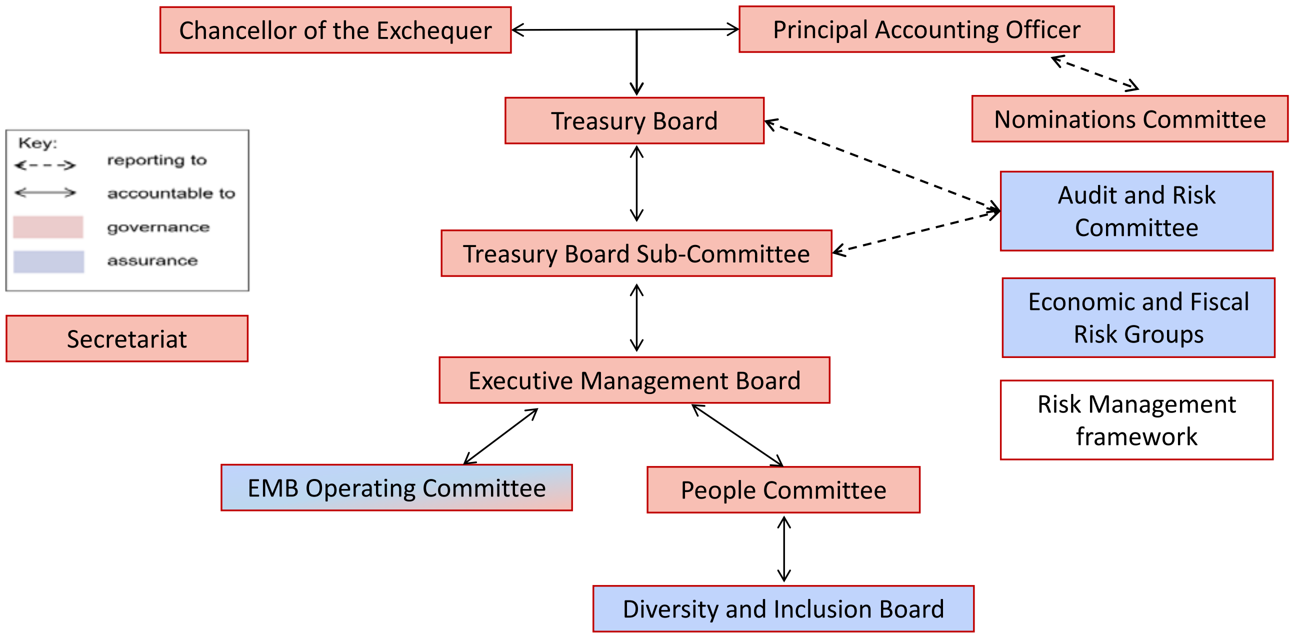
Committees: The Treasury Board, The Treasury Board Sub-Committee, Nominations Committee and Audit and Risk Committee.
Expertise: Professional services businesses, Law, Mergers & Aquisition and financial services.

Gay Huey Evans CBE
Non-Executive Director

Committees: The Treasury Board, The Treasury Board Sub-Committee and Nominations Committee.
Expertise: Financial & Regulatory Services, Banking, Capital Markets and Commercial.

Our governance structure

Figure 11: The Treasury Board and its committees



Having diverse boards that are representative of different perspectives within society improves our decision making. All the governance boards and committees seek diverse representation, and this is actively promoted for all board appointments and reappointments.

Treasury Board

The Treasury Board is the most senior of the department's oversight committees. It provides advice, support and challenge to the effective running of the department. It oversees the department's performance and risk management, and progress against delivery of its objectives and priorities. It draws together ministerial and civil service leaders with experts from outside government.

The board is chaired by the Chancellor and met once during 2023-24.

Committee members as at 31 March 2024	Areas of discussion
• Treasury ministers • Non-Executive Directors • Permanent Secretary • Second Permanent Secretaries • Chief Economic Adviser • Finance Director • Head of Government Finance Function	• Departmental priorities • Departmental challenges • Performance and risk

Treasury Board Sub-Committee TB(SC)

TB(SC) is the second most senior board and has delegated authority of the Treasury Board. It considers performance and key risks and specific policy areas. It has oversight of the department's Arm's Length Bodies.

TB(SC) is chaired by the Lead Non-Executive Director and met four times during 2023-24.

Committee members as at 31 March 2024	Areas of discussion
• Non-Executive Directors • Executive Management Board members • Head of Government Finance Function	• Quarterly Performance and Risk Reports • Departmental oversight (including Priority Outcomes and Strategic Enablers) • Board Effectiveness Evaluation • Outcome Delivery Plan • Raising a Concern and Whistleblowing • ALB oversight (UK Government Investments, Debt Management Office and NS&I)

Board Effectiveness Evaluation

Undertaking an annual review of a board's processes and practices is standard good corporate practice. The evaluation is coordinated by the Cabinet Office and the process is set out in the on Corporate Governance in central government departments[16].

This year's evaluation was undertaken with external support from Jayne-Anne Gadhia, the lead Non-Executive Director of HMRC. A survey was also commissioned seeking views and feedback from all current TB(SC) members.

Recommendations from the prior year's annual evaluation were implemented during 2023-24 most notably, focusing more board time on discussion on the department's Priority Outcomes; increasing engagement with Non-Executive Directors between board meetings; and oversight arrangements of the department's Arms' Length Bodies.

The responses received to the survey were very positive. The recommendations for 2023-24 focussed on Arm's Length Body oversight, Ministerial engagement and tracking the department's priority outcomes against the Outcome Delivery Plan, the recommendations will be considered by TB(SC) and actions taken as appropriate moving forward through this financial year.

The Executive Management Board (EMB)

EMB meets at least weekly, focusing on HM Treasury's core functions, ministerial priorities, risk management and internal controls, allocating and managing resources and leading, motivating and challenging the department. In addition, EMB meets regularly with directors to consider the strategic direction of specific Treasury policy areas.

[16] https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017

An annual business planning process, overseen by EMB sets the department's priorities and resourcing for the year ahead. EMB membership changed during the year[17]. Full details of staff changes are set out in the Remuneration chapter of this report on pages 84 to 97.

Committee members as at 31 March 2024	Areas of discussion
• Permanent Secretary – James Bowler CB • Second Permanent Secretaries – Catherine Little CB, Beth Russell CB and Sam Beckett CB (Chief Economic Adviser) • Director General, Financial Services – Gwyneth Nurse CB • Director General, Public Spending – Conrad Smewing • Director General, International – Lindsey Whyte CB • Director General, Tax and Welfare – Dan York-Smith CB • Director General, Productivity and Growth – Jessica Glover • Finance Director – Anna Caffyn[18] • Director of Operations – Rebecca Coady[19] • Director Strategy, Planning and Budget – Will Macfarlane • Director Treasury Legal Advisers – Peter King	• Quarterly Performance and Risk Reports • Outcome Delivery Plan • Business Planning • Workforce Planning • Health and Safety • Security (including cyber) and Counter Fraud • Resourcing, Pay and Performance (including Range D demerger) • Fiscal Events • Staff Networks • Growth plan • Climate Change Strategy • International Agenda • Departmental People Survey results

Sub-committees to the Executive Management Board

EMB has two sub committees, delegating responsibility for specific departmental operational areas.

Operating Committee (OpCo)

OpCo takes operational decisions on the department's financial, administrative and risk management matters arising in the broader Treasury Group. It also acts in an advisory capacity in relation to certain finance and management information. The committee ensures appropriate and robust business processes are operating effectively in support of the department's overall strategy and business needs.

OpCo meets monthly and is chaired by Sam Beckett CB (Head of the Government Economic Service and Second Permanent Secretary[20]). Any EMB members are welcome to attend any of the meetings.

[17] Following open recruitment campaigns Sam Beckett CB was appointed as Chief Economic Adviser and Second Permanent Secretary (31 May 2023); Conrad Smewing was appointed as Director General Public Spending (17 April 2023); Jessica Glover was appointed as Director General Productivity and Growth (11 July 2023); Will Macfarlane was appointed Director Strategy, Planning and Budget (30 August 2023).
[18] Anna Caffyn left the department on 31 March 2024. Andrew Cartner joined EMB on an interim basis to provide senior finance oversight whilst the FD role was advertised and recruited. Sarah Whitehead was appointed as Finance Director and joined the department in late May.
[19] Rebecca Coady was on maternity leave from 6 April 2023 to 6 February 2024. Tamara Bruck provided maternity cover as Director of Operations from 27 March 2023 to 14 February 2024.
[20] Sam Beckett CB took over as Chair from Catherine Little CB (Permanent Secretary) from February 2024.

Committee members as at 31 March 2024	Areas of discussion
• Second Permanent Secretary • Finance Director • Director of Operations • Director Strategy, Planning and Budget • Commercial Director for Cabinet Office and HM Treasury • 4-5 Directors from the policy side of HM Treasury on 1-2 year rotation • 5-6 Deputy Directors on a 1–2 year rotation	• Finance • Multisite Darlington Economic Campus • Commercial pipeline • Business Cases • Data Science • Operational Performance and Risk • Business Planning • Resourcing and headcount • Business Appointment Rules • Climate and environment related operations

People Committee

The People Committee (PC) makes decisions on the form and delivery of HM Treasury's people and diversity and inclusion agenda. It oversees all aspects of people issues including the People Strategy and People policies.

The People Committee meets bi-monthly and is chaired by Beth Russell CB (Second Permanent Secretary). People Committee underwent a review during the year and changes (including membership) were incorporated.

Committee members as at 31 March 2024	Areas of discussion
• PC Chair and EMB Diversity Champion (Second Permanent Secretary) • Director of Operations • Chair of the Diversity Inclusion Board • Deputy Finance Director • Deputy Director Strategy, Planning and Projects • HR Operations, Policy and Strategy • 3-5 additional SCS on a 1-2 year rotation	• People and Capability Performance • Staff Networks • Bullying, Harassment and Discrimination • Graduate Development Programme • Leadership and Management Offer • Wellbeing • Diversity and inclusion • Conduct Policy • Recruitment

The Diversity & Inclusion Board (DIB) is a Sub-Committee of the People Committee. It has been established to support the senior management team to bring together representatives from diversity networks across the department for consultation and engagement on diversity and inclusion policy and practice.

Lowri Khan (Director, Financial Stability) is Chair of DIB. She was joined by representatives from the diversity networks across the department.

Other committees

In addition, EMB has two committees focussed on risk: the Economic Risk Group and the Fiscal Risk Group. The Risk Groups contribute to HM Treasury's risk management framework by identifying and tracking indicators, horizon-scanning, and assessing the likelihood, probable impact and potential mitigation of risks.

The Economic Risk Group meets every eight weeks and is co-chaired by the Director of Economics and the Director of Financial Stability. The Fiscal Risk Group is chaired by the Director of Fiscal and typically meets on a quarterly basis.

Audit and Risk Committee (ARC)

The ARC provides advice to the Treasury Board, the Permanent Secretary and HM Treasury's Additional Accounting Officers to discharge effectively their duties and responsibilities relating to managing risk, internal control and governance. ARC considers the integrity of the financial statements in relation to the:

- Treasury Group's Annual Report and Accounts

- Exchange Equalisation Account
- National Loans Fund
- Consolidated Fund
- Contingencies Fund
- Whole of Government Accounts

In accordance with the ARC Handbook[21] 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 Officer. 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 each ARC meeting and provides updates on the plan and reporting on key controls. The ARC oversees the work of the department's external auditors, the National Audit Office (NAO).

The NAO presents its audit plans, risk assessments and audit findings. The ARC meets privately with both GIAA and NAO to discuss any issues in detail. Members of ARC are appointed by the Chair along with the Principal Accounting Officer.

The membership of the committee during the year ended 31 March 2024 was:

- Zarin Patel (Chair of the Audit and Risk Committee and a Non-Executive Director of the Treasury Board)
- Edward Braham
- Jane Hanson CBE

Nominations Committee

The Nominations Committee considers succession planning, performance and remuneration of the senior management team within the department.

The committee is chaired by the Permanent Secretary and met once during 2023-24[22].

Committee members as at 31 March 2024	Areas of focus
• Permanent Secretary • Second Permanent Secretaries • Non-Executive Directors	• Succession planning • Performance and remuneration

[21] https://www.gov.uk/government/publications/audit-committee-handbook. Further information on how the department manages risk can be found on pages 112 to 114.

[22] The Second Permanent Secretaries did not attend this year's Nominations Committee, as the Permanent Secretary, recognising the stability of the EMB cohort, used the opportunity of the Nominations Committee this year to focus on Second Permanent Secretary talent and succession planning.

Attendance of members at board and committee meetings

Attendance	Treasury Board	TB(SC)	ARC	Nominations Committee
Ministers				
Chancellor	0/1	-	-	-
Chief Secretary	1/1	-	-	-
Economic Secretary	1/1	-	-	-
Exchequer Secretary	1/1	-	-	-
Financial Secretary	1/1	-	-	-
Treasury Lord Minister	1/1	-	-	-
Non-Executives and ARC members				
Edward Braham	1/1	4/4	4/6	1/1
Jane Hanson CBE	0/1	3/4	6/6	0/1
Lord Jonathan Hill	1/1	4/4	-	1/1
Gay Huey Evans CBE	1/1	3/4	-	1/1
Zarin Patel	1/1	4/4	6/6	1/1
Executives				
James Bowler CB	1/1	4/4	-	1/1
Catherine Little CB	0/1	4/4	-	0/1
Sam Beckett CB	0/1	3/3	-	0/1
Tamara Bruck[23]	-	4/4	-	-
Anna Caffyn	1/1	4/4	-	-
Rebecca Coady	-	0/0	-	-
Philip Duffy[24]	-	1/1	-	-
Peter King	-	2/4	-	-
Will Macfarlane	-	1/2	-	-
Gwyneth Nurse CB	-	4/4	-	-
Veda Poon[25]	-	0/2	-	-
Beth Russell CB	1/1	3/4	-	0/1
Lindsey Whyte CB	-	3/4	-	-
Dan York-Smith CB	-	4/4	-	-
Jessica Glover	-	3/3	-	-
Conrad Smewing	0/1	3/4	-	-

[23] Rebecca Coady was on maternity leave from 6 April 2023 to 6 February 2024. Tamara Bruck provided maternity cover as Director of Operations from 27 March 2023 to 14 February 2024.
[24] Philip Duffy left the department on 30 June 2023.
[25] Veda Poon left the department on 27 July 2023.

HM Treasury's internal group structure and functions

The department is structured into Director led groups, with each group working to achieve the department's core objectives risks.

HM Treasury groups and their responsibilities

The **Business and International Tax Group** provides strategic oversight of business, indirect and property taxes and customs duties that raise over £400 billion annually, delivering policy change in consultation with stakeholders. The group leads the UK's relationship with other countries and international institutions on tax and customs issues and manages and mitigates risks to the UK's tax base.

The **Corporate Centre Group** provides corporate systems, services, solutions and facilities to enable HM Treasury Group (Treasury and its agencies and public bodies) to deliver effectively and efficiently. We also support practical delivery of the government's operational financing needs which are met through the Exchequer Funds team.

The **Economics Group** is responsible for providing economic surveillance, delivering the macroeconomic advice and evidence base to underpin policy decisions as well as promoting professionalism and economics and social research in government. The Data Science Hub are responsible for leading Treasury's data transformation; leading on data management, analytics and artificial intelligence.

The **Enterprise and Growth Unit (EGU)** is responsible for growth related policy and spending. EGU works to ensure that government policy encourages private sector investment, enterprise, innovation and the transition to a low-carbon economy.

The **Financial Services Group** works to ensure the Financial Services Sector can drive UK economic growth and deliver for consumers and businesses across the whole of the UK, and to maintain the UK's competitiveness as a global financial centre.

The **Financial Stability Group** contributes to HM Treasury's objectives through ensuring the stability and operational resilience of the financial system, in a way that supports sustainable growth and public finances.

The **Fiscal Group** is responsible for ensuring that fiscal policy supports the government's economic objectives and maintains sustainability of the public finances. It provides oversight of key financial assets and liabilities on the public sector balance sheet and ensures that the government's financing needs are met. It is responsible for the publication of high-quality public-sector finance statistics.

The **International Finance and Economic Security Group** represents HM Treasury in major multilateral fora (e.g. G7, G20) and international financial institutions (e.g. IMF) to address global economic issues including climate, development and debt. It also leads on China policy, HM Treasury's response to the conflict in Ukraine and international economic security issues.

The **International Partnerships and Trade Group** focusses on bilateral engagement with priority economies including the EU, analysis of the global economy and its implications for the UK and strengthening the UK's trading relationships.

The **Economic Crime and Sanctions Group** covers HM Treasury's work on financial sanctions policy and implementation and tackling economic crime and illicit finance.

The Office of Financial Sanctions Implementation is responsible for ensuring that financial sanctions are properly understood, implemented and enforced in the UK.

The **Ministerial and Communications Group** directly supports Ministers and is responsible for coordinating parliamentary business; it provides Treasury's professional communications function through the Press Office; and it supports effective management of the department, through support for the Permanent Secretary, the Executive Management Board and its ownership of Treasury governance structures.

The **Personal Tax, Welfare and Pensions Group** is at the centre of the government's relationship with the public through its role in structuring and delivering tax, benefits, pensions and labour markets policy. It works closely with other government departments including DWP and HMRC.

The **Public Services Group** oversees spending on the main public services. Its strategic aim is the highest quality and best value for money public services. It seeks to achieve this by working with the government departments directly responsible for the provision of these services.

The **Public Spending Group** leads on setting overarching public spending strategy and public sector pay policy. It controls and reports on public spending, improves value for money, productivity and efficiency, and works across government to improve finance, risk and debt data, processes, systems and capability through its functional work.

The **Strategy, Planning and Budget Group (SPB)** sits at the heart of HM Treasury and leads on the department's overall strategy, resourcing and prioritisation, and acts as HM Treasury's central policy function. SPB supports the Executive Management Board in setting strategic direction for HM Treasury, working with and alongside groups across the department to bring together HM Treasury's departmental objectives into a coherent strategy. SPB oversees the Budget and other fiscal events, coordinates HM Treasury's input into the Covid Inquiry, delivers HM Treasury's overall business plan and permanent and flexible resource allocations to achieve that plan, promotes excellent policy making across the department, and works to ensure the successful delivery of the Darlington Economic Campus.

Quality of information

All Boards and Committees are provided with a range of management information to enable adequate review of the department's performance, risk and capability. Information is provided to boards and committees in a standard way to ensure risks and resource implications are highlighted.

During the year the information and presentation of the Quarterly Performance and Risk Report (QPRR) was refreshed to include a dashboard to enable tracking of progress against the department's Outcome Delivery Plan.

The board secretariat works with teams to ensure the information provided is of good quality and the Board Effectiveness Evaluation findings confirmed this.

Register of interests

The department requires all employees to disclose any possible conflict of interest and colleagues receive guidance on conflict of interest and the process. The department has an established process for declaring, considering, approving, mitigating and recording any real or perceived conflicts.

During the year, GIAA undertook an audit of the conflicts of interest process. The audit received a substantial rating, which provides assurance to the PAO.

During the year, the department reviewed its declarations process and created a digital solution to the process which was introduced in April 2024. The solution provides efficiencies across the department.

Senior Civil Servant (SCS) interests

In line with the conflicts process the department have assessed all conflicts declarations for directorships and there is one SCS directorship that is material.

Name	Interest
Clive Martin	Mr Martin holds a paid role as a Director at Clive Martin Consultancy Ltd. Mitigations have been put in place to ensure there is no real conflict of interest. Mr Martin may not use government information for the benefit of his outside role.

The department has also assessed all conflicts on third party employment for the Senior Civil Service (SCS) in HM Treasury. The Permanent Secretary has considered these returns and there are no relevant interests to be published.

No member of EMB held company directorships or other interests which may have conflicted with their responsibilities.

Ministers' interests

The register of ministers' interests is held by Parliament.

Board interests

Other Board member interests are shown below.

Non-Executive Directors (NEDs) interests are set out in this document on pages below.

Non Executive Director	Other roles
Lord Jonathan Hill	Chairman, Council of Management, Ditchley Foundation (from 1 November 2017). Senior Adviser, Freshfields Bruckhaus Deringer. Senior Adviser, Intercontinental Exchange Inc. Adviser, Banco Santander SA. Member of International Advisory Panel to Iberdrola. Adviser to W1TTY, VISA Europe. Director, Centre for Policy Studies. Trustee, Axiom Maths. Member of the Lords Financial Services Regulation Committee.

Non Executive Director	Other roles
Zarin Patel	Non-Executive Director (NED) and Senior Independent Director; Chair of ARC; Member of Environment, Social and Governance, Remuneration and Nominations Committees at Pets at Home Group PLC (2021 to date). Non-Executive Director and Chair of ARC at Hays plc (2023 to date). Non-Executive Director, Chair of ARC, Member of Nominations and Remuneration Committee and Senior Independent Director[26] Anglian Water Services Limited (2018 to date). Trustee and Chair of Audit and Risk Committee at National Trust (2018 to date).
Edward Braham	Director of TheCityUK, Chair of its International Trade and Investment Group and member of its Nominations and Remuneration Committee (2018 to date); HM Treasury representative on the Cross Government NED Climate Committee; Mayoral and Shrieval Independent Panel for City of London (2021 to date); Innovation and Growth Advisory Board for City of London (2021 to date); Commissioner on The Global Commission on Modern Slavery and Human Trafficking (2023 to date); Member of the Advisory Council at Capital as a Force for Good (2021 to date); Member of the Campaign Board at the Museum of London (2021 to 2023) and Ambassador (2023 to date); Member of the Court of the Goldsmiths Company (2011 to date); Trustee of the Goldsmiths' Charity (2018 to date); Member of the UK Government's AI Opportunity forum (2024 to date).
Gay Huey Evans CBE	Boards of Standard Chartered[27], Conoco Phillips and S&P Global. Trustee of Benjamin Franklin House. Senior Adviser to Chatham House. Member of the US Council on Foreign Relations and the Indian UK Financial Partnership[28]. Adviser to Quantexa.
Jane Hanson CBE	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 Bardi Symphony Orchestra (2020 to date). Independent member of the Audit and Risk Committee at John Lewis Partnership (2023 to date).

The following conflicts and mitigations were put in place in relation to potential perceived conflicts of interest for the department's NEDs.

- Lord Jonathan Hill: mitigations have been put in place to avoid any conflicts/ perceived conflicts with his role as a member of the Lords Financial Services Regulation Committee and Axiom Maths.
- Gay Huey Evans CBE: mitigation has been put in place to avoid any perceived conflict with her Director role of S&P Global and in relation to her NED role at Standard Chartered[29].
- Zarin Patel: mitigation has been put in place to avoid any perceived or real conflict with her role at Hays plc.

[26] Zarin Patel became Senior Independent Director from 23 Jan 2024.
[27] Retired from Standard Chartered Board on 29 Feb 2024.
[28] Gay Huey Evans CBE came off the Indian UK Financial Partnership in 2023.
[29] Gay Huey Evans CBE retired from Standard Chartered Board on 29 Feb 2024.

- Edward Braham: mitigations have been put in place to avoid any real or perceived conflict with his role as Director and Chair at the Municipal & General Securities Company Ltd (M&G) as well for his role as a Non-Director Commissioner at Global Commission on Modern Slavery and Human Trafficking.
- Jane Hanson CBE: mitigations have been put in place to avoid any perceived or real conflict with her roles at: the Civil Aviation Authority; Reclaim Fund Limited[30]; Disaster Emergency Committee[31]; and her partner's role at the Department for Work and Pensions.

Special Adviser interests

In line with the current Declaration of Interests policy for Special Advisers, all Special Advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. The Permanent Secretary has considered these returns and the following relevant interests are set out in public:

Name	Interest	Outside Employment
Lara Newman	Ms Newman holds a (part time) paid position as Chief of Staff to Laura Trott MP at the House of Commons. Ms Newman should avoid any conflict between her two roles and should not use any information received from her special adviser role to benefit the CST's constituency.	Chief of Staff (part time basis) to Laura Trott MP
Mark McClelland[32]	Mr McClelland holds a paid role as a Senior Parliamentary Assistant to John Glen MP. Mr McClelland is a Councillor for Wiltshire Council. Mr McClelland may not use government information for the benefit of his outside roles.	Senior Parliamentary Assistant (part time basis) to John Glen.
Alex Thompson[33]	Mr Thompson was recused from work on one company he held a minor shareholding in.	-

Business Appointment Rules

The department has processes in place to ensure awareness and monitoring of Business Appointment Rules (BARs). All officials must obtain written permission before undertaking any outside work (paid or unpaid). In addition, they must make an application under the BARs if they intend to move on from the civil service so that any risk of conflict can be identified and managed and any necessary mitigants imposed. Information on the Rules are included in all employee contracts and further guidance is available.

[30] Jane Hanson CBE stood down from the Reclaim Fund Limited Board on 11 July 2023 (and Dormant Assets Expansion Board on 11 October 2023).
[31] Jane Hanson CBE stood down from the Disaster Emergency Committee in November 2022.
[32] Mark McClelland left HM Treasury on 13 November 2023.
[33] Alex Thompson left the Treasury on 24 April 2023.

In HM Treasury, an application under the BARs is examined by the Permanent Secretary, or Advisory Committee on Business Appointments (ACOBA) for applications from Permanent Secretaries and SCS3, as is the case across the civil service. The Business Appointment Rules continue to apply for a year after leaving Crown service for junior officials and for two years for members of the SCS.

Approval (and any conditions or mitigations) are shared with line managers and applicants by the Permanent Secretary's office. A letter is also sent to the new employer making them aware of any conditions that have been set.

Total number of leavers from the Civil Service	237
Total number of BARs applications received[34]	42
Total number of BARs with conditions	41
Number of breaches	–

The total number of applications assessed under BARS by grade is as follows:

	Number of BAR applications	**Number of BAR applications with set conditions**	**Unsuitable applications**	**Breaches of rules**
Executive Officer (Range C)	1	1	–	–
Higher / Senior Executive Officers (Range D/D2)	17	16	–	–
Grade 7 (Range E)	10	10	–	–
Grade 6 (Range E2)	10	10	–	–
Special Advisor	1	1	–	–
SCS 1	3	3	–	–
SCS 2	–	–	–	–
SCS 3	–	–	–	–
Total	–	–	–	–
	42	41	–	–

OpCo regularly review the BARs and ARC provides annual scrutiny of the process.

In compliance with BARs, the department is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding specific business appointments has been published on HM Treasury's website[35].

For reasons of data protection, decisions are not published for applications made by junior officials.

[34] In the prior year there was one typographical error in the document relating to Business Appointment Rules (BARs), total number of BARs applications received stated 782 when it should have stated 82.
[35] https://www.gov.uk/government/collections/hm-treasury-business-appointment-rules-advice

Managing risks to our objectives

The department faces macro and micro level risks in its dual role as the UK's economics and finance ministry and a central government department and employer. The risks faced are diverse in nature and severity and will sometimes be determined by external forces over which the department may have influence but no direct control.

The department must react to events in the global and UK economy and ensure the sustainability of the public finances. Operationally, the department seeks to ensure that it allocates its budget appropriately in order to meet its objectives, delivering value for money and delivery of its duty of care to both staff and stakeholders.

The department has a sound system in place to consider the risks faced, challenge the assumptions made, and offer advice on how best to mitigate them where appropriate. Within this structure some key positions hold specific accountabilities.

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

The Committee provides independent, objective and constructive challenge on HM Treasury's internal control and evidence of assurance. This includes oversight of key publications such as the HM Treasury Annual Report and Accounts, Central Funds and Whole of Government Accounts.

Our risk management framework

HM 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 Operating Committee's responsibility for monitoring, challenging and reporting on performance against, and risks to, HM Treasury's objectives.

All key updates on performance and risk for EMB and TB(SC) are shared via the Quarterly Performance and Risk Report (QPRR), escalating critical issues and risks that exceed the department's risk appetite to enable senior managers to respond appropriately.

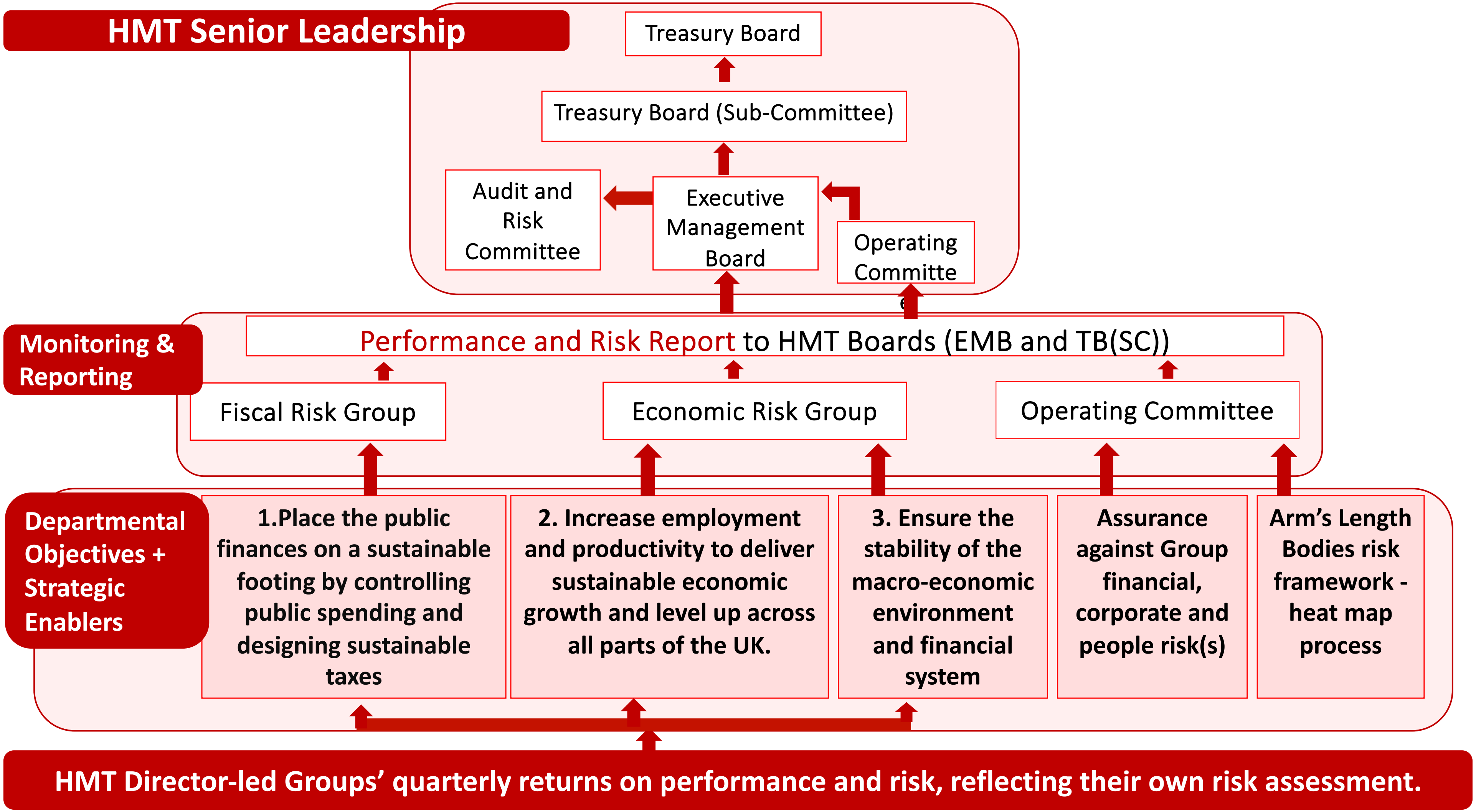
In 2023-24, the department embedded an updated approach to the QPRR to include an assessment of progress against the highest priority deliverables set out in the department's Outcome Delivery Plan. This improves the department's central strategic picture of departmental performance and identifying more quickly where objectives may be off-track.

The 2023 National Risk Register was published in August 2023. The department owns four risks under the Lead Government Department Model. HM Treasury has incorporated updates on these four risks into the QPRR.

Throughout 2023-24, 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.

These have included discussions on policy issues – including the COVID Inquiry and economic risks, and HM Treasury's work to support the government's policy objectives on growth, climate and responding to geopolitical tensions.

Figure 12: Risk management framework



Principal Accounting Officer's report[36]

Delegation

The department's Permanent Secretary, James Bowler CB, is also the PAO for the department. He has delegated responsibility to each Director for the delivery of policy and management of risk within their group. They are also responsible for ensuring any policy or operational risks in their groups are understood across the department to help actively manage the cross-cutting risks facing HM Treasury.

Assurances

During the year there were several areas of independent assurance through the work of the NEDs, internal and external audit, the Head of the Treasury Legal Advisers (Government Legal Department) and other bodies such as the Office of the Civil Service Commissioners.

The Group Chief Internal Auditor has provided assurance to me (as outlined in his report on page 78) and to the ARC throughout the period. In turn the ARC has challenged and endorsed the Government Internal Audit Agency's work programme throughout the year, which included following up on key internal audit actions with management to ensure they were delivered.

The Group Annual Accounts are audited by the Comptroller and Auditor General under the requirements of the Government Resources and Accounts Act 2000. His Certificate and Report is set out from page 126. The cost of the external audit is disclosed in Note 27 – Auditor's Remuneration of the financial statements.

Other internal HM Treasury Group assurances have been provided by:

- UK Debt Management Office, Government Internal Audit Agency, UK Asset Resolution Ltd, Pool Reinsurance Company Ltd, the Royal Household, Reclaim Fund Ltd, UK Government Investments Ltd, and the UK Infrastructure Bank Ltd
- HM Treasury's Executive Management Board
- the Group Finance Director, and
- the Director of Analysis and Economic Director, who has confirmed that an appropriate quality assurance framework is in place and is used for all business-critical models.

[36] More detail on the control system is given in the Accounting Officer System Statement on gov.uk at https://www.gov.uk/government/publications/hm-treasury-principal-accounting-officer-system-statement

Additional Accounting Officers

To assist in the stewardship of public funds, and to maintain the system of internal control, additional accounting officers have been appointed across the HM Treasury Group. For further information see the list of Accounting Officers appointed by HM Treasury.

James Bowler CB is also Accounting Officer for the Consolidated Fund (CF) and The National Loans Fund (NLF). The CF was set up in 1787 and is akin to the government's current account. It receives the proceeds of taxation and other government receipts to fund public expenditure. The NLF was established in 1968 and is akin to the government's main borrowing and lending account. Most of the NLF's borrowing needs are met indirectly through borrowing on its behalf by the Debt Management Office and National Savings and Investments.

These are reported on independently of this Annual Report and Accounts, as are the Whole of Government Accounts. Each accounting officer produces an individual Governance Statement for their corresponding account.

Internal audit arrangements

Chris Westwood, Director of Internal Audit, Centre of Government at the Government Internal Audit Agency, provided his Annual Report and Opinion on the adequacy and effectiveness of HM Treasury's framework of governance, risk management and control to the Principal Accounting Officer and the ARC.

A Moderate opinion was provided for the period 2023-24. This assessment is based on the work that the GIAA has conducted during the year. 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.

Group Chief Internal Auditor's Report

A Moderate assurance rating has been provided for 2023-24. 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 2022-23.

I have seen evidence that the department has continued throughout the year to make improvements to the governance, risk management and control environment throughout the HM Treasury Group. This is notwithstanding that the department works with a highly challenging agenda that is regularly impacted by political uncertainty.

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

The Treasury Internal Audit function is provided by the cross-government Government Internal Audit Agency (GIAA), an executive agency of the Treasury.

The planned internal audit programme, including revisions to the programme during the year, was reviewed and endorsed by the department's Audit and Risk Committee and Principal Accounting Officer.

GIAA has delivered a wide programme of challenging internal audit engagements throughout 2023-24 from policy delivery to core systems and included coverage of a range of Treasury work including Models and Spreadsheets, Pensions Remedy Project, Use of the Reserve, OSCAR II, and Exchequer Funds Accounts, Freedom of Information, Wellbeing, Gifts and Hospitality, Conflicts of Interest and in addition, HM Treasury was also involved in the Cross Government internal audits of Sponsorship of Arm's Length bodies and Supplier Resilience.

GIAA also attended Project Board meetings of key projects OSCAR II Renewal Project, in order to observe and advise on risk and project management.

Chris Westwood
Director of Internal Audit, Centre of Government
Government Internal Audit Agency

Raising a Concern: Whistleblowing

The department is committed to creating an environment where staff are aware of how to raise concerns. This includes ensuring they feel supported in expressing concerns through the channels available to them, including where an issue may be classed as Whistleblowing.

The department's staff survey results in 2023 showed an increase from 60% (2022) to 63% (2023) of staff being aware of how to raise a concern under the Civil Service Code and an increase from 76% (2022) to 78% (2023) were confident that if a concern was raised it would be investigated properly.

The department has 3 nominated officers responsible for investigating staff concerns that are raised confidentially. They were:

- Zarin Patel – NED and Chair of the ARC
- Chris Westwood[37] – Group Chief Internal Auditor, Government Internal Audit Agency
- Philippa Davies[38] – Director, Public Services Group

During 2023-24 the department received 1 concern relating to staff conduct which fell within the scope of whistleblowing. This was investigated in line with the department's internal policy.

Transparency and scrutiny

The department welcomes scrutiny, whether from internal audit, the National Audit Office (NAO), Members of Parliament or members of the public.

The roles and structures described here are designed to ensure the effective governance, control and management of risk within the department.

[37] Chris Westwood took over the nominated officer role from Aneil Jhumat (who was acting interim nominated officer between January and April 2023).
[38] Philippa Davies went on maternity leave in September 2023. Joanna Harston, who is providing maternity cover took on the role of nominated officer in Philippa's absence.

Detail on the scrutiny of the department by internal audit, the public and Parliament can be found from page 51 of the Performance Report.

The NAO undertakes independent scrutiny of the department's performance. In addition to the financial audit services, the value for money studies of relevance to HM Treasury can be found on page 53.

Several parliamentary committees, including the Public Accounts Committee (PAC) and the Treasury Select Committee have called witnesses from across HM Treasury Group on key issues. The department welcomes the oversight, challenge and scrutiny this process provides, responds constructively to the recommendations it receives, and implements them where appropriate.

For example, the Public Accounts Committee's Forty-fourth Report of Session 2022-23 on Digital Service Tax was published on 5 April 2023, to which the government formally responded in a Treasury Minute published in June 2023. Progress on the implementation of the PAC's recommendation was provided in the Treasury Minutes Progress Report published in December 2023.

Workforce reporting

HM Treasury's workforce is critical to its ability to operate effectively, it relies on the expertise of its staff, their hard work and dedication. Information on sickness absence, off payroll engagements and staff pension costs is within the Staff Report on pages 97 to 105.

Personal data incidents

During 2023-24 the department did not experience any personal data breaches which met the required threshold for reporting to the Information Commissioner's Office.

Ministerial directions

The Accounting Officer is accountable to Parliament for ensuring that all expenditure meets the standards under Managing Public Money (MPM). If they conclude one or more of the four Accounting Officer standards cannot be met – regularity, propriety, value for money and feasibility, they must seek a written direction from the senior departmental minister before the expenditure can be committed.

No written directions were sought in the department during 2023-24.

Operational issues facing the department in 2023-24

The Governance Statement considers people, security and policy issues which might pose challenges to the delivery of the Treasury's objectives or undermine the integrity or reputation of the department.

Resourcing

The size of HM Treasury's workforce in 2023-24 remained broadly consistent with that of the previous year and additional information on our staffing profile is also included in the Staff Report on pages 97 to 105. The department has a plan to meet our expected position under the Spending Review settlement by March 2025, whilst working towards our commitment in Darlington.

The department operates a flexible and dynamic approach to resourcing – ensuring it is highly responsive and able to work at pace, with scope to move people with relevant experience into key roles quickly where required. This enables us to continue to respond effectively, such as to Russia's invasion of Ukraine and achieve wider policy outcomes including those related to the cost of living. Our resourcing has been further enhanced with the department's alignment to Civil Service standard grading structure. Previously, HM Treasury operated a merged 'Range D' grade, however from January 2024 this was separated into Higher Executive Officer and Senior Executive Officer grades, in consultation with Trade Unions.

HM Treasury has taken steps to diversify its recruitment streams and ensure it can attract and retain top talent including by aligning its grade structure with the wider Civil Service. The department is also committed to building an organisation that reflects and understands the citizens we serve, and to ensuring that all our staff are supported to perform to the best of their ability. Our people are drawn from a rich mix of backgrounds, skills and expertise. This means we can draw on the widest possible range of evidence and perspectives to better understand and respond to challenges, effectively advise our Ministers, strengthen our policy making, and maintain robust corporate functions.

Security

Security remains a priority for the department, with HMT's security team continuing to assess and adapt its efforts to address evolving threats and challenges to UK national security. We have enhanced our cyber monitoring and are working with government colleagues to have a more detailed understanding of the cyber risks for our key systems as part of the new cyber security GovAssure process.

