

# Annual Report and Accounts 2019-20



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# Annual Report and Accounts 2019-20

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# Annual Report and Accounts 2019-20

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Commission 2020

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# Performance report



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# Overview

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

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

The Political Parties, Elections and Referendums Act 2000 (PPERA) established the Electoral Commission. We are independent of government and political parties and directly accountable to the UK Parliament through a committee chaired by the Speaker of the House of Commons. We also report to the Scottish Parliament for functions related to its parliamentary and local government elections. Once the commencement provisions are enacted, we will also report to the Senedd for its parliamentary and local government elections.

We have prepared our 2019-20 Annual Report and Accounts in accordance with an accounts direction, set out on page 109 issued by HM Treasury under paragraph 17(2) of Schedule 1 PERA.

We have prepared the powers and sanctions report on page 39 in accordance with paragraph 15 Schedule 19(b) and paragraph 27 Schedule 19(c) PERA.

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# Foreword



The electoral community rose to the challenge and, despite the uncertainty and tight timescales of the year's events, delivered well-run polls.

For The Electoral Commission, 2019-20 has been a year characterised by a busy and shifting electoral timetable. In May, after supporting the delivery of local government elections in England and Northern Ireland, we responded quickly to the UK Government's decision to hold the European Parliamentary elections. In October, we mobilised to support an unscheduled UK Parliamentary general election on 12 December. In early 2020, in response to the Covid-19 pandemic, we advised on and supported the UK Government postponing the May polls, recognising the impacts on voters, campaigners, and local authorities.

Ahead of the 2019 polls, we provided support to all those taking part. We ran public awareness campaigns to ensure that everyone who was eligible could register and cast their vote; one in four people saw our general election campaign<sup>1</sup> and electoral administrators added more than 1.2 million people to the registers. During November and December, we fielded nearly 9,000 enquiries from the public, while almost 1.3 million users visited our website; giving people the information they needed to vote with confidence. We supported a record number of non-party campaigners to participate in the elections, and published information on over £113 million of donations accepted by political parties in the UK in 2019, ensuring the public could see where parties got their funding. We worked closely with the National Police Chiefs' Council, the Crown Prosecution Service (CPS) and the College of Policing to produce guidance to help candidates run respectful campaigns and protect themselves from abuse.

The electoral community rose to the challenge and, despite the uncertainty and tight timescales of the year's events, delivered well-run polls. Our public opinion research found that the majority of respondents had confidence in the way these polls ran (69% for the general election), though levels of confidence were lower than at previous such polls, and strains in the system are increasingly evident. As with all elections, we supported the work of electoral administrators - 99% of those who responded to our post-poll survey said they found our guidance and resources useful.

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<sup>1</sup> UKPGE 2019 Public Opinion Research, YouGov for The Electoral Commission (January 2020).

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## Foreword continued



We are seeing alignment between our recommendations and the initiatives and priorities of the UK's governments.

In addition to the busy electoral timetable, we supported electoral administrators in two areas to hold recall petitions, each resulting in a subsequent by-election. We reported on the administration of these petitions and shared recommendations for future improvements with the UK Government. We also supported preparations for important changes to the annual canvass in Great Britain, which will streamline the annual audit of electoral registers. We have developed guidance on the new process, so administrators understand their responsibilities, and created user-friendly forms for the public. We have worked closely with the Association of Electoral Administrators, Scottish Assessors Association, Solace and officials from the UK's governments to ensure we all embed the changes successfully.

We maintained the registers of political parties and campaigners, and oversaw the laws on political finance, publishing financial returns, administering policy development grants, providing guidance and advice, and taking regulatory actions. We have a strong track-record of success in the courts, but look to learn too from all outcomes. We also enabled or supported related bodies in their regulatory work, such as the police, CPS, Information Commissioner, Ofcom, Independent Parliamentary Standards Authority, and the Parliamentary Commissioner for Standards. We also engaged with the main social media companies to encourage their role in transparency in political campaigning.

We have continued to strengthen our relationships with, and fulfil our accountabilities to, the Scottish, Welsh and UK parliaments. This has included evaluating the voter ID pilots conducted in England; helping prepare for franchise changes in Wales and Scotland; and supporting significant electoral reform bills in the Scottish and Welsh parliaments. We worked with the Electoral Office for Northern Ireland on plans to deliver the full-scale canvass it is required to run every 10 years, which will now take place in 2021.

We are seeing alignment between our recommendations and the initiatives and priorities of the UK's governments, such as the UK Government's commitments on defending democracy and the Scottish Parliament's inclusion of many of our recommendations in its new referendums legislation. We will continue to encourage all governments to implement our recommendations, including reforms of the rules for digital campaigning and on electoral law more broadly, founded on the excellent recommendations made by the Law Commissions' final report on the subject. In 2019, we published major research into the accuracy and completeness of the electoral registers, as well as feasibility studies on options for modernising electoral registration, demonstrating the potential benefits of future reform in this area.



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## Foreword continued

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As we look ahead to the coming year, a key concern remains the risks presented by archaic and complex electoral law.

We are also committed to making reforms of our own. In the last year, we continued reviewing all party descriptions included on the register, to help voters clearly identify candidates on the ballot paper. Working with the main political parties, we have made good progress on a new online tool that will make it easier for parties and campaigners to register with us and report financial information. In a system where most comply with the political finance rules, our preference is to help increase compliance rather than to take enforcement action afterwards. This new tool will play a role in helping those we regulate to achieve that.

To underpin our work, we have improved our human resources, planning and digital technology functions. We have implemented new online planning, governance and procurement systems. We have also invested in staff engagement and development, resulting in staff turnover falling by 19 percentage points.

As we look ahead to the coming year, a key concern remains the risks presented by archaic and complex electoral law. Combined with continued pressure on local authority resources and capacity, and an outdated registration system, it is increasing the strain on electoral administrators and failing to keep pace with technological advances. We stand ready to work with governments and other stakeholders to address these challenges.

We look forward to continuing to work with the UK's governments to ensure their existing reform plans can be taken forward effectively. We are working closely with all governments on the implications of the Covid-19 pandemic for elections and electoral processes, and talking to others, to see what lessons we can learn and what further changes might usefully be introduced for the future.

A handwritten signature in black ink, reading "John Holmes".

**Sir John Holmes**  
Chair

A handwritten signature in black ink, reading "R Posner".

**Bob Posner**  
Chief Executive

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# About us

## Our role

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

## Our vision and goals

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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.

In 2019-20 we worked towards achieving four goals:

1.

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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.

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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.

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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.

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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.

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# Our 2019-20 year at a glance

## 2019

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### APRIL

Appointed a new CEO

Completed a campaign encouraging people to register to vote ahead of local elections in England and Northern Ireland

### JUNE

Published a report on the UK Government's proposals to amend the annual canvass

Provided oral evidence to the UK Parliament on disinformation

### SEPTEMBER

Published new guidance for non-party campaigners

Published findings from our research into the accuracy and completeness of the electoral registers in Great Britain and Northern Ireland

### MAY

Supported the delivery of local elections in England and Northern Ireland

Ran a campaign encouraging people to register to vote before the European Parliamentary elections, and supported the delivery of the polls

Provided written and oral evidence to the National Assembly for Wales on the Senedd and Elections (Wales) Bill; and gave oral evidence to the London Assembly on the Metropolitan Police's investigation into Vote Leave

Supported the delivery of the recall petition in Brecon and Radnorshire

### JULY

Published our evaluation of the UK Government's 2019 voter ID pilots

Launched our new website at [electoralcommission.org.uk](http://electoralcommission.org.uk)

Published feasibility studies on modernising electoral registration

Provided oral evidence to the UK Parliament on electoral law and on the rules for any future citizens' assembly or referendum

Provided written evidence to the Scottish Parliament on the Scottish Elections (Franchise and Representation) Bill, and on its Referendums Bill

Published a report on the ordering of candidates on ballot papers at Scottish council elections

### AUGUST

Provided written evidence to the Scottish Parliament on its Referendums Bill

### OCTOBER

Published reports on the May 2019 elections and on the recall petitions from Peterborough, and Brecon and Radnorshire constituencies

Provided oral evidence to the Scottish Parliament on the Scottish Elections (Franchise and Representation) Bill

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# 2019-20 at a glance continued

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## 2019

### OCTOBER (CONT'D)

Consulted on codes of practice on spending by candidates and political parties at Senedd elections

### NOVEMBER

Provided written and oral evidence to the Scottish Parliament on the Scottish Elections (Reform) Bill

Ran a voter registration campaign before the UK Parliamentary general election

### DECEMBER

Supported the delivery of the UK Parliamentary general election

---

## 2020

### JANUARY

Provided written and oral evidence to the National Assembly for Wales on the Local Government and Elections (Wales) Bill

Launched a consultation on Electoral Registration Officer performance standards

### FEBRUARY

Provided written evidence to the National Assembly for Wales on electoral systems and boundaries

Provided written evidence to the House of Lords Select Committee on the Electoral Registration and Administration Act 2013

### MARCH

Provided written evidence to the House of Lords Select Committee on Democracy and Digital Technologies

Published electoral fraud data from 2019

# Our year in numbers

**Used**



**£20.0m**

of resources, including  
£879k capital spend

**Invested**



**47%**

of our expenditure  
on staff costs (£9.4m)

**Achieved**



**72%**

employee engagement  
score (65% in 2018)

**Answered**



**25,402**

public enquiries – a 408%  
increase on last year

**Contributed to**



**>1.9m**

additions to the electoral  
register after three campaigns

**Responded to**



**287**

Freedom of  
Information requests

**Published**



**1,743**

routine financial  
returns from parties  
and campaigners

**Notified**



**86%**

of the 159 party registration  
applications of their  
outcome within 30 days

**Published**



**769**

annual statement of  
accounts for political parties  
and accounting units

**Registered**



**36**

non-party campaigners  
in the month before  
the UK Parliamentary  
general election

**Completed**



**83**

investigations, 84% of  
them within 180 days

**Imposed**



**£90,580**

of civil sanctions in  
our role as a regulator

**Published**



**100%**

of our guidance  
products on time

**Responded to**



**5,548**

requests for advice  
from local authorities  
– 99.7% within 3 days

**Accredited**



**1,167**

electoral observers –  
the highest total since we  
started the scheme in 2007

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# Performance analysis

We measure our performance against the goals set out in our 2019-20 Business Plan. We have identified activities and corresponding performance measures that contribute towards delivering each goal.

The Commission Board agrees our performance measures each year and receives a progress update every quarter. The following pages show our performance against these measures in 2019-20.

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# Goal one



We've focused on delivering well-run electoral events, maximising and modernising electoral registration, and tackling electoral fraud.

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 three areas: delivering well-run electoral events, maximising and modernising electoral registration, and tackling electoral fraud.

## Key achievements

### To help deliver well-run electoral events we:

- supported the elections in May 2019: local government, local Mayoral and combined authority Mayoral elections across parts of England, Northern Ireland local government elections, and European Parliamentary elections
- supported the UK Parliamentary general election in December 2019
- worked with organisations supporting people with a disability to raise awareness of how to take part in elections and what support they can expect to receive
- worked with the National Police Chiefs Council, Crown Prosecution Service (CPS) and the College of Policing to provide new guidance for candidates and campaigners on recognising and reporting intimidation
- prepared for the scheduled, but then postponed, May 2020 elections: Mayor of London and London Assembly elections, local government elections, local Mayoral and combined authority Mayoral elections in parts of England, and Police and Crime Commissioner elections across England and Wales
- published guidance and resources, and provided support to electoral administrators, candidates and agents for the scheduled elections in May 2020

### To help maximise and modernise electoral registration, we:

- supported the implementation of a reformed annual canvass in Great Britain, making better use of local and national data, including advising on proposals and producing new guidance for Electoral Registration Officers (EROs) and forms for the public

## Goal one continued

- carried out a consultation on new performance standards for EROs
- advised on proposals from the Northern Ireland Office and the Chief Electoral Officer for Northern Ireland to run their electoral registration canvass, now expected to take place in 2021

### To help tackle electoral fraud, we:

- worked with the police and local authorities to provide training and review integrity plans to help prevent electoral fraud
- published data on alleged cases of electoral fraud reported during 2019
- worked with partners to run campaigns to raise awareness of electoral fraud, timed with elections in May and December 2019

## Performance measures

Measure	Performance	
We publish 100% of guidance products relating to electoral registration on time with no substantive errors	✓ 100%	ACHIEVED
We provide accurate advice to Returning Officers (ROs) and EROs within three working days of receipt of the request (target 100%)	✓ 99.7%	ACHIEVED (within tolerance)
Additions to electoral registers during our public awareness campaigns meet or exceed our targets (specific targets agreed ahead of each poll)	✓ 100%	ACHIEVED
We review 100% of integrity plans from local authorities identified to be at a higher risk of fraud	✓ 100%	ACHIEVED
We publish 100% of our reports to planned deadlines	✗ 60% <sup>2</sup>	NOT ACHIEVED
We comment on 100% of relevant legislation and policy proposals	✓ 100%	ACHIEVED

<sup>2</sup> We published five reports, two of them a month late. This was because data collection and analysis for the European Parliamentary elections report took longer than expected, particularly to ensure we had data on EU citizens who could not vote; this had a knock on impact on the recall petition report.

### Delivering well-run electoral events

Since 2017, we have developed and continuously reviewed contingency plans so we would be ready to support elections called at short notice. We saw the benefits of this in 2019, when we worked quickly to support two UK-wide polls. Despite the tight timescales and pressures on those involved in running elections, our research shows voters thought all polls were well-run. We delivered public awareness campaigns ahead of each poll and provided guidance to electoral administrators, parties, candidates and campaigners, to help them fulfil their roles. In addition, we published financial information to help the public understand where parties got their money from and how they spent it.



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## Goal one continued



Our input helped to ensure the UK Government's proposals would make it easier for electoral administrators to run the canvass and for the public to respond to it.

Two recall petitions took place in 2019 and we supported these by providing guidance to those campaigning and by observing the administration of the process. We then reported on how the petitions were run, identifying practical ways to improve these in the future.

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

We have done a lot of work to support annual canvass reforms in Great Britain. The new process will give EROs access to robust national-level data about the resident population, so they can identify addresses where there is likely to have been a change in the people who are eligible to register to vote. This will allow EROs to focus their resources in areas of greatest need. Our support for these reforms included commenting on proposals; providing advice on the legislation; writing guidance to help electoral administrators understand their new responsibilities; and producing new forms for the public. These forms include versions for Wales, Scotland and England to reflect different franchises for elections in each country. Our input helped to ensure the proposals would make it easier for electoral administrators to run the canvass and for the public to respond to it. We see these reforms as an important step towards improving our electoral registration system and look forward to seeing outcomes from their first implementation in 2020.

Our scrutiny of proposals from the Northern Ireland Office and Chief Electoral Officer for Northern Ireland to run a canvass of electors – originally planned for 2020 but now scheduled to take place in 2021 – ensured plans would be workable and help to improve registration levels in Northern Ireland. This work is important as our most recent research found that one in four eligible electors in Northern Ireland were not registered correctly at their current address.

