



HM Treasury

Government financial reporting review: **Best practice examples from 2022-23**

Contents

Chapter 1	Introduction	3
Chapter 2	Performance Reporting	6
Chapter 3	Accountability	24
Chapter 4	Financial Information	33
Chapter 5	Further Links	36



Chapter 1- Introduction



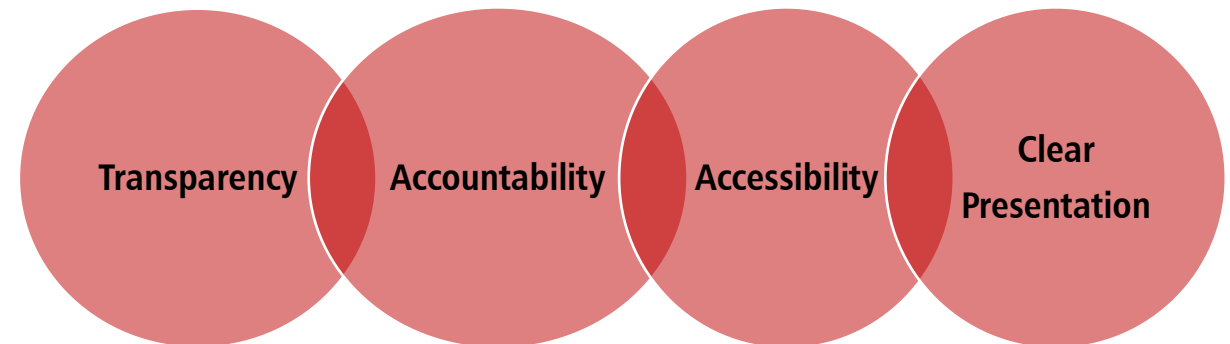
Why this publication?

- In April 2019 HM Treasury published the [Government Financial Reporting Review](#) (GFRR).
- This included several examples of best practice in financial reporting taken from 2017-18 central government annual reports and accounts (ARAs). Since then, HM Treasury has published examples of best practice in financial reporting annually: [2018-19 best practice](#), [2019-20 best practice](#), [2020-21 best practice](#) and [2021-22 best practice](#).
- HM Treasury is committed to continue supporting ongoing improvements in financial and non-financial reporting and this report outlines further examples of best practice, taken from 2022-23 PDF versions of ARAs.
- The intention is that these publications will provide a bank of best practice examples that can be used by entities preparing ARAs across government as a reference and tool to support continuous improvement.

Further guidance

The best practice examples outlined in this report have been chosen because they display some or all of these characteristics, including: enhanced transparency and accountability, good accessibility and clear presentation of information (e.g. use of formatting/graphics) etc. to help the understanding of users of ARAs. These characteristics have been selected based on the findings of the GFRR.

If you would like to suggest further examples of best practice in government ARAs to be considered then please contact HM Treasury (Resource.Accounts@hmtreasury.gov.uk).





Chapter 1- Introduction

What should accounts preparers consider in narrative reporting?



Information should be presented in a way that **tells the story** of an organisation in a **fair, balanced and understandable** way.



It is important to provide **context**, using several years of trend data where possible.



The **layout and design choices** can influence how a reader understands a report, and the use of infographics and diagrams can be helpful in communicating important messages.



Clear and simple language makes reports easier for a wide range of users to understand.



It should be **straightforward and accessible** for users.

Why is narrative reporting important?

- The narrative elements of government financial reports provide context and essential information to explain financial outcomes and performance against objectives.

2022-23 ARAs challenges:

Some of the challenges entities have had this year when producing their ARAs include MOG changes and reporting on the war in Ukraine.





Best practice criteria

Transparency

- ✓ Provide open, balanced and honest reflections;
- ✓ Communicate complex information clearly;
- ✓ Identify and explain key risks and performance outcomes;
- ✓ Build context with the use of trend data.

Accessibility

- ✓ Reporting should be straightforward and accessible for users;
- ✓ Clear and simple language of key messages;
- ✓ Use of pictures, bolded text and alternating colours.

Accountability

- ✓ Meet key accountability requirements to Parliament;
- ✓ Tell the story of the organisation in a fair, balanced and understandable way;
- ✓ Ensure all disclosure requirements are met.

Clear presentation

- ✓ Use of infographics and diagrams to display important information;
- ✓ Use of concise and plain English;
- ✓ Use of clear formatting;
- ✓ Consistency of reporting methods.





Chapter 2 – Performance Reporting

What should accounts preparers consider in performance reporting?




Performance reporting must be **fair, balanced and understandable**.



To **build trust**, it must be **transparent** including achievements as well as where objectives have not been met and why.




It should be **straightforward and accessible** for users.

What is required within the performance report? 

- The performance report is required to have **two sections**: a 'performance overview' and a 'performance analysis'.
- The **performance overview** is a short summary of the full story of an organisation and its performance over the period covered by the report.
- The **performance analysis** provides a detailed view.

Further information can be found on this within the [22-23 FReM](#) (Government Financial Reporting Manual).

This chapter highlights some examples of best practice in performance reporting in organisations' ARAs. 





Performance Overview (1)

Reporting Issue

The performance section must include a statement of the purposes and activities of an organisation in a clear and concise manner. This is important as it allows the user to easily understand the entity's strategic objectives.

Example and why this is best practice

The example on this slide is from the Department of International Trade.

- ✓ This page is structured well and is clearly presented allowing readers to differentiate between the vision, mission and priority outcomes.
- ✓ By setting out a list of their missions and priority, DIT have showcased transparency.
- ✓ DIT have kept the text on this page concise, so readers are clear on the message and are kept engaged.

Figure 1 – Department of International Trade

OVERVIEW

This overview section provides a summary of The Department for International Trade (DIT), its purpose and structure, and the main issues and risks relating to the achievements of our objectives.

OUR VISION

To champion open and fair global trading that drives growth, creates better jobs and higher wages, and improves living standards in this country and around the world.

OUR MISSION

Our Mission is to:

- > negotiate trade deals and open up markets;
- > give our exporters the tools, support and opportunities to succeed through global trade;
- > drive investment;
- > build a global appetite for British goods and services;
- > promote choice and value for UK consumers; and
- > improve international trading standards and fight unfair trading practices.

OUR PRIORITY OUTCOMES

1. Secure world-class free trade agreements and reduce market access barriers, ensuring that consumers and businesses can benefit from both.
2. Deliver economic growth to all the nations and regions of the UK through attracting and retaining inward investment.
3. Support UK business to take full advantage of trade opportunities, including those arising from delivering FTAs, facilitating UK exports.
4. Champion the rules-based international trading system and operate the UK's new trading system, including protecting UK businesses from unfair trade practices.





Performance Overview (2)

Example and why this is best practice

The example on this slide is from the Home Office. Best practice examples include:

- ✓ The level of detail provides a comprehensive overview of the Home Office's aims.
- ✓ It aids with user understandability by defining 'missions' and 'capabilities'.
- ✓ The information is presented in a legible format with the 'Vision', 'Mission' and 'Structure' separated into discrete sections.

Figure 2 – Home Office

Our Vision
Our vision is for a safe, fair and prosperous UK.

Our Structure
Missions
The 'missions' focus on end-to-end services to ensure we deliver on the Government's and Department's priorities:

- Homeland Security Group
- Public Safety Group
- Migration and Borders Group

The Migration and Borders (M&B) Mission has an additional Director General with oversight of Strategic Operations.

Capabilities
The 'capabilities' are centres of excellence delivering high-quality and efficient services, both to the Department and directly to customers:

- Border Force
- Immigration Enforcement
- Communications
- Corporate and Delivery
- Customer Services
- Transformation
- HR
- Legal

Science, Technology, Analysis and Research (STAR) and Strategy
Outside of the missions and capabilities, Science, Technology, Analysis and Research (STAR) and the Strategy Directorate set and maintain direction for the Home Office and solve complex cross-cutting problems, helping to inform, deliver, and make sense of cross-cutting activity across the Home Office's missions and capabilities.

Mission
The Home Office's primary mission is to keep our citizens safe and our borders secure. Our delivery plan reflects the broad and important nature of the work we do. It sets out in detail how we will deliver our priority outcomes, how we will measure our success, and how we will ensure we continuously improve. The priority outcomes are to:

- reduce crime
- reduce the risk from terrorism to the UK and UK interests overseas
- enable the legitimate movement of people and goods to support economic prosperity
- tackle illegal migration, remove those with no right to be here, and protect the vulnerable



Performance Highlights (1)



Reporting Issue

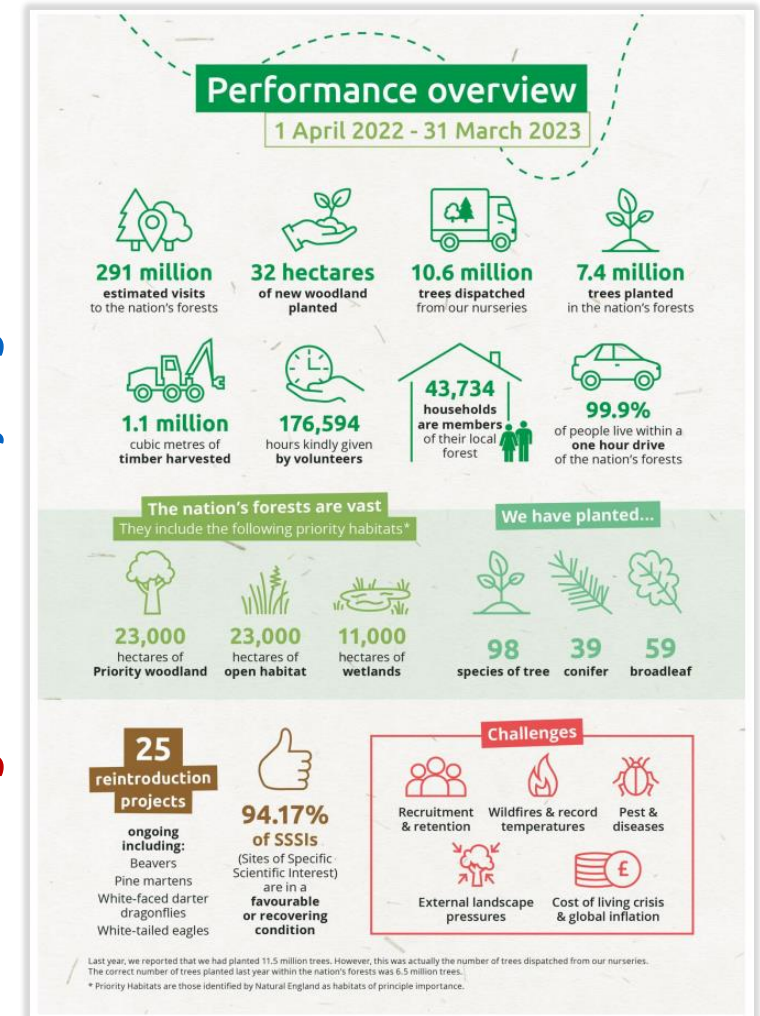
The [Government Financial Reporting Review](#) also emphasised the importance of reporting the annual performance highlights of an organisation. Providing an overview of performance over the course of a year increases the understandability and usability of the ARA.