We have continued to clear staff to higher security levels to provide resilience across the department. Twice annual security briefings were delivered to EMB by our Senior Security Adviser and an EMB desk exercise was undertaken on cyber risk, delivered in partnership with the Cabinet Office Government Security Group and National Cyber Security Centre (NCSC). A regular programme of protective and personal security communications to staff is being delivered and we continue to work closely with security colleagues across government to ensure that policies and guidance remain current and in line with the appropriate security and functional standards.

The security team continued to provide support and guidance to HM Treasury and our ALBs on sensitive policy matters and with service delivery, including campaigns to support staff with identifying suspicious online activity. We are enhancing our departmental Business Continuity plans, further increasing our expertise and testing scenarios to ensure that HM Treasury can continue to function effectively during any Business Continuity event.

The Corporate Governance Code

As part of the preparation of this report, the department has undertaken an assessment of its compliance with the Corporate Governance Code for Central Government Departments. This assessment has provided assurances that the department complies with the principles of the code.

Conclusion

I have considered the evidence that supports this Governance Statement, including from the department's governance structures and the independent advice provided by the ARC. I conclude that HM Treasury has satisfactory governance and risk management systems in place with effective plans to ensure continuous improvement to address weaknesses identified.

James Bowler CB
Permanent Secretary

23 July 2024

Statement of Accounting Officer responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the department to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental and other arm's length public bodies designated by order made under the GRAA by Statutory Instrument 2023 number 352 and 1360 (together known as the 'departmental group', consisting of the department and sponsored bodies listed at Note 1.3 to the accounts).

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department, the departmental group, the net resource outturn, application of resources, changes in taxpayers' equity and cash flows of the departmental group for the financial year.

In preparing the accounts, the Accounting Officer of the department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts are, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are, balanced and understandable

HM Treasury appointed the Permanent Secretary of the department as Principal Accounting Officer of the department. James Bowler CB was appointed as the Permanent Secretary and Principal Accounting Officer for HM Treasury on 17 October 2022.

The Principal Accounting Officer of the department has also appointed the Chief Executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies.

The Principal Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts.

Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer are set out in Managing Public Money published by HM Treasury. This includes responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, alongside keeping proper records and for safeguarding the assets of the department or non-departmental or other arm's length public body for which the Accounting Officer is responsible.

Statement regarding the disclosure of information to the auditors

As the Principal Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that HM Treasury's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I also confirm that the Annual Report and Accounts are fair, balanced and understandable, and I take personal responsibility for judgements made to ensure that they are fair, balanced and understandable.

Remuneration and staff report

Remuneration report[39]

Overview

This remuneration and staff report provides details of the department's policy on remuneration and amounts awarded to our ministers and directors. The report is a key part of demonstrating accountability to Parliament.

Remuneration policy

The pay of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. From time to time, the Review Body advises the Prime Minister on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In making its recommendations, the Review Body considers:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional and local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target, wider economic considerations, and the affordability of its recommendations

Remuneration for the Permanent Secretary and Second Permanent Secretaries is set by the Prime Minister on the recommendation of the Permanent Secretaries' Remuneration Committee. Remuneration is determined by the Treasury's Pay Committee in line with this central guidance for the remaining executive members of the Treasury Board and the Chief Executives of the Debt Management Office, Government Internal Audit Agency and National Infrastructure Commission.

Salary and bonuses

Salary covers both pensionable and non-pensionable amounts and includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the department and thus recorded in these accounts.

In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration. The salary for their services as an MP £86,584 (from 1 April 2023)[40] and various allowances to which they are entitled are borne centrally.

[39] Certain disclosures within the remuneration report have been audited as per the FReM 6.2.1.
[40] https://www.theipsa.org.uk/news/press-releases/ipsa-confirms-mps-pay-for-2023-24

However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the department and is therefore shown in full in this report.

Bonuses are based on performance levels achieved in 2022-23 and comparative bonuses on those achieved in 2021-22. Annual bonuses are paid following the appraisal process.

Benefits in kind

Staff receive certain minor benefits in kind, such as subscriptions and taxi journeys. HM Treasury has agreed with HMRC to account for Income Tax on such benefits on an aggregate basis, as it is not practical to disclose individual amounts.

Service contracts

The Constitutional Reform and Governance Act 2010 requires civil service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. No such compensation payments were made to senior managers during the year.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Pay committees

Dependent on the grade of senior manager, the pay committees responsible for reviewing pay comprise either the Permanent Secretaries, or the Permanent Secretaries and Directors General.

Treasury ministers – single total figures of remuneration (audited)

	2023-24				2022-23			
£[41]	**Salary (FYE)**	**Benefits in kind**	**Pension benefits**[42]	**Total**	**Salary (FYE)**	**Benefits in kind**	**Pension benefits**	**Total**
Current Ministers								
Jeremy Hunt Chancellor of the Exchequer (from 14/10/22)	67,505	6,800	18,000	**92,000**	31,393 (67,505)	3,100	8,000	**43,000**
Gareth Davies Exchequer Secretary to the Treasury (from 21/04/23)	21,132 (22,375)	-	5,000	**26,000**	-	-	-	**-**
Laura Trott MBE Chief Secretary to the Treasury (from 13/11/23)	11,025 (31,680)	-	3,000	**14,000**	-	-	-	**-**
Nigel Huddleston Financial Secretary to the Treasury (from 13/11/23)	10,599 (31,680)	-	3,000	**14,000**	-	-	-	**-**
Bim Afolami Economic Secretary to the Treasury (from 13/11/23)	8,577 (22,375)	-	2,000	**11,000**	-	-	-	**-**

[41] Salary and full year equivalent (FYE) are presented to the nearest £1. FYE is shown in brackets. Benefits in kind are presented to the nearest £100, pension benefits and total remuneration to the nearest £1,000.
[42] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. Where nil values are shown Ministers either opted out of the scheme or were unpaid.

£[41]	2023-24 Salary (FYE)	2023-24 Benefits in kind	2023-24 Pension benefits[42]	2023-24 Total	2022-23 Salary (FYE)	2022-23 Benefits in kind	2022-23 Pension benefits	2022-23 Total
Baroness Vere of Norbiton Treasury Lords Minister (from 15/11/23)	25,179 (70,969)	-	8,000	**33,000**	-	-	-	**-**
Former Ministers								
Baroness Penn Treasury Lords Minister (from 30/10/22 to 14/11/23)[43]	47,313 (70,969)	-	10,000	**57,000**	31,653 (70,969)	-	7,000	**39,000**
John Glen[44] Chief Secretary to the Treasury (from 25/10/22 to (12/11/23)[45]	-	-	-	-	-			
Victoria Atkins Financial Secretary to the Treasury (from 27/10/22 to 12/11/23)[46]	21,120 (31,680)	-	5,000	**26,000**	13,626 (31,680)	-	3,000	**17,000**
Andrew Griffith Economic Secretary to the Treasury (from 25/10/22 to 12/11/23)[47]	-	-	-	-	-	-	-	**-**
James Cartlidge Exchequer Secretary to the Treasury (from 28/10/22 to 21/04/23)[48]	1,865 (22,375)	-	1,000	**3,000**	9,563 (22,375)	-	2,000	**12,000**
Felicity Buchan Exchequer Secretary to the Treasury (from 08/09/22 to 29/10/22)	-	-	-	**-**	3,294 (22,375)	-	1,000	**4,000**
Richard Fuller Economic Secretary to the Treasury (from 08/07/22 to 26/10/22)	-	-	-	**-**	-	-	-	**-**
Edward Argar Chief Secretary to the Treasury (from 14/10/22 to 24/10/22)[49]	-	-	-	**-**	-	-	-	**-**
Kwasi Kwarteng Chancellor of the Exchequer (from 06/09/22 to 13/10/22)[50]	-	-	-	**-**	2,359 (67,505)	200	-	**3,000**
Chris Philp Chief Secretary to the Treasury (from 06/09/22 to 13/10/22)	-	-	-	-	4,840 (31,680)	-	1,000	**5,000**
Lucy Frazer Financial Secretary to the Treasury (from 16/09/21 to 07/09/22)	-	-	-	-	15,840 (31,680)	-	4,000	**19,000**
Sir Simon Clarke Chief Secretary to the Treasury (from 15/09/21 to 05/09/22)	-	-	-	-	15,840 (31,680)	-	3,000	**19,000**
Nadhim Zahawi Chancellor of the Exchequer (from 05/07/22 to 05/09/22)	-	-	-	**-**	11,251 (67,505)	1,100	3,000	**15,000**
Alan Mak Exchequer Secretary to the Treasury (from 08/07/22 to 07/09/22)	-	-	-	-	3,743 (22,375)	-	1,000	**5,000**
Helen Whately Exchequer Secretary to the Treasury (from 16/09/21 to 07/07/22)	-	-	-	-	6,015 (22,375)	-	1,000	**7,000**
Rishi Sunak Chancellor of the Exchequer (from 14/02/20 to 04/07/22)[50]	-	-	-	**-**	17,602 (67,505)	1,800	-	**19,000**

[43] Baroness Penn did not receive a severance payment due to changing roles (Parliamentary Under Secretary of State in the Department for Levelling Up, Housing and Communities).
[44] These ministers were in unpaid roles, therefore there are no figures to disclose.
[45] John Glen did not receive a severance payment due to changing roles (Paymaster General, and Minister for the Cabinet Office)
[46] Victoria Atkins did not receive a severance payment due to changing roles (Secretary of State for Health and Social Care)
[47] Andrew Griffith did not receive a severance payment due to changing roles (Minister of State Department for Science, Innovation and Technology)
[48] On 21 April 2023 James Cartlidge was replaced by Gareth Davies as Exchequer Secretary to HM Treasury. James Cartlidge did not receive a severance payment due to changing roles (Minister of State – Ministry of Defence)
[49] Edward Argar remained on the Cabinet Office payroll for the period he served as Chief Secretary to the Treasury.
[50] Rishi Sunak and Kwasi Kwarteng did not participate in the ministerial pension scheme during their time as Chancellor of the Exchequer.

Treasury ministers – severance payments[51] (audited)

	2023-24		2022-23	
£[52]	Actual Severance Received	Severance Entitlement	Actual Severance Received	Severance Entitlement
Kwasi Kwarteng Chancellor of the Exchequer (to 13/10/22)	-	-	16,876	16,876
Rishi Sunak[53] Chancellor of the Exchequer (to 04/07/22)	-	-	16,876	16,876
Alan Mak Exchequer Secretary to the Treasury (to 07/09/22)	-	-	5,593	5,593
Helen Whately Exchequer Secretary to the Treasury (to 07/07/22)	-	-	5,593	5,593

Ministerial benefits in kind

The monetary value of benefits in kind covers any benefits provided by the department and treated by HMRC as taxable. The Chancellor and Prime Minister have the use of their official residences at Downing Street. Expenses relating to its use, such as heating and lighting, are chargeable to tax under the terms of the Income Tax (Earnings and Pensions) Act 2003. The benefit in kind is capped at 10% of gross salary.

Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out within the Ministerial Pension Scheme 2015.[54]

Those ministers who are Members of Parliament may also accrue an MPs' pension under the PCPF (details of which are not included in this report).

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 ministerial pension schemes.

[51] Ministers who have not attained the age of 65 and are not appointed to a relevant ministerial or other paid office within 3 weeks of the last day of service, are eligible for a severance payment of one quarter of the annual ministerial salary being paid.
[52] Severance payments are presented to the nearest £1.
[53] Rishi Sunak repaid severance in the sum of £16,876.
[54] https://mypcpfpension.co.uk/wp-content/uploads/2019/09/ministerial-pension-scheme-rules.pdf

Treasury ministers – pension benefits (audited)

£000	Accrued pension at pension age as at 31/3/24	Real increase in pension at pension age	CETV at 31/3/24	CETV at 31/3/23[55]	Real increase in CETV
Current Ministers					
Jeremy Hunt Chancellor of the Exchequer	20-25	0-2.5	373	325	14
Gareth Davies Exchequer Secretary to the Treasury	0-5	0-2.5	5	N/A	3
Laura Trott MBE Chief Secretary to the Treasury	0-5	0-2.5	8	5	2
Nigel Huddleston Financial Secretary to the Treasury	0-5	0-2.5	34	29	2
Bim Afolami Economic Secretary to the Treasury	0-5	0-2.5	2	N/A	1
Baroness Vere of Norbiton Treasury Lords Minister	10-15	0-2.5	164	149	6
Former Ministers					
Victoria Atkins Financial Secretary to the Treasury	0-5	0-2.5	43	37	3
John Glen Chief Secretary to the Treasury	N/A	N/A	N/A	N/A	N/A
Andrew Griffith Economic Secretary to the Treasury	N/A	N/A	N/A	N/A	N/A
James Cartlidge Exchequer Secretary to the Treasury	0-5	0-2.5	7	6	-
Baroness Penn Treasury Lords Minister	0-5	0-2.5	58	47	4

[55] Figures have been restated where the administrator has made retrospective updates to the data.

Additional ministerial remuneration borne by HM Treasury (audited)

In addition to HM Treasury's departmental ministers, the department also bears the following ministerial salaries:

£000	2023-24 (FYE)	2022-23 (FYE)
Current Ministers		
Rishi Sunak[56] Prime Minister (from 25/10/22)	**75-80**	30-35 (75-80)
Simon Hart Chief Whip, Commons (from 25/10/22)	**30-35**	10-15 (30-35)
Marcus Jones Deputy Chief Whip, Commons (from 27/10/22)	**30-35**	10-15 (30-35)
Rt Hon Baroness Williams of Trafford Chief Whip, Lords (from 07/09/22)	**115-120**	65-70 (115-120)
The Earl of Courtown Deputy Chief Whip, Lords (from 16/07/16)	**105-110**	105-110
Former Ministers		
Liz Truss[56] Prime Minister (from 06/09/22 to 24/10/22)	-	5-10 (75-80)
Boris Johnson[56] Prime Minister (from 24/07/19 to 05/09/22)	-	30-35 (75-80)
Wendy Morton Chief Whip, Commons (from 06/09/22 to 24/10/22)	-	0-5 (30-35)
Christopher Heaton-Harris Chief Whip, Commons (from 08/02/22 to 05/09/22)	-	15-20 (30-35)
Craig Whittaker Deputy Chief Whip, Commons (from 08/09/22 to 25/10/22)	-	0-5 (30-35)
Kelly Tolhurst Deputy Chief Whip, Commons (from 01/07/22 to 06/09/22)	-	5-10 (30-35)
Christopher Pincher Deputy Chief Whip, Commons (from 08/02/22 to 30/06/22)	-	5-10 (30-35)
Lord Ashton of Hyde Chief Whip, Lords (from 26/07/19 to 06/09/22)	-	50-55 (115-120)
Other Additional Ministers (includes current and former ministers)		
Baronesses and Lords-in-Waiting	**495-500**	490-495
Government and Assistant Government Whips	**255-260**	260-265

[56] In addition to the ministerial salary listed above, serving Prime Ministers receive a benefit in kind in respect of the use of the official Downing Street residence. Rishi Sunak received a benefit of £7,500 in 2023-24 in respect of his role as Prime Minister (2022-23: Rishi Sunak received £3,200, Liz Truss received £500, Boris Johnson received £3,200).

Baroness and Lords-in-Waiting comprise

Current – 5 posts: Lord Harlech, Lord Caine, Lord Evans of Rainow, Lord Roborough and Lord Gascoigne.

Former: Baroness Bloomfield of Hinton Waldrist, Lord Davies of Gower, Lord Mott OBE and Dr Kay Swinburne.

Government and Assistant Government Whips as at 31 March 2024 comprise

14 posts: Rebecca Harris MP, Stuart Anderson MP, Amanda Solloway MP, Scott Mann MP, Rt Hon Dame Amanda Milling MP, Mike Wood MP, Joy Morrissey MP, Robert Largen MP, Gagan Mohindra MP, Aaron Bell MP, Mark Fletcher MP, Mark Jenkinson MP, Suzanne Webb MP, Ruth Edwards MP.

Former: Jo Churchill MP, Steve Double MP, Rt Hon Andrew Stephenson MP, Fay Jones MP, Julie Marson MP, Jacob Young MP.

Additional ministers – severance payments[57] (audited)

The table below represents the severance payments made to former ministers.

	2023-24		2022-23	
£[58]	Actual Severance Received	Severance Entitlement	Actual Severance Received (Restated)	Severance Entitlement (Restated)
Baroness Bloomfield, Lords Whip (Baroness in Waiting) (to 18/05/23)	16,406	16,406	-	-
Lord Mott OBE, Lord in Waiting (to 14/11/23)	16,406	16,406	-	-
Steven Double, Lord Commissioner of HM Treasury, Government Whip (to 14/11/23)	4,479	4,479	-	-
Julie Marson, Assistant Government Whip (from 27/10/22 to 14/11/23)[59]	4,479	4,479	-	-
Lord Ashton of Hyde Captain of the Honourable Corps of Gentlemen at Arms (to 06/09/22)	-	-	20,371	20,371
Liz Truss Prime Minister (to 24/10/22)	-	-	18,660	18,660
Boris Johnson Prime Minister (to 05/09/22)	-	-	18,660	18,660
Lord Parkinson of Whitley Bay[18] (to 19/09/22)	-	-	16,406	16,406
Baroness Penn of Teddington[60] (to 19/09/22)	-	-	7,572	16,406
Wendy Morton Parliamentary Secretary to the Treasury (from 06/09/22 to 24/10/22)	-	-	7,920	7,920
Craig Whittaker Deputy Chief Whip, Commons (from 08/09/22 to 25/10/22)	-	-	7,920	7,920
Christopher Pincher Deputy Chief Whip, Commons (to 30/06/22)	-	-	7,920	7,920
Adam Holloway, Lord Commissioner of HM Treasury, Government Whip (to 26/10/22)	-	-	4,479	4,479
Lee Rowley, Lord Commissioner of HM Treasury, Government Whip (to 06/07/22)	-	-	4,479	4,479
Lia Nici, Lord Commissioner of HM Treasury, Assistant Government Whip (to 26/10/22)	-	-	4,479	4,479
Mark Jenkinson, Lord Commissioner of HM Treasury, Assistant Government Whip (to 26/10/22)	-	-	4,479	4,479
Damien Moore, Lord Commissioner of HM Treasury, Assistant Government Whip (to 26/10/22)	-	-	4,479	4,479

[57] Ministers who have not attained the age of 65 and are not appointed to a relevant ministerial or other paid office within 3 weeks of the last day of service, are eligible for a severance payment of one quarter of the annual ministerial salary being paid.
[58] Severance payments are presented to the nearest £1.
[59] Previously held the same role 08/07/22 to 19/09/22
[60] Baroness Penn and Lord Parkinson of Whitley Bay each repaid severance in 2023 to the government in the sum of £8,834, the equivalent to seven weeks of her claimed annual ministerial salary representing the period after which, they were reappointed to government.

£[58]	2023-24 Actual Severance Received	2023-24 Severance Entitlement	2022-23 Actual Severance Received (Restated)	2022-23 Severance Entitlement (Restated)
Darren Henry, Lord Commissioner of HM Treasury, Assistant Government Whip (to 26/10/22)	-	-	4,479	4,479
James Cartlidge, Lord Commissioner of HM Treasury, Assistant Government Whip (to 07/07/22)	-	-	4,479	4,479
Suzanne Webb, Lord Commissioner of HM Treasury, Assistant Government Whip (to 19/09/22)	-	-	4,479	4,479
David Morris, Lord Commissioner of HM Treasury, Assistant Government Whip (to 19/09/22)	-	-	4,479	4,479
Julie Marson, Lord Commissioner of HM Treasury, Assistant Government Whip (to 08/07/22 to 19/09/22)	-	-	4,479	4,479
Rt Hon Sir David Evennett, Lord Commissioner of HM Treasury, Government Whip (to 26/10/22)[61]	-	-	4,479	-

[61] The Rt Hon Sir David Evennett has repaid £4,479 severance that was paid in error during 2022-23.

Senior management – single total figure of remuneration (audited)

£000[62]	Salary (FYE) 2023-24	Bonuses 2023-24	Pension benefits[63] 2023-24	Total 2023-24	Salary (FYE) 2022-23	Bonuses 2022-23	Pension benefits[64] 2022-23	Total 2022-23
James Bowler CB Permanent Secretary (from 17/10/22)	185-190	-	128	**315-320**	75-80 (180-185)	-	32	**105-110**
Catherine Little CB Second Permanent Secretary (from 17/10/22 to 31/03/24); Director General, Public Spending (to 17/10/22)	170-175	5-10	63	**240-245**	155-160	10-15	59	**230-235**
Beth Russell CB Second Permanent Secretary (from 17/10/22); Director General, Tax and Welfare (to 17/10/22)	160-165	5-10	84	**255-260**	155-160	10-15	37	**205-210**
Sam Beckett CB Second Permanent Secretary (from 31/05/2023)	130-135 (160-165)	-	-	**130-135**	-	-	-	**-**
Conrad Smewing Director General, Public Spending (from 13/09/22 to 27/11/22 and from 17/04/23)	130-135 (135-140)	5-10	132	**270-275**	30-35 (100-105)	-	-	**30-35**
Jessica Glover Director General, Productivity and Growth (from 09/07/23)	100-105 (135-140)	-	65	**165-170**	-	-	-	**-**
Gwyneth Nurse CB Director General, Financial Services (from 01/01/22)	140-145	5-10	82	**225-230**	130-135	10-15	98	**240-245**
Lindsey Whyte CB Director General, International Finance (from 22/11/21)	135-140	5-10	78	**220-225**	125-130	-	72	**200-205**
Will MacFarlane Director, Strategy, Planning and Budget (from 30/08/23)	65-70 (110-115)	-	(1)	**60-65**	-	-	-	**-**
Dan York-Smith CB Director General, Tax and Welfare (from 02/03/23); Director, Strategy, Planning and Budget (to 02/02/23)	135-140	5-10	169	**310-315**	115-120	10-15	55	**185-190**
Anna Caffyn Director, Finance (from 14/03/19 to 31/03/24)	105-110	5-10	47	**160-165**	95-100	10-15	7	**115-120**
Rebecca Coady Director, Operations (from 14/03/23)[65]	80-85 (95-100)	5-10	41	**130-135**	0-5 (95-100)	-	2	**5-10**
Peter King, Treasury Legal Adviser (from 13/09/22)[66]	-	-	-	-	-	-	-	**-**
Former Management								
Philip Duffy Director General, Productivity and Growth (from 01/06/20 to 30/06/23)	30-35 (130-135)	-	2	**35-40**	135-140	10-15	14	**160-165**
Veda Poon Director, International (from 23/10/20 to 27/07/23)	35-40 (100-105)	5-10	58	**100-105**	95-100	10-15	8	**120-125**
Tamara Bruck Director, Operations (from 27/03/23 to 01/03/24)[67]	90-95 (95-100)	-	32	**120-125**	0-5 (105-110)	-	-	**0-5**
Clare Lombardelli Chief Economic Adviser (to 26/03/23)	-	-	-	**-**	140-145	10-15	23	**180-185**
Catherine Webb Director, Operations (to 03/02/23)	-	-	-	**-**	85-90 (105-110)	10-15	9	**110-115**
Tom Scholar Permanent Secretary (to 08/09/22)	-	-	-	**-**	540-545 (195-200)	-	11	**550-555**
Charles Roxburgh Second Permanent Secretary (to 30/06/22)	-	-	-	**-**	65-70 (160-165)	-	-	**65-70**

[62] Salary and full year equivalent (FYE), bonuses and totals are presented in £5,000 bands. FYE is shown in brackets. Benefits in kind are presented to the nearest £100, pension benefits and total remuneration to the nearest £1,000. There were no benefits in kind for 2023-24 or 2022-23.
[63] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. For some older pension schemes the increase in pension due to extra service may not be sufficient to offset the effect of inflation so that, in real terms, the pension value can reduce.
[64] The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.
[65] Rebecca Coady was on Maternity leave from 30 April 2023 - 30 December 2023.
[66] Peter King sits on the Executive Management Board but is paid by the Government Legal Department.
[67] Tamara Bruck started her role as Operations Director on 27 March 2023, covering Rebecca Coady who went on maternity leave from April 2023. Tamara Bruck departed on 1 March 2024.

Following recommendations of the Senior Salaries Review Body, the level of pay increase and bonus awards for all senior civil servants is set by Cabinet Office.

The bonus awards made in HM Treasury in the current year reflect the previous year's performance and all bonus payments were within the thresholds set by Cabinet Office.

Senior management – pension benefits (audited)[68]

£'000	Accrued pension at pension age as at 31/03/24 and related lump sum	Real increase in pension at pension age	CETV at 31/03/24	CETV at 31/03/23[69]	Real increase in CETV[70]
James Bowler CB Permanent Secretary	70 - 75 plus a lump sum of 190 - 195	5- 7.5 plus a lump sum of 5 - 7.5	1,552	1,325	100
Catherine Little CB Second Permanent Secretary	35 - 40	2.5 - 5	468	377	33
Beth Russell CB Second Permanent Secretary	60 - 65 plus a lump sum of 155 - 160	2.5 - 5 plus a lump sum of 2.5 - 5	1,249	1,084	59
Sam Beckett CB Second Permanent Secretary[71]	-	-	-	-	-
Conrad Smewing Director General, Public Spending	45 - 50	5 - 7.5	824	663	99
Jessica Glover Director General, Productivity and Growth (from 09/07/23)	40 - 45 plus a lump sum of 110 - 115	2.5 - 5 plus a lump sum of 2.5 - 5	870	767	47
Gwyneth Nurse CB Director General, Financial Services	50 - 55 plus a lump sum of 140 - 145	2.5 - 5 plus a lump sum of 2.5 - 5	1,237	1,067	67
Lindsey Whyte CB Director General, International Finance	50 - 55 plus a lump sum of 10 - 15	2.5 - 5 plus a lump sum of 0 - 2.5	968	830	53
Will MacFarlane Director Strategy, Planning and Budget	35 - 40	0 - 2.5	636	608	(9)
Dan York-Smith CB Director General, Tax and Welfare	45 - 50	7.5 - 10	812	620	130
Rebecca Coady Director, Operations (from 14/03/23)	15 - 20	0 - 2.5	176	135	19
Anna Caffyn Director, Finance	35 - 40	2.5 - 5	608	528	27
Former management					
Philip Duffy Director General, Productivity and Growth	35 - 40 plus a lump sum of 95 - 100	0 - 2.5	700	676	(2)
Veda Poon Director, International	30 - 35	2.5 - 5	534	476	44
Tamara Bruck Director, Operations	30 - 35	0 - 2.5	638	568	18

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis.

[68] This table relates to pension benefits in the Civil Service Pension Scheme and represents the period as a member of EMB only. Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.
[69] Figures are restated where the Civil Service Pension Scheme have made retrospective updates to their data.
[70] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights. For some older pension schemes the increase in pension due to extra service may not be sufficient to offset the effect of inflation so that, in real terms, the pension value can reduce.
[71] Sam Beckett CB is a member of the Partnership Pension Scheme. Employer's contributions to the fund was £19,900 during the year and employee's contributions were nil.

From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy[72] is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

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[72] www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Cash Equivalent Transfer Value (CETV)

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 the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies (or, for ministers, their current appointment as minister).

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated in accordance with The Occupational Pension Scheme (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the minister or staff member. It is worked out using common market valuation factors for the start and end of the period.

Fair pay (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. This disclosure encompasses HM Treasury and its Agencies.

The banded remuneration of the highest paid director employed by HM Treasury in the financial year 2023-24 was a salary of £185k-£190k plus a bonus of £nil (2022-23: Salary £195k-£200k plus a bonus of £nil). This was 3.4 times (2022-23: 3.7 times) the median remuneration of the workforce, which was £54,438 (2022-23: £52,839).

The reduction in the median remuneration ratio is primarily driven by changes in the grade mix of employees and an increase in performance related pay.

The median pay ratio for 2023-24 reflects the remuneration policies of the department in light of the pay freeze and bonuses paid for the performance year 2022-23.

In 2023-24, two employees received remuneration in excess of the highest paid director. Remuneration ranged from £23.2k to £202.4k (2022-23: £21.2k to £193.1k).

Total remuneration includes contractual salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash-equivalent transfer value of pensions.

	2023-24 £000	2022-23 £000	Movement %
Highest paid director			
Salary and allowances	185-190	195-200	(5%)
Performance pay and bonuses	-	-	-

	2023-24	2022-23	Movement
	£	£	%
Average (mean) remuneration of other employees			
Salary and allowances	54,012	51,004	5.9%
Performance pay and bonuses	1,117	971	13.5%

	2023-24			2022-23		
Total pay and benefits	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Remuneration	£37,500	£54,438	£63,373	£34,379	£52,839	£60,515
Ratio	5	3.4	3	5.7	3.7	3.3

Salary only	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)	Lower Quartile (25%)	Median (50%)	Upper Quartile (75%)
Remuneration	£36,788	£53,661	£62,322	£33,629	£51,350	£59,428
Ratio	5.1	3.5	3	5.9	3.8	3.3

Fees paid to Non-Executive Board and Audit and Risk Committee members (audited)

	2023-24		2022-23	
£000[73]	**Fees (FYE)**	**Benefits in kind**	**Fees (FYE)**	**Benefits in kind**
Rt Hon Lord Hill of Oareford CBE Lead Non-Executive for HM Treasury (from 01/03/19)	20-25	-	20-25	-
Zarin Patel Non-Executive Director and Chair of the Audit and Risk Committee (from 01/03/17)	20-25	-	20-25	-
Edward Braham Non-Executive Board member and member of the Audit and Risk Committee (from 01/01/22)	15-20	-	15-20	-
Jane Hanson CBE Non-Executive Director and member of the Audit and Risk Committee (from 01/09/2022)	20-25	-	10-15 (20-25)	-

[73] Fees are presented in £5,000 bands. Benefits in kind are presented to the nearest £100.

£000[73]	2023-24 Fees (FYE)	2023-24 Benefits in kind	2022-23 Fees (FYE)	2022-23 Benefits in kind
Gay Huey Evans CBE Non-Executive Board member (from 01/01/19)	15-20	-	15-20	-
Ian Kenyon Member of the Audit and Risk Committee (from 25/04/22 to 17/01/23)[74]	-	-	-	-
Sir Peter Estlin Member of the Audit and Risk Committee (from 01/05/15 to 31/10/22)[75]	-	-	5-10	-

During the year Rt Hon Lord Hill of Oareford CBE donated his fees to charity.

Staff Report

This part of the Remuneration and Staff Report provides details of staff numbers and costs, including pension costs and exit packages for the HM Treasury Group in 2023-24.

Except for the table which details average staff numbers, all numbers are presented on an actual basis as at the reporting date. Information is reported in headcount unless indicated as FTE in the heading.

For information on staff matters, such as recruitment, Civil Service People Survey results and diversity see Strategic Enablers from page 42.

Analysis of staff costs (audited)

The following disclosures on staff costs (including pension costs), average number of persons employed and exit packages have been audited.

Staff Costs

In £m				2023-24	2022-23
	Permanent staff	Other[76]	Ministers	Total	Total
Wages and salaries	217	21	1	**239**	213
Social security costs	26	-	-	**26**	22
Staff pension costs	32	-	-	**32**	28
Sub total	**275**	**21**	**1**	**297**	**263**
Less recoveries in respect of outward secondments	(2)	-	-	**(2)**	(2)
Total net costs	**273**	**21**	**1**	**295**	**261**
Core department & Agencies	204	4	1	209	187
Departmental Group	71	17	-	88	76
Total Costs	**275**	**21**	**1**	**297**	**263**

See also Note 3 – Staff costs and numbers

[74] This is unpaid as Ian Kenyon was a serving Civil Servant.
[75] Appointment suspended 30/06/18 to 01/01/20 while Lord Mayor of the City of London.
[76] 'Other' relates to non-permanent staff such as short-term contract, agency and temporary staff, as well as staff seconded in from other bodies.

Average number of full-time equivalent persons employed

					2023-24 Number	2022-23 Number
	Ministers	Special Advisors	Permanent staff	Other	Total	Total
Core Treasury and agencies	5	5	2,632	77	2,719	2,672
ALBs and other bodies	-	-	950	96	1,046	937
Total persons employed	**5**	**5**	**3,582**	**173**	**3,765**	**3,609**

Special adviser costs are reported in the Cabinet Office Annual Report and Accounts.[77] Special advisers remain employed by the respective Departments of their appointing Minister.

Staff pension costs

Staff pension costs for permanent staff of £35m (2022-23: £28m) are primarily employer contributions, including £38.6m (2022-23: £36m) payable to the Civil Service Pension schemes[78], £6.1m (2022-23: £4m) payable to defined contribution schemes and £10m net credit (2022-23: £12m net credit) for UK Asset Resolution (UKAR) pension schemes and post-retirement healthcare benefits. The UKAR schemes are in surplus at the reporting date and the credit reflects the net interest income on the schemes.

The Civil Servants and Others Pension Scheme (alpha) was launched as a new pension scheme for civil servants from 1 April 2015. Details on the transition arrangements between alpha and Principal Civil Service Pension Scheme (PCSPS) are outlined on pages 93 to 95. The PCSPS scheme actuary valued the scheme as at 31 March 2020. Details can be found in the valuation report by the Government Actuary Department.[79]

For 2023-24, employer's contributions of £38.6m (2022-23: £36m) were payable to the PCSPS at one of four rates in the range of 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accrued during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0.3m (2022-23: £0.3m) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and have ranged from 8.0% to 14.75% of pensionable pay since 1 October 2015. In addition, employer contributions of 0.5% of pensionable pay of £9.9k (2022-23: £9k) were payable to the Civil Service Pension schemes to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees. Further details of the HM Treasury Group's pension schemes are provided in Note 10 – Net pension asset.

[77] https://www.gov.uk/government/collections/cabinet-office-annual-reports-and-accounts
[78] The Civil Service Pension schemes are unfunded multi-employer defined benefit schemes, however as the department is unable to identify the share of the underlying assets and liabilities they are treated as defined contribution schemes.
[79] https://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/

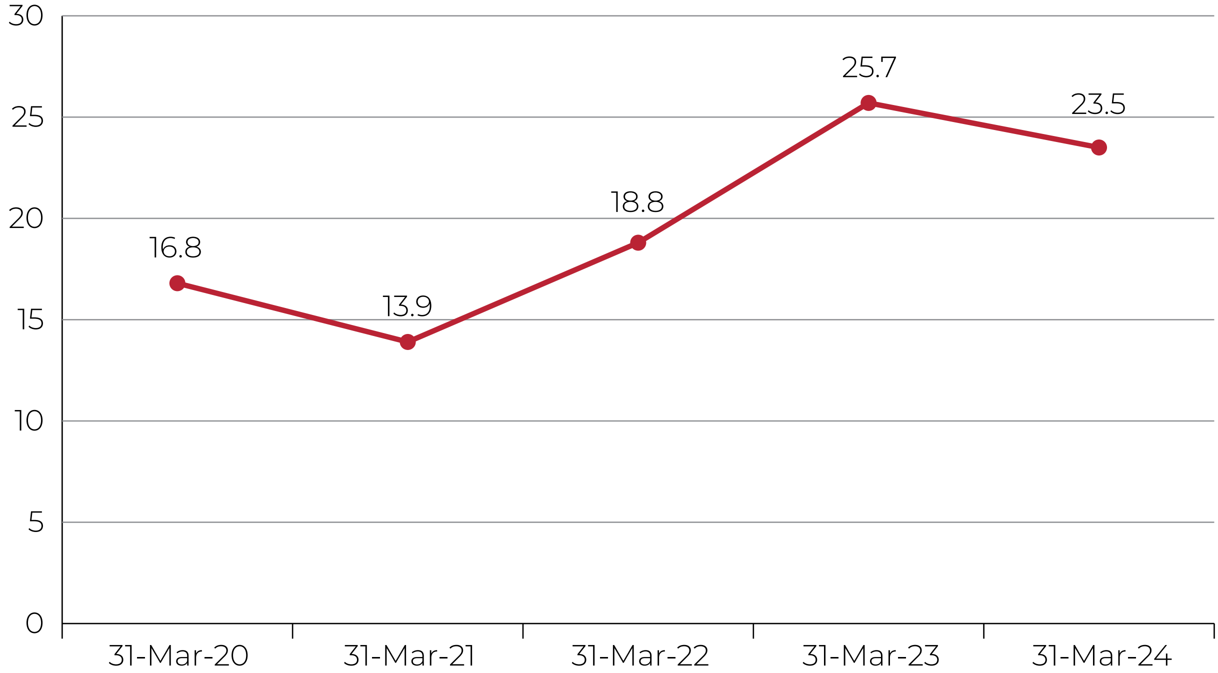
Workforce dynamics[80]

Core Treasury – Workforce breakdown (headcount)

		31 March 2024	31 March 2023	31 March 2022	31 March 2021	31 March 2020
Workforce Diversity (%)[81]	Diverse Ethnic Background	17.5	18.4	19.2	19.4	17.6
	Women	50.4	49.3	50.1	48.7	47.6
	Disabled person	10.7	10.2	10.2	9.1	8.8
	Part time	7.6	7.0	7.9	6.9	8.2
	Lesbian, gay, bisexual, other (LGBO)	10.3	9.2	8.5	7.6	7.4
	Lower socio-economic background (LSEB)[82]	16.6	16.5	16.6	12.6	n/a
Diversity of Senior Civil Servants only (%)	Diverse Ethnic Background	10.5	13.4	14.5	12.9	9.6
	Women	51.7	50.0	50.0	48.4	50.7
	Disabled person	8.4	6.3	6.6	5.2	5.1
	Part time	19.6	17.6	18.4	18.1	18.4
	LGBO	n/a	7.0	7.9	7.1	n/a
	LSEB	n/a	n/a	n/a	n/a	n/a

See also page 45 of the performance report for HM Treasury's work on diversity, inclusion and belonging during the year.

Core Treasury – Turnover, as at 31 March 2024 with trend:



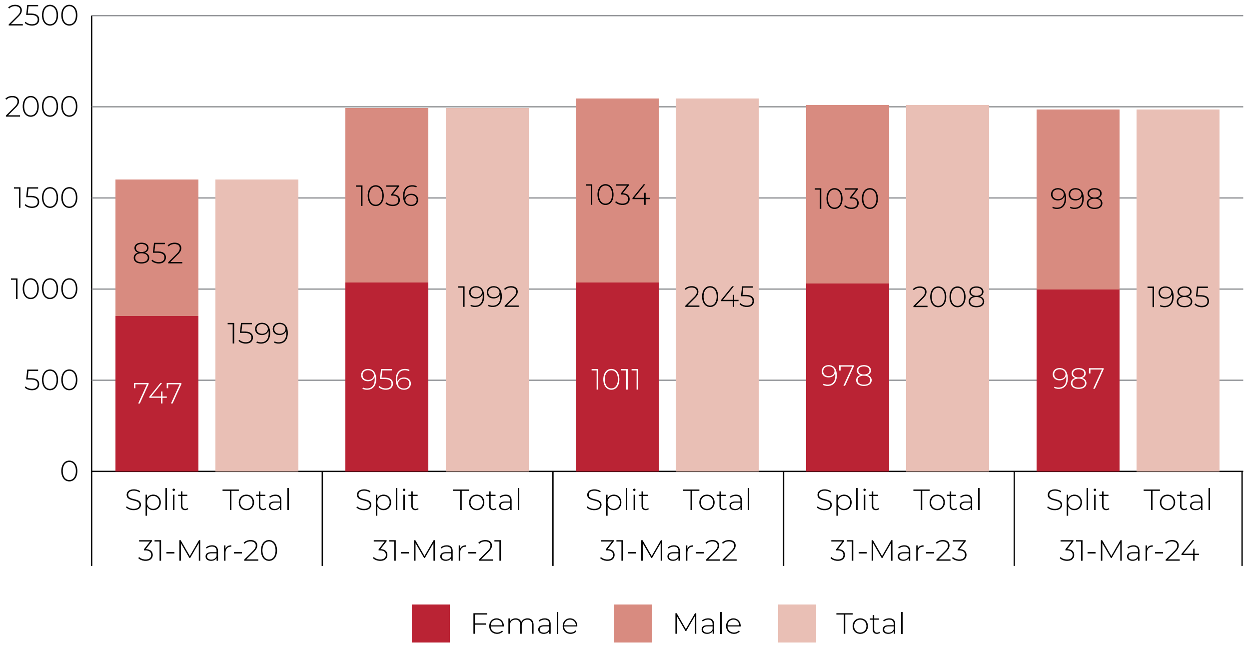
80 HM Treasury does not publish diversity data where it relates to a group of less than 5 people, on the basis that it may identify individuals. This is represented in the tables as n/a.

81 Diversity percentages are calculated based on paid headcount using ONS definitions. This includes personnel on maternity and paternity leave, and short-term secondments. Further information on how HM Treasury fulfils its responsibilities under the Public Sector Equality Duty (PSED) in the Equality Act 2010 is available on page 47.

