

# Annual Report and Accounts 2017-18

Presented to Parliament pursuant to Schedule 1, Paragraphs 20(1) and 18(2)(b) of the Political Parties, Elections and Referendums Act 2000.

Ordered by the House of Commons to be printed on 19 July 2018.

HC1303

Presented to the Scottish Parliament pursuant to Schedule 1, Paragraph 20A(1) of the Political Parties, Elections and Referendums Act 2000.

ELC/2018/07



© Crown copyright 2018

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

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

This publication is available at

<http://www.electoralcommission.org.uk/>

Any enquiries regarding this publication should be sent to us at:

3 Bunhill Row,  
London  
EC1Y 8YZ

Tel 0333 1031928  
[info@electoralcommission.org.uk](mailto:info@electoralcommission.org.uk)

ISBN: 978-1-5286-0672-1  
CCS: CCS0718001448 07/18

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

# Contents

Performance report.....	5
Overview	
Roles and activities	8
Our highlights	9
Performance snapshot	10
Performance Analysis	
Detail of our performance analysis	11
Our resources to support delivery our objectives	21
Powers and sanctions report	30
Accountability report.....	47
Corporate governance report	
The Directors' report	48
Statement of Accounting Officer's responsibilities	50
Governance statement	51
Commission Board and Leadership team	53
Risk Management, internal controls and assurance	60
Review of effectiveness	64
Remuneration and staff report	66
Parliamentary accountability and audit report	77
Financial statements.....	89
Notes to the Resource Accounts.....	94
Contact Us.....	115

[This page has been intentionally left blank]

# The 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 2017-18 Annual Report and Accounts are prepared in accordance with an accounts direction, set out on page 104 issued by HM Treasury under paragraph 17 (2) of Schedule 1 PERA.

The Powers and Sanctions report at page 30 is prepared in accordance with paragraph 15 Schedule 19(b) and paragraph 27 Schedule 19(c) PERA.

# OVERVIEW

## Foreword

The Electoral Commission is the independent body that oversees elections and regulates political finance in the UK. We work to promote public confidence in the democratic process and ensure its integrity. We are pleased to publish our Annual Report for 2017-18. It outlines how we carried out our work, and our activity and achievements during the year.

As you will see, 2017-18 was another very busy year for the Commission. We built on the achievements of previous years through supporting major electoral events, undertaking significant investigations and starting work on the outcome of our strategic review. Interest in elections, both here and abroad, grew to unprecedented levels and is welcome, as is the increased scrutiny on us and others involved in elections which flows from it.

The Commission's response to the announcement of the unscheduled UK Parliamentary General Election (UKPGE) in 2017 was quick and effective. We worked with stakeholders from across the country to make sure all concerned were encouraged to register, that the poll held on 8 June was well run, and that voters had confidence in the results. There was a record electoral register for this UKPGE. It also followed shortly after scheduled polls on 4 May 2017, including council elections across Scotland and Wales and in some parts of England. All this meant that 2017-18 was much busier than planned for us and for electoral administrators.

The Commission was also very active as the political finance regulator. Our investigatory activity mainly focused on the 2015 and 2017 UKPGEs and EU referendum. This included publishing spending and donation returns from political parties and campaigners at the UKPGE 17 and launching a number of investigations. We also continued work on significant and high profile investigations relating to the EU referendum.

The changing nature of political campaigning and increased focus on democracy and democratic processes, both in the UK and elsewhere, have provided opportunities for us to highlight our work. We have sought to draw attention to our policy recommendations in our post poll reports, as well as appearing before several select committees. We also began work on an enquiry into digital campaigning.

We have worked closely with others to do this. For example, we liaised closely with the Information Commissioner about the use of personal data during elections, and with the National Cyber Security Centre and security services about securing elections. These relationships will continue, and we look forward to working with others to help maintain vital public confidence in elections.

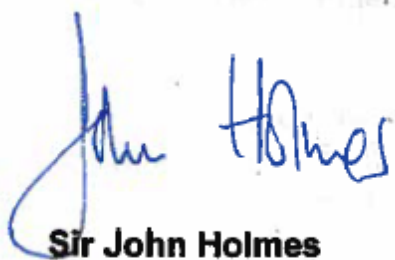
The Commission's Corporate Plan 2018-23 sets out in more detail our planned activity following our strategic review, but the first year's activity is already reflected in this report. Significant projects included preparations for the UK Government's voter ID pilots in May 2018, planning for increasing accountability to the National Assembly for Wales and the Scottish Parliament, and starting a number of major digital projects to reform and modernise the services we provide to our stakeholders.

Further detail about the Commission's activity in the 2017-18 year can be found in the following pages, including information on the achievement of our objectives and performance against our key performance measures.

Looking ahead, we are preparing for increasing challenges in the future. As we have said before, the legal framework underpinning our democracy requires urgent attention and the resources available to run elections, especially in local authorities, continue to be under severe strain. Alongside this, the nature of political campaigning is changing, with increasing reliance on digital communication, and electoral law needs to keep up with this shift.

Within the next five years, devolution of the electoral framework within the UK will mean increased variation in how things are done. We will listen and work together with our key partners, stakeholders and staff to ensure we are ready and able to tackle these opportunities.

Our warm thanks go to the Commission staff for the skill and commitment they continue to bring to meeting the challenges facing us. Our thanks also go to the range of other organisations we work with. Our democratic processes face significant internal and external challenges, but we remain firm in our resolve to ensure that voters across the UK can continue to have trust and confidence in the integrity of the system.



**Sir John Holmes**  
Chair



**Claire Bassett**  
Chief Executive

## About the Electoral Commission

### 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



# 2017-18

## Highlights

We:



Oversaw the **unscheduled UK general election**, which had the largest ever electorate for a UK-wide poll with an estimated **46.8** million people registered to vote.



**Supported** the delivery of council elections in **Scotland**, six combined authority **mayoral elections**, and local elections in **England** and **Wales**.



Spent **£16.024million**, managing our resources with a strong focus on value for money.



For the first time, **published details of donations and public funds** accepted by the political parties in **Northern Ireland**, following our repeated calls for legislation.



**Scrutinised £41.6million of spending** by 75 parties and 18 non-party campaigners. This includes the record £40.1million accepted by 11 political parties in the period from 1 April to 30 June 2017, the largest amount ever accepted in a quarter.



**Employed** an average of **134 staff**, comprising of 57% female and 43% male.



**Imposed a penalty in 86 cases**, £30,000 being the highest charged to any one party, with a further two over £10,000.

## Our year at a glance

### May 2017

- Local government elections
- Report on Northern Ireland Assembly election published

### June 2017

- UK general election

### July 2017

- Published our report on electoral registration at the UK general election

### September 2017

- Reports on local elections published

### October 2017

- 'Voting in 2017' report published

### November 2017

- 'Elections for everyone' and 'Standing for office in 2017' reports published

### December 2017

- Reports on the 'Administration of the June 2017 UKPGE' published

### February 2018

- Alyn and Deeside by-election
- Centenary of the Representation of the People Act 1918

### March 2018

- Publication of Northern Ireland political finance data
- Launch of "Got 5" registration and "Your vote is yours alone" fraud awareness campaigns
- Legal changes made to support anonymous registration following our recommendations

# Our performance snapshot

---

**100%**

Published 100% of our guidance products on time with no substantive errors

---

---

**+60%**

Exceeded our target for additions to electoral registers by 60% for the UK general election during our public awareness campaign

---

---

**£127k**

Issued £127,625 in fines and penalties

---

---

**187**

Completed 187 investigations, with 96% of them within 180 days

---

---

**4,543**

Dealt with 4,543 queries to electoral administration advice line, with 99% of queries answered within three working days

---

---

**£1.8m**

Paid £1.8million to eight political parties in policy development grants

---

---

**223**

Responded to 223 FOI requests, a 20% increase from 2016/17

---

---

**1,532**

Responded to 1,532 queries to our political finance advice line, with 97% answered within our target response times

---

---

**16k**

Answered 16,000 calls and emails to our public enquiry lines

---

# Performance Analysis

## Performance Measures

We measure our performance against the strategic goals that are set out in our 2017-18 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 Winter Tracker 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 work, 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 2017-18.

## Business Plan 2017-18 Performance Measures

**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.

In 2017-18 we achieved most of our targets against this goal. We also successfully delivered a UKPGE which was not scheduled when these targets were agreed. We were able to support electoral administrators – who are working in challenging environments, with reduced resources and increasing complexity of elections – by publishing 100% of our guidance products on time and to a high quality. We also met our target in relation to integrity plans, which ensure that follow-on support is received where it can bring most benefit.

To focus our support for electoral administrators, we set an ambitious target of responding within three working days to 100% of requests for advice from Electoral Registration Officers (EROs) and Returning Officers (ROs). We just missed this ambitious target, with only 22 queries out of 4,543 falling outside the three day target timeframe.

We achieved 75% of our target for additions to the electoral register for the May 2017 polls. The lower levels of public motivation around local elections were a factor here, as well as the fact that the geographical spread of the polls meant we could not make use of TV advertising, still the most effective way of reaching a public audience. However, we exceeded by 60% our registration target for the UKPGE, contributing to the largest ever electorate for a UK-wide poll.

<b>Performance Measure</b>	<b>EOY Performance</b>
We publish 100% of guidance products relating to electoral registration on time with no substantive errors.	<b>100% - Achieved</b>
We provide accurate advice to ROs and EROs within three working days of receipt of the request.(Target 100%)	<b>99% - Not Achieved</b>
Additions to electoral registers during our public awareness campaigns met or exceed our targets. (Specific targets agreed ahead of each poll)	<b>May 2018 polls: 75% - Not Achieved</b>
	<b>June 2017 UKPGE: 160% - Achieved</b>
We review 100% of integrity plans from local authorities identified to be at a higher risk of fraud.	<b>100% - Achieved</b>
We publish 100% of our reports to planned deadlines.	<b>100% - Achieved</b>
We comment on 100% of relevant legislation and policy proposals.	<b>100% Achieved</b>

**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.

The unscheduled UKPGE brought an unplanned increase in demands for our regulatory function, adding to significant on-going work from the previous UKPGE and the EU referendum. Despite this, we were able to achieve the majority of our performance measures, including meeting targets for publishing guidance and providing advice.

The UKPGE resulted in a significant increase in party registrations and financial returns, impacting on the timeliness of our registration service.

However we substantially overachieved against our target to check 25% of all financial returns for accuracy and compliance each year, checking over 80%.

We were also able to publish 91% of financial returns from parties and campaigners within 30 working days of receipt. We marginally missed this target as a result of a proactive scheduling decision to change a planned August publication date to September.

<b>Performance Measure</b>	<b>EOY Performance</b>
We publish routine financial returns from parties and campaigners, including statements of accounts, within 30 working days of receiving them. (Target 100%)	<b>91% - Not Achieved</b> (All subsequently published)
We check a minimum of 25% of all financial returns for accuracy and compliance each year.	<b>84% - Achieved</b>
We publish 100% of guidance products on time with no substantive errors.	<b>100% - Achieved</b>
We provide accurate advice within five to 20 days of receipt of the request, depending on the complexity of the advice (target 90%).	<b>97% - Achieved</b>
We notify applicants of the outcome of their registration applications within 30 days of a complete application 90% of the time.	<b>79% - Not Achieved</b>
We conduct timely and proportionate investigations of which 90% are completed within 180 days.	<b>96% - Achieved</b>
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.	<b>81% - Not Achieved</b> (All subsequently published)
We make timely regulatory recommendations that reflect the principles guiding our approach to effective regulatory framework.	<b>100% - Achieved</b> (All subsequently published)

**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 is a developing area of activity for us and responds to feedback from our strategic review that we should develop our forward looking leadership role in the electoral community. This area of work focuses on innovation and development, and strengthening our evidence base and use of evidence.

