The Electoral Commission

Annual Report & Accounts 2016–17

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The Electoral Commission

Annual Report and Accounts 2016-17

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The Electoral Commission

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Part 1: The performance report

Overview

This section provides a summary of the Electoral Commission, its purpose, performance during the year, and the key risks.

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

The Commission's 2016-17 annual report and accounts are prepared in accordance with an accounts direction, set out on page104 issued by HM Treasury under paragraph 17 (2) of Schedule 1 PPERA.

The Powers and Sanctions report at page 35 is prepared in accordance with paragraph 15 Schedule 19(b) and paragraph 27 Schedule 19(c) PPERA.

2016-17 Performance

As the independent body which oversees elections and regulates political finance in the UK, the Electoral Commission seeks to promote public confidence in the democratic process and ensure its integrity. This Annual Report for 2016-17 outlines our activity and achievements for the financial year, one of the busiest in the history of the Commission.

On 5 May 2016, the Commission had to support a particularly complex combination of polls on one day; including English local, Welsh Assembly, Scottish Parliament, Northern Ireland Assembly, Mayoral, London Assembly and Police & Crime Commissioner polls, as well as two UK parliamentary by-elections. Shortly afterwards, in June 2016, people across the country voted in the Referendum on the UK's Membership of the European Union. The Commission was responsible both for the oversight of the conduct of the poll, and for the delivery of the referendum itself, which was judged to have been well run. This reporting year also saw the Commission respond to an unscheduled Assembly election in Northern Ireland, which took place in March 2017. In all these cases, we worked closely with others from the electoral community to deliver polls in which the public could have full confidence.

This period also saw the Commission continue to deliver and improve its regulatory functions around political finance. Important and high-profile pieces of work included the regulatory reports following the 2015 UK Parliamentary General Election, which in turn led to investigations into the spending returns of three major UK political parties, published in the latter half of the year.

Alongside these areas of activity, the Commission undertook a strategic review of priorities to ensure that we continue to address the needs of voters as we move into the next five year period, in a rapidly changing electoral environment. A consultation exercise with our stakeholders carried out in the first half of the reporting year, provoked a broad range of detailed and considered responses. It gave us a clear sense of the challenges, the pressures and the questions to which the Commission is best placed to respond. In the latter half of the year we worked to develop a work plan for the next five year period; this will be published in the Commission's Corporate Plan later in 2017.

Further detail about the Commission's activity in the reporting year can be found in this report. This provides information on the achievement of our objectives and performance against our Key Performance Measures.

In December 2016, Jenny Watson left the Commission at the end of her second consecutive term of office, having joined as Chair in 2009. Jenny played a major role in shaping the Commission as we see it today and we are very grateful for all her hard work and support for the Commission and for voters across the UK.

Our staff have risen to the many challenges facing them in this packed year with huge skill and commitment. They have our warm thanks, as do the other organisations with whom we work, both within and beyond the electoral community.

By innovating, delivering great value and getting right what matters most to voters and legislators, the Commission works to ensure that voters across the UK, and in each of its nations, can continue to have trust and confidence in the electoral processes and party finance arrangements.

Sir John Holmes
Chair

Claire Bassett
Chief Executive

Role and activities

Our role

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

We work to support well-run elections and referendums in the UK, offering support and guidance to those involved. We also work to ensure voters know everything they need to know about the process of casting their vote. This includes:

- running multi-media campaigns to encourage people to register to vote
- reporting on the accuracy and completeness of the UK's electoral registers and setting performance standards for Electoral Registration Officers (EROs)
- providing Returning Officers (ROs) with guidance and advice and setting performance standards to support the delivery of well-run elections[1]
- responsibility for the administration and conduct of referendums
- undertaking research on elections, referendums, electoral registration and party and election finance

Through our regulation of political finance, we work to make sure people understand the rules. We take proactive steps to increase transparency, ensure compliance and pursue breaches. This includes:

- registering political parties
- publishing information about donations and loans, parties' accounts and campaign spending
- providing advice and guidance to help people understand the party and election finance rules
- investigating allegations of non-compliance with the party and election finance rules
- advising government on proposed changes to the rules and making recommendations for change

We also use our expertise to make and advocate for changes to our democracy, aiming to improve fairness, transparency and efficiency.