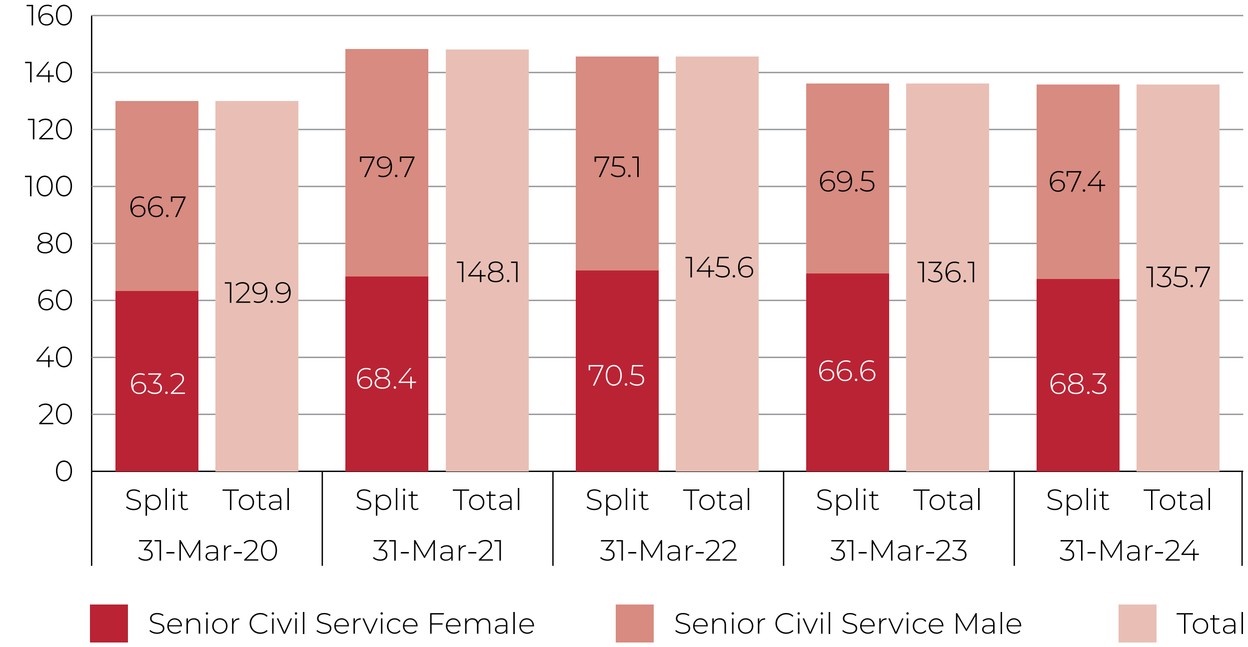
82 LSEB figures have been aligned to match the way this category is mapped in HM Treasury reporting, which is based on Cabinet Office and ONS guidance.

Core Treasury – Staff composition (FTE) as at 31 March 2024 (31 March 2023)

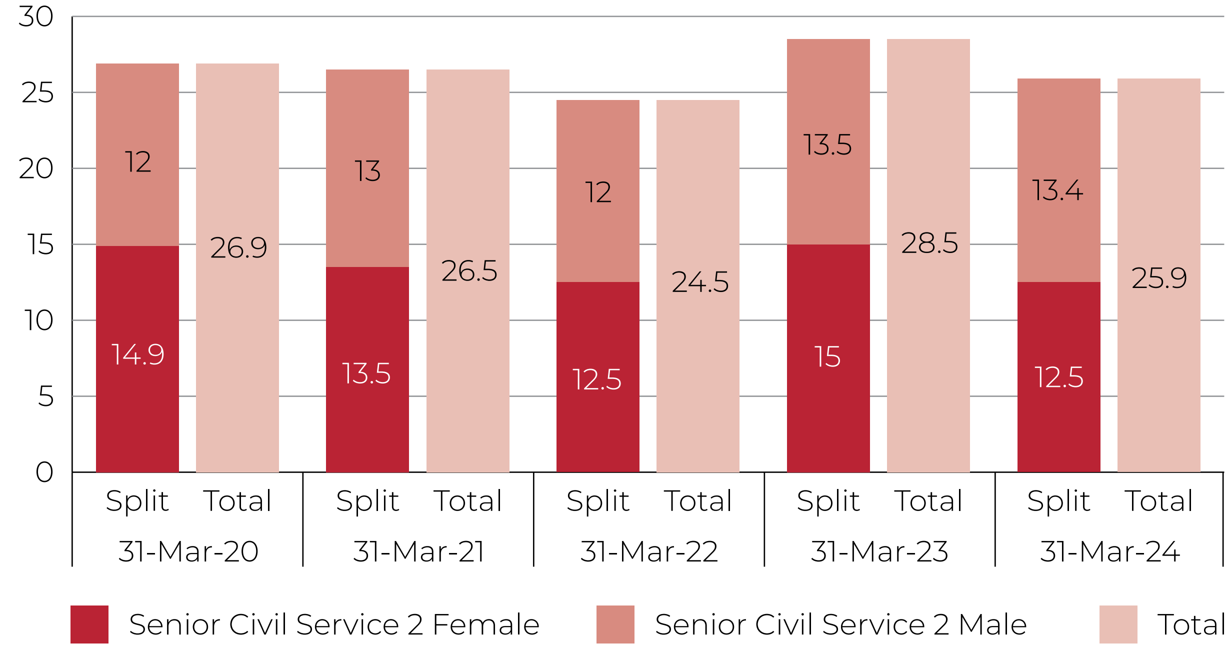
All Staff by gender, as at 31 March 2024 with trend:



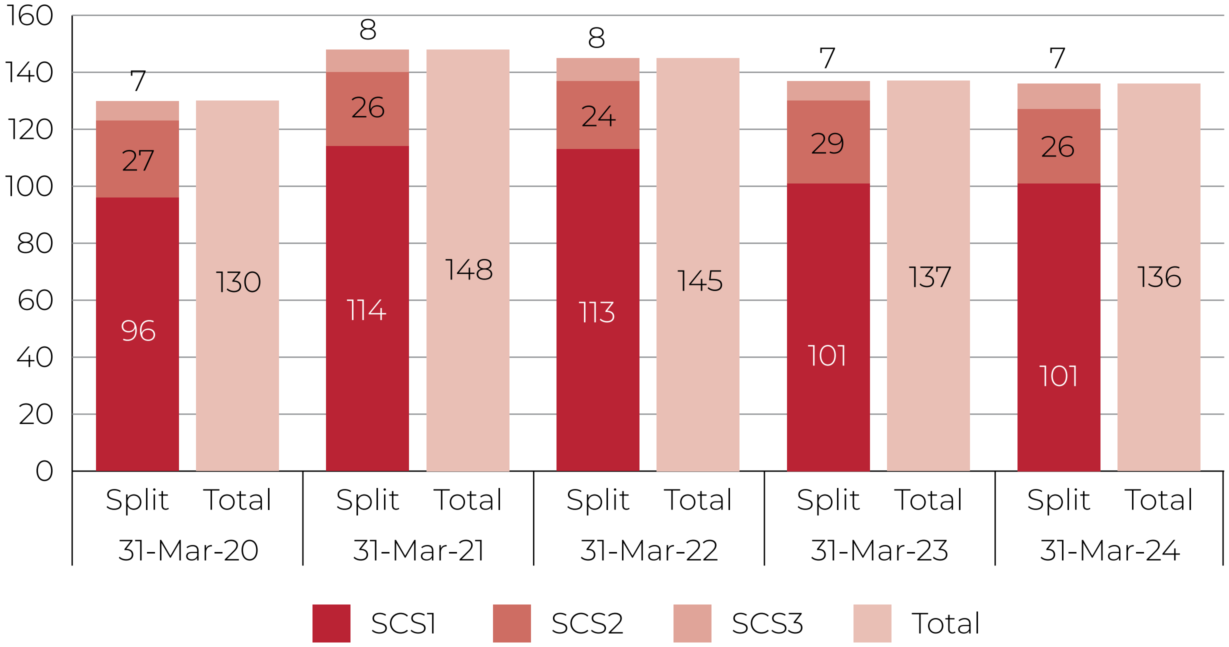
Senior Civil Service by gender, as at 31 March 2024 with trend:



Directors (SCS2) by gender, as at 31 March 2024 with trend:



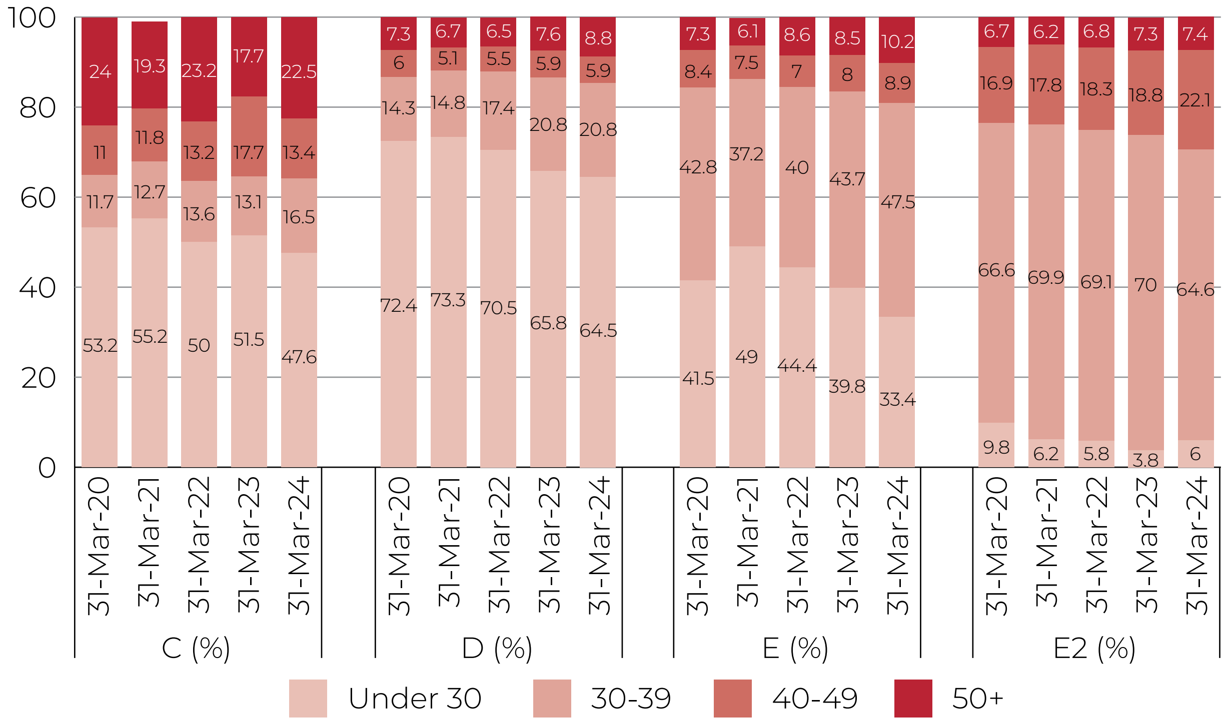
Core Treasury – Number of Senior Civil Servants by pay band (FTE)



Core Treasury – Grade diversity (headcount) as at 31 March 2024 (31 March 2023)

Range	Women	People from Ethnically Diverse Background	People with disabilities	LGBO	LSEB
B (%)	64.9 (65.3)	24.3 (18.4)	n/a (n/a)	n/a (n/a)	n/a (n/a)
C (%)	67.1 (62.9)	24.2 (26.2)	n/a (n/a)	6.9 (6.3)	16.9 (16.9)
D (%)	46.8 (46.1)	21.0 (19.9)	11.0 (11.9)	12.8 (11.6)	17.5 (18.1)
E (%)	47.6 (46.2)	15.9 (17.3)	10.4 (9.1)	10.7 (8.8)	15.5 (14.6)
E2 (%)	49.1 (49.8)	9.8(12.9)	11.6 (10.8)	6.4 (8.4)	16.5 (17.1)
SCS 1,2,3 (%)	51.7 (50.0)	10.5(13.4)	8.4 (6.3)	n/a (n/a)	n/a (n/a)

Core Treasury – Grade diversity by age[83]



Health, safety and wellbeing

Sickness absence

Across the department (including its executive agencies), the number of average working days lost (AWDL) during calendar year 2023 was 4.01 days (2022: 3.6). For Core Treasury alone AWDL during calendar year 2023 was 3.31 days (2022: 2.2). This remains below the latest available Civil Service average of 8.1 (as at 31 March 2023).[84]

Trade Union Facilities Time[85] and Percentage pay bill

The total number of employees who were relevant union officials during the relevant period was two (1 FTE). The percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period was significantly less than 1%. The total cost of facility time was £5,860.08 of a total pay bill of £143.3m.[86]

Exit Packages (audited)

The tables below show exit packages for the period ended 31 March 2024 (as at 31 March 2023).

[83] Grades B, SCS 1, SCS 2 and SCS 3 are not shown on this table. The number of each of these grades cannot be broken into age as this may identify individuals.
[84] https://www.gov.uk/government/collections/sickness-absence
[85] HM Treasury has no agreement in place for facilities time and therefore has nothing to disclose in relation to the percentage of time spent on facility time or paid trade union activities by employees.
[86] Calculated as the total gross amount spent on wages, employer pension contributions and employer National Insurance contributions during the period.

Core Treasury and Agencies

Exit package cost band	Compulsory redundancies	Other departures	Total
<£10,000	1 (-)	3 (-)	4 (-)
£10,000 – £25,000	- (1)	- (-)	- (1)
£25,000 – £50,000	- (-)	- (-)	- (-)
£50,000 – £100,000	- (-)	- (-)	- (-)
£100,000 – £150,000	- (-)	- (-)	- (-)
£150,000 – £200,000	- (-)	- (-)	- (-)
>£200,000	- (-)	- (1)	- (1)
Total number of exit packages	**1 (1)**	**3 (1)**	**4 (2)**
Total cost (£000)	**9 (17)**	**13 (397)**	**22 (414)**

Group[87]

Exit package cost band	Compulsory redundancies	Other departures	Total
<£10,000	1 (4)	3 (-)	4 (4)
£10,000 – £25,000	- (6)	- (1)	- (7)
£25,000 – £50,000	- (4)	- (1)	- (5)
£50,000 – £100,000	- (-)	- (-)	- (-)
£100,000 – £150,000	- (1)	- (-)	- (1)
£150,000 – £200,000	- (-)	- (-)	- (-)
>£200,000	- (-)	- (2)	- (2)
Total number of exit packages	**1 (15)**	**3 (4)**	**4 (19)**
Total cost (£000)	**9 (418)**	**13 (648)**	**22 (1,066)**

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2023-24 (2022-23 comparative figures are also given).

Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Consultancy

Consultancy and contingent labour

In £m	2023-24		2022-23	
	Core Treasury and Agencies	Group	Core Treasury and Agencies	Group
Consultancy	6	33	10	37
Contingent labour	4	21	3	30
Total	**10**	**54**	**13**	**67**

HM Treasury, its agencies and arm's length bodies use professional service providers to support specialist work. This includes consultancy, contingent labour (temporary workers), legal advice and IT expertise.

[87] Exit packages are paid, where applicable, in accordance with the terms of the Civil Service Compensation Scheme. Some group entities, such as UKAR do not make payments under the above scheme but under other schemes.

Off-payroll

Off-payroll arrangements are those where individuals, either self-employed or acting through a personal service company (PSC) are paid gross by the employer.

UK Infrastructure Bank (UKIB) had 1 senior official with significant financial responsibility between 1 April 2023 and 31 March 2024 who have been engaged off-payroll. UKIB had a total of 22 individuals on payroll and off-payroll that were deemed board members and/or senior officials with significant financial responsibility during the period.

At the reporting date, UKIB had no board members or senior officials with significant financial responsibility engaged off-payroll.

The tables below show off-payroll engagements for all bodies which are consolidated into the HM Treasury Group. Entities with nil return for all tables are not included for disclosure.

Off-payroll engagements as of 31 March 2024, earning £245[88] per day or greater

	Core Treasury	DMO	UKIB	RFL
The total number of existing engagements	-	16	35	6
Of which:				
No. that have existed for less than 1 year at time of reporting	-	4	12	2
No. that have existed for between 1 and 2 years at time of reporting	-	4	16	4
No. that have existed for between 2 and 3 years at time of reporting	-	2	7	-
No. that have existed for between 3 and 4 years at time of reporting	-	1	-	-
No. that have existed for 4 or more years at time of reporting	-	5	-	-

All off-payroll engagements at any point during the year ended 31 March 2024 and earning £245 per day or greater

	Core Treasury	DMO	UKIB	RFL
The total number of engagements	20	21	90	6
Of which:				
Not subject to off-payroll legislation[89]	-	-	-	-
Subject to off-payroll legislation and determined in-scope of IR35	10	21	90	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	10	-	-	6
No. of engagements reassessed for compliance or assurance purposes during the year	-	2	-	-
Of which:				
No. of engagements that saw a change to the IR35 status following review	-	2	-	-

[88] The £245 threshold is set to approximate the minimum pay scale for a Senior Civil Servant
[89] A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the department must undertake an assessment to determine whether that worker is in-scope of intermediary's legislation (IR35) or out-of-scope for tax purposes.

None of these engagements were direct (via PSC, contracted to the department) and are not on the payroll.

Off-payroll engagements between 1 April 2023 and 31 March 2024 for board members, and/or, senior officials with significant financial responsibility

	Core Treasury	DMO	UKIB
No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year	-	-	1
Total no. of individuals on payroll and off payroll that have been deemed "board members and/ or senior officials with significant financial responsibility", during the financial year. This figure should include both on-payroll and off-payroll engagements.	16	7	22

James Bowler CB
Permanent Secretary

23 July 2024

Parliamentary Accountability and Audit Report

Statement of Outturn against Parliamentary Supply (audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires HM Treasury to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows how an entity has spent against the Supply Estimate in detail. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, the accounts will receive a qualified opinion.

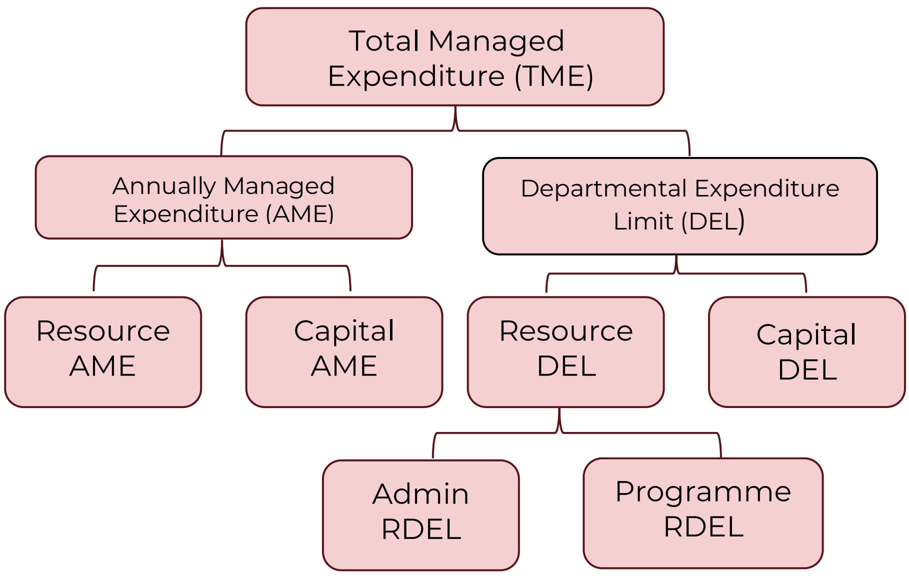
The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and an analysis of income payable to the Consolidated Fund (note 4).

The SOPS and Estimates are compiled against the budgeting framework, which is similar but different to IFRS. HM Treasury sets the budgetary framework for government spending.

Figure 13: Total Managed Expenditure (TME)



The total amount a department spends is referred to as the Total Managed Expenditure (TME); which is split into:

- Annually Managed Expenditure (AME)
- Departmental Expenditure Limit (DEL)

AME budgets are volatile or demand-led in a way the department cannot control. The department monitors AME forecasts closely and updates them annually.

HM Treasury set firm limits for DEL budgets, as DEL budgets are understood and controllable. The limit is set at spending reviews which usually occur every 3 to 5 years.

Budgets are also split into resource and capital categories:

- 'Resource' captures current expenditure
- 'Capital' captures new investment and financial transactions.

Resource DEL includes a further split into:

- 'programme' budgets for frontline service provision
- 'admin' budgets such as back-office functions, rent and IT

Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk[90].

[90] https://www.gov.uk/government/collections/consolidated-budgeting-guidance

Summary table

Summary table, 2023-24, all figures presented in £000's

Type of spend	SoPS note	Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Prior Year Outturn Total 2022-23
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Total
Departmental Expenditure Limit (DEL)										
Resource	1.1	361,740	2,342	364,082	392,199	2,710	394,909	30,459	30,827	311,130
Capital	1.2	1,095	-	1,095	7,252	-	7,252	6,157	6,157	7,064
Total Departmental Expenditure Limit (DEL)		**362,835**	**2,342**	**365,177**	**399,451**	**2,710**	**402,161**	**36,616**	**36,984**	**318,194**
Annually Managed Expenditure (AME)										
Resource	1.1	38,178,290	4,785	38,183,075	63,889,250	4,080	63,893,330	25,710,960	25,710,255	132,475,560
Capital	1.2	41,432,198	-	41,432,198	44,284,404	-	44,284,404	2,852,206	2,852,206	3,083,563
Total Annually Managed Expenditure (AME)		**79,610,488**	**4,785**	**79,615,273**	**108,173,654**	**4,080**	**108,177,734**	**28,563,166**	**28,562,461**	**135,559,123**
Total Budget										
Resource		38,540,030	7,127	38,547,157	64,281,449	6,790	64,288,239	25,741,419	25,741,082	132,786,690
Capital		41,433,293	-	41,433,293	44,291,656	-	44,291,656	2,858,363	2,858,363	3,090,627
Total Budget Expenditure		**79,973,323**	**7,127**	**79,980,450**	**108,573,105**	**6,790**	**108,579,895**	**28,599,782**	**28,599,445**	**135,877,317**
Non-Budget Expenditure		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Total Budget and Non-budget		**79,973,323**	**7,127**	**79,980,450**	**108,573,105**	**6,790**	**108,579,895**	**28,599,782**	**28,599,445**	**135,877,317**

Figures in the areas outlined in thick line cover the voted control limits vote by Parliament. Refer to Supply Estimates guidance manual available on gov.uk, for detail on the control limits voted by Parliament.

Net cash requirement 2023-24, all figures presented in £000's

Item	SoPS note	Outturn	Estimate	Outturn vs Estimate, (saving/(excess))	Prior Year Outturn Total 2022-23
Net cash requirement	3	49,201,351	52,397,630	3,196,279	10,431,947

Administration costs 2023-24, all figures presented in £000's

Type of spend	SoPS note	Outturn	Estimate	Outturn vs Estimate, (saving/(excess))	Prior Year Outturn Total 2022-23
Administration costs	1.1	329,657	357,798	28,141	309,245

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Notes to the Statement of Outturn against Parliamentary Supply, 2023-24 (£000's)

SOPS1 Outturn detail, by Estimate Line

SOPS1.1 Analysis of resource outturn by Estimate Line (in £000's)

Type of spend (Resource)		Resource Outturn							Estimate			Outturn vs Estimate, savings / (excess)	Prior Year Outturn Total 2022-23
		Administration			Programme			Total	Total	Virements	Total inc. virements		
		Gross	Income	Net	Gross	Income	Net						
Spending in Departmental Expenditure Limits (DEL)													
Voted expenditure													
A	Core Treasury	232,757	(10,976)	221,781	37,726	(5,639)	32,087	253,868	271,236	-	271,236	17,368	216,231
B	Debt Management Office	21,687	(4,497)	17,190	-	-	-	17,190	18,924	-	18,924	1,734	21,645
C	Government Internal Audit Agency	47,583	(45,044)	2,539	-	-	-	2,539	6,040	-	6,040	3,501	2,725
D	Office of Tax Simplification	-	-	-	-	-	-	-	1	-	1	1	857
E	UK Asset Resolution Limited (net)	4,998	-	4,998	-	-	-	4,998	5,740	-	5,740	742	4,797
F	Office for Budget Responsibility (net)	5,416	-	5,416	-	-	-	5,416	5,316	100	5,416	-	4,417
G	IUK Investments Limited (net)	-	-	-	-	-	-	-	-	-	-	-	-
I	HM Treasury Sovereign Sukuk plc (net)	-	-	-	(4)	-	(4)	(4)	1	-	1	5	(4)
J	Royal Mint Advisory Committee (net)	-	-	-	-	-	-	-	1	-	1	1	-
K	National Infrastructure Commission	4,979	(16)	4,963	-	-	-	4,963	5,200	(100)	5,100	137	5,199
L	UK Government Investments Limited (net)	17,741	-	17,741	-	-	-	17,741	21,178	-	21,178	3,437	17,178
M	UK Infrastructure Bank (net)	55,029	-	55,029	-	-	-	55,029	58,562	-	58,562	3,533	35,912
Total voted DEL		**390,190**	**(60,533)**	**329,657**	**37,722**	**(5,639)**	**32,083**	**361,740**	**392,199**	**-**	**392,199**	30,459	**308,957**
Non-voted expenditure													
N	Banking and gilts registration services	-	-	-	15,848	(13,506)	2,342	2,342	2,710	-	2,710	368	2,173
Total non-voted DEL		**-**	**-**	**-**	**15,848**	**(13,506)**	**2,342**	**2,342**	**2,710**	**-**	**2,710**	**368**	**2,173**

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate, savings / (excess)	Prior Year Outturn Total 2022-23
	Administration			Programme			Total	Total	Virements	Total inc. virements		
	Gross	Income	Net	Gross	Income	Net						
Total spending in DEL	**390,190**	**(60,533)**	**329,657**	**53,570**	**(19,145)**	**34,425**	**364,082**	**394,909**	**-**	**394,909**	**30,827**	**311,130**
Spending in Annually Managed Expenditure (AME)												
Voted expenditure												
O Core Treasury (AME)	-	-	-	613	(13,081)	(12,468)	(12,468)	(9,500)	-	(9,500)	2,968	(9,485)
P Debt Management Office	-	-	-	5,453	(2,000)	3,453	3,453	4,406	-	4,406	953	
Q UK circulating coinage	-	-	-	2,175	(1,597)	578	578	13,500	(5,500)	8,000	7,422	10,797
R Royal Mint dividend	-	-	-	-	1,068	1,068	1,068	(4,432)	5,500	1,068	-	(6,158)
T Assistance to financial institutions, businesses and individuals	-	-	-	40,283,990	(509,956)	39,774,034	39,774,034	62,806,432	-	62,806,432	23,032,398	137,220,262
U Royal Household (net)	-	-	-	89,097	-	89,097	89,097	91,946	-	91,946	2,849	107,323
V UK Asset Resolutions Limited (net)	-	-	-	1,101	-	1,101	1,101	23,929	-	23,929	22,828	241
W Help to Buy (HMT) Limited	-	-	-				-	1	-	1	1	-
X Help to Buy ISA	-	-	-	2,844	-	2,844	2,844	5,688	-	5,688	2,844	5,861
Y EU Withdrawal Agreement Financial Settlement	-	-	-	(1,502,566)	-	(1,502,566)	(1,502,566)	597,000	-	597,000	2,099,566	(4,321,629)
Z Reclaim Fund Ltd (net)	-	-	-	(87,848)	-	(87,848)	(87,848)	(42,233)	-	(42,233)	45,615	(49,741)
AA UK Infrastructure Bank (net)	-	-	-	17,270	-	17,270	17,270	45,400	-	45,400	28,130	(23,216)
AB Pool Reinsurance Company Limited (net)	-	-	-	(345,339)	-	(345,339)	(345,339)	(154,325)	-	(154,325)	191,014	(65,337)
AC Provisions	-	-	-	237,066	-	237,066	237,066	511,438	-	511,438	274,372	(397,595)
Total voted AME	**-**	**-**	**-**	**38,703,856**	**(525,566)**	**38,178,290**	**38,178,290**	**63,889,250**	**-**	**63,889,250**	**25,710,960**	**132,471,323**
Non-voted expenditure												
AD Royal Household Pensions	-	-	-	5,081	(296)	4,785	4,785	4,080	-	4,080	(705)	4,237
Total non-voted AME	**-**	**-**	**-**	**5,081**	**(296)**	**4,785**	**4,785**	**4,080**	**-**	**4,080**	**(705)**	**4,237**
Total spending in AME	**-**	**-**	**-**	**38,708,937**	**(525,862)**	**38,183,075**	**38,183,075**	**63,893,330**	**-**	**63,893,330**	**25,710,255**	**132,475,560**
Total Resource	**390,190**	**(60,533)**	**329,657**	**38,762,507**	**(545,007)**	**38,217,500**	**38,547,157**	**64,288,239**	**-**	**64,288,239**	**25,741,082**	**132,786,690**

SOPS1.2 Analysis of capital outturn by Estimate line (in £000's)

Type of spend (Capital)		Outturn			Estimate			Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total 2022-23
		Gross	Income	Net total	Total	Virements	Total inc. virements		
Spending in Departmental Expenditure Limits (DEL)									
Voted expenditure									
A	Core Treasury	890	(67)	823	2,120	-	2,120	1,297	3,360
B	Debt Management Office	323	-	323	800	(14)	786	463	120
C	Government Internal Audit Agency	44	-	44	30	14	44	-	-
G	IUK Investments Limited (Net)	-	-	-	1	-	1	1	-
H	IUK Investments Holdings Limited (Net)	-	-	-	1	-	1	1	-
K	National Infrastructure Commission	475	-	475	700	-	700	225	711
L	UK Government Investments Limited (net)	205	-	205	3,600	-	3,600	3,395	-
M	UK Infrastructure Bank (Net)	(775)	-	(775)	-	-	-	775	2,873
Total voted DEL		**1,162**	**(67)**	**1,095**	**7,252**	**-**	**7,252**	**6,157**	**7,064**
Total spending in DEL		**1,162**	**(67)**	**1,095**	**7,252**	**-**	**7,252**	**6,157**	**7,064**
Spending in Annually Managed Expenditure (AME)						-			
Voted expenditure						-			
S	Sale of shares	-	(3,484,371)	(3,484,371)	(1,422,391)	-	(1,422,391)	2,061,980	(2,146,454)
T	Assistance to financial institutions, businesses and individuals	44,548,944	-	44,548,944	44,548,944	-	44,548,944	-	5,009,534
U	Royal Household (Net)	4,100	-	4,100	2,851	1,249	4,100	-	(4,132)
X	Help to Buy ISA	111,908	-	111,908	150,000	(1,249)	148,751	36,843	137,975
Y	EU Withdrawal Agreement Financial Settlement	-	(260,000)	(260,000)	(260,000)	-	(260,000)	-	(258,934)
Z	Reclaim Fund Ltd (Net)	(117,882)	-	(117,882)	(60,000)	-	(60,000)	57,882	14,057
AA	UK Infrastructure Bank (Net)	603,837	-	603,837	1,200,000		1,200,000	596,163	245,165
AB	Pool Reinsurance Company Limited (Net)	25,662	-	25,662	125,000	-	125,000	99,338	86,352
Total voted AME		**45,176,569**	**(3,744,371)**	**41,432,198**	**44,284,404**	**-**	**44,284,404**	**2,852,206**	**3,083,563**
Total spending in AME		**45,176,569**	**(3,744,371)**	**41,432,198**	**44,284,404**	**-**	**44,284,404**	**2,852,206**	**3,083,563**
Total Capital		**45,177,731**	**(3,744,438)**	**41,433,293**	**44,291,656**	**-**	**44,291,656**	**2,858,363**	**3,090,627**

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegate authority to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk.

The outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can tie the Estimate back to the Estimates laid before Parliament.

Explanation of key variances between Estimates and net resource outturn as at 31 March 2024

SOPS 1.1 Analysis of resource outturn by Estimate line

Spending in Department Expenditure Limit (DEL)

A: Core Treasury

Underspends against budget have been primarily driven by a reduction in the department's expected costs of the NatWest Retail Offer announced at Budget 2024 following agreement with NatWest Group on cost sharing arrangements, reductions in spend on a number of smaller programmes (e.g. HMT's Business Engagement Process and Functional Convergence Programme), and also contingency held for a number of other smaller risks not being required over the second half of the year.

Spending in Annually Managed Expenditure (AME)

T: Assistance to Financial Institutions, businesses and individuals

Budget cover of £63bn was sought at the Supplementary Estimate 2023-24 for a potential decrease in the fair value of the Bank of England Asset Purchase Facility Fund (BEAPFF), this was reduced by £0.2bn for NatWest Group dividend income. For more information see Note 13 – Derivative Financial Instruments.

Y: EU Withdrawal Agreement Financial Settlement

The variance relates to the changes in provisions, payables and receivables for the Financial Settlement following the UK's exit from the European Union (see Note 9 – Trade and other receivables, Note 15 – Trade and other payables and Note 16 – Provisions).

Due to unpredictable exchange rate movements and uncertainty over movements in the underlying assets and liabilities at the time that budgetary cover was sought, a decision was made to cover a £0.6bn net increase in the liability, thereby generating the variance disclosed. By electing to budget for the potential downside, this ensured that a breach in control totals was less likely to occur.

AA: UK Infrastructure Bank

UK Infrastructure Bank underspend is driven by a number of the confirmed projects having drawdowns deferred beyond 2023-24, reflecting the nature of complex infrastructure projects and contributing to the variance against C-AME budgets and R-AME budgets, with R-AME also impacted by lower expected credit losses required to be accounted for than forecast.

AB: Pool Reinsurance Company Limited "Pool Re" (net)

Pool Re holds an investment fund of £7.0bn, built up by its members and available to pay claims in the event of an act of terrorism. The reported resource variance is as a result of movements in the fair value of Pool Re's financial assets.

AC: Provisions

A lower than expected provision was required for future bonus payments under the Help to Buy ISA scheme, causing a variance. This is due to less favourable economic considerations in the housing market, resulting in the actual required provision being lower than estimated.

SOPS 1.2 Analysis of capital outturn by Estimate line

Spending in Department Expenditure Limit (DEL)

L: UK Government Investments (UKGI)

Following reclassification of UKGI's office lease to a license arrangement, capitalisation of the lease under IFRS 16 *Leases* was no longer required.

Spending in Annually Managed Expenditure (AME)

S: Sale of Shares

Due to potential market sensitivity, no estimate for NatWest share sale income is included in the HM Treasury Estimate in advance of it being earnt. The 2023-24 budget figure is therefore income to 30 September, as included at Supplementary, with the variance relating to sales in the remainder of the financial year.

Z: Reclaim Fund

The Reclaim Fund capital budget and outturn reflect a net sale position. The budget was set based on outturn to 30 September which, given the expectation was to continue to hold cash rather than seek to reinvest, was considered a prudent basis. The variance therefore relates to asset maturities from October to March, as investment securities maturing in year weren't reinvested.

AA: UK Infrastructure Bank

As stated above, the UK Infrastructure Bank underspend is driven by several of the confirmed projects having drawdowns deferred beyond 2023-24, reflecting the nature of complex infrastructure projects.

AB: Pool Reinsurance Company Limited "Pool Re"

The Capital AME budget provided for a net purchase of investment securities of £125m, in line with Pool Re's reported 30 September position. The final outturn of £25.7m reflects a net sales position for the latter half of the year.

SOPS2 Reconciliation of outturn to net operating expenditure (in £000's)

Item	Note	Outturn total 2023-24	Prior Year Outturn Total 2022-23
Total Resource outturn	**SOPS 1.1**	**38,547,157**	**132,786,690**
Add: Capital grant in kind			(1)
Capital provisions		111,908	137,975
Capital research		467	704
Call of guarantees		12	
Total		**112,387**	**138,678**
Less: Income payable to the Consolidated Fund		(214,641)	(227,967)
Total		**(214,641)**	**(227,967)**
Net Operating Expenditure in Consolidated Statement	**SOCNE**	**38,444,903**	**132,697,401**

Outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

Capital grants are budgeted for as Capital DEL but accounted for as spend on the face of the SoCNE, and therefore function as a reconciling item between Resource and Net Operating Expenditure. The capital grants made relate to Help to Buy ISA bonus payments which are charged against Capital AME within the SOPS capital outturn.

Financial guarantees managed by UKIB score to Resource AME when they are created or impaired and are accounted on the face of the SoCNE at that point. When they crystalise and a guarantee is called, the previous Resource AME cost is reversed, and they score to Capital AME.

Income payable to the Consolidated Fund does not appear within the budgetary framework but is accounted for as spend on the face of the SoCNE, and therefore function as a reconciling item between Resource and Net Operating Expenditure. The income payable to the Consolidated Fund primarily relates to £209m fees under the Pool Re retrocession agreement, which have been accrued for and will be paid over to the Consolidated Fund when they have been received by HM Treasury (2022-23: £174m).

Capital grants in kind are budgeted for as Capital DEL but accounted for as spend on the face of the SoCNE, and therefore function as a reconciling item between Resource and Net Operating Expenditure.

Research meeting the ESA10[91] definitions of research, but not the IFRS criteria for capitalisation are budgeted for as Capital DEL but accounted for as spend on the face of the SoCNE, and therefore function as a reconciling item between Resource and Net Operating Expenditure. The research costs relate to research undertaken by the National Infrastructure Commission.

[91] European System of Accounts 2010

SOPS3 Reconciliation of net resource outturn to net cash requirement (in £000)

Item	Note	Outturn total	Estimate	Outturn vs Estimate, saving/ (excess)
Total Resource outturn	**SOPS 1.1**	**38,547,157**	**64,288,239**	**25,741,082**
Total Capital outturn	**SOPS 1.2**	**41,433,293**	**44,291,656**	**2,858,363**
Adjustments for ALBs and other bodies:				
Remove voted resource and capital		**302,179**	**(1,326,969)**	(1,629,148)
Add cash in grant-in-aid		**178,363**	**1,446,925**	1,268,562
Adjustments to remove non-cash items:				
Depreciation		**(7,744)**	**(11,793)**	(4,049)
Derivative fair value movements		**(40,305,979)**	**(63,000,000)**	(22,694,021)
New provisions and adjustments to previous provisions		**820,831**	**(1,108,438)**	(1,929,269)
Other non-cash items		**242,363**	**(200)**	(242,563)
Adjustments to reflect movements in working balances:				
Increase/(decrease) in inventories		**(291)**	**-**	291
Increase/(decrease) in receivables		**(455,006)**	**-**	455,006
(Increase)/decrease in payables		**1,359,202**	**-**	(1,359,202)
Use of provisions		**7,094,110**	**7,825,000**	730,890
Total		**(30,771,972)**	**(56,175,475)**	**(25,403,503)**
Removal of non-voted budget items:				
Banking and gilts registration service		**(2,342)**	**(2,710)**	(368)
Royal Household pension scheme		**(4,785)**	**(4,080)**	705
Total		**(7,127)**	**(6,790)**	**337**
Net cash requirement		**49,201,351**	**52,397,630**	**3,196,279**

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

SOPS4 Amounts of income to the Consolidated Fund

SOPS4.1 Analysis of income payable to the Consolidated Fund (in £000’s)

Item	Note	Outturn total		Prior Year, 2022-23	
		Accruals	Cash basis	Accruals	Cash basis
Operating income outside the scope of the Estimate		214,641	244,932	227,967	241,225
Capital receipts outside the scope of the Estimate		-	-	-	4,232,269
Total amount payable to the Consolidated Fund		**214,641**	**244,932**	**227,967**	**4,473,494**

Operating income outside the scope of the Estimate includes the inter-company income from Pool Re under the retrocession agreement, which eliminates at group level, and the income received to the government as a gift to the nation. See also Note 3 – Other operating income.

Capital receipts outside the scope of the estimate consists entirely of cash transfers from the BEAPFF derivative. See also Note 13 – Derivatives and Note 22 – Financial Risk.

SOPS4.2 Consolidated Fund income

Consolidated Fund income shown in the table above does not include any amounts collected by the department where it was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund are in the department’s Trust Statement in this Annual Report and Accounts.

Other parliamentary accountability disclosures

Losses and special payments (audited)

During the financial year 2023-24 the HM Treasury Group, had one reportable loss totalling £28m (2022-23: £91m) and no special payments (2022-23: £nil) totalling over £300,000.

In October 2018, the CJEU ruled that the UK was in breach of the Fiscal Marking Directive by allowing private pleasure craft such as motor cruisers, yachts and narrowboats to use lower-taxed rebated ("red") diesel for propulsion. The European Commission asked that the Court fine the UK €38.7m for delays implementing the ruling.

The final judgment of the Court was received on the 28 September 2023 and imposed a fine of €32m (£28m) which we have a legal obligation to pay under the terms of the Withdrawal Agreement. The fine was paid in November 2023.

Fees and charges (audited)

The HM Treasury Group receives the below fees and charges for services.