Example and why this is best practice

The example on this slide is from **Forestry England**. It includes:

- ✓ Forestry England have been transparent with the audience by including the challenges faced in the performance overview.
- ✓ They have used data and numbers to help to explain their performance over the period.
- ✓ The use of icons makes the page visually appealing to readers and helps them to understand key highlights.

Figure 3 – Forestry England





Performance Highlights (2)

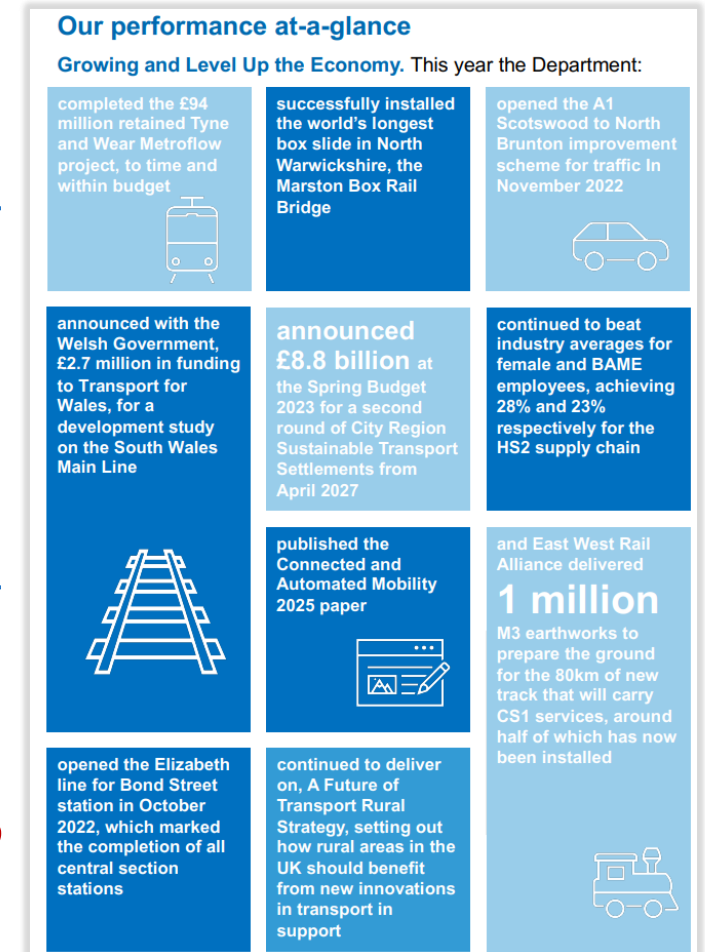


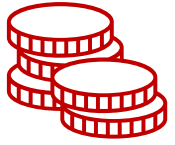
Example and why this is best practice

The example on this slide is from the **Department for Transport**. It successfully:

- ✓ Provides a clear overview of the department's activities throughout the year.
- ✓ Uses a larger font to highlight key figures, which helps to bring these to the reader's attention.
- ✓ Provides a good level of detail in the summary of each highlight so readers can comprehend the story.

Figure 4 – Department for Transport





High-level financial information (1)

Reporting disclosure

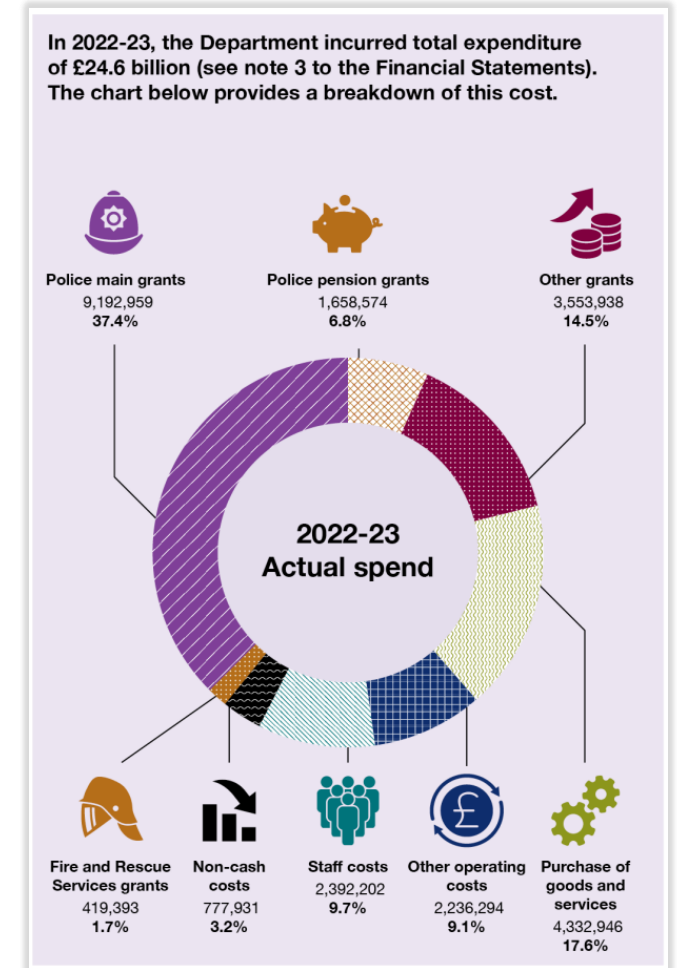
Other information that it can be helpful to include in the financial review are the type of spend incurred over the year; for example, on employees, administration, equipment or buildings.

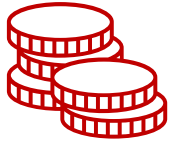
Example and why this is best practice

The example on this slide is from the **Home Office**.

- ✓ Home Office have used icons and charts to present the information in a way that is visually appealing to the user.
- ✓ This page gives information as both a percentage and figure, so readers can understand the amount spent and the proportion of the total.
- ✓ The use of colour correlation supports the user's understanding.

Figure 5 – Home Office





High-level financial information (2)

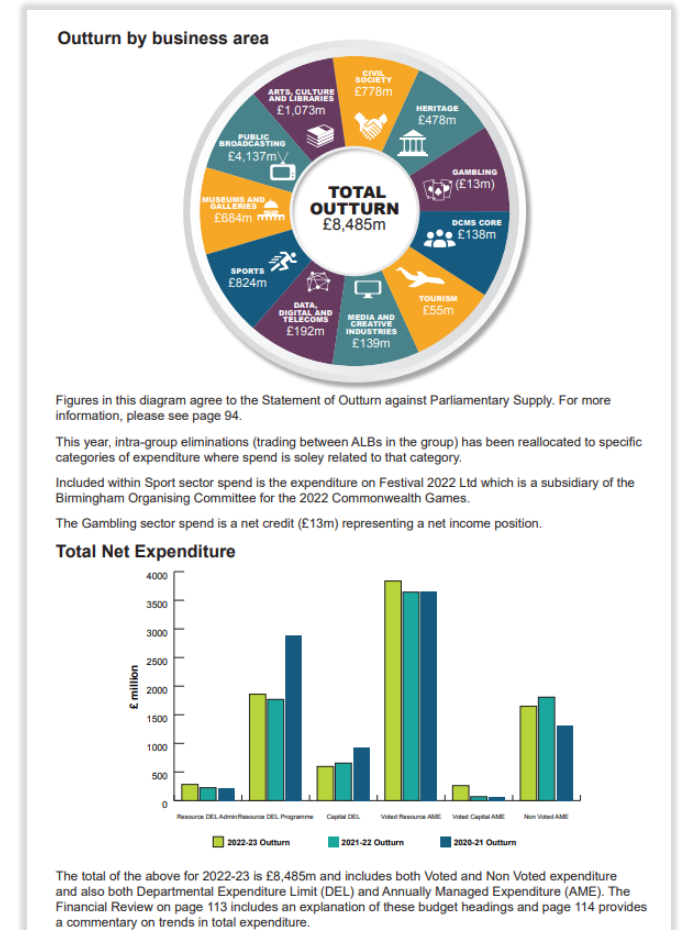


Example and why this is best practice

The example on this slide is from the **Department for Digital, Culture, Media and Sport**. It effectively:

- ✓ Signposts to readers where they can read more about the figures included in the diagram.
- ✓ Uses a pinwheel to visualise the different areas the total outturn is made up of.
- ✓ Includes a bar chart to provide comparative information from previous years, providing the user with additional context.