The Electoral Commission is committed to the United Kingdom's strong tradition of free elections, which are an essential part of a healthy democracy.

[1] The Commission does not set performance standards in Northern Ireland and we do not provide advice and guidance for local government elections in Northern Ireland.

Performance Summary

2016-17 was very significant for the Commission. We oversaw and delivered a well-run referendum on the UK's Membership of the European Union; supported a complex set of polls; supported an unplanned election for the Northern Ireland Assembly; undertook three significant investigations into major political parties and their spending returns; and carried out a strategic review of our priorities and aims.

The Electoral Commission had a leading role in the referendum. Under the framework of the Political Parties, Elections and Referendums Act 2000 (PPERA), the Commission had a number of specific responsibilities and functions in relation to the delivery and regulation of the referendum, many of which we do not have at elections. From designating lead campaigners and producing guidance for all campaigners to promoting public awareness of the referendum, its subject matter and how to vote in it, the Commission rose to the challenges posed.

Despite these pressures, the Commission also embarked on a strategic review process, including a consultation of key stakeholders, in order to inform our future work, to shape our priorities and to understand where stakeholders would like to see change. Along with opportunities for future development, it was clear from the feedback we received that stakeholders attach great importance to the stability of the Commission's core service: efficient guidance to the sectors we represent, oversee and regulate; delivery of an effective regulatory regime; our continued work to drive voter registration; and the expert advice that we provide in continuing to develop our democracy.

The review has resulted in a revised strategic direction for the Commission, focusing on our aim of 'being a world class public sector organisation – innovative, delivering great value and getting right what matters most to voters and legislators'. To help us achieve our ambitious aim and associated work programme, we have developed three key goals. Each goal provides a focus for our activity in each of three core areas – the delivery of elections, the regulation of political finance, and the use of our expertise to improve democratic processes. As well as providing a unifying objective to project work within each area, the goals enable us to take a broad view across the Commission's work and to ensure the right balance across our responsibilities. In future reports, we will be monitoring and reporting our performance on the basis of these goals.

Goals

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

In delivering this extensive programme of work, we have managed our resources carefully with a strong focus on value for money. Out of our funding limit of £156.788m, we spent £144.235m; resulting in an underspend of £12.553m. This comprises:

- An underspend of £1.043m against voted resource;
    - The Commission's support of the delivery of the Referendum on UK Membership of the European Union in June 2016 and other polls during the period was achieved using £381k less than originally expected.
    - The Commission also delivered business as usual activities whilst saving £650k.

- A capital allocation of £310k delivered additional storage and server capacity, upgrades to our video conferencing infrastructure and intranet, and redevelopment of websites and our system supporting party and election finances and party registration. These were all delivered under budget by £12k.

- The Commissioners' non-voted budget was £265k and a saving of £59k was predominately due to the reduction in hours for the Chair and other changes within the Commissioners.

- The non-voted resource for the EU Referendum budget amounted to £131.5m. However the actual cost fell below this estimate and resulted in a £11.451m underspend. This was due to the claims received from Counting Officers being £8m less than expected and a further £3.4m underspend for the Royal Mail campaign mailings. The breakdown can be seen on page 32.

To measure our performance across the year, we use a combination of corporate performance measures and indicators, which cover our key activities. To reflect our different role and responsibilities in the EU Referendum; we developed a separate set of measures to monitor our performance in the delivery of this work. Against a backdrop of delivering complex polls, the EU Referendum, complex investigation cases, and delivering our ongoing day to day work, we met six of our corporate performance measures and six of our EU Referendum measures. Further detail is provided in the next section – Performance Analysis.

Key issues and risks

The Commission attaches great importance to the effective management of the risks and issues which could have an impact on the achievement of its programme of work. Risks are reputational, operational, legal and financial in nature and the Commission has a risk management framework that encompasses strategic, project and operational risk to manage these.

