

Annual Report and Accounts 2018/19

HC 2482

ELC/2019/01



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This publication is available at www.electoralcommission.org.uk.

Any enquiries regarding this publication should be sent to us at:
The Electoral Commission, 3 Bunhill Row, London, EC1Y 8YZ

Phone: 0333 1031928

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Performance Report

This section provides an overview of the Electoral Commission, our purpose, our performance during the last year and the key risks to achieving our objectives.

Summary financial information is included within the performance report. This is consistent with the financial statements, where more detail is available.

The Electoral Commission was created by the Political Parties, Elections and Referendums Act 2000 (PPERA). The Commission is independent of government and political parties and is directly accountable to the UK Parliament through a Committee chaired by the Speaker of the House of Commons. The Commission also reports to the Scottish Parliament in respect of its functions relating to local government elections in Scotland.

The Commission's 2018-19 Annual Report and Accounts are prepared in accordance with an accounts direction, set out on page 113 issued by HM Treasury under paragraph 17 (2) of Schedule 1 PERA.

The Powers and Sanctions report at page 41 is prepared in accordance with paragraph 15 Schedule 19(b) and paragraph 27 Schedule 19(c) PERA.

Overview

Foreword from the Chair and Chief Executive

2018-19 saw the launch of the Commission's new five year corporate plan and our four new corporate goals. This annual report demonstrates that, in our first year of delivering against these goals, we have made good progress. This is despite the increasing complexity of our regulatory work and ongoing uncertainty in the external environment, which brought heightened potential for unscheduled electoral events and made 2018-19 an exceptional and demanding year.

The first goal set out in our corporate plan is to enable the delivery of free and fair elections, focus on voters' needs and ensure every vote remains secure and accessible. We ran successful public awareness campaigns ahead of the 2018 local elections in England last May. These both increased the number of voters on the electoral register and informed voters about protecting their vote from fraud. The elections themselves were generally well run. We have also worked closely with the police to combat electoral fraud, including hosting a series of training sessions.

In Northern Ireland, new ground was broken with the launch of online electoral registration there. We also supported the Electoral Office for Northern Ireland (EONI) in running the UK's first recall petition, publishing our report and recommendations in November.

We have launched a major project to modernise the guidance we provide to those who run and participate in elections. The first steps have been taken towards a fully digital format, which will be more accessible and helpful to everyone who uses and relies on our guidance.

A key component in our work to enable free and fair elections is the planning we do for upcoming events. The political uncertainties of 2018-19 made it necessary for the Commission to undertake considerable contingency planning for a range of potential polls. Robust contingency planning helped us prepare for the May 2019 European Parliamentary election, and will stand us and the electoral administration community in good stead for any other unscheduled polls we may face.

Our second goal is to ensure an increasingly trusted and transparent system of regulation in political finance, overseeing compliance, promoting understanding and proactively pursuing breaches. 2018-19 saw growing expectations and demands on the Commission as a regulator, with high volumes of complex legal and regulatory work following previous electoral events, particularly the 2016 EU referendum. Several high profile investigations reached their conclusion during the year, demonstrating to the public our readiness to take action whenever there is a breach of electoral law. Some of these investigations have resulted in protracted litigation. To date, all cases brought against us and all appeals against our decisions have been unsuccessful.

We have meanwhile been reinforcing our efforts to help parties and campaigners understand and comply with the rules. That is obviously our preferred outcome, rather than needing to mount investigations and take enforcement action.

2018-19 saw considerable improvement made to the transparency of political finance in Northern Ireland, as quarterly donation and loan information was published for the first time. This improvement was welcome, but as with many other areas of electoral law, further reforms are needed. We continue to call for Northern Ireland's transparency laws to be backdated to 2014, as originally permitted by the legislation.

Our third goal is to be a respected centre of expertise, using knowledge and insight to further the transparency, fairness and efficiency of our system. In June 2018 we published our digital campaigning report, which set out a wide ranging package of recommendations aimed at updating the way we regulate campaigning to make it fit for a digital age. These recommendations have been discussed widely in the UK's legislatures and beyond, and have attracted support from a broad range of organisations. The UK Government recently announced that it plans to make imprints a legal requirement for digital campaign materials, a central recommendation of our report and something we have been calling for from as long ago as 2003. While we have yet to see the detail of these plans, we are pleased to see progress in this area and hope the Government will consider the full package of recommendations in order to increase the transparency of digital campaigning.

During the year we have pressed the case for these changes, and for the urgent and vital wider reform of our electoral laws, in the media, and in our meetings with parliamentarians, government ministers and officials, and others. This has included a number of House of Commons Select Committee appearances, including two sessions with the Department for Digital, Culture, Media and Sport (DCMS) Select Committee. We were pleased to see the UK Government take on board our main recommendation regarding the trial of voter identification (ID), by encouraging a wider range of local councils to run pilot schemes in May 2019. We have also worked closely with the UK and other governments on reform to the annual canvass process, which should improve the completeness and accuracy of the electoral registers and save resources for local authorities.

We will continue to make the case for the modernisation and improvement of key parts of our democratic processes. We urgently need comprehensive and wide ranging reform that will provide clear, accessible, modern electoral law for voters, campaigners and election officials. The UK's Law Commissions have already developed a well-researched and widely supported blueprint for reform and it is now time for the UK's governments and parliaments to implement their recommendations. We will also continue to call for changes to voter registration, updated rules governing digital campaigning, greater accessibility for those with disabilities, and for increased sanctions for those who break electoral rules. There is much hard work ahead, both for the Commission and the UK's governments.

Our fourth and final goal, which underpins all our work, is to provide value for money, by making the best use of our resources and expertise to deliver services that matter most to voters. We have continued to prioritise efforts to ensure that we are an efficient organisation that delivers excellent customer service and value for money, whilst also remaining open to objective scrutiny and continuing improvement. We have refreshed our

corporate brand to create consistency across platforms, and we are focussed on delivering excellent customer service.

Another increasingly important aspect of our work is close cooperation with the Scottish and Welsh governments and parliaments, as they take forward their responsibilities for their own elections. We are making good progress in establishing our formal accountability to both parliaments, and have established a productive dialogue about their ideas for change in their electoral processes, and proposals for new electoral legislation. They provide opportunities for innovation and modernisation which we welcome, while wanting to make sure that voters are fully informed about where procedures are different in different elections.

We have also continued to make good progress on transforming how we work at the Commission, such as improving flexible working. Our recent staff survey results told us that 79% of colleagues are proud to tell others they work for the Commission. The words most commonly used by our people to describe the Commission were: friendly, professional, expert and flexible. Nearly 95% of our people took part in the survey, which demonstrates good levels of engagement and a solid foundation for further work in this area.

Overall, 2018/2019 was a very busy and challenging year for the Commission, including the departure of the then Chief Executive to pursue a new opportunity at the new UK Trade Remedies Authority. We are very grateful for the major contribution that Claire Bassett made in her three years at the head of the Commission.

Colleagues at the Commission deserve the highest praise for the commitment and resolution they showed throughout this full and demanding year's work. We believe that the Commission has demonstrated its essential role in our democratic life, and is well-placed for the future. However there is no sense of complacency. We know the coming challenges are likely to be even greater than those we have already faced, not least as elections are increasingly fought out, and financed, in the digital space.

A handwritten signature in black ink that reads "John Holmes". The signature is written in a cursive style with a large, looped initial 'J'.

Sir John Holmes
Chair

A handwritten signature in black ink that reads "Bob Posner". The signature is written in a cursive style with a large, looped initial 'B'.

Bob Posner
Chief Executive

About us

Our role

The Electoral Commission is the independent body which oversees elections and regulates political finance in the UK. We work to promote public confidence in the democratic process and ensure its integrity.

Our vision and goals

Our vision is to be a world-class public sector organisation – innovative, delivering great value and getting right what matters most to voters and legislators.

We plan to achieve this vision through a five year work programme with four goals:

1. To enable the continued delivery of free and fair elections and referendums, focusing on the needs of electors and addressing the changing environment to ensure every vote remains secure and accessible
2. To ensure an increasingly trusted and transparent system of regulation in political finance, overseeing compliance, promoting understanding amongst those regulated and proactively pursuing breaches
3. To be an independent and respected centre of expertise, using knowledge and insight to further the transparency, fairness and efficiency of our democratic system, and help adapt it to the modern, digital age
4. To provide value for money, making best use of our resources and expertise to deliver services that are attuned to what matters most to voters. This goal underpins and supports all of our work

Our 2018/19 year at a glance

April 2018

- The Wales Act 2017 came into effect and provided the National Assembly for Wales with powers over its own electoral arrangements
- Discussions with Facebook, Twitter and Google to discuss the transparency of political advertising

May

- Local government elections in parts of England
- Local and Combined Authority Mayoral elections
- Publication of The Electoral Glossary, a resource of all bilingual electoral terms for Wales
- Publication of donation and loan information for Northern Ireland for the first time, alongside information for Great Britain
- Oral evidence session with the Digital, Culture and Media and Sport Committee for their Inquiry into Disinformation and 'fake news'
- Announced the outcome of our investigation into Leave.EU, which found the campaign group had incorrectly reported what its EU referendum spending

June

- Launch of online registration in Northern Ireland
- Publication of a report on Digital Campaigning
- Publication of our evaluation of the 2017 Annual Canvass pilots

July

- Publication of our evaluation of the May 2018 voter identification pilot schemes
- Announced the outcome of our investigation into Vote Leave, which found evidence of joint working between the lead campaigner, Vote Leave and another campaign group BeLeave

August

- Support of the first ever Recall Petition in Northern Ireland
- Publication of 852 annual Statements of Accounts from Great Britain and Northern Ireland political parties and accounting units
- Launch of our new corporate identity

October

- Guidance for the May 2019 elections published
- Hosting of a series of training sessions for police Single Points of Contact, run by the City of London Police's Fraud Academy

November

- Meeting with the Speaker's Committee on devolved accountability for Wales and Scotland
- Publication of our report on the Recall petition in Northern Ireland

December

- Publication of our report on the costs of the European Union UK Referendum
- Laying of a new Observers' Code of Practice in the United Kingdom and Scottish Parliaments
- Welcome for three new nominated Commissioners joining the Commission Board
- Publication of our guidance on candidate spending at the local government elections in Northern Ireland

January 2019

- Hosting of a roundtable on the challenges of digital campaigning with other regulators and public bodies
- The annual Wales Integrity Seminar
- Appointment of Bob Posner as interim Chief Executive (appointed to the permanent position in April 2019)
- Launch of a new online application process for individuals and organisations seeking accreditation to become an electoral observer

February

- Holding of the annual conference for police Single Points of Contact in conjunction with the National Police Chiefs' Council
- Launch of a public awareness campaign in Northern Ireland to encourage people to register to vote

March

- Oral evidence session with the National Assembly for Wales Finance Committee on the Senedd and Elections (Wales) Bill
- Speakers Committee approval of our 2019-20 Business Plan and Budget
- Announced the outcome of our investigation into Momentum, which found the group made an inaccurate 2017 general election spending return

Our year in numbers

Published

100%

of our guidance products on time, with no substantive errors

Completed

112

investigations, **88%** of them within 180 days

Responded to

224

Freedom of Information requests

Answered

6,276

public enquiries – a **38%** increase on last year

Contributed to

270k

additions to the electoral register following our voter registration campaigns

Notified

84%

of the 105 party registration applications of their outcome within 30 days

Published

234

routine financial returns from parties and campaigners

Responded to

3,260

requests for advice from local authorities – **99%** within 3 days

Published

852

annual statement of accounts for political parties and accounting units

Performance analysis

We measure our performance against the strategic goals that are set out in our 2018-19 Business Plan. For each goal we have identified activities which contribute towards its delivery and corresponding performance measures.

Alongside these measures we have also developed a suite of impact indicators, to enable us to have a better understanding of the wider environment in which we work. A significant majority of these indicators are measured through our annual public opinion survey. This tracks voter opinion on key issues such as the perception of electoral fraud and confidence in spending rules. The survey is a key element of our activities, as it enables us to keep what matters most to voters at the forefront of our work.

Our performance measures are agreed annually by the Commission Board and are reported to the Board on a quarterly basis. The tables below show the Commission's performance against these corporate performance measures in 2018-19. Performance measures have a target tolerance of +/- 2.5% to be assessed as achieved.

Goal 1

To enable the continued delivery of free and fair elections and referendums, focusing on the needs of electors and addressing the changing environment to ensure every vote remains secure and accessible

This goal captures our role in overseeing the delivery of elections across all parts of the UK and focuses on four key areas of delivery: delivering well-run electoral events, tackling electoral fraud, maximising electoral registration and modernising electoral registration.

Key achievements

- Supported the delivery of the May 2018 English local government and mayoral elections. Our award-winning public awareness campaign helped to add 270,000 voters to the electoral registers and continued to drive voter registration ahead of the polls
- Supported the delivery of the first ever recall petition by the Chief Electoral Officer for Northern Ireland
- Worked with the Chief Electoral Officer for Northern Ireland and the Northern Ireland Office to launch online electoral registration there, making registering to vote as simple and accessible as in the rest of the UK
- Published a revised Code of Practice for Electoral Observers and modernised the observer application process, following a consultation
- Developed the first tranche of our modern, more accessible guidance for consultation with a selection of users

Performance measures

Measure	Performance
We publish 100% of guidance products relating to electoral registration on time with no substantive errors	100% Achieved
We provide accurate advice to Returning Officers (ROs) and Electoral Regional Officers (EROs) within three working days of receipt of the request. (Target 100%)	99% Achieved¹ (within tolerance)
Additions to electoral registers during our public awareness campaigns met or exceed our targets. (Specific targets agreed ahead of each poll)	100% Achieved
We review 100% of integrity plans from local authorities identified to be at a higher risk of fraud	100% Achieved
We publish 100% of our reports to planned deadlines	100% Achieved
We comment on 100% of relevant legislation and policy proposals	100% Achieved

¹ There were 3,260 requests for advice, of which 3,242 were completed within 3 days. Cases exceeding target were more complex requiring referral within Commission. Interim responses were provided within timescales.

Goal 2

To ensure an increasingly trusted and transparent system of regulation in political finance, overseeing compliance, promoting understanding amongst those regulated and proactively pursuing breaches

This goal captures our regulatory role. This work is vital to ensuring transparency at the heart of our healthy democracy and focuses on two key areas: ensuring transparency and good regulation.

Key achievements

- Demonstrated that we will intervene to prevent non-compliance and take robust action where non-compliance occurs
- Delivered robust and effective enforcement of the political finance laws in the UK, by investigating potential offences and publishing the outcome of each investigation, including in high profile matters where the public interest is high
- Consulted on improved regulatory compliance by working with political parties on spending codes for candidates and parties
- Extended the transparency of political finance in the UK by publishing quarterly donation and loan information for Northern Ireland recipients, following the Transparency of Donations and Loans Order 2018, as well as publishing annual and quarterly financial returns from all other parties
- Improved public registers of political parties in Great Britain and Northern Ireland by a fundamental review, updating, adding and removing entries as needed.
- To provide a deeper understanding of our regulatory role, we assisted the Supreme Court in its consideration of the interpretation of electoral expenses.
- Worked in partnership with political parties to set up a new and innovative online political finance system

Performance measures

Measures	Performance
We publish routine financial returns from parties and campaigners, including statements of accounts, within 30 working days of receiving them. (Target 100%)	30% Not achieved²
We check a minimum of 25% of all financial returns for accuracy and compliance each year	50% Achieved
We publish 100% of guidance products on time with no substantive errors	100% Achieved
We provide accurate advice within five to 20 days of receipt of the request, depending on the complexity of the advice (target 90%)	97% Achieved
We notify applicants of the outcome of their registration applications within 30 days of a complete application 75% of the time	84% Achieved
We conduct timely and proportionate investigations of which 90% are completed within 180 days	88% Achieved (within tolerance)
We issue 90% of final notices setting out our sanctions within 21 days of the deadline for representations. We publish the outcome of all our investigations	83% Not Achieved³
We make timely regulatory recommendations that reflect the principles guiding our approach to effective regulatory framework	100% Achieved

² A decision was taken to move publication of smaller statements of accounts back to give us time to prepare them all, and all other publications were on target.

³ High volumes of investigations and the need to prioritise litigation, combined with work expanding the sanctions function, impacted on a small number of final decisions.

Goal 3

To be an independent and respected centre of expertise, using knowledge and insight to further the transparency, fairness and efficiency of our democratic system, and help adapt it to the modern, digital age

This area of work focuses on innovation and development, and strengthening our evidence base and use of evidence.