Figure 6 – Department for Digital, Culture, Media and Sport





Trend data with commentary (1)

Reporting Issue

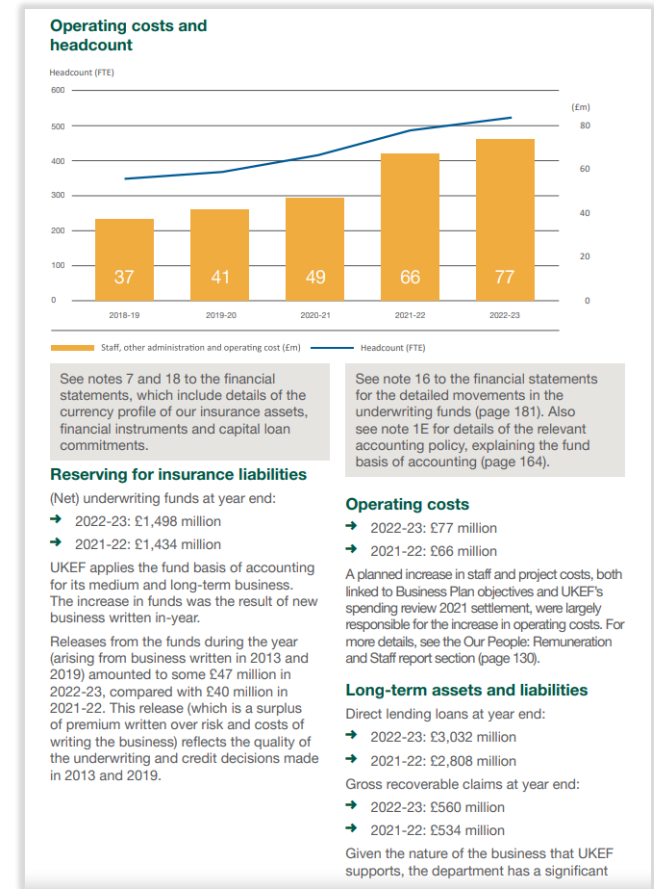
The FReM mandates that the performance analysis section of ARAs must include a prior year comparator for data presented, as this adds context for users. Data for years earlier than the prior year should also be included where available and where this provides relevant context. There is an expectation that trend data will build up over time as it becomes available.

Example and why this is best practice

The example on this slide is from **UK Export Finance**. It includes:

- ✓ Use of a combined bar and line chart to provide transparency to the audience.
- ✓ They have used a key to explain the difference between what the bars and line represent.
- ✓ UK Export Finance have included the numerical value inside the bar, making it quicker and easier to read.

Figure 7 – UK Export Finance





Trend data with commentary (2)

Example and why this is best practice

The example on this slide is from **HM Treasury**. It includes:

- ✓ HM Treasury have labelled the line chart with the exact figures on the points so readers can easily read the chart and know the exact amount of Resource and Capital DEL expenditure.
- ✓ They have included the budgeted amount of Resource and Capital DEL expenditure for the following year so readers can also view HMT's expectations.
- ✓ HMT have provided an explanation of the line chart, providing both transparency and context to the audience.

Figure 8 – HM Treasury

Five-year net expenditure analysis

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

DEL net expenditure

Figure 1B: Five-year trend analysis – DEL net expenditure (£m)

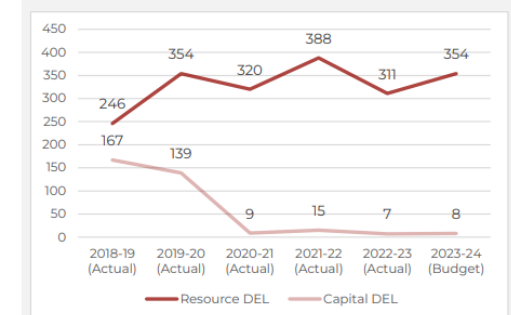


Figure 1B shows the five-year trend analysis of DEL expenditure with negative figures being net income

Resource DEL is less volatile year on year compared with other expenditure. The increase in 2019-20 was predominately due to an extra-contractual legal settlement, whilst the increase in 2021-22 was due to the introduction of the London Capital and Finance Compensation Scheme. The budgeted increase in Resource DEL for 2023-24 is due to underspends in 2022-23. Details of these underspends can be found on page 162.

Capital DEL expenditure peaked in 2018-19 due to the capital subscription to the Asian Infrastructure Investment Bank and the acceleration of loans provision as part of the Digital Infrastructure Investment Fund. The majority of Capital DEL expenditure since 2020-21 was due to the construction of the Darlington Economic Campus (DEC) and equipment for multi-site working.





Balanced reporting (1)



Reporting Issue

Organisations are expected to report the status of progress against their strategic objectives in a fair, balanced and understandable way.

Example and why this is best practice

The example on this slide is from the Office of Rail and Road. It includes:

ORR have used a RAG rating, with a key to explain the rating and to visually show the status of each provision.

- ✓ ORR provides transparency by including the 'percentage achieved'.
- ✓ They provide a description with timescales to show the timeline ORR worked to for the delivery of their service standards, for additional context.

Delivery of service standards

Much of ORR's business-as-usual work involves providing services to those in the industry or others with an interest in our work. As an organisation that is largely funded, directly or indirectly, by the public, it is essential that we publish service standards as part of our commitment to transparency. The service standards below were published in our business plan for 2022-23. The table shows how we performed against each of these.

Achieved key: ■ G (Green): Standard met ■ A (Amber): Narrowly missed

Provision	Service standard	Achieved	Percentage achieved
Issue new or revised train driver licences	100% of applications processed within one month of receipt of all necessary documentation	G	100%
ROGS safety certificate and authorisations (Railway and Other Guided Transport Systems Regulations)	100% determined within 4 months of receiving completed application	G	100%
Report to Rail Accident Investigations Branch (RAIB) on the progress of its recommendations	100% response to RAIB recommendations within 1 year of associated RAIB reporting being published	G	100%
Efficient processing of technical authorisations	100% of responses within 28 days of receiving complete submission	G	100%
Access and licensing casework	100% decided within 2 months of receipt of all relevant information	G	100%
Freedom of Information requests	90% of requests for information responded to within 20 working days of receipt	G	100%
General enquiries and complaints, including adjustment to account for cases investigated	95% of enquiries and complaints responded to within 20 working days of receipt	G	96%
Prompt payment of suppliers' invoices to ORR	80% paid within 10 days of valid invoice	G	88%
Prompt payment of suppliers' invoices to ORR	100% paid within 30 days of valid invoice	A	99%*
Publication of quarterly statistical releases	100% published within 4 months after quarter end	G	100%
Proactive railway inspection	50% (minimum) of ORR inspector time on proactive inspection	G	56%

Figure 9 – Office of Rail and Road





Balanced reporting (2)



Example and why this is best practice

The example on this slide is from The Supreme Court and Judicial Committee of the Privy Council.

- ✓ Against each priority, a detailed description is included explaining the actions taken in order to meet the strategic priorities.
- ✓ They have used a RAG rating, with a key to explain the rating, to visually show the status of each provision.
- ✓ Compares actions taken to original commitments.

Figure 10 – The Supreme Court and Judicial Committee of the Privy Council


Delivery of 2022-23 Business Plan and our Strategic Priorities

Below are the Court's key activities and progress against delivery, all of which have been delivered whilst managing the risks identified and covered in more detail in section 4 of this report.

The following tables set out what our key strategic priorities were and how we performed throughout 2022-23.

Key: ■ Delivered ■ Underway ■ Not completed

Where areas are marked as amber, these deliverables are in progress. Some deliverables have taken longer than planned or have been delayed due to in-year changes to our priorities.

 Strategic Priority 1 – Recovery and Readiness for Change

We said	We did	RAG
Embedding the Court's hybrid working policy (complementing the Smarter Working agenda and principles to ensure that all staff are empowered to deliver their best and have the tools, environment and support to do so).	As an operational Court, we have established flexible working patterns that enable our staff to work from home for up to two days each week, balancing the needs of the Court and staff. We were awarded the Smarter Working Accreditation in December 2022 that recognises how well we utilise the space within the building and technology available. We hold a mix of in-person, hybrid and virtual meetings for all business areas.	■
Continuing to offer a range of wellbeing awareness, training, engagement and support to all staff.	We continued to offer support for all our staff. We ran several workshops on financial wellbeing and promoted the support available from our membership to Benenden Health. We shared information about our Business Disability Forum membership and raised awareness of The Charity for Civil Servants. We also promoted the support available from our membership to Benenden Health. We have also organised several Wellbeing Walks around St James's Park and we promoted Time to Talk Day in February 2023.	■
Implementing and embedding a culture of safety at the Court where risks are identified and managed effectively.	The UKSC continues to prioritise the safety of Court users (both staff and members of the public) in several ways. The Safety and Security Committee convenes quarterly to ensure that the UKSC is implementing and embedding a culture of safety by discussing any risks that have emerged and addressing them through putting preventative measures in place. Line managers also conduct risk assessments to monitor and mitigate risk. Robust health and safety information is also available on the intranet for all members of staff to access.	■





Reporting against strategic objectives

Reporting Issue

Annual reports and accounts should report progress against their strategic objectives. It is important that reporting is fair and balanced, showing instances where performance has been below expectation and goals set.

Example and why this is best practice

The example on this slide is from the **Ministry of Justice**. It includes:

- Detailed explanatory notes for each priority outcome
- Infographics for each priority outcome with a key provided to ensure understanding for the user
- Trend data showing progress against the objective over time

Figure 11 – Ministry of Justice

Our performance analysis

Priority outcome 1: Protect the public from serious offenders and improve the safety and security of our prisons

Our core focus is to ensure our services continue to protect the public, working towards our 10-year vision as set out in the Prisons Strategy White Paper, published in December 2021.