The strategic risks that were monitored and managed by the Commission in 2016-17 were:

1. The Commission is ineffective in delivering its corporate plan
2. There is a loss of public confidence in the way the EU referendum is run
3. Part or all of the May 2016/2017 polls are not well run
4. Events not wholly within the Commission's control have an impact on it and its reputation
5. Regulation of Party and Election Finance rules is ineffective
6. The Commission fails to respond adequately to increased devolution

In addition, we have compiled a list of potential risks and issues derived from horizon scanning exercises which, when taken together with strategic and other risks, provide an overall profile of the factors which threaten the delivery of the corporate plan. Going forward, this will replace risk 4 above. Operational risks are managed through a cross-Commission register which is owned by the Senior Leadership Group. Mitigations are supported by robust frameworks for crisis management and business continuity planning. Further information about the Commission's approach to risk management can be found in the governance statement on page 46.

Performance Analysis

Performance Measures

We track our performance throughout the year using a series of corporate performance measures which are set out in our Corporate Plan 2016/17–2020/21. These measures cover our key areas of activity including electoral registration; working with Electoral Registration Officers, Returning Officers and Counting Officers; regulating and supporting political parties, candidates and campaigners; and understanding voters' views.

Our corporate performance measures are agreed annually by the Commission Board and are reported to the Board on a quarterly basis. The table below shows the Commission's performance against these corporate performance measures in 2016-17.

Alongside these performance measures, we also developed a number of indicators which provide an indication of the overall health of the democracy and help us to understand where we need to focus our efforts. These indicators concern activities where we seek to influence but have limited control over the outcome. They are included in our Corporate Plan 2016/17 – 2020/21.

Corporate Plan performance measures

Performance Measure	Actual Performance
England (excluding Greater London Authorities) - 585,000 additions to electoral registers in England (excluding Greater London Authorities) as a result of the public awareness campaign (during the campaign period in March and April 2016).	**513,721**
Greater London Authorities - 195,000 additions to electoral registers across Greater London Authorities as a result of the public awareness campaign (during the campaign period in March and April 2016).	**144,216**
Scotland - 82,000 additions to electoral registers across Scotland as a result of the public awareness campaign (during the campaign period in March and April 2016).	**90,166**
Wales - 43,500 additions to electoral registers across Wales as a result of the public awareness campaign (during the campaign period in March and April 2016).	**46,779**
Northern Ireland - 7,500 additions to the electoral register in Northern Ireland as a result of the NI public awareness campaign (during the campaign period in March and April 2016).	**12,776**
100% of the electorate across the GB served by EROs who meet EC performance standards for delivering high quality electoral registration services.	**98.9%**
100% of the electorate across the GB served by ROs who meet EC performance standards for **well-run elections.**	**99.2%**
100% of the electorate across the GB served by ROs who meet EC performance standards relating to **electoral fraud**.	**100%**
Regulated parties make complete, accurate and timely returns to the Electoral Commission - The Electoral Commission's work facilitates **90%** compliance on timeliness by regulated parties with an income or expenditure of more than £250,000. Active engagement by the Commission with any that do not comply.	**93.8%**
Investigations completed within deadlines - 90% of the Electoral Commission's casework and investigations are completed within published deadlines.	**86%**

Publication of campaign spending - The Electoral Commission ensures that **100% of campaign spending returns are published** within 8 weeks of campaigners having returned the information to the Commission. This relates to the May 2016 polls and spend **over** £250k.	**0%**
Publication of campaign spending - The Electoral Commission ensures that **100% of campaign spending returns are published** within 8 weeks of campaigners having returned the information to the Commission. This relates to the May 2016 polls and spend **under** £250k.	**100%**

In 2016-17, we fully achieved six of our corporate measures, missed our targets by just 1.1% in two cases, and were close to target in others. Where we failed to meet our targets, this was due to a combination of factors, including increased workload, targets which were in retrospect over-ambitious, and a corporate decision we took to change one publication date. These targets were set when the date of the EU Referendum was unknown and delivered whilst also delivering a highly complex set of polls, an unscheduled election in Northern Ireland and undertaking a strategic review of the organisation.