Following the announcement of the UKPGE, we decided to postpone some work as much of the planned activity focused on consultation with

stakeholders, who would be concentrating on delivering the polls. This has since resumed vigorously and the innovation activity mentioned below has been organised into two projects – one focusing on registration and one on voting.

<b>Performance Measure</b>	<b>Actual Performance</b>
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.	<b>Not Achieved –</b> Project in progress

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.



## Detail of performance during 2017-18

### Delivering well-run electoral events

In 2017-18, we worked with electoral administrators and other stakeholders to support the delivery of the following elections:

- Local government elections in England, including combined authority mayoral elections in six areas (Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, Tees Valley, West Midlands, West of England)
- Local government elections in Scotland and Wales
- UK Parliamentary general election
- National Assembly for Wales by-election in Alyn and Deeside

As part of work to support the delivery of well-run elections, we updated our guidance and support materials to assist EROs in planning for and delivering electoral registration services. From August we started monitoring and supporting EROs to deliver their annual canvasses. As in previous years, we took a risk based approach to supporting and challenging EROs to achieve the performance standards, enabling us to focus our support where it was most needed.

Ahead of the May 2018 polls, we published guidance for ROs, Combined Authority Returning Officers and for candidates and agents. We also updated the candidate spending return for the combined authority mayoral election in Sheffield. In preparation for the UKPGE, we updated and published our core guidance within three days of the announcement, and the entire suite of guidance and resources within two weeks.

Following the polls, we produced a series of election reports (these are listed in the infographic on pages 9 and 10). Our report on the March 2017 Northern Ireland Assembly election found that voters and campaigners were confident that the election was well-run and highlighted the need for online registration to be introduced in Northern Ireland. Reports on the local government elections in Wales and Scotland showed that voters and campaigners had high levels of satisfaction in the way in which those elections were run.

In December 2017, our report on the UKPGE highlighted that the election presented significant challenges for ROs and their staff who were responsible for running the poll. Despite this, we found the election was generally well-run, but noted that there are wider risks to the administration of well-run elections which are becoming increasingly apparent.

During the year, we answered over 16,000 calls, emails and letters from the public on the subject of elections and electoral registration. Nearly all of these enquiries (98.9%) were responded to within one week. We also responded to

over 4,500 queries from electoral administrators on a range of issues, answering 99% within three working days.

As part of ongoing work to share good practice in electoral registration among EROs, we have undertaken a project with the Association of Electoral Administrators (AEA) and the Scottish Assessors Association to capture examples of good practice carried out in electoral administration. We developed and published, in advance of the 2017 canvass, a suite of short resources based on key categories of challenge faced by EROs. The areas covered range from ideas for reaching target groups, to ensuring more residents are correctly registered, to ways an ERO can improve existing administrative processes.

### **Tackling electoral fraud**

Throughout the year, we worked to review our approach in relation to the prevention and detection of electoral fraud, to identify whether there were changes we could make which would significantly improve our response to electoral fraud. We undertook stakeholder engagement to understand perceptions of electoral fraud and seek views on how we could maximise our impact in this area. In February 2018, we published data on cases of alleged electoral fraud recorded by police forces during 2017, including our own analysis of the data and trends.

Ahead of the UKPGE, we worked in partnership with the crime reporting charity Crimestoppers to raise awareness of and encourage people to report instances of electoral fraud. Ahead of the May 2018 polls we launched a new campaign, 'Your vote is yours alone' creating a new suite of resources for local authorities and other organisations to use. This included videos, posters, a flyer, social media content and website banners. Crimestoppers operated a dedicated phone line and ran a digital campaign across their website as well as social media and Google channels. These materials were well used and will form part of our public awareness activities for future polls.

We have also been working closely with electoral administrators, parties, campaigners and the Cabinet Office to support the UK Government's voter ID pilots in the May 2018 elections. This included preparations for the Commission's formal role in conducting an independent evaluation of the pilots.

### **Maximising and modernising electoral registration**

In April we concluded our multimedia campaign to raise awareness of the deadline to register to vote in the May 2017 polls. We aimed to achieve 68% campaign recognition and exceeded this target, with 72% of people recognising one or more elements of the campaign. We also launched our campaign to encourage UK citizens living overseas to register to vote ahead of the UKPGE.



In April and May, we ran an additional campaign in Scotland to ensure people knew how to cast their votes correctly using the Single Transferable Vote. Our target was for 75% of people to correctly identify how to complete their ballot paper and we exceeded this with a result of 80%. We also ran an awareness campaign - 'Ready To Vote' - specifically targeted at 16 and 17 year olds in school in Scotland. Over 80% of Scottish secondary schools participated in the campaign which won a silver award at the Public Service Communications Excellence Awards 2017.

Ahead of the UKPGE, we launched our multimedia registration campaign to ensure those people not already registered did so before the deadline. We coordinated contributions from social media companies including Facebook, Instagram, Snapchat and Nextdoor, and we gained media coverage at key points in our campaign. Our targets were to add 601,500 people to the register in Great Britain and 4,600 in Northern Ireland; we exceeded these targets, with 958,000 additions in Great Britain and 12,800 in Northern Ireland.

As part of our statutory duty to report on elections, in July 2017, we published our report on electoral registration at UKPGE. We found that an estimated 46.8 million people were registered to vote at the June 2017 election, of which 68.8% actually voted, and more than 2.9 million applications to register to vote were made in Great Britain between the announcement of the election and the deadline for applications. In our report, we highlighted that the online registration service has significantly improved access to elections in Great Britain, but is not yet available for people in Northern Ireland. We also noted that EROs again reported the significant administrative and financial impact of processing duplicate applications submitted by people who were already registered to vote.

In November, we published Elections for everyone, our report looking at the experiences of disabled people in registering and voting ahead of the UKPGE. This also informed our response to the UK Government's call for evidence on the accessibility of elections, as well as our response to the Scottish Government consultation on electoral reform and the Assembly Commission's consultation on creating a Parliament for Wales. We suggested several areas for further improvement that governments should address to improve the accessibility of elections, such as making changes to election forms so they can be easily understood, and looking at different ways that disabled people can vote so they have greater flexibility and choice.

Throughout the autumn we worked with governments to actively contribute to changes to legislation which would make it easier for survivors of domestic abuse and others to register to vote anonymously, allowing them to exercise their right to vote without risking their safety. We welcomed these changes, which came into effect in spring 2018. We had been calling for them since 2016, alongside groups such as Women's Aid.

We also worked closely with the Cabinet Office, the AEA and the Scottish Assessors Association on their plans to introduce pilots for the annual canvass.

Finally, in March we launched our voter registration campaign ahead of the scheduled elections in May 2018. This was the first to use our new 'Got 5?' campaign creative, which emphasises the ease of registration and encourages people to take five minutes to do so before the deadline.

## **Ensuring transparency**

Transparency is essential to increasing public confidence in the democratic process. Information on how political parties, candidates and other campaigners raise and spend money should be open to timely public scrutiny.

One of our key achievements in this area is the publication for the first time of donations and loans received by political parties in Northern Ireland. We were pleased to see the legislation come into effect following our concerted advocacy and support, and we were able to publish the first set of data in political donations in Northern Ireland on 12 March 2018. This was a milestone for us in improving the transparency of political finance in Northern Ireland. We will now publish information about donations and loans for Northern Ireland parties alongside the quarterly publication for parties in Great Britain and we will continue to push for this to be backdated to 2014, as envisaged by the primary legislation.

In 2017-18 we published details of 75 parties and 18 non-party campaigners which collectively spent £41,587,450 at the UKPGE. To support this data, we regularly reported on political finance in the lead up to the UKPGE. In May and June, we published six weekly pre-poll donations and loans reports, which included details of any reported donations or loans worth more than £7,500. In November, we published the campaign expenditure returns of political parties and registered non-party campaigners that spent £250,000 or less campaigning at the UKPGE, followed in March by those which spent over £250,000.

To improve access to data about political finance, we continued our two year project to redevelop PEF Online, our portal to access transparency data. We undertook a consultation with our key users to define and prioritise the required improvements, to ensure the system is fit for purpose and easy to use. We awarded the development contract in March and will continue to work with our suppliers ahead of the launch of the new portal in 2019.

Part of our responsibility is to administer and audit Policy Development Grants (PDGs). The following eight political parties were eligible to receive PDGs in the 2017–18 financial year:

- Conservative Party
- Democratic Unionist Party
- Labour Party
- Liberal Democrats
- Plaid Cymru
- Scottish National Party
- Social Democratic and Labour Party
- Ulster Unionist Party

### **Good regulation**

Our regulatory activity includes maintaining registers of political parties, non-party campaigners and other regulated entities. We also provide advice and guidance on the PPERA rules, monitoring compliance with those rules and, where necessary and proportionate, taking robust and effective enforcement activity.

We responded to 1,532 requests for advice, answering 98% of these within target. The majority of the queries related to the rules on spending and donations for candidates and political parties contesting the UKPGE.

We concluded 187 investigations into offences or contraventions of PPERA. 96% of these were completed within 180 days. Please see our Powers and Sanctions report (page 30) for further details. We responded actively to the increased scrutiny on the electoral process and political finance, with our regulation team working on high-profile cases linked to the EU referendum and UKPGE throughout the year. In November, we published our report on political finance regulation at the UKPGE.

### **Innovation and development**

This increasingly important area of activity focuses on taking a leading role in the sector in which we operate, and responding effectively to emerging challenges and opportunities. A key part of this work has been on digital campaigning. These enquiries have both looked back at how digital campaigning was used by campaigners and parties in the EU referendum and the 2017 UKPGE and forward looking, to the changes to electoral law which would help to improve transparency and regulation of online campaigns at UK elections.

We will publish a report on these enquiries in summer 2018, but during this reporting year it has already informed our engagement with the DCMS Select Committee inquiry into fake news, and our support to the ICO inquiries into the use of data in political campaigning.

In the autumn, we consulted with stakeholders across the UK on improvements to our guidance. The aim is to develop and implement a strategy for the delivery of more accessible guidance.

In March 2018, we developed a proposed structure for this new style of guidance and a style guide with key principles to shape the work. This project will continue into 2018-19 with the launch of the new guidance format in 2019.

In response to the further devolution of powers on elections to Scotland and Wales, and to support future structures, advisory groups have also been established to help inform our current and future work programmes.

As noted above, both the Scottish and Welsh Governments undertook major public consultations on proposals for reforms to local government elections and, in Wales, elections to the National Assembly. We welcomed the opportunity to contribute to the important debates developing in Scotland and Wales, and we submitted and published responses to these consultations.

We also responded to the National Assembly for Wales Assembly Commission's consultation 'Creating a Parliament for Wales'.

Internally, we also set up steering groups focused on our key areas of work – event delivery, modernising electoral registration, regulation, modernising elections and digital and infrastructure – to provide greater opportunity for coordination of our work and strategic development.

### **Strengthening our evidence base**

As part of our regular research programme to monitor the public's view on electoral issues, we undertook our Winter Tracker survey in December. This is our annual process that helps us track public opinion on voting, elections, fraud and the electoral process. The survey results form the majority of our impact indicators.

In November 2017, the UK Government gave approval for the Law Commission of England and Wales to begin work on preparing reformed rules for the administration of local elections and local referendums in England and of Police and Crime Commissioner Elections in England and Wales. We welcomed this announcement and have been supporting the Law Commission in its work drafting these new rules.

Throughout the year, we undertook research to inform our on public democratic engagement in the UK and barriers to participation. We worked with academics, counterparts in other countries and the electoral community in the UK to understand various approaches to democratic engagement and methods to improve voter participation. This project continues into the next reporting year.

# Our resources to support 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 our staff and work hard to maintain it. Our Staff Engagement Group meets on a regular basis to seek staff input on emerging issues and help to maintain good employee relations. 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).