Fees and charges (Core Treasury)	Priority Outcome	Income (£m)
Reinsurance fees[92]	PO 3 Ensure the stability of the macroeconomic environment and financial system	209
UK Guarantees Scheme	PO 2 Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK	7
Mortgage Guarantees	PO 2 Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK	13

Fees and charges (Group)	Priority Outcome	Income (£m)
Pool Re commercial reinsurance fees	PO 3 Ensure the stability of the macroeconomic environment and financial system	263
GIAA audit fees	PO 1 Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes	45
DMO fees and charges	PO 1 Place the public finances on a sustainable footing by controlling public spending and designing sustainable taxes	4
UKIB guarantee fees	PO 2 Increase employment and productivity to deliver sustainable economic growth and level up across all parts of the UK	3

Fees for guarantees and reinsurance fees provided by core Treasury and the commercial reinsurance premiums charged by Pool Re are set based on the risk of a call on the underlying guarantees and insurance activities and are entered into to achieve specific policy objectives rather than to achieve a financial objective of recovering the annual costs of a service being provided. There is no material administration cost incurred in providing these services.

All other details regarding income from fees and charges received by arm's length bodies can be found in the relevant bodies' annual reports and accounts.

Income in the above tables is included within the SoCNE, split between income from sale of goods and services, Other operating income (Note 3) and Finance income (Note 7).

[92] Including interest due on receivable. This charge eliminates at group level.

Auditor

The Comptroller and Auditor General carries out the audit of the consolidated accounts of the HM Treasury Group under the Government Resources and Accounts Act 2000.

Central Funds

As detailed in the Governance Statement above, HM Treasury has oversight and administrative responsibility for the government's Central Funds, namely the Consolidated Fund, National Loans Fund, Contingencies Fund and Exchange Equalisation Account. These funds are accounted for outside of the Treasury departmental group, and disclosures within the Annual Report and Accounts of each of these funds[93] should be viewed alongside those of the departmental group.

Functional Standards

Our corporate functions are aligned with agreed cross-functional standards as appropriate and drive a culture of compliance with legislative demands and the general good practice expected of an effective government department.

Remote contingent liabilities (audited)

In addition to contingent liabilities reported under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in Note 21, HM Treasury is required to disclose liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the disclosure requirements of The Standard.

Contingent liabilities otherwise outside the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, such as financial guarantees, derivatives and insurance contracts are not included in this section and the risks relating to these instruments are detailed in Note 22.

These disclosures are required by Managing Public Money and are related to parliamentary accountability. All contingent liabilities must be reported to Parliament by a departmental minute so that Parliament has the opportunity to debate the merits of the item and to bind the government to honour the obligation. To meet the relevant disclosure requirements HM Treasury is required to provide a brief description of the nature of each contingent liability and where practical, an estimate of its financial effect.

In many cases, entering into arrangements that create a contingent liability has a distinct policy advantage; as they allow the government to intervene where it deems necessary, whilst not requiring an injection of government funding. While the risk of settlement may be remote, if they did crystallise there is a possibility that the government may have to distribute funds. The contingent liabilities disclosed by HM Treasury are linked to the role of being the UK's finance and economics ministry, or because there is no other practical place to disclose these within the public sector.

A remote contingent liability represents the maximum potential exposure assuming trigger events occur, and the maximum exposure crystallises. If any of the contingent liabilities detailed below were to crystallise and HM Treasury was required to settle an obligation this would be achieved through the normal Supply Estimates process.

HM Treasury's contingent liabilities include indemnities, financial guarantees and letters of support. These are explained in more detail below.

[93] https://www.gov.uk/government/collections/hmt-central-funds

EU Withdrawal Agreement

The UK left the European Union on 31 January 2020. HM Treasury continues to implement the financial settlement, as set out in the financial provisions of the Withdrawal Agreement. This 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.

HM Treasury's financial statements and related disclosures set out the accounting implications of the financial settlement for HM Treasury. See Note 1.6 – Significant judgements and estimates, Note 9 – Trade and other receivables, Note 15 – Trade and other payables, Note 16 – Provisions, Note 20 – Contingent assets and Note 21 – Contingent liabilities for detail.

HM Treasury also has a remote contingent liability, which does not meet the threshold for disclosure in the financial statements, in respect of the UK's contingent liability to the European Investment Bank (EIB). The terms of this are set out in Article 150 of the EU Withdrawal Agreement and is limited to the callable and returned paid in capital the UK held as a member state. The remote contingent liability is valued at £31.6bn as at 31 March 2024 (2022-23: £32.2bn).

HM Treasury, in addition, discloses here an unquantifiable remote contingent liability for any other liabilities that may ultimately fall to HM Treasury as a result of the implementation of the Withdrawal Agreement.

Further information on the financial impact of EU Withdrawal Agreement is included in the "European Union Finances" publication series.[94]

UK Asset Resolution (UKAR): Bradford & Bingley plc and NRAM Ltd financial assets

To facilitate each sale of UKAR's B&B and NRAM assets, HM Treasury has offered certain fundamental market-standard warranties which have created remote contingent liabilities. The crystallisation of any liability is dependent on the occurrence and identification of any defects covered by the warranties. Given their nature, such occurrence is considered remote.

Each of these sales and the associated remote contingent liabilities are listed below:

- On 13 November 2015, the Chancellor announced the sale of a portfolio of UKAR's NRAM loan book assets to Cerberus Capital Management L.P. The proceeds of the sale were £13.3bn. The maximum value of remote contingent liabilities arising from Intermediate Warranties is £13.3bn.
- On 26 April 2018, the Chancellor announced the sale of UKAR's B&B loan book assets to an investor group led by Barclays. The proceeds of the sale were £5.4bn. The maximum value of remote contingent liabilities arising from Corporate Warranties is £5.4bn.
- On 2 April 2019 the Economic Secretary to HM Treasury announced the sale in March 2019 of a portfolio of UKAR's NRAM 'together' loans to Citi with majority funding from PIMCO. The proceeds from the sale were £4.9bn. The maximum value of remote contingent liabilities arising from Fundamental warranties is £4.9bn and £60m.

[94] https://www.gov.uk/government/collections/eu-annual-statement

- On 26 February 2021 the Economic Secretary to HM Treasury announced the sale of Bradford & Bingley plc (B&B), NRAM Limited and their remaining assets to a consortium of Citibank and Davidson Kempner Capital Management, with financing provided by PIMCO. The proceeds from the sale were £5.1bn.

  Maximum value of remote contingent liabilities arising from:

Fundamental warranties	£4.8bn
Intermediate warranties	£960m
Other warranties	£4.8bn
Capped indemnities	£290m
Tax covenant	£290m

In addition to this list, UKAR also has a number of other remote contingent liabilities relating to previous asset sales where the likelihood is considered to be near zero due to the time elapsed since the relevant sales.

Reclaim Fund Limited (RFL) – Dormant Assets

Reclaim Fund Limited (RFL) acts as a dormant account fund operator. The Dormant Bank and Building Society Accounts Act 2008 and Dormant Assets Act 2022 enable participating financial institutions to transfer to RFL money that dormant accounts (e.g. eligible bank and building society accounts which have remained dormant for 15 years or more with no customer transactions).

The Acts require RFL to manage dormant account funds in such a way as to enable them to meet whatever customer repayment claims it is prudent to anticipate. HM Treasury has taken a power in the Dormant Assets Act 2022 to enable it to provide RFL with a loan in the event it is or looks likely to be unable to meet it reclaim obligations and thereby become insolvent.

The total remaining exposure that RFL may be required to settle above and beyond the amounts already set aside is £1,118m at 31 March 2024 (£1,048m at 31 March 2023).

Bank of England capital framework

In June 2018 HM Treasury and the Bank of England announced reforms to the Bank of England's financial framework to boost transparency, reinforce the Bank of England's resilience and independence and strengthen the financial system.

The formal agreement that HM Treasury recapitalise the Bank of England in the event of a major capital loss results in a remote contingent liability for HM Treasury. This is currently unquantifiable as the occurrence of the conditions required for the contingent liability to crystallise cannot be accurately calculated, given the unprecedented nature of the economic conditions required, and as the framework is not for a finite term.

The Bank of England has a strong capital base, and the risk of a major capital loss to the Bank of England requiring further injection by HM Treasury is considered remote due to the unprecedented nature of the economic conditions that would cause it to crystallise.

Asian Infrastructure Investment Bank

The Asian Infrastructure Investment Bank (AIIB) was established in December 2015 with the UK as a shareholder, to support sustainable development by financing for infrastructure projects in Asia. The UK's investment, like that of all other shareholders in the bank, is in the form of 20% paid-in capital and 80% callable capital. The paid-in capital was transferred in five annual instalments of US$122m, totalling US$611m, with the last payment in December 2019.

A remote contingent liability arises in relation to the US$2.4bn (approximately £1.9bn) of callable capital. This is not paid over, but the AIIB would be able to call on it in the event that the bank became unable to meet its obligations.

Although the AIIB has the right to call for payment of this callable capital if there is a crisis affecting the bank's assets, the equity base of the bank is currently more than sufficient to meets its financial objectives by absorbing risk from its own resources, thus protecting member countries from a possible call on callable capital. Three major credit ratings agencies reaffirmed the bank with AAA ratings in 2023-24, and no such instance whereby payment has been called has occurred in any major multilateral development bank in the past. If the liability were to be called, provision for any payment would be sought through the normal Supply Estimates procedure.

European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development (EBRD) was set up in March 1991 with the UK as a shareholder, along with a number of other countries, to help build a new, post-Cold War era in Central and Eastern Europe. The UK's investment is in the form of 20.9% paid-in capital and 79.1% callable capital. The shareholding of the EBRD was transferred from FCDO to HM Treasury in 2021.

A remote contingent liability arises in relation to the €2.0bn (approximately £1.7bn) of callable capital. This is not paid over, but the ERBD would be able to call on it in the event that the bank were not able to meet its obligations.

Although the ERBD has the right to call for payment of this callable capital if there is a crisis affecting the bank's assets or loans, the equity base of the bank is currently more than sufficient to meets its financial objectives by absorbing risk from its own resources, thus protecting member countries from a possible call on callable capital. Three major credit ratings agencies re-affirmed the bank with AAA ratings in 2023-24 and no such instance whereby payment has been called has occurred in any major multilateral development bank in the past. If the liability were to be called, provision for any payment would be sought through the normal Supply Estimates procedure.

Royal Mint Pensions Indemnity

HM Treasury has provided an indemnity to the Cabinet Office in respect of employer contributions payable to the Civil Service Pensions Scheme when the Royal Mint's pensions transferred under 'new fair deal'. This liability would only materialise in the unlikely event that the Royal Mint failed to make payments to the pension scheme. It is unquantifiable since the scheme is expected to run for the foreseeable future, and the timing and scale of any possible failure by the Royal Mint cannot be predicted.

Director indemnities

HM Treasury employees and others can be called upon to act as a director of one of the incorporated companies within the HM Treasury Group or other wholly owned companies. HM Treasury has granted directors an indemnity against any losses or liabilities incurred in the course of their duties whilst the incorporated companies remain in public ownership. The crystallisation of any liability is dependent on the actions of the directors.

HM Treasury has not disclosed the financial effect of director indemnities because it is not practicable to do so, as there is no evidence to evaluate.

Service provider indemnities

UK Government Investments (UKGI) provided an uncapped indemnity to an investment bank providing corporate finance advice on a specific UKGI mandate to cover the risk that they could become liable to market participants for any misrepresentation, misleading statements or omissions (based on information from HM Government) made in the context of their engagement.

HM Treasury provided an investment management company with a capped £3m indemnity for support on the design of the Bounce Back Loan Scheme, which was created to support small businesses during the COVID-19 pandemic. The limited indemnity covers the risk that the company could become liable to third parties for claims made in the context of their engagement.

UK Government Investments

UK Government Investments (UKGI) maintains framework contracts with 24 financial-services firms to manage the disposal of the government's shareholdings. These services would typically include drafting prospectuses and other market-facing documents on the basis of information provided by the government. As is market-standard, these firms require an indemnity to cover the risk that they could become liable to market participants for any misrepresentation, misleading statements or omissions (based on the information from the government) made in the context of their engagement. Only the issuer/seller – not the bank – is responsible for the information contained in prospectuses and other documents. Therefore, any claims brought against the bank on these grounds would be meritless, meaning the likelihood of their success (and therefore of the liability crystallising) is seen to be exceptionally low. The number and breadth of participants involved, and value of any transaction is such that it is not possible to assert with any confidence what a suitable estimate might be.

It was necessary to procure specialist capital-markets advice as part of due-diligence work for companies in distress as a result of COVID-19. One advising bank required an indemnity to cover the risk that they could become liable to market participants for any misrepresentation, misleading statements or omissions made in the context of their engagement. Any such claims would almost certainly be without merit meaning the likelihood of their success is seen to be exceptionally low. Because of the breadth of this indemnity and the extreme unlikelihood of its crystallising, it is impossible to estimate a value.

UK Asset Resolution (UKAR): Other

The B&B plc Transfer of Securities and Property etc Order 2008 requires HM Treasury to give a guarantee or to make other arrangements for the purposes of securing that the assets of the remaining section of the B&B Pension Scheme are sufficient to meet its liabilities. As such, HM Treasury guarantees to pay or procure the payment of any benefit amount which falls due from the remaining section at a time when there are insufficient assets to pay that amount. As at 31 March 2024, there is no contingent liability to report (2022-23: £nil).

HM Treasury Group's former lending and other consumer credit business is governed by consumer credit law and other regulations. Claims upheld in favour of customers in relation to potential breaches of requirements could result in costs to HM Treasury Group. It is not possible to provide any meaningful estimate or range of the possible cost.

Reconciliation of contingent liabilities included in the Supply Estimate to the accounts

Quantifiable Contingent Liabilities			
Description of CLs **£m**	**Supply Estimate (up to)**	**Amount disclosed in ARA**	**Variance (Estimate – Amount disclosed in ARA)**
EU Withdrawal Agreement – Article 150 EIB callable capital	32,200	31,552	648
EU Withdrawal Agreement – Article 136 Traditional own resources	-	76	(76)
EU Withdrawal Agreement – Article 147 Legal cases	338	15	323
UKAR: Bradford & Bingley plc and NRAM Ltd mortgage assets sales:			
March 2015 - intermediate warranties	-	13,300	(13,300)
March 2017 – fundamental warranties	11,400	-	11,400
April 2018 – corporate warranties	-	5,400	(5,400)
September 2018 – fundamental warranties	195	-	195
March 2019 - fundamental warranties	4,960	4,960	-
February 2021 – fundamental warranties	4,828	4,800	28
February 2021 – intermediate warranties	960	960	-
February 2021 – other warranties	4,828	4,828	-
February 2021 – capped indemnities	290	290	-
February 2021 – tax covenant	290	290	-
RFL Dormant Assets	1,101	1,118	(17)

Unquantifiable Contingent Liabilities			
Description of CLs	**Included in Supply Estimate (Yes/No)**	**Included in these financial statements (Yes/No)**	**Explanation of difference**
Bank of England Recapitalisation Guarantee	Yes	Yes	Not Applicable
European Bank for Reconstruction and Development Callable Capital Guarantee	Yes	Yes	Not Applicable
Asian Infrastructure Investment Bank Callable Capital Guarantee	Yes	Yes	Not Applicable
Royal Mint Pension Indemnity	Yes	Yes	Not Applicable
Decommissioning Relief Deeds	Yes	Yes	Not Applicable
Litigation Activity	Yes	Yes	Not Applicable
Director Indemnities	Yes	Yes	Not Applicable
Service Provider Indemnities	Yes	Yes	Not Applicable
UK Government Investments Indemnities	Yes	Yes	Not Applicable
UKAR: Bradford & Bingley plc and NRAM Ltd Mortgage Warranties and Indemnities	Yes	Yes	Not Applicable
UKAR: Bradford & Bingley plc and NRAM Ltd Pension Guarantees	Yes	Yes	Not Applicable
Bank of England Asset Purchase Facility Fund Indemnity	Yes	Yes	Not Applicable

The £895m variance relating to the EU Withdrawal Agreement contingent liability is largely due to exchange rate movements on an exposure held in Euros and a reduction in legal cases facing the EU. This is partially offset by an additional annual repayment of the UK's share of EIB paid-in capital during the year, alongside separately recognising a contingent liability for 'traditional own resources' due to the EU where payment cannot be met by the Consolidated Fund.

The variance relating to UKAR warranties of (£13.3bn), £11.4bn, (£5.4bn) and £195m are due to changes in the expected maximum exposure to the HM Treasury group at the reporting date after the supplementary estimate was finalised.

James Bowler CB
Permanent Secretary

23 July 2024

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of HM Treasury and of its Departmental Group for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2023. The financial statements comprise the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of HM Treasury and the Departmental Group's affairs as at 31 March 2024 and their net expenditure after tax for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- 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 HM Treasury and its Group 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.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of authorities	
Authorising legislation	Government Resources and Accounts Act 2000
Parliamentary authorities	Supply and Appropriations Act
HM Treasury and related authorities	Managing Public Money

Conclusions relating to going concern

In auditing the financial statements, I have concluded that HM Treasury and its group'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 HM Treasury or its Group'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 HM Treasury and its Group is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires 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.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not included information relating to the work I have performed around management override of controls, nor the implementation of Workday within the UK Infrastructure Bank as these are areas where my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; their report on matters that they considered to be significant to the financial statements is set out in the governance statement.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

I have not identified a key audit matter this year relating to the consolidation of Pool Reinsurance Company Limited's (Pool Re's) financial information into the HM Treasury Group financial statements. This was assessed as a key audit matter in the previous year due to its first-time consolidation.

Key audit matter 1 – EU Financial Settlement

Description of risk

The UK left the European Union (EU) on 31 January 2020 under terms defined by the Withdrawal Agreement. The Agreement includes a Financial Settlement and sets out the various rights and obligations of the UK and EU during the transition period and beyond. These include financial rights and obligations that fall to HM Treasury. The transition period ended on 31 December 2020. I have identified a significant risk of material misstatement in HM Treasury accounts because of the underlying complexity and sensitivity of judgements surrounding interpretation of the Withdrawal Agreement. I consider this area to be a key audit matter.

The specific areas of risk identified by my audit are:

- Classification: HM Treasury receives invoices and reporting from the European Commission in accordance with the terms of the Withdrawal Agreement. If HM Treasury does not sufficiently scrutinise EU data and understand the Commission's process for classification, or identify where changes in circumstances affect classification, and assess against IFRS requirements, there is a risk of subsequent misclassification in HM Treasury's accounts. Separately, there is a risk that balances in the accounts are misclassified where invoiced amounts to be paid are known at year end or subsequent to the reporting date;

- Valuation: the valuation of items arising from the Withdrawal Agreement requires the use of different estimation techniques, with varying degrees of complexity, that utilise a range of inputs and assumptions with differing degrees of sensitivity. For some of these estimates, there is a high level of estimation uncertainty and input data has to be derived from limited sources. Reports received from the European Commission, in accordance with the requirements of the Withdrawal Agreement, may also provide additional information over time that HM Treasury will need to consider when preparing these estimates. Due to non-coterminous reporting periods, there is a risk HM Treasury will not obtain data from the European Commission in time or obtain sufficient assurance over the completeness and accuracy of these reports. Additionally, there is a risk that some of the data being relied upon to derive assumptions will become outdated or may no longer be fit for purpose.

- Disclosures: there is a risk that the estimation uncertainty and other disclosures for fair value measurements and other balances are not sufficient or accurate, due to the risks of using inappropriate methodologies, assumptions or data sources. There is also a risk of insufficient disclosure if information received after the reporting date, such as the publication of the European Commission's annual accounts, provides additional evidence in relation to events or conditions in existence at 31 March; and

- Regularity: HM Treasury is making payments to the European Commission under the Withdrawal Agreement with limited visibility over the underlying data underpinning the transaction value. I have identified a risk that HM Treasury needs to obtain sufficient assurance over the amounts to confirm these are in line with the framework of authorities.

My response to addressing the risk of material misstatement in this area included:

How the scope of my audit responded to the risk

- assessing the reasonableness and completeness of governance processes and the design of controls in place over the models used to prepare the estimates, and the process in place to ensure appropriate balances and disclosures derived from these models are appropriately included in the financial statements. I have not relied on these controls;
- observing and assessing the design and implementation of controls over the completeness and accuracy of invoiced amounts, payments processes and also the 'truing up' mechanism for adjusting amounts when agreed by the UK and EU in accordance with the terms of the Withdrawal Agreement. I have not relied on these controls;
- undertaking a review of previous judgements on recognition to ensure these remain valid and to identify any changes required. I have also considered whether the financial reporting impact of these is appropriately presented and disclosed within the financial statements;
- assessing the models used in preparing the estimates, to confirm the estimates drawn from these models are reasonable, based on relevant information, and follow an appropriate measurement methodology;
- identifying where management have used experts and evaluating the competence, capabilities and experience of those experts. This has included confirming that the scope of their work is appropriate and sufficient for the purposes relied upon by management;
- engaging my own experts in modelling, corporate finance and actuarial science to support my work evaluating the methodology, logical integrity and assumptions applied in the estimates performed by management;
- reviewing the quality of management's assessment of the level of uncertainty present within these estimates and the processes in place to address this uncertainty;
- considering the assurances obtained over amounts included within invoices received from the European Commission to confirm that these conform to the authorities that govern them and are appropriately supported;
- evaluating and challenging management's assessment of information received after the reporting date, including additional reporting under the Withdrawal Agreement as well as information published within the European Commission's own accounts. This included requesting and reviewing management's comparison of the balances reported in the European Commission's 2023 accounts with their own assessment; and

- assessing the accuracy and completeness of the proposed disclosures required under the Government Financial Reporting Manual and Managing Public Money to ensure that these are adequate and sufficient for readers to be able to gauge the level of estimation uncertainty within the amounts recognised and disclosed.

Key observations

I am satisfied that the amounts recognised within the financial statements are appropriate.

I have found that HM Treasury's measurement of assets and liabilities within the Departmental and Group accounts identified in the Withdrawal Agreement to be accurate.

I have found that the models prepared by management use appropriate input data and apply reasonable and appropriate measurement techniques based on the data available. Key judgements are disclosed in note 1.6 and sensitivities are disclosed in notes 16 and 22.3. The Department has used the discount rates mandated by the Government Financial Reporting Manual, the basis for which is explained in notes 16 and 22. Future cash flows are denominated in Euros and, therefore, valuations are particularly sensitive to future change in exchange rate. This is also explained in notes 16 and 22.

I note that the nature of the data available to HM Treasury in estimating the value of assets and liabilities has limitations that require management to make significant judgements, including estimating the level of funds currently committed to programmes which will not be fully implemented (the decommitment rate).

This, together with the long term and forward-looking nature of the estimates involved, heightens the level of uncertainty in the valuation.

I am content that the amounts paid over to the European Commission have been calculated and paid in line with the Withdrawal Agreement, noting the presence and operation of a subsequent 'truing up' mechanism.

I have found HM Treasury's disclosures on estimation uncertainty and other disclosures for fair value measurements and other balances to be sufficient and accurate.

Key audit matter 2 – BEAPFF derivative valuation

Description of risk

HM Treasury provides an indemnity to the Bank of England Asset Purchase Facility Fund (BEAPFF) over its functions as a holding vehicle for debt securities purchased under the Quantitative Easing programme. Under this agreement, any losses incurred by BEAPFF on these assets are indemnified by HM Treasury, while any gains accrue to HM Treasury. This indemnity is therefore recognised as a derivative financial liability and was valued at £177.6bn at 31 March 2023. As at 31 March 2024, this liability position had decreased to £173.4bn.

The BEAPFF prepares its financial statements to 29 February, one month before HM Treasury's reporting date. HM Treasury uses BEAPFF's March management accounts to establish the value of the derivative at year end. Due to the non-coterminous year ends, the magnitude of the debt security holdings, scope for market price movements and risk of non-compliance with the financial reporting framework, I identified the valuation of the indemnity as a significant risk and key audit matter.

How the scope of my audit responded to the risk

My response to addressing the risk of material misstatement in this area included:

- Assessing the design and implementation of controls carried out by HM Treasury, to ensure that the figures reported in the BEAPFF management accounts for March 2024 are sufficiently accurate to use for the valuation of the BEAPFF derivative liability in HM Treasury's accounts;
- Confirming BEAPFF asset holdings at year-end to independent sources to ensure that those included in the valuation are complete and accurate;
- Recalculating the 31 March 2024 BEAPFF liability figures from independent sources;
- Independently confirming the quoted market prices used by HM Treasury are within a reasonable variance using an independent market source;
- Confirmation and review of settlement transactions, which occur on a quarterly basis between HM Treasury and BEAPFF, to assess whether they are accurately recorded and complete; and
- Confirming that management have performed the calculations and processes underpinning the valuation of the derivative appropriately and applied these accurately. This included confirming completeness and accuracy of the data used in valuing the BEAPFF derivative.

	Key observations I am satisfied that the amounts recognised within the financial statements are appropriate. I did not identify any significant misstatements as a result of the work I have performed. As explained in note 22, quoted market prices may vary reasonably between reputable sources. I am content that management has accurately used appropriate pricing data but note that, as indicated by management's sensitivity analysis, small variations that could reasonably arise from using alternative data sources would have a material impact on the accounts.

Key audit matter 3 – UKAR Defined Benefit Pension Liability

Description of risk

HM Treasury Group financial statements recognise a net pension asset (valued at £347 million at 31 March 2024) in relation to the closed funded defined benefit pension schemes recognised by UKAR. These consist of a gross defined benefit liability (valued at £1,050m at 31 March 2024) and scheme assets.

The gross defined benefit pension liability is material to HM Treasury Group's financial statements, subject to a high level of estimation uncertainty and, to a lesser extent, management judgement. As such I have classified the valuation of the defined benefit pension liability as a significant risk and as a key audit matter in respect of the audit of the Departmental Group.

The scheme assets include buy-in policies. Buy-in policies are a type of insurance contract purchased by the scheme trustees whereby the funding to pay future pension payments to pensioners is provided to the pension scheme by the insurer rather than through the management of the scheme by the trustees and are therefore intrinsically linked to the scheme liabilities. These assets are scoped-in to the significant risk.

All other pension assets continued to be recognised as an area of lower estimation uncertainty and limited management judgement, due to the balance being primarily made up of assets with externally quoted prices. As such I have judged that this does not present a significant risk of material misstatement.

How the scope of my audit responded to the risk	I issued group audit instructions to the UKAR component audit team, and reviewed the work performed in response. Testing included: • Evaluating the design and implementation of the controls that UKAR has in place to ensure that the liability is not materially misstated. This has included consideration of management's review of assumptions used, and the final IAS 19 report issued to support the valuation of the liability; • Evaluating the design and implementation of controls over membership data in place at the pension scheme administrator;

- Reviewing the report of management's actuary and agreement to the accounts;
- Performing procedures to earn the right to rely on the work of the scheme actuary as a management expert in accordance with ISA 500 Audit Evidence;
- Engaging with my own actuarial experts to obtain assurance over the reasonableness of key assumptions used by management's actuary in calculating the liability;
- Review of policy documentation for the Northern Rock Asset Management pension scheme buy-in policy; and
- Performing procedures to obtain assurance over membership data and other inputs used to calculate the liability.

Key observations

I have obtained sufficient assurance over this risk through my substantive testing. I did not identify significant misstatements in the funded defined benefit pension liabilities or buy-in policies as a result of the work I have performed. The assumptions used to value to liability have been assessed as reasonable.

Key audit matter 4 – Existence and Valuation of Pool Re's Financial Instruments

Description of risk

Pool Re receives premiums and invests these in a managed portfolio to generate returns and expand its asset base. Where claims are subsequently made under the reinsurance contracts Pool Re has issued, Pool Re is able to pay against these claims out of its investment portfolio, reducing the risk that the Departmental Group will need to call upon taxpayer funding via Supply to meet its liabilities.

Included within note 24, Pool Re's investment portfolio as at 31 March 2024 exceeded £6.8bn in financial instruments, in large part corporate bonds and gilts, and these are material to the group. These assets are actively traded, with £5.75 billion of sales and £5.78 billion of purchases recorded in the 2023-24 financial year. The trading values are also many times the materiality for the Departmental Group. There is an inherent risk of material misstatement in relation to the valuation and existence of these assets, given their scale in context of the group financial statements.

There is also a risk of material misstatement that the related disclosures in the Departmental Group financial statements, including those on financial risk and classification in the fair value hierarchy, may be inadequate or inaccurately prepared.

How the scope of my audit responded to the risk	I issued group audit instructions to the Pool Re component audit team, and reviewed the work performed in response. The Pool Re audit team's testing included: • Evaluating the design and implementation of controls over the existence and valuation of financial instruments in Pool Re's investment portfolio. This included assessing those controls operating at service organisations, via review of service auditor reports, and Pool Re's complementary controls; • Obtaining independent custodian statements for financial assets and reconciling these to investment manager reports and the general ledger to confirm the existence and completeness of the portfolio; • Recalculation of valuation of financial instruments held by Pool Re utilising third party pricing data and evaluating whether Pool Re have made appropriate judgments regarding their classification in the fair value hierarchy; • Reviewing samples of sales and purchases of corporate bonds and gilts to confirm they have been accurately recorded; and • Confirming that the related disclosures have been prepared accurately based on the underlying records and are complete. **Key observations** I have reviewed the component auditor's work over financial instruments and the investment portfolio held by Pool Re. Based upon my review I am satisfied that the amounts recognised within the financial statements relating to the investment portfolio held by Pool Re are not materially misstated.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the Department and its group's financial statements as a whole as follows:

	Departmental group	**Department**
Materiality	£1,909m	£1,895m
Basis for determining overall account materiality	1% of Gross Liabilities of £190.9bn (1% of Gross Liabilities of £203.0bn in 2022-23)	1% of Gross Liabilities of £189.5bn (1% of Gross Liabilities of £201.7bn in 2022-23)
Rationale for the benchmark applied	Gross liabilities in 2023-24 contain the BEAPFF derivative and liabilities relating to the UK's obligations to the EU under the withdrawal agreement. The derivative is volatile, and together these are the most significant items by value in the financial statements. A number of other policy activities also lead to large liabilities on the statement of financial position. Overall, due to the parliamentary and public profile of these, I have judged gross liabilities to be the area of most interest to users of the financial statements.	
Particular classes of transactions, account balances and disclosures where an additional level of materiality has been applied	All classes of transactions, account balances, and disclosures excluding the BEAPFF derivative balances. The materiality level is set at £132m.	All classes of transactions, account balances, and disclosures excluding the BEAPFF derivative balances. The materiality level is set at £121m.
Basis for determining residual account materiality	0.75% of gross liabilities, excluding BEAPFF derivative, of £17.6bn (0.75% of gross liabilities, excluding the BEAPFF derivative, of £25.4bn in 2022-23)	0.75% of gross liabilities, excluding BEAPFF derivative, of £16.2bn (0.75% of gross liabilities, excluding the BEAPFF derivative, of £24.1bn in 2022-23)

Rationale for the benchmark applied	Despite the dominance of the BEAPFF derivative within HM Treasury's financial statements, I consider that readers would also have a significant level of interest in other items that reflect HM Treasury's delivery of wider activities. I do not believe that this interest is diminished by the presence of the BEAPFF derivative. Therefore, it is appropriate to adopt an additional materiality for other items in the financial statements. Remaining liabilities form the basis of residual materiality due to EU liabilities being the area of most interest to the users of the financial statements and recent changes in interest and exchange rates.

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2023-24 audit, and 75% of residual group account materiality for the 2023-24 audit (2022-23: 75% and 54% respectively). In determining performance materiality, we have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

There were revisions to the materiality threshold as the audit progressed. The value of the BEAPFF derivative has moved from an opening liability value of £178bn to a liability of £173bn by the reporting date, with significant variations in intervening periods. This is reflected in the overall materiality level.

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £1 million, as well as uncorrected misstatements in aggregate whose individual values are between £300,000 and £1 million. I undertook to report differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Committee would decrease net assets by £8m.

Audit scope

The scope of my Group audit was determined by obtaining an understanding of the Department and its Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

I identified four significant components for my audit of the Departmental Group: HM Treasury; Pool Reinsurance Company Ltd (Pool Re); UK Asset Resolution Ltd (UKAR); and UK Infrastructure Bank (UKIB). Together these represent over 97% of the group's gross assets and over 99% of the group's gross liabilities.

I carried out a full audit of HM Treasury as part of my audit of the Departmental Group and had regular involvement in my statutory audit of UKAR particularly in respect of the key audit matter that I identified in relation to the UKAR defined benefit pension liabilities. I have performed sufficient work on UKIB to support my opinions. I have also relied on the statutory audit of Pool Re and had regular involvement in the component auditor's work particularly in respect of the key audit matter that I identified in relation to the existence and valuation of Pool Re assets.

This work covered substantially all of the group's assets and net expenditure. Together with the procedures performed at group level, including the audit of the Statement of Parliamentary Supply and assessment of compliance with entities framework of authorities, it gave me the evidence I needed for my opinion on the group financial statements as a whole.

Other Information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's certificate and report thereon. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

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 in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;

- 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 HM Treasury and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 HM Treasury and its Group 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is 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 and its Group 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing HM Treasury and its Group'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 HM Treasury and its group 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 Government Resources and Accounts Act 2000.

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 HM Treasury and its Group's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Department's head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to HM Treasury and its Group'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 HM Treasury and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and Supply and Appropriation Acts.
- inquired of management, the Department's head of internal audit and those charged with governance whether:

    - they were aware of any instances of non-compliance with laws and regulations; and
    - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team including significant component audit teams and the relevant internal and external specialists, including Modelling, Corporate Finance and Actuaries 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 HM Treasury and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the HM Treasury and its Group's framework of authority and other legal and regulatory frameworks in which HM Treasury and its Group 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 HM Treasury and its Group. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation Acts, European Union (Withdrawal Agreement) Act 2020, Bank of England Act 1998, employment law, tax legislation and pensions legislation.

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 direct effect on the financial statements;
- I enquired of management, Internal Audit, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims, as well as any investigations or enforcement action being undertaken by a relevant authority;
- I considered whether my audit work identified any transactions of high risk of not complying with relevant laws and regulations, and reviewing HM Treasury's assessment of compliance for any such transactions;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I confirmed compliance with Managing Public Money where this is relevant to my audit of the financial statements and of the parts of the Accountability report that are described in that report as having been audited. I performed this by confirming that relevant approvals required under Managing Public Money have been obtained by management and that disclosures required by Managing Public Money have been appropriately included within the financial statements and are complete;

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- I confirmed that the department has complied with the parliamentary control totals set out in the Supply and Appropriation (Main estimates) Act 2023 and Supply and Appropriation (Adjustments) Act 2023 by confirming that outturn is within the limits approved by Parliament, that the allocation of amounts to those parliamentary control categories is appropriate and that management have not vired amounts inappropriately between control totals approved by Parliament. I also performed work to confirm that journals which move amounts in favourable directions, from a parliamentary control total perspective, were appropriate and did not indicate fraud through management override of controls.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and significant component audit teams 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 appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

29 July 2024

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

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure (SoCNE) for the period ended 31 March 2024

		2023-24		2022-23	
In £m	**Note**	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Income from sales of goods and services	2	(47)	(47)	(40)	(42)
Other operating income	3	(228)	(598)	(259)	(549)
Total operating income		**(275)**	**(645)**	**(299)**	**(591)**
Staff costs	4	209	297	187	263
Purchase of goods and services	5	107	285	121	297
Other operating expenditure	6	(608)	(605)	(3,083)	(3,141)
Total operating expenditure		**(292)**	**(23)**	**(2,775)**	**(2,581)**
Net operating costs/(income) before financing		**(567)**	**(668)**	**(3,074)**	**(3,172)**
Finance income	7	(621)	(816)	(1,508)	(1,643)
Finance expense		(14)	3	25	36
Revaluation of financial assets and liabilities	8	40,061	39,831	137,385	137,504
Net expenditure before tax		**38,859**	**38,350**	**132,828**	**132,725**
Taxation		-	95	-	(28)
Total net expenditure after tax		**38,859**	**38,445**	**132,828**	**132,697**
Other comprehensive net (income)/expenditure					
Items that will not be reclassified to net operating expenditure					
Net (gain)/loss on assets recognised in reserves	SoCTE	8	17	(1,415)	(1,475)
Actuarial (gain)/loss on pension scheme liabilities	SoCTE	-	69	-	174
Total other comprehensive net (income)/expenditure		**8**	**86**	**(1,415)**	**(1,301)**
Net comprehensive expenditure for the year		**38,867**	**38,531**	**131,413**	**131,396**

The notes on pages 147 to 200 form part of these accounts.

Consolidated Statement of Financial Position (SoFP) as at 31 March 2024

		31 March 2024		31 March 2023	
In £m	**Note**	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Non-current assets					
Property, plant and equipment		10	41	11	41
Intangible assets		7	8	8	9
Right of use assets		63	66	70	77
Trade and other receivables	9	2,885	3,159	4,250	4,542
Net pension asset	10	-	331	-	399
Equity investments	11	16,307	16,274	19,309	19,113
Loans and investment securities	12	24	5,248	64	5,223
Total non-current assets		**19,296**	**25,127**	**23,712**	**29,404**
Current assets					
Inventory		27	28	28	28
Trade and other receivables	9	2,385	2,451	1,424	1,450
Loans and investment securities	12	131	1,232	-	1,141
Derivative financial assets	13	-	10	-	53
Cash and cash equivalents	14	2,545	3,483	1,396	1,979
Total current assets		**5,088**	**7,204**	**2,848**	**4,651**
Total assets		**24,384**	**32,331**	**26,560**	**34,055**
Current liabilities					
Lease liabilities		(6)	(7)	(7)	(9)
Trade and other payables	15	(3,934)	(4,308)	(4,076)	(4,444)
Provisions	16	(1,869)	(2,186)	(6,342)	(6,603)
Derivative financial liabilities	13	(173,389)	(173,414)	(177,632)	(177,640)
Financial guarantees	17	(19)	(19)	(21)	(21)
Total current liabilities		**(179,217)**	**(179,934)**	**(188,078)**	**(188,717)**
Non-current liabilities					
Lease liabilities		(58)	(60)	(65)	(71)
Trade and other payables	15	(430)	(1,080)	(404)	(1,029)
Provisions	16	(9,544)	(9,548)	(12,985)	(12,990)
Financial guarantees	17	(173)	(218)	(194)	(194)
Total non-current liabilities		**(10,205)**	**(10,906)**	**(13,648)**	**(14,284)**
Total assets less liabilities		**(165,038)**	**(158,509)**	**(175,166)**	**(168,946)**
Taxpayers' Equity					
General fund	SoCTE	(162,289)	(154,783)	(168,226)	(161,039)
Fair value reserve	SoCTE	(2,751)	(3,728)	(6,942)	(7,909)
Revaluation reserve	SoCTE	2	2	2	2
Total taxpayers' equity		**(165,038)**	**(158,509)**	**(175,166)**	**(168,946)**

The notes on pages 147 to 200 form part of these accounts.

James Bowler, Permanent Secretary
23 July 2024

Consolidated Statement of Changes in Taxpayers' Equity[95] (SoCTE) for the period ended 31 March 2024

Group

In £m	Note	General Fund	Fair Value Reserve	Revaluation Reserve	Total Reserves
Balance at 1 April 2022		**(32,147)**	**(11,319)**	**2**	**(43,464)**
Net income/(expenditure) after tax		(132,697)	-	-	(132,697)
Change in CFERs[96] payable to the Consolidated Fund	15	13	-	-	13
CFERs paid to the Consolidated Fund	SOPS 4.1	(4,473)	-	-	(4,473)
Supply payable adjustment	15	(1,396)	-	-	(1,396)
Net parliamentary funding – drawn down		11,828	-	-	11,828
Consolidated Fund standing services		4	-	-	4
Actuarial gains and losses on pension schemes		(174)	-	-	(174)
Dividends paid[97]		(72)	-	-	(72)
Other movements		10	-	-	10
Revaluation gains/(losses)	11	-	1,475	-	1,475
Transfers		(1,935)	1,935	-	-
Balance at 31 March 2023		**(161,039)**	**(7,909)**	**2**	**(168,946)**
Net income/(expenditure) after tax		(38,445)	-	-	(38,445)
Change in CFERs payable to the Consolidated Fund	15	31	-	-	31
CFERs paid to the Consolidated Fund	SOPS 4.1	(245)	-	-	(245)
Supply payable adjustment	15	(2,545)	-	-	(2,545)
Net parliamentary funding – drawn down		50,350	-	-	50,350
Net parliamentary funding – deemed		1,396	-	-	1,396
Consolidated Fund standing services		4	-	-	4
Actuarial gains and losses on pension schemes		(69)	-	-	(69)
Dividends paid[80]		(33)	-	-	(33)
Other movements		10	-	-	10
Revaluation gains/(losses)		-	(17)	-	(17)
Transfers		(4,198)	4,198	-	-
Balance at 31 March 2024		**(154,783)**	**(3,728)**	**2**	**(158,509)**

The notes on pages 147 to 200 form part of these accounts.

[95] This statement shows the movement in the year on the different reserves held by HM Treasury Group, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Fair Value Reserve reflects the change in financial instrument asset values that have not been recognised as income or expenditure. The Revaluation Reserve reflects the change in other asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.
[96] Consolidated Fund Extra Receipts (CFERs).
[97] Dividend paid by Pool Re to its members.