Increased workload particularly affects the regulatory side of our work, where cases can be complex. This work is particularly reactive and difficult to plan for. An increased caseload impacts on our ability to complete investigations within our set deadlines. That is why we were only able to complete 86% of investigations within our set deadlines (against our target of 90%).

In setting the England and Greater London Authorities additions to the register targets, we were over ambitious in our aims. This is something we will consider for future target setting. With regards to the publication of campaign spending over £250k, we took the decision internally to move the publication date from the end of December to mid-January to avoid the Christmas and New Year period, meaning we published five returns a few days after the 8 week performance measure.

EU Referendum performance measures

Given the significance of the Referendum and our duties to deliver and support it, we developed a suite of performance measures to monitor and measure its delivery specifically.

Performance Measure	Actual Performance
75% of the electorate feel that they had enough information to vote with confidence.	**69%**
250,000 additions to the register from overseas electors over the duration of the Commission's public awareness campaign.	**135,396**
Campaigners make complete, accurate and timely returns to the Commission - The Electoral Commission's work facilitates **90%** timely and accurate returns by regulated campaigners. This relates to spend **under** £250k.	**97.8%**
Campaigners make complete, accurate and timely returns to the Commission - The Electoral Commission's work facilitates **90%** timely and accurate returns by regulated campaigners. This relates to spend **over** £250k.	**100%**

Investigations completed within deadlines - 95% of the Electoral Commission's casework and investigations are completed within published deadlines.	**85.1%**
The Electoral Commission ensures that **100% of campaign spending returns are published** within 8 weeks of campaigners returning the information to the Commission. This relates to the EU Referendum and spend **under** £250k.	**100%**
Publication of campaign spending - The Electoral Commission ensures that **100% of campaign spending returns are published** within 8 weeks of campaigners returning the information to the Commission. This relates to the EU Referendum and spend **over** £250k.	**100%**
Campaigners are registered within **5 working days** upon receipt of a complete registration form (baseline at Scottish Referendum: 97.6%)	**98.4%**
Delivery of poll is consistent with Chief Counting Officer directions.	**Yes**

Over the year, we achieved six of our Performance Measures relating specifically to the EU Referendum. For the target related to additions to the electoral registers from overseas electors, although we did not meet it, this was the highest number of additions we have ever recorded from an overseas campaign. The additions figure alone for this campaign exceeds the total number of online applications received during the campaign for overseas voters ahead of the 2015 polls.

For the measure of whether the electorate felt they had enough information to vote with confidence in the EU Referendum, there are clearly a number of factors beyond our control.

As for the non-referendum targets, investigations are difficult to plan for, as the work is reactive and cases can be complex. The workload, along with a number of complex assessments arising from the EU Referendum spending returns, meant we completed 85% of investigations within deadlines, against a target of 95%.

Detail of performance during 2016-17

The Electoral Commission's Corporate Plan for the period 2016-17 to 2020–21[2] was approved by the Speaker's Committee in March 2016. The plan identified a number of key delivery priorities:

- electoral registration
- participation in elections and referendums
- electoral fraud
- the electoral framework
- ensuring voters can see how politicians and campaigners raise and spend money
- effective regulation
- the framework for political party funding and election spending

In the sections that follow, we report how the Commission delivered against these priorities in 2016-17, and performance against key measures.

Electoral Registration

The Commission's Electoral Registration programme focused on work to maximise registration levels as well as follow-up work on the transition from household to Individual Electoral Registration (IER), which was completed in December 2015.

Activity in 2016–17 included the following:

- In July 2016, we published our analysis of the accuracy and completeness of the December 2015 registers in Great Britain. This included a final evaluation of the transition to IER and an initial assessment of the new IER provisions. This report, our last on the transition to IER, showed that in headline terms between 10 June 2014 and 1 December 2015, the overall accuracy of the local government registers increased by four percentage points.