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## Goal one continued



Our campaign contributed to more than 10,000 visits to the Crimestoppers website, where people could find out more information and report any concerns.

### **Tackling electoral fraud**

We provided guidance and advice to support EROs, ROs and the police to deal with electoral fraud. In 2019, for the third year in a row, we worked with the City of London Police Economic Fraud Academy to host and contribute content to three training courses for police. We also jointly hosted the 15th Annual National SPOC (single point of contact) seminar in Birmingham with the National Police Chiefs' Council, supported SPOC seminars in Scotland and Wales, and provided dedicated election briefings for new SPOCs.

Throughout the year, police forces across the UK sent us data about allegations of electoral fraud that they received and investigated. Every year we report on the number, type, and outcome of these allegations, to understand what has happened and how cases are resolved.

For the early May and December polls in 2019, we worked in partnership with Crimestoppers and Cabinet Office to run our 'Your vote is yours alone' campaign. This aims to help voters understand what constitutes electoral fraud and how to raise concerns.

Our campaign contributed to more than 10,000 visits to the Crimestoppers website, where people could find out more information and report any concerns. Crimestoppers passed on 30 pieces of actionable information to the police.

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# Goal two



This work focuses on two areas at the heart of a healthy democracy: ensuring transparency and good regulation.

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 focuses on two areas at the heart of a healthy democracy: ensuring transparency and good regulation.

## **Key achievements**

### **To ensure transparency, we:**

- published annual accounts from registered parties, information about donations, and loans and details of campaign spending, which parties and others are required to report to us
- registered political parties and other campaigners and published details in online registers
- continued reviewing party descriptions, to ensure that voters can identify the party for which candidates are standing
- continued developing a new online portal for party registration and finance, which we aim to launch in 2021 and will improve how parties and campaigners register and deliver financial returns
- scrutinised advertising transparency proposals from social media companies including Facebook, Google, Twitter and Snapchat, to ensure they provided improved transparency about digital campaign activity at elections in 2019

### **To support good regulation, we:**

- provided advice and guidance to support parties, candidates and campaigners to comply with the rules
- took action and imposed sanctions when the political finance rules were broken
- defended legal challenges to our enforcement decisions
- developed new codes of practice for parties and candidates

## Goal two continued

- continued pressing for law changes to strengthen our investigatory and sanctioning powers – including increasing the maximum fine we are able to impose for breaches of PPERA from the current level of £20,000
- worked with the National Assembly for Wales to review their Standing Orders and ensure they have a robust plan to develop new rules and guidance for the elections in 2021 and to bring dual reporting to an end

### Performance measures

Measures	Performance	
We publish routine financial returns from parties and campaigners, including statements of accounts, within 30 working days of receiving them (target 100%)	✓ 100%	ACHIEVED
We check a minimum of 25% of all financial returns for accuracy and compliance each year	✓ 57.7% <sup>3</sup>	ACHIEVED
We publish 100% of guidance products on time	✓ 100%	ACHIEVED
We provide accurate advice within five to 20 days of receipt of the request, depending on the complexity of the advice (target 90%)	✓ 94%	ACHIEVED
We notify applicants of the outcome of their registration applications within 30 days of a complete application 75% of the time	✓ 86.2%	ACHIEVED
We conduct timely and proportionate investigations of which 90% are completed within 180 days	⊗ 84.3% <sup>4</sup>	NOT ACHIEVED
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	⊗ 87.5% <sup>5</sup>	NOT ACHIEVED
We make timely regulatory recommendations that reflect the principles guiding our approach to effective regulatory framework	✓ 100%	ACHIEVED

<sup>3</sup> The number of returns we check annually varies and is higher in years with electoral events, when we receive more and larger financial returns.

<sup>4</sup> Where we missed the deadline, the cases were complex and required significant legal advice or evidential analysis. The unscheduled UK Parliamentary general election also required us to re-allocate resource.

<sup>5</sup> Our need to prioritise monitoring and interventions work during the campaign period for the unscheduled UK Parliamentary general election temporarily drew resources away from sanctions decisions.

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## Goal two continued

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Leading up to the UK Parliamentary general election, we registered a record number of non-party campaigners.

### Ensuring transparency

Throughout the year, we focussed on delivering the responsibilities we are accountable for to the UK's parliaments. We maintained the registers of political parties, ensuring only parties meeting the legal tests are on the register, and we continued reviewing descriptions to help voters identify the party for which candidates are standing.

We faced two instances of campaigners seeking, via the court, to have their spending returns removed from our online database. One campaigner withdrew their court application and the court refused the other application.

### Good regulation

Leading up to the UK Parliamentary general election, we registered a record number of non-party campaigners. We also developed our approach to campaign monitoring to be more proactive and quickly identify and intervene when issues came up. This stopped them from escalating and prevented campaigners from breaking the rules. We will continue to focus on this.

We continued to use our investigation and sanctioning powers to identify and respond to non-compliance and deter future non-compliance. We imposed fines of £25k and £40k respectively, on two registered parties for multiple failures. The courts heard three appeals against penalties in 2019. One was withdrawn, one refused and one upheld. This brings the total number of appeals against sanctions we have imposed to five, of which the courts have upheld one. The appeals have provided helpful case law and we have learned from each case to improve our enforcement approach.

For a number of years we have recommended that the UK's governments should change laws to strengthen our investigatory and sanctioning powers. This year we saw such changes in Scotland, where the Scottish Parliament, through the Referendums (Scotland) Act, increased the level of fines available to us (from £20,000 to £500,000); gave us wider powers to obtain information outside of formal investigations; and established rules to require imprints on digital campaign material.

---

# Goal three



Our expertise in policy, research and communications are core to enabling this work.

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

This area of work focuses on innovation and strengthening our evidence base. Our expertise in policy, research and communications are core to enabling this work.

## Key achievements

### To contribute to innovation and strengthening our evidence base, we:

- reported on the three sets of elections and two recall petitions from 2019 and made recommendations to help improve future events
- reported on the accuracy and completeness of the electoral registers in the UK
- evaluated the UK Government's pilot schemes testing polling station voter ID in parts of England at the May 2019 local elections
- provided the Scottish and Welsh governments and parliaments with independent expert advice on legislative and policy changes arising from their respective electoral reform agendas
- assessed the impact on voters of any changes to the ordering of candidates on ballot papers for Scottish council elections, at the request of the Scottish Government
- published feasibility studies on options for modernising electoral registration
- provided oral evidence to three UK Parliament committees and written evidence to two House of Lords select committees
- provided written evidence to three National Assembly for Wales committees and gave oral evidence on two occasions
- provided written evidence on three bills to two Scottish Parliament committees and gave oral evidence on three occasions

## Goal three continued



We provided expert advice and support to the Scottish and Welsh governments and parliaments, to help with their electoral reform agendas.

<sup>6</sup> We focussed on identifying gaps in youth democratic engagement initiatives. We delivered the project as we had scoped it and in 2020-21, we will start new projects based on the findings, including a project to develop education resources.

## Performance measures

Measures	
Deliver a project to understand the landscape of public democratic engagement in the UK	✓ <b>ACHIEVED<sup>6</sup></b>
Deliver a project to develop and explore the feasibility of proposals to modernise electoral registration and meet voters' needs and expectations in our digital society	✓ <b>ACHIEVED</b>
Publish our evaluation and response to the 2019 voter ID pilots	✓ <b>ACHIEVED</b>
Work in support of the electoral law reform recommendations from the England and Wales, Scotland and the Northern Ireland Law Commissions	✓ <b>ONGOING</b>

### Innovation and strengthening our evidence base

We provided expert advice and support to the Scottish and Welsh governments and parliaments, to help with their electoral reform agendas. This included extending the franchise for their elections to younger people in Wales and new categories of electors in both countries. We advised on proposals and draft legislation and our input helped to ensure these would work in practice.

We evaluated the UK Government's ID pilots, which took place during the local elections in parts of England in May 2019. Our independent assessment will help the UK Government to assess the accessibility and security of different approaches, before introducing any requirement to show ID in polling stations across Great Britain.

Our major studies into the accuracy and completeness of the electoral registers are the only UK studies on this topic. Many people use these findings and they provide evidence to inform the policy and legislative changes governments need to make to modernise our electoral registration systems. They are also a vital resource to inform our own and other organisations' efforts to target public awareness work to increase voter registration. The latest study found that while the proportion of people registered to vote remains largely stable, young people and private renters are still less likely to be correctly registered, and overall levels of accuracy and completeness remain in need of further improvement.

We published feasibility studies that explore different ways public data could improve the registration system and how reforms to processes could work in practice. This gives governments a starting point to make the types of changes that would address pressures on electoral administrators' resources as well as making it easier for individuals to register.



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## Goal three continued

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We continued working to identify and make the case for ways to simplify, modernise and consolidate electoral law.

We are using the outcomes from these studies to inform and encourage a wider policy debate about the future of electoral registration, and to support our own policy development work.

In Scotland, we carried out research to assess the impact on voters of any changes to the ordering of candidates on ballot papers for council elections. Our final report to the Scottish Government provides it with an evidence base to consider the impact of any changes on voters, electoral administrators and political parties.

We continued working to identify and make the case for ways to simplify, modernise and consolidate electoral law, including implementing the Law Commissions' recommendations, made initially in their 2016 report and given final weight in their closing report this year. We gave evidence to parliamentary committees to ensure our expert analysis about elections and regulation would inform their work.

In the UK Parliament, this included the Digital, Culture, Sport and Media Committee inquiry on disinformation; the Public Administration and Constitutional Affairs Committee inquiry on electoral law; and the Exiting the European Union Committee on rules for any future citizens' assembly and referendum. We also gave evidence to the House of Lords select committees on Democracy and Digital Technologies and on the Electoral Registration and Administration Act 2013.

In the National Assembly for Wales, we gave evidence to the Equality, Local Government and Communities Committee on the Local Government and Elections (Wales) Bill, and to the Assembly Electoral Reform Committee's inquiry into electoral systems and boundaries, and the Constitutional and Legislative Affairs Committee on the Senedd and Elections (Wales) Bill.

In the Scottish Parliament, we gave evidence to the Standards, Procedures and Public Appointments Committee on the Scottish Elections (Franchise and Representation) Bill and the Scottish Elections (Reform) Bill. We also gave evidence to the Finance and Constitution Committee on the Referendums (Scotland) Bill.



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# Goal four



The aim is to deliver services that are efficient, effective and economical.

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 provides a focus to activities that support the organisation and ensure we have the appropriate skilled people and resources. The aim is to deliver services that are efficient, effective and economical.

## Key achievements

### To support our organisation, we:

- ran a programme of testing, upgrading and benchmarking against appropriate standards to protect our digital infrastructure against cyber threats
- developed our working practices to reflect the expectations on a modern employer and ensured our digital systems support these changes
- upgraded the information technology systems that support our regulatory and electoral administration functions
- continued working closely with the National Cyber Security Centre to improve how we monitor our networks and platforms
- launched a new website to meet users' needs more effectively and provide information in easy-to-use and more accessible ways
- implemented new online procurement, project management and governance systems to make our processes more efficient and transparent
- developed a new people strategy to support the best use of our resources
- enhanced our skills base through a comprehensive learning and development programme and investment in specialised technical resources
- worked with the Scottish and Welsh parliaments to develop an operational model that allows us to report and account to them
- provided guidance and tools to staff to help us improve our quality assurance processes

## Goal four continued

### Performance measures

Measures	Performance
Learn practical lessons from current home and remote working practices and design future accommodation accordingly	✓ <b>ONGOING<sup>7</sup></b>
Identify options, costs and benefits of e-procurement and implement a new system accordingly	✗ <b>NOT ACHIEVED<sup>8</sup></b>
Stakeholder and staff satisfaction with IT tools	✓ <b>ONGOING<sup>9</sup></b>
Maintain high staff engagement scores in the annual staff survey and ensure indicators such as staff turnover are at appropriate levels	✓ <b>STAFF ENGAGEMENT SCORE: 72%</b> (2018-19: 65%. Civil Service average: 62%) <b>STAFF TURNOVER:</b> 13.19% (2018-19: 31.97%)
Monitor significant variances on all budgets and, where appropriate, reduce these variances over the five years of our Corporate Plan	✗ <b>NOT ACHIEVED<sup>10</sup></b>

<sup>7</sup> We implemented changes to working hours after piloting a new approach.

<sup>8</sup> We completed our tender and signed a contract in February. Because of the Covid-19 pandemic, we delayed implementation until the first quarter of 2020-21.

<sup>9</sup> We started significant projects to upgrade infrastructure, devices and applications, which we will evaluate once they are complete.

<sup>10</sup> Due to exceptional factors. We explain this further under 'Using our financial resources efficiently'.

### Supporting the organisation

In this last year, we have continued to transform the way we work through significant investments in our digital infrastructure, to improve its resilience and support flexible working practices. We have also continued working with the National Cyber Security Centre to improve how we monitor our networks and platforms, which helped with our focus on cyber security during the 2019 polls.

Our new website provides a better service to our stakeholders. As our main communication channel, it was important for us to improve functionality and accessibility, to communicate our work in better ways.

We have introduced other new digital tools to help us run our organisation. This includes an online procurement system, to make it easier for suppliers to participate in our tenders, and a planning system that enables us to report on our progress against our corporate goals and monitor risk more efficiently. Our new governance system gives us a more effective way to communicate with the Commission Board to give clear oversight of our performance.

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## Goal four continued

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Our new people strategy includes actions to facilitate a culture where employees are able to perform their roles more effectively.

Our new people strategy includes actions to facilitate a culture where employees are able to perform their roles more effectively. We started this work by reviewing our performance management and development processes. We have moved away from evaluating and ranking employee performance at set times in the year and changed to a continuous approach, managed through objectives. This addresses feedback from our 2018 staff survey and better fits with our culture.

We focussed on initiatives to address staff turnover. This included changing our recruitment practices to presume all roles would be permanent, unless there is a strong case to justify a fixed-term contract. We also supported staff to re-locate to our other offices, where this fitted their circumstances and our business needs.

We continued supporting staff groups that we set up to address particular areas, such as the staff engagement group, to ensure our employees have input into corporate policies and programmes. We also have groups dedicated to supporting staff with bullying, harassment and mental health issues and we have maintained strong links with our trade union, the Public and Commercial Services Union.

We invested more in learning and development and ensured staff were aware of training opportunities. We also appointed a provider to deliver a leadership and management development programme for all managers, which will run throughout 2020.

The Scottish and Welsh parliaments have been considering legislation that would ensure we are accountable to them for our work on devolved elections. We have always reported voluntarily to both parliaments for our policy work on devolved issues, but the new legislation will mean our formal accountability arrangements match those we have with the UK Parliament.

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# Looking ahead to 2020-21



We are working with the UK's governments and supporting local authorities to ensure they can deliver the polls successfully, safely and in line with relevant guidelines.