We undertake an Annual Staff Survey. In 2017, the Staff Engagement index score was 68%, down from 73% achieved in 2016. Whilst a decrease, the index still indicates the Commission's is above the average Civil Service People Survey score in 2017 of 61%. Highlights of the survey included:

- A 92% response rate which is the highest recorded at the Commission
- Feedback relating to a culture of positive and productive discussions taking place with line managers about flexible working, workload and other pressures
- Staff indicating that meaningful discussions are taking place around personal development
- Staff continuing to feel that they were able to achieve a work/life balance
- An improved score in the view that line managers are dealing with performance issues effectively
- Staff feedback indicating that they continue to feel trusted to carry out their jobs and they feel a good sense of respect from people they work with
- Improved engagement scores for some directorates from previous years where engagement levels have generally been lower

Following the survey, the Senior Leadership Group identified the main areas on which to focus activity to drive further improvement over the course of the year, informed by advice from the Staff Engagement Group. These included strengthening internal communications and reforming the internal commissioning process.

## **Equal opportunities and diversity**

We are committed to the principle of equality of opportunity and values 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 2017-18. 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.

## **Occupational health and safety**

Our health and safety policy is reviewed annually and available to all our staff. 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 2017-18 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, 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 also 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 CO<sub>2</sub> emissions
- Operated recycling facilities in all our offices
- Upgraded to more energy efficient ICT equipment

### Summary (London office)

Area		2017-18 Performance		2016-17	2015-16
		Actual	Target		
Greenhouse gas emissions (CO <sub>2</sub> e in tonnes)		235	300	268	331
Estate Energy	Consumption (kWh)	699,600	720,351	682,595	758,107
	Expenditure	Not available	Not available	Not available	Not available
Estate Waste	Amount (tonnes)	10.01	9.55	9.67	9.43
	Expenditure	£1,134	£1,039	£994	£1,084
Estate Water	Consumption	1,341 m <sup>3</sup>	846 m <sup>3</sup>	847 m <sup>3</sup>	845 m <sup>3</sup>
	Expenditure	Not available	Not available	Not available	Not available

### Emissions report (London office)

Greenhouse Gas emissions		2017-18	2016-17	2015-16	2014-15
Non-financial indicators (CO <sub>2</sub> e in tonnes)	Total gross emissions	235	268	331	354
	Gross emissions – Fossil fuel consumption	198	227	281	282
	Gross emissions – Travel	37	41	50	72
Related energy Consumption (kWh)	Electricity	487,611	495,414	552,634	538,285
	Gas	211,990	187,181	205,442	228,959
Financial indicators (£)	Expenditure on Energy	Not available	Not available	Not available	Not available
	Expenditure on travel	£113,852	£166,585	£154,431	£153,821



## 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 260,591 kWh during 2016-17 to 244,743 kWh during 2017-18 (a saving of 15,848 kWh which equates to a 6% decrease). The reduction results can be attributed to the continued benefits of upgrading IT equipment to thin client computers with a lower power draw, and the phasing of the building's air conditioning system which has been implemented by the landlord.

## 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			2017-18	2016-17	2015-16	2014-15
Non-financial indicators (tonnes)	Total waste		10.01	9.67	9.43	12.33
	Non-hazardous waste	Confidential	2.81	2.48	1.93	1.98
		General waste reused or recycled	7.26	7.19	6.7	10.34
Financial indicators (£)	Total disposal cost		Not available	Not available	Not available	Not available
		Confidential	£1,134	£994	£1,084	£1,123
		General waste reused or recycled	Not available	Not available	Not available	Not available

We have seen an increase in the amount of confidential waste and the level of both general and recycled waste. 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.

## Our Resources

### Using our financial resources efficiently

In 2017-18, the resources initially made available to us by the UK Parliament were £17.927m for voted activity. Non-voted funding of £253k was provided to meet Commissioners' fees.

In January 2018 the Commission surrendered £945k of voted budget including £725k resource and £175k capital. This was primarily due to the impact of the UKPGE which meant we postponed some of our key project work. Due to the short lead up to the UKPGE, we also underspent on our campaign budget as there were fewer media partners for us to work with ahead of the poll. This resulted in us returning cash of £693k due to the timing of draw down and Supplementary Estimate approval.

In achieving our objectives, we have used £16.180m resources for the whole year. This was £1.1m less than the sum of £17.280m approved by Parliament in the Commission's Supplementary Estimate (HC 786) for the net resource requirement. This variance is best explained as an underspend of £1.003m against the voted allocation and an underspend of £0.097m against the non-voted element.

Resources	2017-18	2017-18	Saving	
	Supplementary Estimate	Outturn		
	£000	£000	£000	%
Voted				
Expenditure	17,468	16,461	(1,007)	6%
Income	(766)	(716)	50	-6%
Capital	325	279	(46)	14%
<b>TOTAL Voted</b>	<b>17,027</b>	<b>16,024</b>	<b>(1,003)</b>	<b>6%</b>
Non-Voted				
EU Referendum	0	0	0	
Commissioners fees	253	156	(97)	
<b>TOTAL Non-voted</b>	<b>253</b>	<b>156</b>	<b>(97)</b>	
<b>Electoral Commission Total</b>	<b>17,280</b>	<b>16,180</b>	<b>(1,100)</b>	

The under-spend of £1m against the voted amount of £17.28m is comprised of:

- Elections and local referendums - £348k
- Scottish Local Government elections - £56k (this was matched by the reduction in income from the Scottish Government)
- Policy Development Grant - £153k
- Projects - £25k a combination of both savings and delayed start dates
- Pay - £70k – due to vacancies throughout the year
- Depreciation - £40k – due to reduced capital spend
- Income - £8k – higher than expected income from registrations
- Support services - £254k - a combination of smaller underspends and reduced costs due to the focus on the general election.
- Capital - £46k underspend due to savings on ongoing capital projects

In addition to the income from the Scottish Government, other 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. We collected £195k in fines during 2017-18, £71,000 were fines from 2016-17; £127k was collected for 2017-18, £124k was surrendered to the Consolidated Fund by 31 March 2018; the remainder was surrendered in April 2018.

We required cash amounting to £16.591m in 2017-18 to finance our voted activities, which was £15k less than the sum of £16.605m approved by Parliament in the Commission's Supplementary Estimate. The Reconciliation of Net Resources to Net Cash Requirement (page 81) provides a reconciliation of the net cash requirement to the increase / decrease in cash held.

The Statement of Cash Flows balance as at 31 March 2018 (page 92) was £5.789m, this is predominately related to balances held in relation to unsettled claims from Returning Officers for the EU referendum, that remain subject to scrutiny.

The Statement of Financial Position as at 31 March 2018 (page 91) shows negative taxpayers' equity of £5.911m. This also reflects the fact that on 31 March 2018, these claims remain unsettled.

## **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 2017-18, 99.9% of invoices (99.9% in 2016-17) 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 2017-18, we had no disputed invoices and recorded performance was 100% (2016-17 88.7%).

## **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 2017-18 we received 223 FOI requests. 178 were due for response in the same period and we responded to 141 (79.2%) within the 20 working days statutory timeframe. We also responded to nine FOI internal review requests. Two decisions were appealed to the Information Commissioner's Office and in both instances the Commission's decisions were upheld.

We have seen a continued increase in both volume and complexity of Freedom of Information requests which has impacted our compliance. We are making changes to how this activity is resourced to address this in 2018-19. We dealt with 13 complaints. One complainant requested a review. We responded to 26 Parliamentary questions during 2017-18.

## **Going Forward**

Our Supply Estimate for 2018-19 (HC945) provides for a net resource requirement of £16.686m. This was approved on 25 April 2018, 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 2018-19 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 local government elections in England and 4 mayoral areas, in May 2018
- 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
- Providing support, advice and training 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 as a prosecutor and our capability to conduct criminal investigations

A handwritten signature in black ink, appearing to read 'Claire Bassett', with a stylized, cursive script.

**Claire Bassett**  
**Chief Executive and Accounting Officer**  
**28 June 2018**

# Powers and Sanctions Report

## Use of our powers and sanctions between 1 April 2017 and 31 March 2018

In keeping with good regulatory practice and our published [Enforcement Policy](#), we seek to encourage compliance with the rules by providing effective support and guidance. Our goal, whenever possible, is to provide support and guidance to those we regulate to help them comply with the rules. However, where necessary, we take proportionate action when the rules are not followed.

PPERA provides us with 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, PPERA 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 2017-18 we did not use our powers to issue disclosure notices or to apply for a warrant to enter premises.

We issued a total of 14 investigation notices during 2017-18. This compares to 16 investigation notices in 2016/17. The number of notices issued in 2016-17 was a notable increase on previous years and reflected an evolution in the Commission's enforcement approach and an updated Enforcement Policy.

The 14 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):

- One notice was issued to the then registered treasurer of the One Love Party, which is now de-registered. This was to progress an investigation into failures by that party to deliver required financial returns to the Commission
- Three notices were issued in relation to an investigation into Leave.EU, a registered campaigner in the 2016 referendum on the UK's membership of the EU
- Eight notices were issued in relation to an ongoing investigation into Better for the Country Limited, Mr Arron Banks and associated entities
- One notice was issued in relation to an ongoing investigation into Vote Leave, Mr Darren Grimes and Veterans for Britain, registered campaigners in the 2016 referendum on the UK's membership of the EU
- One notice was issued to a de-registered party in relation to an ongoing investigation into that party

## 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 is almost four times that of 2016/17. That reflects our increasingly robust approach to non-compliance, in line with our Enforcement Policy, but also that this period includes many of the penalties so far imposed on campaigners in the 2016 EU referendum.

The table below sets out the 86 cases where a penalty was imposed between 1 April 2017 and 31 March 2018 and the payment status. It includes 13 cases where payment was made before a notice imposing the penalty was issued, including 11 where liability for a fixed penalty was discharged through early payment.

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.

We did not serve any stop notices; no enforcement undertakings were offered or accepted; and no appeals were made against sanctions.



Socialist Party GB (registered party)	Late delivery of quarterly donations reports; weekly donations and loans reports for 2017 UKPGE; and 2016 statement of accounts	£10,000 (variable monetary penalty)	Outstanding*
British National Party (registered party)	Late delivery of weekly donations report for 2017 UKPGE; inaccurate weekly donations report; late delivery of 2016 statement of accounts	£5,500 (variable monetary penalty)	Outstanding*
Labour Party (registered party)	Late delivery of quarterly loans report	£750 (variable monetary penalty)	Paid
True English Poetry Party (registered party)	Late delivery of 2016 statement of accounts	£400 (variable monetary penalty)	Paid
Communities United Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice
West Dunbartonshire Community Party	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice
North Norfolk Liberal Democrats (accounting unit of a registered party)	Failure to return impermissible donation within 30 days of receipt	£200 (fixed monetary penalty)	Paid on initial notice

DDB UK (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU Referendum, and late payment of invoices	£1,750 (variable monetary penalty)	Paid
Yorkshire Party (registered party)	Late delivery of pre-poll reports for 2017 UKPGE and 2016 statement of accounts	£1,000 (variable monetary penalty)	Paid
Birmingham 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
Your Decision (registered party)	Late delivery of 2015 statement of accounts	£200 (fixed monetary penalty)	Outstanding*
Northern Ireland First (registered party in Northern Ireland)	Failure to deliver four quarterly donations reports and four quarterly loans reports; 2016 statement of accounts; and spending return for Northern Ireland Assembly election 2016	£6,000 (variable monetary penalty)	Outstanding*
Enact (registered party)	Failure to deliver statement of accounts; failure to deliver quarterly donations and loans reports; failure to deliver weekly donations and loans reports for 2017 UKPGE	£3,000 (variable monetary penalty)	Outstanding*