Consolidated Statement of Changes in Taxpayers' Equity (SoCTE) for the period ended 31 March 2024

Core Treasury and Agencies

In £m	Note	General Fund	Fair Value Reserve	Revaluation Reserve	Total Reserves
Balance at 1 April 2022		**(39,441)**	**(10,292)**	**2**	**(49,731)**
Net income/(expenditure) after tax		(132,828)	-	-	(132,828)
Change in CFERs payable to the Consolidated Fund	15	13	-	-	13
CFERs paid to the Consolidated Fund	SOPS 4.1	(4,473)	-	-	(4,473)
Supply payable adjustment	15	(1,396)	-	-	(1,396)
Net parliamentary funding – drawn down		11,828	-	-	11,828
Consolidated Fund standing services		4	-	-	4
Other movements		2	-	-	2
Revaluation gains/(losses)	11	-	1,415	-	1,415
Transfers		(1,935)	1,935	-	-
Balance at 31 March 2023		**(168,226)**	**(6,942)**	**2**	**(175,166)**
Net income/(expenditure) after tax		(38,859)	-	-	(38,859)
Change in CFERs payable to the Consolidated Fund	15	31	-	-	31
CFERs paid to the Consolidated Fund	SOPS 4.1	(245)	-	-	(245)
Supply payable adjustment	15	(2,545)	-	-	(2,545)
Net parliamentary funding – drawn down		50,350	-	-	50,350
Net parliamentary funding – deemed		1,396	-	-	1,396
Consolidated Fund standing services		5	-	-	5
Other movements		3	-	-	3
Revaluation gains/(losses)		-	(8)	-	(8)
Transfers		(4,199)	4,199	-	-
Balance at 31 March 2024		**(162,289)**	**(2,751)**	**2**	**(165,038)**

The notes on pages 147 to 200 form part of these accounts.

Consolidated Statement of Cashflows (SoCF)

for the period ended 31 March 2024

		2023-24		2022-23	
In £m	Note	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Cash flows from operating activities					
Net operating income/(expenditure) before financing	SoCNE	567	668	3,074	3,172
Adjustments for non-cash transactions	18	(786)	(597)	(3,291)	(3,161)
Changes in working capital		(661)	(802)	1,063	1,047
Corporation Tax paid		-	(71)	-	(68)
Use of provisions	16	(7,094)	(7,208)	(9,660)	(9,766)
Net cash flows from operating activities		**(7,974)**	**(8,010)**	**(8,814)**	**(8,776)**
Cash flows from investing activities					
Proceeds/(payments): derivatives	13	(44,549)	(44,395)	(778)	(1,091)
Proceeds: sale of shares UK listed entities	11	3,484	3,484	2,146	2,146
Proceeds: sale of investment securities and other assets			356	-	808
Proceeds: interest, dividend and other finance income		676	923	1,539	1,651
Purchases: financial assets		(968)	(6,186)	(125)	(9,553)
Proceeds: repayment of financial assets		387	5,285	85	8,707
Other investing activities		(9)	(18)	(10)	(17)
Net cash flow from investing activities		**(40,979)**	**(40,551)**	**2,857**	**2,651**
Cash flows from financing activities					
Cash from the Consolidated Fund (non-supply)		5	5	4	4
Cash from the Consolidated Fund (supply) – current year		50,350	50,350	11,828	11,828
Advances from the Contingencies Fund		-	-	828	828
Repayments to the Contingencies Fund				(828)	(828)
Dividend paid		-	(33)	-	(72)
Capital element of leases		(8)	(12)	(6)	(10)
Net cash flows from financing activities		**50,347**	**50,310**	**11,826**	**11,750**
Net increase in cash and cash equivalents before Adjustments		**1,394**	**1,749**	**5,869**	**5,625**
Payments of receipts due to the Consolidated Fund	SoCTE	(245)	(245)	(4,473)	(4,473)
Amounts paid to the Consolidated Fund – prior year balance	SoCTE	**-**	-	(54)	(54)
Net increase/(decrease) in cash and cash equivalents after adjustments	14	**1,149**	**1,504**	**1,342**	**1,098**
Cash and cash equivalents at the beginning of the period	14	1,396	1,979	54	881
Cash and cash equivalents at the end of the period	14	**2,545**	**3,483**	**1,396**	**1,979**

The notes on pages 147 to 200 form part of these accounts.

Notes to the Resource Accounts

1. Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2023-24 (FReM) and the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted and interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of HM Treasury group for the purpose of giving a true and fair view has been selected.

The particular policies adopted by HM Treasury are described below.

HM Treasury is domiciled in the United Kingdom and its principal place of business is at 1 Horse Guards Road, London, with offices in Darlington and Norwich. The presentational and functional currency is pound sterling.

1.2 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of land and buildings and certain financial instruments to fair value, as determined by the relevant accounting standards and the bespoke accounts direction issued by HM Treasury. The bespoke accounts direction directs HM Treasury to account for income received from the financial settlement of the EU Withdrawal Agreement within the consolidated group accounts, rather than in a trust statement.

1.3 Basis of consolidation

These accounts consolidate Core Treasury and Agencies and those entities which fall within the Departmental Boundary as defined in the FReM and listed in the Designation Order 2023-24 issued by HM Treasury.

Core Treasury and Agencies include HM Treasury plus the Office of Financial Sanctions Implementation along with the UK Debt Management Office, the National Infrastructure Commission and the Government Internal Audit Agency who are recognised as executive agencies.

Transactions between entities included in the reporting boundary are eliminated on consolidation. All entities have a 31 March reporting date.

The HM Treasury Group includes, in addition to Core Treasury and Agencies:

Entity name	Principal activity
UK Asset Resolution Ltd (UKAR)	Asset and liability management
Financial Reporting Advisory Board	Advice on government financial reporting
UK Government Investments Ltd (UKGI)	Manage government shareholdings
Help to Buy (HMT) Ltd	Dormant company dissolved on 11 July 2023
UK Infrastructure Bank Ltd (UKIB)	Investment in infrastructure projects
IUK Investments Holdings Ltd	Investment in IUK Investments Ltd
IUK Investments Ltd	Investment in PF2 projects
Office for Budget Responsibility (OBR)	Independent fiscal watchdog
Pool Reinsurance Company Ltd[98] (Pool Re)	Reinsuring terrorism risk
Reclaim Fund Ltd (RFL)	Distribution of dormant assets
Royal Household Sovereign Grant	Public funding for the Royal Household
Royal Mint Advisory Committee	Advice on design of coins, seals & medals
HM Treasury UK Sovereign Sukuk plc	Issue of Sukuk

For details on HM Treasury's ownership interests in other entities which are not consolidated, refer to Note 11 – Equity Investments. See also page 58 of the Governance Statement.

1.4 Going concern

In common with other government departments, the financing of the department's future service provision and liabilities are to be met by future grants of Supply and the application of future income, approved annually by Parliament. Parliament has authorised spending for 2024-25 in the Central Government Main Supply Estimates and there is no reason to believe that future approvals will not be made. It has been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.5 Standards in issue but not yet effective

Several new accounting standards have been issued but are not yet effective. The HM Treasury Group will apply the new and any revised standards once they have been adopted by the public sector as set out in the Government Financial Reporting Manual. Management has already begun an assessment of their impact.

IFRS 17 Insurance contracts – key requirements and changes in accounting policy

IFRS 17 *Insurance contracts* was issued in May 2017 and supersedes IFRS 4 *Insurance contracts*. The standard was effective for financial periods on or after 1 January 2023, however, adoption by the public sector is delayed to financial periods beginning on or after 1 January 2025.

IFRS 17 *Insurance contracts* will increase the transparency of entities' financial positions and performance and make financial statements across different entities more comparable. IFRS 4 *Insurance contracts* was an interim standard which was only intended to be in place until the International Accounting Standards Board completed its project on insurance contracts.

[98] Including Pool Re's subsidiaries Pool Re Services Ltd and Pool Re Solutions Ltd.

IFRS 4 *Insurance contracts* allows for a variety of treatment depending on the type of contract and entity interpretation. Entities are free to derive their own interpretations of revenue recognition and calculation of reserves. Entities often have products that have insurance and non-insurance components contracts, under IFRS 4 *Insurance contracts*, entities can use their discretion to determine unbundling, while under IFRS 17 *Insurance contracts* there is strict criteria that should be met before unbundling can be done.

Implementation progress and expected impact

Due to contracts issued by Pool Re, the HM Treasury Group has significant levels of reinsurance contracts which are in scope of the new Standard. Pool Re adopted IFRS 17 *Insurance Contracts* in its 2023-24 Annual Report, in line with the private sector implementation period. Nonetheless to reflect the public sectors later adoption, the consolidated figures in the HM Treasury Group include FReM alignment adjustments from IFRS 17 *Insurance contracts* to IFRS 4 *Insurance contracts*. As a result, the figures in this report will not directly align to Pool Re's Annual Report.[99]

The retrocession agreement between HM Treasury and Pool Re,[100] which makes funding available should Pool Re's own resources be insufficient to pay out on claims it receives, is in the scope of IFRS 17 *Insurance Contracts*. HM Treasury is reviewing this contract alongside the new Standard and has begun an impact assessment exercise. HM Treasury has also begun a commission, across the department and the group, to identify if there are any further agreements that are in the scope of the new Standard. We are awaiting the results of these exercises to understand the quantum of the effect that will have on the group.

The HM Treasury Group will update the financial statements in line with the new Standard for the 2025-26 Annual Report and Accounts.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure of Financial Statements* was issued in April 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK and Financial Reporting Advisory Board (FRAB) endorsement). IFRS 18 *Presentation and Disclosure of Financial Statements* sets out general and specific requirements for the presentation and disclosure of information in general purpose financial statements.

The objective of IFRS 18 *Presentation and Disclosure of Financial Statements* is to improve comparability of financial performance between organisations applying IFRS. Once effective, it will replace IAS 1 *Presentation of Financial Statements*. The HM Treasury Group does not intend to early adopt IFRS 18 *Presentation and Disclosure of Financial Statements*.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 *Subsidiaries without Public Accountability: Disclosures* was issued in May 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK and Financial Reporting Advisory Board (FRAB) endorsement). The Standard permits certain eligible subsidiaries to apply reduced disclosure requirements when preparing their financial statements. The HM Treasury Group does not intend to early adopt IFRS 19 *Subsidiaries without Public Accountability: Disclosures*.

There are no other IFRS or IFRIC interpretations not yet effective that would be expected to have a material impact on the HM Treasury Group.

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[99] https://www.poolre.co.uk/reporting/

[100] For further details of the retrocession agreement see note 1.17

1.6 Significant judgements and estimates

Expected credit losses (ECL) on guarantees

The allowance for expected credit losses on guarantees is management's estimate of losses expected at the reporting date, based on a probability-weighted evaluation of a range of possible outcomes, from historic, current and forward-looking information. Where the ECL calculated on a guarantee liability is higher than the amount recorded, the guarantee liability is valued at the ECL.

Valuation of investment securities

Under IFRS 9 *Financial Instruments*, HM Treasury Group's investment securities held by Reclaim Fund Ltd are held at amortised cost. Management intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Equity investments

Under IFRS 9 *Financial Instruments*, strategic investments in equity instruments have been classified as held at fair value through other comprehensive income (FVOCI) and all changes in fair value are taken to the fair value reserve. See Statement of Changes in Taxpayers' Equity.

Non-strategic portfolio equity investments, and rights to the residual net assets on wind up of entities with a limited life, are held at fair value through profit and loss (FVTPL). This means fair value movements go through profit and loss. See Note 8 – Revaluation of financial assets and liabilities in the SoCNE.

Valuation of unlisted equity investments

Net asset value has been used as a proxy for fair value in the valuation of HM Treasury's unlisted equity investments. Net assets are considered to be a proxy for fair value for unlisted entities because the underlying assets of each entity are held at fair value with reference to either the market value or, when this is not available, discounted cashflows.

Fair value hierarchy

Significant judgement is required to categorise Pool Re' s investment holdings under the fair value hierarchy classifications defined in IFRS 13 *Fair Value Measurement*.

The group exercises judgement in determining whether a market is active and if valuations in these markets reliably reflect the price of an arm's length transaction. The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques utilising observable and unobservable inputs.

The risks related to these judgements are set out in Note 22 – Financial Risk. See also Note 23 – Group financial instruments -fair value hierarchy.

Provisions

Recognition and valuation of provisions rely on the application of professional judgment, historical information, and other factors expected to influence future events. A provision is recognised where the likelihood of a liability crystallising is probable and where such provision can be measured with reasonable certainty. Provision balances which contain regular, similar transactions are often derived from financial models. Estimates and assumptions applied in these models are routinely evaluated and reviewed.

Provisions related to EU financial settlement

The provisions comprise principally of obligations in respect of EU pensions, the Joint Sickness Insurance Scheme (JSIS) and outstanding EU Budgetary commitments (the so-called RAL) at the end of 2020. The remaining UK obligation in respect of EU pensions is estimated based on full membership and salary data supplied by the EU to the UK as at 31 December 2022, projected forward to the assumed date of scheme members' exit, applying the UK post 2020 financing share to the remaining end 2020 EU pension obligations, and discounted.

The obligation in respect of JSIS is an estimate based on the UK's post 2020 financing share of the employer contributions to JSIS made on payment of the pension, to the extent the pension was accrued prior to 31 December 2020. This obligation therefore follows the same profile as estimated for the EU pensions. The contribution rate applied to the pre-tax pension payments as at 31 March 2024 was 3.4% as set out by legislation.

The Withdrawal Agreement provides the UK with an option of early settlement on a different valuation basis, as explained in Note 16 – Provisions. Management has valued the provision using the default calculation basis set out at the beginning of paragraph 6 of Article 142 of the Withdrawal Agreement, i.e. assuming that HM Treasury will not invoke the early settlement option, as this is considered to be management's current best estimate of how this obligation will be settled.

The obligation in respect of the RAL is estimated based on information in EU Budgets adopted on or before 31 March 2024 and associated budgetary implementation data provided to Member States and the UK. The post 2020 financing share is applied to commitments in EU Budgets up to 2020 and adjusted for forecast implementation. The estimated level of decommitments (i.e. commitments that do not lead to payments) is based upon historical decommitment rates for the relevant programmes at the end of a Multiannual Financial Framework period, with an experience adjustment applied as new outturn data on the current framework period is received. This results in an assumed average rate of 11.7%, which is consistent with outturn over 2021-23. Alternative approaches are available. For example, the European Union detail its expectations for decommitments on this liability within the annual accounts publication and modelling based on these assumptions would result in an assumed annual rate of 16.2%. However, the levels of decommitments estimated are an area of forecast uncertainty, with limited data available for analysis. HM Treasury considers the historical decommitment rate-based approach to be the best available as it overcomes issues in uncertainty in forecast methodology and further judgements, such as distribution of decommitments over future years. Further details on the sensitivity on movements in the decommitment rates are presented in Note 16 – Provisions.

The accounting valuations for the pension related liabilities are sensitive to actuarial assumptions (e.g. life expectancy, inflation, retirement age) for defined benefit pension obligations. Life expectancy is drawn from the most recent Eurostat mortality expectations for scheme members in 2018, adjusted for ONS changes to mortality data since then. The inflation assumption is based on central government rates set by HM Treasury and promulgated in Public Expenditure System papers. The retirement age assumption is drawn from the EU's 2023 assessment of the Pension Scheme for EU Officials (PSEO) population retirement ages.

Receivables and payables related to EU financial operations in the financial settlement with the EU (Article 143 and 144)

UK financial rights and obligations in respect of a range of EU financial operations covered by Articles 143 and 144 of the EU Withdrawal Agreement, include rights and obligations to future cash flows both to and from the EU, and are accounted for as financial instruments under IFRS 9 *Financial Instruments* and measured at fair value. See also Note 9 – Trade and other receivables and Note 15 – Trade and other payables.

To measure the fair value of these instruments HM Treasury has made assumptions about the financial performance of the underlying instruments in order to forecast future cashflows, which are then discounted by applying the financial instrument rate set by HM Treasury, in accordance with the FReM. The level of granular data available on the underlying operations (such as the ultimate counterparty, terms of the investments and credit risk) is minimal, and therefore HM Treasury make simplifying assumptions. This includes key assumptions in respect of the repayment profiles, risk of default, rate of recovery given default, as well as the revenue generated by the EU in relation to these underlying operations.

Under Article 143, the final counterparties for these operations include both sovereign and corporate entities.

Sovereigns

For those operations with sovereign counterparties and those within the Guarantee Fund for External Actions (GFEA), the default and recovery assumptions are primarily sourced from published reports by Moody's. Treasury's assumption is that the probability of default on a repayment is linked to the sovereign credit rating and that recovery amounts are in line with historical recoveries on sovereign defaults. The default probability by rating assumption uses estimated default rates in line with the Sovereign issuers, average 12-month rating migration rates in Moody's Sovereign Default reports, 1983-2023. The default rates assumption uses the latest Moody's credit ratings of countries as at March 2024.

The Moody's data referred to above is backwards-looking and historic, and therefore do not consider market expectations around future defaults at the end of the reporting period. These backward-looking historical average probabilities of default are therefore adjusted for market conditions by comparing credit spreads at March 2024 to historical average credit spreads on suitable proxy indices for sovereign debt of a similar credit quality.

Further details on the sensitivity on movements in the default rates are presented in Note 22.3 – Financial Risk.

The recovery rates assumptions for sovereigns use estimated rates of recovery of 80% for countries currently rated B and higher. And an estimated rate of recovery of 50% for other countries, based on historic recovery rates on defaulted Sovereign bond issuers in the Moody's Sovereign Default and Recovery Rates 1983-2023 report and the rating at time of default.

No additional risk premium adjustment is made to the estimate of expected of future cashflows.

Corporates

In respect of the European Fund for Strategic Investments (under Article 143), the European Investment Bank collects revenue from the underlying operations which are assigned back to the Guarantee Fund via the EUs budget, the model assumes that there will be sufficient revenues to cover expected losses.

The final counterparties for these operations are corporate entities. For corporates (in the absence of specific data) credit quality is assumed based on the type of finance, depending on the EU programme being modelled. Assumptions about the composition of the portfolios of corporates is based on the policy documentation produced by the EU for the associated programmes and information in the EU's accounts. These sources represent the most detailed, and in the case of the EU accounts third party assured, information on these instruments that is available to Member States of the EU.

The provisioning rates used in the model are based on those communicated under the Withdrawal Agreement to HM Treasury in March 2024. The financial modelling has been cross checked against information reported to the UK under the terms of the Withdrawal Agreement.

1.7 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The HM Treasury Group recognises revenue when it transfers control over a product or service to a customer.

Performance obligations and timing of revenue recognition

For loan commitment fees, the service being provided is the commitment to provide a loan. The performance obligation is that of standing ready to provide the loan and is satisfied over time as the commitment is available.

Voluntary gifts to the nation are recognised when cash is received.

Dormant account monies

IFRS 15 *Revenue from Contracts with Customers* is not applicable to Reclaim Fund Limited's (RFL) amounts received in respect of dormant accounts. In the absence of a standard or an interpretation that specifically applies to a transaction, other event or condition, management has used its judgement in developing and applying an accounting policy that results in information that is relevant and reliable in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

RFL's amounts received in respect of dormant accounts represent receipts, from participants, of dormant account monies and are recognised where it is virtually certain that future economic benefits will flow to the Company and these benefits can be measured reliably.

1.8 Heritage Assets

The Sovereign Grant is used to maintain the land and buildings that are held by The King in trust for the nation and cannot be sold without the authority of the Department for Culture, Media and Sport.

Owing to the incomparable nature of these properties, it is considered that conventional valuation techniques lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the users of the accounts. As a result, no value is reported for these assets in the Statement of Financial Position.

1.9 Tax

Value Added Tax (VAT)

Many activities of HM Treasury are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Corporation Tax

The Core Department and its Agencies are exempt from corporation tax by way of Crown exemption. Some consolidated bodies are subject to corporation tax on taxable profits. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HM Revenue and Customs, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

1.10 Operating segment reporting

In accordance with the relevant reporting requirements, including IFRS 8 *Operating Segments,* the SOPS and supporting notes reflect net resource and capital outturn in line with the control totals voted by Parliament.

The figures within SOPS 1.1 provide the income and expenditure totals associated with key business activities within the HM Treasury Group and reflect the HM Treasury business plan and the management information reported to the board during the period.

1.11 Pensions

The HM Treasury Group operates several retirement benefit plans for its employees, including defined benefit plans, defined contribution plans and post-retirement healthcare benefits.

Defined benefit schemes

Pension benefits are provided through civil service pension arrangements, as detailed in the Remuneration Report.

HM Treasury recognises the expected cost of future pension liabilities over the period during which it benefits from employees' service by payment to civil service pension schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

One of the Royal Household's pension schemes, managed by the government, is an unfunded scheme by analogy to the Principal Civil Service Pension Scheme (PCSPS). The Royal Household is unable to identify the share of the underlying assets and liabilities of the scheme attributable to employees funded by the Sovereign Grant (or its equivalent in previous years) on a consistent and reasonable basis and therefore this scheme is treated as a defined contribution scheme.

UKAR, and the Royal Household also operate defined benefit schemes that are separate from the civil service pension schemes and accounted for under IAS 19 *Employee Benefits*.

Defined contribution schemes

A defined contribution plan is a pension arrangement where the employer pays fixed contributions into a separate fund.

The costs for the defined contribution schemes are recognised as an expense in the SoCNE as incurred. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with financial institutions.

Highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value are also included. Such investments are normally those with less than 3 months' maturity from the date of acquisition.

1.13 Financial instruments: financial assets

Initial recognition, measurement and classification

Regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which HM Treasury commits to purchase or sell the asset. Financial assets are measured initially at fair value plus transaction costs, unless measured at fair value through profit or loss. HM Treasury determines the classification of financial assets under IFRS 9 *Financial Instruments* with reference to the business model and its contractual cash flow characteristics.

Amortised cost assets

These represent loans and other debt instruments, on the basis that the instruments are only held to collect contractual payments of principal and interest on specified dates. These assets are recognised initially at fair value (where the transaction price differs from the fair value) and subsequently measured at amortised cost using the effective interest rate (EIR) method. Changes in the carrying amount of the allowance are recognised in the SoCNE.

Assets classified as Fair Value Through Other Comprehensive Income ("FVOCI")

Equity Investments for which the election has been made at FVOCI represent HM Treasury Group's strategic equity investments, which are not held for trading. This election is more appropriate for a group of strategic investments and the basis for designation as Fair Value Through Profit or Loss (FVTPL) or FVOCI is based on criteria set out in IFRS 9 *Financial Instruments*. Fair value movements are taken to the Fair Value Reserve, until realised, when they are reclassified to the General Fund.

Financial assets at Fair Value Through Profit or Loss ("FVTPL")

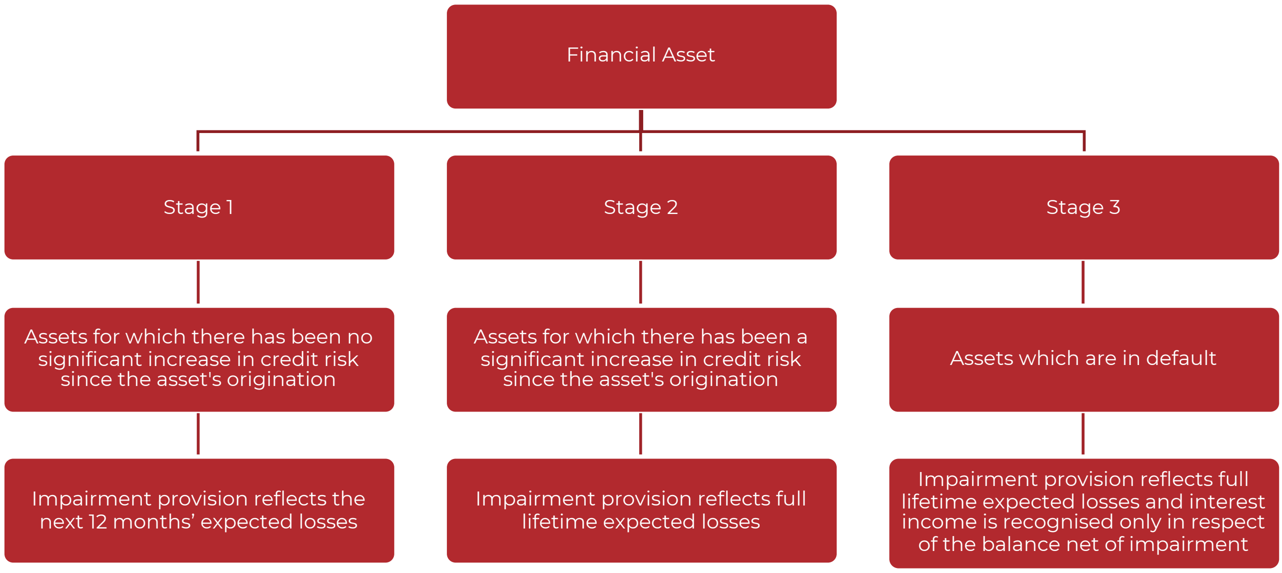
Financial assets are measured initially at fair value plus transaction costs unless measured at fair value through profit or loss, in which case transaction costs are charged to net expenditure for the year. Financial assets measured at FVTPL are derivatives and loans and debt instruments, which are not classified as amortised cost. There are also equity investments, where an irrevocable election has not been made on initial recognition to recognise subsequent changes in FVOCI.

For derivatives, fair values are obtained from quoted market prices in active markets and, where these are not available, from other valuation techniques including discounted cash flow models. See Note 1.6 – Significant judgements and estimates and Note 23 – Group financial instruments – fair value hierarchy for more information. Movements in fair value are recognised in the SoCNE.

Impairment – Amortised cost assets

An allowance for estimated impairment on amortised cost assets is based on the expected credit loss model (ECL). The ECL is charged to the SoCNE and reduces the carrying value in the SoFP. Each financial asset is categorised as 'stage 1', 'stage 2' or 'stage 3' depending on whether there has been a default event or a significant increase in credit risk since initial recognition. See the diagram below for further information:

Figure 14: Financial asset categories



For trade receivables, contract receivables and lease receivables, the HM Treasury Group recognises impairment losses using the simplified approach required by FReM. Under this approach, a lifetime ECL is recognised for all assets.

The HM Treasury Group first considers whether an impairment is required for those assets considered individually significant. For those assets which are not considered individually significant, these are assessed for evidence of impairment on a collective basis. The amount of any impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows[101]. The present value of estimated future cashflows is based on a probability-weighted evaluation of a range of possible outcomes, based on historic, current and forward-looking information.

Impairment – other assets

For equity investments, the HM Treasury Group does not recognise impairments. A decline in the fair value of the asset is reflective of a reduction in the expected returns on the investment. This reduction in fair value is shown within other comprehensive income through the fair value reserve, or as a revaluation through the SoCNE.

For loans and investment securities, the HM Treasury Group considers the probability of future delinquency in contractual payments of principal, interest or cash flow difficulties experienced by the borrower, the likelihood of breach of loan covenants or conditions or any future deterioration in the value of collateral.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the HM Treasury Group has transferred substantially all the risks and rewards of ownership.

[101] Discounted at the effective interest rate applicable at the inception of the loan.

1.14 Financial Instruments: financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognised on the date on which on which HM Treasury becomes party to the contractual provisions of the instrument.

Financial liabilities are classified on initial recognition as either at FVTPL, or financial liabilities measured at amortised cost:

Financial liabilities at fair value through profit or loss (FVTPL)	Financial liabilities at FVTPL are liabilities that are derivatives, held for trading or designated as at FVTPL because this would reduce a measurement inconsistency from measuring related assets and liabilities on different bases, or because the investment strategy involves managing and evaluating performance on a fair value basis.
Financial liabilities measured at amortised cost	Financial liabilities measured at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Trade and other payables, borrowings and bank overdrafts are classified as financial liabilities measured at amortised cost.

Subsequent Measurement

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method or at FVTPL.

Derivatives are measured initially at fair value and subsequently re-measured to reflect changes in fair value. Fair values are obtained from quoted market bid prices in active markets and, where these are not available, from other valuation techniques including discounted cash flow models. See also Note 23 - Group financial instruments - fair value hierarchy.

Derecognition

Financial liabilities are derecognised if the HM Treasury Group's obligations specified in the contract expire, are discharged or cancelled.

1.15 Provisions, contingent liabilities and contingent assets

Provisions

HM Treasury recognise a provision when there is:

- a present obligation arising from past event
- it is probable that a transfer of economic benefits will be required, and
- a reliable estimate can be made.

Where the future payment amount is unknown, provisions are set at a level which covers the best estimate of the number of future payments and the average payment amount. In calculating provisions, future payments may be subject to discount rates depending on the expected timing of cash flows. Provisions are calculated using the best available information, but the actual outcomes of items provided for may differ from expectations.

Contingent Liabilities

HM Treasury disclose a contingent liability in the notes to the accounts when there is:

- a possible obligation arising from past events, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events, or;
- a present obligation arising from past events but is not recognised because either an outflow of economic benefits is not probable to settle the obligation, or the amount of the obligation cannot be reliably estimated.

In addition to contingent liabilities disclosed in the accounts in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, HM Treasury discloses within its accountability report, for Parliamentary reporting and accountability purposes, remote contingent liabilities which are within the scope of, but do not require disclosure under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Contingent Assets

HM Treasury disclose a contingent asset in the notes to the accounts when there is a possible asset whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of HM Treasury. Where the time value of money is material, contingent liabilities and assets are stated at discounted amounts.

1.16 Financial guarantees

Financial guarantee liabilities and associated receivables are initially recognised in the financial statements at fair value on the date the guarantee was given. The period over which the receivables and the associated liabilities have been recognised is over the length of these guarantees. Guarantee arrangements are re-assessed at every subsequent reporting date and estimates for the assets and liabilities relating to the guarantees are adjusted if necessary.

The fair value of financial guarantee liabilities at initial recognition is estimated as the fair value of the guarantee fee income.

Subsequent measurement of liabilities under financial guarantees is measured at the higher of the initial measurement, less amortised fee income recognised in the SoCNE as the service is provided, and the amount of the loss allowance for expected credit losses at the reporting date. Any increase in the liability relating to guarantees is taken to the SoCNE.

1.17 Insurance Contracts

Pool Re insurance contracts

The HM Treasury Group has reviewed the nature of the reinsurance business it transacts through Pool Re. It is satisfied that all such business transfers significant insurance risk and has therefore treated the relevant contracts as insurance contracts, as defined by IFRS 4 *Insurance Contracts*, for the purposes of these financial statements. All premiums disclosed in the SoCNE relate to standard insurance contracts.

(i) Premiums written

Premiums written relate to insurance contracts that begin during the year, together with any difference between booked premiums for prior years and those previously accrued and includes estimates of premiums due but not yet notified to the Group. Where written premiums are subject to subsequent adjustment, reductions are made as soon as they are foreseen, however, potential increases are not recognised until the amount can be determined with reasonable certainty. Additional or return premiums are treated as adjustments to gross written premiums.

(ii) Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the reporting date, calculated on a time apportionment basis. The unearned premiums calculation has been carried out using the most appropriate basis available, which is considered to be the eighths basis. This basis assumes that the premium received for a particular quarter represents policies which begin, on average, at the mid-point of the quarter. Thus 1/8 of the premium for the first quarter, 3/8 of the premium for the second quarter, 5/8 of the premium for the third quarter and 7/8 of the premium for the fourth quarter is unearned at the end of the period. The Group calculates unearned premiums in respect of its gross written premiums and also in respect of the commercial retrocession it has purchased. HM Treasury also calculates the unearned premiums in respect of the retrocession agreement with Pool Re.

(iii) Claims incurred

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

(iv) Claims provisions and reinsurance recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the Group. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

In estimating the cost of claims notified but not paid, the group has regard to the cost of claims incurred by Pool Re's members, both within and in excess of each Member's retention. The overall emerged claims cost is closely managed by Pool Re.

The nature of the underlying business is such that there is unlikely to be a significant delay between the occurrence of a claim and the claim being reported. However, there can be significant delays in assessing the group's ultimate liability for such claims. Claims notified to the group at the reporting date are estimated on a basis that reflects the current position for Pool Re's members' liabilities to their policyholders, less members' retentions.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that may be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Retrocession agreements

The Group has a retrocession agreement in place with Pool Re. The HM Treasury Group also had a retrocession agreement in place with Pool Re (Nuclear) Ltd, which was terminated on the 31st December 2023. Under the retrocession agreements funds would be provided to the companies if they faced claims in excess of the companies' resources. The risk associated with the companies not having the ability to pay for claims above their own resources has been transferred to HM Treasury. These agreements constitute the substance of an insurance contract. The retrocession premium income is earned by HM Treasury from Pool Re and Pool Re (Nuclear) and the income from Pool Re eliminates on consolidation.

HM Treasury receives fees in relation to these retrocession agreements. These are recognised in the SoCNE through fees and charges on an accruals basis.

No claims have been raised, nor are likely, as detailed within Note 22 – Financial risk.

1.18 Off-balance sheet loan commitments

Off-balance sheet loan commitments are disclosed in Note 19 – Commitments. They comprise commitments to advance cash sums as loans.

Under IFRS 9 *Financial Instruments* an impairment provision for expected credit losses is required to be held against undrawn loan commitments. The impairment provision for each loan considers the expected drawdown on the loan commitment.

1.19 Foreign currencies

Transactions which are not denominated in pounds sterling are translated at the spot rate of exchange on the date of the transaction. Monetary assets and liabilities which are not denominated in pounds sterling are translated at the closing rate of exchange at the reporting year-end date. Foreign exchange gains and losses resulting from the restatement and settlement of such transactions are recognised in the SoCNE.

2. Income from sales of goods and services

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Internal Audit Fees	45	45	39	41
Other Income from Sale of Goods and Services	2	2	1	1
Total	**47**	**47**	**40**	**42**

3. Other operating income

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Fees and charges	(189)	(28)	(173)	(21)
Dormant accounts	-	(241)	-	(143)
Insurance premiums	-	(263)	-	(284)
Gifts to The Nation	(6)	(6)	(54)	(54)
Recoveries and recharges	(13)	(34)	(10)	(15)
Other operating income	(20)	(26)	(22)	(32)
Total	**(228)**	**(598)**	**(259)**	**(549)**

Fees and charges at core and agencies level comprise primarily of fee income from Pool Re for £164m (2022-23: £151m) in relation to the retrocession agreement with HM Treasury.

Insurance premiums are related to Pool Re's principal activity which is reinsurance in respect of losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland.

Income from dormant accounts is related to funds from dormant assets to Reclaim Fund Limited (RFL).

4. Staff costs and numbers

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Staff Costs	209	297	187	263
Total	**209**	**297**	**187**	**263**

For more information and for staff numbers refer to page 98 of the Remuneration and Staff Report.

5. Purchase of goods and services

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
UK coinage: metal and manufacturing costs	2	2	12	12
Professional and office services	73	138	78	132
Reinsurance expense	-	45	-	45
Other purchase of goods and services	32	100	31	108
Total	**107**	**285**	**121**	**297**

6. Other operating expenditure

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Movement in provisions	(820)	(651)	(3,286)	(3,190)
Other operating expenditure	212	46	203	49
Total	**(608)**	**(605)**	**(3,083)**	**(3,141)**

For more information on the movement in provisions see Note 16 – Provisions.

Other operating expenditure comprise primarily of funding provided to arms-length bodies and the sovereign grant of £178m (2022-23: £165m).

7. Finance income

	2023-24		2022-23	
In £m	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Interest income from loans	(119)	(291)	(96)	(203)
Dividend income	(502)	(525)	(1,412)	(1,440)
Total	**(621)**	**(816)**	**(1,508)**	**(1,643)**

Dividend income received from NatWest was £502m in 2023-24 (2022-23: £1.4bn). The £902m decrease relates to reduced levels of dividends declared by NatWest in 2023-24 (17.0p) compared to 2022-23 (30.3p) and the reduced shareholding by HM Treasury as a result of share sales.

Interest income earned primarily compromises interest income from Pool Re's investment holdings of £163m (2022-23: £106m). The increase in interest earned was due to the rise in the Bank of England base rate since 2022-23.

8. Revaluation of financial assets and liabilities in the SoCNE

	2023-24		2022-23	
In £m	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Fair value (gain)/loss on derivatives	40,306	40,212	138,618	138,848
Fair value (gain)/loss on financial assets and liabilities held at fair value through profit or loss	(289)	(425)	(1,165)	(1,276)
FX movements on financial instruments held at amortised cost	44	44	(68)	(68)
Total	**40,061**	**39,831**	**137,385**	**137,504**

For an explanation of the change in the fair value on derivatives refer to Note 13 – Derivatives.

The fair value gain in financial assets relates to elements of the EU Financial Settlement, and financial instruments held at FVTPL. See also Note 9 – Trade and other receivables, Note 11 – Equity Investments and Note 15 – Trade and other payables.

9. Trade and other receivables

	2023-24		2022-23	
In £m	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
Amounts falling due within one year:				
Trade receivables	15	79	13	75
Accrued interest and dividend income	347	399	403	541
Reinsurance asset	-	41	-	41
Pool Re accrued income (see note 15)	193	-	227	-
Guarantee fees receivable	2	2	3	3
EU financial settlement	1,798	1,798	742	742
Other	30	132	36	48
Total current	**2,385**	**2,451**	**1,424**	**1,450**
Amounts falling due after more than one year:				

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Pool Re accrued income (see note 15)	273	-	208	-
Guarantee fee receivable	40	87	41	41
EU financial settlement	2,572	2,572	4,001	4,001
Sukuk Deposit	-	500	-	500
Total non-current	**2,885**	**3,159**	**4,250**	**4,542**
Total receivables	**5,270**	**5,610**	**5,674**	**5,992**

EU financial settlement receivables

The EU financial settlement receivables are related to the following articles of the EU Withdrawal Agreement.

Article 136 – Post 2020 Flows	Under Article 136 of the Withdrawal Agreement "Provisions applicable after 31 December 2020 in relation to own resources", the UK remains party to corrections and adjustments to VAT and gross national income contributions which were historically included in the calculation of future years' EU budget contributions and are now met through the Withdrawal Agreement. The fair value of the asset arising from this element is £1,301m (2022-23 £1,180m). See Note 15 – Trade and other payables for the liability associated with this asset in the prior year.
Article 140 – Infringements, Traditional Own Resources and net financial corrections	Under Article 140 of the Withdrawal Agreement "Outstanding commitments", the UK's liability will be reduced by a number of items. For instance the amount of net financial corrections; the proceeds of any Member State Making Available Resources infringements; and Traditional Own Resources adjustments. The fair value of the Article 140 instrument is estimated to be £127m (2022-23: £215m).
Article 141 – Fine income	Under Article 141 of the Withdrawal Agreement "Fines decided upon before or on 31 December 2020", the UK is entitled to a share of EU fine income that relates to activity up to, and in exceptional cases after, 31 December 2020, including where collection of the fine income arises post UK exit. The fair value of the fine income is estimated to be £44m (2022-23: £33m).
Article 143 – Receivables arising from the financial liabilities related to loans for financial assistance, EFSI, EFSD	Under Article 143 of the Withdrawal Agreement "Contingent financial liabilities related to loans for financial assistance, European Fund for Strategic Investments (EFSI), European Fund for Sustainable Development (EFSD) and the external lending mandate", the UK is entitled to receive a return of cash provided to guarantee loans and investments, where the guarantee is not called because the underlying loan or investment is repaid. Included in Article 143 are four separate elements across two distinct categories: • Non-prefunded instruments specifically loans to member states. As these are not prefunded, any under recovery results in a loss. • Prefunded instruments, specifically EFSI, EFSD and other lending. As these are prefunded with associated guarantee funds, they only result in net cash outflows where defaults in the underlying instruments exceed the prefunded provisioning for the instrument and associated revenue inflows. Where instruments are expected to result in net cash inflows, we have recognised a receivable; and where net cash outflows are expected, we recognise a payable. HM Treasury's best estimate of the forecast future cash flows arising from these instruments is based on financial modelling developed with the Government Actuary Department. This modelling considers a number of forecast activities in arriving at an overall value for each financial instrument. HM Treasury estimate the fair value of Article 143 instrument is £772m (2022-23: £840m). See Note 15 for liabilities arising from these instruments.

Article 144 – Financial instruments	Under Article 144 of the Withdrawal Agreement "Financial Instruments under direct or indirect implementation financed by the programmes of the 2014-20 Multiannual Financial Framework (MFF) or under earlier financial perspectives", the UK is entitled to receive a return of cash provided to guarantee loans and investments, where the guarantee is not called because the underlying loan or investment is repaid. HM Treasury's estimate of the fair value of potential receipts under Article 144 is £343m (2022-23: £409m).
Article 145 – ECSC and Article 146 – EIF	Under Article 145 "European Coal and Steel Community (ECSC)" and Article 146 "Union Investment in the European Investment Fund (EIF)", respectively the UK receives its share of the net assets of the ECSC in liquidation at 31 December 2020 and its share of the investment in paid-in capital of the EIF as at 31 December 2020. These are received from the EU over 5 years commencing 30 June 2021. The valuation is based on amounts notified by the EU of the UK's share of the ECSC net assets. and share of the EIF paid in capital. HM Treasury's estimate of the fair value of the receipts under Article 145 and 146 is £73m (2022-23: £112m).
Article 150 – EIB	Under Article 150 "Continued liability of the United Kingdom and reimbursement of the paid-in capital", the UK is entitled to receive an amount equal to the UK's share of the paid-in subscribed capital of the European Investment Bank (EIB). These are received in equal annual instalments until 2030 with the remainder received in 2031. HM Treasury's estimate of the receipts under Article 150 is £1,710m (2022-23: £1,954m).