One of our challenges for the year ahead is to ensure local authorities can continue delivering well-run elections.

We supported the UK Government's decision to postpone the polls scheduled for May 2020, due to the Covid-19 pandemic. There are significant challenges to delivering the combination of polls now scheduled for May 2021. We are working with the UK's governments and supporting local authorities, to ensure they can deliver the polls successfully, safely and in line with relevant guidelines.

There is already pressure on local authority resources because of outdated and complex legislation. There are more than 50 Acts and 170 Statutory Instruments relating to the delivery of elections. This leads to real costs, consequences and risks for voters, candidates and campaigners, regulators and governments. Proposals from the UK's Law Commissions provide a well-researched basis for further work. In 2020-21, we will continue calling on the UK's governments and parliaments to take these forward.

While annual canvass reforms in Great Britain are welcome, governments need to do more to modernise the registration system. The existence of more than 370 separate registers that do not communicate with each other leaves the system vulnerable, while voters being unable to check online whether they are already registered leads to duplicate applications before every election. In the coming year, we will continue to encourage the UK's governments to commit to making registration more automated and connected to address these challenges.

The nature of political campaigning continues to change, with parties spending a greater portion of their advertising budgets on digital advertising. In response to these changes, we need the right powers and tools to continue regulating political finance effectively. In 2020-21, we will work with all concerned to encourage compliance and we will run a new campaign to help voters understand digital campaigning rules.

We welcome the Committee for Standards in Public Life (CSPL) review of electoral regulation in the UK. The nature of political campaigning has significantly changed, as have the public's expectations since the UK Parliament wrote the rules 20 years ago.

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## Looking ahead to 2020-21 continued

We will be ready to provide CSPL and others with information and advice to help deliver outcomes and recommendations that best enable people to continue recognising the UK as a leading and robust democracy.

Whilst acknowledging the likely continuing impact of the Covid-19 pandemic, our 2020-21 work programme includes:

- continuing with our transition towards providing our guidance in a new modern, more accessible format
- working with partners on improving the accessibility of elections so that everyone has equal access to election information and processes
- supporting the UK's governments' annual canvass reforms
- supporting the 2021 canvass in Northern Ireland
- developing a strategy to support increased resilience in the delivery of electoral services at a local level
- publishing new performance standards for EROs
- engaging with the Scottish and Welsh governments' policy and legislative agendas for changes to the franchise for their elections
- reviewing our compliance with our Welsh language obligations, to a standard the Welsh Language Commissioner is satisfied with
- completing a review of political parties' and campaigners' registered descriptions to make sure only those meeting the legal tests are included
- delivering a new political finance online system to support parties and campaigners to deliver their financial returns efficiently
- developing a new five-year Corporate Plan
- building the capacity to prosecute suspected offences and consulting on the way we approach the use of prosecutions
- engaging with government policy and legislative agendas for political finance
- strengthening our engagement with social media companies and other providers of digital advertising, to ensure their services and policies support transparency for election and referendum campaign activity
- enhancing our public awareness activity to help people understand digital campaigning rules and by producing education materials for young people
- improving the accessibility of our information by developing our website further including work to share open data
- implementing our new people strategy
- delivering digitally-enabled business change to reflect the expectations on a modern employer
- continuing to work with the Scottish and Welsh parliaments to implement our new accountability arrangements
- reviewing how we deliver legal services that effectively meet our changing requirements
- reviewing quality management processes across our main services and functions

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# Using our resources to support the delivery of our goals

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72%

employee  
engagement  
score (up from  
65% in 2018-19)

## Our people

### Staff relations and engagement

The expertise, hard work and high level of commitment of our workforce enable successful performance and delivery of our Corporate Plan. We value the positive and constructive relationship we have with colleagues and work hard to maintain it. Our staff engagement group meets on a regular basis to seek input from colleagues on emerging issues and help to maintain good relations with staff. We also actively encourage staff involvement as part of the day-to-day process of line management, and we share information on current and prospective developments widely and regularly. To support this, we have a recognition agreement with the Public and Commercial Services Union.

We completed our latest staff survey in March 2020 and 86% of employees responded. Our employee engagement score was 72% (up from 65% in 2018-19). Our scores compared most positively to the Civil Service benchmark in areas such as our people agreeing that:

- we took action after the previous survey
- they feel a strong personal attachment to our organisation and its work
- they would recommend the Electoral Commission as a place to work

The areas where we compared least positively to the Civil Service benchmark and we need to improve on include people agreeing that:

- there are opportunities for them to progress in their careers at the Electoral Commission
- they have the IT systems and equipment they need to do their jobs effectively
- we are committed to creating a diverse and inclusive workplace

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## Using our resources to support the delivery of our goals continued

### **Equal opportunities and diversity**

We are committed to the principle of equality of opportunity and the value of diversity. Our single equality scheme sets out our duties and commitments across the whole of the UK and includes an action plan that we update 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.

We have designed our scheme 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
- 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
- equality of opportunity for everyone and that all staff are treated fairly and with respect

We completed equality impact assessments on relevant policies and procedures throughout 2019-20. 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 people in respect to any protected characteristics.

Our staff group on equality, diversity and inclusion met regularly and supported our activities in these areas. Our latest staff survey includes questions about equality, diversity and inclusion. Results showed that an area of concern for our staff is that our organisation does not reflect the diversity of the people we serve, and they do not think we are doing enough to show our commitment to creating a diverse and inclusive workplace. We will start to address these concerns as we embed a new people strategy in 2020, which includes work to review and improve our recruitment and selection procedures.

### **Occupational health and safety**

We review our health and safety policy annually. We also have procedures, guidance and risk assessments in place to cover our core activities. A health and safety group oversees our arrangements. They meet regularly and report to our senior leadership group. However, primary responsibility for health and safety sits with people managers.

We initiate independent health and safety audits of our premises each year, which involves inspecting working environments and reviewing safety management systems. These audits tell us if our arrangements are suitable and highlight any improvements we need to make. Findings from audits completed in 2019-20 were generally satisfactory and arrangements were compliant with legislation and best practice.



## Using our resources to support the delivery of our goals continued

### 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 property owners. We do not have direct control of utility supplier and waste disposal targets and management at our premises. For a number of our offices, the property owner manages energy and water consumption as well as waste disposal and recovers costs through a consolidated service charge. This report includes consumption and waste disposal data from the London office only, which is our largest property and the base for the majority of our staff.

Offices in Edinburgh, Cardiff and Belfast have relocated to smaller, more environmentally efficient premises in the last 10 years. The lease on our London office ends in 2020. After reviewing our accommodation options, we have decided to renew the lease.

Other initiatives are in place, in order to help minimise environmental impact. 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 teleconferencing to avoid unnecessary travel with consequential CO<sub>2</sub> emissions
- operated recycling facilities in all our offices
- upgraded to more energy efficient information communication technology equipment

### Summary (London office)

Area		2019-20 Actual <sup>11</sup>	2019-20 Target*	2018-19	2017-18
Greenhouse gas emissions (CO <sub>2</sub> e in tonnes)		Not available	211	187	235
Estate energy	Consumption (kWh)	Not available	661,061	639,526	682,595
	Expenditure	Not available	Not available	Not available	Not available
Estate waste	Amount (tonnes)	Not available	9.84	10.00	9.67
	Expenditure	Not available	£1,111	£1,227	£994
Estate water	Consumption	Not available	795 m <sup>3</sup>	742 m <sup>3</sup>	847 m <sup>3</sup>
	Expenditure	Not available	Not available	Not available	Not available

\* The annual target shown is calculated as an average of the previous two years.

<sup>11</sup> Due to Covid-19 restrictions, the data was not available from our landlord at the time of publishing. We will publish this data on our website in due course.



## Emissions report (London office)

Greenhouse gas emissions		2019-20	2018-19	2017-18	2016-17
Non-financial indicators (CO <sub>2</sub> e in tonnes)	Total gross emissions	Not available	187	235	268
	Gross emissions – Fossil fuel consumption	Not available	151	198	227
	Gross emissions – Travel	Not available	36	37	41
Related energy consumption (kWh)	Electricity	Not available	446,018	487,611	495,414
	Gas	Not available	193,508	211,990	187,181
Financial indicators (£)	Expenditure on energy	Not available	Not available	Not available	Not available
	Expenditure on travel	£138,514	£125,450	£113,852	£166,585

### Performance commentary on emissions

Reported fossil fuel consumption has decreased year on year, an ongoing effect of the property owner'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.

### 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. We shred the confidential waste we generate on-site before it is recycled into low-grade paper.

## Waste report (London office)

Waste			2019-20	2018-19	2017-18	2016-17
Non-financial indicators (tonnes)	Total waste		Not available	10.00	10.01	9.67
	Non-hazardous waste	Confidential	2.13	5.58	2.81	2.48
		General waste reused or recycled	Not available	7.22	7.26	7.19
Financial indicators (£)	Total disposal cost		Not available	Not available	Not available	Not available
	Confidential		£1,169	£1,227	£1,134	£994
	General waste reused or recycled		Not available	Not available	Not available	Not available

## Using our resources to support the delivery of our goals continued

The figure for the general and recycled waste is based on a proportion of total building waste. All general waste produced in the building, including that generated by us, is sent to a nearby energy from waste plant, instead of landfill sites.

### Using our financial resources efficiently

In 2019-20, the resource initially made available to us by the UK Parliament was £19.4m for voted activity. We received non-voted funding of £200k to pay Commissioners' fees.

In January 2020, £2.8m was added to our resource to fund expenditure on the 2019 UK Parliamentary general election, and our Annually Managed Expenditure (AME) budget was increased by £285k to manage the risk of variations in legal provision. This augmented our net cash requirements by £3m.

In achieving our objectives, we have used £20.0m worth of resources for the whole year. This was out of the available sum of £22.2m approved by the UK Parliament in our Supplementary Estimate (HC 64) for the net resource requirement. The graphic below summarises our financial performance on the 'voted' element of our budget.

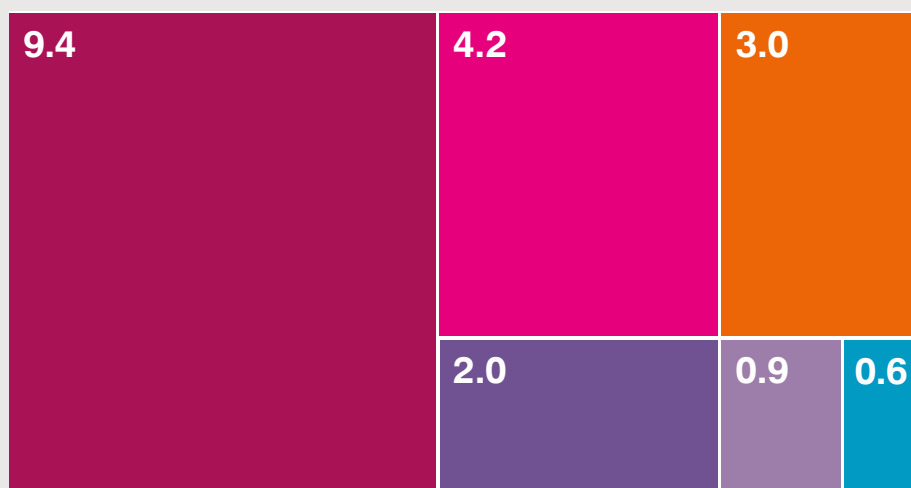
### Financial performance 2019-20

Our financial performance follows our strategic performance, being dominated by a shifting electoral timetable. For the year 2019-20:

- our staff costs represented 47% of our expenditure, which is the same as 2018-19
- our operating costs rose from 28% to 36% of our allocated budget due to additional public awareness work for the European Parliamentary elections and the UK Parliamentary general election
- we saw a similar spend for EU referendum operating costs, which represents the costs of litigation defended net of costs received during the year
- our capital expenditure had a slight increase from 4.3% to 4.5%

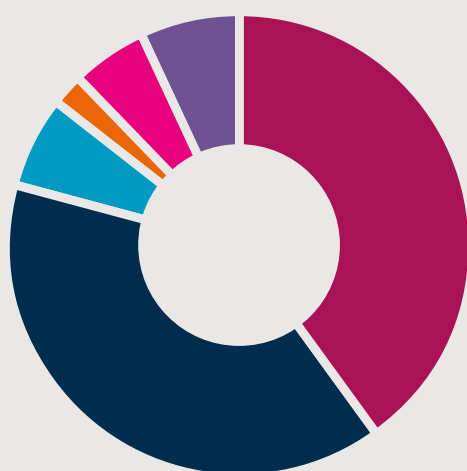
#### Expenditure 2019-20 (£m)

Staff costs	■
Public awareness	■
Policy development grants	■
Operating costs	■
EU referendum operating costs	■
Capital expenditure	■



## Using our resources to support the delivery of our goals continued

We report our underspend on the Treasury's usual measure ('R-DEL excluding depreciation') as this reflects in-year operational decisions. In 2019-20 this was £1.5m against the voted budget of £20.3m (7.4%). This was predominantly due to unused contingency and other savings in delivering the unscheduled UK Parliamentary general election. The cancellation, in March 2020 of the May 2020 polls, by the UK Government also caused the deferral of significant costs into 2020-21, increasing the underspend in this year. Excluding these exceptional factors, the underspend was £0.369m (1.8%), meeting our corporate objective. However, due to these exceptional factors we have chosen to report that objective as unmet within our performance report.



### Operating Underspend (£000)

UK Parliamentary general election	£599	
May 2020 campaign	£589	
Staffing costs	£96	
Policy development grants	£33	
Unexpected income	£76	
Other	£103	

The underspend is comprised of:

- £599k underspend on the UK Parliamentary general election
- £589k in reduced campaign spending due to the cancellation of the May 2020 elections
- £96k in reduced staffing costs
- £76k of unexpected income from the Senedd and Scottish Parliament
- £103k as a combination of smaller underspends
- £33k in unclaimed policy development grants

Other underspend:

- £235k in depreciation due to reduced capital spend
- £415k in provisions due to lower than expected legal costs
- £111k in capital projects

The £21k underspend against non-voted funding is due to lower than expected costs for Commissioners.

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## Using our resources to support the delivery of our goals continued

Our income in our accounts relates to charges for registering political parties and work completed for the Senedd and Scottish Parliament. We collect fines raised against political parties and individuals for failure to comply with the rules on party and election finance and then surrender these to the Consolidated Fund as required by law. The penalties due was £232,980 in 2019-20 received by 31 March 2020 and surrendered to the Consolidated Fund.

In addition to monitoring performance against budgets, we also managed within our cash limits set by the UK Parliament. We required cash amounting to £20.2m in 2019-20 to finance our voted activities, which was £1.5m less than the sum of £21.7m approved by the UK Parliament in our Supplementary Estimate. The reconciliation of net resources outturn to net cash requirement provides a reconciliation from our outturn to the net cash we required in-year.

The Statement of Cash Flows shows that the cash balance as at 31 March 2020 was £197k.