Prison capacity

Since Autumn 2022, the adult male prison estate has seen an increase in demand. This has been driven by higher flows into the sentenced, recall and remand populations, the impact of the criminal bar disruptive action, and the aftermath of the pandemic. In response to this increase in demand, we have implemented a suite of contingency measures, including making full use of all existing capacity, increasing cell occupancy where safe to do so and delaying non-essential maintenance. Through this action, we have expanded current capacity in the estate by an extra 2,600 places between September 2022 and September 2023.

By the end of the Spending Review 2021 period, we will have invested nearly £4 billion to modernise and increase the capacity in our prisons, continuing to make progress towards the delivery of 20,000 additional, modern prison places, ensuring the right conditions are in place to rehabilitate prisoners, cut crime, and protect the public. These places are being delivered through the construction of six new prisons, as well as the expansion and refurbishment of the existing estate and temporary accommodation. The new HMP Fosse Way opened in June 2023 and construction is well underway at HMP Millsike in Yorkshire, delivering more than 3,000 places between them. This new prison is due to open in 2025 and will be the UK's first all-electric prison.

As at September 2023, we have already delivered around 5,500 additional prison places through a combination of refurbishments, installing around 700 temporary accommodation places, and opening the new prison, HMP Five Wells. Construction has started on new houseblocks at HMPs Rye Hill and Stocken and Cat D expansions at HMPs Hatfield and Sudbury which will deliver 850 additional places between them.

In addition, Operation Safeguard, which enables the co-ordinated use of police cells to temporarily hold prisoners for short periods, was activated in November 2022, with the first spaces coming into operation in February 2023. This contingency measure provides additional resilience in the system where capacity pressures are most acute.

Prison capacity pressures have restricted our ability to take places out of use for refurbishment and compliance works. We have prioritised our investment in the Fire Safety Improvement Programme and across 2022-23 we have brought many prison places in line with modern safety standards, creating a safer environment for our staff and prisoners.

Our performance metrics

Key to metrics

Value change from previous year:

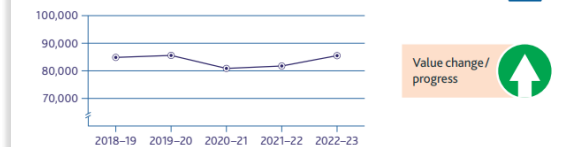
- ⬆ Increasing
- ⬇ Decreasing
- ↔ No change

Progress on previous year:

- 🟢 Green = improving
- 🟡 Amber = marginal or no change
- 🔴 Red = worsening

Useable prison places

Prisons capacity – useable prison places



The number of useable prison places increased by 3,751 between 31 March 2022 and 31 March 2023. Prison capacity continues to be put under pressure by increasing demand. The increase in places can be attributed to the ramp up of HMP Five Wells; the return of a number of places out for operational purposes; and a net decrease in the total number of places out for maintenance.



Future plans (1)



Reporting Issue

Organisations should produce forward-looking information as it increases the value of the narrative surrounding the current year's performance, including the risks it faces and how this may affect future plans and performance.

Example and why this is best practice

The example on this slide is from the National Savings and Investments.

- ✓ NS&I sets out the targets % of meeting objectives for 23/24 in a table, providing historic and current targets and actual performance to allow for comparisons.
- ✓ The table is transparent and open, providing both information about the targets and the actual performance.
- ✓ Readers are also informed about how each goal and objective is measured, helping understanding.

Figure 12 – National Savings and Investments

Performance Report
Our performance in 2022–23

Service Delivery Measures	Description	2021–22	2022–23	2023–24
5	Digital-first Goals and objectives To increase the number of transactions and customer communications made using digital channels (email, online and secure messaging) compared with the number of transactions and customer communications made using post and telephone Measure Number of digital transactions divided by total number of transactions	Target 83% Performance 82.6%	Target 85% Performance 85.03% ✓	Target 87%
6	Efficient administration of funds Goals and objectives To improve the efficiency of administering total funds Measure Ratio of total NS&I administrative costs that are funded by Resource DEL to average funds invested by customers	Target Less than 7.25 basis points Performance 6.77 basis points	Target Less than 7.20 basis points Performance 6.70 basis points ✓	Target Less than 7.20 basis points
7	Fraud management* Goals and objectives To minimise the cost of fraud Measure The cost of fraud as a percentage of total average stock	Target Below 0.001% of average funds invested by customers Performance 0.00027%	Target Below 0.001% of average funds invested by customers Performance 0.00063% ✓	Target Below 0.001% of average funds invested by customers (no longer an SDM)
8	Financial Ombudsman Service (FOS) Goals and objectives To minimise the incidents where FOS intervention is justified Measure The ratio of the number of complaints upheld by the FOS in favour of the complainant to the total number of complaints closed by NS&I	Target Less than 0.5% of total complaints raised found to be upheld against us by the FOS Performance 1.64%	Target Less than 1.6% of total complaints raised found to be upheld against us by the FOS Performance 1.04% ✓	Target Less than 0.84% of total complaints raised found to be upheld against NS&I by the Financial Ombudsman Service (no longer an SDM)
9	Gender balance* Goals and objectives To embed diversity and inclusion at the heart of our business Measure Achieving 50:50 gender balance in leadership (CEO, NS&I bands 1-3), within a range of 40-60%, averaged over the financial year	Target 50:50 gender balance in SCS + NS&I bands 1-3, within a range of 40-60% Performance 34.97%	Target 50:50 gender balance in CEO/SCS + NS&I bands 1-3, within a range of 40-60% Performance 33.0% ✗	Target 50:50 balance in CEO/SCS + NS&I bands 1-3, within a range of 40-60% (no longer an SDM)



Future plans (2)



Example and why this is best practice

The example on this slide is from the **Ministry of Housing, Communities and Local Government**, previously known as the Department for Levelling Up, Housing & Communities.

- ✓ MHCLG have provided the breakdown for the expected outturn for two consecutive years following the current year, showcasing future planning.
- ✓ Includes historical information to set context and offer comparatives for users for their assessment.
- ✓ The breakdown of all expenditure into categories also provides greater transparency.

Figure 13 – Ministry of Housing, Communities and Local Government

Core Tables - Departmental Expenditure Outturn and Plans

The tables on the following pages show the department's expenditure outturn for 2022-23 and the four prior years, along with the planned expenditure for the next year.

Table 1a: Past, current and future departmental resource spending

Departmental Resource Spending	2018-19	2019-20	2021-22	2021-22	2022-23	2023-24	2024-25
	Restated Outturn £'000	Restated Outturn £'000	Restated Outturn £'000	Outturn £'000	Outturn £'000	Plan £'000	Plan £'000
Spending in DEL - DLUHC Communities							
Voted expenditure							
<i>Of which:</i>							
A: Local Government & Public Services	197,895	194,445	146,809	183,865	1,284,025	158,425	147,159
B: Housing and Planning	1,573,280	1,630,755	1,764,814	1,737,217	1,579,414	1,420,699	952,639
C: Local Growth and Devolution	178,143	215,151	413,796	365,061	520,939	777,039	198,908
D: Elections, Union and Constitution	-	-	-	-	34,692	53,372	51,431
E: Supporting Families	174,369	155,027	159,926	168,278	206,828	235,000	165,000
F: Research, Data and Trading Funds	2,927	12,239	3,875	(25,809)	4,775	5,519	11,926
G: DLUHC Staff, Building and Infrastructure Costs	167,770	210,633	233,356	267,683	285,263	266,283	254,667
Departmental Unallocated Provision	-	-	-	-	-	-	212,690
H: Local Government & Public Services (ALB) (net)	17,756	18,948	17,956	17,925	17,763	17,738	19,159
I: Housing and Planning (ALB)(net)	41,788	72,780	(25,489)	(4,649)	(70,059)	96,754	150,054
Total Voted	2,353,928	2,509,978	2,715,043	2,709,571	3,863,640	3,030,829	2,172,633
Non Voted Expenditure							
J: Elections	(462)	289,896	(5,485)	54,929	(82)	7,700	-
Total Non Voted	(462)	289,896	(5,485)	54,929	(82)	7,700	-
Departmental Expenditure Limit (DEL) - DLUHC Housing and Communities	2,353,466	2,799,874	2,709,558	2,764,500	3,863,558	3,038,529	2,172,633
Voted expenditure							
<i>Of which:</i>							
K: Revenue Support Grant	1,378,997	653,058	1,612,634	1,621,557	1,672,058	1,905,423	-
L: Other grants and payments	3,450,911	7,918,506	19,290,610	19,603,675	10,012,621	12,656,700	13,940,155
M: Business Rate Retention	3,928	212	3,352	36,882	87,470	62,515	-
Total Spending in DEL - DLUHC Local Govt	4,833,836	8,571,776	20,906,596	21,262,114	11,772,149	14,624,638	13,940,155
Total Resource DEL	7,187,302	11,371,650	23,616,154	24,026,614	15,635,707	17,663,167	16,112,788
Spending in Annually Managed Expenditure (AME)							
Voted expenditure							
<i>Of which:</i>							
Other grants and payments	-	-	-	(5,642,633)	-	-	-
N: Local Government & Public Services	7,903	53,671	(9,360)	49,077	(36,220)	49,601	(16,073)
O: Housing and Planning	6,166	8,262	3,867	(8,028)	2,423	102,113	-
P: Local Growth and Devolution	5,802	(2,256)	(7,312)	7,041	(22,143)	5,000	-
Q: DLUHC Staff, Building and Infrastructure Costs	1,267	(4,117)	(1,099)	(10,567)	12,776	(168)	(168)
R: Non-Domestic Rates Outturn Adjustment	(10,818)	2,586	9,520	-	-	350,000	350,000
S: Local Government & Public Services (ALB)(Net)	2,354	2,550	2,569	4,462	3,832	5,707	(17,176)
T: Housing and Planning (ALB)(Net)	174,887	(234,400)	(64,990)	(901,232)	(260,163)	2,632,237	(28,801)
U: Business Rate Retention	21,199,022	18,367,167	16,694,832	14,168,541	11,100,860	16,730,761	13,179,820
Total Resource AME	21,386,509	18,193,463	16,628,027	7,666,661	10,801,365	19,875,251	13,483,062
Total Resource	28,573,811	29,565,113	40,244,181	31,693,275	26,437,072	37,538,418	29,595,850





Sustainability reporting (1)

Reporting Issue

As emissions reporting develops, and entities adopt new metrics and targets, users need to be provided with information to understand the changes.