Key achievements

- Published our evaluation of the May 2018 voter identification pilot schemes. The UK Government took on board our recommendations in developing pilot schemes for the May 2019 elections, ensuring that voter identification requirements are tested in a wider range of local councils
- Published our digital campaigning report, which sets out a package of recommendations for improving transparency for voters, as well as for the social media platforms themselves. Our recommendations have been discussed widely in the UK's legislatures and beyond, and have attracted support from a broad range of parliamentary bodies, fellow regulators, think tanks and commentators
- Completed a series of feasibility studies exploring the challenges involved in moving towards a more efficient, secure and data-driven voter registration system in the UK. These explored how a more automated and integrated registration process could be implemented
- Convened a group of regulators to discuss and inform government of issues of common regulatory interest, including digital campaigning and the truthfulness of campaign content. This has enabled a shared understanding of each organisation's relevant activity, to aid cooperation and best use of public resources
- Held detailed discussions with Facebook, Twitter and Google about their policies for online election adverts, to inform their proposals and our own policy positions about how best to ensure transparency
- Consistently and regularly called upon to provide evidence by parliamentary select committees and for advice and briefings from politicians, the media and the public
- Encouraged debate and shared knowledge and expertise through regular presentations at conferences and seminars

Performance measures

Measure	Performance
Deliver a scoping project identifying how registering and voting can be modernised to meet voters' needs and expectations in our digital society, including the opportunities and risks involved	On track
Publish our evaluation and response to the 2016 and 2017 annual canvass pilot programme	Published in June
Deliver a project to understand the landscape of public democratic engagement in the UK	On track
Publish our evaluation and response to the 2018 voter ID pilots	Published in July
Work in support of the electoral law reform recommendations from the England and Wales, Scotland and the Northern Ireland Law Commissions	Ongoing

Goal 3 projects

These indicators that measure our performance of Goal 3 are related to the completion of the projects supporting this goal. They are:

- Scope and deliver effective project(s) to understand the landscape of public democratic engagement to improve voter confidence and participation – Project to improve public democratic engagement scoped and started in 2018, on track to finish Q2 2019
- Scope and deliver effective project(s) identifying how registering and voting can be modernised to meet voters' needs and expectations in our digital society, including the opportunities and risks involved – project on modernising electoral registration is ongoing and projected to conclude in quarter 2 2019

Goal 4

To provide value for money, making best use of our resources and expertise to deliver services that are attuned to what matters most to voters

This underpinning goal provides a focus to activities that support the organisation and ensure we have the appropriate skilled people and resources. The aim is delivery of services which is efficient, effective and economical.

Key achievements

- Delivered a level of customer service that met all of our performance metrics, ensuring the Commission deals with enquiries and requests for information in an open, professional and efficient way
- Refreshed our corporate identity, ensuring our work is presented in a consistent, accessible and recognisable way, in line with our organisational values
- Continued to make good progress on transforming how we work at the Commission by rolling out Wi-Fi access for all colleagues and completing a pilot on increased flexibility of working hours
- Improved the Commission's resilience by upgrading our arrangements for responding to incidents of IT not being available
- Enhanced our skills base across the organisation through a comprehensive learning and development programme for employees and investment in specialised technical resources
- Delivered improvements in our information technology through our capital investment programme

Performance measures

Measure	Performance
Learn practical lessons from current home and remote working practices and design future accommodation accordingly	Working hours pilot successfully concluded and review completed
Identify options, costs and benefits of e-procurement and implement a new system accordingly	New system is due for launch in the spring of 2019
Maintaining high staff engagement scores in the annual staff survey and ensuring indicators such as staff turnover are at appropriate levels	Staff engagement score: 65% 2017/18: 68% Civil Service average: 62%
The Electoral Commission always considers non-financial information such as social matters, respect for human rights, anti-corruption and anti-bribery matters when measuring performance.	

More information on our performance

Delivering well-run electoral events and modernising electoral registration

We have continued to support the delivery of free and fair elections, including: using successful public awareness campaigns to increase the number of voters on the electoral register by 270,000; breaking new ground with support to the first recall petition and the launch of online electoral registration in Northern Ireland; and progressing our modernisation work by updating the observer application process and developing the first tranche of our more accessible guidance for consultation with users.

During 2018/19 the political climate has become increasingly uncertain. The Commission has worked hard to maintain contingency plans for possible scenarios, to ensure that we can manage scheduled or unscheduled electoral events, successfully should they occur.

Following the laying of the new Code of Practice for electoral observers in December 2018, we implemented a number of changes to how we administer the scheme. From 3 January, applicants were able to apply online for accreditation and were issued newly designed observer ID badges.

European Union UK Referendum disclosure note

On 23 June 2016 a referendum was held across the United Kingdom and Gibraltar on the UK's membership of the European Union.

As in 2011, we engaged the Elections Claims Unit (ECU), part of the Cabinet Office, as subject matter experts to receive and process claims from Counting Officers (CO) for reimbursement of their costs.

Queries were sent from ECU to the Commission for decision before concluding the final settlement. Any claims that were over the Maximum Recoverable Amount (MRA) were agreed initially by the Commission and approved by HM Treasury before a settlement was made.

Due to an unscheduled UK Parliamentary General Election being called on 8 June 2017 the claims took longer to process than anticipated, with the final claims being settled in October 2018.

The total cost of the conduct, to 31 March 2019, of the referendum was £130.1m. The table below shows all costs from 2015-16 to 2018-19.

Cost of conducting the 2016 EU Referendum (£m)

	2015-16	2016-17	2017-18	2018-19*	Total
Non-Voted					
Lead campaigner grants		1.20			1.20
RCO and CO fees and charges		78.44	11.44	4.66	94.54
Royal Mail costs		25.39			25.39
Voted					
EC public awareness	0.80	5.25	-0.03	-0.01	6.01
EC staffing and operational costs	0.58	1.46	0.06	0.82	2.92
Total	1.38	111.74	11.47	5.47	130.06

2018/19 shows work completed up to 31/03/2019.

In December 2018, the Electoral Commission produced a report called '[The costs of delivering the June 2016 referendum on the UK's membership of the European Union](#)'.

EC staffing and operational costs have been updated, above, to reflect all costs, including internal staff costs and legal consultancy costs up to 31 March 2019.

Tackling electoral fraud

Our advice and guidance supported EROs and ROs in the administration of elections, and helped them and the police combat electoral fraud. We have hosted a series of training sessions for police Single Points of Contact (SPOC) and delivered the annual conference for SPOC in conjunction with the National Police Chief's Council.

The UK Government has taken on board our main recommendations regarding the trial of voter identification in May 2018, by encouraging a wider range of local councils to run pilot schemes in May 2019. We have also worked closely with the UK and other governments on reform to the annual canvass process, which should improve the completeness and accuracy of the electoral registers.

Ensuring transparency and good regulation

The Commission has had to operate in an increasingly challenging external environment where we have seen growing expectations and demands on the Commission as a

regulator, with complex and higher volumes of legal and regulatory work following previous electoral events.

We recognised that this work has had to continue alongside our planned regulatory functions and impacted on our resourcing and prioritising of work but we are confident that our decision to engage in this complex and important regulatory and legal work was the right choice. As a regulator we must be sure that we have always reached fair and proportionate conclusions within the legislative requirements. We devote significant time and effort to this, and to ensuring that the right internal procedures and checks and balances are in place.

We believe that our regulatory work has improved public confidence in political finance through proactive interventions to prevent non-compliance and taking action when required, though we recognise that there is still more to do in this area. We have delivered robust and effective enforcement of the political finance laws and extended the transparency of political finance by publishing quarterly donation and loan information for Northern Ireland. We have also improved significantly the information provided by the public registers of political parties in Great Britain and Northern Ireland.

A key work area through this year has been a project to build the case for changes to legislation to improve confidence and transparency in political finance regulation. We have researched how to improve reports of campaign spending and held a policy workshop on how to improve campaign spending reporting via changes in the law. We have analysed the recommendations from the DCMS select committee into fake news, to see how their recommendations complement the conclusions from our digital campaigning report. We have also met with the Cabinet Office to discuss approaches to extending and implementing digital imprints rules for election campaign materials as well as meetings with social media companies to discuss their transparency measures for the English and Northern Ireland local elections and European Parliament election in May 2019.

We have been invited to and spoken at conferences nationally and internationally on the above matters, as well as discussing them with political parties and other campaigners, individual politicians, academics, media and other stakeholders. We continue to work closely with other regulators such as the ICO and the Advertising Standards Authority, and hosted a Roundtable of regulators and other bodies such as broadcasters and the Committee of Standards in Public Life.

Work on this will continue into next year with influential stakeholders including a meeting with Peers to scope a potential inquiry into digital campaigning and with the newly established Centre for Data Ethics and Innovation.

Policy Development Grants

Part of our responsibility is to administer and audit Policy Development Grants (PDGs). The following political parties were eligible to receive PDGs in the 2018-19 financial year.

Spend on Policy Development Grants in 2018/19

Party	Spend
Conservative and Unionist Party	£476,554.05
Democratic Unionist Party (DUP)	£172,865.63
Labour Party	£476,554.05
Liberal Democrats	£476,554.06
Plaid Cymru - The Party of Wales	£175,137.86
Scottish National Party (SNP)	£201,613.43
Total	£1,979,279.08

Innovation, development and strengthening our evidence base

We have continued to work to build our reputation as an independent and respected centre of expertise, for example through the publication of our digital campaigning report, which set out a package of recommendations which have been discussed widely in the UK's legislatures and beyond and have attracted support from a broad range of organisations. We have engaged on important new legislation and electoral reforms across the UK, such as the May 2018 voter identification pilot schemes, where the UK Government has taken on board our recommendations in developing pilot schemes for the May 2019 elections, ensuring that voter identification requirements are tested in a wider range of local councils.

We have also worked closely with the UK, Scottish and Welsh governments on aspects of electoral reform. Across Great Britain there has been an emphasis on reform to the annual canvass process, which should make the process more efficient and save resources for local authorities. We have also been working closely with the governments to ensure our expertise informs their policy development on other aspects of electoral reform.

Building on our already strong relationships in this way provides a solid basis for our relationships across the UK as we move towards joint accountability with the UK Parliament, Scottish Parliament and National Assembly for Wales. As part of this the Commission provided oral evidence to the National Assembly for Wales Finance Committee in March with regard to the Senedd and Elections (Wales) Bill relating to financial and oversight arrangements for the Commission.

Supporting the organisation

We have continued to prioritise efforts to ensure that we are an efficient organisation that delivers excellent customer service and value for money, whilst also remaining open to objective scrutiny and continuing improvement. We have refreshed our corporate brand to create consistency across platforms, and we are focussed on delivering excellent customer service. We have also continued to make good progress on transforming how we work at the Commission, for example by rolling out improved Wi-Fi across our estate and trialling new ways of working for employees.

Using our resources to support the delivery of our objectives

Our people

Staff relations and engagement

The expertise, hard work and high level of commitment of our workforce enable successful performance and delivery of our corporate plan. We value the positive and constructive relationship we have with colleagues and work hard to maintain it. Our Staff Engagement Group meets on a regular basis to seek input from colleagues on emerging issues and help to maintain good relations with staff. Staff involvement is also actively encouraged as part of the day-to-day process of line management, and information on current and prospective developments is widely disseminated. To support this, a recognition agreement is in place between the Commission and the Public and Commercial Services Union (PCS).

Our latest employee survey was undertaken in late 2018. We are delighted that 95% of employees invited to take part responded to the survey.

The employee engagement index score remains high at 65%, whilst down from 68% in 2017. The index still indicates the Commission is above the employee engagement index score from the Civil Service People Survey (62%) and compares well to a national score of 56%⁴.

Outcomes from the survey included:

- Being proud to tell others that they work for the Commission was one of the highest scoring statements.
- Three quarters of respondents said they were treated with respect by those they work with and a similar number said they were trusted to carry out their work.
- Significantly improved scores were achieved in how different parts of the organisation communicate with each other.

Areas which we need to focus on in the future included:

- Zero tolerance of bullying and harassment.
- Excellence on equality and diversity.
- Enhanced learning, development and career progression matched to the Commission's goals.
- Keeping fixed term employee contracts to a minimum for various reasons (e.g. as they can bring uncertainty)

⁴ [Aon 2018 Trends in Global Employee Engagement](#)

Following the survey, both the Staff Engagement Group and Senior Leadership Group have discussed the results in detail, mindful of the potential to use learning from the staff survey to support colleague's morale and well-being. A work plan of activity arising from the survey is being implemented, to improve further how the Commission works.

Equal opportunities and diversity

We are committed to the principle of equality of opportunity and the value of diversity. Our single equality scheme sets out our duties and commitments across the whole of the UK and includes an action plan which is updated annually. The scheme reflects the public sector equality duty which prohibits discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Our scheme is designed:

- To ensure that everyone who is eligible is able to participate in the democratic process, by identifying barriers, making recommendations and working with others to remove them
- To ensure that we embed equality and diversity in all our work, treat all customers fairly and with respect, and are transparent in the decisions we make
- To ensure equality of opportunity for everyone at the Commission and ensure that all staff are treated fairly and with respect

We undertook equality impact assessments on relevant policies and procedures throughout 2018-19. The equality impact assessments support a commitment to evidence-based policy making. In addition to arrangements for consultation and monitoring, the assessment process helps to develop effective policies that meet the needs of all users.

A re-established and refreshed Commission equality and diversity group commenced regular meetings from January 2019.

Occupational health and safety

Our health and safety policy is reviewed annually and available to all colleagues. In addition, procedures, guidance and risk assessments are in place covering our core activities. A health and safety group oversees our arrangements, although the primary responsibility for health and safety rests with line management. The group meets regularly and reports to the Senior Leadership Group.

We initiate independent health and safety audits of our premises each year, which entail the inspection of the physical working environment and the review of the safety management systems in place. The intention of these audits is to ascertain the suitability of our current health and safety arrangements and to advise the health and safety group on any improvements that should be made. The independent adviser reported that the findings of site audits undertaken during 2018-19 were satisfactory and that arrangements were compliant with legislation and best practice.

Our environmental impact

We recognise that delivering our activities has an impact on the environment and we continue to work towards minimising this impact. The following information summarises our use of energy and water, and the production and disposal of waste material.

We lease office space in four cities from a combination of public and private sector landlords. As a consequence we do not have direct control of, and only limited influence over, choices of utility supplier and waste disposal management at our premises. For a number of our offices, energy and water consumption and the disposal of waste are managed by the landlord and recovered as part of a consolidated service charge. For this reason, and to ensure consistency of presentation, the information presented in this report includes only consumption and waste disposal data from the London office, which is our largest property and the base for the majority of staff.

Offices in Edinburgh, Cardiff and Belfast have relocated to smaller, more environmentally efficient premises in the last ten years. The lease on our London office comes to an end in 2020 and we will be reviewing our accommodation options in the coming year.

Other initiatives are in place, in order to help minimise environmental impact. Every year since 2011–12 we have:

- Reduced printed resources provided to electoral administrators and other groups, focusing on electronic provision wherever possible
- Encouraged the use of video- and tele-conferencing to avoid unnecessary travel with consequential CO2 emissions
- Operated recycling facilities in all our offices
- Upgraded to more energy efficient ICT equipment

Summary (London office)

Area		2018-19 Actual	2018/19 Target	2017-18	2016-17
Greenhouse gas emissions (CO ₂ e in tonnes)		187	252	235	268
Estate Energy	Consumption (kWh)	639,526	691,098	699,600	682,595
	Expenditure	Not available	Not available	Not available	Not available
Estate Waste	Amount (tonnes)	10.00	9.84	10.01	9.67
	Expenditure	£1,227	£1,064	£1,134	£994
Estate Water	Consumption	742 m ³	1,094 m ³	1,341 m ³	847 m ³
	Expenditure	Not available	Not available	Not available	Not available

Emissions report (London office)

Greenhouse Gas emissions		2018-19	2017-18	2016-17	2015-16
Non-financial indicators (CO ₂ e in tonnes)	Total gross emissions	187	235	268	331
	Gross emissions – Fossil fuel consumption	151	198	227	281
	Gross emissions – Travel	36	37	41	50
Related energy Consumption (kWh)	Electricity	446,018	487,611	495,414	552,634
	Gas	193,508	211,990	187,181	205,442
Financial indicators (£)	Expenditure on Energy	Not available	Not available	Not available	Not available
	Expenditure on travel	£125,450	£113,852	£166,585	£154,431

Performance commentary on emissions

Reported fossil fuel consumption has decreased in the year, an ongoing effect of the landlord's introduction of measures to reduce levels of electricity consumption, including lower 'out of hours' operation of plant and machinery and the introduction of energy-efficient lighting.

Electricity consumption in our dedicated workspace was reduced from 244,743 kWh during 2017-18 to 221,098 kWh during 2018-19 (a saving of 23,645 kWh which equates to a 10% decrease). The reduction results can be attributed to the rationalisation of the out of hour's automatic light switching configuration, and the building's chiller system operating at 50% capacity.

Waste report (London office)

General waste and recycling figures are based on a proportion of total building waste and are not directly controllable by us. Confidential waste disposal for the organisation is handled separately from that for other building occupants. The confidential waste generated by us is shredded on-site before being recycled into low grade paper.

Waste			2018-19	2017-18	2016-17	2015-16
Non-financial indicators (tonnes)	Total waste		10.00	10.01	9.67	9.43
	Non-hazardous waste	Confidential	5.58	2.81	2.48	1.93
		General waste reused or recycled	7.22	7.26	7.19	6.7
Financial indicators (£)	Total disposal cost		Not available	Not available	Not available	Not available
	Confidential		£1,227	£1,134	£994	£1,084
	General waste reused or recycled		Not available	Not available	Not available	Not available

We have seen a significant increase in the disposal of confidential waste paper, which is due to a reduction exercise of our restricted archived documentation. The level of both general and recycled waste has remained fairly static. The figure for the general and recycled waste is based on a proportion of total building waste. All general waste produced in the building, including that generated by us, is sent to a nearby 'Energy from Waste' plant instead of landfill sites.