The Statement of Financial Position as at 31 March 2019 shows negative taxpayers' equity of £0.4m due to outstanding invoices accrued for.

### **Supplier payments**

Although we are independent of government, we aim to comply with the Prompt Payment Code that operates across the public sector. The target is to pay undisputed invoices within 30 days. In 2019-20, we paid 81.6% of invoices (99.9% in 2018-19) within 30 days. The reduction was due to a required change in process for purchase orders, which is now in place meaning we anticipate performance now increasing again.

### **Freedom of Information, complaints and parliamentary questions**

We are committed to the principles of openness and transparency in public life and acknowledge the duty to provide information to the public. In 2019-20, we received 287 Freedom of Information (FOI) requests, a significant increase on the 224 we received in the previous year. We responded to 59.4% of these within the 20 working days statutory timeframe (against a target of 90%) due to an increased number of large and complex requests during the electoral events. The proportion of large, complex and repeated requests has also increased compared to previous years. We responded to 13 FOI internal review requests, 4.5% of the total requests answered. The Information Commissioner's Office (ICO) notified us of six complaints, one related to a subject access request and five related to FOI requests; this is less than 2% of the total FOI requests answered in 2019-20.

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## Using our resources to support the delivery of our goals continued

We received 20 subject access requests, compared to five in 2018-19. We responded to all of these promptly. We received one complaint and this is pending closure from the ICO. We also received six requests for erasure under the General Data Protection Regulation/Data Protection Act 2018.

The holding of the European Parliamentary elections and UK Parliamentary general election contributed to most of the increase in the volume of requests we received in 2019-20.

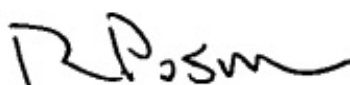
We handled 51 complaints, compared to 37 in 2018-19. We upheld three complaints and partially upheld a further three. These complaints were mainly due to administrative errors and delays in responding to queries. We received 11 requests for review. While none of these reviews changed the original outcome of the complaint, they did enable further explanation and assistance. The Parliamentary Ombudsman is considering one complaint and we are awaiting the outcome of that.

In addition, we received correspondence from 709 members of the public complaining about difficulties in being able to vote due to the Brexit-related short lead in notice to the European Parliamentary elections.

We responded to 49 parliamentary questions during 2019-20, including questions about digital campaigning, electoral fraud, the accuracy and completeness of the electoral registers and the effectiveness of electoral law. Bridget Phillipson MP, a member of the Speaker's Committee, was our spokesperson in the UK Parliament and answered questions on our behalf.

### **Supply estimate for 2020-21**

Our supply estimate for 2020-21 (HC303) provides for a net resource requirement of £21.9m. The Speaker's Committee approved this on 29 April 2020. There is no reason to believe that future approvals will not be forthcoming. We plan to use these resources to continue delivering our four goals around the delivery of elections, the regulation of political finance, the use of our expertise to improve democratic processes and the best use of our resources.



**Bob Posner**  
**Chief Executive and**  
**Accounting Officer**

**1 July 2020**

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# Powers and sanctions report

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## **Use of our powers and sanctions between 1 April 2019 and 31 March 2020**

We encourage those we regulate to comply with the rules by providing support and guidance. However, where proportionate to do so, we take action when they do not follow the rules.

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

- require information (through an investigation notice) from anyone where we suspect there has been a breach of the law or (through a disclosure notice) where we do not suspect an offence but require information in order to fulfil our functions
- require suspects or witnesses to attend for interview
- take action if people do not co-operate with our requirements
- in certain circumstances, enter premises (through an inspection warrant 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 people to take particular actions to achieve compliance or rectify non-compliance
- stop notices, by which we can require people to take a particular action or stop an intended action

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, we can refer cases to the police or 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.

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# Powers and sanctions report continued

## Use of investigatory powers

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

- we issued a disclosure or investigation notice
- premises were entered using an inspection warrant issued by a Justice of the Peace
- we 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 2019-20, we issued one disclosure notice. That notice is still outstanding, as at 31 March 2020, and we are not therefore disclosing further details.

We did not issue any investigation notices during 2019-20. This is welcome and reflects the fact that, after a series of complex cases in recent years, there were no comparable cases during 2019-20. Since 2016-17, we have seen a steady reduction in the number of notices we have issued.

We did not use our powers to apply for an inspection warrant to enter premises, or apply for any court orders for disclosure.

## Investigation notices



## 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)

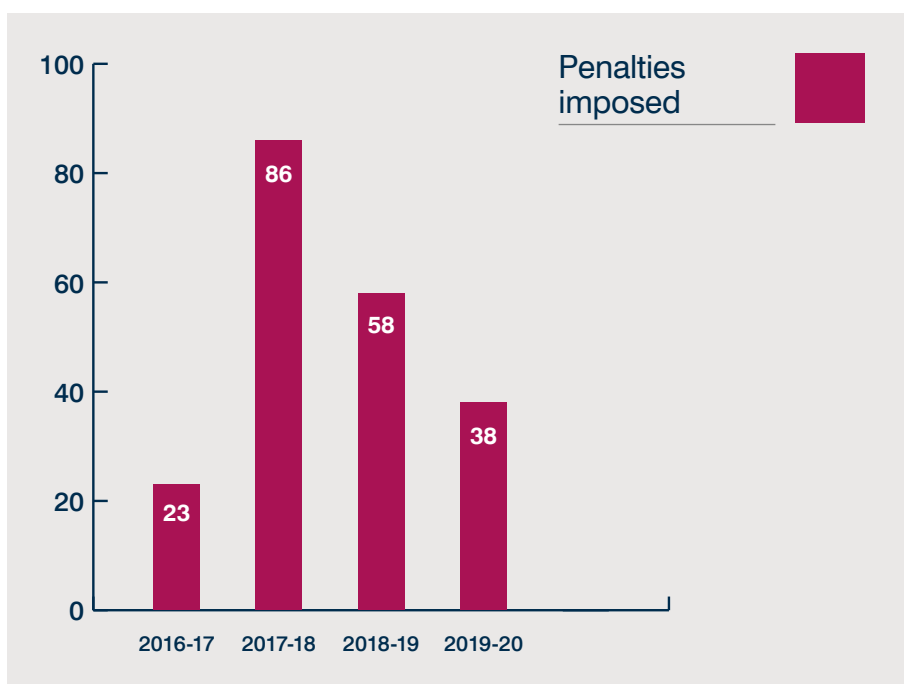
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## Powers and sanctions report continued

- liability for a fixed monetary penalty was paid before a notice imposing it was issued
- an enforcement undertaking was accepted

The number of penalties imposed, 38, is less than in 2018-19, which included cases arising from the 2016 EU referendum and a number of cases arising from the 2017 UK Parliamentary general election. The 2019-20 period includes nine cases where parties paid fixed penalties early so we did not have to issue notices to impose payments. The information below does not take account of 20 cases where we found an offence but decided not to impose a sanction.

### Number of penalties imposed



We accepted two enforcement undertakings during 2019-20, and the fulfilment of those obligations remains ongoing as at 31 March 2020. We did not serve any stop notices up to and including 31 March 2020.

Three appeals against sanctions were awaiting hearings at the beginning of 2019-20 (campaigners originally raised these in 2018-19). Vote Leave withdrew their appeal and contributed to our legal costs. The county court refused the appeal brought by the Christian Peoples Alliance and as is usual, awarded costs to us as the successful party. The county court upheld the appeal brought by Darren Grimes in July 2019 and as is usual, awarded costs against us as the unsuccessful party. Following negotiation, we paid Mr Grimes £535,000 towards his costs. There were no new appeals during 2019-20.

We also worked with the National Crime Agency (NCA) on one matter, which led to an investigation by the NCA but no further action. Arising from that matter, we also settled a defamation claim without damages or costs awarded.



# Accountability report



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# Corporate governance report

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## The Directors' report

The Commission Board comprises 10 Commissioners appointed by Royal Warrant to exercise our functions as described in PPERA.

The Board appoints the Chief Executive to lead and manage our organisation 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. They did not hold any significant company directorships or other interests that may have conflicted with their responsibilities. No Commissioner or director had any other related party interests. We update the register of interests regularly throughout the year and publish this on our website.

### **Going concern**

We have received approval for the resources we require in 2020-21. 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. Following a procurement exercise, we have appointed RSM as our internal auditors from 1 April 2020.

Full details of remuneration for both audit and non-audit work are in the financial statements.

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# The Directors' report continued

## **Disclosure of information to the National Audit Office**

The Accounting Officer, who held office at the date of approval of this directors' report, confirms that, as far as the directors are each aware:

- there is no relevant audit information of which the external auditors are unaware
- 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 and Accounts. We have reported personal data related incidents in the governance statement. Disclosures on employment and engagement with staff are in the 'our people' section of the performance report. Additional information is included in the remuneration report.

No significant events affecting us have occurred since the reporting date and we have disclosed future developments affecting us in the 'Using our financial resources efficiently' section of the performance report.

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# Statement of Accounting Officer's responsibilities

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

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

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual prepared by Her Majesty's (HM) Treasury, and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis

In accordance with paragraph 19(1) of Schedule 1 to PPERA, the Speaker's Committee has designated the Chief Executive as Accounting Officer of the Electoral Commission, with responsibility for preparing the 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 Electoral 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 is aware:

- there is no relevant audit information of which the entity's auditors are unaware
- they have taken all the steps that he ought to have taken to make himself 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.

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# Governance statement

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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 advisor to the Audit Committee and staff and meetings with internal and external auditors and other external stakeholders.

The Board find the quality of data acceptable.

The four main categories of data are:

- public opinion data derived from surveys by reputable, independent research agencies using transparent methods
- elections and registration data collected directly from EROs and ROs, including figures on postal voting and turnout
- accuracy and completeness data compiled using a well-developed and robust methodology of fieldwork by an independent research agency
- financial data provided to the executive team, extracted from the main general ledger and analysed into management reports; the Board obtains assurance through our financial controls, which are subject to regular management scrutiny and internal and external audit

This governance statement 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 the UK Parliament.

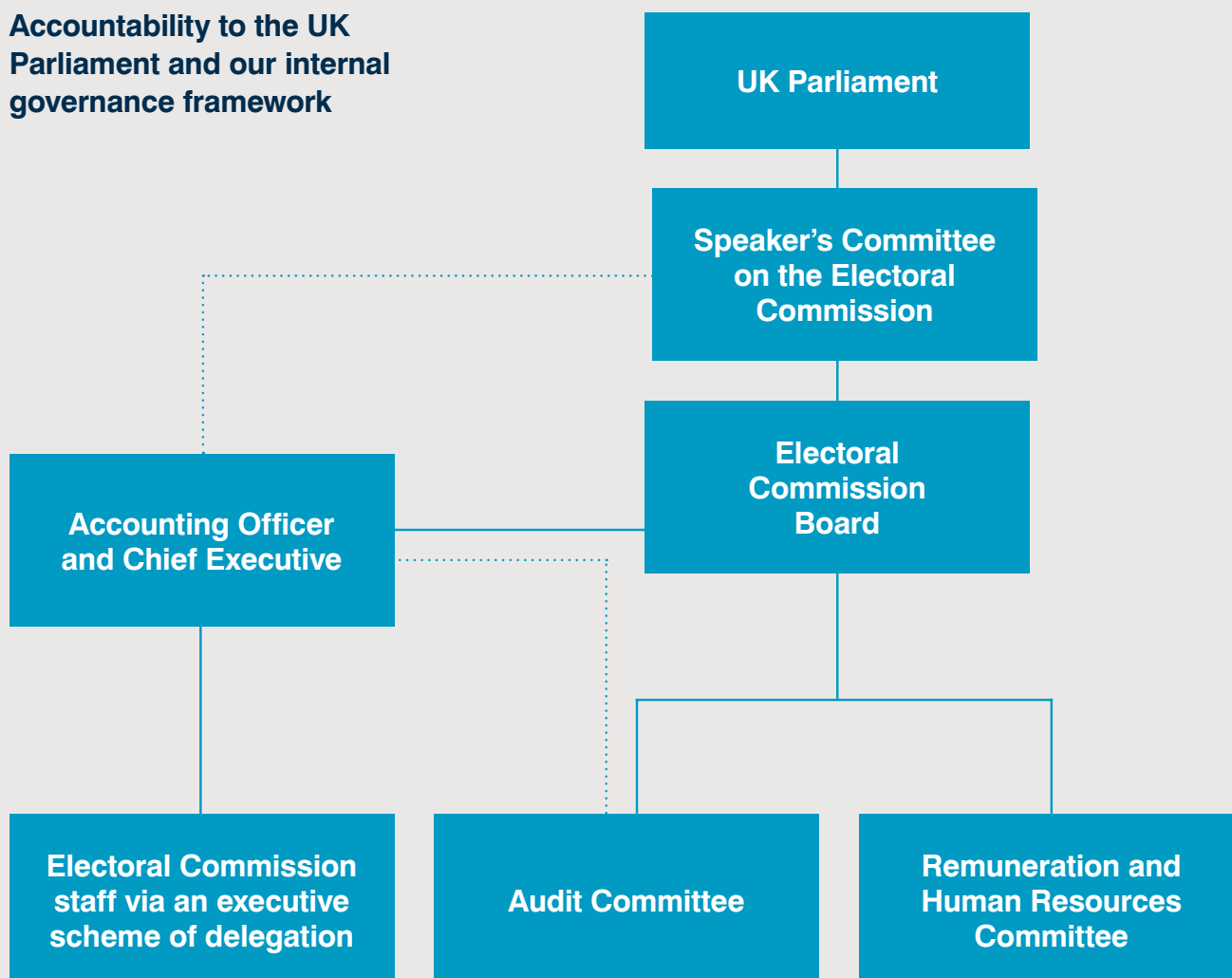
# Governance statement continued

## Accountability to UK Parliament and the devolved parliaments

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 for functions related to its parliamentary and local government elections. Once the commencement provisions are enacted, we will also report to the Senedd for its parliamentary and local government elections.

In 2019-20, we worked with the Scottish Parliament and Senedd to develop a funding formula. We will charge all direct costs for relevant elections to the legislatures, including costs for guidance and public awareness, and a percentage of legal and regulation pay costs. The proposal is to calculate all other costs using the Office for National Statistics population data, valid for the life of our Corporate Plan. The UK Treasury will transfer the agreed level of funding to the Welsh Consolidated Fund and the Scottish Parliament. These processes will ensure all parliaments can be confident in scrutinising our work plans and accounts.