Example and why this is best practice

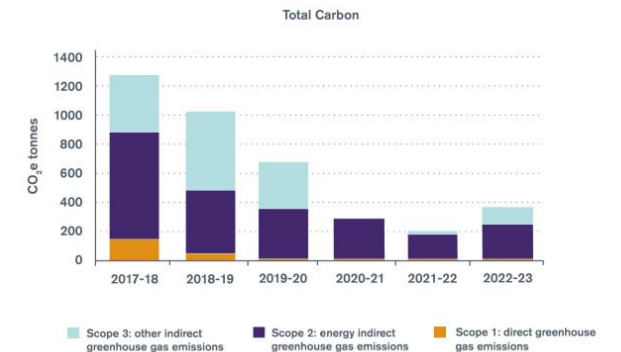
The example on this slide is from the **Office of Gas and Electricity Markets**.

- ✓ OFGEM have visually represented the data as a bar chart to help with user understanding.
- ✓ Commentary has been provided beneath the graph to explain why the carbon emissions increased after the pandemic.
- ✓ The table with more data below is provided, with the carbon per FTE to provide further context to the data.

Figure 14 – Office of Gas and Electricity Markets

Mitigating climate change: working towards net zero by 2050

Headline target: Reduce the overall greenhouse gas emissions from a 2017-2018 baseline and also reduce direct greenhouse gas emissions from estate and operations from a 2017-2018 baseline.



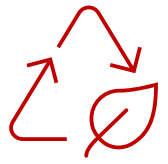
With people back in offices and visiting other offices the overall carbon usage has gone up considerably compared to the pandemic years. However, with a 20% increase in staff, the carbon per full time equivalent member of staff (FTE) remains consistent.

Greenhouse gas emissions		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Non-financial indicators (tCO ₂ e)	Total emissions	1176	1015	671	278	179	243
	Per FTE	1.28	1.43	0.09	0.23	0.14	0.15
	Scope 1: Direct GHG emissions	153	49	7	6	5	4
	Scope 2: Energy indirect GHG emissions	736	431	330	273	174	141
	Scope 3: Other indirect GHG emissions	382	535	334	0	23	99

Sub-targets:

- Reduce the emissions from domestic business flights by at least 30% from a 2017-2018 baseline, and report the distance travelled by international business flights, with a view to better understanding and reducing related emissions where possible.





Sustainability reporting (2) - TCFD

Reporting Issue

For 2022-23, the [Sustainability Reporting Guidance](#) included voluntary guidance on the Task force on Climate-related Financial Disclosure (TCFD) recommendations. HM Treasury is mandating TCFD-aligned disclosures in central government annual reports and accounts in a three-year phased approach from 2023-24 – starting with the disclosures related to the Governance pillar.

Example and why this is best practice

The example on this slide is from the **British Business Bank’s** (BBB’s) Task Force on Climate-Related Financial Disclosures section addresses the requirements for the Governance pillar of the framework. Sub-titles clearly identify the recommended disclosures for:

- Governance a) Board oversight of climate-related risks and opportunities; and
- Governance b) Management’s climate roles and responsibilities

The section is informative but concise, setting out key information for primary users to understand the ‘who’, ‘how’, ‘when’ and ‘why’. The section includes future plans for Governance-related disclosures for next year’s annual report.

Figure 15 - [British Business Bank](#)

Governance	Management’s climate roles and responsibilities
<p>Board oversight of climate-related risks and opportunities</p>	<p>The ESG Executive Board has overall strategic responsibility for the development of the Bank’s ESG strategy and ensuring ESG-related risks and opportunities, including climate-related risks and opportunities, are integrated into the Bank’s strategy.</p>
<p>The Board considers climate-related risks and opportunities as they relate to the business plan and strategic objectives through the management information report against Key Performance Indicators (KPIs) at each meeting.</p>	<p>The British Business Bank governance structure on p74 shows how the ESG Executive Board integrates into the Bank’s wider governance.</p>
<p>During 2022/23, the Board received a number of climate-related updates – for example, a paper on the integration of ESG criteria into investment decision-making, industry collaboration, colleague training and engagement at the October 2022 Board meeting.</p>	<p>The Terms of Reference were updated to enhance climate-related roles and responsibilities including reviews of sustainability reporting and net zero transition plans, and integration of ESG considerations into live funding programmes. Progress on KPIs that are related to sustainability are reported to the Board in the quarterly management information packs.</p>
<p>To ensure the Board and its committees continue to provide effective oversight and challenge, the Bank maintains a Board skills matrix of relevant expertise, which now includes climate change. Skills are assessed on a regular basis to inform future training needs.</p>	<p>Next steps in 2023/24</p>
<p>In December 2022, the Board hosted Professor Nick Robins from the LSE’s Grantham Research Institute on Climate Change and the Environment. Topics discussed included delivering net zero through a just transition, priorities to finance smaller businesses’ route to net zero, and strategic insights from COP27.</p>	<p>The Terms of Reference for each of the Board Committees, including the Board Audit Committee and Board Risk Committee, will be updated to reflect their climate-related responsibilities such as monitoring climate risk or having oversight of the Bank’s disclosures.</p>
<p>Going forward, the Board has requested six-monthly updates with relevant intermediate reporting to be included in regular CEO, CRO and CFO Board updates.</p>	





Risk reporting (1)



Reporting Issue

Risk reporting appears in both the performance and accountability reports in ARAs. The performance report should provide information on the risk profile of the organisation: the risks it faces; how risks have affected the organisation in achieving its objectives; how they have been mitigated and managed throughout the period, and how this may affect future plans and performance.

Example and why this is best practice

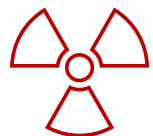
The example on this slide is from the **Home Office**.

- ✓ Home Office provide a good level of detail in their description of the activities undertaken to mitigate the risk, giving readers a comprehensive understanding.
- ✓ A risk assessment is provided against each risk, along with a key, to give readers insight into how critical the risk is.

Figure 16 – Home Office

Principal Risks ⁴							
Risk assessment (as at 31 March 2023)	Critical	High	Medium	Low			
Trajectory ⁵ at year-end (from date identified)	Risk Increase	Risk Decrease	No movement	At target score			
Objective	Principal Risk	Key Mitigating Activities during 2022-23					
ODP2	<p>There is a risk of loss of public confidence in the Counter Terrorism system as it fails to appropriately manage the risk from terrorism.</p> <p> </p>	<ul style="list-style-type: none"> Published the Independent review of Prevent, begun implementing recommendations and transformed our approach to tackling terrorism in prisons and probation. New UK-US Data Access agreement to ensure law enforcement access to data to disrupt terrorist activity. Announced proposals to enhance security at publicly accessible locations known as Martyn's Law, a direct response to the lessons from the Manchester arena attack. Unveiled new CT Operations Centre (due to complete in 2024-25), bringing together partners from Counter Terrorism Policing, the Intelligence Agencies, and the Criminal Justice System, as well as other Government Agencies focused on tackling the threat from terrorism. 					





Risk reporting (2)

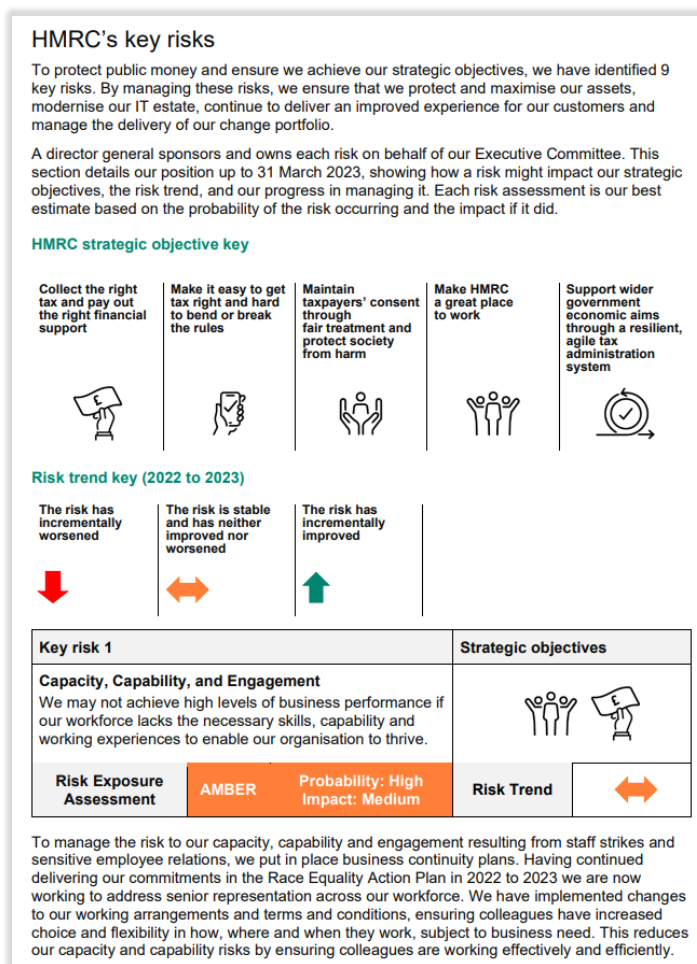


Example and why this is best practice

The example on this slide is from the HM Revenue and Customs.

- ✓ HMRC cross reference their strategic objectives against each risk identified for information, improving continuation and accessibility of the report for users.
- ✓ The risk trajectory is provided against each risk, showing readers the movement of the risk.
- ✓ A risk exposure assessment is provided for each risk which rates its severity, as well as the probability and impact.