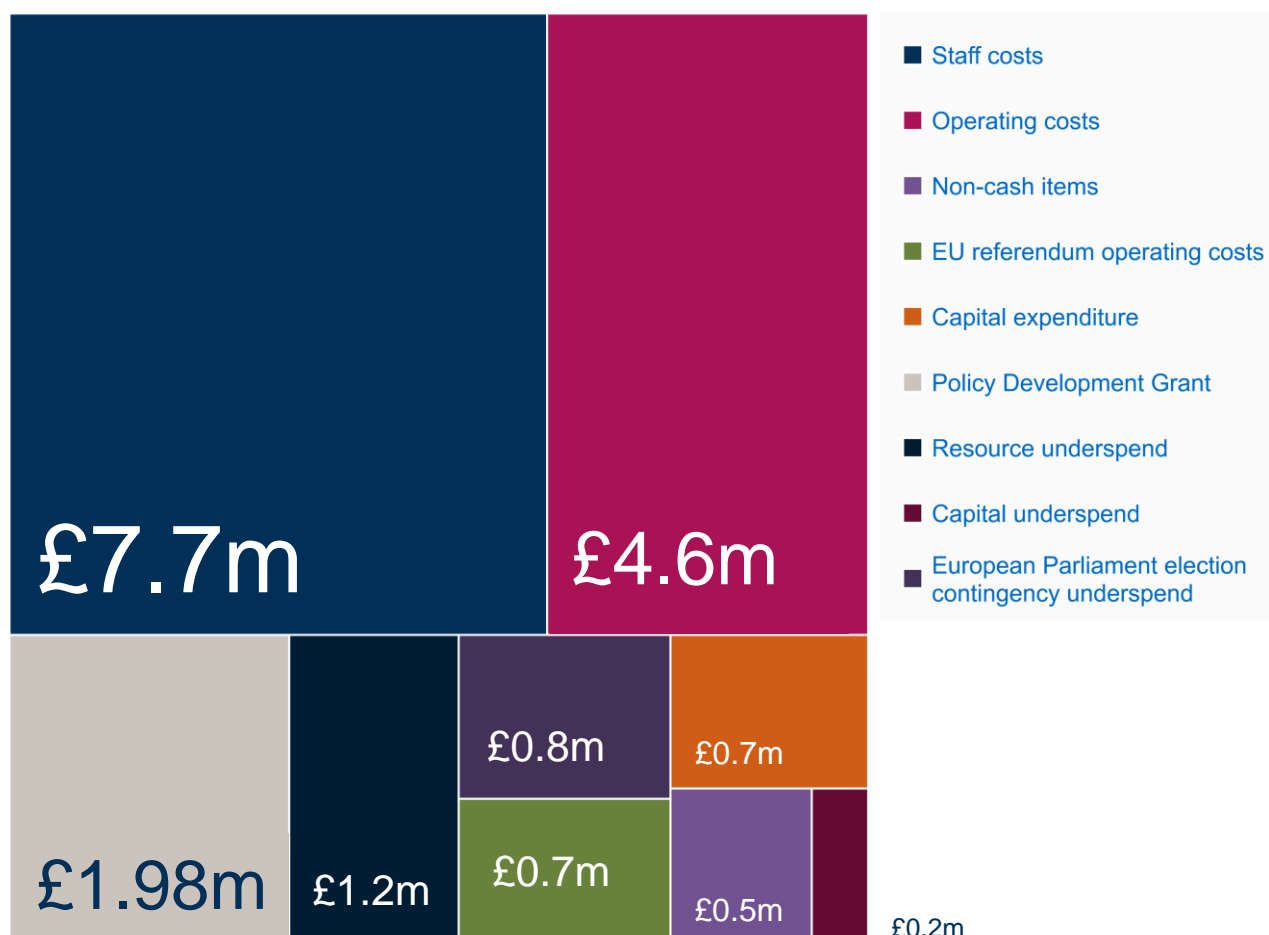
Using our financial resources efficiently

In 2018-19, the resource initially made available to us by the UK Parliament was £17.9m for voted activity. This included £836k of contingency funding for the possibility that European Parliamentary Elections might be required in May 2019. Non-voted funding of £253k was provided to meet Commissioners' fees.

In January 2019 the Commission surrendered £130k of voted capital budget. This was primarily due to the deferred impact of the 2018 unscheduled UKPGE, which meant we postponed some of our key project work. We also had a net increase on our non-cash budgets; returning £200k of depreciation, due to the reduced capital work completed in-year, and increasing our Annually Managed Expenditure (AME) budget by £224k to manage the risk of variations in the estimated dilapidations provision on the property leases. The Commission also returned unused funds of £1.1m from EU referendum to the Consolidated Fund (SoPs 4.1).

In achieving our objectives, we have used £16.2m resources for the whole year. This was £1.6m less than the sum of £17.8m approved by Parliament in the Commission's Supplementary Estimate (HC 1959) for the net resource requirement. The graphic below summarises the Commission's financial performance on the 'voted' element of our budget.

Financial performance 2018/19



The Commission's underspend was £1.5m against the voted budget of £17.8m (8.5%). The largest element of underspend was £836k of unused contingency funding for possible European Parliamentary Elections. Due to uncertainty over whether these elections would be held, this budget was not used in 2018-19. After removing the European Parliamentary Elections, from the voted budget the underspend is £662k (4.0%).

The remaining underspend is comprised of:

- EU Referendum & other events: £426k overspent due to higher than expected legal costs⁵
- Policy Development Grants: £21k
- Pay: 124k underspend due to the time taken to fill vacancies throughout the year
- Depreciation: £155k, due to reduced capital spend
- Provisions: £113k, due to lower than expected pension costs
- Income: £2k, higher than expected income from registrations
- Support services: £492k, a combination of smaller underspends and reduced costs.
- Capital: £181k underspend due to savings on ongoing capital projects

The underspend of £105k against non-voted funding is due to lower than expected costs for the Commissioners, arising mostly because of periods pending appointment of new commissioners.

Our income in our accounts relates to charges for registering political parties. Fines raised against political parties and individuals for failure to comply with the rules on party and election finance are collected by the Commission but surrendered to the Consolidated Fund as required by law. The penalties due was £111,597 in 2018-19 and £78,547 plus £3,040 from the previous year's outturn has been received by 31 March 2019 and surrendered to the Consolidated Fund as required by law; the remaining £33,050 was received in April 2019.

We required cash amounting to £15.021m in 2018-19 to finance our voted activities, which was £1.786m less than the sum of £16.807m approved by Parliament in the Commission's Supplementary Estimate. The Reconciliation of Net Resources to Net Cash Requirement provides a reconciliation of the net cash requirement to the increase / decrease in cash held.

The Statement of Cash Flows shows that the cash balance as at 31 March 2019 was £110k.

The Statement of Financial Position as at 31 March 2019 shows negative taxpayers' equity of £1.6m.

⁵ Following the court refusing two appeals against the Commission, and other successful applications to the court, we anticipate recovery of certain legal costs incurred in 2018-19.

Payment of suppliers

Although we are independent of government, we aim to comply with the Prompt Payment Code that operates across the public sector. The Government target is to pay undisputed invoices within 30 days. In 2018-19, 99.9% of invoices (99.9% in 2017-18) were paid within this 30 day target.

Further to this, we aim to pay undisputed invoices within 10 days from the date of receipt in recognition of government's commitment to paying suppliers promptly. For the year 2018-19, we had no disputed invoices and recorded performance was 100% (2017-18: 100%).

Freedom of Information (FOI), Parliamentary questions and complaints

We are committed to the principles of openness and transparency in public life and acknowledge the duty to provide information to the public. In 2018-19 we received 224 FOI requests and five subject access requests. We responded to 59.4% of them against a target of 90% within the 20 working days statutory timeframe. The number of FOI requests has remained consistent from last year (223 in 2017-18), but the proportion of complex and repeated requests has increased in the financial year 2018-19. We also responded to five FOI internal review requests. Two of these were referred to the Information Commissioner's Office (ICO) and one was closed by the ICO, unfounded, and the other was opened but not followed up by them.

We received five Subject Access Requests compared to six last year. Four were due to be responded to within the performance year and all were responded to on time. We also received two requests for erasure under the Data Protection Act 2018. This was the first time the Commission have received this type of request and both were responded to on time.

During the year the Commission recruited a dedicated Access to Information Officer to proactively manage this increased workload and included additional resource for our Regulatory functions in the 2019-20 Business Plan.

We dealt with 18 complaints against the Commission and 19 against the Commissioners. This represents an increase of over 100% compared to 2017-18 and is no doubt a result of the increased public awareness of the Commission and its role in the current political climate. One of the complaints, regarding the accessibility of one of our communications publications, was upheld and one was partially upheld. Two complainants requested a review by the Chief Executive and in both of these the original outcome was upheld.

We responded to 30 Parliamentary questions during 2018-19.

Going Forward

Our Supply Estimate for 2019-20 (HC2183) provides for a net resource requirement of £18.4m. This was approved on 9 May 2019, and there is no reason to believe that future approvals will not be forthcoming. The key areas on which we plan to use these resources during 2019-20 support our four goals around the delivery of elections, the regulation of

political finance, the use of our expertise to improve democratic process and to make best use of our resources. This will focus on:

- Reporting on the administration of electoral events
- Maintaining and publishing information about political parties and their finances
- Ensuring that parties, candidates and others understand and follow the rules on party and election finance
- Setting standards for running elections and electoral registration, reporting on the performance of EROs and ROs, and improving our engagement with EROs and ROs
- Developing our IT through a new website, e-procurement and PEF online.
- Providing support and advice for those involved in delivering elections and electoral registration
- Carrying out work designed to make sure people understand it is important to register to vote, and how to vote
- Administering grants to eligible political parties for policy development
- Identifying changes to legislation and electoral administration to tackle electoral fraud vulnerabilities
- Identifying how registering and voting can be modernised to meet voters' needs and expectations in our digital society
- Developing our role and our capability to conduct criminal investigations and cases as part of enabling effective and prompt investigations.



Bob Posner
Chief Executive and Accounting Officer
27 June 2019

Powers and Sanctions Report

Use of our powers and sanctions between 1 April 2018 and 31 March 2019

In keeping with good regulatory practice and our published Enforcement Policy, we encourage compliance with the rules by those we regulate by providing effective support and guidance. However, where proportionate to do so, we take action when the rules are not followed.

PPERA provides us with investigation powers, including the ability to:

- Require information (through an investigation notice) from anyone where we suspect there has been a breach of the law or (through a disclosure notice) where we do not suspect an offence but require information in the course of the Commission's general fulfilment of its functions
- Require suspects or witnesses to attend for interview
- Take action if we do not receive cooperation with these requirements
- In certain circumstances, enter premises (through an inspection warrant which must be obtained from a Justice of the Peace)

We also have a range of sanctions, including:

- Fines ranging from £200 to £20,000
- Compliance and restoration notices, by which we can require particular actions to be taken to achieve compliance or rectify non-compliance.
- Stop notices, by which we can require that a particular action or intended action be stopped

These sanctions apply to most, but not all, PERA offences. There are some offences – generally those involving an element of deliberate dishonesty – for which we cannot issue fines but can refer cases for consideration by the police or the relevant public prosecutor.

We are also able to consider 'enforcement undertakings' from those we regulate, where for example a party may report an offence voluntarily and propose actions it will take to put things right, avoiding the need for the party and us to go through potentially time-consuming investigations.

We must include, in our Annual Report and Accounts, information about the use of these powers and sanctions. This information is provided as follows.

Use of investigatory powers

We are required to report on our use of investigatory powers, specifically:

- cases in which a disclosure notice or an investigation notice was issued

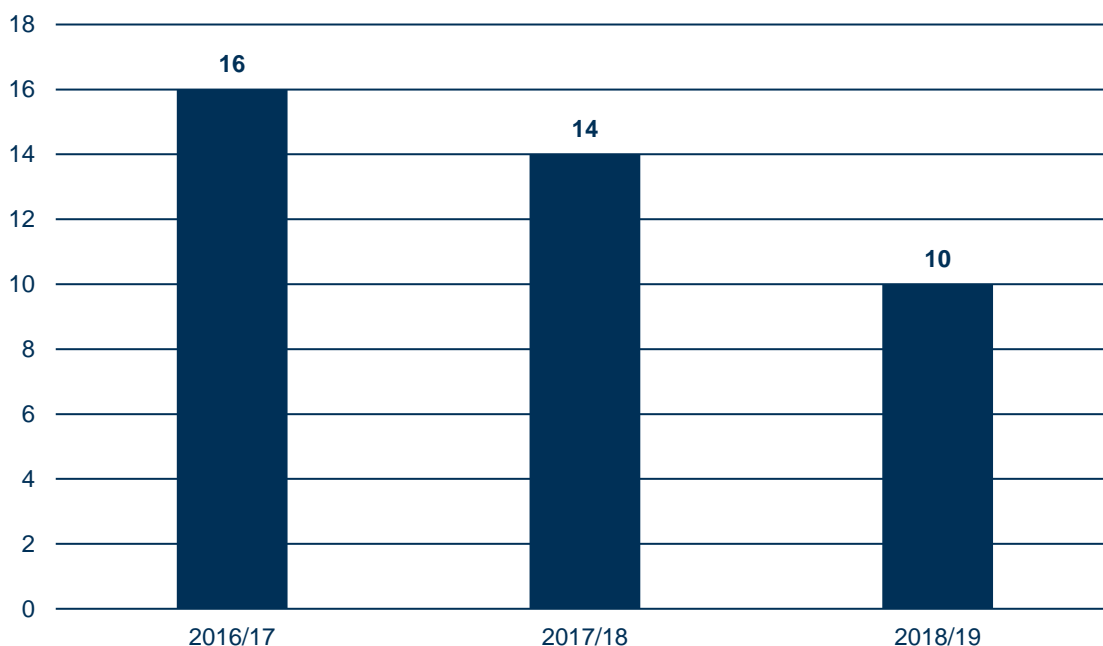
- cases in which premises were entered using an inspection warrant issued by a Justice of the Peace
- cases in which the Commission applied to a court for an order for disclosure

We are not required to include information where, in our opinion, to do so would or might be unlawful, or might adversely affect any current investigation or proceedings.

During 2018-19 we did not use our powers to issue disclosure notices or to apply for a warrant to enter premises.

We issued a total of 10 investigation notices during 2018-19. This compares to 14 notices in 2017-18, and 16 notices in 2016/17. This reflects the routine use of such notices as part of our enforcement approach since we updated our Enforcement Policy in 2016.

Investigation notices



The 10 investigation notices were as follows (where the relevant investigations remain ongoing at the date of drafting it would be inappropriate to provide further details on the grounds that to do so would or might adversely affect that investigation):

- Five notices under Schedule 19B paragraph 3 PPERA to witnesses as part of our investigation into Vote Leave Limited, Mr Grimes, BeLeave and Veterans for Britain.
- One notice under Schedule 19B paragraph 3 PPERA to a banking institution as part of our investigation into Better for the Country Limited and associated individuals and organisation.
- Four notices under Schedule 19B paragraph 3 PPERA to banking institutions as part of an ongoing investigation.

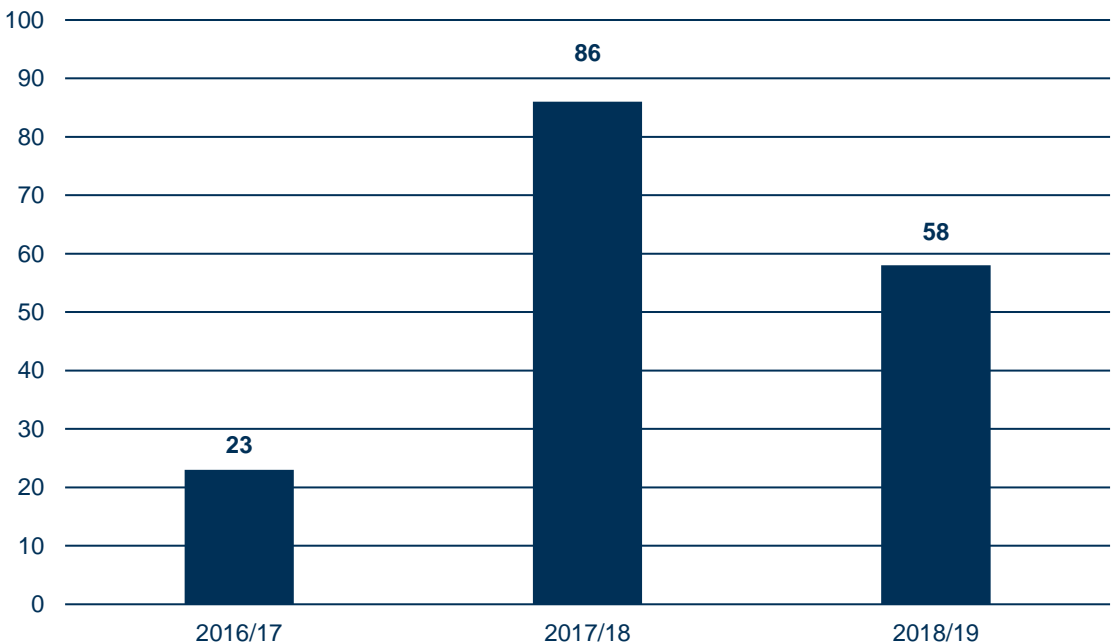
Use of civil sanctions

We are required to report on our use of civil sanctions, specifically cases in which:

- A fixed monetary penalty or discretionary requirement was imposed or a stop notice served (other than cases in which the penalty, requirement or notice was overturned on appeal)
- Liability for a fixed monetary penalty was discharged (this means the penalty was paid before a notice imposing it was issued)
- An enforcement undertaking was accepted

The number of penalties imposed, 58, is less than in 2017/18, which included the vast majority of cases arising from the 2016 EU Referendum as well as some arising from the 2017 UK Parliamentary General Election. This period includes further penalties imposed on campaigners in the 2016 EU referendum and further cases arising from the 2017 UK Parliamentary General Election. It includes 5 cases where liability for a fixed penalty was discharged through early payment.

Number of penalties imposed



The status of payment of penalties and appeals was correct at the time this report was completed, but may have changed since then. We publish brief summaries of all enforcement cases on our website, and this is regularly updated to reflect payments made of penalties, and appeals or recovery action taken.