### Accountability to the UK Parliament and our internal governance framework



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# Governance statement continued

## 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 our annual resource estimates and laying them before the House of Commons, with or without modification
- examining our five-year plans and laying them before the House of Commons, with or without modification
- receiving our accounts
- designating our Accounting Officer
- reporting to the House of Commons, at least once a year, on how it has carried out its functions

Members of the Speaker's Committee from 1 April 2019 - 4 November 2019 were:

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

- Jessica Morden MP (Labour)
- Bridget Phillipson MP (Labour) (committee spokesperson)

Following the UK Parliamentary general election in 2019, the Members of the Speaker's Committee were:

- Right Honourable Sir Lindsay Hoyle, Speaker of the House of Commons (Chair)
- William Wragg MP, Chair of the Public Administration and Constitutional Affairs Committee
- Right Honourable Michael Gove MP, Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster
- Simon Clarke MP (Conservative)
- Owen Thompson MP (Scottish National Party)
- Karl McCartney MP (Conservative)
- Craig Mackinlay MP (Conservative)
- Christian Matheson MP (Labour)
- Bridget Phillipson MP (Labour) (committee spokesperson)

The five appointed members are Members of the House of Commons who are not Ministers. The Speaker of the House of Commons makes these appointments.

The Secretary of the Speaker's Committee is Kevin Maddison.

The Speaker's Committee agreed our Supply Estimate for the 2020-21 financial year and our Corporate Plan in March 2020. The Supply Estimate (HC303) was laid before the UK Parliament on 29 April 2020.

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# Commission Board and leadership team

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## The Commission Board

The Commission Board meets on a regular basis to consider our strategic direction and objectives and to review our performance. All members of our Executive Team and other relevant staff attend the Board's formal meetings.

Her Majesty the Queen appoints our Chair and Commissioners on the recommendation of the House of Commons. By custom, Her Majesty normally appoints Commissioners for a period not exceeding four years in the first instance, with the possibility of re-appointments.

A Commissioner may cease to serve or be removed in accordance with the grounds set out in Schedule 1, paragraphs 3–5 of PPERA. Unless Her Majesty reappoints the Commissioner before their period ends their appointment terminates at the end of the specified period. The Commissioner may also ask to terminate their appointment.

<sup>12</sup> Rob Vincent's term was renewed for another four years from 1 January 2020.

<sup>13</sup> Alastair Ross requested permission to resign and Her Majesty approved this on 18 February 2020.

<sup>14</sup> Baron Gilbert of Panteg (Lord (Stephen) Gilbert)

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## Commissioners serving in 2019-20

Name	From	To
Sir John Holmes	1 January 2017	31 December 2020
Anna Carragher	1 January 2012	31 December 2020
Alasdair Morgan	12 October 2014	30 September 2020
Rob Vincent CBE <sup>12</sup>	1 January 2016	31 December 2023
Dame Susan Bruce	1 January 2017	31 December 2020
Professor Elan Closs Stephens DBE	13 March 2017	12 March 2021
Sarah Chambers	31 March 2018	30 March 2022
Alastair Ross <sup>13</sup>	1 November 2018	18 February 2020
Joan Walley	1 November 2018	31 October 2022
Lord Gilbert <sup>14</sup>	1 November 2018	31 October 2022



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## Commission Board and leadership team continued

The Chair works for two days each week. The other Commissioners spend an average of two days per month fulfilling their duties.

The table below shows the Commissioners who served during the year, with their terms in office indicated. The Speaker's Committee has started considering the re-appointment or recruitment to Commissioner roles, where the Commissioner resigned or where they are near the end of their current terms of office.

During the year, the Board delegated specific activities to the Audit Committee and the Remuneration and Human Resources Committee.

### **Audit Committee**

The Board established an Audit Committee to support the Accounting Officer in discharging their formal accountability responsibilities and provide assurance to the Board on the discharge of these responsibilities.

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

The Audit Committee reviews:

- the strategic processes for risk, control, and governance
- the planned activity and results within information governance and the Annual Assessment of Information Risk Management
- the Annual Governance Statement and recommend approval of the Statement by the Accounting Officer as appropriate
- the accounting policies and the annual accounts, including the process for review of the accounts before submission for audit; levels of error identified; and management's letter of representation to the NAO
- the plans and reports of the NAO and management responses to any proposals, as well as agreeing the strategic and annual internal audit plans
- assurances relating to our corporate governance requirements, including the approval of policies for whistleblowing, anti-fraud, anti-bribery policy, and authorising claims for expenses, with an opportunity to raise queries with the Board
- proposals for tendering for Internal Audit services, or for the purchase of non-audit services from contractors who provide audit services

The Audit Committee's focus is to review the risk and control of assurances it receives and the adequacy of assurance arrangements themselves.

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## Commission Board and leadership team continued

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

The Audit Committee shares meeting minutes with our Board and formally reports to them annually.

In 2019-20, the Audit Committee considered the annual accounts and supporting assurance work, the review of legislative compliance and received audit reports on our core financial systems.

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

The Chair of the Audit Committee during the 2019-20 financial year was Dame Sue Bruce. The independent advisor to the Audit Committee is Paul Redfern. The members of the Committee during the same period were:

- Alasdair Morgan
- Dame Susan Bruce, Chair
- Professor Elan Closs Stephens DBE

### **Reviews of audit reports**

The Audit Committee approved and monitored a programme of audit and reviews for 2019-20. The Committee reviews both external and internal audit reports, and monitors which recommendations staff accept and how they implement them. The Audit Committee also satisfies itself that there are valid reasons for rejecting recommendations.

The Audit Committee held three meetings in 2019-20. The internal and external auditors routinely attend all meetings, along with staff including the Chief Executive and the Director of Finance and Corporate Services.

### **Remuneration and Human Resources Committee**

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

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

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## Commission Board and leadership team continued

The Committee also acts as an advisory group on the extent to which organisational development and human resource matters support the Board's strategic direction for our organisation.

Members serve for three years, unless a member ceases to be a Commissioner or asks to stand down. The Board may re-appoint them for a further period, normally not exceeding three years.

Remuneration and Human Resources Committee members during 2019-20 were:

- Rob Vincent CBE, Chair
- Joan Walley (from 13 March 2019)
- Sarah Chambers

The Committee met twice and discussed our people strategy, pay, equality and diversity strategy and exit analysis.

### **Review of Board and Committee performance during 2019-20**

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 focussed on the following activities:

- reviewing the administration of the May 2019 elections
- preparation at short notice for the European Parliamentary elections in May and an unscheduled UK Parliamentary general election in December 2019
- reviewing the voter ID pilots at the May 2019 elections
- discussing our accuracy and completeness survey and winter tracker research findings
- discussing our modernising electoral registration project

The Board considered the following topics at informal Commissioner days:

- managing regulatory risk
- our approach to public awareness campaigns

The Audit Committee, as well as the Remuneration and Human Resources Committee, reviewed their effectiveness during the year. Responses were positive, and the Committees will act on the conclusions during 2020-21.

## Board and Committee attendance 2019-20

Name	Commission Board	Audit Committee	Remuneration and Human Resources Committee
Sir John Holmes (Chair)	10 (10)	-	-
Anna Carragher	9 (10)	-	-
Alasdair Morgan	10 (10)	3 (3)	-
Rob Vincent CBE	10 (10)	-	2 (2)
Dame Susan Bruce	8 (10)	3 (3)	-
Professor Elan Closs Stephens DBE	10 (10)	3 (3)	-
Sarah Chambers	10 (10)	-	2 (2)
Alastair Ross	8 (8)	-	-
Joan Walley	9 (10)	-	2 (2)
Lord Gilbert	10 (10)	-	-

The table above shows Board and Committee meeting attendance during 2019-20 (the maximum possible attendance is in brackets).

### Chief Executive

The Board appoints a Chief Executive to lead and manage our organisation. Bob Posner became interim Chief Executive from 2 January 2019. Following open advertisement and assessment of candidates, the Board appointed Mr Posner permanently in April 2019, and the Speaker's Committee then designated him as our Accounting Officer.

The Chief Executive is responsible for our organisation overall, including management and staffing and for financial, conduct and discipline matters.

### Executive Team

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

The Directors have delegated authority for day-to-day management 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.

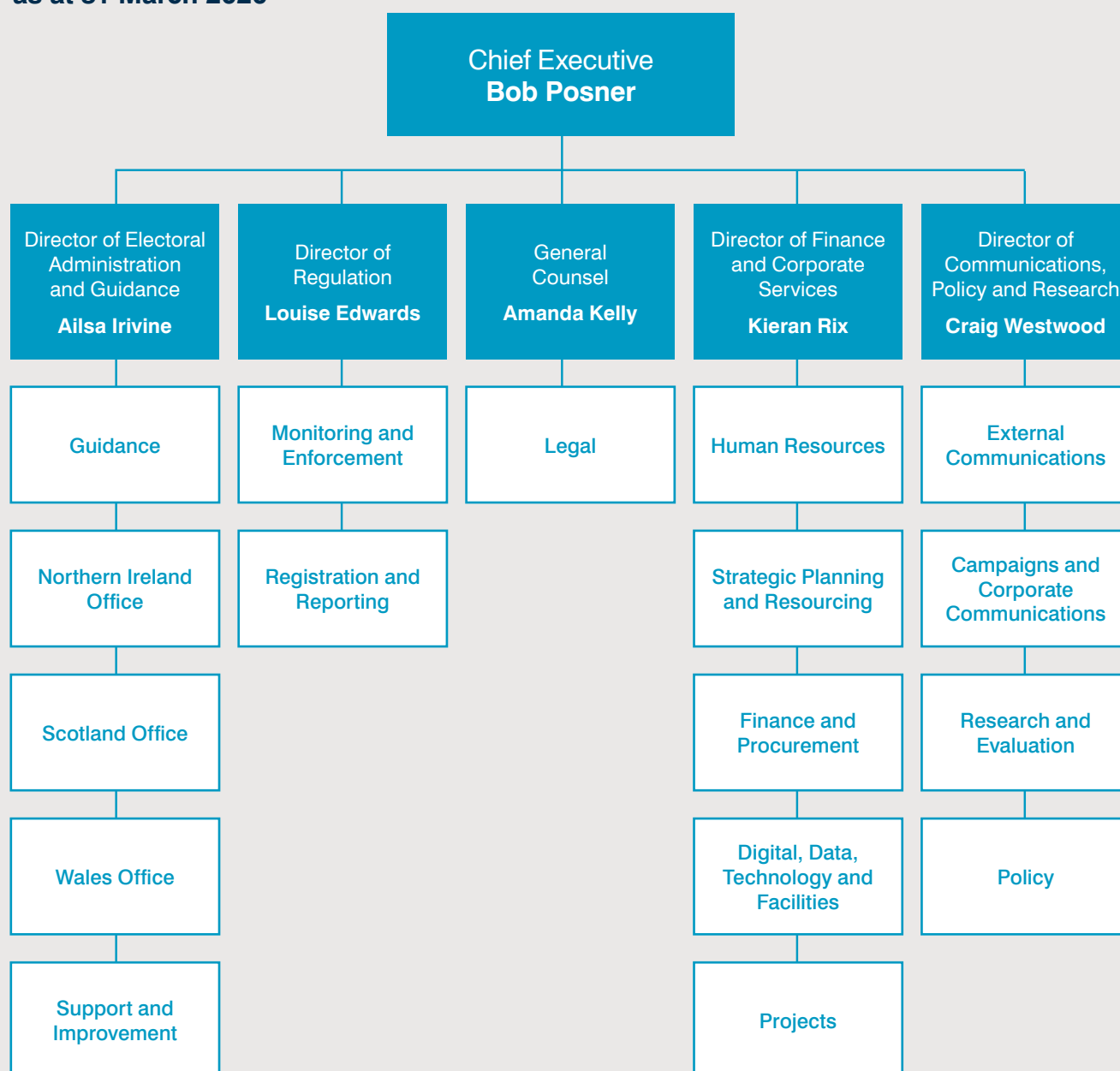
# Commission Board and leadership team continued

Members of the Executive Team during 2019-20 were:

- Chief Executive: Bob Posner
- Director of Finance and Corporate Services: Kieran Rix
- Director of Regulation: Louise Edwards
- Director of Communications, Policy and Research: Craig Westwood
- Director of Electoral Administration and Guidance: Ailsa Irvine

The General Counsel, Amanda Kelly also provides advice to the Executive Team and the Board.

## Organisational structure as at 31 March 2020



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# Risk management, internal control and assurance



The Board reviews our corporate governance framework annually, ensuring that we adopt best practice.

We maintain and review the effectiveness of our control framework through the arrangements below.

## **Corporate governance**

The Board reviews our corporate governance framework annually, ensuring that we adopt best practice. The Strategic Planning and Resourcing team are responsible for the operation of the scheme of corporate governance, to ensure we give full effect to the principles of the framework.

## **Risk management**

We have designed our risk management processes 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)
- ensure that the likelihood 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 Board with assurance that the risks are being managed appropriately

We identify and evaluate risks by:

- taking all key decisions following consideration of risks and associated mitigations, which are separately identified in papers for the Board and those taking delegated decisions
- the Executive Team considering whether new risks should be added to the organisational risk register, and whether the existing risks' profiles need to be changed, as part of their quarterly review of risk
- the Executive Team completing 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 goals in our Corporate Plan

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## Risk management, internal control and assurance continued

- presenting a full risk report to each meeting of the Audit Committee and also annually to the Board
- managers and staff identifying risks in their projects or areas of work
- identifying risk through our planning process, audit, review of operations and training activities
- assigning owners to risks who formally review their likelihood, potential impact and the mitigations in place each quarter

During 2019-20, we adopted a revised risk management framework. Changes resulting from the new framework include:

- using a 5x5 matrix for assessing risk ratings
- revising the list of operational risks
- endorsing a set of risk appetite descriptors
- revising the risk management policy and staff guide to managing risk

The strategic risks we monitored and managed in 2019-20 were:

- we are ineffective in delivering all or a significant part of our corporate plan
- part or all of an election poll is not well-run
- ineffective regulation of the party and election finance rules
- we fail to respond adequately to increased devolution
- we are not sufficiently prepared to deal with the implications of departure from the European Union for our work (monitored and managed until 31 January 2020)

Operational risks reflect the strategic risks identified above and operational risk management contributes to mitigating those risks. Operational risks are managed day-to-day through established processes, line management and review, and through management reporting. In particular, we use quality management and review processes to provide assurance that our regulatory activity complies with legal and other requirements and to ensure that investigations are properly commenced, conducted and concluded. These processes include separation between investigators and decision-makers. Legal advice and review is included in the process at all relevant stages in the process. This year, we introduced a review of these processes, and of compliance with them, by the Chair of the Audit Committee to provide additional assurance to the Board.

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## Risk management, internal control and assurance continued

We have identified and campaigned for improvements to election and political finance law. However, it remains the case that in some areas the law is complex and unclear. As a result, and because our findings are often challenged by the parties concerned, our decisions are sometimes subject to legal challenge. When subject to legal challenge, we review cases and defend them where appropriate, engaging external legal advice, including counsel, as required. We review all cases as appropriate after legal challenges are concluded to see what lessons can be learned.

The Covid-19 pandemic's primary impact on the Electoral Commission is that the Coronavirus Act 2020 postponed the scheduled May elections in England and Wales to May 2021. This affected some planned activity in 2019-20, especially running public awareness campaigns for these polls. However, the impact on planned activity is significant in 2020-21, as the postponed polls will now be held alongside scheduled ones and they may need to be held in the context of continuing coronavirus impacts.