Conservative and Unionist Party (registered party in Northern Ireland)	Late delivery of accounts for 2016; late delivery of spending return for Northern Ireland Assembly election 2017; inaccurate spending return for Northern Ireland Assembly election 2016	£1,500 (variable monetary penalty)	Paid
The Workers Party (registered party in Northern Ireland)	Late delivery of pre-poll reports for 2017 UKPGE, and late delivery of spending return for Northern Ireland Assembly election 2017	£1,300 (variable monetary penalty)	Outstanding**
Ashfield Independents (registered party)	Late delivery of pre-poll reports for 2017 UKPGE and quarterly donations and loans reports	£800 (variable monetary penalty)	Outstanding**
Newham 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	£500 (variable monetary penalty)	Paid
Independent Network (registered party in Northern Ireland)	Late delivery of quarterly donations and loans reports	£500 (variable monetary penalty)	Paid

It's Our County (Herefordshire) (registered party)	Late delivery of accounts for 2016; of notification of change of registered officer; and of change of party registered address	£500 (variable monetary penalty)	Paid
Demos (Direct Initiative Party) (registered party, now known as Engage)	Late delivery of pre-poll reports for 2017 UKPGE	£500 (variable monetary penalty)	Outstanding*
RISE (Respect, Independence, Socialism and Environment) (registered party)	Late delivery of accounts for 2016 and of notification of change of registered officer	£450 (variable monetary penalty)	Paid
Europeans Party (registered party)	Late delivery of quarterly donations and loans reports	£300 (variable monetary penalty)	Paid
The People's Representative (registered party)	Late delivery of 2014, 2015, and 2016 statements of accounts	£300 (variable monetary penalty)	Payment by instalments agreed.
People Social Freedom Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Outstanding*
Bath Constituency Labour Party (accounting unit of the Labour Party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Outstanding**

Werrington First (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice
Liberal Democrats (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU Referendum	£18,000 (variable monetary penalty)	Paid
Immigrants Political Party (registered party)	Late delivery of 2016 statement of accounts, and quarterly donations and loans reports	£2,500 (variable monetary penalty)	Paid
Traditional Unionist Voice (registered party in Northern Ireland)	Late delivery of pre-poll reports for 2017 UKPGE; 2016 statement of accounts; and campaign expenditure return for the 2017 Northern Ireland Assembly Election	£1,850 (variable monetary penalty)	Paid
Labour Campaign for Human Rights (members association)	Late reporting of donations by members association	£1,350 (variable monetary penalty)	Paid
Open Britain (formerly known as Britain Stronger in Europe/The 'In' Campaign) (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU Referendum	£1,250 (variable monetary penalty)	Paid

East Midlands Training Limited (permitted participant at the EU Referendum)	Payment of campaign expenses claim outside 60 days	£750 (variable monetary penalty)	Paid on initial notice
Friends Party (registered party)	Late delivery of pre-poll reports for 2017 UKPGE	£600 (variable monetary penalty)	Outstanding*
Britain First (registered party)	Late delivery of 2016 statement of accounts	£500 (variable monetary penalty)	Outstanding*
Communication Workers Union (permitted participant at the EU Referendum)	Payment of a campaign expenses claim outside 60 days	£500 (variable monetary penalty)	Paid
Citizens Independent Social Thought Alliance (registered party in Northern Ireland)	Failure to deliver campaign expenditure return on time for the 2016 Northern Ireland Assembly Election, failure to include all invoices	2 x £200 (fixed monetary penalty)	Paid
Fishing for Leave (permitted participant at the EU Referendum)	Failure to deliver an accurate spending return for EU Referendum, and payment of an invoice received late	£250 (variable monetary penalty)	Paid

WAG TV (permitted participant at the EU Referendum)	Payment of campaign expenses claims outside 60 days	£250 (variable monetary penalty)	Paid
Progressive Unionist Party (registered party in Northern Ireland)	Late delivery of campaign expenditure return for the 2017 Northern Ireland Assembly Election	£250 (variable monetary penalty)	Paid
The New Society of Worth (registered party)	Late delivery of pre-poll reports for 2017 UKPGE	£200 (fixed monetary penalty)	Paid
Socialist Equality Party (registered party)	Late delivery of notification of change of registered officer	£200 (fixed monetary penalty)	Paid
South Belfast Unionists (registered party in Northern Ireland)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
The Chase Independent Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
Universal Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
European Citizens Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice

Christian Party "Proclaiming Christ's Lordship" (registered party)	Late delivery of pre-poll reports for 2017 UKPGE	£1,000 (variable monetary penalty)	Paid
Al-Zebabist Nation of Ooog (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
National Republican and Democratic Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Outstanding*
Hoi Polloi (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Outstanding**
Just Political Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
English National Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
Jammu Kashmir (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
Old Swan Against The Cuts (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid



City Independents (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice
Free Democratic Party (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice
Calverton First Independents (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice
People First (registered party)	Late delivery of spending return for National Assembly of Wales election 2016	£200 (fixed monetary penalty)	Paid on initial notice
European Movement of the UK Limited (permitted participant at the EU Referendum)	Failure to deliver a complete and accurate pre-poll donation report, and failure to deliver a complete and accurate campaign expenditure return as a permitted participant at the EU Referendum	£8,750 (variable monetary penalty)	Paid
Compass Party (registered party)	Late delivery of pre-poll reports for 2017 UKPGE and 2016 statement of accounts	£1,500 (variable monetary penalty)	Outstanding*
UKIP (registered party)	Late delivery of pre-poll report for 2017 UKPGE	£1,000 (variable monetary penalty)	Paid

Campaign for an Independent England (permitted participant at the EU Referendum)	Failure to deliver declaration of no spending as a permitted participant at the EU Referendum by the due date	£1,000 (variable monetary penalty)	Payment by instalments agreed.
UKIP (registered party in Northern Ireland)	Failure to deliver a complete campaign expenditure return for the 2016 Northern Ireland Assembly Election	£3,500 (variable monetary penalty)	Paid
British National Party (registered party)	Failure to deliver quarterly donations and loans reports by due <u>dates</u>	£500 (variable monetary penalty)	Paid
Best For Our Future (permitted participant at the EU Referendum)	Payment of a campaign expenses claim outside 60 days	£250 (variable monetary penalty)	Paid
Christian Movement for Great Britain (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid on initial notice
Better for Bradford (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
Independent Network (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Outstanding**
Llais Gwynedd (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
Fancy Dress Party (registered party)	Late delivery of 2015 statement of accounts	£200 (fixed monetary penalty)	Paid

Humanity (registered party)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
Humanity (registered party in Northern Ireland)	Late delivery of 2016 statement of accounts	£200 (fixed monetary penalty)	Paid
Movement for Active Democracy (registered party)	Late delivery of pre-poll reports for 2017 UKPGE	2 x £200 (fixed monetary penalty)	Paid
The Republic Party (registered party in Northern Ireland)	Failure to deliver quarterly donations and loans reports by due dates	£1,500 (variable monetary penalty)	Outstanding*
Proud Robinson Limited (permitted participant at the EU Referendum)	Failure to deliver campaign expenditure return for the EU Referendum as a permitted participant at the EU Referendum by the due date	£1,000 (variable monetary penalty)	Paid on initial notice
Left Leave (permitted participant at the EU Referendum)	Failure to deliver campaign expenditure return for the EU Referendum as a permitted participant at the EU Referendum by the due date	£500 (variable monetary penalty)	Paid
UUP (registered party in Northern Ireland)	Failure to deliver a complete campaign expenditure return for the 2016 Northern Ireland Assembly Election	£3,000 (variable monetary penalty)	Paid

Midwest Group (permitted participant at the EU Referendum)	Failure to deliver campaign expenditure return for the EU Referendum as a permitted participant at the EU Referendum by the due date	£1,500 (variable monetary penalty)	Paid
Compass Party (registered party)	Failure to deliver quarterly donations reports by due dates	4 x £200 (fixed monetary penalty)	Outstanding*
Peter Harris (permitted participant at the EU Referendum)	Failure to deliver campaign expenditure return for the EU Referendum as a permitted participant at the EU Referendum by the due date	£12,000 (variable monetary penalty)	Paid
Democratic Unionist Party (registered party in Northern Ireland)	Failure to deliver a complete campaign expenditure return for the 2016 Northern Ireland Assembly Election	£4,000 (variable monetary penalty)	Paid
Camborne and Redruth (registered accounting unit of the Labour Party)	Failure to deliver 2014 statement of accounts by due date of 30 April 2015	£500 (variable monetary penalty)	Paid
Abolish the Welsh Assembly (registered party)	Failure to deliver campaign expenditure return for the 2016 National Assembly for Wales Election by due date	£400 (variable monetary penalty)	Paid
Swanscombe and Greenhithe Residents Association (registered party)	Failure to deliver 2015 statement of accounts by due date of 30 April 2016	£200 (fixed monetary penalty)	Paid

New Parliament Party (registered party)	Failure to deliver 2015 statement of accounts by due date of 30 April 2016	£200 (fixed monetary penalty)	Paid
Movement for Active Democracy	Failure to deliver 2015 statement of accounts by due date of 30 April 2016	£200 (fixed monetary penalty)	Paid
Greenpeace Limited	Failure to register with the Commission as a non-party campaigner at the 2015 UK Parliamentary General Election before spending in excess of the registration threshold	£30,000 in penalties (1 x £20,000, 1 x £10,000 variable monetary penalty)	Paid

\* Balance remains outstanding as at 31 March 2018

\*\* Amounts received but not yet paid over to Consolidated Funds by 31 March 2018

The sanctions listed are fines made from 1 April 2017 – 31 March 2018. The Analysis of Income Payable to the Consolidated Fund (page 81) shows additional penalties that were incurred and cash received from previous year's fines and penalties.

[This page has been intentionally left blank]

# The 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 website.

## Going Concern

Approval for the resources required for 2018-19 has been received, this was laid before Parliament 25 April 2018, 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 on page 62.

## 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 on page 63. Disclosures on employment and engagement with staff are in section 'Our people' on page 21 of the Performance Report and additional information is included in the Remuneration Report on page 66.

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' beginning on page 26.

## 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 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

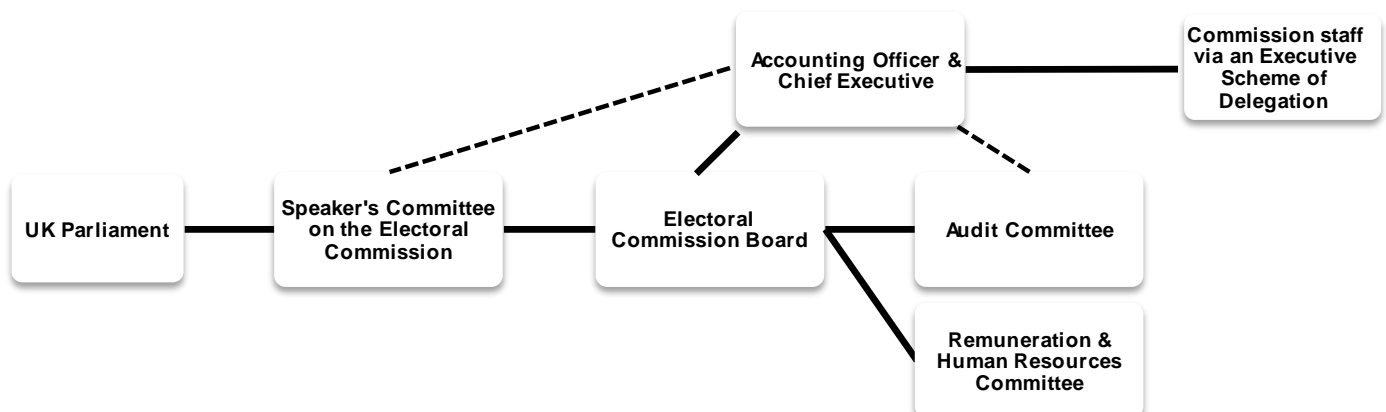
The Electoral Commission was set up under PPERA. In accordance with Schedule 1(19) of PPERA, the Speaker's Committee has appointed me as Accounting Officer of the Electoral Commission. My responsibilities in this role are set out separately on the previous page.