The list of cases in Appendix A reflects all cases published up to and including 31 March 2019.

We did not accept any Enforcement undertakings and we did not serve any stop notices up to and including 31 March 2019.

Four appeals were made against sanctions in 2018-19. The appeal brought by Leave.EU was refused by the county court. Appeals brought by the Christian Peoples Alliance (CPA), Vote Leave and Darren Grimes had not been determined by 31st March 2019. The appeal by the CPA was refused in April 2019, Vote Leave has indicated that it will be discontinuing its appeal and Darren Grimes' appeal is listed for hearing in July 2019.

Accountability report

Corporate governance report

The Directors' report

The Commission Board comprises ten Commissioners appointed by Royal Warrant to exercise the functions of the Commission as described in PPERA.

The Commission Board appoints the Chief Executive to lead and manage the Commission and the Chief Executive appoints a leadership team of Executive Directors.

Details of Commissioners and Executive Directors are set out in the Governance Statement.

Register of interests

Commissioners and directors have to complete a declaration of interests. No significant company directorships or other interests were held which may have conflicted with their management responsibilities and no Commissioner or director had any other related party interests. The registers are updated periodically and are available on the Commission's website.

Going Concern

Approval for the resources required for 2019-20 has been received, and was laid before Parliament 9 May 2019, and there is no reason to believe that future approvals will not be forthcoming.

Auditors

The Comptroller and Auditor General is appointed as our external auditor under Schedule 1 of PPERA.

Our internal auditors from 1 April 2016 were Mazars LLP. Full details of remuneration for both audit and non-audit work are disclosed within the financial statements.

Disclosure of information to the NAO

The Accounting Officer who held office at the date of approval of this directors' report confirms that, so far as they are each aware, there is no relevant audit information of which the external auditors are unaware and each director has taken all the steps required to make themselves aware of any relevant audit information, and to establish that the external auditors are aware of that information.

Other disclosures

Some disclosures required in the directors' report have been included elsewhere in the Annual Report. Personal data related incidents are reported in the Governance Statement. Disclosures on employment and engagement with staff are in section 'Our people' of the Performance Report and additional information is included in the Remuneration Report.

There are no significant events affecting us which have occurred since the reporting date and future developments affecting us are disclosed in the Performance Report section 'Using financial resources efficiently'.

Statement of Accounting Officer's responsibilities

Under PPERA, we are required to prepare accounts for each financial year, detailing the resources acquired, held, or disposed of during the year and the use of resources by us during the year.

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual prepared by Her Majesty's (HM) Treasury, 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
- Make judgments and estimates on a reasonable basis
- 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

In accordance with paragraph 19(1) of Schedule 1 to PPERA, the Speaker's Committee has designated the Chief Executive as Accounting Officer of the Electoral Commission, with responsibility for preparing the Commission's accounts and for transmitting them to the Comptroller and Auditor General.

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

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

I hereby confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable, and that I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

Governance statement

The Electoral Commission was set up under PPERA. In accordance with Schedule 1(19) of PPERA, the Speaker's Committee has appointed me as Accounting Officer of the Electoral Commission. My responsibilities in this role are set out separately on the previous page.

As Chief Executive and Accounting Officer, I have gained assurance that the frameworks, control environment, processes and scrutiny set out in this statement have been effective since my appointment by review of documentation, discussions with Commissioners, the independent advisor to the Audit Committee and staff and meetings with internal and external auditors and other external stakeholders. As part of the handover process, on taking up my post, I was provided with equal assurance from my predecessor through discussions with her, members of the Executive Team and Commissioners, including the Chair of the Commission Board, on the effectiveness of the frameworks, control environment, processes and scrutiny prior to my appointment.

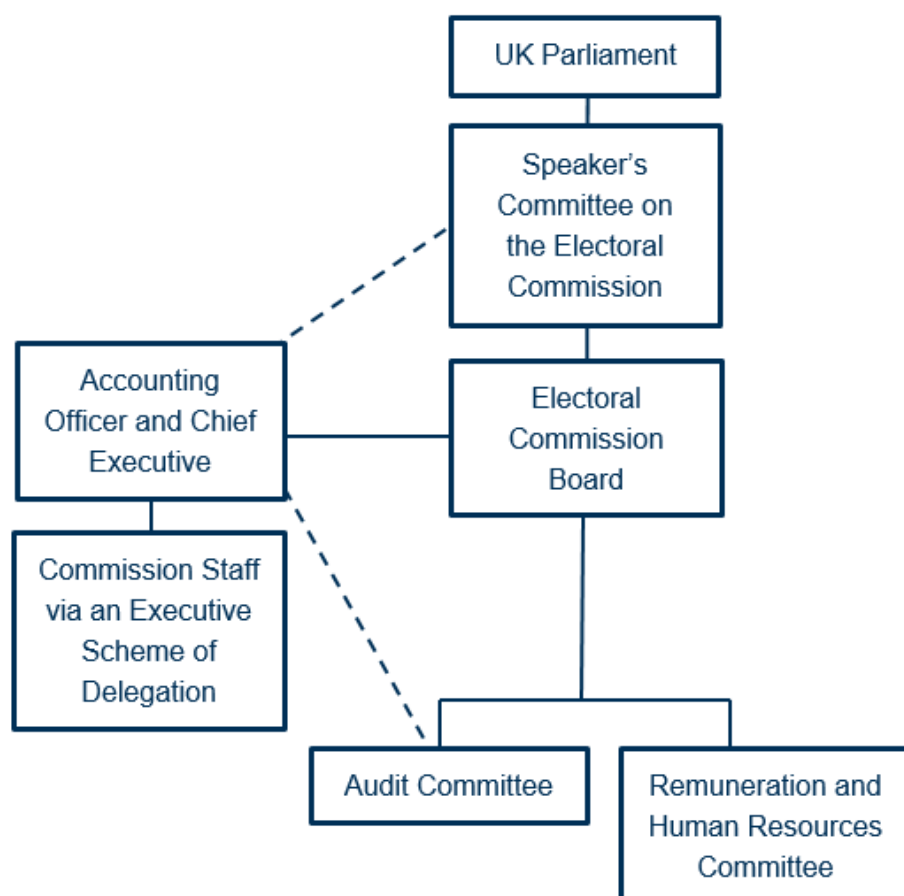
The Board find the quality of data acceptable, there are in 4 main categories:

- Public opinion data is derived from surveys conducted by reputable, independent research agencies using transparent methods.
- Elections and registration data is collected directly from Electoral Registration Officers and Returning Officers including figures on postal voting and turnout.
- Accuracy and completeness data is completed via a well-developed and robust methodology of sample-based, house to house fieldwork conducted by an independent research agency.
- Financial data provided to the executive team is extracted from the main general ledger and analysed into management reports, the board obtains assurance through the financial controls operated throughout the Commission which are subject to regular management scrutiny and internal and external audit.

This governance statement is produced in accordance with HM Treasury guidance as a summary of the procedures, processes and support structures that I maintain to effectively manage and control the resources made available to me by Parliament.

Accountability to UK Parliament and the devolved administrations

We are accountable to the UK Parliament, and specifically to the Speaker's Committee of the House of Commons, which is appointed in accordance with the provisions of PPERA. We also report to the Scottish Parliament on our functions in relation to Scottish local government elections and to other legislatures as required. Accountability to the UK Parliament and the internal governance framework can be illustrated as follows:



The Speaker's Committee

- The Speaker's Committee is established under Section 2(1) of PPERA to perform the functions conferred on it by PPERA. These functions include:
- Examining the Commission's annual resource estimates and laying them before the House of Commons, with or without modification
- Examining the Commission's five-year plans and laying them before the House of Commons, with or without modification
- receiving the Commission's accounts
- designating the Commission's Accounting Officer

- Reporting to the House of Commons, at least once a year, on how it has carried out its functions

Members of the Committee during 2018-19 were:

- Right Honourable John Bercow Member of Parliament (MP), Speaker of the House of Commons (Chair)
- Sir Bernard Jenkin MP, Chair of the Public Administration and Constitutional Affairs Committee
- Right Honourable David Lidington MP, Minister for the Cabinet Office
- Rishi Sunak MP, Parliamentary Under-Secretary (Housing, Communities and Local Government)
- Kirsty Blackman MP (Scottish National Party)
- Gloria De Piero MP (Labour)
- Andrea Jenkyns MP (Conservative)
- Jessica Morden MP (Labour)
- Bridget Phillipson MP (Labour) (Committee Spokesperson)

Of the six appointed members, one is a Member of the House of Commons who is a Minister with responsibilities in relation to local government. This appointment is made by the Prime Minister.

The other five appointed members are Members of the House of Commons who are not Ministers and are appointed by the Speaker.

The Secretary of the Speaker's Committee is Dr Mike Everett.

During the year the Committee, which also took evidence from the National Audit Office (NAO), published three reports which are available from the following websites:

[Speaker's Committee on the Electoral Commission](#)

[Publications - Speaker's Committee on the Electoral Commission](#)

The Speaker's Committee agreed our Supply Estimate for the 2020-21 financial year, and our Business Plan in February 2019. The Supply Estimate (HC2183) was laid before Parliament on 9 May 2019.

Commission Board and Leadership Team

The Commission Board

The Commission Board meets on a regular basis to consider the strategic direction of the organisation and its objectives, and to review its performance against its objectives. The Commission Board comprises the Electoral Commissioners, and its formal meetings are attended by all members of the Commission's Executive Team and other Commission staff as required.

The Chair and Commissioners are appointed by Her Majesty the Queen on the recommendation of the House of Commons. By custom, Commissioners are normally appointed for a period not exceeding four years in the first instance, with the possibility of re-appointment for a total period not exceeding ten years. A Commissioner may cease to serve or be removed in accordance with the grounds set out in Schedule 1, paragraphs 3–5 of the Act. Appointments will terminate at the end of the period specified for each Commissioner, unless the Commissioner is reappointed before the period expires. Appointments may also be terminated at the request of the Commissioner.

The Chair of the Commission is appointed on a part time, two day a week basis; while the other Commissioners spend an average of between 1.4 and 2 days per month on Commission duties.

The following Commissioners served during the year, with their terms in office indicated:

Commissioners serving in 2018/19

Name	From	To
Lord Horam of Grimsargh	1 October 2014	30 September 2018
David Howarth	1 October 2014	30 September 2018
Bridget Prentice	12 May 2014	30 September 2018
Rob Vincent CBE	1 January 2016	31 December 2019
Alasdair Morgan	1 October 2016	30 September 2020
Alastair Ross	1 November 2018	31 October 2020
Anna Carragher	1 January 2016	31 December 2020
Sir John Holmes	1 January 2017	31 December 2020
Dame Susan Bruce	1 January 2017	31 December 2020

Name	From	To
Professor Elan Closs Stephens CBE	13 March 2017	12 March 2021
Sarah Chambers	31 March 2018	30 March 2022
Joan Walley	1 November 2018	31 October 2022
Lord Gilbert ⁶	1 November 2018	31 October 2022

During the year 2018-19 the Commission Board has delegated specific activities to the following sub-committees:

- Audit Committee
- Remuneration and Human Resources Committee

Audit Committee

The Board has established an Audit Committee to support the Accounting Officer in discharging their formal accountability responsibilities and provide assurance to the Board on the discharge of these responsibilities. Details of Audit Committee responsibilities, membership and activity during the year are provided below.

The Audit Committee offers objective advice and ensures that the most efficient, effective, and economic risk, control, and governance processes are in place. The Audit Committee also acts on behalf of the Board to provide them with assurance on these issues.

The Audit Committee reviews in particular:

- The strategic processes for risk, control, and governance
- The planned activity and results within information governance and the Annual Assessment of Information Risk Management
- The Annual Governance Statement and recommend approval of the Statement by the Accounting Officer as appropriate
- The accounting policies and the annual accounts of the Electoral Commission, including the process for review of the accounts prior to submission for audit; levels of error identified; and management's letter of representation to the National Audit Office
- The plans and reports of the National Audit Office and management responses to any proposals, as well as agree the strategic and annual internal audit plans
- Assurances relating to the corporate governance requirements for the Electoral Commission including the approval of the Whistleblowing policy, the anti-fraud

⁶ Baron Gilbert of Panteg (Lord (Stephen) Gilbert)

policy, the anti-bribery policy, and the policy for authorising claims for expenses prior to publication, with an opportunity to raise any queries with the Board

- Proposals for tendering for Internal Audit services, or for the purchase of non-audit services from contractors who provide audit services

The focus of the Committee is to review the assurance received in respect of risk and control and on the adequacy of assurance arrangements themselves. During the year, the Audit Committee undertakes deep dives into key risk areas.

The Audit Committee comprises three Commissioners appointed by the Board and is required to meet at least three times a year. The Board has also approved the appointment of an independent adviser to the Audit Committee, who is a suitably qualified independent person who has no connection with the Commission. The independent adviser has the right to attend any meeting of the Electoral Commissioners.

The Audit Committee makes an annual report to the Commission Board and approved minutes of each Audit Committee meeting are provided to the next available Commission Board meeting.

In the last year the Audit Committee considered the annual accounts and supporting assurance work, the review of legislative compliance, and received audit reports on the core financial systems, among other topics.

Members of the Audit Committee normally serve for three years, unless a member ceases to be a Commissioner or asks to stand down. They may be re-appointed for a further period normally not exceeding three years.

The Chair of the Audit Committee during the 2018-19 financial year was Dame Sue Bruce. The independent advisor to the Audit Committee is Paul Redfern. The members of the Committee during the same period were:

- Alasdair Morgan, Electoral Commissioner
- Dame Susan Bruce, Chair, Electoral Commissioner
- Professor Elan Closs Stephens CBE, Electoral Commissioner

Reviews of audit reports

The Audit Committee approved a programme of audit and reviews for 2018-19 and has monitored the achievement of this programme through the year. The Committee reviews both external and internal audit reports, and monitors which recommendations from these reports are accepted, and the implementation of accepted recommendations. The Audit Committee also satisfies itself that recommendations that are rejected are done so for valid reasons.

Three Committee meetings were held during 2018-19. The internal and external auditors routinely attend all meetings along with staff including the Chief Executive and the Director

of Finance and Corporate Services. The Committee members may also hold an annual private discussion with the auditors.

Remuneration and Human Resources Committee

The Commission's Remuneration and Human Resources Committee comprises three Commissioners and meets at least twice a year.

The Committee supports the Board and the Accounting Officer in their responsibilities for significant changes to staff terms and conditions, reviewing the remuneration policy of the Chief Executive, agreeing the annual negotiating remit for the staff pay award and setting the fee for the independent advisor of the Audit Committee.

The Committee also acts as an advisory group on the extent to which organisational development and Human Resource matters support the Board's strategic direction for the Commission.

Members of the Remuneration and Human Resources Committee serve for three years, unless a member ceases to be an Electoral Commissioner or asks to stand down. They may be re-appointed for a further period normally not exceeding three years.

The members of the Committee during the 2018-19 financial year were:

- Anna Carragher, Electoral Commissioner
- Rob Vincent CBE, Electoral Commissioner
- Bridget Prentice (until 30 September 2018), Electoral Commissioner
- Joan Walley (from 13 March 2019), Electoral Commissioner

The Committee met three times during 2018-19 and the key topics of discussion were pay, reward and performance management, staff survey, and the Human Resource Plan.

Review of Board and Committee performance during 2018-19

Regular self-assessment of Board and Committee effectiveness is an integral part of the Commission's governance arrangements. The Board completed its review of effectiveness in April 2019 which resulted in changes to the forward plan, commissioning of papers and the executive summary to ensure papers are focused and meet the strategic agenda of the Board. This review was informed by criteria set out in Managing Public Money and the 2019 Deloitte report "Board Impact: Thinking differently about boards", and reference to the Cabinet Office Code of Conduct on Public Appointments.

The number of formal Board meetings has been reduced to allow Commissioners to meet to consider key topics in depth at informal Commissioner Days. These meetings allow Commissioners and staff to engage with external subject matter experts and aid in developing the strategic direction of the organisation more effectively.

The Board's forward programme of meetings is aimed at engaging at a strategic rather than operational level, inviting effective input and challenge at an appropriate point. During the year the Board's time was focused on the following activities:

- Review of administration of May 2018 electoral events
- Preparation for May 2019 elections

The Board considered the following topics at informal Commissioner Days:

- Canvass reform
- The future of voting
- Accessibility of elections
- There was also a presentation from the Australian Electoral Commission

The Audit Committee, as well as the Remuneration and Human Resources Committee, reviewed their effectiveness during the year. Responses were positive, and the Committees will act on the conclusions during 2019-20.

Board and Committee attendance during 2018-19 is set out in the following table (maximum possible attendance is given in brackets).

Board and Committee attendance 2018/19

Name	Commission Board	Audit Committee	Remuneration and Human Resources Committee
Sir John Holmes (Chair)	9 (9)	-	-
Dame Susan Bruce	8 (9)	2 (3)	-
Anna Carragher	8 (9)	-	3 (3)
Sarah Chambers	7 (7)	-	-
Professor Elan Closs Stephens CBE	8 (9)	3 (3)	-
Lord Gilbert	2 (2)+	-	-
Lord Horam of Grimsargh	5 (5)*	-	-
David Howarth	5 (5)*	-	-
Alasdair Morgan	9 (9)	3 (3)	-
Bridget Prentice	5 (5)*	-	1 (1)*

Name	Commission Board	Audit Committee	Remuneration and Human Resources Committee
Alastair Ross	2 (2)+	-	-
Rob Vincent CBE	9 (9)	-	3 (3)
Joan Walley	2 (2)+	-	1 (1)+

* Lord Horam of Grimsargh, David Howarth, and Bridget Prentice ended their terms as Commissioners on 30/09/2018

+ Joan Walley, Lord Gilbert and Alastair Ross began their term as commissioners on 1/11/18 – all attended the 5 December 2018 Board meeting as observers due to their warrants not in issue.