Figure 17 – HM Revenue and Customs





Chapter 3 – Accountability Reporting

What should accounts preparers consider in Accountability Reporting?



Meet key accountability requirements to Parliament, as the **primary user** of central government annual reports and accounts.



Disclosures should be presented in a way that **meets the needs of users**.




Ensure all disclosure requirements are met within the report.

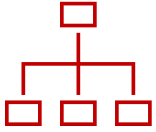
What is required within the Accountability Report?

- The accountability report is made up of three sections: **A Corporate Governance Report**; a **Remuneration and Staff Report**, and a **Parliamentary Accountability and Audit Report**.
- Entities should provide an overview of these sections and explain how they contribute to an entity's accountability.

Further information can be found on this within the [22-23 FReM](#) (Government Financial Reporting Manual).

This chapter highlights some examples of best practice in accountability reporting in organisation's ARAs. 





Governance and risk management (1)



Reporting Issue

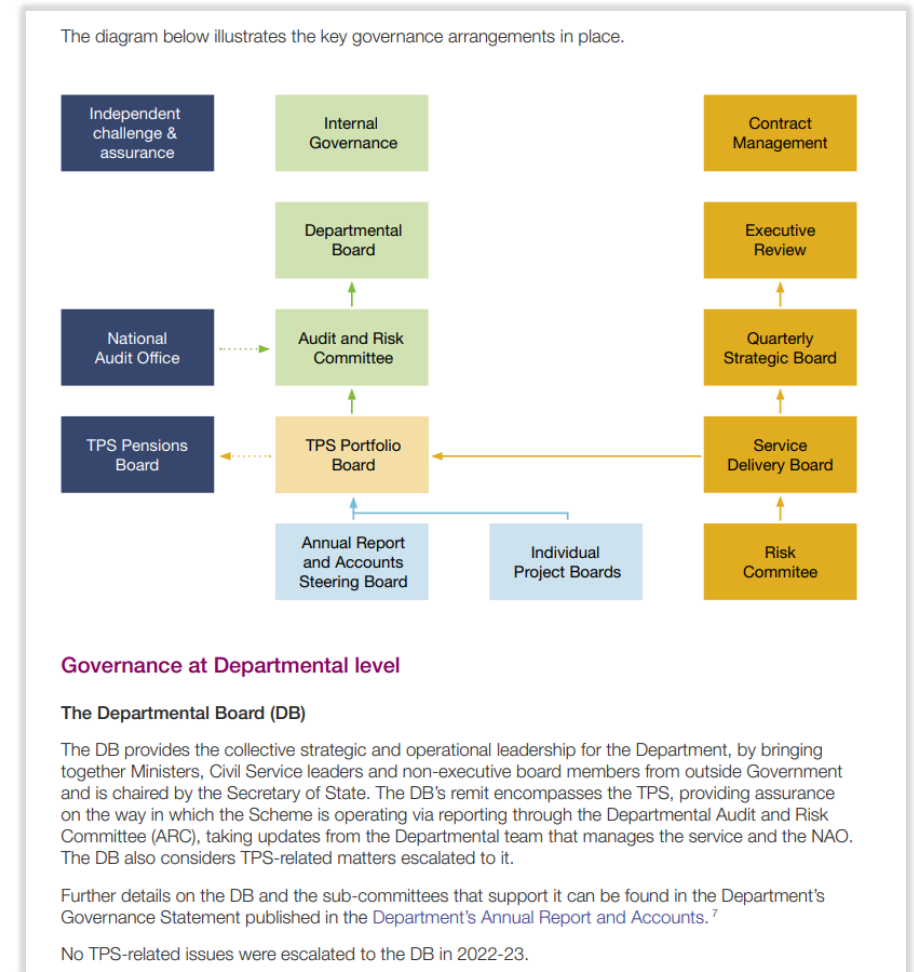
All reporting entities covered by the requirements of the FReM shall report on the review of the risk management and internal control system and the main features of the entity's risk management and internal control system in preparing the governance statement.

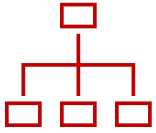
Example and why this is best practice

The example on this slide is from the Teachers' Pension Scheme. It includes:

- ✓ A well-structured diagram using a colour scheme that provides an overview of TPS' system of corporate governance and internal controls.
- ✓ Arrows and lines to showcase how the boards feed into each other.
- ✓ Further commentary below the diagram on make-up and purpose of the each of the Boards in the governance structure.

Figure 18 – Teachers' Pension Scheme





Governance and risk management (2)

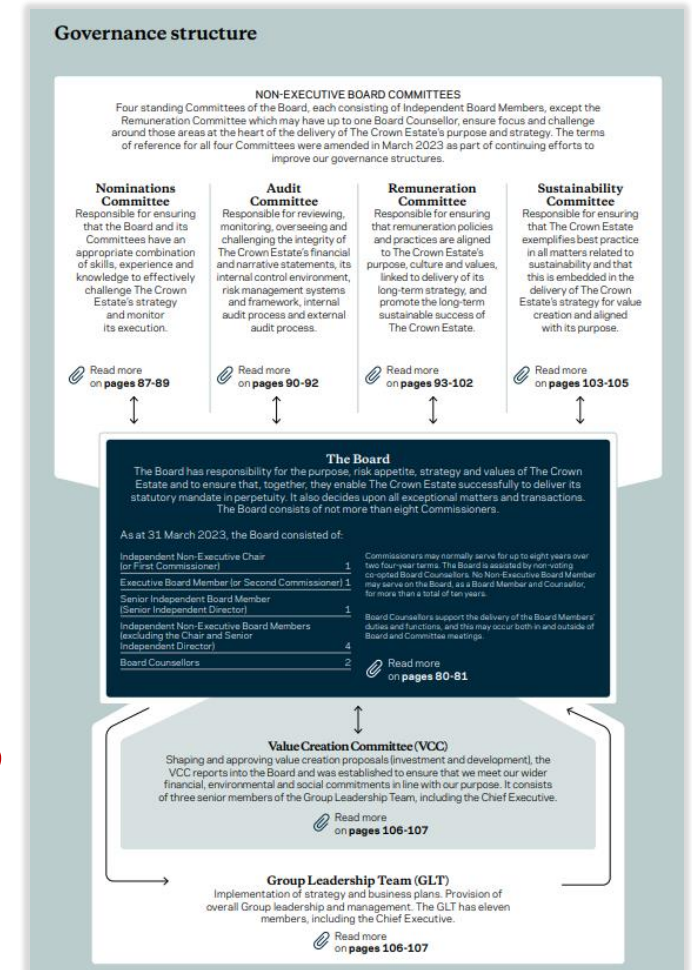


Example and why this is best practice

The example on this slide is from **The Crown Estate**. It includes:

- ✓ Signposts to the pages where readers can find out more details about each board.
- ✓ Provides a brief description under each board, detailing its responsibilities.
- ✓ In 'the Board' section, the membership make-up is provided as well as an explanation into how long members serve for, and how they are recruited onto the board.

Figure 19 – The Crown Estate





Civil Service People Survey (1)

Reporting Issue

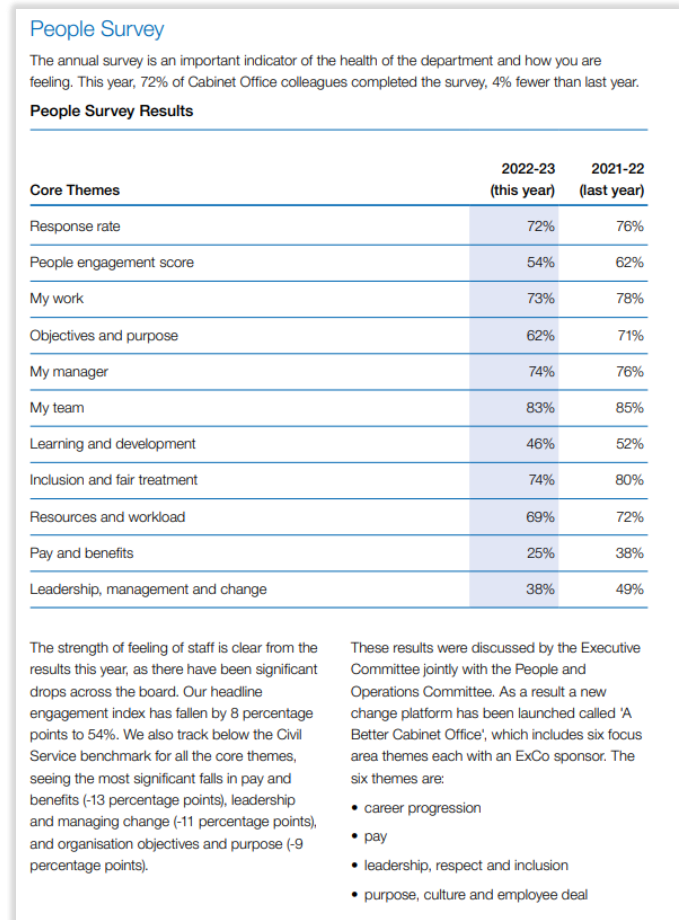
For those entities who contribute to it, staff engagement percentage scores must be disclosed from the latest Civil Service People Survey. Information should be provided with sufficient explanation and context, including trend data where appropriate.

Example and why this is best practice

The example on this slide is from **Cabinet Office**.

- ✓ This page has been made accessible to readers by providing an explanation into what the People Survey is.
- ✓ Cabinet Office have included in the table their 2021/22 People Survey data as well to provide comparable data to readers.
- ✓ Underneath the data table, CO are transparent by providing commentary to compare itself to the Civil Service benchmark and to explain how they are actioning the results from the survey.

Figure 20 – Cabinet Office





Civil Service People Survey (2)

Example and why this is best practice

The example on this slide is from the **Department of International Trade**.