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 throughout the financial year by review of documentation, discussions with Commissioners, the independent Chair of the Audit Committee and staff and meetings with internal and external auditors and other external stakeholders.

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 2017-18 were:

- Rt Hon John Bercow MP, Speaker of the House of Commons (Chair)
- Mr Bernard Jenkin MP, Chair of the Public Administration and Constitutional Affairs Committee
- Rt Hon 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 Jenkyn 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 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 2018-19 financial year, and our Business Plan 2018/19 – 2022/23 (HC1079), in April 2018. The Supply Estimate (HC945) was laid before Parliament on 25 April 2018.

## 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. Commissioners are appointed for a period not exceeding four years in the first instance, with the possibility of re-appointment for a further period. 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 spent an average of between 1.4 and 4.8 days per month on Commission duties.

The following Commissioners served during the year:

- Sir John Holmes (Chair)
- Dame Susan Bruce
- Anna Carragher
- Professor Elan Closs Stephens, CBE
- Tony Hobman (until 31 December 2017)
- Lord Horam of Grimsargh
- David Howarth
- Alasdair Morgan
- Bridget Prentice
- Rob Vincent CBE

The durations of the current Commissioner appointments are as follows:

<b>Name</b>	<b>From</b>	<b>To</b>
Anna Carragher	1 January 2016	31 December 2019
Tony Hobman	1 January 2014	31 December 2017
Lord Horam of Grimsargh	1 October 2014	30 September 2018
David Howarth	1 October 2014	30 September 2018
Alasdair Morgan	1 October 2016	30 September 2020
Bridget Prentice	12 May 2014	30 September 2018
Rob Vincent, (CBE)	1 January 2016	31 December 2019
Sir John Holmes	1 January 2017	31 December 2020
Dame Susan Bruce	1 January 2017	31 December 2020
Professor Elan Closs Stephens (CBE)	13 March 2017	12 March 2021

During the year 2017-18 the Commission Board has delegated specific activities to the following sub-committees:

- Audit Committee
- Remuneration and HR Committee

### **Audit Committee**

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

The Audit Committee supports the Accounting Officer to discharge her responsibilities for ensuring the adequacy of risk management, internal controls, efficient and effective use of public funds and financial governance arrangements within the organisation. The Audit Committee also acts on behalf of the Commissioners to provide them with assurance on these issues.

The Audit Committee's role includes, in particular, scrutiny and review of the Commission's accounting policies; the Commission's annual report and accounts, including the process for review of the accounts prior to submission for audit and management's letter of representation to the Comptroller and Auditor General; matters relating to the National Audit Office (NAO); the adequacy of management response to issues identified by audit activity; assurances relating to the corporate governance requirements for the organisation; and proposals for tendering for audit services, or for the purchase of non-audit services from contractors which 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. During 2017-18, the deep dives focused on events outside the Commission's control that have an effect on it and its reputation and the impact of Brexit on the organisation.

The Audit Committee comprises four appointees and is required to meet at least three times a year. Three Commissioners are appointed by the Board to the Audit Committee. The Chair of the Commission may not be appointed as a member of the Audit Committee. 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. It is agreed by the Board that the independent adviser will chair the Audit Committee and have 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.

Members of the Audit Committee will 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 2017–18 financial year was Dean Parker CPFA, independent adviser<sup>1</sup>. The members of the Committee during the same period were:

- Alasdair Morgan, Electoral Commissioner
- Dame Susan Bruce, Electoral Commissioner
- Tony Hobman, Electoral Commissioner (Until 31 December 2017)
- Professor Elan Closs Stephens CBE, Electoral Commissioner (Audit Committee member from 20/03/18)

---

<sup>1</sup> The absence of the Chair due to a long-term illness meant that meetings after Sept 2017 were chaired by a member of the Committee.

## **Auditors**

The Audit Committee approved a programme of audit and reviews for 2017–18 and has monitored the achievement of this programme through the year. 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 2017–18. 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 three times a year.

The Committee has been established to support 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 staff pay award remit 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 HR 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 2017–18 financial year were:

- Anna Carragher (Chair until 31 December 2017), Electoral Commissioner
- Rob Vincent CBE (Chair from 1 January 2018), Electoral Commissioner
- Bridget Prentice (from 1 January 2017), Electoral Commissioner

The Committee met three times during 2017-18 and the key topics of discussion were pay, reward and performance management, staff survey, and the HR Plan.



## **Review of Board and Committee performance during 2017-18**

Regular self-assessment of Board and Committee effectiveness is an integral part of the Commission's governance arrangements. The Board reviewed its effectiveness in September 2017 which resulted 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.

The number of formal Board meetings has been reduced to allow Commissioners to meet quarterly to consider key topics in depth at Informal Commissioners' days. These allow Commissioners and staff to engage with external subject matter experts and aid in developing the strategic direction of the organisation more effectively. In addition, we have revised our board templates and introduced a Context, Question and Conclusion (CQC) approach so that there is clear and early understanding of what key questions the Board want examined. In January 2018, our auditors undertook an audit of our Governance processes to assure that these are effective.

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 2017 electoral events
- Review of administration of June 2017 UKPGE
- Preparation for May 2018 elections
- Electoral Commission planning for Brexit
- The Commissioner's role as a Prosecutor
- Establishing our accountability to the Scottish Parliament and National Assembly for Wales

The Board considered the following topics at Informal Commissioners days:

- Electoral Fraud
- Digital Campaigning

The Audit Committee, as well as the Remuneration and HR Committee, reviewed their effectiveness during the year (Audit Committee in June 2017 and March 2018) and the Remuneration and HR Committee in June 2017 and March 2018. Responses were positive, and the Committees will act on the conclusions during 2018 – 19.

Board and Committee attendance during 2017-18 is set out in the following table. Maximum possible attendance is given in brackets

Name	Commission Board	Audit Committee	Remuneration and HR Committee
Sir John Holmes	7 (7)	-	-
Anna Carragher	6 (7)	-	3 (3)
Professor Elan Closs Stephens (CBE)	7 (7)	1 (1)#	
Tony Hobman (Until 31/12/17)*	5 (5)*	2 (2)*	-
Lord Horam of Grimsargh	7 (7)	-	-
David Howarth	7 (7)	-	-
Dame Susan Bruce	6 (7)	2 (3)	-
Alasdair Morgan	7 (7)	3 (3)	-
Bridget Prentice	6 (7)	-	2 (3)
Rob Vincent (CBE)	7 (7)	-	3 (3)

\* Tony Hobman left The Electoral Commission on 31/12/17 on expiry of his term of office

# Professor Elan Closs Stephens replaced Tony Hobman 01/01/18 on Audit Committee

## Chief Executive

The Commission Board appoints the Chief Executive to lead and manage the Commission. Claire Bassett was appointed as Chief Executive by the Commissioners from 7<sup>th</sup> October 2015 on a five year contract of employment. The Speaker's Committee also designated her as the Commission's Accounting Officer.

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 and usually meets weekly 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.

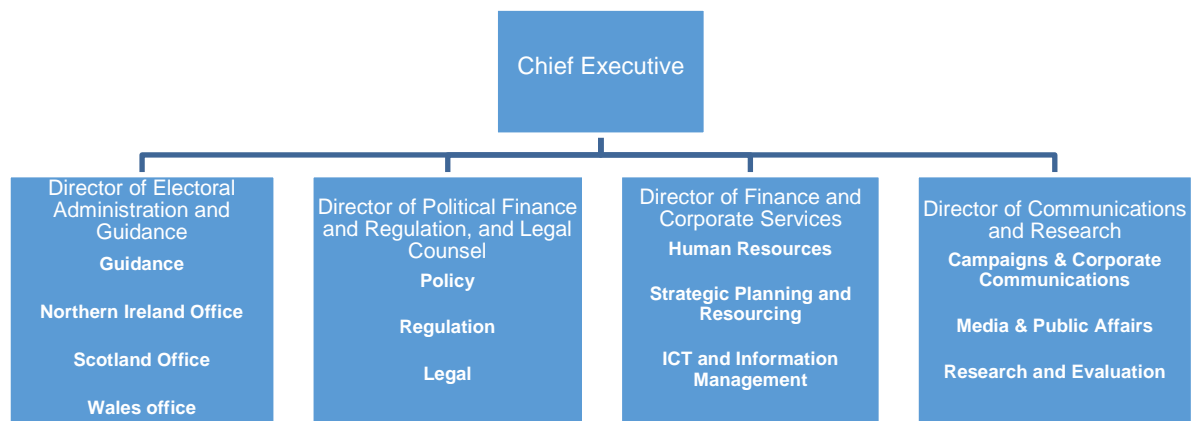
The Executive Directors have delegated authority for the day-to-day management of the Commission with the Chief Executive. These delegations are formally set, recorded and reviewed on an annual basis.

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 2017-18 are listed below:-

- Chief Executive: Claire Bassett
- Deputy Chief Executive and Director of Finance and Corporate Services: Carolyn Hughes (Left the Commission 6 April 2018)
- Director of Finance and Corporate Services: Kieran Rix (appointed from 1 March 2018)
- Director of Political Finance and Regulation and Legal Counsel: Bob Posner
- Director of Communications and Research: Craig Westwood
- Director of Electoral Administration and Guidance: Ailsa Irvine
- 

The organisational structure as at 31 March 2018 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 and the Legal Counsel 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

Our risk management policy was reviewed in 2017-18 to ensure it provided a focus on our approach to risk management, with a new emphasis on identifying and assessing sources of assurance.

Our organisational risks continue to be mitigated through our main programmes of work and key operational activities.

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 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 2017-18:

- The organisational risk register was subject to close monitoring particularly in light of May elections and the UKPGE
- The risk management policy was 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 2017 elections and the UK General Parliamentary election took place including business continuity and crisis management rehearsals

The strategic risks that were monitored and managed by us in 2017-18 were:

- The Commission is ineffective in delivering 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 further devolution
- The Commission is not sufficiently prepared to deal with the implications of Brexit

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. As disclosed in note 3 to the accounts, a notional cost was recognised of £41,000 (2016-17: £47,000). The decrease is due to a reduction in audit activity relating to the EU referendum compared to 2016-17.

## **Internal Audit**

Our internal auditors in 2017-18 were Mazars LLP. Mazars were appointed from 1 April 2016 on a three year contract at an annual cost of £27,810 (including VAT).

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 and was delivered within the year.

The cost of internal audit services for 2017-18 was £33,720, (2016-17 cost £30,279).

Five internal audit reports (purchasing and procurement, corporate governance, electoral claims unit, campaigns and electoral registration) were completed during the year. 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, reviewed for accuracy. All parties submitted expenditure returns; resulting in payments of £1,846,542 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).

In accordance 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 2017-18, 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 three information governance related incidents reported during 2017-18. One incident related to the loss of a Commission smartphone and resulted in no loss of data. A further incident related to fraudulent access to voicemail accounts where phones were forwarded to premium rate numbers. This is a financial fraud and no evidence of information loss was detected and losses were recovered. A final incident related to the redaction of documents, where redactions were marked but not applied.

These incidents were reported to and reviewed by the Commission's Audit Committee as part of the annual assessment of information risk management. The report noted that remedial actions and future mitigations have been implemented.

None of the incidents were of such a nature or severity as to require reporting to the Information Commissioner's Office.