Chief Executive

The Commission Board appoints the Chief Executive to lead and manage the Commission. Claire Bassett ended her term as Chief Executive on 1 January 2019, and was replaced by Bob Posner from 2 January 2019 on an interim basis. Following open advertisement and assessment of candidates, Bob Posner was subsequently permanently appointed to the role in April 2019. Claire Bassett was designated by the Speaker's Committee as the Commission's Accounting Officer. Bob Posner was designated as Accounting Officer from 2 January 2019.

The Chief Executive has responsibility for the overall organisation, management and staffing and for procedures relating to financial and other matters including conduct and discipline.

Executive Team

The Commission's Executive Team, which comprises the Chief Executive and the Directors, meets formally once a month to manage the delivery of the organisation's objectives in line with the strategic direction set by the Commission Board, addressing ongoing issues and risks in the process. In addition, the Team meets weekly to discuss current issues and coordinate required activities.

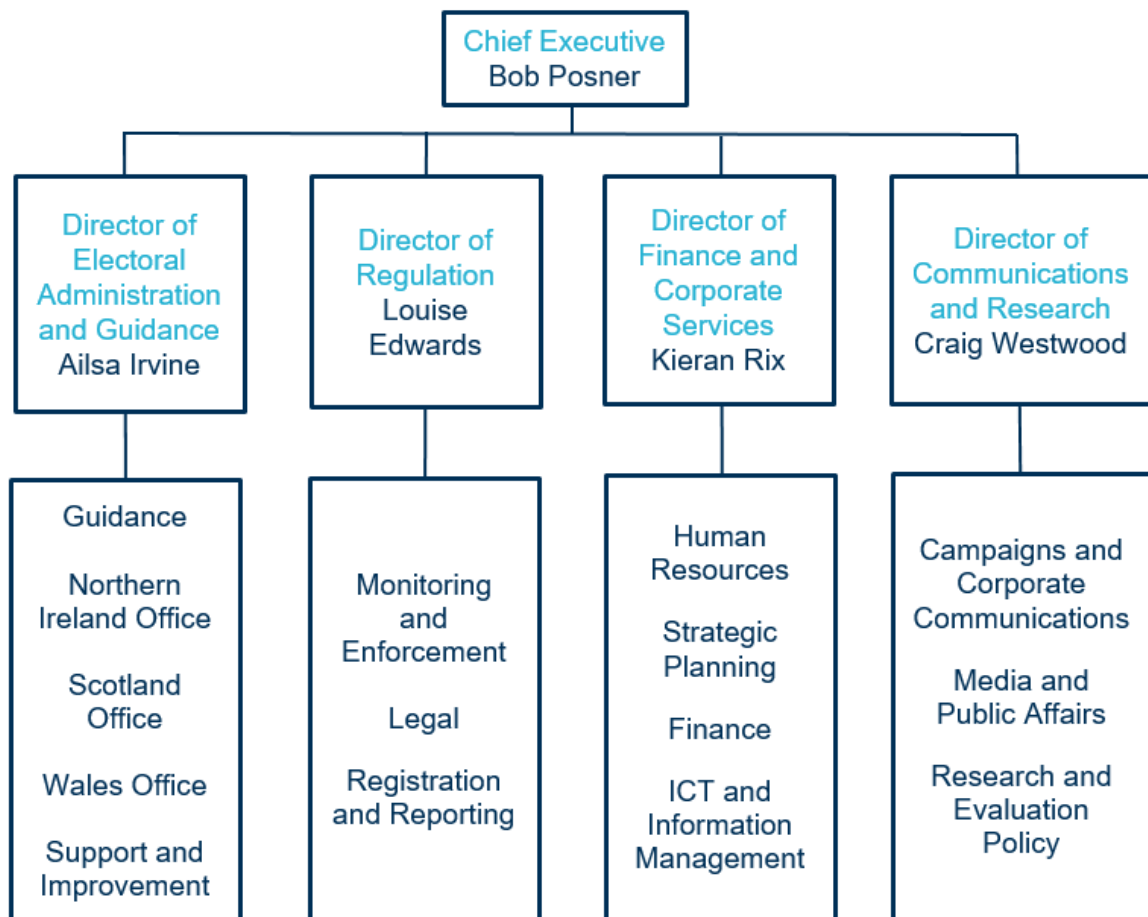
The Directors have delegated authority for the day-to-day management of the Commission with the Chief Executive. These delegations are formally set, recorded, and reviewed on an annual basis.

The Executive Team receives monthly reports on performance, finance and risk management across the organisation and on progress with key projects and initiatives. As well as frequent informal discussions, the Chief Executive meets each member of the

Executive Team at least once a month to review and challenge operational and financial performance. Members of the Executive Team during 2018/19 are listed below:

- Chief Executive: Claire Bassett (until 1 January 2019); Bob Posner (from 2 January 2019)
- Director of Finance and Corporate Services: Kieran Rix
- Director of Political Finance and Regulation and Legal Counsel: Bob Posner (until 1 January 2019); Director of Regulation: Louise Edwards (from 2 January 2019)
- Director of Communications and Research: Craig Westwood
- Director of Electoral Administration and Guidance: Ailsa Irvine

The organisational structure as at 31 March 2019 is set out below:



Risk management, internal control and assurance

In addition to the support of the Board and Committees outlined above, the effectiveness of the control framework is further maintained and reviewed through the following arrangements.

Corporate Governance

The Commission Board reviews the corporate governance framework on an annual basis ensuring that current best practice is adopted. The Planning, Performance and Governance team are responsible for the operation of the scheme of corporate governance to ensure that the aims and principles of the framework are given full effect.

Risk Management

Our risk management processes are designed to:

- Maintain a clear framework across the organisation within which risks are identified, assessed, managed and regularly reviewed
- Assign specific responsibility for managing risks in their areas of responsibility to individual Executive Team members (including managing risks to significant projects in their capacity as Project Directors)
- Ensure that the significance and impact of risks are assessed on a consistent basis
- Ensure that existing risks are regularly reviewed, and that new risks are identified and managed
- Provide the Chief Executive, the Audit Committee and the Commission Board with assurance that the risks are being managed appropriately

Risks are identified and evaluated in the following ways:

- All key decisions are taken following consideration of risks and associated mitigations which are separately identified in decision papers for the Commission Board and those taking delegated decisions
- As part of their quarterly review of risk, the Executive Team considers whether new risks should be added to the risk registers
- The Executive Team undertakes a full and comprehensive review of risk at the start of each year to ensure that the organisational risk register captures risk to the delivery of objectives in our Corporate Plan
- A full risk report is presented to each meeting of the Audit Committee and also annually to the Commission Board

- Managers and staff are responsible for the identification of risk in their own projects or areas of work. Risks are also identified through the planning process, through audit and review of operations and through training activities
- Each identified risk is assigned to a risk owner, who is required formally to review the likelihood of crystallisation, the resultant impact and the mitigations in place on a minimum quarterly basis – in practice, risks are reviewed once a month as part of our programme and performance management arrangements

During 2018-19:

- The organisational risk register was subject to close monitoring particularly in light of May elections and the then planned date for exiting the European Union of 29 March 2019
- The risk management policy was last reviewed in 2017-18 to ensure it provided a focus on the Commission's approach to risk management, with clearer categorisation of risk and assurance mapping. The Commission's organisational risks continue to be mitigated through the Commission's project and operational activities
- Various activities to manage risk in the run up to the May 2018 and May 2019 elections took place including business continuity and crisis management rehearsals

The strategic risks that were monitored and managed by us in 2018-19 were:

- The Commission is ineffective in delivering all or part of its corporate plan
- Part or all of an election poll is not well run
- Ineffective regulation of the Party and Election Finance rules
- The Commission fails to respond adequately to increased devolution
- The Commission is not sufficiently prepared to deal with the implications of Brexit for its work

As some risks relate to elections, and others by their nature are not within our control, or timing cannot be predicted, the severity of risks can vary at different points in the year. The management processes, risk reviews and mitigations put in place in the period covered by this report have provided assurance to the Accounting Officer that an appropriate regime of risk management has been maintained to support the organisation in delivering our objectives over the year.

External Audit

The National Audit Office provides management letters as part of the statutory audit process that also informs the Accounting Officer of observations made.

The Comptroller and Auditor General is appointed as our external auditor under Schedule 1 of PPERA. No non-audit services were provided by the NAO during 2018-19.

Internal Audit

Our internal auditors in 2018-19 were Mazars LLP. Mazars were appointed from 1 April 2016 on a three year contract.

Audits were performed in accordance with Mazars' Internal Audit methodology, which is aligned to the Public Sector Internal Audit Standards. Their reports offer an independent opinion on the adequacy and effectiveness of our control systems. The agreed risk-based programme of audit had been approved by the Audit Committee.

Five internal audit reports (corporate planning, data protection, human resources, cyber security, and core financial systems) were completed. For each audit the internal auditors provided reports which included their key findings; an indication of the level of assurance that could be based on their findings; and recommendations for action to strengthen any control weaknesses. None of the reports were classified 'high risk'. Implementation is monitored by the Audit Committee. The Audit Opinion considered the Electoral Commission's governance, risk management and internal control arrangements as generally adequate and effective.

Policy Development Grants

Policy Development Grants, as outlined at note 3 to the accounts, are made by us to qualifying political parties. Internal control over payment of the grants is maintained through a comprehensive claim and review process and then reviewed for accuracy. All parties submitted expenditure returns; resulting in payments of £1,979,279 with no issues identified.

Information Governance

Our management of information risk is an ongoing process. We inform and measure our approach against the Lord Chancellor's Code of Practice on the management of records, the Cabinet Office's Security Policy Framework (SPF) and the ISO27001 Standard for Information Security.

The Audit Committee oversees our approach to managing information risk. Executive responsibility lies with the Director of Finance and Corporate Services in his role as Senior Information Risk Owner (SIRO).

Consistent with Cabinet Office guidelines the Audit Committee and Chief Executive receive an annual assessment of Information Risk management from the Senior Information Risk Owner (SIRO).

For 2018-19, the report, which looked at the areas of: risk management, transparency, confidentiality of information, availability of information, integrity of information, incident management and procedures to ensure continuing awareness of responsibilities and risks, concluded that the management of information risk in the organisation was effective.

The Audit Committee and Chief Executive considered and were satisfied with the SIRO assessment of the effectiveness of overall information risk management including assessment against relevant guidance and frameworks.

Personal data related incidents

There have been two information governance related incidents reported during 2018-19. One incident was the data breach reported in the 2017-18 report and the only incident that required report to the Information Commissioners Office (ICO). The mitigations were implemented across the Commissions as recommended by the ICO and no further action was taken.

The second incident was an issue with application of redactions marked for application but not fully applied for publication on PEF online. This was caught in the routine checking by internal staff. These documents were taken down and replaced. A member of the legal team is undertaking a review of the PEF Online redaction requirements against our publication duties laid out in PPERA.

Compliance with the General Data Protection Regulation was applicable from 25 May 2018. A subsequent post implementation audit was undertaken. The report advised that the Commission had adequate assurance against the ICO's twelve steps and highlighted areas that require further development. The accountability principle and documentation required by the Data Protection Act 2018 for now means that active compliance demonstration is required by the Commission.

All staff data protection e-learning was rolled out in 2018-19, as were new posters and awareness materials related to personal data, individual rights of data subjects and the right to erasure. The Commission has seen in 2019 an increased number of requests for personal data from the public and requests for erasure, as individuals are becoming more aware of their data rights.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the control environment. This review is informed by the work of the managers within the Commission who have responsibility for the development and maintenance of the control framework, by the work of the internal auditors and by comments made by the external auditors in their reports to those charged with governance of the organisation and other reports. I am advised on the effectiveness of my control systems by the Audit Committee.

I am satisfied that the annual assessment of information risk, as received by the Audit Committee, highlighted no areas of undue concern. The Audit Committee confirmed the assessment of the effectiveness of overall information risk management including assessment against relevant guidance and frameworks.

I am satisfied that no control weaknesses identified during the year were sufficient to introduce significant risks to the Commission's policies, aims and objectives, or material errors in the Commission's financial statements. I am also satisfied that those weaknesses that were identified have been, or are being, addressed through appropriate action.

The review of effectiveness includes consideration of our whistle-blowing policy. This provides employees and workers with alternative routes to disclose malpractice, illegal acts or concerns about wrong doings at the Commission. The policy was reviewed and amended during 2018-19. There were no instances of whistleblowing during 2018-19 and I am satisfied that sufficient controls are in place having received assurances from my predecessor as part of the handover process and through my involvement in the Commission Board.

Remuneration and staff report

Chair and Commissioners remuneration

Commissioners are appointed by Royal Warrant to exercise the functions of the Commission as described in PPERA. The Chair of the Commission is appointed on a part time, two day a week basis (up to 31 December 2016 this was three days per week); while the other Commissioners spend an average of between 1.4 and 4.8 days per month on Commission duties.

The House of Commons has resolved that fees for the Commissioners shall increase on 1 April each year, by the percentage increase paid for High Court Judges. In accordance with this arrangement, fees were increased by 1% from April 2018.

The fees for Commissioners and the Chair's salary are paid out of the Consolidated Fund, as may be specified in a resolution of the House of Commons. The fee for each day worked in the period 1 April 2018 to 31 March 2019 was set at £382 (2017-18: £378)⁷.

Commissioners were paid in arrears based on the actual days worked. The pension arrangements for Commissioners are provided for by the House of Commons in a resolution. The salary and fee payments to Commissioners during 2018-19 were as follows:

Salary and fees

Name	2018-19 £	2017-18 £
Sir John Holmes (Chair)	79,350	69,874
Dame Susan Bruce	10,582	12,828
Anna Carragher	6,556	7,164
Sarah Chambers	6,842	0
Professor Elan Closs Stephens CBE	13,179	14,352
Lord Horam of Grimsargh	3,104	5,095
David Howarth	3,678	4,717
Alasdair Morgan	9,352	8,869

⁷Due to the timing of the uprating some back payments for days worked at the higher rate are still to be paid.

Name	2018-19 £	2017-18 £
Bridget Prentice	5,764	6,416
Alastair Ross	1,624	0
Joan Walley	979	0
Rob Vincent CBE	6,821	8,306

(Subject to audit)

The remuneration for the independent advisor to the audit committee, as set by the Remuneration and Human Resources Committee, is the same as the daily rate for Commissioners. Reasonable travel and subsistence expenses actually incurred are paid in accordance with the Commission's Travel and Subsistence policy. No pension arrangements are in force for this role.

Business expenses: travel and accommodation

Name	2018-19 £	2017-18 £
Sir John Holmes (Chair)	2,859	1,586
Dame Susan Bruce	1,339	5,428
Anna Carragher	351	1,348
Sarah Chambers	4,477	0
Professor Elan Closs Stephens CBE	0	4,156
Tony Hobman	0	374
Lord Horam of Grimsargh	555	0
David Howarth	1,192	0
Alasdair Morgan	5,009	2,681
Bridget Prentice	382	544
Rob Vincent CBE	0	555

(Subject to audit)

Reimbursed business expenses are non-taxable and do not form part of any benefits in kind payment.

Chief Executive and Executive Team remuneration

Claire Bassett was appointed as the Chief Executive on 7 October 2015. Following her resignation Bob Posner was appointed interim Chief Executive on 2 January 2019 and in April 2019 confirmed in that role.

The Remuneration and Human Resources Committee is responsible for advising the Commission Board on the remuneration of the Chief Executive and agreeing the annual negotiating remit for staff pay awards (including the Executive Team). Details of the Committee's responsibilities and membership are provided in the governance report.

The Commission is not part of the Civil Service and therefore not bound by the Civil Service Pay Guidance. However, Schedule 1 of PPERA requires that the Commission shall have regard to the desirability of keeping staff terms and conditions of employment broadly in line with those of the Civil Service. The Remuneration and Human Resources Committee also takes account of wider economic considerations and the affordability of their recommendations.

The remuneration of the Chief Executive and directors is funded through the Supply Estimate and accounted for in the resource accounts.

The people covered by this report hold appointments which are open-ended (except for the Chief Executive), although staff have the option to retire and draw pension from the age of 60 or 65 dependent on their particular pension scheme rules. Early termination with qualifying service, other than for misconduct, would normally result in the individual receiving compensation as set out in the [Civil Service Compensation Scheme](#).

Remuneration (including salary, benefits in kind and pensions)

Salary

Salary includes gross salary and a London Weighting element.

Benefits in kind

Executive Team members' benefits in kind include Benenden Healthcare membership, for which we also make a payment to HMRC. The value of these benefits for each Executive Team member for 2018-19 was £123 (2017-18; £109). These benefits are provided for all Commission staff.

Bonuses

During 2018-19, the Executive Team along with all staff were eligible for a non-consolidated bonus based on performance. Performance ratings resulted in the following bonus levels: 'good' performance - £100; 'high' performance - £250; and 'exceptional'

performance - £500. Bonuses were pro-rated for people joining part way through the year and part-time staff.