- ✓ For each theme, DIT show the movement in the score from last year so readers can understand whether there has been a change.
- ✓ DIT are transparent about areas where scores are worse than in the previous year
- ✓ Key figures are in bold and stand out for readers.

Figure 21 – Department of International Trade

Annual report and accounts | 2022-23

Civil Service People Survey

The People Survey is an annual Civil Service survey which looks at Civil Servants' attitudes to, and experiences of, working in government departments. DIT used the survey to monitor levels of staff engagement and identify where areas of additional focus might be needed.

The DIT response rate for the 2022 survey was 83% – a 6 percentage point decrease on the previous year's survey, but still higher than the overall response rate for the Civil Service of 65%. DIT's overall engagement theme score that assesses the extent to which our employees are committed to the Department's goals and values, and are motivated to contribute to our success, has fallen slightly in

2022 to 65%. Except for Pay and Benefits,⁵ the scores across the nine other core themes of the survey remained broadly similar compared to 2021, and are set out below:

- > My work theme score: **77%** (2 percentage point decrease on 2021 results)
- > Organisational objectives and purpose theme score: **86%** (no change from 2021 results)
- > My manager theme score: **76%** (1 percentage point decrease on 2021 results)
- > My team theme score: **82%** (2 percentage point decrease on 2021 results)
- > Learning and development theme score: **55%** (3 percentage point decrease on 2021 results)
- > Inclusion and fair treatment theme score: **81%** (no change from 2021 results)
- > Resources and workload theme score: **72%** (no change from 2021 results)
- > Pay and benefits theme score: **19%** (10 percentage point decrease on 2021 results)
- > Leadership and managing change theme score: **55%** (2 percentage point decrease on 2021 results)

Full results of the Civil Service People Survey are published on gov.uk. This includes a technical guide detailing the questionnaire Civil Servants are asked to complete, the data collection methodology and the framework underpinning the analysis of the results.





Diversity & Inclusion (1)

Reporting Issue

Entities are encouraged to include details and narrative of their diversity and inclusion policies, initiatives and longer-term ambitions in the staff report.

Example and why this is best practice

The example on this slide is from the **Ministry of Justice**. It includes:

- ✓ Pie charts to visualise the data, making it easier for readers to understand the make-up of the department.
- ✓ Pie charts instead of other charts also shows the proportion of the metric compared to the whole organisation.
- ✓ MoJ also provide historic data in their table on the number of males/females in the department and in senior roles for further context.

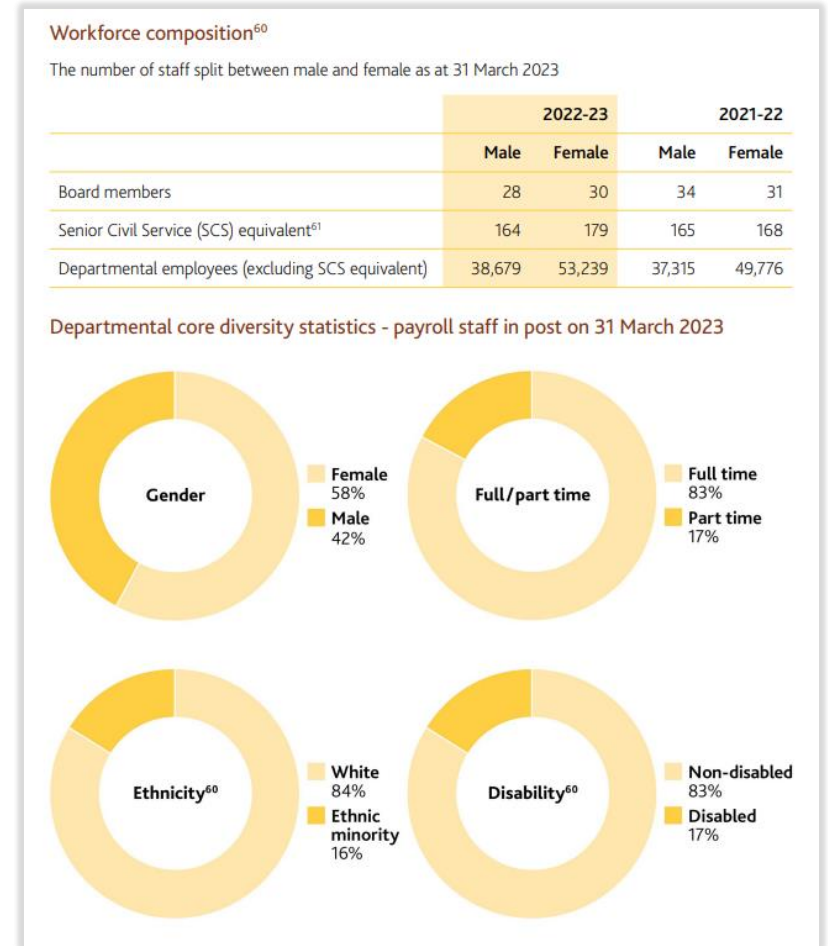


Figure 22 – Ministry of Justice





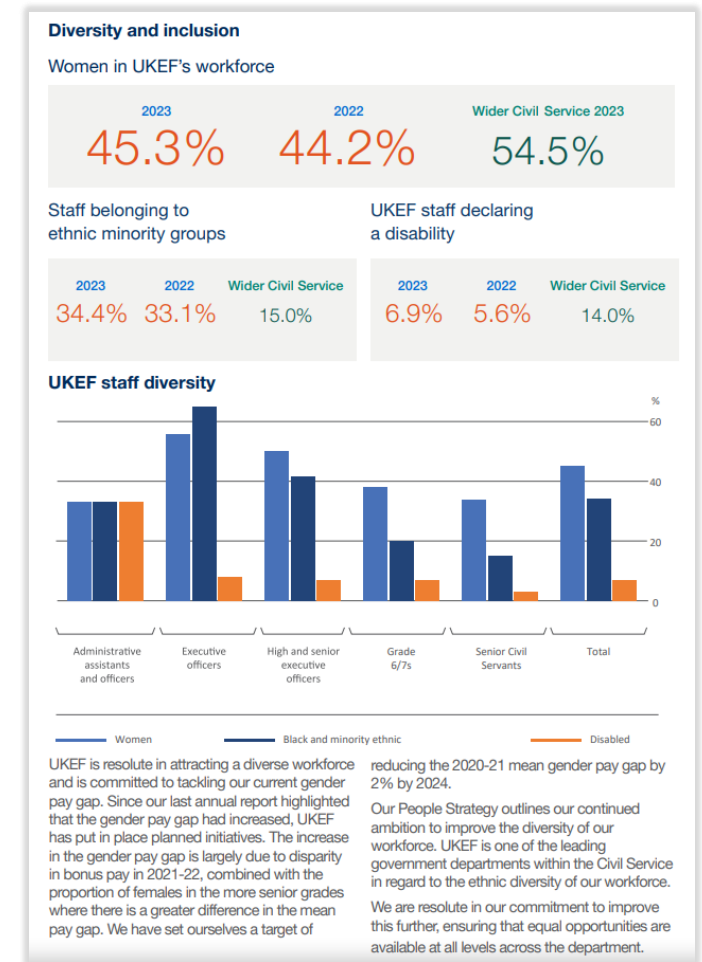
Diversity & Inclusion (2)

Example and why this is best practice

The example on this slide is from the **UK Export Finance**:

- ✓ UK Export Finance provide both historic data from the previous year, and data from the wider civil service to allow a full comparison to their current workforce.
- ✓ The table includes diversity of staff at each grade which allows readers to see how diverse the department is, including at a senior level.
- ✓ Commentary has been provided beneath the D&I data to provide transparency to the audience on the actions taken to deal with the gender pay gap.

Figure 23 – UK Export Finance





Staff Turnover (1)

Reporting Issue

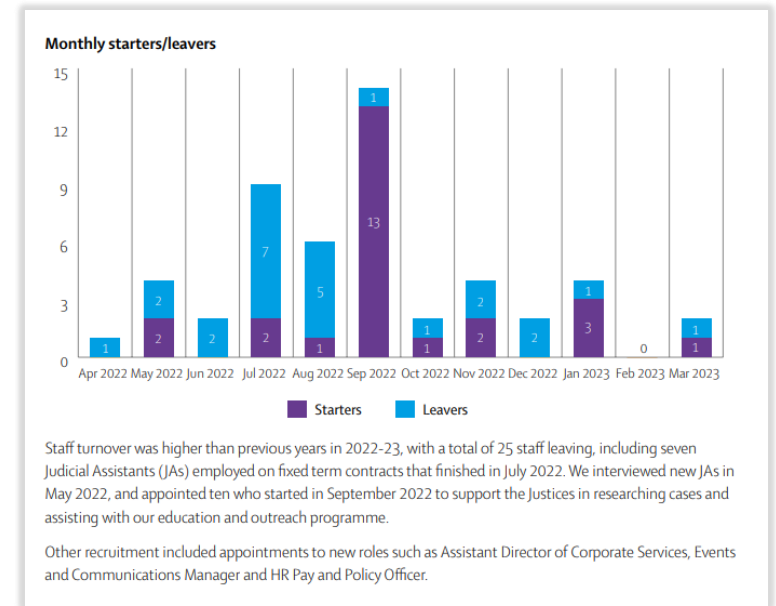
Entities are required to disclose the staff turnover percentage (on a comply or explain basis). Where it is provided, information should give sufficient explanation and context, including trend data where appropriate.

Example and why this is best practice

The example on this slide is from **The Supreme Court and Judicial Committee of the Privy Council**. It includes:

- ✓ Data presented in a clear bar chart with data labels and a key, so is easily understood by the reader.
- ✓ The Supreme Court breaks down the number of starters and leavers by month, so readers can view periods of higher leaver/starters.
- ✓ Provides commentary on the data explaining why the turnover for 22/23 was higher than the previous year, which gives readers a comprehensive view, as well as the types of roles that left.