A further incident occurred during April 2018, outside of the reporting year 2017-18 but during the preparation of this report. On 28 March we issued a

response to a Freedom of Information request, which included a spreadsheet of information about donations made to Scotland in Union. As is standard practice, personal data was redacted from the spreadsheet in order to meet legal requirements about data protection. This response was subsequently published on our website on 17 April. We were subsequently made aware that, owing to a technical issue with the application of the redactions, it was possible to remove the redactions from the spreadsheet. This incident has been reported to the Information Commissioner's Office.

We were informed on 20 June 2018 that the ICO would be taking no further action in relation to this data breach. We accept the recommendations made by the ICO and will continue to implement measures to prevent this type of incident occurring in the future.

Throughout 2017-18, work was undertaken to prepare for the enforcement of General Data Protection Regulation on 25 May 2018. An audit was conducted of how personal data is processed across teams within the Commission which informed a planned programme of work. A report on the plans was presented to Audit Committee in October 2017. The Committee was satisfied that the plans adequately covered the required actions within the timeframe. Work has continued and has included appropriate certification training for the Data Protection Officer, updates to voter materials, producing guidance for EROs and ROs and drafting of privacy notices to be available on our website and at touch points where we collect personal data.

## 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 2017-18. There were no instances of whistleblowing during 2017-18 and I am satisfied that sufficient controls are in place.

# 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 spent 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 2017.

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 2017 to 31 March 2018 was set at £378 (2016-17: £374).

Commissioners were paid one month 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 2017-18 were as follows:

### Salary and Fees

Name	2017-18 £	2016-17 £
Jenny Watson (Chair to 31 January 2017) (CBE)	0	72,622
John Holmes (Chair from 1 January 2017)	69,874	17,425
Dame Susan Bruce (from 1 January 2017)	12,828	2,431
Professor Elan Closs Stephens (from 13 March 2017) (CBE)	14,352	0
Anna Carragher	7,164	14,021
John McCormick (to 31 December 2016)	0	15,702
David Howarth	4,717	6,919
Lord Horam of Grimsargh	5,095	6,919
Tony Hobman	5,847	6,726
Gareth Halliwell	0	17,192
Alasdair Morgan	8,869	11,962
Bridget Prentice	6,416	8,228
Rob Vincent (CBE) (subject to audit)	8,306	9,163

The remuneration for the Chair of the Audit Committee for the year was £4,500 as set by the Remuneration and HR Committee.

#### **Business expenses – travel and accommodation**

<b>Name</b>	<b>2017-18</b>	<b>2016-17</b>
	<b>£</b>	<b>£</b>
Jenny Watson (Chair)(CBE)	0	829
Sir John Holmes	1,586	770
Professor Elan Closs Stephens (CBE)	4,156	89
Anna Carragher	1,348	2,231
John McCormick	0	3,494
David Howarth	0	264
Susan Bruce	5,428	1584
Tony Hobman	374	454
Gareth Halliwell	0	3,645
Alasdair Morgan	2,681	3,411
Bridget Prentice	544	40
Rob Vincent (CBE) `	555	754

(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.

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, which may be accessed at:

[www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### 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 2017-18 was £109 (2016-17; £111). These benefits are provided for all Commission staff.

#### Bonuses

During 2017-18, the Directors along with all staff were awarded a £150 non-consolidated bonus payment in recognition of exceptional work that had taken place across the organisation (including the UKPGE) which was pro-rated for people joining part way through the year and part-time staff.

**Single total figure of remuneration**

<b>Directors</b>	<b>Salary (£'000)</b>		<b>Pension Benefits (£'000)</b>		<b>Total (£'000)</b>	
	<b>2017-18</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2016-17</b>
Claire Bassett Chief Executive	130-135	130-135	52	51	180-185	180-185
Carolyn Hughes* Deputy Chief Executive and Director Finance and Corporate Services	100-105	100-105	19	24	120-125	125-130
Kieran Rix** Director of Finance and Corporate Services	5-10	0	3	0	10-15	0
Ailsa Irvine Director of Electoral Administration and Guidance	95-100	20-25	118	60	215-220	80-85
Craig Westwood Director of Communication and Research	95-100	60-65	38	24	135-140	85-90
Bob Posner Director of Political Finance and Regulation and Legal Counsel	95-100	95-100	19	25	115-120	120-125

\*C Hughes resigned 6 April 2018; \*\*K Rix appointed 1 March  
Annualised salaries for 2016-17 for Ailsa Irvine and Craig Westwood is £95-100k. Annualised salary for 2017-18 for Kieran Rix is £95-100k.

Salary includes £150 non-consolidated bonus, all staff are eligible for Benenden health care of £100

(subject to audit)

## Pension information for directors

<b>Directors</b>	<b>Accrued pension at pension age as at 31/3/18 and related lump sum £000</b>	<b>Real increase in pension and related lump sum at pension age £000</b>	<b>CETV at 31/3/18 £000</b>	<b>CETV at 31/3/17 £000</b>	<b>Real increase in CETV £000</b>
Claire Bassett Chief Executive	20-25	2.5-5	216	180	20
Carolyn Hughes Deputy Chief Executive and Director Finance and Corporate Services	20-25	0-2.5	384	340	18
Kieran Rix Director of Finance and Corporate Services	0-5	0-2.5	2	0	1
Ailsa Irvine Director of Electoral Administration and Guidance	20-25	5-7.5	250	178	55
Craig Westwood Director of Communication and Research	0.5	0-2.5	33	12	13
Bob Posner Director of Political Finance and Regulation and Legal Counsel	15-20	0-2.5	352	309	18

\*C Hughes resigned 6 April 2018; \*\*K Rix appointed 1 March

There was no employer contribution to partnership pensions. CETV is the Cash Equivalent Transfer Value

(subject to audit)

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.

## 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% - 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 0.8% 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 the website [www.civilservicepensionscheme.org.uk](http://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.

For 2017-18, employer's contributions of £1,190,319 were payable to the Schemes (2016-17; £1,122,870) at one of four rates in the range 20% to 24.5% (2016-17; 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 £35,370 (2016-17; £45,030) were paid to one or more of a panel of three appointed stakeholder pension providers. 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 £7,834 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 £6,124. 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 £187k at 31 March 2018 (£208k at 31 March 2017).

### **Compensation on early retirement or for loss of office**

There were no payments made during 2017-18 providing compensation for early retirements or for loss of office. (2016-17 £nil).

### **Payments to past directors**

During 2017-18, 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

	2017-18	2016-17
	£	£
Highest paid Director	132,872	131,300
Median remuneration (all other staff)	38,865	38,422
Ratio	3.4	3.4

(subject to audit)

In 2017-18 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 £23,000 to £103,900 (2016-17: £22,100 to £102,900).

The remuneration of the highest paid Director increased by 1% with effect from 1 April 2017 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	4	6	10
Directors/Heads (permanent staff)	10	10	20
Directors/Heads (temporary/fixed term staff)	0	2	2
Other staff (permanent)	76	44	120
Other staff (temporary/fixed term)	18	11	29
Contract/Agency	9	14	23
<b>Total</b>	<b>117</b>	<b>87</b>	<b>204</b>

### Staff costs

	2017-18 £000		2016-17 £000	
	Permanently employed staff	Others	Total	Total
Wages and salaries	5,790	150	5,940	6,332
Social security costs	651		651	631
Other pension costs	1,160		1,160	1,166
<b>Sub Total</b>	<b>7,601</b>	<b>150</b>	<b>7,751</b>	<b>8,129</b>
Less recoveries in respect of outward secondments	1	0	1	(1)
Voluntary Exit Costs provision				
<b>Total net costs</b> (subject to audit)	<b>7,602</b>	<b>150</b>	<b>7,752</b>	<b>8,128</b>

### Average number of persons employed

During 2017-18 the average number of full-time equivalent persons (FTE) employed was 134 (2016-17: 138). In addition, there was an average of 4 FTE (2016-17: 6) temporary staff covering established posts or staff working on projects outside the establishment.

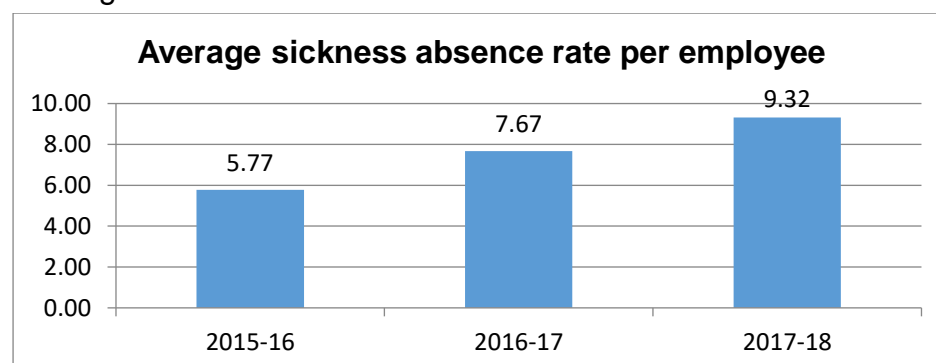
	2017-18	2016-17
Full time equivalent - Permanently employed staff	130	132
Temporary staff	4	6
<b>Total</b>	<b>134</b>	<b>138</b>

(subject to audit)

### Sickness absence

In 2017-18 the average number of day's sickness absence was 9.32 per person compared to 7.67 per employee in the previous year. It is disappointing to report sickness absence over the last 3 years showing a year on year increase. However the average figure for 2017-18 has been impacted by a small number of long term absence cases within the year, with almost 60% of the total working days lost attributed to long term absence spells (defined as absence of four weeks or more). Reporting of absence has improved in 2017-18 (which may also marginally have increased the figures) and efforts to maintain this will continue.

The Human Resources function will continue to focus on supporting managers in the management of both short and long term absence in 2018-19 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 to help improve the overall totals. 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.



## **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 £170k for 2017-18 (2016-17 - £650k). The majority of the 2016-17 costs related to EU referendum.

## **Off Payroll engagements**

There were no off-payroll engagements during the financial year 2017-18 (2016-17 £nil restated).

## **Exit Packages**

There was one exit package in the range of £5k - £10k agreed during the financial year 2017-18 (2016-17 £nil).  
(subject to audit)

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 compromise agreements.

There was one ill-health retirement in 2017-18. Ill-health retirement costs are met by the pension scheme.

# Parliamentary accountability and audit report

# Statement of Parliamentary Supply (SoPS)

Information pages 78 to 82 are subject to audit

								2017-18 £'000	2016-17 £'000
Estimate				Outturn				Voted outturn compared with Estimate: saving/ (excess)	Outturn
SoPS	Voted	Non- Voted	Total	Voted	Non- Voted	Total			Total
<b>Departmental Expenditure Limit</b>									
- Resource	1.1	16,690	253	16,943	15,735	156	15,891	955	143,920
- Capital	1.2	325	325	279			279	46	298
<b>Annually Managed Expenditure</b>									
- Resource	1.1	12	12	10			10	2	17
- Capital									
<b>Total Budget</b>		17,027	253	17,280	16,024	156	16,180	1,003	144,235
<b>Non-Budget</b>									
- Resource									
<b>Total</b>		17,027	253	17,280	16,024	156	16,180	1,003	144,235

Total Resource	1.1	16,702	253	16,955	15,745	156	15,901	957	143,937
Total Capital		325	-	325	279	-	279	46	298
<b>Total</b>		17,027	253	17,280	16,024	156	16,180	1,003	144,235

## Net Cash Requirement 2017-18

£000	SoPs	2017-18 Estimate	2017-18		2016-17
			Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
<b>Net Cash Requirement</b>	3	<b>16,605</b>	<b>16,590</b>	15	23,388

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 on page 26. The notes on pages 94 to 112 form part of these accounts.