All receivables are measured at fair value through profit or loss, except for receivables relating to Article 150 of the EU Financial Settlement, which are measured at amortised cost.

See Note 8 – Revaluation of financial assets and liabilities in the SoCNE for the fair value movement recognised, Note 1.6 – Significant judgements and estimates for discussion on key judgements and estimates and Note 22.3 for the risk disclosure.

Sukuk Deposit

SUKUK Plc made an issuance of £500m of Sukuk certificates on 1 April 2021, which are due to be redeemed on 22 July 2026. The certificates were sold to investors based in the UK and across major hubs for Islamic finance around the world. For more information on the issuance please see the HM Treasury Sovereign Sukuk PLC Accounts which are available on Companies House.[102]

Pool Re accrued income

HM Treasury and Pool Re have a retrocession agreement where, funding would be provided to Pool Re should it's own resources be insufficient to pay out on claims it receives. In return HM Treasury receives retrocession payments from Pool Re.

Income from the retrocession agreement is receivable 3 years in arrears every March. The receivable from Pool Re includes all income accrued since January 2022 in relation to the retrocession agreement with HM Treasury. This eliminates at a departmental group level.

[102] https://find-and-update.company-information.service.gov.uk/company/09051219/filing-history

A reconciliation of receivables from the retrocession agreement is as follows:

Receivables from Pool Re	2023-24	2022-23
Opening balance	435	447
Retrocession fee & interest earned	270	169
Retrocession fee paid	(239)	(181)
Closing balance	**466**	**435**

The opening and closing balances include current and non-current receivables.

10. Net pension asset

Defined contribution schemes

UK Government Investments Ltd (UKGI), Reclaim Fund Ltd (RFL), Pool Reinsurance Company Limited (Pool Re) and the Royal Household (RH) operate defined contribution schemes. Core Treasury, it's Executive agencies and the Royal Household (RH) also operate unfunded defined benefit scheme which are accounted for as a defined contribution schemes as set out in Note 1.11 – Pensions.

Defined benefit schemes

The RH additionally operate funded defined benefit schemes, which are accounted for as such. The amount recognised in the Statement of Financial Position is a net asset of £0.5m (2022-23 net asset of £0.5m). UK Asset Resolution (UKAR) operates several retirement benefit plans for the former employees of Northern Rock and Bradford & Bingley (B&B), including defined benefit pension plans and post-retirement healthcare benefits. The current service cost of the HM Treasury Group's defined benefit schemes is £nil (2022-23: £nil), as the UKAR schemes are now closed to future service accrual.

The amount recognised in the Statement of Financial Position relating to UKAR for the former B&B defined benefit scheme is a net asset of £229.6m (2022-23 £274.2m) and a net liability for post-retirement medical benefits and unfunded defined benefit obligations of £5.4m (2022-23 £4.1m) and the amount recognised relating to UKAR for the former Northern Rock defined benefit scheme is a net asset of £117.2m and a net liability for unfunded defined benefit obligations of £10.3m. (2022-23: net asset of £139.3m and a net liability for unfunded defined benefit obligations of £10.4m).

The latest formal triennial valuation of the B&B scheme, prepared by the scheme actuaries as at 30 June 2021 and agreed in July 2022, showed a surplus of £129m on a Trustee's valuation basis. The latest formal triennial valuation of the NRAM scheme, prepared by the scheme actuaries at 5 April 2021 and agreed in March 2022, showed a surplus of £75.4m on a Trustee's valuation basis.

In March 2022 the Public Service Pensions and Judicial Offices Act received Royal Assent. This gives HM Treasury powers to establish new pension schemes to house the pension liabilities of UKAR, and to transfer the assets and liabilities of the schemes to the government. The preparations for an orderly transfer continue.

A reconciliation of the net pension asset for the UKAR and RH pension schemes is shown in the table below. Further details of these schemes, including valuation assumptions for the defined benefit schemes, are included in their respective annual report and accounts.[103]

[103] https://www.ukar.co.uk/financial-reporting/ and https://www.royal.uk/media-centre/financial-reports

In £m	Departmental Group 2023-24	2022-23
Reconciliation of fair value employer assets		
Balance at 1 April	1,515	2,113
Interest income	70	56
Contributions paid by employer	11	1
Introduction of insured pensioner liabilities	-	6
Remeasurements:		
- Return on plan assets excluding interest income	(120)	(598)
Administrative expenses	(6)	(5)
Benefits paid from plan	(46)	(58)
Balance at 31 March	**1,424**	**1,515**
Reconciliation of defined benefit obligations		
Balance at 1 April	(1,116)	(1,493)
Interest cost	(51)	(41)
Introduction of insured pensioner liabilities	-	(6)
Remeasurements:		
- effect of GMP equalisation	-	-
- effect of changes in demographic assumptions	3	(2)
- effect of changes in financial assumptions	22	423
- effect of experience adjustments	3	(55)
Transfer payments	-	-
Benefits paid from plan	46	58
Balance at 31 March	**(1,093)**	**(1,116)**
Closing net pension assets	**331**	**399**

11. Equity investments

Current year

In £m	At 1 April 2023	Additions, disposals & transfers	Fair value adjustments	At 31 March 2024
Listed entities				
NatWest ordinary shares	10,500	(3,484)	(228)	6,788
Unlisted investments				
Bank of England share capital	5,424	-	(15)	5,409
Asian Infrastructure Investment Bank	518	-	16	534
European Bank for Reconstruction and Development	1,458	-	210	1,668
Other shareholdings	12	-	-	12
Group entities				
UK Asset Resolutions Ltd	344	-	(56)	288
UK infrastructure Bank	586	490	(22)	1,054
Reclaim Fund Ltd	467	-	87	554
Total Core Treasury and Agencies	**19,309**	**(2,994)**	**(8)**	**16,307**
Intra-group eliminations	(1,397)	(490)	(9)	(1,896)
Group portfolio investments	1,201	552	110	1,863
Total Departmental Group	**19,113**	**(2,932)**	**93**	**16,274**

Equity Investments held by Core Treasury and Agencies are measured at fair value through other comprehensive income (FVOCI)[104] represent HM Treasury Group's strategic equity investments, which are not held for trading.

HM Treasury has a trading plan for the sale of NatWest shares that runs up to 11 August 2025. The trading plan involves selling shares in the market through an appointed broker in an orderly way at market prices over the duration of the plan.

As a result of these sales, the shareholding of HM Treasury has reduced from 41.5% of the ordinary share capital (3,983m shares) of NatWest Group at 31 March 2023, to approximately 29.3% of the ordinary share capital (2,556m shares) at 31 March 2024.

The £4.2bn cumulative lifetime loss on disposal of these shares has been released from the fair value reserve to the General Fund (see Statement of Changes in Taxpayers' Equity).

The fair value in the remaining NatWest shareholding has increased due to favourable market moves, which saw the share price increase from 263.6p on 31 March 2023 to 265.5p on 31 March 2024. The reported unfavourable market movements reflect share price movements on shares disposed of during the year.

Group portfolio investments contain the portfolios of equity investment holdings held by Pool Re and the UK Infrastructure Bank and are measured at fair value through profit or loss (FVTPL). Most of the Pool Re's equity portfolio is public traded shares, plus mutual funds and venture capital, and the UK Infrastructure Bank's portfolio consists of investments in limited life funds.

For more information see Note 22 – Financial Risk, Note 23 – Financial Instruments Fair Value Hierarchy and Note 28 – Events after the reporting period.

Group shareholdings

In accordance with the Government Financial Reporting Manual (FReM) additional details of significant shareholdings are shown below:

	2023-24			2022-23		
In £m	**Stake %**	**Total net assets**	**Entity's reported profit/(loss)**	**Stake %**	**Total net assets**	**Entity's reported profit/(loss)**
Bank of England	100	5,408	33	100	5,424	39
NatWest ordinary shares	29.3	37,188	4,632	41.5	36,496	3,595

The reported profit/(loss) and net assets of the above entities is disclosed for the reporting period to the end of February for the Bank of England and end of December for NatWest.

[104] With the exception of £6m of public dividend capital held in the Royal Mint at historical cost, in line with the Government Financial Reporting Manual (FReM).

Prior Year

In £m	At 1 April 2022	Additions, disposals & transfers	Fair value adjustments	At 31 March 2023
Listed entities				
NatWest ordinary shares	11,031	(2,146)	1,615	10,500
Unlisted investments				
Bank of England share capital	5,777	-	(353)	5,424
Asian Infrastructure Investment Bank	477	-	41	518
European Bank for Reconstruction and Development	1,285	-	173	1,458
Other shareholdings	12	-	-	12
Group entities				
UK Asset Resolutions Ltd	507	-	(163)	344
UK infrastructure Bank	545	-	41	586
Reclaim Fund Ltd	405	-	62	467
IUK Investments Holdings Ltd	1	-	(1)	-
Total Core Treasury and Agencies	**20,040**	**(2,146)**	**1,415**	**19,309**
Intra-group eliminations	(1,458)	-	61	(1,397)
Group portfolio investments	1,312	(155)	44	1,201
Total Departmental Group	**19,894**	**(2,301)**	**1,520**	**19,113**

12. Loans and investment securities

12.1 Group

Current Year

In £m	At 1 April 2023	Advances and purchases	Redemptions, repayments and transfers	Revaluations[105]	As 31 March 2024
Loans held at amortised cost	305	422	(107)	(13)	607
Fixed income investment securities held at amortised cost	446	2	(120)	-	328
Fixed income investment securities held at FVTPL	5,613	5,060	(5,144)	16	5,545
Total Departmental Group	**6,364**	**5,484**	**(5,371)**	**3**	**6,480**
Current	1,141				1,232
Non-current	5,223				5,248

Loans held at amortised cost are held by the UK Infrastructure Bank (UKIB) as part of the Bank's lending strategy to help tackle climate change and support regional and local economic growth. During the year, UKIB invested £422m of loans across the private and public sector (2022-23: £162m).

Fixed income investment securities held at amortised cost are held by Reclaim Fund Ltd as part of the ongoing investment strategy. A highly liquid, secure position is maintained, with maturing bonds and coupons generated from the investment portfolio being re-invested.

[105] Revaluations include impairments, reversals, amortisation and FX adjustments

Fixed income investment securities held at fair value through profit and loss (FVTPL) are held by Pool Re as part of its ongoing investment strategy. The majority of the holdings are government and corporate bonds, which are liquid and secure. See also Note 22 – Financial Risk.

Prior Year

In £m	At 1 April 2022	Advances and purchases	Redemptions, repayments and transfers	Revaluations[104]	As 31 March 2023
Loans held at amortised cost	188	162	(42)	(3)	305
Fixed income investment securities held at amortised cost	433	170	(157)	-	446
Fixed income investment securities held at FVTPL	5,510	8,725	(8,670)	48	5,613
Total Departmental Group	**6,131**	**9,057**	**(8,869)**	**45**	**6,364**
Current	1,982				1,141
Non-current	4,149				5,223

Core Treasury and Agencies

Current Year

In £m	At 1 April 2023	Advances and purchases	Redemptions, repayments and transfers	Revaluations[104]	As 31 March 2024
Loans held at amortised cost	64	478	(387)	-	155
Total Core Department & Agencies	**64**	**478**	**(387)**	**-**	**155**
Current	-				131
Non-current	64				24

Prior Year

In £m	At 1 April 2022	Advances and purchases	Redemptions, repayments and transfers	Revaluations[104]	As 31 March 2023
Loans held at amortised cost	24	125	(85)	-	64
Total Core Department & Agencies	**24**	**125**	**(85)**	**-**	**64**
Current	-				-
Non-current	24				64

Of the loan assets held at amortised cost by Core Treasury, £141m (2022-23: £50m) relate to intercompany loans made to UKIB, which eliminate at group level. All the drawdowns and repayments during the year relate to these loans.

13. Derivatives

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Balance at 1 April	(177,632)	(177,587)	(39,792)	(39,830)
Cash movements	44,549	44,395	778	1,091
Fair value gain/(loss) (Note 8)	(40,306)	(40,212)	(138,618)	(138,848)
Balance at 31 March	**(173,389)**	**(173,404)**	**(177,632)**	**(177,587)**
Current derivative financial assets	-	10	-	53
Current derivative financial liabilities	(173,389)	(173,414)	(177,632)	(177,640)

£173.4bn (2022-23: £177.6bn) is attributable to the Bank of England Asset Purchase Facility Fund (BEAPFF) derivative liability, which indemnifies the Bank from losses and entitles HM Treasury to profits arising from the Bank's programme of quantitative easing. The reduction in the balance primarily comprises the cash transfers from HM Treasury to the BEAPFF of £44.5bn net off by the downwards fair value adjustment of £40.3bn (2022-23: £138.6bn). In 2022-23 there were cash transfers of £4.2bn from the BEAPFF to HM Treasury and £5.0bn from HM Treasury to the BEAPFF.

The fair value adjustment is mainly driven by the decrease in the market value of the gilt holdings held within the BEAPFF, and interest rate differentials between the yields on the holdings and the loan from the Bank of England which financed them. This was matched by an increase in the amount due from HM Treasury under the indemnity.

The derivative financial liability reflects the fair value of the underlying assets and liabilities of the BEAPFF at 31 March prices. As the BEAPFF portfolio continues to unwind, the quarterly cash transfers which had historically been from the BEAPFF to HM Treasury, now flow from HM Treasury to the BEAPFF when it needs cash to settle its position. The net lifetime cash transfers from the BEAPFF to HM Treasury totalled £74bn at 31 March 2024; (£119bn at 31 March 2023).

Pool Re holds derivative assets of £10m (2022-23: £56m) and £25m of derivative liabilities (2022-23: £12m).

For further information see also Note 22 – Financial Risk.

14. Cash and cash equivalents

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Balance at 1 April	1,396	1,979	54	881
Net change in cash balance and cash equivalent balances	1,149	1,504	1,342	1,098
Total	**2,545**	**3,483**	**1,396**	**1,979**
The following balances were held at 31 March				
Government Banking Service	2,545	2,658	1,396	1,519
Bank of England	-	471	-	248
Commercial banks, cash in hand and cash equivalents	-	354	-	212
Total	**2,545**	**3,483**	**1,396**	**1,979**

Detail on cash movements can be found in the SoCF. Cash and cash equivalents includes £36m of cash collateral received. See also Note 22.2 – Financial Risk – Group.

15. Trade and other payables

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Amounts falling due within one year:				
Trade payables	6	12	11	23
Accrued expenditure	25	62	52	88
Unearned reinsurance premiums	62	125	-	126
Pool Re payable to Consolidated Fund	131	131	227	227
Corporation tax payable	-	3	-	-
EU Financial Settlement	1,154	1,154	2,380	2,380
Amounts issued from the Consolidated Fund for supply but not spent at year end	2,545	2,545	1,396	1,396
Other	11	276	10	204
Total	**3,934**	**4,308**	**4,076**	**4,444**
Amounts falling due after more than one year:				
Pool Re payable to Consolidated Fund	273	273	208	208
Sukuk certificates	-	500	-	500
Deferred tax	-	138	-	118
EU Financial Settlement	147	147	187	187
Other	10	22	9	16
Total	**430**	**1,080**	**404**	**1,029**
Total payables	**4,364**	**5,388**	**4,480**	**5,473**

Amounts issued from the Consolidated Fund for supply but not spent at year end

Amounts issued from the Consolidated Fund for supply but not spent are due to the Consolidated Fund and will become available for use on voted activities in the following year when it becomes 'Deemed Supply'.

Pool Re payable to the Consolidated Fund

Under the retrocession agreement with Pool Re[106], 50% of gross premiums written and 25% of surplus earnings reported, is payable to HM Government. This is paid 3 years in arrears to the consolidated fund leading to a current liability of £131m (2022-23: £227m) and a non-current liability of £273m (2022-23: £208m).

Sukuk Certificates

A sukuk is an islamic financial certificate, similar to a bond, that is compliant with Sharia law. The issuer of the sukuk is contractually bound to buy back the certificate at a future date, at par value. Sukuk certificates to the value of £500m were issued at par value on 1 April 2021 and are payable on 22 July 2026 at par value.

[106] https://www.gov.uk/government/publications/terms-of-engagement-between-hm-treasury-and-pool-reinsurance-limited-pool-re

EU financial settlement payables

The EU financial settlement payables are related to the following articles of the EU Withdrawal Agreement:

Article 136 – Provisions applicable after 31 December 2020 in relation to own resources	£58m of EU financial settlement flows from the UK to the EU relate to Article 136 of the Withdrawal Agreement "Provisions applicable after 31 December 2020 in relation to own resources" for payment of customs duties ('Traditional own resources') on imports from outside the EU before the end of the transition period. Under the Withdrawal Agreement Act 2020, sums required to be paid to the EU to meet obligations in respect of Traditional Own Resources (TOR) are charged on and paid out of the Consolidated Fund. Between June and September 2024, the financial settlement of the Withdrawal Agreement will result in net cash flows from the EU to the UK rather than a payment to the EU. The Consolidated Fund does not have the legal basis to meet the TOR obligation for months where the liability is offset by funds flowing into the UK, therefore HM Treasury will meet this liability for these months. Where there is a net payment due to the EU in future periods, TOR obligations will continue to be met by the Consolidated Fund. See also Note 21 Contingent Liabilities. In addition, in the prior year there were £916m of EU financial settlement flows from the UK to the EU. Under this article for corrections and adjustments to VAT and gross national income contributions relating to the period when the UK was a member state are met through the Withdrawal Agreement and which the EU has now notified the UK of the amounts payable. Payables under Article 136 are measured at fair value through profit and loss. See also Note 9 – Trade and other receivables for receivables relating to this Article.
Article 140 – Outstanding commitments	£1.1bn of EU financial settlement payables relates to Article 140 of the Withdrawal Agreement "Outstanding commitments" (2022-23: £1.4bn). This represents the amounts payable from formal notification of the amounts due at 31 March and transferred from the provision for this article. See also Note 16 – Provisions.
Article 142 – Union liabilities at the end of 2020	£168m of EU financial settlement payables relates to Article 142 (5) of the Withdrawal Agreement "Union liabilities at the end of 2020" in respect of the UKs share of liabilities for certain EU pension schemes as recognised by the EU as at 31 December 2020 (2022-23: £195m).
Article 143 – Contingent financial liabilities related to loans for financial assistance, European Fund for Strategic Investments (EFSI), European Fund for Sustainable Development (EFSD) and the external lending mandate	£3m of EU financial settlement payables relates to Article 143 of the Withdrawal Agreement "Contingent financial liabilities related to loans for financial assistance, European Fund for Strategic Investments (EFSI), European Fund for Sustainable Development (EFSD) and the external lending mandate" (2022-23: £17m). Under Article 143, the UK remains responsible for its share of the contingent financial liabilities made during the UK's membership of the EU. HM Treasury's best estimate of the forecast future cash flows arising from these instruments is based on financial modelling developed with the Government Actuary Department. This modelling considers several forecast activities in arriving at an overall value for each financial instrument. All payables under Article 143 are measured at fair value through profit or loss. Please see note 8 for the fair value movement recognised in the SoCNE, note 1.6 – Significant judgements and estimates for discussion on key judgements and estimates, and note 22.3 for the risk disclosure. In addition, the UK is entitled to a share of receipts in relation to these instruments, see detail in note 9 – Trade and other receivables .

16. Provisions

Group

Current year

In £m	EU Financial Settlement	ELPS	Oil and Gas	HTB ISA	Reclaim Fund Ltd	Other	Total
Balances at 1 April	18,595	199	82	438	259	20	19,593
Provided in year	305	-	233	126	170	15	849
Provisions not required	-	-	-	-	-	(1)	(1)
Exchange rate movement	(482)	-	-	-	-	-	(482)
Unwinding of discount and changes in the discount rate	(1,021)	(3)	(1)	8	-	-	(1,017)
Provisions utilised in year	(6,843)	(25)	(87)	(112)	(112)	(29)	(7,208)
Balances at 31 March	**10,554**	**171**	**227**	**460**	**317**	**5**	**11,734**
Within 1 year	1,370	24	14	460	317	1	2,186
Between 1 and 5 years	3,694	71	142	-	-	4	3,911
Later than 5 years	5,490	76	71	-	-	-	5,637

Core Treasury and Agencies

Current year

In £m	EU Financial Settlement	ELPS	Oil and Gas	HTB ISA	Other	Total
Balances at 1 April	18,595	199	82	438	13	19,327
Provided in year	305	-	233	126	15	679
Provisions not required	-	-	-	-	-	-
Exchange rate movement	(482)	-	-	-	-	(482)
Unwinding of discount and changes in the discount rate	(1,021)	(3)	(1)	8	-	(1,017)
Provisions utilised in year	(6,843)	(25)	(87)	(112)	(27)	(7,094)
Balances at 31 March	**10,554**	**171**	**227**	**460**	**1**	**11,413**
Within 1 year	1,370	24	14	460	1	1,869
Between 1 and 5 years	3,694	71	142	-	-	3,907
Later than 5 years	5,490	76	71	-	-	5,637

The movement in provisions, detailed in Note 6 – Other operating expenditure, is made up of: Provided during the year, provisions not required, exchange rate movement, and unwinding of discount and changes in the discount rate above.

Further detail on provisions can be found below:

Provision	Narrative
EU Financial Settlement: Article 140 – Reste à Liquider (RAL)	Under Article 140 of the Withdrawal Agreement "Outstanding Commitments", the UK remains responsible for its share of the EU Budget commitments made during the UK's participation in the EU Budget over the 2014-20 Multiannual Financial Framework (MFF) (ending December 2020). The RAL represents EU budgetary commitments that have been made and are expected to result in payments by the EU in the future. Budgetary commitments that are subsequently decommitted, for example where the underlying programme does not go ahead, are removed from the RAL. The UK is only liable to pay a share of RAL at the end of 2020 to the extent it crystallises as payments by the EU. The UK's liability under Article 140 will be reduced by several items, including: the amount of net financial corrections; the proceeds of any Member State Making Available Resources infringements; and Traditional Own Resources adjustments. See related asset disclosure in respect of Article 140 in Note 9 – Trade and other receivables, related financial liability disclosure in Note 15 Trade and other payables and Note 1.6 – Significant judgements and estimates.
EU Financial Settlement: Article 142 – Union Liabilities at End 2020	Under Article 142 of the Withdrawal Agreement "Union Liabilities at End 2020", the UK will pay a share of the EU's payments for the employment and other related benefits accrued by EU employees up to the end of 2020. Specifically, these benefits are materially comprised of pensions schemes and the Joint Sickness Insurance Scheme (JSIS). Expenditure to settle in-year benefits is incurred by the EU and accordingly by all Member States as part of budget contributions. As the UK left the EU, the Withdrawal Agreement in effect created a liability for the UK and HM Treasury is required to make provisions for the future cash outflow. See also Note 1.6 – Significant judgements and estimates.
EU Financial Settlement: Article 147 – Liabilities relating to legal cases	Under Article 147 of the Withdrawal Agreement "Contingent liabilities related to legal cases", the UK will pay a share of costs incurred by the EU in relation to certain legal cases around the EU Budget and financial interests where the facts forming the subject matter of those cases occurred before 31 December 2020. See related contingent liability disclosure in Note 21 – Contingent liabilities.
Equitable Life Payments Scheme (ELPS)	The Equitable Life Payments Scheme (ELPS) is for eligible policy holders who purchased an Equitable Life pension policy between 1 September 1992 and 31 December 2000. In 2010 the government committed to pay in the region of £1.5bn to policy holders in the scheme; as at the reporting date £1.3bn had been paid. The scheme was closed to new entrants from 31 December 2015 but continues to make payments to 'with annuities' policyholders.

Provision	Narrative
Oil and gas	This provision relates to claims on Decommissioning Relief Deeds (the deeds). The deeds were signed between eligible oil and gas companies and HM Treasury. The deeds indemnify the industry for changes in tax codes which reduce the amount of decommissioning tax relief companies are eligible for and allows them to claim the shortfall or the default of their partners in decommissioning North Sea oil fields. This is where a claimant is allowed to claim relief from HM Treasury otherwise available to the defaulting party, from HMRC, through the tax system. HM Treasury recognise a provision when when there is a claim related activity that will likely lead to a claim for an oil field, and the amount can be measured reliably for the future amounts indemnified for decommissioning that field. A total of £233m has been provided in year in response to actual claims and claim related activity that will likely lead to a claim. The value of the provision of £227m represents the best estimate of the outstanding costs to settle. During the year, HM Treasury was required to make payments of £87m on claims which were paid directly to the claimants. For more information on the scheme and other potential claims, refer to Note 21 – Contingent liabilities.
Help to Buy (HTB) ISA	The Help to Buy ISA scheme commenced on 1 December 2015 and offers first time buyers government bonuses to be claimed on completion of a successful property purchase. The government will award a 25% bonus based on an individual's total savings in an HTB ISA account. There is a minimum £400 bonus and a maximum £3,000 bonus. The scheme closed to new entrants in November 2019, and all bonuses must be claimed by December 2030. The value of the provision of £460m represents the best estimate of the outstanding cost to settle the HTB ISA provision. This is based on forecast utilisations in future years. The increase in the provision is due to a change in the underlying modelling assumptions, reflecting more recent scheme trends which reflect a gradual drop off in forecast bonus volumes later in the scheme life. There is significant uncertainty in relation to forecast bonus volumes which drive the forecast utilisations and the HTB ISA provision. For the 2023-24 provision, HM Treasury has estimated that approximately 30% of current eligible deposits will be utilised. As an indication of sensitivity on the provision, if 40% of eligible deposits were utilised, the provision would increase by an estimated £122m. Alternatively, if only 20% of eligible deposits were utilised, the provision would reduce by an estimated £169m. Notwithstanding the uncertainties noted above, this sensitivity covers the range of scenarios HM Treasury considers could potentially arise. There is significant variability over the timing of when the provided funds would be drawn on by homebuyers, dependent on factors including the housing market and the level of savings accrued prior to joining the scheme. Although homebuyers can draw on the bonus at any point, this is likely to be spread over the lifetime of the scheme.
Reclaim Fund Ltd (RFL)	Upon transfer of dormant account monies from UK financial institutions to the Reclaim Fund Ltd (RFL), the obligation to repay dormant account holders who subsequently reclaim their money is also transferred to the Fund. The element of the provision relating to dormant account holders is £175m. Although account holders can reclaim their dormant balances at any point, in practice this is likely to be spread over several years. The Dormant Bank and Building Society Accounts Act 2008 dictates that the RFL is obliged to pay over the excess of dormant account monies received, after deduction of running costs, to the National Lottery Community Fund (NLCF) for ongoing distribution to the benefit of the community. The element of the provision relating to future distributions to the NLCF is £143m. Further details on the estimates can be found in the RFL's Annual Report and Accounts,[107] within the accounting policies note.

[107] https://www.reclaimfund.co.uk/annual-report-accounts/

Sensitivity analysis: EU Financial Settlement

Sensitivity analysis for the key assumptions of the EU Financial Settlement provisions is set out below:

Assumption	Change	Degree of uncertainty	Sensitivity of output to change in input	Financial impacts In £m
Exchange rate – Sterling/Euro exchange rate	Sterling appreciation of 1%	High	Moderate	A decrease of 106
Decommitments – the proportion of EU Budgetary commitments in the RAL that are not implemented	A decrease of 1 percentage point	High	Moderate	An increase of 46
Discount rate – the discount rate applied to future cash flows to take account of the time value of money	A decrease of 0.1 percentage point	Moderate	Moderate	An increase of 112
Salary changes – the assumption about salary changes used when calculating the provision in respect of the Pension Scheme for European Officials	Expected "salary increases" higher by 0.1 percentage point	Moderate	Moderate	An increase of 104
Retirement age – the assumption about the retirement age used when calculating the provision in respect of the Pension Scheme for European Officials	1 year lower	Low	Low	A decrease of 64
Life expectancy – the assumption about life expectancy used when calculating the provision in respect of the Pension Scheme for European Officials	1 year higher	Low	High	An increase of 197

An appreciation of Sterling against the Euro results in the value of the RAL and Pension provisions decreasing. A depreciation of Sterling has the opposite effect. This models a depreciation of 1% from the 31 March 2024 exchange rate (GBP 1: EUR 1.17). The exchange rate exposure is unhedged and payment obligations will be met through funds provided by Parliament through the Supply process.

Decommitments are the portion of the EU budget that is planned but ultimately never spent. As the UK is only liable for EU obligations that materialise, an increase in the estimate of decommitted spend reflects a reduction in the actual amount spent by the EU and therefore a decrease in the RAL liability. The decommitment assumptions used in the calculation above vary by EU programme, however the estimated average over all commitments is 11.7%.

Provisions are discounted in accordance with the requirements of the Financial Reporting Manual and the rates set centrally by HM Treasury based on the yields of gilts issued by the government; cash flows within 5 years (4.26%), between 6-10 years (4.03%), between 11-40 years (4.72%) and more than 40 years (4.40%). The 0.1% decrease is applied to each of the spot rates set for different time horizons. Changes to this discount rate do not affect what the UK pays under the financial settlement, only the valuation of the liability for financial reporting purposes. Excluding the effect of discounting would result in a provision of £20.6bn.

An increase in assumed salary increases results in individuals receiving larger pensions at the point of retirement for final salary schemes. The main component of the salary increase assumption used is inflation, with a long-term rate of 2% used.

A decrease in retirement age results in individuals receiving pensions for a longer period, which in isolation would result in an increase to the liability. However, retiring earlier reduces the amount of accrual at the special rates available to those who remain working after pensionable age and increases the reductions applied to the pensions of those who retire before pensionable age. Overall, the effect of retiring earlier is to reduce the liability. The retirement age assumptions used are those used in the EU 2023 accounts (the earlier of the protected Normal Retirement Age (NRA) and the age at which they can retire with maximum pension).

An increase in life expectancy results in individuals receiving pensions for a longer period, resulting in an increase to the liability. The life expectancies are based on Eurostat assessments of the scheme, adjusted for mortality improvements. The life expectancies at the age of 65 in 2023 and 2040 are 22 and 24 years respectively for men, and 25 and 26 years respectively for women.

The timing of the liabilities is set out in the table below:

Component of the provisions	Gross discounted payments (£m)	Time period	Note
EU Financial Settlement: Article 140 – Reste à Liquider (RAL)	3,730	2024-28	The RAL liability represented most of the provisioned settlement. Current forecasting estimates that this liability will be fulfilled within seven years of the first payment. The payment obligations with the greatest amounts crystallised in the earliest years with payments reducing sharply as time goes on.
EU Financial Settlement: Article 142 – Union Liabilities at End 2020	6,731	2024-64	The pensions liability inherently has a long term cashflow profile as the liability is underpinned by the EU's cash requirements for EU staff pensions. We currently estimate that payments will last until 2064, with the vast majority being paid later than 5 years from the reporting date. The payment obligations will rise gradually year on year over the short and medium term as more scheme members retire but then begin to fall gradually over the remaining decades as they are linked to payments made to final beneficiaries. Article 142 of the Withdrawal Agreement provides a mechanism for early settlement of the principal obligations based upon actuarial estimates of the outstanding amount. The provision is based on the payment of the obligations as they fall due.
Legal Cases EU Financial Settlement: Article 147 – Liabilities relating to legal cases	93	2024-25	The liability for legal cases provided for is expected to have been paid by September 2025.
Total	**10,554**		

17. Financial guarantees

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
UK Guarantees	137	137	161	161
Help to Buy guarantees	55	55	54	54
UKIB guarantees	-	45	-	-
Total	**192**	**237**	**215**	**215**
Current	19	19	21	21
Non-current	173	218	194	194

Further detail on financial guarantees can be found below:

UK Guarantees scheme (UKGS)	The UK Guarantees scheme is a legacy scheme aimed to support infrastructure projects that may have stalled because of adverse credit conditions. As at 31 March 2024, three projects were guaranteed (2022-23: three projects).
Mortgage guarantee schemes	The Help to Buy: mortgage guarantee scheme was launched in 2013 and closed to new applications in 2016. The scheme was designed to address the shortage of high loan-to-value mortgages, by offering lenders the option to purchase a guarantee on mortgages where a borrower had a deposit of between 5% and 20%. All remaining guarantees under the scheme expired during 2023-24. A new mortgage guarantee scheme was launched on the 19 April 2021 following similar characteristics of the 2013 scheme. The scheme has been extended and will now close to applications on the 30 June 2025.
UKIB guarantees	The UK Infrastructure Bank (UKIB) is an arm's length body of HM Treasury. Under the framework agreement, UKIB is authorised to provide guarantees to enable investment in infrastructure. The first UKIB guarantee was issued in December 2023. As at 31 March 2024, one project was guaranteed.

The financial risks and management policies associated with financial guarantees are detailed in Note 22 – Financial Risk which sets out the maximum exposure to HM Treasury because of issuing these guarantees.

18. Adjustments for non-cash transactions

	2023-24		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Adjustment for non-cash transactions				
Net provisions provided in year	(820)	(651)	(3,286)	(3,190)
(Impairments)/impairment reversals of non-financial assets	22	22	(16)	(16)
Depreciation and amortisation	8	15	8	15
Non-voted – banking and gilts registration services	2	2	2	2
Other non-cash adjustments	2	15	1	28
Total	**(786)**	**(597)**	**(3,291)**	**(3,161)**

19. Commitments

	2023-34		2022-23	
In £m	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Capital commitments	105	598	153	434
Loan commitments	7,609	1,992	7,700	1,441
Total	**7,714**	**2,590**	**7,853**	**1,875**

The most significant commitments that the HM Treasury Group has entered into are:

Capital commitments	
CIIF	Capital commitments of £96m (2022-23: £128m) for the Core Department relate to the Charging Infrastructure Investment Fund (CIIF). The CIIF is legally committed to provide a total of £200m worth of investment to the relevant fund managers from 2019-20 to 2023-24 for new investments, with further investment available to support the existing portfolio until 2029-30. £44m in commitments were readvanced because of a re-callable gain following a distribution, as allowed in the partnership agreement. The drawn amounts as at 31 March are recognised as Equity Investments in Note 11.
UKIB	Capital commitments of £493m (2022-23: £282m) relating to undrawn equity investment commitments made by UKIB to support infrastructure projects. This is comprised of UKIB equity fund commitments of £483m (2022-23: £282m) and direct equity commitments of £10m (2022-23: £nil).
Loan commitments	
UKIB	UK Infrastructure Bank (UKIB) has undrawn loan commitments totalling £1.2bn (2022-23: £691m) for loans to support infrastructure projects at the end of the reporting period.
GLA	HM Treasury has provided a £750m (2022-23: £750m) standby refinancing facility to Transport for London – Greater London Authority for the Northern Line extension as part of the UK Guarantees scheme.
Pool Re Nuclear	HM Treasury has a commitment to provide a loan to Pool Re Nuclear, in the event of losses following a terrorist event, exceeding the available resources. The maximum potential loan is unquantifiable and therefore not included in the above table. This commitment comes through a retrocession agreement, terminated on 31st December 2023. However, HM Treasury is still liable to provide a loan to Pool Re Nuclear for insurance contracts written prior to the termination of the agreement.
Intra-group	HM Treasury also provides a loan facility to UKIB. As at 31 March 2024, the total facility available for UKIB was £7bn (2022-23: £7bn), of which £131m (2022-23: £50m) is currently drawn down. HM Treasury has a commitment to provide a loan to Pool Re in the event of losses following a terrorist event exceeding their available resources. The maximum potential loan is unquantifiable and therefore not included in the above table. As these are intra-group, they are eliminated at Departmental group level.

20. Contingent assets

Contingent assets are not recognised in the financial statements but require disclosure under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* where an inflow of economic benefit is probable. Once the realisation of income is certain, the asset is no longer a contingent asset and is recognised at that point.

As a result of the UK's withdrawal from the European Union, the following item within the Withdrawal Agreement is considered to meet the definition of a contingent asset for HM Treasury:

Article 141 – Fine Income	Under Article 141 of the Withdrawal Agreement, the UK is entitled to a share of EU fine income that relates to activity up to the end of 2020 (and in exceptional cases after this period) including where collection of the fine income arises post UK exit. A contingent asset is disclosed in relation to the fine income where the likelihood of cash inflow is dependent on the EU successfully winning the case and this likelihood is assessed to be probable. Following the end of the transition period the contingent assets under this article that are not the subject of ongoing litigation are no longer contingent and appear in Note 9 – Trade and other receivables. The estimated value is based on fines issued by the EU, but not yet definitive and adjusted for fines expected to be issued relating to past performance. HM Treasury's current best estimate of the contingent asset related to fine income is £1.3bn (2022-23: £1.5bn).

21. Contingent liabilities

HM Treasury has recognised the following contingent liabilities which meet the definition of contingent liabilities under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Whilst remote contingent liabilities do not require disclosure under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* they are required to be disclosed where material and not disclosed elsewhere in the financial statements, in accordance with Managing Public Money and the FReM. They have been separately disclosed in the Parliamentary accountability report from page 119.

The Core Treasury and its Agencies have the following contingent liabilities:

EU Financial Settlement: Article 136 – Provisions applicable after 31 December 2020 in relation to own resources	Under article 136 of the Withdrawal agreement "Provisions applicable after 31 December 2020 in relation to own resources", the UK has an obligation to pay customs duties ('Traditional Own Resources') on imports from outside the EU before the end of the transition period over to the EU. Under the Withdrawal Agreement Act 2020, payments to the EU in respect of Traditional Own Resources (TOR) are met by the Consolidated Fund. However, for periods where the net cashflows of the financial settlement between the UK and the EU result in a receipt to the UK, the Consolidated Fund does not have legal authority to settle the TOR related liability and instead, the obligation will fall to HM Treasury. Accordingly, in addition to the liability disclosed in Note 15 Trade and other payables, HM Treasury holds a contingent liability of £76m. This represents the maximum exposure of future payments in respect of the TOR. This contingent liability is only expected to be payable by HM Treasury if the financial settlement results in a receipt to the UK. Nonetheless the future net cashflows are expected to result in a payment to the EU, as such in line with the withdrawal agreement the TOR is expected to be met by the Consolidated Fund.
EU Financial Settlement: Article 147 – Contingent liabilities relating to legal cases	Under Article 147 of the Withdrawal Agreement "Contingent liabilities related to legal cases", the UK will pay a share of costs incurred by the EU in relation to certain legal cases around the EU Budget and financial interests where the facts forming the subject matter of those cases occurred before 31 December 2020. Note 16 – Provisions, sets out provisions recognised by HM Treasury in respect of this article. The EU disclose contingent liabilities related to legal cases in the 2020 accounts, including cases where a reliable estimate of the cost cannot be made and instead the damages being sought are disclosed. If these contingent liabilities crystallised as obligations for the EU, which depends on future events, and were they to fall within the scope of this article they could give rise to a liability for HM Treasury in the future. The UK share of these disclosed items is estimated at £15m (2022-23: £338m).

Decommissioning Relief Deeds	The government has agreed Deeds with oil and gas companies to guarantee the basis on which tax relief for decommissioning is available. As part of the terms of becoming a participator in a licence in the UK or UK Continental Shelf, companies have a statutory obligation to decommission their operations properly once oil and gas production has ceased. The deeds have been signed by the government and eligible companies. Any company that has carried on a ring-fenced trade, and the associates of those companies, are eligible to be party to a Deed. The Deed provides companies with greater certainty in respect of decommission tax relief and allows them to adopt post-tax securitisation arrangements for the future costs of decommissioning. The Deeds support the government's objective of maximising economic recovery of oil and gas reserves in the UK Continental Shelf. The Deeds are designed to free up capital that otherwise would have been held in reserve against possible changes in tax rules. As at March 2024, Offshore Energies UK estimate that around £11.8bn of capital has been unlocked for reinvestment as a result of the Deeds. As of 31 March 2024, 108 Deeds had been signed and were in force (31 March 2023: 105). These Deeds indemnify the companies for changes in tax legislation or the default of joint-venture partners in respect of their decommissioning activities, allowing them to claim relief potentially otherwise available to them from HMRC. The crystallisation of any liability is dependent on the financial health of the companies (and their joint-venture partners) that are party to the Deeds. HM Treasury recognise a provision relating to the Decommissioning Relief Deeds when a claim is first admitted for an oil field and the amount can be measured reliably. See Note 16 – Provisions for those recognised at the reporting date. HM Treasury has not disclosed the financial effect of the Decommissioning Relief Deeds because it is unquantifiable, given that the likelihood of economic conditions at the individual firm level required for the contingent liability to crystallise cannot be accurately estimated in the absence of comparable data to use in any calculation.
Legal action	HM Treasury is currently engaged in litigation activity as the defendant. This may result in costs or damages being ordered against HM Treasury. HM Treasury has not disclosed all information that is ordinarily required under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on the grounds that it may be prejudicial to legal privilege and the outcome of the litigation. This election is made in accordance with IAS 37.92.