We have moved to all staff working remotely. The transition required us to issue some equipment to staff and set up new infrastructure for video conferencing and external calls, but overall it was smooth. Learning from the Covid-19 pandemic will inform decisions about how we use our offices across the UK in the context of increased flexible use of the space and changes to ways of working, both this year and in the long-term.

While the Covid-19 pandemic has not caused us to change the ratings of any organisational risks, we have identified potential impacts in three of these risks: that we do not fully deliver our Corporate Plan, that an election poll is not well-run, and that there is less compliance with the political finance rules. We have updated our organisational risk register to reflect this impact.

The management processes, risk reviews and mitigations put in place for 2019-20 have assured the Accounting Officer that we have maintained an appropriate risk management regime.

### 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 our external auditor, as set out under Schedule 1 of PPERA. The NAO did not provide any non-audit services in 2019-20.



## Internal audit

Our internal auditors in 2019-20 were Mazars LLP. Mazars were appointed from 1 April 2016 on a three-year contract. In December 2018, their contract was extended to 31 March 2020. We have appointed RSM as our internal auditors from 1 April 2020.

Mazars completed audits in accordance with their methodology, which aligns with the Public Sector Internal Audit Standards. Their reports offer an independent opinion on the adequacy and effectiveness of our control systems. Our Audit Committee approved the agreed risk-based audit programme.

Mazars completed three internal audit reports – Northern Ireland Transparency report, Contingency Planning and Employee Wellbeing. For each audit, the internal auditors provided reports that included their key findings, an indication of the level of assurance from their findings and recommendations for action to strengthen any control weaknesses. They did not classify any of the reports as 'high risk'. The Audit Committee monitors how we implement report recommendations. The Audit Opinion considered our governance, risk management and internal control arrangements as substantial in their overall adequacy and effectiveness.

## Policy development grants

We provide policy development grants to qualifying political parties, as outlined at note 3 to the accounts. We maintain control over grant payments through a comprehensive claim and review process. All parties submitted expenditure returns resulting in payments of £1.967m with no issues identified.

## Information governance

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

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

Consistent with Cabinet Office guidelines, the Audit Committee and Chief Executive receive an annual report of information risk management from the SIRO.

For 2019-20, the report concluded that we manage information risk effectively. The report covered risk management, transparency, confidentiality of information, availability of information, integrity of information, incident management and procedures to ensure continuing awareness of responsibilities and risks.

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**

In 2019-20, there were eight personal data incidents. The reportable incidents were closed with advice and no further action from the ICO. The majority of the incidents were from the accidental inclusion of external parties from auto-complete in Outlook. We disabled this feature organisation-wide as a risk mitigation in line with ICO advice.

This is an increase on previous years and the key linking factors have been new staff starting and added workload for the European Parliamentary elections and the UK Parliamentary general election. These times have seen a rise in the frequency of incidents and we are reviewing our training packages as a result. Staff reported all incidents quickly and we managed them according to our policy, including notifying data subjects of the incident. Where appropriate, we reported incidents to the ICO in line with their guidance and within the incident reporting statutory timeframe. The ICO's feedback has been constructive and included actions for reported incidents. We have taken forward investigations and actions and included these in the report to our Audit Committee.

We have seen an increase in requests for personal data and erasure, as individuals become more aware of their rights.

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# Review of effectiveness



I am satisfied that the annual assessment of information risk, as received by the Audit Committee, highlighted no areas of undue concern.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the control environment. In completing this review, I consider:

- the work of managers who have responsibility for developing and maintaining the control framework
- the work of the internal auditors
- comments made by our external auditors in their reports to those charged with the governance of our organisation

The Audit Committee advises me on the effectiveness of my control systems. 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 our policies, aims and objectives, or material errors in our financial statements. I am also satisfied that the weaknesses that were identified have been, or are being, addressed through appropriate action.

The review of effectiveness includes consideration of our whistleblowing policy. This provides employees and workers with alternative routes to disclose malpractice, illegal acts or concerns about wrong doings. There were no instances of whistleblowing during 2019-20 and I am satisfied sufficient controls are in place.

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# Remuneration and staff report

## Chair and Commissioners remuneration

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Commissioners are appointed by Royal Warrant to exercise their functions as described in PPERA. The Chair of the Commission works two days a week and the other Commissioners spend an average of two days per month on their 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 increased by 1% from April 2019.

The Chair's salary and Commissioners' fees 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 2019 to 31 March 2020 was £390 (2018-19: £382).

Commissioners were paid in arrears based on the actual days worked. The House of Commons provides for Commissioner pensions in a resolution.

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### Salary and fee payments to Commissioners in 2019-20

Name	2019-20 £	2018-19 £
Sir John Holmes (Chair)	80,523	79,350
Dame Susan Bruce	12,975	10,582
Anna Carragher	12,319	6,556
Sarah Chambers	9,399	6,842
Professor Elan Closs Stephens DBE	17,337	13,179
Lord Horam of Grimsargh	32	3,104
David Howarth	20	3,678
Alasdair Morgan	10,016	9,352
Bridget Prentice	40	5,764

## Salary and fee payments to Commissioners in 2019-20

Name	2019-20 £	2018-19 £
Alastair Ross	9,267	1,624
Joan Walley	8,880	979
Rob Vincent CBE	9,906	6,821
Lord (Stephen) Gilbert	7,923	0

All figures shown above are inclusive of Employers' National Insurance (Subject to audit)

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

## Business expenses: travel and accommodation

Name	2019-20 £	2018-19 £
Sir John Holmes (Chair)	384	2,859
Dame Susan Bruce	581	1,339
Anna Carragher	1,779	351
Sarah Chambers	25	4,477
Professor Elan Closs Stephens DBE	0	0
Lord Horam of Grimsargh	0	555
David Howarth	0	1,192
Alasdair Morgan	2,531	5,009
Bridget Prentice	0	382
Rob Vincent CBE	684	0
Joan Walley	1,424	0
Alastair Ross	1,540	0
Lord (Stephen) Gilbert	0	0

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

(Subject to audit)

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# Chief Executive and Executive Team remuneration

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The Commission Board appointed Bob Posner as interim Chief Executive on 2 January 2019 and on 12 April 2019 they confirmed his permanent appointment to the role.

The Remuneration and Human Resources Committee is responsible for advising the 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 in the governance report.

We are not part of the Civil Service and therefore not bound by the Civil Service pay guidance. However, Schedule 1 of PPERA requires that we 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.

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

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

## Remuneration (including salary, benefits in kind and pensions)

### Single total figure or remuneration

Directors	Salary £000		Pension benefits <sup>15</sup> (to nearest £1,000)		Total £000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Bob Posner* Chief Executive	135-140	105-110	147	59	285-290	165-170
Claire Bassett** Chief Executive	0	100-105	0	40	0	140-145
Kieran Rix Director of Finance and Corporate Services	100-105	100-105	41	84	140-145	180-185
Ailsa Irvine Director of Electoral Administration and Guidance	100-105	100-105	41	38	140-145	135-140
Craig Westwood Director of Communication, Policy and Research	100-105	100-105	40	39	140-145	135-140
Louise Edwards*** Director of Regulation	100-105	20-25	53	35	155-160	35-40

### Notes

\*Annualised salary for Bob Posner for 2019-20 was £135-140k as Chief Executive and £100-105k as Director of Political Finance and Regulation and Legal Counsel for 2018-19.

\*\*Claire Bassett resigned 1 January 2019.

\*\*\*Louise Edwards started as a Director on 2 January 2019. Her annualised salary for 2018-19 was £100-105K. Her 2018-19 pension has been updated to include a full year.

Salary includes non-consolidated bonus, all staff are eligible for Benenden health care of £138.

(Subject to audit)

### Salary

Salary includes gross salary, overtime, London weighting or London allowances, recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Electoral Commission and thus recorded in these accounts.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Commission and treated by HM Revenue and Customs as a taxable emolument. 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 2019-20 was £138 (2018-19: £123). All staff receive these benefits.

<sup>15</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

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# Chief Executive and Executive Team remuneration continued

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2019-20 relate to performance in 2019-20 and the comparative bonuses reported for 2018-19 relate to the performance in 2018-19.

During 2019-20, the Executive Team along with all staff were eligible for a non-consolidated bonus based on performance. Performance ratings resulted in the following bonus levels: 'good' performance - £100; 'high' performance - £250; and 'exceptional' performance - £500. Bonuses were prorated for people joining part way through the year and part-time staff.

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

Performance level	Number of ET members
Good performance	0
High performance	5
Exceptional performance	0

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme, or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos, and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final



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## Chief Executive and Executive Team remuneration continued

salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a ‘money purchase’ stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos, and alpha. 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 their 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. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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 the appointed provider - Legal & General. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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# Chief Executive and Executive Team remuneration continued

## **Cash Equivalent Transfer Values (CETV)**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## **The real increase in the value of the CETV**

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

For 2019-20, employer's contributions of £1,641,743 were payable to the Schemes (2018-19: £1,162,717) at one of four rates in the range 26.6% to 30.3% (2018-19: 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 £30,052 (2018-19: £43,612) were paid to an appointed stakeholder pension provider. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £987 being 0.5% of pensionable pay, were payable to the PCSPPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

# Chief Executive and Executive Team remuneration continued

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

We did not pay any pension contributions to Commissioners during the period. However, we are required to pay pensions to certain former Commissioners of the Local Government Commission for England (LGCE). The total provision for these costs remain at £167k at 31 March 2020 (£167k at 31 March 2019).

## Pension information for directors (£000)

Directors	Accrued pension at pension age as at 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV
Bob Posner Chief Executive	30-35	7.5-10	625	456	152
Claire Bassett Chief Executive	0	0	0	267	0
Kieran Rix Director of Finance and Corporate Services	25-30	0-2.5	425	381	21
Ailsa Irvine Director of Electoral Administration and Guidance	25-30	0-2.5	351	315	15
Craig Westwood Director of Communication, Policy and Research	5-10	0-2.5	90	62	17
Louise Edwards Director of Regulation	10-15	2.5-5	132	96	24

### Notes

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

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

(Subject to audit)

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# Chief Executive and Executive Team remuneration continued

## Compensation on early retirement or for loss of office

There were no payments made during 2019-20 providing compensation for early retirements or for loss of office (2018-19: £0).

## Payments to past directors

During 2019-20, no payments were made to any person who was not a director at the time the payment was made, but who had been a director previously.

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## Fair pay disclosure (to nearest £1,000)

	2019-20	2018-19
Highest paid director	135-140	135-140
Median remuneration (all other staff)	39	39
Ratio	3.5	3.5

(Subject to audit)

In 2019-20, 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 £23,900 to £102,500 (2018-19: £23,400 to £100,400).

The remuneration of the highest paid Director increased by 2% with effect from 1 April 2019, which was consistent with all staff salary increases. The remuneration report shows highest paid director information.

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# Staff report

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## Staff composition

The number of directors employed during the period was five (three of whom were male and two female).

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

	Female	Male	Totals
Chair and Board	6	6	12
Directors/Heads (permanent staff)	10	8	18
Directors/Heads (temporary/fixed term staff)	2	2	4
Other staff (permanent)	78	49	127
Other staff (temporary/fixed term)	12	13	25
Contract/Agency	8	7	15
<b>Total</b>	<b>116</b>	<b>85</b>	<b>201</b>

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## Staff costs (to nearest £000)

	Permanently employed staff	Others	2019-20 Total	2018-19 Total
Wages and salaries	6,294	773	7,067	5,916
Social security costs	718	0	718	648
Other pension costs	1,645	0	1,645	1,174
<b>Sub total</b>	<b>8,657</b>	<b>773</b>	<b>9,430</b>	<b>7,738</b>
Less recoveries in respect of outward secondments	0	0	0	0
Voluntary Exit Costs provision	0	0	0	0
<b>Total net costs</b>	<b>8,657</b>	<b>773</b>	<b>9,430</b>	<b>7,738</b>

(Subject to audit)

## Staff report continued

### Average number of persons employed

During 2019-20, the average number of full-time equivalent persons (FTE) employed was 141 (2018-19: 129). In addition, there was an average of 12 FTE (2018-19: 4) temporary staff covering established posts or staff working on projects outside the establishment.

	2019-20	2018-19
Full time equivalent - (permanently employed staff)	141	130
Temporary staff	12	4
<b>Total</b>	<b>153</b>	<b>134</b>

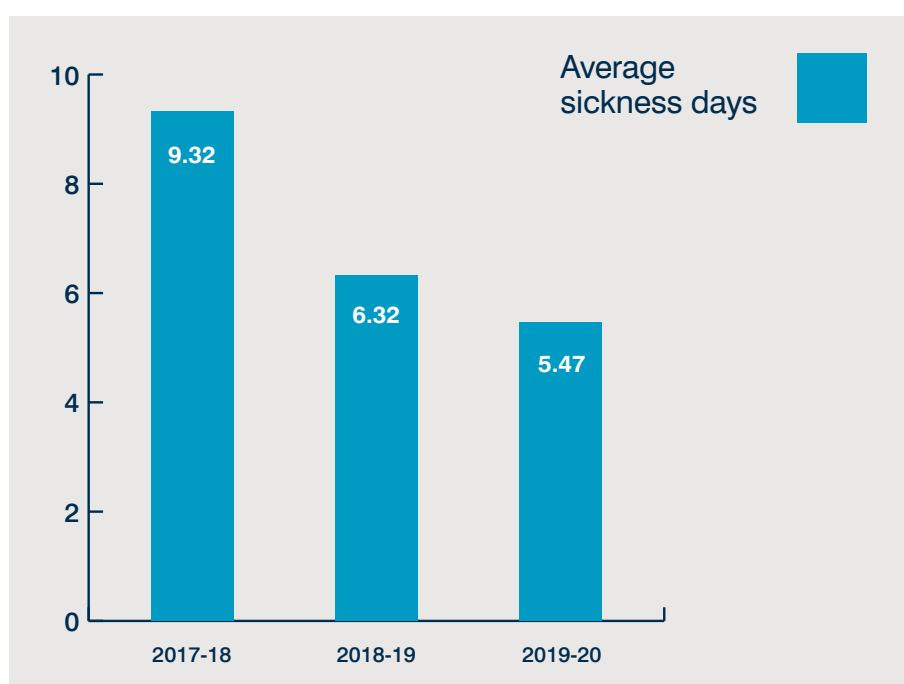
(Subject to audit)

### Sickness absence

In 2019-20, the average number of day's sickness absence was 5.35 per person compared to 6.32 per employee in the previous year. This shows a decrease in absences compared to previous years.

The human resources function will continue to focus on supporting managers in the management of both short and long-term absence in 2020-21, including ensuring all staff have an effective return to work discussion with their line manager upon return, and effective monitoring and support during long-term absence. We are committed to the health and wellbeing of all staff and promote a balanced life style, including a corporate membership with Benenden Healthcare. There is a comprehensive sickness absence policy and guidance for managers on dealing with staff absence.