### SoPS 1.1 Analysis of net resource outturn by section

2017-18 £'000						2016-17 £'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	16,452	(716)	15,735	16,690	955	955	23,665
---------------------	--------	-------	--------	--------	-----	-----	--------

##### Non-voted

B. Commissioners fees	156	0	156	253	97	97	206
C. EU Referendum	0	0	0	0	0	0	120,049

#### Annually Managed Expenditure

##### Voted

D. Provisions created or utilised in the year	10	0	10	12	2	2	17
---	----	---	----	----	---	---	----

Total	16,618	(716)	15,901	16,955	1,054	1,054	143,937
-------	--------	-------	--------	--------	-------	-------	---------

## SoPS 1.2 Analysis of net capital outturn by section

2017-18 £'000					2016-17 £'000
Outturn			Estimate		Outturn
Gross	Income	Net	Net	Net total compared with Estimate	Net

Spending in Departmental  
Expenditure Limit

Voted Electoral Commission	279		279	325	46	298
<b>TOTAL</b>	279	0	279	325	46	298

## SoPS 2.1 Reconciliation of net resource outturn to net operating expenditure

		2017-18 £000	2016-17 £000
	Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply	SoPS 1.1	15,901	143,937
Less:			
Income payable to the Consolidated Fund	SoPS 4	(127)	(172)
Net Operating Expenditure in Statement of Comprehensive Net Expenditure		<b>15,774</b>	<b>143,765</b>

## SoPS 3 Reconciliation of Net Resources to Net Cash Requirement



	<b>Note</b>	<b>Estimate £'000</b>	<b>Outturn £'000</b>	<b>Net total outturn compared with Est. saving/ (excess) £'000</b>
<b>Resource Outturn</b>	<i>SoPS 1.1</i>	16,955	15,901	1,054
<b>Capital Outturn</b>	<i>SoPS 1.2</i>	325	279	46
<b>Accruals to cash adjustments:</b>				
<i>Adjustment to remove non-cash items:</i>				
Depreciation / Amortisation	3	(330)	(253)	(77)
Auditors' remuneration and expenses	3	0	(41)	41
New provisions and adjustments to previous provisions	3	(45)	(24)	(21)
Other non-cash items	3	(80)	0	(80)
Increase/(Decrease) in receivables	10	0	369	(369)
(Increase)/Decrease in payables	11	0	318	(318)
(Increase)/Decrease in payables falling due after more than one year	11	0	183	(183)
Use of provision	12	33	14	19
		16,858	16,746	112
<b>Removal of non-Voted budget items</b>				
Consolidated Fund standing services	<i>SoPS 1.1</i>	(253)	(156)	(97)
<b>Net cash requirement</b>		<b>16,605</b>	<b>16,590</b>	<b>15</b>

#### **SoPS 4.1 Analysis of income payable to the Consolidated Fund**

	<b>Outturn £000 Income</b>	<b>2017-18 Receipts</b>	<b>Outturn £000 Income</b>	<b>2016-17 Receipts</b>
Income outside the ambit	127	195	172	101
<b>Total amount payable to the Consolidated Fund</b>	<b>127</b>	<b>195</b>	<b>172</b>	<b>101</b>

Note: 2017-18 receipts includes £71k from 2016-17 income.

The penalties due was £126,625 in 2017-18 and £123,585 plus £71,000 from the previous year's outturn has been received by 31 March 2018 and surrendered to the Consolidated Fund as required by law; the remaining £3,040 was received in April 2018.

## Parliamentary Accountability Disclosures

There were no reportable losses or special payments which require disclosure for the Electoral Commission for 2017-18 (2016-17 £nil).  
(subject to audit)

### **Remote Contingent Liabilities**

There are no remote contingent liabilities to report for 2017-18.

(subject to audit)

A handwritten signature in black ink, appearing to read 'Claire Bassett', is positioned above the printed name and title.

**Claire Bassett**  
**Chief Executive and Accounting Officer**  
**28 June 2018**

# 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 2018 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 those reports 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 2018 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 2018 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.

### **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.
- 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. 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.
- 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 or Accountability Reports; 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.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**Date: 11 July 2018**

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

[This page has been intentionally left blank]



# The financial statements

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2018	Note	2017-18 £000	2016-17 £000
<b>Other Operating Income</b>	4	(843)	(735)
		(843)	(735)
Staff costs	3	7,752	8,128
Purchase of Goods and Services	3	5,915	5,861
Depreciation and amortisation charges	3	253	253
Provision Expense	3	24	37
Other operating expenditure	3.1	2,476	9,919
Other costs non-voted - EU Referendum	3.2	0	120,049
<b>Total Operating Expenditure</b>		16,420	144,247
<b>Net operating expenditure for the year</b>		15,577	143,512
Commissioners' fees		156	206
Finance expense - Auditors remuneration	3	41	47
<b>Net expenditure for the year</b>		15,774	143,765
<b>Other Comprehensive net expenditure</b>			
Items which will not be reclassified to net operating costs:			
Actuarial gain/loss on pension scheme liabilities	12	(13)	21
<b>Comprehensive net expenditure for the year</b>		15,761	143,786

The notes on pages 94 to 113 form part of these accounts

**Statement of Financial Position**  
**As at 31 March 2018**

	Note	31 March 2018 £000	31 March 2017 £000
<b>Non-current assets</b>			
Property, plant and equipment	5	127	154
Intangible assets	6	406	352
<b>Total non-current assets</b>		<b>533</b>	<b>506</b>
<b>Current assets:</b>			
Trade and other receivables	10	749	651
Cash and cash equivalents	9	5,789	1,686
<b>Total current assets</b>		<b>6,538</b>	<b>2,337</b>
<b>Total assets</b>		<b>7,071</b>	<b>2,843</b>
<b>Current liabilities</b>			
Trade and other payables	11	(12,114)	(20,040)
Provisions	12	(59)	(73)
<b>Total current liabilities</b>		<b>(12,173)</b>	<b>(20,113)</b>
<b>Total assets less total current liabilities</b>		<b>(5,102)</b>	<b>(17,270)</b>
<b>Non-current liabilities</b>			
Provisions	12	(584)	(574)
Other payables	11	(225)	(408)
<b>Total non-current liabilities</b>		<b>(809)</b>	<b>(982)</b>
<b>Total Assets less liabilities</b>		<b>(5,911)</b>	<b>(18,252)</b>
<b>Taxpayers' equity</b>			
General fund		(5,911)	(18,252)
<b>Total taxpayers' equity</b>		<b>(5,911)</b>	<b>(18,252)</b>



**Claire Bassett**  
**Chief Executive and Accounting Officer**  
**28 June 2018**

The notes on pages 94 to 113 form part of these accounts

## Statement of Cash Flows

For the financial year ended 31 March 2018

	Note	2017-18 £000	2016-17 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(15,774)	(143,765)
Adjustments for non-cash transactions	3	318	337
(Increase)/Decrease in trade and other receivables	10	(98)	(156)
Increase/(Decrease) in trade payables	11	(13,225)	17,621
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		50	(1,043)
Use of provisions	12	(14)	(20)
<b>Net cash outflow from operating activities</b>		<u>(28,743)</u>	<u>(127,025)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(62)	(36)
Purchase of intangible assets	6	(217)	(262)
Movement in Capital accruals		59	0
<b>Net cash outflow from investing activities</b>		<u>(220)</u>	<u>(298)</u>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		15,635	24,357
From the Consolidated Fund (Supply) - prior year		970	1
From the Consolidated Fund (non-Supply)		<u>16,656</u>	<u>104,753</u>
<b>Net financing</b>		<u>33,261</u>	<u>129,111</u>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		4,298	1,788
Payments of amounts to the Consolidated Fund	SoPS 4	(195)	(101)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		4,103	1,687
<b>Cash and cash equivalents at the beginning of the period</b>	9	1,686	(1)
<b>Cash and cash equivalents at the end of the period</b>		<u>5,789</u>	<u>1,686</u>

The notes on pages 94 to 113 form part of these accounts

## Statement of Changes in Taxpayers' Equity

<b>Financial Year Ended 31 March 2018</b>	<b>Note</b>	<b>General Fund £000</b>
<b>Balance at 1 April 2016</b>		(1,765)
Net Parliamentary Funding – drawn down		24,357
Net Parliamentary Funding – deemed	9	(1)
Consolidated Fund Standing Services (non-supply) Current Year		104,754
Supply (receivable)/payable adjustment	9	(970)
Supply retained for future EU Referendum expenses	9	(716)
Income payable to the Consolidated Fund	<i>SoPS</i> 4	(172)
Comprehensive net Expenditure for the Year		(143,786)
<b>Non-Cash Adjustments:</b>		
Non-cash charges – auditor's remuneration	3	47
<b>Balance at 31 March 2017</b>		<u>(18,252)</u>
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 payable/(receivable) adjustment	9	(15)
Excess Cash surrenderable to the (non-supply) Consolidated Fund	9	(5,774)
Income payable to the Consolidated Fund	<i>SoPS</i> 4	(127)
Comprehensive net Expenditure for the Year		(15,761)
<b>Non-Cash Adjustments:</b>		
Non-cash charges – auditor's remuneration	3	41
<b>Balance at 31 March 2018</b>		<u>(5,911)</u>

The notes on pages 94 to 113 form part of these accounts

# Notes to the Resource Accounts

## 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 2017-18 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. 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 but in accordance with the FReM is treated as operating income.

### **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 is 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. 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.

### **1.14. Going Concern**

These accounts have been prepared on a going concern basis. The Statement of Financial Position as at 31 March 2018 shows negative taxpayers' equity of £5.911m. This reflects the fact that on 31 March 2018 the Commission has accrued the liability but not yet drawn down the non-voted funding for the EU referendum Counting Officers fees and charges, these have been accounted for within the financial statements, shown in Notes 10 and 11.

Approval for the resources required for 2018-19 has been received, this was laid before Parliament 25 April 2018, and there is no reason to believe that future approvals will not be forthcoming.

### **1.15. Impending application of newly issued accounting statements not yet effective**

There are two standards which are effective from 2017-18. These include IFRS 9 'Financial Instruments', which reduces the accounting options available for types of financial instruments; IFRS 15 'Revenue from Contracts with Customers', which provides more guidance on recognition of revenue. We have assessed the impact and there will be £nil impact as the Electoral Commission is not affected by these accounting standards.

IFRS 16 (effective 2019) 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 will make an assessment of the impact of the standard and how to apply to the Commission when the standard is applied.

### **1.16. 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.

The Commission has estimated the expenditure associated with 54 outstanding expense claims from Counting and Returning Officers following the EU referendum held in June 2016. This estimate is based on the value of claims received by ECU but not yet finalised.

### **1.17. 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

							2017-18
	Elections and Local Referendums	Electoral Registration	European Union Referendum	Commission Projects	Electoral Administration	Party and Election Finance	Total
£000							
<b>Gross Expenditure</b>	4,532	144	28	9	4,714	7,063	<b>16,490</b>
<b>Income</b>	(694)	0	0	0	0	(22)	<b>(716)</b>
<b>Net Expenditure</b>	3,838	144	28	9	4,714	7,041	<b>15,774</b>
							2016-17
	Elections and Local Referendums	Electoral Registration	European Union Referendum	Commission Projects	Electoral Administration	Party and Election Finance	Total
£000							
<b>Gross Expenditure</b>	3,695	489	127,964	0	6,962	5,218	<b>144,328</b>
<b>Income</b>	(544)	0	0	0	(19)	0	<b>(563)</b>
<b>Net Expenditure</b>	3,151	489	127,964	0	6,943	5,218	<b>143,765</b>

Expenditure is reported between the core Commission objectives as outlined at page 8. 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 projects expenditure in 2017-18 was predominately a public awareness campaign for the UKPGE.