22. Financial risk: management objectives, policies and sensitivity analysis

22.1 Introduction

HM Treasury's Accounts include multiple financial assets and liabilities. These financial assets and liabilities expose the HM Treasury Group to financial risks, which are: market risk, liquidity risk and credit risk. These risks are discussed below.

Credit risk is the risk that arises from the failure of a counter party to perform its financial obligations, including a failure to perform those obligations in a timely manner.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Insurance risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim.

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due.

The HM Treasury Board is responsible for the establishment and oversight of the HM Treasury Group's risk management programme. Risk management forms a core part of day-to-day operations for HM Treasury's policy teams, sub-committees and UK Government Investments Limited (UKGI) – which manages the government's investment in the NatWest Group.

22.2 Group

This section focuses on the risks that are associated with Pool Re, UKIB and then credit risk for the remainder of the HM Treasury Group.

Pool Re financial risks

Further information on the below financial risks of Pool Re is published in the Pool Re's annual report.[108]

Insurance risk – Pool Re

Under the Prudential Regulation Authority capital regime, Pool Re has a capital resource requirement set equal to zero.

Pool Re reduces its sensitivity to insurance risk through the purchase of commercial retrocessional reinsurance, placed across two programmes.

The first is a three-year contract incepting 1st March 2022 covering terrorism losses triggered by damage. The cover is placed across four layers totalling £2,500m which trigger at £400m of losses. Cover is placed 100%. Pool Re elected not to cancel and replace this cover at 1st March 2024 but to run the contract to expiry.

The second programme was first incepted in 2019 to reflect the extension of Pool Re's cover to include non-damage business interruption (NDBI). The placement is a single layer of cover for £15m triggering at £10m of losses. Due to the ongoing low take-up of NDBI Pool Re elected not to renew this programme at 1st March 2024.

On 8th March 2022, Pool Re placed a three-year insurance linked security (ILS) bond with a principal amount of £100m, issued through a special purpose vehicle (SPV), Baltic PCC Limited. The issue triggers at £725m of losses recovering at a rate of 50p/£1 loss exceeding this amount up to a maximum of £925m.

Controls are in place to ensure, to the extent possible, that liquid funds are available to meet claims or a series of claims as and when necessary.

There are no claim costs from 2020 through to 2024, and no claims outstanding at 31 March 2024.

Market risk – Pool Re

- Equity price risk

Pool Re is exposed to equity price risk from changes in the value of its holdings in direct equity and equity derivative instruments.

To mitigate its exposure to the risk of changes in the prices of individual equities, Pool Re has a broadly diversified portfolio of global equities managed on a passive basis against well-established market indices.

[108] https://www.poolre.co.uk/reporting/

The table below shows the profit/loss impact should equity market indices increase/decrease by 30%, with all other market variables held constant.

In £m	At 31 March 2024	At 31 March 2023
Notional exposure to equity markets	731	682
Sensitivity to 30% movement in value of equities	219	205
Total equity market exposure	10.7%	10.4%

- Interest rate risk

Pool Re is exposed to interest rate risk arising primarily from investments in fixed interest securities.

Modified duration has been used as the measure of sensitivity of Pool Re's fixed interest portfolio to changes in interest rates. Modified duration is the weighted average of the duration of each holding in the portfolio, considering the key characteristics of the coupon, maturity and cash flows.

Pool Re uses certain derivatives to mitigate this interest rate risk. Investments in derivatives are governed by specific provisions within the investment mandates and can only be made for the purposes of efficient portfolio management.

The table below shows the value of Pool Re's holdings of financial assets and liabilities exposed to interest rate risk at the year end and shows the profit/loss impact of a 50-basis point, parallel decrease/increase in interest rates assuming all other assumptions remain unchanged:

In £m	At 31 March 2024	At 31 March 2023
Notional exposure of assets to interest rate risks	6,196	5,811
Sensitivity to 0.5% movement in interest rates	79	70
Average modified duration	2.54 years	2.41 years

- Currency risk

Pool Re is exposed to currency risk in respect of investments denominated in a currency other than Sterling.

Pool Re's policy is to manage its exposure to non-Sterling currencies using forward contracts.

The table below shows the value of assets denominated in currencies other than Sterling not covered by foreign exchange contracts at the year end. The table also shows the profit/loss if Sterling had weakened/strengthened by 25% against the mix of currencies within the uncovered portion of Pool Re's investment fund, with all other variables held constant:

In £m	At 31 March 2024	At 31 March 2023
Unhedged investments	446	421
Sensitivity to 25% weakening in value of Sterling in unhedged investments	150	139
Sensitivity to 25% strengthening in value of Sterling in unhedged investments	(89)	(85)

The table below shows the increase/decrease in profit from a 25% weakening/strengthening of Sterling against Pool Re's top five unhedged foreign currency exposures:

	2023-24			2022-23		
In £m	**Fair value of asset**	**25% Strengthening**	**25% Weakening**	**Fair value of asset**	**25% Strengthening**	**25% Weakening**
USD	66	(14)	22	76	(17)	23
JPY	46	(9)	15	48	(10)	16
HKD	26	(5)	8	32	(6)	11
EUR	23	(4)	9	34	(6)	12
CAD	20	(4)	7	17	(3)	6
Total	**181**	**(36)**	**61**	**207**	**(42)**	**68**

Credit risk – Pool Re

Credit risk arises from the failure of a counterparty to perform its financial obligations, including a failure to perform those obligations in a timely manner. Pool Re's investment policies are designed to restrict the level of credit risk in the fund by setting limits on individual investments or groups of investments. Such limits are set by reference to the credit ratings determined by established credit rating agencies and individual issuer limits. It also mitigates counterparty credit risk by concentrating debt and fixed income investments in a portfolio of high quality, investment grade, corporate and government bonds, which are considered to have low credit risk.

Pool Re assesses the condition and creditworthiness of financial depositories by reviewing credit grades provided by rating agencies and other publicly available information. It also places limits on the level of counterparty exposure to financial depositories.

Pool Re receives reports from its investment managers detailing any breaches of mandates including those resulting from defaults and past due items. No financial assets of material value were past due or impaired at the year end.

The total exposure of the investment fund to credit risk at the reporting date was £6,573m (2022-23: £6,048m) representing the total value of bonds, loans, derivative financial instruments, short term deposits and cash at bank and in hand. Of this total, 54% (2022-23: 59%) was invested in UK Government Gilts and other AAA/AA rated securities. A full analysis is set out below:

In £m	**At 31 March 2024**	**At 31 March 2023**
Equities and investment funds	608	82
Debt and fixed income holdings	5,592	5,642
Derivative financial instruments	10	53
Short term deposits	226	143
Cash at bank and in hand	46	26
Other debtors	91	102
Total assets bearing credit risk	**6,573**	**6,048**

In £m	At 31 March 2024		At 31 March 2023	
AAA	1,152	18%	1,154	19%
AA	2,356	36%	2,395	40%
A	1,485	23%	1,308	22%
BBB	722	11%	682	11%
BB	145	2%	70	1%
B	272	4%	29	0%
CCC and below	24	0%	4	0%
Not rated	417	6%	406	7%
Total assets bearing credit risk	**6,573**	**100%**	**6,048**	**100%**

At the reporting date, excluding UK Government Gilts and US Government Securities, the maximum credit risk exposure to a single counterparty amounted to 2.0% (2022-23: 1.5%) of the Net Asset Value.

Liquidity risk – Pool Re

Pool Re's overall financial risk management objective is to invest the assets against the contingency that they may be required in the short term to deal with a claim or series of claims, but with recognition that they may not be called upon for long periods. In respect of short-term liquidity, the benchmark investment portfolio provides for 33% of the Pool Re's total investment assets to be self-liquidating within 18 months, comprising bonds with maturities of less than 18 months. At 31 March 2024, 28% (2022-23: 48%) of the Company's investment assets were held in bonds with maturities of less than 18 months. The contractual maturity profile of the fair value of these securities is as follows:

In £m	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	At 31 March 2024	At 31 March 2023
Debt and fixed income holdings	1,231	886	2,815	613	5,545	5,613
Short-term deposits	226	-	-	-	226	143
Cash at bank and in hand	47	-	-	-	47	26
Total	**1,504**	**886**	**2,815**	**613**	**5,818**	**5,782**

Cash and cash equivalents reported within the Statement of Cash Flows include cash collateral positions in respect of foreign exchange derivative contracts at year end. Cash collateral received is included in Cash at bank and in hand and is regarded as encumbered. The value of cash collateral held at 31 March 2024 was £4.5m (2022-23: £36.1m).

Pool Re has financial liabilities in respect of creditors, foreign exchange derivatives, equity derivatives, bond futures, interest rate derivatives and credit default swaps. The table below is a maturity analysis of Pool Re's financial liabilities. Cash flows in respect of derivative liabilities are shown on an undiscounted basis.

In £m	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	At 31 March 2024	At 31 March 2023
Derivatives	25	-	-	-	25	8
Claims outstanding	-	-	-	-	-	-
Deferred tax	-	28	32	-	60	11
Creditors arising from reinsurance operations	198	249	54	-	501	472
Other creditors, including investment and lease creditors	235	1	-	-	236	165
Total	**458**	**278**	**86**	**-**	**822**	**656**

UKIB financial risk

Further information on the below financial risks of UKIB will be published in the upcoming UKIB annual report.[109]

Market risk – UKIB

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for UKIB comprises of interest rate risk and other price risk.

Interest rate risk

UKIB's investments comprise of fixed and variable interest rate loans. UKIB's exposure to interest rate risk is not significant for the financial period 2023-24. UKIB does not use derivatives to hedge interest rate risk.

Other price risk

UKIB is subject to certain risks associated with the ownership of infrastructure and infrastructure related assets. For example, local, national and economic conditions; the supply and demand for services from and access to infrastructure; availability of funds which may render the purchase, sale or refinancing of infrastructure assets difficult or impracticable. These risks could cause fluctuations in the valuation of the investments and negatively affect the returns.

Liquidity risk – UKIB

UKIB closely monitors its liquidity position through cash flow forecasting and reporting, taking into consideration all financial commitments.

The table below provides detail on UKIB's liquidity position, evaluated by comparing its financial assets and liabilities on a stand-alone basis, including balances with HM Treasury, into relevant maturity groupings.

In £m	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	At 31 March 2024
Total financial assets	64	144	7	274	767	1,256
Total financial liabilities	-	-	(16)	(161)	(18)	(195)
Total	**64**	**144**	**(9)**	**113**	**749**	**1,061**

[109] https://www.ukib.org.uk/annual-report-and-accounts

The table below reflects the anticipated drawdown based on cashflow forecast and also reflects the element of total commitment that is expected to expire without being drawn.

In £m	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	At 31 March 2024
Contractual lending commitments	-	694	263	235	50	1,242
Capital commitments	-	45	111	261	181	568
Issued financial guarantee contracts	-	-	-	-	240	240
Total	**-**	**739**	**374**	**496**	**471**	**2,080**

Credit risk – UKIB

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation. The table below shows the total expected credit losses recognised on amortised cost assets for UKIB:

In £m	Stage 1:	Stage 2:	Stage 3:	At 31 March 2024
	12 month ECL	Lifetime ECL	Lifetime ECL	Total
Loans originated or purchased	(17)	-	-	(17)
Loan commitments	(8)	-	-	(8)
Total	**(25)**	**-**	**-**	**(25)**

Other Group financial risk

Credit risk – Other Group

HM Treasury Group is exposed to material credit risk through investment securities provided by the government to external counterparties. The investment securities are held and managed by Reclaim Fund Ltd (RFL). Adverse changes in the credit quality of borrowers or a general deterioration in economic conditions could affect the recoverability or value of securities, and therefore the financial performance of the HM Treasury Group. If a borrower is not able to meet its principal and interest obligations, the security is in default. A security will be written off, reducing the carrying value of the instrument to nil, if the borrower is in a default position and there is no restructuring or other plan that would give a reasonable expectation of recovery.

Where level 1 fair values cannot be obtained because they are not quoted in active markets, fair value is estimated by discounting future cash flows receivable at relevant market rates of a comparable maturity (discounted value), as shown in the table below.

	2023-24		2022-23	
In £m	Carrying Value	Fair Value	Carrying Value	Fair Value
Investment securities	328	318	447	426

Investment securities are held by RFL and managed by RFL's investment manager as part of the ongoing investment strategy. RFL's business model is to hold assets to maturity, investing in a mix of UK Government securities, high quality agency securities and corporate bonds, with initial purchases being restricted to investments graded no lower than BBB+.

22.3 Core Treasury and Agencies – EU financial settlement

The fair value of financial instruments recognised in HM Treasury accounts in respect of the EU Withdrawal Agreement are sensitive to certain key assumptions which include performance of the underlying financial operations (market risk), the sterling/euro exchange (currency risk) and the discount rate applied to future cash flows. The table below sets out the sensitivity of the fair value to changes in these key assumptions. The provisioning rates used in the Articles 143 and 144 model are not included in the list of the key assumptions below as they are based on those communicated under the Withdrawal Agreement to HM Treasury in March 2024.

In £m Assumption	Change	Financial impact on receivables	Financial impacts on payables
Market risk – the valuation of these instruments is sensitive to the credit risk of the underlying operations which affects their hypothetical market price	A significant and permanent increase in the probability of default (50% increase) and fall in the rate of recoveries (15% fall), representing a long-term deterioration in economic conditions	A decrease of 325	An increase of 3
Market risk – probability of default	A significant and permanent increase in the probability of default of 50%	A decrease of 96	An increase of 1
Market risk – rate of recoveries	A 15% fall in the rate of recoveries	A decrease of 171	An increase of 2
Exchange rate – the Sterling/ Euro exchange rate	Sterling appreciation of 1%	A decrease of 44	A decrease of 13
Discount rate – the discount rate applied to future cash flows to take account of the time value of money	A decrease of 0.1 percentage point	An increase of 5	an increase of less than 1
EU Budgetary risk – the valuation of Article 143 is sensitive to the revenue collected by the European Investment Bank (EIB) to fund the European Fund for Strategic Investments.	EIB collected revenue is halved	A decrease of 77	No impact

The future cash flows arising from the Article 143 and 144 instruments are sensitive to the likelihood of default in the underlying operations (probability of default) and the extent to which defaulted payments can be subsequently recovered (the rate of recovery). The table above applies significant changes in both assumptions. The 50% increase in the probability of default is based on analysis of economic growth and insolvencies, where changes in insolvencies is taken as a broad proxy for changes in the probability of default. A 50% increase was taken as illustrative of a permanent 1% reduction in long-term trend economic growth. The 15% reduction in recovery rates is based on historical corporate recovery data and represents the upper end in the distribution of historic movements.

The future cash flows for HM Treasury of the Withdrawal Agreement will be denominated in Euros, and therefore the changes in the Sterling/Euro exchange rate will affect the Sterling value of those cash flows. The table below gives an indication of the timing of the cash flows under these instruments.

The discount rate applied to future cash flows to determine fair value is the financial instrument rate set by HM Treasury in accordance with the Financial Reporting Manual. The interest rate intrinsic to these instruments is judged to be zero and therefore the HM Treasury financial instrument rate of 2.05% is applied to future cash flows. A change in the HM Treasury financial instrument discount rate does not affect the future cash flows that will be received or paid by HM Treasury. Excluding the effect of discounting would result in a financial asset of £4.7bn and financial liability of £1.3bn.

The timing of the assets and liabilities is set out in the table below:

Receivables/ Payables	Gross discounted payments (£m)	Time period	Note
Article 136 – Receivables	1,301	2024-28	Article 136 covers corrections or adjustments to contributions over the 2014-20 Multi-Annual Financial Framework (MFF). The receivables are corrections or adjustments to Value Added Tax or Gross National Income-based contributions paid or received after 31 March 2021 and expected to be due from 2021.
Article 136 – Payables	(58)	2024	Article 136 covers corrections or adjustments to contributions over the 2014-20 Multi-Annual Financial Framework (MFF). The amounts payable are customs duties on imports from outside the EU before the end of the transition period which are met by HM Treasury where the Consolidated Fund is legally unable to settle the obligation.
Article 140 – Receivables	127	2024-42	The financial assets in Article 140 cover infringements, Traditional Own Resources adjustments and net financial corrections that the EU will receive from the member states and distribute back to UK its share. Receipts under this article are expected as they are recovered from member states up to 2042.
Article 140 – Payables	(1,072)	2024	The financial liabilities in Article 140 cover elements of the RAL previously recognised as a provision, for which the UK has received formal notification of the amounts due at 31 March and were therefore transferred to payables. See also Note 16 – Provisions.
Article 141 – Receivables	44	2024-25	Article 141 covers the UK's share of fines issued by the EU. This income is expected to be received in 2023. See also Note 20 – Contingent assets, for fines dependent on the EU successfully winning cases.
Article 142 – Payables	(168)	2024-31	Article 142(5) covers the UK's share of the liability for the pension rights and rights to other employment-related benefits by Members and EU high-level public office holders up to the end of 2020. Specifically, these benefits are materially comprised of pensions schemes for EU high-level public officials. The amount payable by HM Treasury in 2023-24 correlate to EU payments made in 2022-23.
Article 143 – Receivables	772	2024-50	Article 143 includes loans and financial instruments guaranteed by the EU budget which have corresponding guarantee funds, and over time we expect to receive our shares of those guarantee funds back, less the funds necessary to cover defaults. Those loans covered by the European Fund for Strategic Investments (EFSI) (the largest of the relevant funds) and European Fund for Sustainable Development (EFSD) guarantee funds are expected to have fully matured by 2035, with only those loans covered by the Guarantee Fund for External Actions (GFEA) (proportionally smaller than EFSI) expected to continue until 2050.
Article 143 – Payables	(3)	2024-42	Article 143 also includes some loans guaranteed by the EU budget which have no corresponding guarantee fund, and so can only represent a potential net cost to the UK in future cases of default. Most of these are scheduled to fully mature by 2042.

Receivables/ Payables	Gross discounted payments (£m)	Time period	Note
Article 144 – Receivables	343	2024-35	Article 144 covers various financial instruments wholly provisioned for under the EU budget through successive Multiannual Financial Frameworks. We expect our provisioning to be returned to us on a steadily declining profile, with the last of the relevant instruments expected to fully mature in 2035.
Article 145 and 146 – Receivables	73	2024-25	Articles 145 and 146 cover the payment of the UK's share of the assets of the European Coal and Steel Community in liquidation (ECSC) and the investment in the European Investment Fund (EIF). These are paid in five equal instalments from 2021 to 2025.
Article 150 – Receivables	1,709	2024-31	Article 150 covers the repayment of the paid in capital of the European Investment Bank. This will be made in equal instalments until 2030 with the remainder paid in 2031.
Total	**3,068**		

Market risk

The fair value of financial instruments recognised in respect of Articles 143 and 144 of the EU Withdrawal Agreement is sensitive to changes in the probability of default, and the rate of recoveries, of the underlying operations within the scope of the relevant EU financial instruments. Such sensitivities would affect the price a hypothetical market participant would pay for such instruments. The EU is responsible for managing the financial risks associated with their exposures arising from the underlying instruments, which include lending and guarantees in regions with heightened geopolitical tensions, and which determine the UK's exposure under the Withdrawal Agreement to financial operations approved before the UK's withdrawal. The EU is required to manage such risks in accordance with the requirements of the "EU's Financial Regulation applicable to the general budget of the Union (2018)".

Currency risk

Future cash flows arising from all financial instruments recognised in respect of the EU Withdrawal Agreement are denominated in Euros. The sterling value of these instruments is sensitive to changes in the Sterling/Euro exchange rate. Cash flows arising from these instruments are expected over a period of more than 10 years. Cash outflows will be funded through Parliamentary Supply and inflows will be returned to the Exchequer. Foreign exchange needs will be managed in aggregate with the expected Euro requirements of other obligations under the financial settlement.

In addition to currency risk on financial instruments the provision created by the EU Financial settlement is also sensitive to currency fluctuations. Further detail is provided in Note 16 – Provisions.

Liquidity risk and credit risk

The EU is the UK's (HM Treasury's) counterparty to the cash flows arising from all financial instruments recognised in respect of the EU Withdrawal Agreement, and is AAA rated. Liquidity and credit risks are immaterial.

22.4 Core Treasury and Agencies – Other

Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market price. Other price risk and currency risk are sub-sets of market risk and are discussed below.

Market risk at the Core Treasury level primarily relates to the impact of movements in market interest rates on the Bank of England Asset Purchase Facility Fund (BEAPFF). The BEAPFF is a wholly owned subsidiary of the Bank of England that was set up to implement quantitative easing in the UK. The BEAPFF purchased gilts and corporate bonds from the secondary market, financed by the creation of central bank reserves, loaned from the Bank of England to the BEAPFF, to a peak maximum authorised size of £895bn. The Bank is currently unwinding the BEAPFF through a programme of gilt sales. The Chancellor and Governor agreed that the authorised maximum size of the APF would be reduced every 6 months in line with the reduction of assets.

The table below summarises the maximum authorised size of the BEAPFF at 31 March 2024[110]. The size of the Bank of England loan to the BEAPFF will reduce gradually as the BEAPFF unwinds.

In £ bn	31 March 2024	31 March 2023
Government bond purchases	750.3	834.6
Corporate bond purchases	0.6	16.4
Total quantitative easing package	**750.9**	**851**

Further information can be found in BEAPFF Ltd's Annual Report and Accounts.[111]

HM Treasury provides an indemnity to the Bank of England for any losses or profits from operating the BEAPFF. The derivative is valued based on the difference between the fair value of BEAPFF Ltd's assets and liabilities (excluding the indemnity itself).

The assets mainly comprise the portfolio of gilts and corporate bonds held by the BEAPFF and valued at market rates as well as some cash holdings. Moves in market rates, over and above those caused by the operations of the BEAPFF itself, are driven by multiple factors including actual or expected monetary and fiscal policy changes, changes in the market's risk premia assessments, and movements in related international markets. The market value of the gilts and corporate bonds portfolio held by BEAPFF at 31 March 2024 was £553bn, using quoted prices from commercial providers. Quoted gilt and bond prices can vary depending on the data source. A 5 percent increase in the quoted prices leads to a 5 percent (£28bn) increase in the fair value of the portfolio.

The company's liabilities are represented by the Bank of England loan and accrued interest on the loan. The loan from the Bank of England totalled £744bn at 31 March 2024. As the indemnity exposes HM Treasury to losses in the underlying instruments, and entitles it to any gains, the sensitivities of the underlying instruments held in the BEAPFF Ltd have an equal impact on the value of the derivative.

It is difficult to predict the movement in the BEAPFF derivative as the fair value of its financial assets is re-priced in response to market changes. At 31 March 2024, the BEAPFF's liabilities exceeded its assets by £173bn, driven by market-value losses within its portfolio.

The Indemnity agreement between HM Treasury and the Bank of England requires that any excess funds held by the APF are transferred to HM Treasury to manage Government's cash more effectively. Since 2012 the APF has made net transfers of £74bn to HM Treasury (2022-23: £119bn) from interest payments on purchased gilts net of interest and other costs. These cash flows now transfer from HM Treasury to the BEAPFF, as was expected as quantitative easing was unwound, and gilts are sold back

[110] In April 2024 the authorised size of the BEAPFF reduced to £704.2bn, entirely composed of government gilts. See also Note 28 – Events after the reporting period
[111] https://www.bankofengland.co.uk/sitemap/asset-purchase-facility-publications

into the market. Quarterly transfers of cash between the BEAPFF and HM Treasury under the indemnity agreement impact the value of the BEAPFF's net assets and so also the value of the derivative. When there is an excess of assets over liabilities, the derivative value is represented by an asset on HM Treasury's SoFP, or conversely a liability when the fair value of the BEAPFF's assets falls below that of its liabilities. The liability is payable as and when there is a shortfall of cash as the BEAPFF unwinds and individual positions are settled, for example if interest and principal repayments on BEAPFF's loan from the Bank of England exceed the cash earned from coupon and redemption proceeds. The quarterly cash transfers to the BEAPFF and any residual settlement of the derivative are accounted for via HM Treasury's Supply Estimate and are recorded as Capital Annually Managed Expenditure (AME).

The size of the current liability of the BEAPFF derivative for HM Treasury, which includes the net size of the BEAPFF transfers to HM Treasury over its life, and the cash held in the BEAPFF on 31 March 2024 of £16bn (2022-23: £20bn), means that overall, the total return arising to HM Treasury at 31 March 2024 is negative £99bn, (2022-23: negative £58.8bn).

The Bank of England manages risk associated with BEAPFF on HM Treasury's behalf. Subject to the policy objectives, the aim is to minimise overall risk through the appropriate choice of portfolio and risk management practices. A set of high-level financial risk parameters is in place for the Company's operations, agreed to by HM Treasury and the Bank of England, relating to eligible asset classes, investment limits, credit risk and counterparties. Whilst the Monetary Policy Committee (MPC) retains independence for setting monetary policy, HM Treasury can provide views to the MPC on the design of the schemes within the BEAPFF as they may affect the government's broader objectives.

Market risk associated with the BEAPFF derivative arises as a natural consequence of its policy objectives, principally through the re-pricing of its assets due to market changes. Interest rate risk is monitored in the form of a delta, which is the change in the valuation of BEAPFF Ltd's underlying assets from a 50 basis point increase in market interest rates. The delta at 31 March 2024 was £20.6bn (2022-23: £26.8bn).

As BEAPFF is wholly owned by the Bank of England and the value of the indemnity on wind up will be equal to the cash held in the company, there is minimal credit risk arising on the indemnity itself. However, the risk of change in the value of the derivative that is legally due could be impacted by credit risk to the BEAPFF. Credit risk for the BEAPFF is smaller in comparison to market risk, as most BEAPFF assets are high quality gilts with a low default risk. Risk is also monitored through value at risk. Value at risk estimates the potential loss that might arise if existing positions were unchanged for 10 business days under normal market conditions, given the historic volatility of the returns on different types of assets, and the correlation between their returns. The value at risk at 31 March 2024 was £11.8bn (2022-23: £29.5bn), the decrease reflecting the reduced portfolio of underlying assets and reduced market volatility at the end of the reporting period.

The amount due to or from HM Treasury under the indemnity does not indicate whether the public sector as a whole made a profit or loss from the operations of the BEAPFF. The bulk of assets held by BEAPFF Ltd are gilts and are liabilities of the broader public sector.

Other Price Risk

Price risk is the risk of a decline in the value of a security or a portfolio. Price risk relates to HM Treasury's shareholding in listed entities, currently only the NatWest Group.

HM Treasury purchased shares in NatWest as part of the financial stability interventions made during the global financial crisis. The shares in NatWest were not purchased for commercial reasons. The purchase of the shares and the resulting injection of capital were necessary to ensure the financial survival of the entity and to avoid a collapse of the UK banking sector.

The fair value of the UK listed shares fluctuates due to changes in market prices. Market prices for a particular share may fluctuate due to factors specific to the individual share or its issuer, or factors affecting all shares traded in the market.

UKGI, under the UKGI Framework Agreement, is responsible for the development and execution of an investment strategy for disposing of the investment in the NatWest Group in an orderly and active way, within the context of protecting and creating value for the taxpayer.

The analysis below shows the impact on reserves based on a 10% and a 25% increase/decrease in the market price of the share investment in the NatWest Group. There is no impact on net operating income arising from a change in market prices of the investment.

	Reserves	
In £m	**2023-24**	**2022-23**
Increase +10%	679	1,050
Increase +25%	1,697	2,625
Decrease -10%	(679)	(1,050)
Decrease -25%	(1,697)	(2,625)
Investment in NatWest Group	**6,788**	**10,500**

Currency risk

The only financial instruments, other than those discussed in the Pool Re section above, that are materially exposed to currency risk are EU financial settlement receivables, which are discussed in note 22.3 (see also Note 9 – Trade and Other Receivables).

Valuations of AIIB and EBRD are denominated in foreign currency (USD & EUR respectively) so are subject to currency risk although no asset sales or dividends are anticipated.

Liquidity risk

HM Treasury's liquidity management controls include monitoring cash flows to ensure that daily cash requirements are met and re-assessing the net cash requirement on a regular basis and reporting this to Parliament through Estimates. HM Treasury is not exposed to significant liquidity risk because it can apply for Parliamentary approval for additional cover to pay for any liquidity gap.

Due to the magnitude of the financial stability interventions, liquidity requirements can fluctuate significantly.

HM Treasury's liquidity risk principally relates to BEAPFF. Monthly cash inflows are generated from gilt and bond coupon interest and maturity proceeds which are offset by repayments of loan principal and monthly loan interest payments to the Bank of England and quarterly HM Treasury cash payments. HM Treasury is required to make payments to the BEAPFF when the BEAPFF's short-term cash needs are greater than its cash reserves. This happens if the Bank Rate exceeds the coupon rate for the gilt holdings (as the interest falling due on the APF loan exceeds the interest earned from the coupon payments) or if losses arise from gilt and bond sales below the initial purchase price funded by the bank loan.

Credit risk

HM Treasury is exposed to credit risk for guarantees provided to group entities and external counterparties.

HM Treasury offered guarantees to support the government's policy objective to support significant infrastructure and lending to small and medium businesses projects which had been affected by a shortage of financing or other risk issues. Guarantee fees are paid to compensate HM Treasury for its expected losses under the schemes. The schemes are not entered into for commercial gain, however fees are set at commercial rates where required by state aid rules. The guarantees do not involve direct cash support, but they do expose HM Treasury to potential liabilities if the guarantees are called. See also Note 17 – Financial guarantees.

UK Guarantees Scheme

The UK Guarantees scheme was announced in 2012 and is now closed to new applicants. The scheme aimed to help infrastructure projects access debt finance where they have been unable to raise finance in the financial markets. As at 31 March 2024 three projects were guaranteed (2022-23: three projects).

If a guaranteed obligor defaults under an obligation which is guaranteed by HM Treasury, HM Treasury will have to pay in full, the guaranteed obligations including any unpaid interest (depending on the terms of the guaranteed obligation). As a secured guarantor, HM Treasury would try to recover as much as possible from the security. As at 31 March 2024 the maximum potential liabilities under this scheme were estimated to be £575m.

The UK Infrastructure Bank are responsible for monitoring the UK Guarantees Scheme portfolio and providing regular risk updates on projects to HM Treasury. If a pay-out is required, HM Treasury is legally entitled to recover as much as possible from the borrower.

Mortgage Guarantee Schemes

During the life of the 2013 scheme there have been 33 successful claims totalling £389k. Since inception, average property values have increased. This has contributed to a low number of claims. The scheme will be completely closed in June 2024 and no claims will be honoured beyond this date.

Under the 2021 scheme rules the maximum liability limit was set at £3.2bn. As at 31 March 2024 the maximum potential liabilities under this scheme were estimated to be £949m (2022-23: £885m). There have been no claims to date.

For both mortgage guarantee schemes, a portion of the liability would crystallise if the following events occurred: 1) a borrower defaults on their mortgage 2) the sale proceeds from property are less than the outstanding principal and interest repayments owing; and 3) the lender makes a claim to HM Treasury for the difference.

UKIB Guarantees under Sovereign Infrastructure Guarantee

The UK Infrastructure Bank (UKIB) is an arm's length body of HM Treasury. Under their framework agreement, UKIB are authorised to provide guarantees to enable investment in infrastructure. UKIB will be able to deploy these guarantees flexibly up to a total of £10 billion.

To maximise the impact of UKIB guarantees, HM Treasury provides backing to UKIB such that rating agencies would consider it to have a sovereign credit rating. On 2 February 2023, UKIB and HM Treasury entered into a Sovereign Infrastructure Guarantee (SIG) agreement to this effect. This agreement sets out the terms under which HM Treasury backs UKIB's guarantees. This liability eliminates at group level, as UKIB is consolidated into the HM Treasury group.

The first UKIB guarantee supported by the SIG was issued on 15 December 2023, and at 31 March 2024 the SIG supported £240m of lending. Any possible outflow is considered remote for HM Treasury, given that UKIB will manage its capital position through its economic capital framework with an appropriate buffer, as well as through the institution's wider liquidity and operational risk management. As per UKIB's framework agreement, the default position is for UKIB to meet any calls on its guarantees from its existing funded financial capacity. Risk relating to the underlying guarantees issued by UKIB are detailed in Note 22.2.

Maximum exposure for financial guarantees as at 31 March is as follows:

		Maximum exposure £m[112]		
Project	**Description**	**March 2024**	**March 2023**	**Projected end date**
Mersey Gateway	Mersey Gateway is a £257m guarantee that underpins the issuance of bonds to fund the construction of a bridge over the River Mersey. The guarantee was issued in April 2014	266	267	Mar-2043
Uliving@ Gloucestershire	Uliving@Gloucestershire is a guarantee for debt issued to finance the construction of a student village at the University of Gloucestershire's Pittville Campus and the refurbishment of existing student facilities at the site. The guarantee was issued in January 2016	40	40	Sep-2051
University of Northampton	University of Northampton is a guarantee for public bonds and Local Authority loans raised to finance the construction of the University's campus at the Waterside site near Northampton town centre. The guarantee was issued in November 2014	269	270	Mar-2056
	Total for UK Guarantees Scheme	**575**	**577**	
UK Infrastructure Bank guarantees	The UK Infrastructure Bank offers guarantees to qualifying infrastructure projects that support its objectives of driving regional and local economic growth and tackling climate change. These guarantees are ultimately backed by HM Treasury through the Sovereign Infrastructure Guarantee. UKIB has provided one guarantee (2022-23: £nil) under this scheme.	240	-	Sep-2030
	Total for UKIB Guarantees with HM Treasury backing	**240**	**-**	
Mortgage guarantees	The 2013 scheme closed to new loan applications on 31 December 2016. Loans with an application date on or before 31 December 2016 continued to be accepted into the scheme until 30 June 2017. All remaining guarantees expired during the year.	-	22	Now ended
	The new mortgage guarantee scheme was launched on the 19 April 2021 and will close to new applications on 30 June 2025.	949	885	Jun-2032
	Total for mortgage guarantee schemes	**949**	**907**	

[112] Maximum exposure is calculated at the principal amount of the borrowing guaranteed, plus one year's interest.

Insurance risk

Insurance risk is a pre-existing risk transferred from the policyholder to the insurer.

HM Treasury has two retrocession agreements in place with both Pool Reinsurance Company Ltd (Pool Re) and Pool Reinsurance (Nuclear) Ltd (Pool Re (Nuclear)). These agreements constitute the substance of insurance contracts, exposing HM Treasury to insurance risk. For more information see Note 1.17 – Insurance contracts.

The insurance risk associated with the retrocession agreements is considered very remote for two reasons: Firstly, Pool Re has not received a claim since 2017, and Pool Re (Nuclear) has never received a claim from their respective members. Secondly, Pool Re has £7.1bn worth of funds, plus commercial retrocession agreements and an insurance linked security providing £2.5bn worth of cover. Details of the commercial agreements can be found in the Insurance risk – Pool Re section of Note 22.2 and in Pool Re's 2023-24 annual report[113]. Pool Re (Nuclear) has £32m worth of funds. These funds are considered sufficient to cover potential claims. HM Treasury has not made any payments under the retrocession agreements to date.

Maximum potential liabilities under this arrangement are considered unquantifiable as there is no historic data to use in forming an estimate, and the size and scale of a potential terrorist incident cannot be predicted. It is also considered remote that circumstances would arise requiring HM Treasury to provide such financial assistance. These arrangements are given statutory authority under the Reinsurance (Acts of Terrorism) Act 1993.

HM Treasury does not manage investments in relation to the retrocession agreement. The department is funded by the Consolidated Fund through the Supply process.

23. Group financial instruments – fair value hierarchy

	2023-24			2022-23		
In £m	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets: fair value through OCI						
Equity Investments	6,788	7,618	-	10,500	7,407	-
Financial assets: amortised cost						
Loans and investment securities	-	952	-	-	712	-
Financial assets: fair value through P&L						
Equity Investments	527	712	624	501	327	373
Loans and investment securities	2,135	3,410	-	2,660	2,952	1
Trade and other receivables	-	73	2,587	-	112	2,676
Derivative financial assets	-	10	-	-	53	-
Financial liabilities: fair value through P&L						
Trade and other payables	-	-	(10)	-	-	(933)
Derivative financial liabilities	-	(173,414)	-	(1)	(177,639)	-

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole. There were no reclassifications between the hierarchies.

[113] https://www.poolre.co.uk/reporting/

Level 1	The value is determined using quoted prices (unadjusted) in active markets for identical assets and liabilities the entity can access at the measurement date.
Level 2	The value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly or indirectly. Unlisted entities use net assets as a proxy for their fair value. Derivatives are calculated by reference to underlying net asset value. Loans and investment securities are estimated by discounting expected future cash flows using market interest rates. Investment securities are based on prices providers cannot guarantee are based on actual trades in the market. Net assets are considered to be a good proxy for fair value for unlisted entities because the underlying assets of each entity are held at fair value with reference either to market value or, when this is not available, discounted cashflows. The fair value of the BEAPFF derivative is calculated by reference to the underlying net assets which are all in turn measured at fair value with reference to market information or discounted cashflows. Receivables held at fair value through profit and loss are recognised in respect of Article 145 "European Coal and Steel Community in liquidation", and Article 146 "Union investment in the European Investment Fund" of the EU Withdrawal Agreement. These are fixed tranches of payments of the UK's share of EU assets as at 31 December 2020. The fair value of the financial assets have been estimated on the basis of the value of the instruments as reported in the EU's annual accounts, discounted at the financial instrument rate set by HM Treasury under the Financial Reporting Manual to account for the timing of the cash flows as specified under the articles. For corporate bonds, emerging market government and semi-government bonds, asset backed securities, loans, mutual funds and over the counter (OTC) derivatives that have no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information and reflect appropriate adjustment for the risks of the instrument. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates.
Level 3	Values are not based on observable market data or have significant unobservable inputs. Unlisted entities measured at fair value through profit and loss use net assets as a proxy for fair value. The net assets for these unlisted entities are not publicly available and are not observable market data. Receivables and payables held at fair value through profit and loss are recognised in respect of Article 136 "Provisions applicable after 31 December 2020 in relation to own resources", Article 140 "Outstanding Commitments", Article 141 "Fines decided upon before or on 31 December 2020", Article 143 "Contingent financial liabilities related to loans for financial assistance, European Fund for Strategic Investments (EFSI), European Fund for Sustainable Development (EFSD) and the external lending mandate", and Article 144 "Financial Instruments under direct or indirect implementation financed by the programmes of the 2014-20 MFF or under earlier financial perspectives" of the EU Withdrawal Agreement. The fair value of the financial assets and liabilities have been estimated on the basis of the value of the instruments in the reporting period received under the Withdrawal Agreement and other relevant available information from the EU's annual accounts and associated EU policy documentation for the instruments. Forecast future cash flows are discounted at the financial instrument rate set by HM Treasury under the Financial Reporting Manual to account for the timing of the cash flows as specified under the articles.

There are other assets that cannot be classified within the fair value hierarchy because the FReM requires them to be held at historical cost. These amounts are not shown in the table above on the basis of materiality, 2023-24: £6m (2022-23: £6m).

A reconciliation from the opening balances to the closing balances of recurring fair value measurements within Level 3 of the fair value hierarchy is given in the table below:

In £m	EU financial settlement receivables	EU financial settlement payables	Investment securities	Unlisted equity investments
Balance at 1 April 2022	**2,392**	**(875)**	**1**	**217**
Additions	-	-	1	156
Disposals	(990)	47	-	(15)
Gains and losses recognised in SoCNE	1,274	(105)	(1)	15
Balance at 31 March 2023	**2,676**	**(933)**	**1**	**373**
Additions	-	-	-	317
Disposals	(414)	904	-	(15)
Gains and losses recognised in SoCNE	325	19	(1)	(51)
Balance at 31 March 2024	**2,587**	**(10)**	**-**	**624**

24. Financial instruments – assets and liabilities

The accounting policies for financial instruments have been applied to the line items below. The carrying amount below represents fair value unless stated otherwise.

Where no market price is available, fair value is estimated by discounting expected future cash flows using market interest rates. Expected future cash flows take account of estimated future losses.

24.1 Group

In £m	2023-24 Fair Value	2023-24 Carrying Value	2022-23 Fair Value	2022-23 Carrying Value
Financial assets: at amortised cost				
Cash and cash equivalents	-	3,483	-	1,979
Trade and other receivables[114]	2,997	2,891	3,292	3,142
Loans and investment securities	952	935	712	751
Financial assets: fair value through OCI				
Equity investments	-	14,405	-	17,907
Financial assets: fair value through SoCNE				
Equity investments	-	1,863	-	1,201
Loans and investment securities	-	5,545	-	5,613
Trade and other receivables	-	2,660	-	2,788
Derivative financial assets	-	10	-	53
Financial liabilities and guarantees: amortised cost				
Trade and other payables[115]		(5,104)	-	(4,285)
Financial guarantees	-	(237)	-	(215)
Financial liabilities: fair value through SoCNE				
Trade and other payables[114]	-	(10)	-	(933)
Derivative financial instruments	-	(173,414)	-	(177,640)

[114] Trade and other receivables are shown net of non-financial assets.
[115] Trade and other payables are shown net of non-financial liabilities.