### Average sickness absence rate per employee



### **Staff policies**

We applied staff policies consistently during the year when we considered applications for employment and recruiting staff. We ask all applicants to provide equality monitoring data, which is withheld from the panel, and we therefore shortlist candidates based 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 £158k for 2019-20 (2018-19: £200k).

### **Off-payroll engagements**

There were no off-payroll engagements during the financial year 2019-20 (2018-19: £0).

### **Exit packages**

There were no exit packages agreed during the financial year 2019-20 (2018-19: £0). Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972, or by negotiation of settlement agreements.

There were no ill-health retirements in 2019-20 (2018-19: £0). Ill-health retirement costs are met by the pension scheme.

(Subject to audit)

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# Parliamentary accountability and audit report

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## Statement of Parliamentary Supply (SoPS)

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

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons. The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion. The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

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

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



## Summary table 2019-20

All figures presented in £000s

Type of spend	SoPS note	Outturn			Estimate	Outturn vs Estimate, saving/(excess)	Prior year outturn total 2018-19
		Voted	Non-Voted	Total	Total	Total	
Departmental Expenditure Limit							
Resource	1.1	19,094	179	19,273	21,025	1,752	15,314
Capital	1.2	879		879	990	111	616
Total		19,973	179	20,152	22,015	1,863	15,930
Annually Managed Expenditure							
Resource	1.1	(15)	0	(15)	400	415	227
Total		(15)	0	(15)	400	415	227
Total Budget							
Resource	1.1	19,110	179	19,258	21,425	2,167	15,541
Capital	1.2	879	0	879	990	111	616
Total Budget Expenditure		19,958	179	20,137	22,415	2,278	16,157

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

Our estimate values are driven by the election activity throughout the year and therefore vary year-on-year. Note 2 of the accounts shows an analysis of costs for our key deliverables.

## Net Cash Requirement 2019-20

All figures presented in £000s

Item	SoPS note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior year outturn total 2018-19
Net Cash Requirement	3	20,191	21,731	1,540	15,021

Explanations of variances between estimate and outturn are in the performance report.  
The notes below form part of these accounts.

# Notes to the Statement of Outturn against Parliamentary Supply 2019-20 (£000s)

## SoPS 1. Outturn detail

### SoPS1.1 Analysis of resource outturn by Estimate line

Type of Spend [Resource]	Resource Outturn Programme			Estimate	Outturn vs Estimate, saving/ (excess)	Prior year outturn total 2018-19
	Gross	Income	Net Total	Net Total		
<b>Spending in Departmental Expenditure Limit [DEL]</b>						
Voted expenditure:						
A. Core expenditure	19,205	(111)	19,094	20,825	1,731	15,166
Non-voted expenditure:						
B. Commissioners fees	179	0	179	200	21	148
<b>Total spending in DEL</b>	<b>19,384</b>	<b>(111)</b>	<b>19,273</b>	<b>21,025</b>	<b>1,752</b>	<b>15,314</b>
<b>Spending in Annually Managed Expenditure [AME]</b>						
Voted expenditure:						
C. Provisions created or utilised in the year	(15)	0	(15)	400	415	227
<b>Total spending in AME</b>	<b>(15)</b>	<b>0</b>	<b>(15)</b>	<b>400</b>	<b>415</b>	<b>227</b>
<b>Total resource</b>	<b>19,369</b>	<b>(111)</b>	<b>19,258</b>	<b>21,425</b>	<b>2,167</b>	<b>15,541</b>

# Notes to the Statement of Outturn against Parliamentary Supply 2019-20 (£000s)

## continued

### SoPS 1.2 Analysis of net capital outturn by section

Type of Spend [Capital]	Outturn			Estimate	Outturn vs Estimate, saving/ (excess)	Prior year outturn total 2018-19
	Gross	Income	Net Total	Net Total		
<b>Spending in Departmental Expenditure Limit [DEL]</b>						
Voted:						
A. Core expenditure	879	0	879	990	111	616
<b>Total spending in DEL</b>	<b>879</b>	<b>0</b>	<b>879</b>	<b>990</b>	<b>111</b>	<b>616</b>
<b>Total capital</b>	<b>879</b>	<b>0</b>	<b>879</b>	<b>990</b>	<b>111</b>	<b>616</b>

### SoPS2. Reconciliation of outturn to net operating expenditure

Item	Reference	Outturn total	Prior year outturn total 2018-19
<b>Total Resource outturn</b>	<b>SOPS 1.1</b>	19,258	15,541
Less: Income payable to the Consolidated Fund	SOPS 4	(66)	(119)
<b>Net Operating Expenditure in Comprehensive Net Expenditure</b>	<b>SOCNE</b>	<b>19,192</b>	<b>15,422</b>

# Notes to the Statement of Outturn against Parliamentary Supply 2019-20 (£000s)

## continued

### SoPS3. Reconciliation of net resource outturn to net cash requirement

Item	Reference	Outturn total	Estimate	Outturn vs Estimate, savings/ (excess)
<b>Total Resource outturn</b>	<b>SOPS 1.1</b>	<b>19,258</b>	<b>21,425</b>	<b>2,167</b>
<b>Total Capital outturn</b>	<b>SOPS 1.2</b>	<b>879</b>	<b>990</b>	<b>111</b>
Adjustments to remove non-cash items				
Depreciation/amortisation	3	(268)	(494)	(226)
Auditors' remuneration & expenses	3	(47)	(48)	(1)
New provisions & adjustments to previous periods	3	10	(450)	(460)
Other non-cash items	3	0	(42)	(42)
Adjustments to reflect movements in working balances:				
Increase/(decrease) in receivables	10	359	500	141
(Increase)/decrease in payables	11	162	0	(162)
Use of provision	12	17	50	33
Total		20,370	21,931	1,561
<b>Removal of non-voted budget items:</b>				
Consolidated Fund Standing Services	SOPS 1.1	(179)	(200)	(21)
Total		(179)	(200)	(21)
<b>Net cash requirement</b>		<b>20,191</b>	<b>21,731</b>	<b>1,540</b>

We compile outturn and the Estimates against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

# Notes to the Statement of Outturn against Parliamentary Supply 2019-20 (£000s)

## continued

### SoPS4. Amounts of income to the Consolidated Fund

#### SoPS4.1 Analysis of income payable to the Consolidated Fund

In addition to the income retained by The Electoral Commission, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

Item	Outturn total		Prior year 2018-19	
	Accruals	Cash basis	Accruals	Cash basis
Income outside the ambit of the Estimate	0	0	0	0
European Referendum funds surrendered to Consolidated Fund*	0	0	1,117	1,117
Excess income surrendered to Consolidated Fund	66	66	7	7
<b>Total amount payable to the Consolidated Fund</b>	<b>66</b>	<b>66</b>	<b>1,124</b>	<b>1,124</b>

\*We surrendered unused funds from the non-voted budget for the 2016 European referendum.

Excess income from 2018-19, £7,050, was surrendered to the Consolidated Fund during 2019-20.

The excess income, £66,019, collected during 2019-20 will be surrendered during 2020-21.

# Notes to the Statement of Outturn against Parliamentary Supply 2019-20 (£000s)

## continued

### SoPS4.2 Consolidated Fund Income

Item	Outturn total	Prior year 2018-19
Taxes and licence fees	0	0
Fines and penalties	219	112
Other income	0	0
Less:		
Costs of collection – where deductible	0	0
Uncollectible debts	0	0
Amount payable to the Consolidated Fund	219	112
Balance held at the start of the year	33	3
Payments into the Consolidated Fund	(224)	(82)
<b>Balance held on trust at the end of year</b>	<b>28</b>	<b>33</b>

### Notes

The fines and penalties due for 2019-20 was £190,580, plus £33,050 from the previous year's outturn. All receipts for fines and penalties received by 31 March 2020 were surrendered to the Consolidated Fund, as required by law; the remaining £28,050 is being paid during 2020-21 and will be paid over on receipt.

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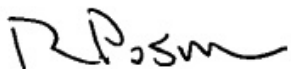
# Notes to the Statement of Outturn against Parliamentary Supply 2019-20 (£000s) continued

## **Losses and special payments**

There were no reportable losses or special payments which require disclosure for the Electoral Commission for 2019-20 (2018-19: £0).  
(Subject to audit)

## **Remote contingent liabilities**

There are no remote contingent liabilities to report for 2019-20.  
(Subject to audit)



**Bob Posner**  
**Chief Executive and**  
**Accounting Officer**

**1 July 2020**



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# 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 2020 under the Political Parties, Elections, and Referendums Act 2000. The financial statements comprise: The Electoral Commission's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

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

In my opinion:

- the financial statements give a true and fair view of the state of the Electoral Commission's affairs as at 31 March 2020 and 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 2020 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

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

## **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Electoral Commission in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Electoral Commission's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Electoral Commission have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Electoral Commission's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

## **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.

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Electoral Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- conclude on the appropriateness of the Electoral Commission'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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion.

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

My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Electoral Commission to cease to continue as a going concern

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, but does not include 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.

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

## **Opinion on other matters**

In my opinion:

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

## **Matters on which I report by exception**

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

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

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Comptroller and Auditor General**

**2 July 2020**

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

# The financial statements



# Statement of Comprehensive Net Expenditure

For the year ended  
31 March 2020

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2020	Note	2019-20 £000	2018-19 £000
<b>Other operating income</b>	4	(177)	(137)
	4	(177)	(137)
Staff costs	3	9,430	7,738
Purchase of Goods and Services	3	6,650	4,627
Depreciation and amortisation charges	3	268	235
Provision Expense	3	(10)	238
Other operating expenditure	3.1	2,805	2,650
Other costs non-voted - EU Referendum	-	0	(119)
<b>Total operating expenditure</b>		19,143	15,369
<b>Net operating expenditure</b>		18,966	15,232
Commissioners' fees		179	148
Finance expense - Auditors remuneration	3	47	42
<b>Net expenditure for the year</b>		19,192	15,422
<b>Other comprehensive net expenditure</b>			
Items which will not be reclassified to net operating costs:			
Actuarial gain/loss on pension scheme liabilities	12	9	(13)
<b>Comprehensive net expenditure for the year</b>		19,201	15,409

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

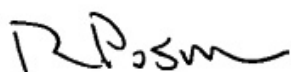
# Statement of Financial Position

As at 31 March 2020

## Statement of Financial Position

As at 31 March 2020	Note	2019-20 £000	2018-19 £000
<b>Non-current assets</b>			
Property, plant and equipment	5	302	126
Intangible assets	6	1,223	788
<b>Total non-current assets</b>		1,525	914
<b>Current assets</b>			
Trade and other receivables	10	890	536
Cash and cash equivalents	9	197	110
<b>Total current assets</b>		1,087	646
<b>Total assets</b>		2,612	1,560
<b>Current liabilities</b>			
Trade and other payables	11	(2,126)	(2,169)
Provisions	12	(20)	(23)
<b>Total current liabilities</b>		(2,146)	(2,192)
<b>Total assets less total current liabilities</b>		466	(632)
<b>Non-current liabilities</b>			
Provisions	12	(822)	(833)
Other payables	11	0	(106)
<b>Total non-current liabilities</b>		(822)	(939)
<b>Total Assets less liabilities</b>		(356)	(1,571)
<b>Taxpayers' equity</b>			
General fund		(356)	(1,571)
<b>Total taxpayers' equity</b>		(356)	(1,571)

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



**Bob Posner**  
**Chief Executive and Accounting Officer**

**1 July 2020**



# Statement of Cash Flows

## Statement of Cash Flows

For the financial year ended 31 March 2020	Note	2019-20 £000	2018-19 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		(19,192)	(15,422)
Adjustments for non-cash transactions	3	306	515
(Increase)/Decrease in trade and other receivables	10	(354)	213
Increase/(Decrease) in trade payables	11	0	(4,250)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(191)	(142)
Use of provisions	12	(14)	(12)
<b>Net cash outflow from operating activities</b>		(19,445)	(19,098)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(244)	(93)
Purchase of intangible assets	6	(635)	(523)
Movement in Capital Accruals		(149)	(45)
<b>Net cash outflow from investing activities</b>		(1,028)	(661)
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		20,278	15,116
From the Consolidated Fund (Supply) - prior year		110	15
From the Consolidated Fund (Non-Supply)		179	148
Advances from the Contingencies Fund		2,500	0
Repayments to the Contingencies Fund		(2,500)	0
<b>Net financing</b>		20,567	15,279
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		94	(4,480)
Fines and penalties received on behalf of the Consolidated Fund		224	0
Payments of amounts to the Consolidated Fund		(231)	(1,199)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		87	(5,680)
<b>Cash and cash equivalents at the beginning of the period</b>	9	110	5,789
<b>Cash and cash equivalents at the end of the period</b>		197	110

# Statement of Changes in Taxpayers' Equity

## Statement of Changes in Taxpayers' Equity

Financial Year Ended 31 March 2020	Note	General Fund £000
<b>Balance at 1 April 2018</b>		(5,911)
Net Parliamentary Funding – drawn down		15,116
Net Parliamentary Funding – deemed		15
Consolidated Fund Standing Services (non-supply) Current Year		148
Consolidated Fund Standing Services (non-supply) Prior Year		5,774
Supply Payable adjustment	11	(110)
Excess cash surrendered to the (non-supply) Consolidated Fund		(1,117)
Income payable to the Consolidated Fund	SoPS 4	(119)
Comprehensive net Expenditure for the Year		(15,409)
<b>Non-Cash Adjustments:</b>		
Non-cash charges – auditor's remuneration	3	42
<b>Balance at 31 March 2019</b>		(1,571)
Net Parliamentary Funding – drawn down		20,278
Net Parliamentary Funding – deemed	11	110
Consolidated Fund Standing Services (non-supply) Current Year		179
Supply Payable adjustment	11	(197)
Comprehensive net Expenditure for the Year		(19,201)
<b>Non-Cash Adjustments:</b>		
Non-cash charges – auditor's remuneration	3	47
<b>Balance at 31 March 2020</b>		(356)

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

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# Notes to the Resource Accounts

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## 1. Statement of accounting policies

### 1.1. Basis of preparation

These financial statements have been prepared in accordance with an Accounts Direction given by HM Treasury in accordance with Paragraph 17(2) of Schedule 1 to the Political Parties, Elections and Referendum Act 2000.

The statements are prepared in accordance with the 2019-20 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 Electoral Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Electoral 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 we have 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

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

### **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**

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

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### **1.11. Administration and programme expenditure**

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

For budgeting purposes, we distinguish between our core operating costs and event related activities. In these accounts, we have reported the core running costs as expenditure (note 3) and we have reported event related activities 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. We recognise the expected cost of those elements on a systematic and rational basis over the period during which we benefit 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, we recognise the contributions payable for the year. We account for the pensions we need to pay in the period they fall due.