For those members of the Executive Team (ET) that were eligible for a bonus the distribution was as follows:

Performance level	Number of ET members
Good performance	1
High performance	1
Exceptional performance	2

Single total figure or remuneration

Directors		Salary £000	Pension Benefits ⁸ (to nearest £1000)			Total £000
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Bob Posner** Chief Executive and Legal Counsel	105-110	95-100	59	19	165-170	115-120
Claire Bassett* Chief Executive	100-105	130-135	40	52	140-145	180-185
Carolyn Hughes*** Deputy Chief Executive & Director of Finance and Corporate Services	0-5	100-105	1	19	0-5	120-125
Kieran Rix Director of Finance & Corporate Services	100-105	5-10	84	3	180-185	10-15

⁸ 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.

Ailsa Irvine	100-105	95-100	38	118	135-140	215-220
Director of Electoral Administration & Guidance						
Craig Westwood	100-105	95-100	39	38	135-140	135-140
Director of Communication & Research						
Louise Edwards	20-25	0	12	0	35-40	0
Director of Regulation						

Notes

- *Claire Bassett resigned 1 January 2019
- **Bob Posner appointed 2 January 2019 (formerly Director of Political Finance and Regulation and Legal Counsel)
- *** Carolyn Hughes resigned 6 April 2018
- ****Kieran Rix appointed 1 March 2018
- ***** L Edwards appointed 2 January 2019
- Annualised salary for Louise Edwards as Director of Regulation for 2018-19 is £100-105k
- Annualised salary for Bob Posner as Chief Executive for 2018-19 is £135-140k
- Annualised salary for Bob Posner as Director of Political Finance and regulation and Legal Counsel is £100-105k
- Annualised salary for 2017-18 for Kieran Rix is £95-100k
- Annualised salary for Claire Bassett is £135-140k
- Salary includes non-consolidated bonus, all staff are eligible for Benenden health care of £123

(Subject to audit)

Pension information for directors (£000)

Directors	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV
Bob Posner Director of Political Finance, Regulation and Legal Counsel	20-25	2.5-5	456	352	61
Claire Bassett Chief Executive	20-25	0-2.5	267	216	17
Carolyn Hughes Deputy Chief Executive and Director of Finance & Corporate Services	20-25	0-2.5	398	384	14
Kieran Rix Director of Finance & Corporate Services	20-25	2.5-5	381	279	55
Ailsa Irvine Director of Electoral Administration & Guidance	20-25	0-2.5	315	250	12
Craig Westwood Director of Communication & Research	5-10	0-2.5	62	33	16
Louise Edwards Director of Regulation	5-10	0-2.5	96	65	14

Notes

- * Carolyn Hughes resigned 6 April 2018; **Kieran Rix appointed 1 March 2018 and has been recalculated for 2017-18
- There was no employer contribution to partnership pensions. CETV is the Cash Equivalent Transfer Value

- The accrued pension quoted in the table above is the pension the member is entitled to receive when he or she reaches 60 for 'Classic', 'Classic Plus' and 'Premium' pension schemes, 65 for the 'Nuvos' pension scheme, and at state pension age (or 65 if later) for the 'Alpha' pension scheme

(Subject to audit)

Pensions

Pension benefits for Commission staff are provided through the Civil Service Pension Scheme arrangements.

Employee contributions are salary-related and range between 4.60% and 8.05% for all members. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. 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).

The Alpha Pension Scheme was introduced from 1 April 2015. It is a defined benefit scheme (career average) which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). Pension builds up at 2.32% of actual pensionable earnings each scheme year.

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

Classic, premium, classic plus and Nuvos together form the Principal Civil Service Pension Scheme (PCSPS). The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS – known as "alpha") are unfunded multi-employer defined benefit schemes (the Schemes) and the Commission is unable to identify its share of the underlying assets and liabilities. The scheme was last actuarially valued as at 31 March 2007 but since this date actuarial valuations of the Scheme were suspended pending the implementation of the

Hutton Review recommendations. The Scheme is now to be valued as at 31 March 2012 and the valuation will reflect the post 2015 scheme rules and benefit structures.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are 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 pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. 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 disclosure applies.

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 worked out in accordance with The Occupational Pension Schemes (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 reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

For 2018-19, employer's contributions of £1,162,717 were payable to the Schemes (2017-18; £1,190,319) at one of four rates in the range 20% to 24.5% (2017-18; 20% and 24.5%) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they accrue, not the costs as they are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £43,612 (2017-18; £35,370) were paid to one or more of a panel of three appointed stakeholder pension providers (from September 2018 a new single provider was appointed and all existing members moved to that provider). Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £1,550 being 0.5% per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the Statement of Financial Position date was £4,433. Contributions prepaid at that date were nil.

No pension contributions were paid by the Commission in respect of Commissioners during the period. The Commission is, however, required to pay pensions to certain former Commissioners of the Local Government Commission for England (LGCE). The total provision for these costs was £167k at 31 March 2019 (£187k at 31 March 2018).

Compensation on early retirement or for loss of office

There were no payments made during 2018-19 providing compensation for early retirements or for loss of office. (2017-18 £nil).

Payments to past directors

During 2018-19, no payments were made to any person who was not a director at the time the payment was made, but who had been a Commission Director previously.

Fair pay disclosure (to nearest £1000)

	2018-19	2017-18
Highest paid Director	135 - 140	130 - 135
Median remuneration (all other staff)	39	39
Ratio	3.5	3.4

(subject to audit)

In 2018/19, no employee received remuneration in excess of that of the highest-paid director. Remuneration rates for staff other than the highest paid director (based on full-time equivalent rates) ranged from £23,400 to £100,400 (2017-18: £23,000 to £103,900).

The remuneration of the highest paid Director increased by 2% with effect from 1 April 2018 which was consistent with all Electoral Commission staff salary increases.

Staff Report

Staff composition

The number of directors employed during the period was 6 (3 of whom were male and 3 female).

The number of Commissioners and staff in post and appointed during the year was as follows:

	Female	Male	Totals
Chair and Board	6	7	13
Directors/Heads (permanent staff)	12	7	19
Directors/Heads (temporary/fixed term staff)	1	4	5
Other staff (permanent)	72	45	117
Other staff (temporary/fixed term)	21	13	34
Contract/Agency	8	9	17
Total	120	85	205

Staff costs (to nearest £1000)

	Permanently employed staff	Others	2018/19 Total	2017/18 Total
Wages and salaries	5,728	188	5,916	5,940
Social security costs	648		648	651
Other pension costs	1,174		1,174	1,160
Sub Total	7,550	188	7,738	7,751
Less recoveries in respect of outward secondments	0	0	0	1
Voluntary Exit Costs provision				
Total net costs	7,550	188	7,738	7,752

(subject to audit)

Average number of persons employed

During 2018/19, the average number of Full-Time Equivalent persons (FTE) employed was 129 (2017-18: 133). In addition, there was an average of 4 FTE (2017-18: 4) temporary staff covering established posts or staff working on projects outside the establishment.

	2018-19	2017-18
Full time equivalent - Permanently employed staff	130	133
Temporary staff	4	4
Total	134	137

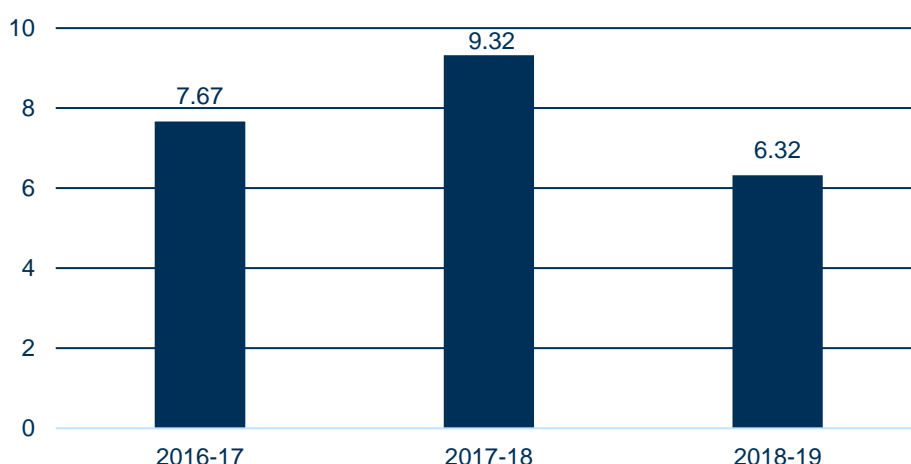
(subject to audit)

Sickness absence

In 2018-19 the average number of day's sickness absence was 6.32 per person compared to 9.32 per employee in the previous year. This shows a decrease in absences compared to previous years partly due to a small number of long term absence cases being resolved during the year.

The Human Resources function will continue to focus on supporting managers in the management of both short and long term absence in 2019-20, including ensuring all staff have an effective return to work discussion with their line manager upon return, and effective monitoring and support during long term absence. We are committed to the health and wellbeing of all staff and promote a balanced life style, including a corporate membership with Benenden Healthcare. There is a comprehensive sickness absence policy and guidance for managers on dealing with staff absence.

Average sickness absence rate per employee



Staff Policies

Staff policies were applied consistently during the year in the consideration of applications for employment and the recruitment of staff. All applicants are asked to provide equality monitoring data, which is withheld from the short listing panel, and hence are therefore short listed on their skills and experience relevant to the role.

Staff who declare a disability, or become disabled in line with the definition of the Equality Act 2010, are given the opportunity to request reasonable adjustments should they be required. Occupational Health may be consulted to make recommendations and health and safety risk assessments are carried out. Flexible working will also be considered as part of reasonable adjustments. Training is provided, as required, to all staff in the required format.

Expenditure on consultancy

Expenditure on consultancy is £200k for 2018-19 (2017-18 - £170k).

Off Payroll engagements

There were no off-payroll engagements during the financial year 2018-19 (2017-18 £nil).

Exit Packages

There were no exit packages agreed during the financial year 2018-19. (There was one exit package in the range of £5k - £10k agreed during the financial year 2017-18).

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972, or by negotiation of settlement agreements.

There were no ill-health retirements in 2018-19 (one in 2017-18). Ill-health retirement costs are met by the pension scheme.

Parliamentary accountability and audit report

Statement of Parliamentary Supply (SoPS)

Information in this section is subject to audit.

								2018-19 £'000	2017-18 £'000
Estimate				Outturn				Voted outturn compared with Estimate: saving/ (excess)	Outturn
SoPS	Voted	Non- Voted	Total	Voted	Non- Voted	Total			Total
Departmental Expenditure Limit									
- Resource	1.1	16,371	253	16,624	15,166	148	15,314	1,205	15,891
- Capital	1.2	842		842	616		616	226	279
Annually Managed Expenditure									
- Resource	1.1	339		339	227		227	112	10
- Capital									
Total Budget		17,552	253	17,805	16,009	148	16,157	1,543	16,180
Non-Budget									
- Resource									
Total		17,552	253	17,805	16,009	148	16,157	1,543	16,180

Total Resource	1.1	16,710	253	16,963	15,393	148	15,541	1,317	15,901
Total Capital		842	-	842	616	-	616	226	279
Total		17,552	253	17,805	16,009	148	16,157	1,543	16,180

Net Cash Requirement 2018-19

£000	SoPs	2018-19 Estimate	2018-19		2017-18
			Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
Net Cash Requirement	3	16,807	15,021	1,786	16,590

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. For Estimate purposes, all Commission spend is classified as Programme. The Statement of Parliamentary Supply does not therefore report outturn against Administration cost limit.

Explanations of variances between Estimate and Outturn are provided in the Performance Report. The notes below form part of these accounts.

SoPS 1.1: Analysis of net resource outturn by section

						2018-19 £'000	2017-18 £'000
Outturn			Estimate			Outturn	
Gross	Income	Net total outturn	Net Total	Net total outturn compared to Estimate	Net total outturn compared to Estimate, adjusted for virements	Total	

Spending in Departmental Expenditure Limit

Voted:

A. Core expenditure	15,184	(18)	15,166	16,371	1,205	1,205	15,735
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Non-voted

B. Commissioners fees	148	0	148	253	105	105	156
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Annually Managed Expenditure

Voted

D. Provisions created or utilised in the year	227	0	227	339	112	112	10
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Total	15,559	(18)	15,541	16,963	1,422	1,422	15,901
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SoPS 1.2 Analysis of net capital outturn by section

2018-19 £'000			2017-18 £'000	
Outturn			Estimate	Outturn
Gross	Income	Net	Net	Net total compared with Estimate

Spending in Departmental
Expenditure Limit

Voted

Electoral Commission

616

616

842

189

279

TOTAL

616

0

616

842

189

279

SoPS 2.1 Reconciliation of net resource outturn to net operating expenditure

		2018-19 £000	2017-18 £000
	Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply	SoPS 1.1	15,541	15,901
Less:			
Income payable to the Consolidated Fund	SoPS 4	(119)	(127)
Net Operating Expenditure in Statement of Comprehensive Net Expenditure		15,422	15,774

SoPS 3 Reconciliation of Net Resources to Net Cash Requirement

	Note	Estimate £'000	Outturn £'000	Net total outturn compared with Est.: saving/ (excess) £'000
Resource Outturn	SoPS 1.1	16,963	15,541	1,422
Capital Outturn	SoPS 1.2	842	616	226
Accruals to cash adjustments:				
<i>Adjustment to remove non-cash items:</i>				
Depreciation / Amortisation	3	(358)	(235)	(123)
Auditors' remuneration and expenses	3	(48)	(42)	(6)
New provisions and adjustments to previous provisions	3	(353)	(239)	(114)
<i>Adjustment to reflect movements in working balances</i>				
Increase/(Decrease) in receivables	10	0	(153)	153
(Increase)/Decrease in payables	11	0	(450)	450
(Increase)/Decrease in payables falling due after more than one year	11	0	119	(119)
Use of provision	12	14	12	2
		17,060	15,169	1,891
Removal of non-Voted budget items				
Consolidated Fund standing services	SoPS 1.1	(253)	(148)	(105)
Net cash requirement		16,807	15,021	1,786

SoPS 4.1 Analysis of income payable to the Consolidated Fund

	Outturn £000 Income	2018-19 Receipts	Outturn £000 Income	2017-18 Receipts
Income outside the ambit	112	82	127	195
European Referendum funds surrendered to Consolidated Fund*		1,117		
Excess income surrendered to Consolidated Fund	7			
Total amount payable to the Consolidated Fund	119	1,199	127	195

Notes

- * The Commission surrendered unused funds from the non-voted budget for the 2016 European Referendum.
- 2018-19 receipts includes £3k from 2017-18 income.

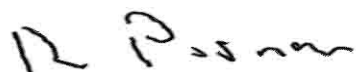
The penalties due was £111,597 in 2018-19 and £78,547 plus £3,040 from the previous year's outturn has been received by 31 March 2019 and surrendered to the Consolidated Fund as required by law; the remaining £33,050 was received in April 2019.

Parliamentary Accountability Disclosures

There were no reportable losses or special payments which require disclosure for the Electoral Commission for 2018-19 (2017-18 £nil, subject to audit).

Remote Contingent Liabilities

There are no remote contingent liabilities to report for 2018-19 (subject to audit).



Bob Posner
Chief Executive and Accounting Officer
27 June 2019

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

Opinion on financial statements

I certify that I have audited the financial statements of the Electoral Commission for the year ended 31 March 2019 under the Political Parties, Elections, and Referendums Act 2000. The financial statements comprise: the Electoral Commission's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Electoral Commission's affairs as at 31 March 2019 and of the Electoral Commission's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Political Parties, Elections and Referendums Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2019 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those

standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Electoral Commission in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

Responsibilities of the Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Political Parties, Elections and Referendums Act 2000.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Electoral Commission's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of 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 also required to obtain evidence sufficient 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.

Other Information

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

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Political Parties, Elections and Referendums Act 2000;
- in the light of the knowledge and understanding of the Electoral Commission and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

5 July 2019

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

The financial statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2019

Statement of Comprehensive Net Expenditure

For the year ended 31st March 2019	Note	2018-19 £000	2017-18 £000
Other operating income	4	(137)	(843)
		<u>(137)</u>	<u>(843)</u>
Staff costs	3	7,738	7,752
Purchase of Goods and Services	3	4,627	5,915
Depreciation and amortisation charges	3	235	253
Provision Expense	3	238	24
Other operating expenditure	3.1	2,650	2,476
Other costs non-voted - EU Referendum	3.2	(119)	-
Total operating expenditure		<u>15,369</u>	<u>16,420</u>
Net operating expenditure		<u>15,232</u>	<u>15,577</u>
Commissioners' fees		148	156
Finance expense - Auditors remuneration	3	42	41
Net expenditure for the year		<u>15,422</u>	<u>15,774</u>
Other comprehensive net expenditure			
Items which will not be reclassified to net operating costs:			
Actuarial gain/loss on pension scheme liabilities	12	(13)	(13)
Comprehensive net expenditure for the year		<u>15,409</u>	<u>15,761</u>

The 'Notes to the Resource Accounts' form part of these accounts.

Statement of financial position

As at 31 March 2019

Statement of Financial Position As at 31st March 2019

	Note	31st March 2019 £000	31st March 2018 £000
Non-current assets			
Property, plant and equipment	5	126	127
Intangible assets	6	788	406
Total non-current assets		914	533
Current assets:			
Trade and other receivables	10	536	749
Cash and cash equivalents	9	110	5,789
Total current assets		646	6,538
Total assets		1,560	7,071
Current liabilities			
Trade and other payables	11	(2,169)	(12,114)
Provisions	12	(23)	(59)
Total current liabilities		(2,192)	(12,173)
Total assets less total current liabilities		(632)	(5,102)
Non-current liabilities			
Provisions	12	(833)	(584)
Other payables	11	(106)	(225)
Total non-current liabilities		(939)	(809)
Total Assets less liabilities		(1,571)	(5,911)
Taxpayers' equity			
General fund		(1,571)	(5,911)
Total taxpayers' equity		(1,571)	(5,911)



Bob Posner
Chief Executive and Accounting Officer
27 June 2019

The 'Notes to the Resource Accounts' form part of these accounts.