24.2 Core Treasury and Agencies

In £m	2023-24 Fair Value	2023-24 Carrying Value	2022-23 Fair Value	2022-23 Carrying Value
Financial assets: at amortised cost				
Cash and cash equivalents	-	2,545	-	1,396
Trade and other receivables[116]	2,701	2,595	3,024	2,874
Loans and investment securities	156	155	65	64
Financial assets: fair value through OCI				
Equity investments	-	16,302	-	19,304
Financial assets: fair value through SoCNE				
Trade and other receivables[115]	-	2,660	-	2,788
Financial liabilities and guarantees: amortised cost				
Trade and other payables[117]		(4,290)	-	(3,541)
Financial guarantees	-	(192)	-	(215)
Financial liabilities: fair value through SoCNE				
Trade and other payables[116]	-	(10)	-	(933)
Derivative financial instruments	-	(173,389)	-	(177,632)

25. Third Party Assets

The FCA collects the Economic Crime Levy from its regulated population under section 59 of the Finance Act 2022, and is required to pay these receipts to the Consolidated fund after deduction of reasonable collection costs. HM Treasury holds these funds on behalf of FCA in advance of their transfer to the Consolidated Fund. Economic Crime Levies collected by HMRC and the Gambling Commission will not pass through HM Treasury and will be passed to the Consolidated Fund by HMRC and the Department for Culture, Media and Sport respectively. These funds have been excluded from the balance sheet as they are not an assets of HM Treasury, and are held in trust on behalf of the FCA.

In £m	2023-24	2022-23
Balance at 1 April	-	-
Economic Crime Levy received from FCA	72	-
Paid to the Consolidated Fund	(65)	-
Balance at 31 March	**7**	**-**

26. Related party transactions

The entities listed in Note 1.3 – Basis of Consolidation, are regarded as related parties to HM Treasury.

Although the Bank of England, the Royal Mint, Local Partnerships and the NatWest Group fall outside the accounting boundary, their share capital is either wholly owned or partially owned by HM Treasury. Dividends and other income received from these bodies are material and are recorded in the SoCNE.

NatWest participate in the 'Help to Buy: ISA scheme' on an arm's length basis and pay fees which are also recognised as income in HM Treasury's Accounts.

NatWest also participates in the Dormant Assets Scheme on an arm's length basis and transfers dormant account funds to the Reclaim Fund Ltd which are recognised as income in HM Treasury's Group Accounts.

[116] Trade and other receivables are shown net of non-financial assets.
[117] Trade and other payables are shown net of non-financial liabilities.

In addition, HM Treasury and its Group entities have transactions with other government departments and central government bodies.

No minister, board member, key manager or other related party has undertaken any material transaction with HM Treasury during the year.

Jane Hanson serves as a Non-Executive Director of HM Treasury and also served as Chair of the Board of Reclaim Fund Ltd until July 2023.

Details of compensation for key management personnel can be found in the Remuneration Report section of the Accountability Report.

27. Auditor's remuneration

Remuneration for the audit of the HM Treasury Group accounts was a notional cost of £1,010k (2022-23: £891k). In addition, £1,581k (2022-23: £1,040k) was charged by the NAO for other audit services, of which £240k (2022-23: £205k) was notional. Of the increase in other audit services, £360k relates to the audit of Pool Re, which was conducted by the NAO for the first time. £30k (2022-23: £25k) was paid to the NAO in respect of non-audit services.

28. Events after the reporting period

Bank of England Asset Purchase Facility

On 30 April 2024 the Chancellor and the Governor of the Bank of England agreed to further reduce the authorised maximum size of the BEAPFF from £750.9bn to £704.2bn, entirely composed of government gilts. The reduction reflects the continuing reduction in assets supported by the BEAPFF as part of the Bank's continuing programme to unwind the BEAPFF.[118]

NatWest Group

On 31 May 2024 HM Treasury sold £1.24bn of NatWest Group shares reducing the government's shareholding to 22.5%.[119]

National Wealth Fund

On 9 July, Chancellor Rachel Reeves instructed officials to begin work under a new National Wealth Fund to align the UK Infrastructure Bank and the British Business Bank, that will invest in the new industries of the future.[120] Capitalised with an additional £7.3 billion, allocated through the UK Infrastructure Bank, the NWF will make investments across the country, focusing on priority sectors and catalysing private sector investment. The financial impact on the HM Treasury group will be dependent on the final design of the scheme.

29. Date authorised for issue

The financial statements were authorised for issue on the date of the Comptroller and Auditor General's signature.

[118] https://www.gov.uk/government/publications/asset-purchase-facility-apf-ceiling-april-2024
[119] https://www.londonstockexchange.com/news-article/market-news/disposal-of-shares-in-natwest-group-for-ps1-24bn/16496519
[120] https://www.gov.uk/government/news/boost-for-new-national-wealth-fund-to-unlock-private-investment

Annex A: Additional spending data

Treasury core tables

Total resource and capital spending for the HM Treasury Group

The tables on the following pages provide a summary of HM Treasury's net expenditure outturn for 2023-24 and the four prior years, along with the planned expenditure for 2024-25. The data relates to the department's expenditure on an Estimate and budgeting basis.

The tables are a requirement for Government Departments and provide additional accountability. The format of the tables is determined by HM Treasury, and the disclosures follow that of the Supply Estimate functions.

The outturn and planned expenditure are recorded on the same basis as the information on financial performance in the Statement of Outturn against Parliamentary Supply beginning on page 106. They represent the spending incurred collectively across the departmental group in meeting its priority outcomes detailed in the Performance Report.

Resource

			Outturn			Budget
In £m	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Resource DEL						
Core Treasury	296	255	321	216	254	214
Debt Management Office	19	27	23	22	17	17
Government Internal Audit Agency	-	(1)	1	3	3	2
Office of Tax Simplification	1	1	1	1	-	-
UK Asset Resolution	-	-	-	5	5	5
Office for Budget Responsibility	3	4	4	4	5	4
UK Infrastructure Bank	-	4	12	36	55	69
IUK Investments Limited	(1)	(1)	(1)	-	-	-
UK Government Investments Ltd	14	16	20	17	18	12
National Infrastructure Commission	5	4	5	5	5	5
Asian Infrastructure Investment Bank	9	9	-	-	-	-
Non-voted: Banking & gilts registration	8	2	2	2	2	2
Total Resource DEL	**354**	**320**	**388**	**311**	**364**	**330**
Resource AME						
Core Treasury	(13)	-	11	(9)	(12)	(12)
Debt Management Office	-	-	-	-	3	4
Provisions	192	234	(516)	(397)	237	-

In £m	Outturn 2019-20	2020-21	2021-22	2022-23	2023-24	Budget 2024-25
UK circulating coinage	31	9	17	11	1	13
Investment in the Royal Mint	(4)	2	(6)	(6)	1	-
Investment in the Bank of England	(45)	-	-	-	-	-
Financial stability	(36,770)	44,520	47,220	137,220	39,774	51,300
Sovereign Grant	70	88	103	107	89	90
Pool Reinsurance Ltd	-	-	-	(65)	(345)	(218)
Financial Services Compensation Scheme	(1)	-	-	-	-	-
Reclaim Fund Ltd (net)	-	(17)	(9)	(50)	(88)	(28)
UK Asset Resolution	40	34	51	-	1	32
Help to Buy ISA	12	7	7	6	3	7
UK Government Investments	1	-	-	-	-	-
UK Infrastructure Bank	-	-	(131)	(23)	17	(16)
EU Withdrawal Agreement Financial Settlement	37,191	(2,385)	4,825	(4,322)	(1,503)	-
Non-voted: Royal Household pension	4	4	4	4	5	4
Total Resource AME	**708**	**42,496**	**51,576**	**132,476**	**38,183**	**51,176**
Total Resource DEL and AME (net)	**1,062**	**42,816**	**51,964**	**132,787**	**38,547**	**51,506**
of which:						
DEL Depreciation	4	4	4	9	8	

Note**:** data for years beyond 2023-24 is not held, so only 5 historic years and one future year is included.

Resource DEL

Resource DEL in Core Treasury peaked in 2021-22 predominantly due to a payment of £114.3m, in relation to the London Capital and Finance Compensation Scheme.

Resource AME

Financial stability comprises fair value movements in derivatives, changes to financial stability provisions, fees and interest arising from financial stability interventions and impairments of financial instruments.

EU Withdrawal Agreement Financial Settlement includes the movements in provisions and receivables recognised for the UK's share of EU's assets and liabilities following the UK's exit from the European Union.

Provisions relate primarily to bonus payments under the Help to Buy ISA scheme, and the Equitable Life Payment Scheme.

Capital

In £m	2019-20	2020-21	Outturn 2021-22	2022-23	2023-24	Budget 2024-25
Capital DEL						
Core Treasury	1	2	13	3	1	4
Debt Management Office	1	2	-	-	-	1
UK Infrastructure Bank	43	4	1	3	(1)	12
UK Government Investments Limited	-	-	-	-	-	1
National Infrastructure Commission	1	1	1	1	-	-
Asian Infrastructure Investment Bank	93	-	-	-	-	-
Total Capital DEL	**139**	**9**	**15**	**7**	**-**	**18**
Capital AME						
Assistance to Financial Institutions	(1,618)	(2,742)	(3,780)	2,863,	41,065	54,000
Sovereign Grant	12	5	2	(4)	4	6
Reclaim Fund Ltd (net)	-	40	28	14	(118)	124
Financial Services Compensation Scheme	1	-	-	-	-	-
UK Asset Resolution	(600)	(4,951)	-	-	-	-
Help to Buy ISA	141	151	172	138	112	144
Pool Reinsurance Ltd	-	-	-	86	26	(149)
UK Infrastructure Bank	-	27	52	245	604	4,325
EU Withdrawal Agreement Financial Settlement	-	-	(253)	(259)	(260)	(261)
Total Capital AME	**(2,064)**	**(7,470)**	**(3,779)**	**3,083**	**41,433**	**58,189**
Total Capital DEL and AME (net)	**(1,925)**	**(7,461)**	**(3,764)**	**3,090**	**41,433**	**58,207**
Total Departmental Spending	**(863)**	**35,355**	**48,200**	**135,877**	**79,980**	**109,713**

Capital DEL

The final capital subscription to the Asian Infrastructure Investment Bank was made by HM Treasury in 2019-20.

From 2020-21 investments made by UK Infrastructure Bank on the Digital Infrastructure Investment Fund and Charging Infrastructure Investment Fund were transferred from DEL to AME.

Capital AME

Assistance to financial institutions can fluctuate considerably due to the nature of the activity being driven by market conditions providing value for money. This consists of capital income from the proceeds from the sale of NatWest shares, and from 2022-23 onwards, capital expenditure on cash transfers to the Bank of England to part settle the BEAPFF derivative.

UKAR capital receipts fluctuate between years, largely due to sales of former Bradford and Bingley and Northern Rock mortgage books, which were driven by market conditions providing value for money. There were no mortgage book sales during 2019-20 and 2020-21 saw the sale of all remaining mortgages held within UKAR.

The budget for EU Withdrawal Agreement Financial Settlement from 2021-22 is for the repayment of the UK's paid in capital by the European Investment Bank. The transfer of this asset from the Consolidated Fund, where the capital expenditure from the asset addition offsets the equivalent income from the capital grant-in-kind was included in DEL in 2020-21 and transferred to AME from 2021-22.

In 2021-22 the UK Infrastructure Bank opened for business. From 2021-22 the capital expenditure has accelerated, as the bank gears up towards its full lending capacity.

Analysis of administration costs

An analysis of administration income and expenditure is provided below.

			Outturn			Budget
In £m	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Core Treasury	165	212	211	221	222	216
Debt Management Office	15	21	17	17	17	17
Government Internal Audit Agency	-	(1)	1	3	3	2
Office of Tax Simplification	1	1	1	1	-	-
UK Asset Resolution	-	-	-	5	5	5
Office for Budget Responsibility	3	4	4	4	5	4
UK Infrastructure Bank	-	-	12	36	55	69
UK Government Investments Ltd	14	16	20	17	18	12
National Infrastructure Commission	5	4	5	5	5	5
Total net administration costs	**203**	**257**	**271**	**309**	**330**	**330**
of which:						
Staff costs	168	200	210	208	231	
Other expenditure	97	124	122	151	160	
Income	(62)	(67)	(61)	(50)	(61)	

Staff costs and other expenditure

Staff costs remained consistent with 2022-23. Other expenditure has increased due to the continuing expansion of the UK Infrastructure Bank.

Income

Income reduced in 2022-23 following the transfer of the building at 1 Horse Guards Road to the Government Property Agency during the year in 2021-22, with the result that HM Treasury no longer generates income from leasing parts of the building to other government departments.

Disaggregated information on arm's length bodies

The following table provides a breakdown of total operating income, total operating expenditure, net expenditure for the year, staff numbers and staff costs in respect to arm's length bodies.[121]

In £m	Total operating income	Total operating expenditure	Net expenditure for the year (including financing)	Permanently employed staff		Other staff	
				Number of employees	Staff costs	Number of employees	Staff costs
Debt Management Office	(6)	27	21	123	12	17	3
National Infrastructure Commission	-	5	5	43	4	-	-
Government Internal Audit Agency	(45)	47	2	486	37	3	-
UK Asset Resolution Ltd[122]	-	6	6	-	(13)	-	-
UK Government Investments Ltd	(7)	25	18	124	16	22	1
UK Infrastructure Bank Ltd	(3)	56	72	214	25	56	13
Office for Budget Responsibility	-	5	5	47	4	-	-
Royal Household Sovereign Grant	(20)	109	89	509	28	15	2
Reclaim Fund Ltd	(241)	181	(88)	15	1	-	-
Pool Reinsurance Ltd	(263)	160	(554)	42	9	2	-
HM Treasury UK Sovereign Sukuk	(2)	-	-	-	-	-	-
Total	**(587)**	**621**	**(424)**	**1,603**	**123**	**115**	**19**

Figures may not agree directly to the published ALB accounts, due to FReM alignment, intergroup eliminations, timing differences and other consolidation adjustments.

[121] Financial Reporting Advisory Board, IUK Investments Holdings Ltd, IUK Investments Ltd and Royal Mint Advisory Committee are excluded from the table as nil for all columns.
[122] UKAR's staff income relates to a net credit on their defined benefit pension schemes in surplus

Annex B: Sustainability

Introduction

The purpose of this report is to provide transparency on the Treasury's performance on climate adaptation, sustainability, and environment related operations (CASE-Ops).

The commentary and data presented are consistent with the requirements of HM Treasury's Public Sector Annual Reports: Sustainability Reporting Guidance 2023 to 2024.

It also contributes to the reporting required by HM Treasury's TCFD-aligned disclosure Application Guidance.

The department has followed the TCFD-aligned disclosures format to structure this 2023-24 report with the aim of standardising the presentation ahead of further disclosures in future reporting periods.

The Treasury's statement of compliance with TCFD-aligned disclosures requirements can be found on pages 53 to 54 of the Performance Report.

The information contained within this annex has not been subject to audit and does not form part of the auditors' opinion on the accounts.

Scope and assurance

The commentary and data in this 2023-24 report focus on the performance of the Core Treasury.

The department is reviewing how best to work across the Treasury Group on a combined approach to addressing common issues and risks, as well as reporting.

In the interim, those Treasury Group arm's length bodies and organisations who fall within the scope of the GGC, publish their sustainability performance data in their own Annual Report and Account.

Governance and risk management

Oversight of climate related policy and operations is fully integrated within the department's governance and risk management structures[123], alongside specific governance and risk processes where required.

In 2023-24 the department conducted a fundamental review of climate related operational strategy and planning with the following revised governance and delivery structure agreed.

[123] Climate-related Executive, Non-Executive and Ministerial responsibilities, details of related Board level discussions, and a full description of the department's governance and risk structures can be found within the Accountability Report.

Climate Adaptation, Sustainability and Environment Operations (CASE-Ops): governance and delivery structure

Permanent Secretary led	**Operations Committee**		Strategy and oversight: quarterly reporting, additional focused sessions as required
SCS led	**CASE-Ops Working Group**		Strategy, risk, and planning; resourcing and performance management
Working level	**Mitigation Sub-group**	**Adaptation Sub-group**	Cross function planning and delivery, risk management and reporting

Strategy

The department is committed to delivering its priorities in ways which support the government's climate and environment objectives and contribute to the delivery of the Environmental Improvement Plan.

The department undertakes a wide range of sustainability related work across from considering energy and debt sustainability risks as part of fiscal transparency and risk management work (PO1), to delivering specific measures within Autumn Statement 2023 and Spring Budget 2024 (PO2), and through UK leadership on Climate Resilient Debt Clauses to provide fiscal space for countries facing climate catastrophes and the G20 endorsement of the Report on the Macroeconomic Risks Stemming from Climate Change and Transition Pathways (PO3).

Additionally, HM Treasury recognises the potential to impact the environment positively or negatively, directly, or indirectly, through its policy development and operations.

The department is committed to minimising these impacts while maintaining organisational resilience to environmental risks and ensuring compliance (as a minimum) with all legal and other obligations.

To reflect this, 'sustainability' has been included as a Strategic Enabler in the department's Outcome Delivery Plan. To ensure delivery, in 2023-24 the Operations Committee approved a revised CASE-Ops strategy with 5 driving principles:

Principle	How
Be future minded	Aiming for net zero, while adapting to work in a +2° and +4° climate
Be resource minded	Looking at what we use as we do our jobs and determinedly reducing it
Be asset minded	Exploiting opportunities arising from our estate and our equipment
Be skills minded	Thinking of every Treasury Group job as a green job
Be change minded	Seeking chances to be vocal about climate in work and at work

Metrics and Targets

As part of the revised CASE-Ops Strategy, in 2024-25 HM Treasury has committed to delivering a Transition Plan, setting out the pathway to becoming a net-zero department, and an Adaptation Plan, the department's approach to working in a changed climate.

Taking a phased approach, these Plans will clearly set out how the department and the wider Treasury Group will meet public sector and legal obligations. Metrics, targets, and actions will be structured around the 5 driving principles and progress reporting will become part of future TCFD-aligned disclosure reports.

Recognising the importance of reliable data, the department is undertaking a review of all data sources, data assurance and carbon accounting practices. The department's revised carbon accounting policy will form an annex to the Transition Plan.

Greening Government Commitments

The department continues to make progress against the current Greening Government Commitment Framework (GGC), and is working closely with colleagues across government on preparations for the next set of Commitments, due in 2025.

HM Treasury's estate and operations have changed considerably since the 2021-25 GGC baseline was agreed, and it no longer accurately reflects the department's operating model.

With fresh baselines expected to be set in 2025-26 to accompany new GGC targets, the department has chosen not to conduct a re-baselining exercise. For consistency and to meet reporting requirements the department will continue to report performance against applicable commitments, and update data tables against old baselines.

The table overleaf summarises HM Treasury's performance at the end of the 2023-24 financial year; data tables are included from page 211.

Commitment	2025 Requirement (against 2017-18 baseline)	2023-24 outcome and performance		Commentary
Mitigating climate change: working towards Net Zero by 2050	Reduce domestic business flight emissions by 30%	50% reduction	On target	Travel emissions are the only Greenhouse Gas emissions the department has direct control over. Overseas travel is driven by the significant number of international commitments which contribute to meeting the department's Priority Outcomes. Domestic travel significantly reduced following changes to the department's travel policies and the increasing use of video conferencing technology. The change in operating model to include a third office location has resulted in an expected increase in domestic travel as part of the embedding process. The revised CASE-Ops strategy includes a workstreams to review travel data and compliance with travel policies; to consider how best to measure HM Treasury's supply chain emissions, and to explore how best to include employee commuting and working from home emissions in the Core Department's carbon footprint. As landlord for all HM Treasury buildings, the Government Property Agency holds operational and financial control over all other services and functions which contribute to carbon emissions. As an engaged tenant, the department actively lobbies for, and seeks progress reports on, net zero related action in HM Treasury locations.
Minimising waste and promoting resource efficiency	Reduce paper use by 50%	84% reduction	Exceeded target	HM Treasury is increasingly a 'paper-free' department. Over the 2024-25 financial year the department hopes to further improve data on paper use by seeking management information from GovPrint providers. HM Treasury has assurance from the GPA that Consumer Single Use Plastics have been removed from catering provision at all office locations. Through the 2024-25 financial year the department will review how to remove plastics from other sources such as stationary supplies.

Commitment	Commentary
Procuring sustainable products and services	Historically the Treasury has not engaged in construction to deliver its estates. However, during 2023-24, the department took the opportunity to adopt the sustainability approach taken by the Darlington Economic Campus delivery programme as its department wide Sustainable Construction Strategy As lead client on the development of the permanent Darlington Economic Campus building, we are influencing their preparation of the Stage 2 Design phase, and ensuring the plans are aligned with our policies on sustainable construction, nature recovery and biodiversity. The revised CASE-Ops strategy workstreams on HM Treasury's supply chain emissions and removing plastics from purchased items will work with the joint Cabinet Office/HM Treasury Commercial Team to ensure purchasing, procurement and contract management at all levels is adhering to the stringent sustainability rules set out by the Crown Commercial Service and Government Commercial Function.
Nature recovery: making space for thriving plants and wildlife	As lead client on the development of the permanent Darlington Economic Campus building, HM Treasury has been keen to understand and encourage the GPA's approach to biodiversity and nature recovery. The project will follow the GPA Net Zero Design guide and Biodiversity Annex. An Ecology Impact Assessment has been undertaken and landscaping plans are in development, that align with Biodiversity Net Gain aspirations. The GPA are committed to sharing more detail as designs are further progressed.
Adapting to Climate Change	During 2023-24 the GPA has completed a Climate Change Adaptation Risk Assessment and outline Climate Change Adaptation Action Plan. The work has followed the Office for Government Property Framework. A strategy document setting out the outcomes from this work has been completed. This work will be used as a foundation for the property and services strand of the Adaptation Plan due to be completed by the department in 2024-25.
Reducing environmental impacts from ICT and Digital	Over the course of 2023-24, the TrIS service completed its initial climate adaptation risk mitigation, becoming 100% cloud based. This has addressed risk relating to the impact of rising temperatures on server rooms which have materialised in other parts of the public sector over the past few years. In 2024-2025 the TrIS service team are continuing work with suppliers to align 3rd party adaptation actions with the Treasury Group's Climate Adaption Plan. This plan will be completed in 2024.

Data tables

Consumption, emissions and cost data relating to energy, resource use and waste is provided to HM Treasury by the Government Property Agency. The department has neither financial nor operational control over the services and functions provided by the GPA which contribute to carbon emissions.

In future TCFD reporting, and delivered as part of the forthcoming Transition Plan, the department will additionally report in line with the Greenhouse Gas Protocol[124]. This will allow the department to voluntarily recognise these emissions as Scope 3 upstream emissions and better reflect the accounting treatment of HM Treasury's office services provision.

Current GGC reporting uses 2017-18 data as HM Treasury's baseline. In addition to 2023-24 data, the Department reports sustainability data for 4 previous financial years for comparison purposes.

GREENHOUSE GAS EMISSIONS

	Departmental emissions: scope 1, scope 2 and scope 3 total emissions	**2017-18**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Tonnes CO_2e	Scope 1 (direct)[1]	7	5	2	4	14	14
	Scope 2 (energy indirect)[2]	1,092	880	719	736	904	927
	Scope 3 (energy indirect & official business travel – domestic)[3 4]	142	113	49	75	137	151
	Total excl. International Travel for GGC	**1,241**	**998**	**770**	**815**	**1,055**	**1,093**
Tonnes CO_2e	Scope 3 (Other – official business travel – international)[4]	679	892	13	121	376	1,038
	Total GHG emissions	**1,920**	**1,890**	**783**	**936**	**1,431**	**2,131**

Notes
[1] Scope 1: direct emissions from consumption of Gas
[2] Scope 2: indirect emissions from consumpton of purchased Electricity and Whitehall District Heating System (WDHS)
[3] Scope 3: other indirect emissions occuring due to HMT operations, but not directly owned or controlled by HMT ie Electricity
[4] Scope 3: official business domestic and international travel emissions but only doemstic travel is measued in GGC emissions reduction target. For a breakdown of travel data see below.

[124] Greenhouse Gas Protocol: https://ghgprotocol.org/

Energy efficiency: usage, emissions, and costs

ENERGY USE

		2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
mWh	Electricity: non-renewable	-	-	-	-	-	-
	Electricity: renewable (scope 2&3)	2,547	2,765	2,214	2,406	2,731	2,714
	Gas (Scope 1)	36	27	12	15	76	79
	Whitehall District Heating System (WDHS) (scope 2)	742	652	763	849	1,417	1,374
	Total related energy use	**3,325**	**3,417**	**2,989**	**3,270**	**4,223**	**4,167**
Tonnes CO_2e	Electricity: non-renewable	-	-	-	-	-	-
	Electricity: renewable (scope 2&3)	979	767	560	556	576	611
	Gas (Scope 1)	7	5	2	4	14	14
	Whitehall District Heating System (WDHS) (scope 2)	197	173	203	225	376	365
	Total related energy use	**1,183**	**945**	**765**	**785**	**967**	**990**
£'000	Electricity: non-renewable	-	-	-	-	-	-
	Electricity: renewable (scope 2/3)	327	425	376	414	538	744
	Gas (Scope 1)	1	2	1	1	12	13
	Whitehall District Heating System (WDHS) (scope 2)	144	130	126	115	379	57
	Gross energy expenditure	**472**	**557**	**503**	**530**	**929**	**814**

Official travel: flight class, distance, and emissions

		km	tCO2e
Short haul	Unknown	19,389	2.13
	Economy	349,047	37.68
	Business	17,815	2.88
Long haul	Unknown	0	0.00
	Economy	2,044,649	241.51
	Premium Economy	949,323	179.40
	Business	1,625,991	556.95
	First	0	0.00
Non-UK*	Unknown	0	0.00
	Economy	86,205	6.85
	Premium Economy	23,733	3.02
	Business	31,770	7.32
	First	0	0.00

* Non-UK flights are those where both departure and arrival airports are outside the United Kingdom

Official travel: usage, emissions, and costs

TRAVEL

		2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
km[1]	Domestic air travel (scope 3)	147,935	122,035	4,973	16,589	103,590	65,058
	International air travel (other travel)	3,842,194	2,795,954	115,538	885,588	3,665,015	5,147,923
	Rail/underground/tram (scope 3)	619,494	805,241	45,491	670,057	1,938,913	2,359,317
	Hire car/taxi (scope 3)	21,509	16,894	3,571	6,825	4,726	15,801
	Fleet/private car/private motorbike (scope 3)	29,913	10,107	12,361	20,775	34,058	39,595
	Other travel – Eurostar (other travel)	643,862	386,834	1,249	67,254	195,567	101,786
	Total business travel	**5,304,906**	**4,137,064**	**183,183**	**1,667,088**	**5,941,871**	**7,729,480**
Tonnes12 CO_2e	Domestic air travel (scope 3)	21	16	1	2	13	10
	International air travel (other travel)	671	890	13	121	375	1,038
	Rail/underground/tram (scope 3)	29	33	2	24	69	84
	Hire car/taxi (scope 3)	3	2	-	1	-	2
	Fleet/private car/private motorbike (scope 3)	6	2	2	4	6	7
	Other travel – Eurostar (other travel)	8	2	-	-	1	-
	Total business travel	**737**	**945**	**18**	**152**	**464**	**1,140**
£'000	Domestic travel	650	534	125	385	709	886
	International flights	975	743	38	192	852	1201
	Total business travel[2]	**1,625**	**1,277**	**163**	**577**	**1,561**	**2,087**

[1] Data for the Km's travelled and CO2 emissions from travel providers and staff expenses for private mileage
[2] Includes the costs of Fleet (including Government Car Service), Rail, Domestic Flights and Taxis

No. of FLIGHTS

		2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
No of Flights	Domestic flights	175	143	8	31	130	86
	International flights	722	472	29	196	499	685
	Total No of Flights	**897**	**615**	**37**	**227**	**629**	**771**

Resources and Waste: usage, emissions, and costs[1]

WASTE

		2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
Tonnes	Waste recycled (excl. ICT waste)	77	62	8	18	36	30
	Waste composted/ anaerobic digestion	9	10	1	2	2	6
	Waste incinerated with energy recovery	59	49	6	11	26	23
	Total waste arising	**145**	**121**	**15**	**31**	**64**	**58**

FOOD WASTE

		2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
Tonnes	Waste re-used					-	-
	Food Waste composted/ anaerobic digestion					4	-
	Total waste arising					**4**	**-**

PAPER USE

		2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
A4 ream equivalents	Paper used	12,916	9,757	-	1,053	2,408	2,107

WATER

		2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
m^3	Water consumption	11,603	12,222	4,682	3,997	2,529	2,272
	Water consumption per FTE	9	8	3	2	1	1
£'000	Water expenditure	33	32	12	18	7	7

[1] This table reflects the department's Greening Government Commitments return, which does not request ICT related waste. In 2023-24 the department sent 5.28 metric tonnes of ICT waste to be recycled, reused and/or recovered externally. Waste cost data is not separately identifiable from the overall building costs paid to GPA.

Trust Statement

Foreword to the Trust Statement

Introduction

The Trust Statement reports the revenue, expenditure, assets and liabilities related to the fines collected by HM Treasury from the:

- Financial Conduct Authority (FCA) and its subsidiary the Payment Systems Regulator (PSR)
- Prudential Regulation Authority (PRA)
- Office of Financial Sanctions Implementation (OFSI)
- approved regulators empowered by the Legal Services Act 2007
- levies on the finance industry collected by the FCA to fund financial guidance to the public

The costs of running HM Treasury are reported in the Core Treasury and Agencies' balances in the financial statements.

Section 109 of the Financial Services Act 2012 requires the FCA to pay its penalty receipts to HM Treasury after deducting its enforcement costs and requires HM Treasury to pay these receipts to the Consolidated Fund. Further information on penalties applied by the FCA is available on the FCA website.[125]

Section 36 of the Competition Act 1998 require the PSR to pay its penalty receipts to HM Treasury and requires HM Treasury to pay these receipts to the Consolidated Fund. Further information on penalties applied by the PSR is available on the PSR's website.[126]

Similarly, the PRA is required to pay any enforcement fines it levies in excess of enforcement costs to HM Treasury, which is required to pay those receipts to the Consolidated Fund. Further information on penalties applied by the PRA is available on the PRA website.[127]

The Policing and Crime Act 2017 empowered HM Treasury to impose penalties for serious sanctions breaches on individuals and bodies. The penalty powers apply to offences committed after 1 April 2017. This process is led and managed by the Office of Financial Sanctions Implementation (OFSI), which is part of HM Treasury. Further information on penalties applied by OFSI is available on gov.uk.[128] Additional detail about the work of OFSI can be found in the Performance report.

The Financial Guidance and Claims Act 2018 requires the FCA to pay the Financial Guidance levies to the government after deducting its enforcement costs. The Money and Pensions Advice Service Levy and Devolved Administrations Debt Advice Levy were created, starting from 2019-20 following the transfer of the of the Money Advice Service's functions to the Department for Work and Pensions (DWP) and the devolved administrations. HM Treasury pays these receipts to the Consolidated Fund so that they

[125] https://www.fca.org.uk/news/news-stories/2024-fines
[126] https://www.psr.org.uk/news-updates/
[127] https://www.bankofengland.co.uk/prudential-regulation/pra-statutory-powers
[128] https://www.gov.uk/government/collections/enforcement-of-financial-sanctions

can be issued via supply to DWP and devolved administrations to fund the provision of financial guidance to the public. Further information on levies applied by the FCA is available on the FCA website.[129]

Basis for the preparation of the Trust Statement

A Trust Statement provides an account of the collection of revenues which by statute or convention are due to the Consolidated Fund, where the entity undertaking the collection acts as agent, rather than as principal. The legislative requirement for this Trust Statement is set out in section 2 of the Exchequer and Audit Departments Act 1921. The HM Treasury accounts direction, which is reproduced on page 228, requires the Trust Statement to give a true and fair view of the state of affairs relating to the collection and allocation of taxes and duties and the revenue income and expenditure and cash flows for the financial year. Regard shall be given to all relevant accounting and disclosure requirements given in the Government Financial Reporting Manual (FReM), Managing Public Money and other guidance issued by HM Treasury.

The governance statement and statement of Accounting Officer responsibilities applicable to both the Trust Statement and HM Treasury's financial statements is included within the main body of the report from page 58.

Auditor

The Trust Statement is audited by the Comptroller and Auditor General under the Exchequer and Audit Departments Act 1921. The auditor's remuneration for this is included in HM Treasury's Annual Accounts. No non-audit work was carried out by the auditor for HM Treasury on the Trust Statement.

[129] https://www.fca.org.uk/firms/fees

The Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I have audited the financial statements of the HM Treasury Trust Statement for the year ended 31 March 2024 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise: the HM Treasury Trust Statement's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Revenue and Expenditure, and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the HM Treasury Trust Statement's affairs as at 31 March 2024 and its net revenue for the year then ended; and
- have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

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 report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the HM Treasury Trust Statement 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 HM Treasury Trust Statement'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 HM Treasury Trust Statement'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 HM Treasury Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires 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 Report, Accountability Report and Foreword to the Trust Statement, but does not include the financial statements and my auditor's report thereon. 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 report, 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 in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- the information given in the Performance report, Accountability Report and Foreword to the Trust Statement 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 HM Treasury Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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 HM Treasury Trust Statement 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 me 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 me with additional information and explanations needed for his audit;
- providing me with unrestricted access to persons within the 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- preparing the annual report in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- assessing the HM Treasury Trust Statement 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 HM Treasury Trust Statement 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 Exchequer and Audit Departments Act 1921.

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 report 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 HM Treasury Trust Statement's accounting policies.
- inquired of management, the Department's Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the HM Treasury Trust Statement'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 HM Treasury Trust Statement's controls relating to its compliance with the Exchequer and Audit Departments Act 1921, Financial Services (Banking Reform) Act 2013, Financial Services and Market Act 2000, Competition Act 1998, Legal Services Act 2007, Financial Services Act 2012, Policing and Crime Act 2017 and Financial Guidance and Claims Act 2018.
- inquired of management, Department'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 including 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 HM Treasury Trust Statement for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the HM Treasury Trust Statement's framework of authority and other legal and regulatory frameworks in which the HM Treasury Trust Statement 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 HM Treasury Trust Statement. The key laws and regulations I considered in this context included the Exchequer and Audit Departments Act 1921, Finance Act 2022, The Economic Crime (Anti-Money Laundering) Levy Regulations 2022, Financial Services (Banking Reform) Act 2013, Financial Services and Market Act 2000, Competition Act 1998, Legal Services Act 2007, Financial Services Act 2012, Policing and Crime Act 2017 and Financial Guidance and Claims Act 2018.

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 direct effect on the financial statements;
- I enquired of management, 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed the accounts and underlying evidence to ensure the operation of the HM Treasury Trust Statement is within the legal framework under which it was established.

I 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 sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies **29 July 2024**
Comptroller and Auditor General

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

Statement of Revenue and Expenditure

For the period ended 31 March 2024

In £m	Note	2023-24	2022-23
Net fine income	2	139	194
Net levy income	3	157	164
Revenue for the Consolidated Fund		**296**	**358**

Statement of Financial Position

As at 31 March 2024

In £m	Note	31 March 2024	31 March 2023
Current assets			
Receivable from the FCA		-	12
Cash and cash equivalents		60	-
Total current assets		**60**	**12**
Current liabilities			
Payable to the FCA		(4)	-
Total current liabilities		**(4)**	**-**
Total net assets		**56**	**12**
Balance on Consolidated Fund account	4	**56**	**12**

The notes on pages 225 to 227 form part of this statement.

James Bowler

Permanent Secretary

23 July 2024

Statement of Cash Flows

For the period ended 31 March 2024

In £m	Note	2023-24	2022-23
Net cash flow from operating activities	A	312	400
Cash paid to the Consolidated Fund		(252)	(400)
Increase in cash in this period		**60**	**-**

A: Reconciliation of net cash flow to movement in net funds

In £m	2023-24	2022-23
Revenue for the Consolidated Fund	296	358
Changes in working capital	16	42
Net cash flow from operating activities	**312**	**400**

Notes to the Trust Statement

1. Statement of accounting policies

Notes to the financial statements provide additional information required by statute and accounting standards to explain a particular feature of the financial statements.

1.1 Basis of accounting

The Trust Statement is prepared in accordance with:

- the accounts direction issued by HM Treasury under the Exchequer and Audit Departments Act 1921
- the 2023-24 FReM issued by HM Treasury
- reference to UK adopted international accounting standards as adapted or interpreted for the public sector context
- the accounting policies detailed in subsequent notes

The accounting policies have been developed by HM Treasury and have been reviewed during 2023-24. These policies have been applied consistently in dealing with items considered material in relation to the accounts. The Trust Statement is prepared on a going concern basis.

The financial information presented is rounded to the nearest £m.

1.2 Standards issued but not yet effective

Several new accounting standards have been issued but are not yet effective. Their application is not expected to have any impact on the Trust Statement financial statements in the period of the initial application. The Trust Statement does not intend to early-adopt the following standards.

IFRS 17 Insurance contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on, or after, 1 January 2025.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 was issued in April 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (Subject to UK endorsement).

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 was issued in May 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (Subject to UK endorsement).

There are no other IFRS or IFRIC interpretations not yet effective that would be expected to have a material impact on the Trust Statement.

1.3 Accounting convention

The Trust Statement has been prepared on an accrual basis under the historical cost convention.

1.4 Revenue recognition

Fine income is accounted for in accordance with the FReM adaptation of IFRS 15 *Revenue from Contracts with Customers*, net of enforcement costs where these are deductible by legislation. It is recognised when the revenue can be measured reliably, and it is probable that the economic benefits from the taxable event will flow to HM Treasury.

Levy income is accounted for in accordance with the FReM adaptation of IFRS 15 *Revenue from Contracts with Customers*, net of enforcement costs. It is recognised when all, or substantially all, of the consideration promised by the levy payer has been received by the FCA and is non-refundable.

1.5 Receivables

Receivables are accounted for in accordance with the requirements of IFRS 9 *Financial Instruments*. Accrued revenue receivable represents the amount due from the FCA, PSR and PRA, where penalties and levies have been received by the regulators, but the cash has not been transferred to HM Treasury as at the reporting date.

1.6 Payables

Payables are accounted for in accordance with the requirements of the IFRS 9 *Financial instruments*. Payables represent the amount due to the FCA where enforcements costs exceed the fines collected. This expenditure is expected to be covered by future fines within 12 months of the reporting date.

2. Net fine income

In £m	2023-24	2022-23
Fine income from the Financial Conduct Authority (FCA)	(4)	158
Fine income from the Prudential Regulation Authority (PRA)	143	26
Fine income from the Payment Systems Regulator (PSR)	-	10
Net fine income	**139**	**194**

HM Treasury has £4m in enforcement cost owed to the FCA. This is due to an overpayment made by the FCA to HM Treasury in 2022-23. Future fines received by the FCA will be used to cover this cost.

Detailed information on fines collected can be found in both the audited accounts of the PSR and the FCA and the Bank of England (of which the PRA is part).

Less than £1m (2022-23: less than £1m) was received in relation to penalties from sanctions breaches issued by OFSI and penalties from approved regulators empowered by Legal Services Act 2007.

3. Net levy income

In £m	2023-24	2022-23
Levy income from FCA for financial guidance	157	164
Total	**157**	**164**

Detailed information on levies collected can be found in the audited accounts of the FCA (www.fca.org.uk).

4. Balance on Consolidated Fund Account

In £m	2023-24	2022-23
Balance on Consolidated Fund Account as at 1 April	12	54
Net revenue for the Consolidated Fund	296	358
Less amount paid to the Consolidated Fund	(252)	(400)
Total	**56**	**12**

5. Events after the reporting period

There were no events after the reporting period.

6. Date authorised for issue

The financial statements were authorised for issue on the date of the Comptroller and Auditor General's signature.

Accounts direction given by HM Treasury in accordance with section 2 of the Exchequer and Audit Departments Act 1921

1. This direction applies to HM Treasury in respect of the income streams listed in appendix 2.

2. The Department shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2024 for the revenue and other income, as directed by the Treasury, collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of Government Financial Reporting Manual ("FReM") 2023-24.

3. The Statement shall be prepared, as prescribed in Appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.

4. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 11). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.

6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.

8. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

Charlotte Goodrich
Deputy Director, Government Financial Reporting
His Majesty's Treasury
2 July 2024

HM Treasury contacts

This document can be downloaded from www.gov.uk

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