Figure 24 – The Supreme Court and Judicial Committee of the Privy Council





Staff Turnover (2)

Example and why this is best practice

The example on this slide is from the **Ministry of Justice**. It includes:

- ✓ Departmental turnover and turnover data has been provided as a percentage, allowing readers to see the proportion of staff who have left the civil service compared to internal transfers.
- ✓ MoJ provides historic data by including the turnover data from 21/22 for comparative purposes.
- ✓ The commentary above the table provides readers with insight into the actions taken to address the staff turnover.

Figure 25 – Ministry of Justice

Staff turnover

The department has put in place a number of responses to address staff turnover:

- The Retention Oversight Board (ROB) was established in April 2022 to provide a pan-Moj approach to addressing attrition issues.
- A Retention Oversight Process (ROP) has been implemented for HMPPS to monitor sites with high levels of controllable attrition (resignations). This process initially focussed on the top eight prisons with the highest band 3-5 attrition rates. This process includes an initial data audit focused on the drivers of attrition and an occupational psychology deep dive process to determine local issues and work closely with senior leadership to address these. Six out of these eight sites have seen improvement in retention rates and we have continued to see a decrease in resignation rates since the peak in July 2022.
- A review of specialist pay has been completed and implemented across the department. This further ensures that we pay staff in our professions in a competitive and transparent way and helps us attract and retain people with professional skills.
- Justice Digital have adopted the Digital, Data and Technology Profession (DDaT) Pay Framework and have been able to award £22 million in additional allowances.
- OPG have offered alternative shift patterns, including twilight shifts to attract and retain a wider workforce; putting a strong focus on wellbeing and development with a People Promise, Wellbeing Hub and Learning and Development.
- The Criminal Injuries Compensation Authority have focused on the whole employee package including wider employee benefits and nurturing in-house talent with learning pathways and development opportunities portal.

	2022-23		2021-22	
	Turnover	Departmental turnover	Turnover	Departmental turnover
Moj HQ	8.3%	15.4%	7.2%	14.9%
HMPPS	11.5%	12.7%	11.9%	12.8%
HMCTS	12.7%	15.9%	12.7%	15.9%
OPG	6.4%	9.8%	4.7%	14.6%
LAA	6.3%	8.3%	4.7%	8.8%
CICA	3.1%	8.8%	2.9%	9.6%

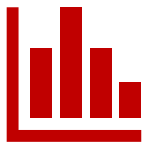
Note: Transfers of staff within the Civil Service are included in 'Departmental turnover' and excluded from 'Turnover'.



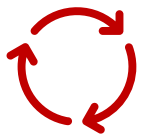


Chapter 4 – Financial Information

What should accounts preparers consider in Financial Reporting?



Good financial information should be **understandable, relevant, reliable and comparable**.



Information throughout the annual report and accounts should be **consistent** with the information provided within the financial statements.



Ensure it is **cohesive** and provides a **holistic view** of performance against objectives.

Why is financial information so important?



- The inclusion of financial information is key as it links reporting within the performance and accountability sections with the information reported in the financial statements.
- Financial information is reported throughout the annual report and accounts and should not be exclusive to the financial statements section of the report.
- It is the only part of the annual report and accounts that is formally audited, so linkages build trust.

Further information can be found on this within the [22-23 FReM](#) (Government Financial Reporting Manual).

This chapter sets out some best practice examples on the inclusion of financial information within organisation's annual reports and accounts.



£ Financial Reporting



Reporting disclosure

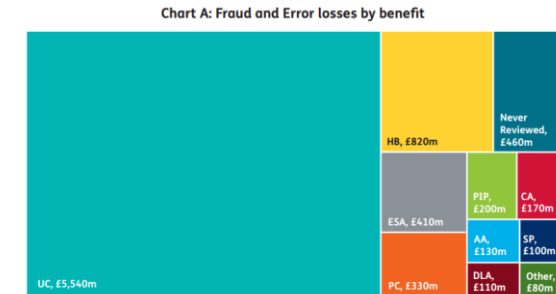
Entities administering material support and distribution schemes must provide information on the level of fraud and error.

Example and why this is best practice

The example on this slide is from the **Department for Work & Pensions**. It includes:

- An overview of Fraud and Error including definitions and methodology used
- Infographics showing the split of Fraud and Error losses by benefit type
- Case studies to showcase real life situations and contextualise the work undertaken
- An honest assessment of easement measures and their effectiveness

Figure 26 – Department for Work & Pensions



Easement	Milestone date	MVFE Impact of easement closure on the 2022-23 F&E sample
People claiming benefit must prove their identity	1. Initiated March 2020 2. Adapted June 2020 3. Retro activity to revisit claims that went through easement.	Yes.
People claiming Universal Credit must show that they have a right to reside in the UK and are habitually resident here. The Habitual Residence Test (HRT) applies if the claimant indicates their nationality is 'other' or they have been out of the UK for more than 4 weeks at a time. The HRT applies to all nationalities	Suspension of automatic Habitual Residence Test (HRT) payment blocker HRT - suspension of HRT reviews HRT decisions based on system verification but not confirmed with further face to face/physical document verification	1. Initiated March 2020 2. Closed October 2022 1. Initiated March 2020 2. Closed October 2022 1. Initiated March 2020 2. Closed October 2022
DWP conducts a Gainful Self-Employment interview to help determine work-related requirements and whether the Minimum Income Floor applies to a claimant's self-employed earnings.	Removal of Gainfully Self-Employed test	1. Initiated March 2020 2. Closed August 2021
The Minimum Income Floor (MIF) is a minimum amount of earnings which a Gainfully Self-Employed claimant is treated as having in an assessment period	Minimum Income Floor suspended for all self-employed claimants	1. Initiated March 2020 2. Closed August 2021

Chart B: Easements and the impact on our 2022-23 sample

The Fraud and Error statistics that were published in May show that the reintroduction of these controls has contributed towards a drop in overpayments in the cases that claimed Universal Credit during the height of the pandemic and to those cases that started claiming more recently.

Case study

Weeding out photoshopped images has played a significant part in saving taxpayer's money. A member of the team said:

"During the last two years the team has received thousands of manipulated and constructed documents to try and pursue claims whilst being abroad.

Skilled fraud officers can quickly detect and prevent and repair any fraud area that's emerging, and they have to be much more experienced looking at these fraud trends."

In one example of fraud, analysts noticed that the same lime green door appeared in photos offered by a number of claimants seeking to prove that they lived in the UK.

Suspensions will remain in place until full identity has been verified, however ERT's new standard process means we will close the claim after 30 days if not verified or where a claimant does not engage. Through this activity we suspended 425,510 cases between May 2020 and March 2023 and recorded £650 million of savings for 2022-23.

Customers will be clear why a claim has been suspended and what steps they need to take to progress the matter.

£ Fraud and Error



Reporting disclosure

Departments are encouraged to include key information from the financial statements in the performance report, including clear narrative and comparisons where appropriate.

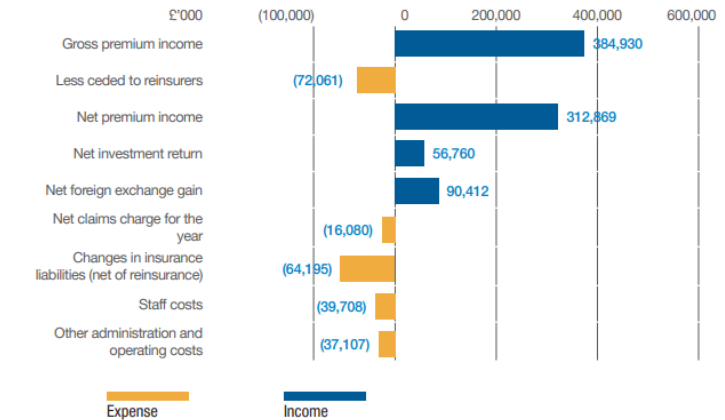
Example and why this is best practice

The example on this slide is from the UK Export Finance. It includes:

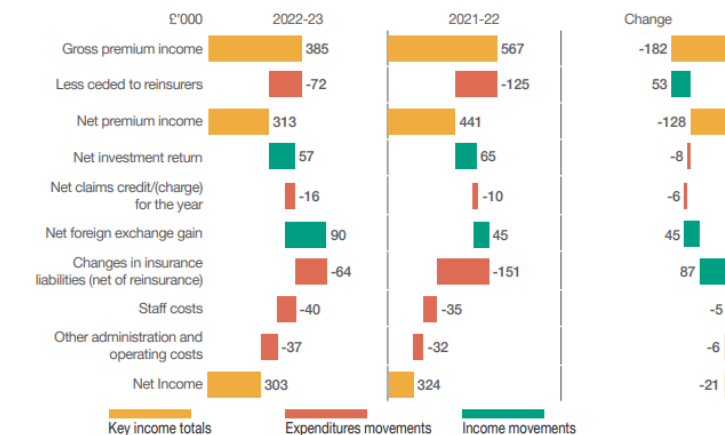
- An overview of the statement of comprehensive net income (SOCNI) for 2022-23.
- Infographics simplifying the SOCNI for understanding by a larger user base.
- A visual breakdown of this year's performance in relation to last years with a clear indication of adverse and favourable movements.

Figure 27 – UK Export Finance

Statement of comprehensive net income for 2022-23



Comparison of statement of comprehensive net income for 2022-23





Chapter 5 – Further Links

<u>Information</u>	<u>Website link</u>
The Building Public Trust Awards	Link
NAO Good practice in annual reporting	Link
Government Financial Reporting Review	Link
Financial Reporting Council	Link
The ONS published guidance on producing effective graphs and tables	Link
The ONS published guidance on data visualisation: colours	Link
Accessible print publications	Link



HM Treasury contacts

This document can be downloaded from <https://www.gov.uk>

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