Statement of Cash Flows

For the financial year ended 31st March 2019	Note	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net operating expenditure		(15,422)	(15,774)
Adjustments for non-cash transactions	3	515	318
(Increase)/Decrease in trade and other receivables	10	213	(98)
Increase/(Decrease) in trade payables	11	(4,250)	(13,225)
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(142)	50
Use of provisions	12	(12)	(14)
Net cash outflow from operating activities		<u>(19,098)</u>	<u>(28,743)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(93)	(62)
Purchase of intangible assets	6	(523)	(217)
Movement in Capital Accruals		(45)	59
Net cash outflow from investing activities		<u>(661)</u>	<u>(220)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		15,116	15,635
From the Consolidated Fund (Supply) - prior year		15	970
From the Consolidated Fund (Non-Supply)		148	16,656
Net financing		<u>15,279</u>	<u>33,261</u>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(4,480)	4,298
Payments of amounts to the Consolidated Fund	SoPS 4.1	(1,199)	(195)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(5,680)	4,103
Cash and cash equivalents at the beginning of the period	9	5,789	1,686
Cash and cash equivalents at the end of the period		<u>110</u>	<u>5,789</u>

The 'Notes to the Resource Accounts' form part of these accounts.

Statement of Changes in Taxpayers' Equity

Financial Year Ended 31st March 2019	Note	General Fund £000
Balance at 1st April 2017		(18,252)
Net Parliamentary Funding – drawn down		15,635
Net Parliamentary Funding – deemed	9	970
Consolidated Fund Standing Services (non-supply) Current Year		16,656
Consolidated Fund Standing Services (non-supply) Prior Year		716
Supply (receivable)/payable adjustment	9	(15)
Supply retained for future EU Referendum expenses	9	(5,774)
Income payable to the Consolidated Fund	SoPS 4	(127)
Comprehensive net Expenditure for the Year		(15,761)
Non-Cash Adjustments:		
Non-cash charges – auditor's remuneration	3	41
Balance at 31st March 2018		(5,911)
Net Parliamentary Funding – drawn down		15,116
Net Parliamentary Funding – deemed	9	15
Consolidated Fund Standing Services (non-supply) Current Year		148
Consolidated Fund Standing Services (non-supply) Prior Year		5,774
Supply payable/(receivable) adjustment	9	(110)
Excess Cash surrendered to the (non-supply) Consolidated Fund		(1,117)
Income payable to the Consolidated Fund	SoPS 4	(119)
Comprehensive net Expenditure for the Year		(15,409)
Non-Cash Adjustments:		
Non-cash charges – auditor's remuneration	3	42
Balance at 31st March 2019		(1,571)

The 'Notes to the Resource Accounts' 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 an Accounts Direction given by HM Treasury in accordance with Paragraph 17(2) of Schedule 1 to the Political Parties, Elections and Referendum Act 2000.

The statements are prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or 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 the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The SoPs and related notes have been audited.

1.2. Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention.

1.3. Property, Plant and Equipment

Property, plant and equipment are carried at fair value. Expenditure on property, plant and equipment over £1,000 is capitalised. On initial recognition assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition. All property, plant and equipment are deemed to be short life or low value assets and the Commission has therefore elected to value these assets on the basis of depreciated historical cost, as an approximation for fair value.

1.4. Depreciation and Amortisation

Non-current assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Asset lives are:

- | | |
|--|---------|
| • Intangible assets | 3 years |
| • IT hardware | 3 years |
| • Fixtures and fittings, furniture and other equipment | 5 years |
| • Leasehold improvements | 5 years |

1.5. Intangible Assets

Purchased computer software licences and the associated costs of implementation are capitalised as intangible assets where expenditure of £1,000 or more is incurred. Intangible assets are reviewed annually for impairment and are stated at Depreciated Historical Cost (DHC). Software licences are amortised over the shorter of the term of the licence and the useful economic life. Information Technology developments include any relevant staff costs which are also capitalised.

1.6. Operating income

Operating income relates directly to the operating activities of the Commission. It principally comprises income from rechargeable activity and from registration and re-registration of political parties. In accordance with IFRS15 revenue is recognised when performance obligations are met.

It also includes income received from political parties, individuals and third party campaigners in payment of fines and penalties which is payable to the Consolidated Fund.

1.7. Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.8. Grants payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

1.9. Provisions for liabilities and charges

The Commission provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Such provisions are discounted to present values where the time value of money is material.

Following the transfer of the functions of the Local Government Commission for England to the Electoral Commission on 1 April 2002 and the incorporation of its assets and liabilities as at that date, a provision has been established to meet its obligations with respect to pension payments to certain former Commissioners of that entity.

1.10. Value Added Tax (VAT)

The work carried out by the Commission is performed under statute and outside the scope of output VAT. Input VAT is charged to the relevant expenditure category, or if appropriate capitalised with additions to non-current assets. Income and expenditure are reported inclusive of VAT.

1.11. Administration and programme expenditure

The requirements of the FReM have been adapted to enable the Commission to produce these Accounts with sufficient detail to provide a true and fair view of its operations.

The Commission distinguishes for budgeting purposes between its core operating costs and event related activities. In these accounts the core costs of running the Commission are reported as expenditure (note 3). Event related activities are reported as other operating costs (note 3.1).

The Statement of Comprehensive Net Expenditure includes both costs incurred and any associated operating income.

1.12. Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described in note 12.1. The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependents' benefits. The Commission recognises the expected cost of those elements on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Scheme. In respect of the defined contribution elements of the scheme, the Commission recognises the contributions payable for the year. Pensions payable by the Commission are accounted for in the period they fall due.

Please refer to note 12.1 for the accounting treatment of the pension for ex-employees of the Local Government Commission for England due to the transfer of its functions to the Electoral Commission on 1 April 2002 and the incorporation of its assets and liabilities as at that date.

1.13. Financial instruments

Financial Assets

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. A provision is made for balances when there is objective evidence that the Commission will not be able to recover these in full. Balances are written off when the probability of recovery is assessed as being remote.

Financial liabilities

Trade and other payables are initially recognised at cost, where the time value of money is material, payables are subsequently measured at amortised cost.

1.14. Contingent liabilities

In addition to contingent liabilities disclosed in accordance with International Accounting Standard 37 (IAS 37-Provisions, Contingent Liabilities and Contingent Assets), the

Commission discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with requirements of Managing Public Money.

1.15. Going Concern

These accounts have been prepared on a going concern basis. The Statement of Financial Position as at 31 March 2019 shows negative taxpayers' equity of £1.571m. This reflects that on 31 March 2019 the Commission has accrued liabilities and provisions and not drawn down the funds, these have been accounted for within the financial statements, shown in Notes 10 and 11.

Approval for the resources required for 2019-20 has been received, this was laid before Parliament 9 May 2019, and there is no reason to believe that future approvals will not be forthcoming.

1.16. Impending application of newly issued accounting statements not yet effective

IFRS 16 (effective 2020-21) specifies how an organisation will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

This standard is not yet adopted by the FReM. Management have made an initial assessment of the impact of the standard and how to apply to the Commission when the standard is effective. The impact is expected to be immaterial.

1.17. Accounting estimates and judgements

The development, selection and disclosure of significant accounting estimates and judgements and the application of these judgements and estimates has been discussed and agreed with the Audit Committee.

- As outlined in Note 12.3, the Commission has reflected the expected cost of full reinstatement at the times of departure (2020-21). The level of provision is assessed by Commission management based on a professional assessment of future costs by a chartered surveyor.
- The Commission has not elected to make a financial provision for the legal cases being defended, it is considered there to be insufficient certainty as to the amount payable and/or the likelihood of payment, as outlined in Note 14.

1.18. Research and Development

Expenditure on research is charged to the Statement of Comprehensive Net Expenditure in the year in which it is incurred. Development expenditure is also recognised in the Statement of Comprehensive Net Expenditure when incurred unless it meets the specific criteria for capitalisation.

2. Statement of Operating Costs by Operating Segments

							2018-19
	Elections and Local Referendums	Electoral Registration	European Union Referendum	Commission Projects	Electoral Administration	Party and Election Finance	Total
£000							
Gross Expenditure	1,715	345	813	0	5,104	7,470	15,447
Income	0	0	0	0	0	(25)	(25)
Net Expenditure	1,715	345	813	0	5,104	7,445	15,422
	Elections and Local Referendums	Electoral Registration	European Union Referendum	Commission Projects	Electoral Administration	Party and Election Finance	2017-18 Total
£000							
Gross Expenditure	4,532	144	28	9	4,714	7,063	16,490
Income	(694)	0	0	0	0	(22)	(716)
Net Expenditure	3,838	144	28	9	4,714	7,041	15,774

Expenditure is reported between the core Commission objectives. In addition the analysis identifies the marginal costs of the following key deliverables which are managed through formalised segments and project management arrangements.

These are set out below.

The elections and local referendums segment governs the Commission's work ensuring well-run elections and referendums, providing guidance and assistance to Electoral Administrators, Candidates and Agents, developing and monitoring performance standards for ROs and producing reports on the administration of elections and referendums. The electoral registration activity supports our research and design work on the redevelopment of form design for voters.

Commission staff costs and corporate overheads are not attributed to programme or project activity, but for the purposes of this note are either directly allocated or apportioned as appropriate between Party Election Finance and Electoral Administration activity. Only the marginal costs of delivery are currently reported by programme and project to the Board and Executive Team.

3 Expenditure

	2018-19 £000	2017-18 £000
Staff Costs		
Wages and salaries	5,916	5,940
Social security costs	648	651
Other pension costs	1,174	1,160
Less recoveries in respect of outward secondments	0	1
	<hr/> 7,738	<hr/> 7,752
Rentals under operating leases		
Property rent	520	322
Equipment	12	12
Other		
Section 13 expenditure (Administration only)	1,351	2,851
Research	474	347
Consultancy	200	191
Recruitment	172	192
Staff training and development	104	93
Travel subsistence and hospitality	136	128
Travel and subsistence – Commissioners	15	17
Accommodation, maintenance	640	636
Publicity and publications	188	299
Conference/Public Meeting	33	12
Office Supplies book and journals	110	98
Warehouse and Archiving	57	80
IT/Telephone	559	577
Bank and Payroll charges	29	26
Internal audit fees	27	34
	<hr/> 4,627	<hr/> 5,915
Non-cash items		
Depreciation	94	88
Amortisation	141	165
National Audit Office Auditors' fees*	42	41
Provisions made in year	238	24
Provisions written back	0	0
	<hr/> 515	<hr/> 318
	<hr/> 12,880	<hr/> 13,985

* No non-audit services provided by the NAO

3.1 Other Operating Expenditure

	2018-19 £000	2017-18 £000
Policy Development grants	1,979	1,847
EU Referendum - Electoral Commission operational expenditure*	671	(53)
Local Government Scotland	0	682
	<hr/> 2,650	<hr/> 2,476

*£671k does not include internal staff costs of £142k, these are shown in the staffing costs, note 3.

Section 12 of PPERA provides for the Electoral Commission to administer a scheme to make payments of policy development grants to registered political parties. The current scheme is contained in the Elections (Policy Developments Grants Scheme) Order 2006 as amended.

The scheme requires the Commission to allocate £2,000,000 each year to registered political parties to assist with the costs of developing policies to be included in manifestos for local government, National Assembly for Wales, Northern Ireland Assembly, or Scottish, Westminster or European Parliamentary elections. To be eligible for inclusion in the scheme, a registered political party must have at least two MPs sitting in the House of Commons on 7 March prior to the year in question, who have sworn the oath of allegiance provided by the Parliamentary Oaths Act 1866.

The annual allocation of £2,000,000 is divided between the eligible parties according to the allocation formula set out in the Scheme.

All parties submitted expenditure returns; resulting in payments of £1,979,279.

3.2 Public awareness expenditure

Section 13 of PPERA requires the Commission to promote public awareness of current electoral systems in the UK and any pending such systems, together with such matters connected with any such existing or pending systems as the Commission may determine. The section enables the Commission, in performing this function in such manner as it thinks fit, to do so by carrying out programmes of education or information to promote public awareness; or to make grants to other persons or bodies for the purpose of enabling them to carry out such programmes. Section 13 expenditure is limited by The Electoral Commission (Limit on Public Awareness Expenditure) Order date 2002 (SI 2002/505) to £7,500,000 in a financial year. The Section 13 spending limit does not apply to public awareness activity specifically provided for, and undertaken under legislation other than PPERA. In 2017-18 examples of public awareness expenditure under other legislation includes the EU referendum on the UK's membership of the European Union.

Although not Section 13 any public awareness costs for both Scotland (Section 10) and EU referendum (Section 125) are also shown in the table below

Public Awareness

	2018-19 £000	2017-18 £'000
Core expenditure public awareness	818	8
Section 13	533	2,843
Public Awareness expenditure subject to Section 13 limit	1,351	2,851
Local Government Scotland	0	616
E U Referendum	(6)	(29)
	(6)	587
Total Public Awareness	1,345	3,438

4 Income

	2018-19 £000	2017-18 £000
	Total	Total
Operating Income		
New Registration of Political parties	14	13
Re-Registration of Political parties	9	8
Alteration to Registrations of Political parties	2	1
Charges/Transfer of costs to other bodies:		
Scottish government	0	694
Penalties paid by Political parties	112	127
Operating Income	<u>137</u>	<u>843</u>

5 Property, plant and equipment

	Leasehold Improvements £000	Office equipment £000	Information Technology - hardware £000	Furniture and Fittings £000	Total £000
Cost or valuation					
At 1 April 2018	891	6	866	61	1,824
Additions	0	0	93	0	93
At 31 March 2019	891	6	959	61	1,917
Depreciation					
At 1 April 2018	886	3	749	59	1,697
Charged in year	4	2	87	1	94
At 31 March 2019	890	5	836	60	1,791
Carrying amount at 31 March 2019	1	1	123	1	126
Carrying amount at 31 March 2018	5	3	117	2	127
Asset financing:					
Owned	1	1	123	1	126
Carrying amount at 31 March 2019	1	1	123	1	126

	Leasehold Improvements £000	Office equipment £000	Information Technology - hardware £000	Furniture and Fittings £000	Total £000
Cost or valuation					
At 1 April 2017	891	2	809	60	1,762
Additions	0	4	57	1	62
At 31 March 2018	891	6	866	61	1,824
Depreciation					
At 1 April 2017	878	2	670	58	1,608
Charged in year	8	1	79	1	89
At 31 March 2018	886	3	749	59	1,697
Carrying amount at 31 March 2018	5	3	117	2	127
Carrying amount at 31 March 2017	13	0	139	2	154
Asset financing:					
Owned	5	3	117	2	127
At 31 March 2018	5	3	117	2	127

6 Intangible assets

	Information Technology	Software Licences	Websites	Information Technology - Assets under Construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2018	1,262	201	2,105	64	3,632
Additions	18	0	516	0	534
Reclassification				(11)	(11)
At 31 March 2019	1,280	201	2,621	53	4,155
Amortisation					
At 1 April 2018	1,172	155	1,899	0	3,226
Charged in year	40	18	83	0	141
At 31 March 2019	1,212	173	1,982	0	3,367
Carrying amount at 31 March 2019	68	28	640	53	788
Cost or valuation					
At 1 April 2017	1,193	201	2,020	1	3,415
Additions	69	0	85	63	217
At 31 March 2018	1,262	201	2,105	64	3,632
Amortisation					
At 1 April 2017	1,152	135	1,776	0	3,063
Charged in year	20	20	123	0	163
At 31 March 2018	1,172	155	1,899	0	3,226
Carrying amount at 31 March 2018	90	46	206	64	406

Intangible assets comprise Information Technology and IT assets under development.

7 Capital and other commitments

7.1 Commitments under leases

7.1.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

Obligations under operating leases for the following periods comprise:	2018-19 £000	2017-18 £000
Buildings		
Not later than one year	636	636
Later than one year and not later than five years	1,121	1,709
Later than five years		
	<hr/> 1,757	<hr/> 2,345
Other:		
Not later than one year	0	2
Later than one year and not later than five years	0	12
Later than five years	0	0
	<hr/> 0	<hr/> 14
Total Operating leases	<hr/> 1,757	<hr/> 2,359

There were no capital commitments during 2018-19. (2017-18 nil).

There were no subleases and no receipts are expected during the year.

The Commission expensed a total of £532k in lease payments during the year. No contingent rent and sublease payments were made during the year. The Commission's commitment under leases is only for the rental of the premises and not the land.

8 Financial instruments

As the cash requirements of the Commission are met through the Estimates process financial instruments are of less importance and less risk than in a non-public sector body of a similar size.

The Commission has no powers to borrow or invest surplus funds. The majority of financial instruments relate to contracts for non-financial items in line with the Electoral Commission's expected purchase and usage requirements and the Electoral Commission is therefore exposed to minimal credit, liquidity or market risk.

The Commission does not hold any complex financial instruments. The only financial instruments other than cash included in these accounts are receivables and payables (see notes 10-11).