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

### **1.13. Financial instruments**

#### **Financial assets**

Trade and other receivables are recognised under IFRS 9 and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, we subsequently measure receivables at amortised cost. We make a provision for balances when there is evidence that we will not be able to recover these in full. We write off balances when we assess the probability of recovery as being remote.

Management have confirmed that the Covid-19 pandemic will not have a material effect on our financial assets.

#### **Financial liabilities**

We initially recognise trade and other payables at cost, where the time value of money is material, we subsequently measure payables at amortised cost.

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#### **1.14. Contingent liabilities**

In addition to contingent liabilities disclosed in accordance with International Accounting Standard 37 (IAS 37-Provisions, Contingent Liabilities and Contingent Assets), we disclose, for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities, where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with requirements of Managing Public Money.

#### **1.15. Going concern**

These accounts have been prepared on a going concern basis. The Statement of Financial Position as at 31 March 2020 shows negative taxpayers' equity of £356k. This reflects that on 31 March 2020, we have accrued liabilities and provisions and not drawn down the funds, these have been accounted for within the financial statements, shown in Notes 10 and 11.

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year-end within the UK.

Although there has been disruption caused by the pandemic within the Electoral Commission, this has not created additional liabilities. We have received approval for the resources we require in 2020-21, this was laid before Parliament on 29 April 2020, and there is no reason to believe that future approvals will not be forthcoming.

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

IFRS 16 (effective 2021-22) specifies how an organisation will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

This standard is not yet adopted by the FReM. Management have made an initial assessment of the impact of the standard and how to apply it, when the standard is effective. The impact is expected to increase our assets and liabilities by £5.23m in 2021-22. The impact on the Statement of Comprehensive Net Expenditure will be limited, as rent will be replaced by a similar value in depreciation and interest charges.

#### **1.17. Accounting estimates and judgements**

We have discussed and agreed the development, selection and disclosure of significant accounting estimates and judgements and the application of these judgements with the Audit Committee.

- As outlined in Note 12.3, we have reflected the expected cost of full reinstatement at the times of departure (2030-31).

Management has assessed the level of provision based on a professional assessment of future costs by a chartered surveyor.

- As outlined in Note 14, we have not elected to make a financial provision for the legal cases being defended, where it is considered there to be insufficient certainty as to the amount payable and/or the likelihood of payment.

Management have considered the uncertainty around Covid-19 and have assessed the accounting estimates and judgements are not significantly affected.

### 1.18. Research and development

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

## 2. Statement of Operating Costs by Operating Segments

	Elections and Local Referendums £000	Electoral Registration £000	European Union Referendum £000	Electoral Administration £000	Regulation £000	2019 20 Total £000
Gross Expenditure	4,250	549	566	5,619	8,385	<b>19,369</b>
Income	(84)	(8)	0	0	(85)	<b>(177)</b>
Net Expenditure	4,166	541	566	5,619	8,300	<b>19,192</b>

	Elections and Local Referendums £000	Electoral Registration £000	European Union Referendum £000	Electoral Administration £000	Regulation £000	2018 19 Total £000
Gross Expenditure	1,715	345	813	5,104	7,470	<b>15,447</b>
Income	0	0	0	0	(25)	<b>(25)</b>
Net Expenditure	1,715	345	813	5,104	7,445	<b>15,422</b>

We report expenditure between our core objectives. In addition, the analysis identifies the marginal costs of the following key deliverables that we manage through formalised segments and project management arrangements. These are set out below.

The elections and local referendums segment governs our 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 forms for voters.

We do not attribute staff costs and corporate overheads to programme or project activity, but for the purposes of this note, we have either directly allocated or apportioned these costs as appropriate, between party election finance and electoral administration activity. We only report the marginal costs of delivery by programme and project to the Commission Board and Executive Team.

### 3. Expenditure

	2019-20 £000	2018-19 £000
<b>Staff costs</b>		
Wages and salaries	7,067	5,916
Social security costs	718	648
Other pension costs	1,645	1,174
Less recoveries in respect of outward secondments	0	1
Total	9,430	7,738
<b>Rentals under operating leases</b>		
Property rent	514	520
Equipment	13	12
<b>Other</b>		
Section 13 expenditure	2,958	1,351
Research	581	474
Consultancy	158	200
Recruitment	190	172
Staff training and development	122	104
Travel subsistence and hospitality	153	136
Travel and subsistence – Commissioners	13	15
Accommodation, maintenance	638	640
Publicity and publications	380	188
Conference/public meeting	13	33
Office supplies book and journals	128	110
Warehouse and Archiving	98	57
IT/Telephone	623	559
Bank and Payroll charges	43	29
Internal audit fees	25	27
Total	6,650	4,627

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### 3. Expenditure

Activity	2019-20 £000	2018-19 £000
<b>Non-cash items</b>		
Depreciation	68	94
Amortisation	200	141
National Audit Office Auditors' fees*	47	42
Provisions made in year	(6)	238
Provisions written back	(3)	0
Total	306	515
Total Expenditure	16,386	12,880

\*No non-audit services provided by the NAO.

#### 3.1 Other Operating Expenditure

Activity	2019-20 £000	2018-19 £000
Policy development grants	1,967	1,979
EU Referendum - Electoral Commission operational expenditure*	566	671*
Local Government Scotland & Welsh Senedd	272	0
Total Other Operating Expenditure	2,805	2,650

\*2018-19 - £671k does not include internal staff costs of £142k, these are shown in the staffing costs, note 3. All costs in 2019-20 are external legal advice.

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 us 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, Northern Ireland Assembly, or Scottish, Welsh, 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 £1,966,582.

### 3.2 Public awareness expenditure

Section 13 of PPERA requires us 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 we may determine. The section enables us to carry out programmes of education or information to promote public awareness; or to make grants to other persons or bodies to enable 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 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 included in the table below.

#### Public awareness

	2019-20 £000	2018-19 £000
Core expenditure public awareness	0	818
Section 13	2,958	533
Public awareness expenditure subject to Section 13 limit	2,958	1,351
Local government Scotland	0	0
EU referendum	0	(6)
	0	(6)
Total public awareness	2,958	1,345

#### 4. Income

	2019-20 £000	2018-19 £000
<b>Operating Income</b>		
New Registration of Political parties	9	14
Re-Registration of Political parties	8	9
Alteration to Registrations of Political parties	2	2
Charges/Transfer of costs to other bodies:		
Scottish Government	158	0
Total Operating Income	177	25

Income received from political parties does not form part of our income, as it is fully payable to the Consolidated Fund on receipt.

Activity	2019-20 £000	2018-19 £000
Fines and penalties collected	219	112

## 5. Property, plant and equipment

	Leasehold Improvements £000	Office equipment £000	Information Technology - hardware £000	Furniture and Fittings £000	Total £000
Cost or valuation					
At 1 April 2019	891	6	959	61	<b>1,917</b>
Additions	0	0	244	0	<b>244</b>
Disposals	(4)	0	(336)	(4)	<b>(344)</b>
At 31 March 2020	887	6	867	57	<b>1,817</b>
Depreciation					
At 1 April 2019	890	5	836	60	<b>1,791</b>
Charged in year	0	1	66	1	<b>68</b>
Disposals in year	(4)	0	(336)	(4)	<b>(344)</b>
At 31 March 2020	886	6	566	57	<b>1,515</b>
Carrying amount at 31 March 2020	1	0	301	0	<b>302</b>
Carrying amount at 31 March 2019	1	1	123	1	<b>126</b>
Asset financing:					
Owned	1	0	301	0	<b>302</b>
Carrying amount at 31 March 2020	1	0	301	0	<b>302</b>

(Continued on next page)

## 5. Property, plant and equipment

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

## 6. Intangible assets

	Information Technology £000	Software Licences £000	Websites £000	Information Technology - Assets under Construction £000	Total £000
Cost or valuation					
At 1 April 2019	1,280	201	2,621	53	<b>4,155</b>
Additions	35	0	437	163	<b>635</b>
Disposals	(180)	(53)	(80)	0	<b>(313)</b>
At 31 March 2020	1,135	148	2,978	216	<b>4,477</b>
Amortisation					
At 1 April 2019	1,212	173	1,982	0	<b>3,367</b>
Charged in year	44	17	139	0	<b>200</b>
Disposals	(180)	(53)	(80)	0	<b>(313)</b>
At 31 March 2020	1,076	137	2,041	0	<b>3,254</b>
Carrying amount at 31 March 2020	59	11	937	216	<b>1,223</b>
Cost or valuation					
At 1 April 2018	1,262	201	2,105	64	<b>3,632</b>
Additions	18	0	516	0	<b>534</b>
Reclassification	0	0	0	(11)	<b>(11)</b>
At 31 March 2019	1,280	201	2,621	53	<b>4,155</b>
Amortisation					
At 1 April 2018	1,172	155	1,899	0	<b>3,226</b>
Charged in year	40	18	83	0	<b>141</b>
At 31 March 2019	1,212	173	1,982	0	<b>3,367</b>
Carrying amount at 31 March 2019	68	28	639	53	<b>788</b>

Intangible assets comprise IT, including assets under development.

## 7. Capital and other commitments

### 7.1 Commitments under leases

#### 7.1.1 Operating leases

The table below shows total future minimum lease payments under operating leases for each of the following periods:

#### Obligations under operating leases for the following periods comprise:

	2019-20 £000	2018-19 £000
Buildings		
Not later than one year	636	636
Later than one year and not later than five years	4,023	1,121
Later than five years		
	4,659	1,757
Total operating leases	<b>4,659</b>	<b>1,757</b>

Our leases obligation has increased due to a new lease for our London offices being signed in March 2020.

There were no capital commitments during 2019-20 (2018-19: £0).

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

We expensed a total of £514k in lease payments during the year. We did not make contingent rent and sublease payments during the year. Our commitment under leases is only for the rental of the premises and not the land.

## 8. Financial instruments

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

We do not have powers to borrow or invest surplus funds. The majority of financial instruments relate to contracts for non-financial items in line with our expected purchase and usage requirements, therefore we are exposed to minimal credit, liquidity or market risk.

We do not hold any complex financial instruments.

The only financial instruments other than cash included in these accounts are receivables and payables (see notes 10-11).

## 9. Cash and cash equivalents

	2019-20 £000	2018-19 £000
<b>Balance at 1 April</b>	110	5,789
Net change in cash and cash equivalent balances	87	(5,679)
<b>Balance at 31 March</b>	197	110
The following balances at 31 March 2020 were held at:		
Government Banking	197	110
<b>Balance at 31 March</b>	197	110

## 10. Trade receivables and other current assets

	2019-20 £000	2018-19 £000
<b>Amounts falling due within one year:</b>		
Other receivables	88	121
Consolidated Fund Extra Receipts due to Consolidated Fund	28	33
Deposits and advances	25	28
Prepayments and accrued income <sup>16</sup>	749	354
	890	536

## 11. Trade payables and other current liabilities

	2019-20 £000	2018-19 £000
<b>Amounts falling due within one year:</b>		
Other taxation and social security	439	434
Trade payables	0	456
Other payables	0	19
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund (receivable)	28	33
Excess income payable to Consolidated Fund	66	7
Accruals and deferred income	1,396	1,110
Amounts issued from the Consolidated Fund for supply but not spent at year end	197	110
	2,126	2,169
<b>Amounts falling due after more than one year:</b>		
Other payables, accruals and deferred income	0	106
	0	106

<sup>16</sup> Prepayments includes £250k for campaign advertising which has been deferred until May 2021, following the postponement of the May 2020 elections.



## 12. Provisions for liabilities and charges

	Pension £000	Early departure costs £000	Dilapidations £000	Total £000
Balance at 1 April 2019	167	3	686	856
Provided in the year	5	0	14	19
Provisions not required written back	0	(3)	0	(3)
Provisions utilised in the year	(14)	0	0	(14)
Unwinding of discounts	0	0	(25)	(25)
Actuarial (Gain)/Loss	9	0	0	9
Balance at 31 March 2020	<b>167</b>	<b>0</b>	<b>675</b>	<b>842</b>
<b>Analysis of expected timing of discounted flows</b>				
Not later than one year	20	0	0	20
Later than one year and not later than five years	74	0	81	155
Later than five years	73	0	594	667
Balance at 31 March 2020	<b>167</b>	<b>0</b>	<b>675</b>	<b>842</b>

### 12.1. Pension Liability Statement

We provide for the pension liability for certain former Commissioners of the Local Government Commission for England, following the transfer of functions 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 2020. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts. Actuarial gains and losses are accounted for through the Statement of Comprehensive Net Expenditure.

## 12.1. Pension Liability Statement (continued)

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

The assumptions used by the actuary were:

	2019-20	2018-19
CPI inflation assumptions	2.35%	2.60%
The rate of increase in salaries	2.00%	2.00%
The rate of increase for pensions	2.35%	2.40%
The rate used to discount scheme liabilities	1.80%	2.90%

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

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

	2019-20 £000	2018-19 £000
Provision at 1 April	167	187
Interest Cost	5	5
Actuarial Loss/(Gain)	9	(13)
Less benefits paid	(14)	(12)
Past service cost	-	-
Present Value of scheme at end of year	167	167

Present value of scheme liabilities	Value at 31/03/2020 £000	Value at 31/03/2019 £000	Value at 31/03/2018 £000	Value at 31/03/2017 £000	Value at 31/03/2016 £000
Liability in respect of Active members	0	0	0	0	0
Deferred Pensioners	0	0	0	0	0
Current Pensioners	167	167	187	208	194
Present value of scheme liabilities in respect of current pensioners	167	167	187	208	194

History of experience losses / (gains)	Value at 31/03/2020 £000	Value at 31/03/2019 £000	Value at 31/03/2018 £000	Value at 31/03/2017 £000	Value at 31/03/2016 £000
Experience loss / (gain) arising on the scheme liabilities. Amount (£'000)	(6)	(7)	2	1	(1)
Percentage of scheme liabilities at the end of year	0.5%	0.5%	(0.5%)	0.5%	(0.5%)

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## **12.2 Dilapidations**

We recognise a liability to make dilapidation payments to the property owners of our 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.

Our London office lease was renewed in March 2020 to January 2031 and therefore any dilapidations provisions will not be payable until then.

Dilapidations are measured at the best estimate, supplied by an external surveyor, of the expenditure required to settle the present obligation, and reflects the present value of expenditure required to settle the obligation where the time value of money is material.

## **13. Related-party transactions**

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

## **14. Contingent Liabilities**

There were no legal cases that were active at year-end or have since started where the Electoral Commission may need to raise a provision or contingent liability. Management have concluded that no probable present obligation to transfer economic benefits exists.

## **15. Events after the reporting period**

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

Although there has been disruption in our working practices caused by the Covid-19 pandemic within the Electoral Commission this has not created additional liabilities and the Accounting Officer does not expect this to change.

In the Accounting Officer's opinion, there are no events since 31 March 2020 that would affect the financial statements.

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# Electoral Commission

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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**

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# Contact us

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# The Electoral Commission

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

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