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

	2017-18 £000	2016-17 £000
<b>Staff Costs*</b>		
Wages and salaries	5,940	6,332
Social security costs	651	631
Other pension costs	1,160	1,166
Less recoveries in respect of outward secondments	1	(1)
	<u>7,752</u>	<u>8,128</u>
<b>Rentals under operating leases</b>		
Property rent	322	599
Equipment	12	19
<b>Other</b>		
Section 13 expenditure (Administration only)*	2,851	2,661
Research	347	431
Consultancy	191	208
Recruitment	192	136
Staff training and development	93	107
Travel subsistence and hospitality	128	140
Travel and subsistence – Commissioners	17	20
Accommodation, maintenance	636	545
Publicity and publications	299	189
Conference/Public Meeting	12	25
Mapping costs	0	11
Office Supplies book and journals	98	94
Warehouse and Archiving	80	53
IT/Telephone	577	568
Bank and Payroll charges	26	25
Internal audit fees	34	30
	<u>5,915</u>	<u>5,861</u>
<b>Non-cash items</b>		
Depreciation	88	85
Amortisation	165	168
National Audit Office Auditors' fees	41	47
National Audit Office Other services fees	0	0
Provisions made in year	24	37
Provisions written back	0	0
Write off of Assets	0	0
	<u>318</u>	<u>337</u>
	<u>13,985</u>	<u>14,326</u>

\* Further analysis of staff costs is located in the Staff Report or in the accountability Report

### 3.1 Other Operating Expenditure

	2017-18 £000	2016-17 £000
Policy Development grants	1,847	1,742
Individual Electoral Registration	0	300
EU Referendum - Electoral Commission operational expenditure	(53)	7,360
Local Government Scotland	682	517
	<hr/> 2,476	<hr/> 9,919

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 £1,846,542.35.

### 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

	2017-18 £000	2016-17 £'000
Core expenditure public awareness	8	55
Section 13	2,843	2,606
Public Awareness expenditure subject to Section 13 limit	2,851	2,661
Local Government Scotland	616	497
E U Referendum	(29)	5,252
	587	5,749
<b>Total Public Awareness</b>	<b>3,438</b>	<b>8,410</b>

## 3.2 EU Referendum

The referendum on whether the UK should stay in the European Union took place in June 2016.

Additional Commission functions in respect of the referendum were defined in the EU Referendum Act 2015. Under the terms of the Act claims for expenditure necessarily incurred by Counting Officers and Regional Counting Officers in the efficient and effective conduct of the referendum are to be settled by the Electoral Commission with payments to be charged on and paid out of the Consolidated Fund.

EU Referendum Costs	2017-18 £000	2016-17 £000
Counting Officer fees (expenses)	0	92,820
Counting officer charges (services)	0	1,840
Royal Mail - Leave and Remain Campaign Mailings	0	25,188
Royal Mail - Sweep service	0	201
	0	120,049

Expenditure categories adopted for control purposes are consistent with those used for General Election expenses. Processing of expenditure claims has been undertaken under a service level agreement by Election Claims Unit. The Commission has responsibility for reimbursing the fees and expenses of Returning Officers conducting the polls at EU referendum.

An allocation of £131.5 million was provided for this activity as part of the Commission Supply Estimate. This provision was based on discussions held between the Cabinet Office and HM Treasury. Note 10 and 11 represents advances that exceeded total claim value and a balancing payment is due from Counting Officers, and claims that exceeded the advances where a balancing payment is due to the Counting Officers as at 31 March.

#### 4. Income

	2017-18 £000	2016-17 £000
	Total	Total
Operating Income		
New Registration of Political parties	13	9
Re-Registration of Political parties	8	8
Alteration to Registrations of Political parties	1	2
Charges/Transfer of costs to other bodies:		
Scottish government	694	544
Penalties paid by Political parties	127	172
Operating Income	<u>843</u>	<u>735</u>



## 5. Property, plant and equipment

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

	Leasehold Improvements £000	Office equipment £000	Information Technology - hardware £000	Furniture and Fittings £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2016	891	2	773	60	1,726
Additions	0	0	36	.	36
<b>At 31 March 2017</b>	891	2	809	60	1,762
<b>Depreciation</b>					
At 1 April 2016	869	2	596	57	1,524
Charged in year	9	0	74	1	84
<b>At 31 March 2017</b>	878	2	670	58	1,608
<b>Carrying amount at 31 March 2017</b>	13	0	139	2	154
<b>Carrying amount at 31 March 2016</b>	22	0	177	3	202
<b>Asset financing:</b>					
Owned	13	0	139	2	154
<b>At 31 March 2017</b>	13	0	139	2	154

## 6. Intangible assets

	Information Technology	Software Licences	Websites	Information Technology - Assets under Construction	Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2017	1,193	201	2,020	1	3,415
Additions	69	0	85	63	217
<b>At 31 March 2018</b>	<b>1,262</b>	<b>201</b>	<b>2,105</b>	<b>64</b>	<b>3,632</b>
<b>Amortisation</b>					
At 1 April 2017	1,152	135	1,776	0	3,063
Charged in year	20	20	123	0	163
<b>At 31 March 2018</b>	<b>1,172</b>	<b>155</b>	<b>1,899</b>	<b>0</b>	<b>3,226</b>
<b>Carrying amount at 31 March 2018</b>	<b>90</b>	<b>46</b>	<b>206</b>	<b>64</b>	<b>406</b>
<b>Cost or valuation</b>					
At 1 April 2016	1,160	152	1,841	0	3,153
Additions	33	49	179	1	262
<b>At 31 March 2017</b>	<b>1,193</b>	<b>201</b>	<b>2,020</b>	<b>1</b>	<b>3,415</b>
<b>Amortisation</b>					
At 1 April 2016	1,094	122	1,679	0	2,895
Charged in year	58	13	97	0	168
<b>At 31 March 2017</b>	<b>1,152</b>	<b>135</b>	<b>1,776</b>	<b>0</b>	<b>3,063</b>
<b>Carrying amount at 31 March 2016</b>	<b>41</b>	<b>66</b>	<b>244</b>	<b>1</b>	<b>352</b>

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:	2017-18 £000	2016-17 £000
Buildings		
Not later than one year	636	886
Later than one year and not later than five years	1,709	2,287
Later than five years		
	<hr/> 2,345	<hr/> 3,173
Other:		
Not later than one year	2	13
Later than one year and not later than five years	12	27
Later than five years		
	<hr/> 14	<hr/> 40
<b>Total Operating leases</b>	<hr/> <b>2,359</b>	<hr/> <b>3,213</b>

There were no capital commitments during 2017-18. (2016-17 nil).

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

The Commission expensed a total of 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 hence 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).

## 9.0 Cash and cash equivalents

	2017-18 £000	2016-17 £000
<b>Balance at 1 April 2017</b>	1,686	(1)
Net change in cash and cash equivalent balances	4,103	1,687
<b>Balance at 31 March 2018</b>	5,789	1,686

The following balances at 31 March 2018 were held at:

Government Banking	15	970
Government Banking - EU Referendum	5,774	716
<b>Balance at 31 March 2018</b>	5,789	1,686

The cash balance includes an amount of £5.77m in respect of the funding advanced from the Consolidated Fund to cover the costs of 2016 EU referendum with the agreement of HM Treasury. This balance is held with the Government Banking.

## 10. Trade receivables and other current assets

	2017-18 £000	2016-17 £000
<b>Amounts falling due within one year:</b>		
Other receivables	430	222
Consolidated Fund Extra Receipts due to Consolidated Fund	3	71
Deposits and advances	30	27
Prepayments and accrued income	196	40
Advances to Returning Officers for EU Referendum	90	291
	<u>749</u>	<u>651</u>

Returning Officers initial advances of an estimated 75% of likely expenditure were made to Counting Officers in advance of the UK-wide referendum in June 2016.

The balance in 'Advances to Returning Officers for EU Referendum' represents advances that exceeded total claim value and a balancing payment is due from Counting Officers, not settled at 31 March 2018.

## 11. Trade payables and other current liabilities

	2017-18 £000	2016-17 £000
<b>Amounts falling due within one year</b>		
Other taxation and social security	416	399
Trade payables	288	271
Other payables	60	4
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund (receivable)	3	71
Accruals and deferred income	759	1,099
Amounts issued from the Consolidated Fund for supply but not spent at year end	15	970
	<u>1,541</u>	<u>2,814</u>
<b>Amounts falling due after more than one year:</b>		
Other payables, accruals and deferred income	<u>225</u>	<u>408</u>
	<u>225</u>	<u>408</u>

Note: Payables includes (1) Cash Balance

## Trade payables and other current liabilities relating to EU Referendum

	2017-18 £000	2016-17 £000
<b>Amounts falling due within one year</b>		
Accruals and deferred income	4,799	16,510
Amounts issued from the Consolidated Fund for non-supply but not spent at year end	5,774	716
	<u>10,573</u>	<u>17,226</u>

## 12. Provisions for liabilities and charges

	Pension £000	Early departure costs £000	Other £000	Total £000
Balance at 1 April 7	208	3	435	646
Provided in the year	6		18	24
Provisions not required written back	0			0
Provisions utilised in the year	(14)			(14)
Actuarial (Gain)/Loss	(13)			(13)
<b>Balance at 31 March 2018</b>	<b>187</b>	<b>3</b>	<b>453</b>	<b>643</b>

## Analysis of expected timing of discounted flows

	Pension £000	Early departure costs £000	Other £000	Total £000
Not later than one year	10	0	49	59
Later than one year and not later than 5 years	74	3	404	481
Later than 5 years	103	0	0	103
<b>Balance at 31 March 2018</b>	<b>187</b>	<b>3</b>	<b>453</b>	<b>643</b>

## 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 2018. 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:

	2017-18	2016-17
CPI inflation assumptions	2.45%	2.55%
The rate of increase in salaries	1.00%	1.00%
The rate of increase for pensions	2.45%	2.55%
The rate used to discount scheme liabilities	3.00%	2.80%

**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 2018**

	2017-18 £000	2016-17 £000
Provision at 1 April	208	194
Interest Cost	6	7
Actuarial Loss/(Gain)	(13)	21
Less benefits paid	(14)	(14)
Past service cost		
Present Value of scheme at end of year	<u>187</u>	<u>208</u>

<b>Present value of scheme liabilities</b>	<b>Value at 31/03/2018 £'000</b>	<b>Value at 31/03/2017 £'000</b>	<b>Value at 31/03/2016 £'000</b>	<b>Value at 31/03/2015 £'000</b>	<b>Value at 31/03/2014 £'000</b>
Liability in respect of					
Active members	0	0	0	0	0
Deferred Pensioners	0	0			
Current Pensioners	187	208	194	211	206
<b>Present value of scheme liabilities in respect of current pensioners</b>	<b>187</b>	<b>208</b>	<b>194</b>	<b>211</b>	<b>206</b>
<b>History of experience losses / (gains)</b>	<b>Value at 31/03/2018 £'000</b>	<b>Value at 31/03/2017 £'000</b>	<b>Value at 31/03/2016 £'000</b>	<b>Value at 31/03/2015 £'000</b>	<b>Value at 31/03/2014 £'000</b>
Experience loss / (gain) arising on the scheme liabilities					
Amount (£'000)	2	1	-1	0	5
Percentage of scheme liabilities at the end of year	-0.5%	0.5%	-0.5%	0.0%	2.4%

## 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 60<sup>th</sup> birthday.

## 12.3 Other

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 is assessed by Commission management based on a professional assessment of future costs by a chartered surveyor.

## 13 Contingent Liabilities

There are no material contingent liabilities.



#### **14. 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 2018 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](mailto:info@electoralcommission.org.uk)

### Wales

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

### Scotland

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

### Northern Ireland

The Electoral Commission  
Ground Floor, 4 Cromac Place  
The Gasworks  
Belfast BT7 2JB  
Tel: 0333 103 1928  
[inonorthenireland@electoralcommission.org.uk](mailto:inonorthenireland@electoralcommission.org.uk)