9 Cash and cash equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	5,789	1,686
Net change in cash and cash equivalent balances	(5,679)	4,103
Balance at 31 March	110	5,789
The following balances at 31 March 2019 were held at:		
Government Banking	110	15
Government Banking - EU Referendum	0	5,774
Balance at 31 March	110	5,789

10 Trade receivables and other current assets

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
Other receivables	121	430
Consolidated Fund Extra Receipts due to Consolidated Fund	33	3
Deposits and advances	28	30
Prepayments and accrued income	354	196
Advances to Returning Officers for EU Referendum	0	90
	<u>536</u>	<u>749</u>

11 Trade payables and other current liabilities

	2018-19 £000	2017-18 £000
Amounts falling due within one year		
Other taxation and social security	434	416
Trade payables	456	288
Other payables	19	60
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund (receivable)	33	3
Excess income payable to Consolidated Fund	7	0
Accruals and deferred income	1,110	759
Amounts issued from the Consolidated Fund for supply but not spent at year end	110	15
	<u>2,169</u>	<u>1,541</u>
Amounts falling due after more than one year:		
Other payables, accruals and deferred income	106	225
	<u>106</u>	<u>225</u>

Trade payables and other current liabilities relating to EU Referendum

	2018-19 £000	2017-18 £000
Amounts falling due within one year		
Accruals and deferred income	0	4,799
Amounts issued from the Consolidated Fund for non-supply but not spent at year end	0	5,774
	<u>0</u>	<u>10,573</u>

12 Provisions for liabilities and charges

	Pension £000	Early departur e costs £000	Dilapidation s £000	Total £000
Balance at 1st April 2018	187	3	453	643
Provided in the year	5	0	227	232
Provisions not required written back	0	0	0	0
Provisions utilised in the year	(12)	0	0	(12)
Unwinding of discounts	0	0	6	6
Actuarial (Gain)/Loss	(13)	0	0	(13)
Balance at 31st March 2019	167	3	686	856

Analysis of expected timing of discounted flows

	Pension £000	Early departur e costs £000	Dilapidation s £000	Total £000
Not later than one year	20	3	0	23
Later than one year and not later than five years	74	0	686	760
Later than five years	73	0	0	73
Balance at 31st March 2019	167	3	686	856

12.1 Pension Liability Statement

The Commission provides for the pension liability for certain former Commissioners of the Local Government Commission for England, following the transfer of functions to the Commission on 1 April 2002.

The pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the employer. There is no fund, and therefore no surplus or deficit. Actuarial advice was sought to ensure that the provision is set at a realistic level. An actuarial valuation was carried out by the Government Actuary's Department (GAD) to provide a value of the pension liability as at 31 March 2019. Actuarial gains and losses are accounted for through the Statement of Comprehensive Net Expenditure.

Given the non-materiality of the pension liabilities, the full disclosure requirements of IAS 19 are not being made.

The assumptions used by the actuary were:

	2018-19	2017-18
CPI inflation assumptions	2.60%	2.45%
The rate of increase in salaries	2.00%	1.00%
The rate of increase for pensions	2.40%	2.45%
The rate used to discount scheme liabilities	2.90%	3.00%

From 2010–11 the basis for the indexation of retirement benefits was changed from the Retail Price Index to the Consumer Price Index.

The Government Actuary's Department prepared a valuation on 31 March 2019.

	2018-19 £000	2017-18 £000
Provision at 1 April	187	208
Interest Cost	5	6
Actuarial Loss/(Gain)	(13)	(13)
Less benefits paid	(12)	(14)
Past service cost		
Present Value of scheme at end of year	<u>167</u>	<u>187</u>

Present value of scheme liabilities	Value at 31/03/2019 £'000	Value at 31/03/2018 £'000	Value at 31/03/2017 £'000	Value at 31/03/2016 £'000	Value at 31/03/2015 £'000
Liability in respect of					
Active members	0	0	0	0	0
Deferred Pensioners	0	0	0	0	0
Current Pensioners	<u>167</u>	<u>187</u>	<u>208</u>	<u>194</u>	<u>211</u>
Present value of scheme liabilities in respect of current pensioners	<u>167</u>	<u>187</u>	<u>208</u>	<u>194</u>	<u>211</u>

History of experience losses / (gains)	Value at 31/03/2019 £'000	Value at 31/03/2018 £'000	Value at 31/03/2017 £'000	Value at 31/03/2016 £'000	Value at 31/03/2015 £'000
Experience loss / (gain) arising on the scheme liabilities					
Amount (£'000)	(7)	2	1	(1)	0
Percentage of scheme liabilities at the end of year	0.5%	(0.5%)	0.5%	(0.5%)	0.0%

12.2 Early departure costs

The Commission also provides for the future payment liability in respect of two members of staff who left the Commission on early retirement terms in 2009. The total pension liability up to the normal retiring age in respect of the employee was charged as expenditure in the year in which the employee departed. The remaining provision reflects the outstanding liability until their 60th birthday.

12.3 Dilapidations

The Commission recognises a liability to make dilapidation payments to the landlords of its office premises on expiry of individual leases. Such payments reflect the expected cost of full reinstatement of tenant alterations and decorations at the times of departure.

The level of provision was assessed by Commission management based on a professional assessment of future costs from two chartered surveyors. The difference was the inclusion of restatement of the partition walls, costing £66k, management felt this was a high risk to omit from the calculation.

The calculation method has been changed to comply with IAS37.

13 Related-party transactions

The Electoral Commission is a body independent of Government and political parties, directly accountable to the UK Parliament with reporting obligations to the Scottish Parliament. Other than remuneration as disclosed in the accounts, none of the Commissioners, Executive Team or other related parties connected with them has undertaken any material transactions with the Commission during the year.

14 Contingent Liabilities

The Commission is defending a number of legal cases arising from the exercise of its statutory functions, in which parties or campaigners are pursuing statutory appeals, or seeking judicial review, against the regulatory decisions of the Commission. None of these cases involve claims for compensation. However the Commission may be exposed to the award of other parties' costs against it if judgements go against the Commission. The Commission has reviewed the progress of these cases and concluded that no probable present obligation to transfer economic benefits exists. Having reviewed the progress of these cases it is too early to form a reliable estimate of any possible costs awarded against the Commission.

15 Events after the reporting period

In accordance with the requirements of IAS 10 Events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as at the date of Certificate of the Comptroller and Auditor General.

In the Accounting Officer's opinion, there are no events since 31 March 2019 that would affect the financial statements.

ELECTORAL COMMISSION

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH PARAGRAPH 17(2) OF SCHEDULE 1 TO THE POLITICAL PARTIES, ELECTIONS AND REFERENDUMS ACT 2000.

1. The Electoral Commission shall prepare accounts for the financial year ended 31 March 2011 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ('the FReM') issued by HM Treasury which is in force for the financial year for which the accounts are being prepared.

2. The accounts shall be prepared so as to:

- (a) give a true and fair view of the state of affairs of the Electoral Commission at 31 March 2011 and subsequent financial year ends, and of its net resource outturn, changes in taxpayers' equity and cash flows for the financial year then ended; and
- (b) 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.

3. 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 the Treasury.

4. This direction replaces the direction dated 27 February 2006.

Chris Wobschall

Head, Assurance and Financial Reporting Policy, HM Treasury

15 April 2011

Contact us

We are an independent body set up by the UK Parliament. We regulate party and election finance and set standards for well-run elections. We work to support a healthy democracy, where elections and referendums are based on our principles of trust, participation, and no undue influence.

Our offices:

England

The Electoral Commission
3 Bunhill Row
London EC1Y 8YZ
Tel: 020 7271 0500
info@electoralcommission.org.uk

Wales

The Electoral Commission
Companies House
Crown Way
Cardiff CF14 3UZ
Tel: 0333 103 1929
infowales@electoralcommission.org.uk

Scotland

The Electoral Commission
City Chambers
High Street
Edinburgh EH1 1YJ
Tel: 0333 103 1928
infoscotland@electoralcommission.org.uk

Northern Ireland

The Electoral Commission
Ground Floor, 4 Cromac Place
The Gasworks
Belfast BT7 2JB
Tel: 0333 103 1928
inonthernireland@electoralcommission.org.uk

Appendix 1

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019 ⁹
Labour Leave (permitted participant at the EU Referendum)	Failure to deliver accurate campaign expenditure return; failure to deliver accurate weekly pre-poll donation report for 2016 EU Referendum	£8,000 and £1,000 (variable monetary penalties) Paid
Conservative and Unionist Party (registered party)	Inaccurate weekly pre-poll reports for 2017 UKPGE	£6,250 (variable monetary penalties) Paid
Conservative and Unionist Party (registered party)	Inaccurate quarterly donations report; inaccurate quarterly transactions report	£4,800 and £250 (variable monetary penalties) Paid
Liberal Democrats (registered party)	Failure to deliver accurate quarterly donations reports	£4,000, £500 and £250 (variable monetary penalties) Paid

⁹ Penalties must be paid within 28 days of issue, after which they increase. We treat a penalty as unpaid after 84 days and two increases, at which point we may seek to recover the penalty through the courts.

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019 ⁹
Momentum (members association and recognised third party campaigner)	Failure to deliver donation reports on time as a members association and failure to deliver an accurate spending return as a recognised third party campaigner	£12,150; £2,700; £900; £450; £250; £250 (variable monetary penalties) **Outstanding
Friends Party (registered party)	Failure to deliver quarterly donations reports on time	4 x £600 (variable monetary penalties) *Outstanding
Scotland's Independence Referendum Party (registered party)	Failure to deliver accounts for 2017	£1,000 (variable monetary penalty) *Outstanding
Women's Equality Party (registered party)	Inaccurate weekly pre-poll reports for 2017 UKPGE; inaccurate quarterly donations report	£600 and £250 (variable monetary penalties) Paid
Trade Unionists Against the European Union (permitted participant at the EU Referendum)	Payment of campaign expenses claim outside 60 days	£250 (variable monetary penalty) Paid
Matriarchal Party United Kingdom Great Britain (registered party)	Late delivery of 2017 statement of accounts	£200 (fixed monetary penalty) Discharged liability

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019⁹
Labour Party (registered party)	Failure to deliver accurate quarterly donations report; failure to deliver accurate weekly pre poll reports for 2017 UKPGE	£12,000 and £500 (variable monetary penalties) Paid
Movement for Consensus	Late delivery of quarterly donations and loans reports; weekly pre-poll reports; and annual accounts for 2017	£2,080 (variable monetary penalty) *Outstanding
Mr Robert Griffin	Paying for campaign expenditure on behalf of Liberal Democrats when not an authorised person	£200 (fixed monetary penalty) Discharged liability
Conservative and Unionist Party (High Peak accounting unit)	Failure to return impermissible donation within 30 days of receipt	£200 (fixed monetary penalty) and forfeiture of full value of donation (£1,000) Paid
National Health Action Party (registered party)	Late delivery of 2017 statement of accounts	£500 (variable monetary penalty) Paid
Liberal Democrats (registered party)	Inaccurate quarterly donations report	£200 (fixed monetary penalty) Paid
Conservative and Unionist Party (registered party)	Late delivery of quarterly donations report	£6,000 (variable monetary penalty) Paid

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019⁹
Liberal Democrats (registered party)	Failure to deliver accurate spending return for 2016 Scottish Parliamentary Election	£500 (variable monetary penalty) Paid
Kendal and Westmoreland Liberal Club (unincorporated association)	Failure to provide notification of gifts to a political party exceeding £25,000, and notification of gifts received by due date	£400 (variable monetary penalty) Paid
Spennymoor Independents	Late delivery of 2017 statement of accounts	£200 (fixed monetary penalty) Discharged liability
Scottish Democrats (registered party)	Late delivery of 2017 statement of accounts	£200 (fixed monetary penalty) Discharged liability
Hextable Independent (registered party)	Late delivery of 2017 statement of accounts	£200 (fixed monetary penalty) Paid
People's Assembly Against Austerity (recognised third party campaigner)	Failure to include an imprint on election material and failure to deliver accurate spending return for 2017 UKPGE	£900 (variable monetary penalty) Payment by instalments agreed
Co-operative Party (registered party)	Failure to deliver accurate spending return for 2017 UKPGE	£750 (variable monetary penalty) Paid

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019⁹
Ms Delyth Lloyd-Williams	Failure to include an imprint on election material	£500 (variable monetary penalty) Paid
Green Party (registered party)	Failure to deliver accurate spending return for 2017 UKPGE	£500 and £250 (variable monetary penalties) Paid
Compass (recognised third party campaigner)	Payment of campaign expenses claims outside 60 days	£500 (variable monetary penalty) Paid
Social Democratic and Labour Party (registered party in Northern Ireland)	Inaccurate quarterly donations reports and late notification of change of registered officer	2 x £250 (variable monetary penalties) Paid
Irvine Unionist Club (unincorporated association)	Failure to provide notification of gifts to a political party exceeding £25,000, and notification of gifts received by due date	£400 (variable monetary penalty) Paid
Unite the Union (recognised third party campaigner)	Failure to deliver accurate spending return for 2017 UKPGE	£250 (variable monetary penalty) Paid
Friends of the Earth Trust (recognised third party campaigner)	Late delivery of spending return for 2017 UKPGE	£250 (variable monetary penalty) Paid

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019 ⁹
Traditional Unionist Voice (registered party in Northern Ireland)	Late delivery of spending return for 2017 UKPGE	£1,000 (variable monetary penalty) Paid
Democratic Unionist Party (registered party in Northern Ireland)	Inaccurate quarterly loans reports	2 x £500 (variable monetary penalty) Paid
Christian Peoples Alliance (registered party)	Failure to deliver accurate spending return for 2017 UKPGE and provide required receipts; late delivery of pre-poll reports for 2017 UKPGE; failure to maintain proper accounting records	1 x £1,200, 1 x £600, 1 x £480, 1 x £300 (variable monetary penalty). Total: £2,580 Appeal ongoing
Compass (registered party)	Failure to deliver spending return for 2017 UKPGE	£2,000 (variable monetary penalty) *Outstanding
Global Britain (permitted participant at the EU Referendum)	Inaccurate pre-poll and post-poll donations reporting	1 x £1,000, 2 x £250 (variable monetary penalty) Paid
Best For Britain (recognised third party campaigner)	Failure to deliver accurate spending return for 2017 UKPGE; failure to return an impermissible donation	1 x £1,000, 1 x £250 (variable monetary penalty) Paid
Friends Party (registered party)	Failure to deliver compliant spending return for 2017 UKPGE	£1,000 (variable monetary penalty) *Outstanding

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019⁹
Hackney Labour Group (unincorporated association)	Failure to provide notification of gifts to a political party exceeding £25,000, and notification of gifts received by due date	£600 (variable monetary penalty) Paid
National Health Action Party (registered party)	Failure to deliver accurate spending return for 2017 UKPGE; late delivery of pre-poll reports for 2017 UKPGE; late delivery of quarterly reports	3 x £200 (fixed monetary penalty) Paid
Labour Peers Group (unincorporated association)	Failure to provide notification of gifts to a political party exceeding £25,000, and notification of gifts received by due date	£400 (variable monetary penalty) Paid
National Union of Teachers (recognised third party campaigner)	Failure to deliver accurate spending return for 2017 UKPGE	£250 (variable monetary penalty) Paid
New Society of Worth (registered party)	Late delivery of spending return for 2017 UKPGE	£250 (variable monetary penalty) Paid
Vote Leave Limited (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU referendum, failure to comply with a statutory notice, exceeding referendum spending limit	£61,000 in penalties (3 x £20,000, and a £1,000 variable monetary penalty) Appeal made, but subsequently withdrawn Penalties paid

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019⁹
Darren Grimes (permitted participant at the EU Referendum)	Incurring of expenditure over £10,000 on behalf of a non-permitted participant (BeLeave)	£20,000 variable monetary penalty Appeal ongoing
Veterans for Britain (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU referendum	£250 (variable monetary penalty) Paid
Plaid Cymru (registered party)	Late delivery of quarterly reports	£500 (variable monetary penalty) Paid
Concordia (registered party)	Late delivery of spending return for 2017 UKPGE, inaccurate spending return, late weekly reports	£300 (variable monetary penalty) Paid
Best For Our Future Limited (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU referendum	£2,000 (variable monetary penalty) Paid
Unison (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU referendum; late payment of an invoice	£1,500 (variable monetary penalty) Paid
Democratic Party (registered party)	Late delivery of 2016 statement of accounts	£1000 (variable monetary penalty) Payment by instalments agreed

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019⁹
Ipswich Labour Group (unincorporated association)	Failure to provide notification of gifts to a political party exceeding £25,000, and notification of gifts received by due date	£600 (variable monetary penalty) Paid
Scotland's Independence Referendum Party (registered party)	Late delivery of pre-poll reports and failure to deliver accurate spending return for 2017 UK Parliamentary General Election; late delivery of quarterly reports	3 x £200 (fixed monetary penalty) Paid
English Independence (registered party)	Late delivery of quarterly donations and loans reports	£600 (variable monetary penalty) *Outstanding
GMB (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU referendum	£500 (variable monetary penalty) Paid
Sinn Fein (registered party)	Late delivery of pre-poll reports for 2017 UK Parliamentary General Election	2 x £200 (fixed monetary penalty) Paid
Protest Party (registered party)	Late delivery of 2015 and 2016 statements of accounts	£300 (variable monetary penalty) Paid
Yarm Independents (registered party)	Late delivery of 2015 and 2016 statements of accounts	£200 (fixed monetary penalty) Discharged liability

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2019 ⁹
Leave.EU (permitted participant in the EU Referendum)	Failure to deliver an accurate spending return for EU referendum, inaccurate pre-poll loans report, exceeding referendum spending limit	<p>£70,000 in penalties (3 x £20,000, and a £10,000 variable monetary penalty)</p> <p>All offences upheld on appeal, three penalties upheld, one penalty reduced from £20,000 to £16,000.</p>

The Electoral Commission

The Electoral Commission is the independent body which oversees elections and regulates political finance in the UK. We work to promote public confidence in the democratic process and ensure its integrity.

The Electoral Commission 2019

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