- Also in July, we updated our guidance and support materials to assist Electoral Registration Officers (EROs) in planning for and delivering well-run electoral registration services, and from August we also started monitoring and supporting EROs to deliver their autumn canvasses.

- In September, we published a report on the accuracy and completeness of the electoral register in Northern Ireland, which provided a snapshot of the state of the electoral register as it stood in December 2015. While the report found that both the accuracy and completeness of the register in Northern Ireland had improved since 2012, it also highlighted that there was still considerable work to be done.

[2] The Commission's Corporate Plan for 2016-17 to 2020-21 (HC 10) was approved by the Speaker's Committee and is available at http://www.electoralcommission.org.uk/__data/assets/pdf_file/0011/205688/electoral-commission-corporate-plan-2016-17-to-2020-21.pdf.

- Throughout the year we worked with the Cabinet Office to support the development of their Modern Electoral Registration Programme (MERP). As part of this work, in February 2017, we finalised a Memorandum of Understanding with the Cabinet Office, outlining roles and responsibilities to ensure we make the most of the opportunities for collaboration towards the aim of ensuring electoral registers are as accurate and complete as possible.

- We have also been involved in the development and implementation of pilot schemes in 2016 and 2017, to test a range of alternatives to the current canvass. We have a statutory obligation to evaluate these schemes and report our findings, and have worked closely with the Cabinet Office to define the management information we will require for our evaluation of the pilots. We participated in the selection process for the 2017 pilots, for which more than 70 bids were submitted by EROs, with 23 being approved for the 2017 canvass, testing four basic models.

- Following an analysis of the data that we had collected over the preceding months, in March 2017 we published a report on the December 2016 electoral registers in the United Kingdom. The report found that there had been an increase in the size of both the local government and parliamentary registers in Great Britain compared to December 2015, thus reversing the declining trend seen during the transition to IER. We reported that the number of attainers in Great Britain had increased for both local government and parliamentary registers, but still remained significantly lower than before the start of the transition to IER in 2014. Finally, we observed a 144% increase in the number of registered overseas voters, with the majority of applications to register made in advance of the EU Referendum.

- In line with previous years, we applied a risk based approach to monitoring of performance standards to ensure we focused our support where it was most needed.

- As part of ongoing work to share good practice in electoral registration among EROs, we have undertaken a project with the Association of Electoral Administrators to capture examples of good practice carried out in the 2016 canvass with the intention of sharing this ahead of the 2017 canvass. We intend to do this through publication of short resources based on key categories of challenge faced by EROs. These will range from ideas for reaching certain target groups, such as students or care home residents, to ensure more residents are correctly registered, to ways an ERO can improve existing administrative processes, for example equipping registration officers with i-pads to enable faster data entry.

- We have continued our work on voter materials by applying new designs to forms, in order to achieve consistency. This has included the postal and proxy forms and special category elector forms. We also consulted with specialist organisations and the electoral community on the special category elector forms to gather feedback on any usability issues. We were able to make simple but meaningful changes in order to support more accurate completion.

- In our report on the 2016 NI Assembly election, we welcomed the commitment to extending online electoral registration to Northern Ireland. Legislation was passed in autumn 2016 to allow for this, and the Chief Electoral Officer is putting the necessary technical requirements in place. The launch of online registration was expected early in 2017 but was delayed owing to the unscheduled Northern Ireland Assembly election. It is now planned to be launched in autumn 2017. Once launched, the Commission will work with the Chief Electoral Officer to promote the online registration portal and encourage people to use it.

- We also commented on the UK Government's proposals which set out how it intended to approach implementing its manifesto commitment to "enfranchise any British citizen overseas who was previously resident or registered to vote in the UK", by highlighting the practical implications for EROs and voters, and the additional implications relating to the regulatory framework on political donations and campaigners.

Participation in elections and referendums

The elections and local referendums programme oversees the Commission's activities to ensure well-run electoral events.

May 2016 elections

On 5 May 2016 the following elections were held in the UK:

- **England** (excluding London): Police and Crime Commissioner (PCC) elections; elections to 124 local councils; Mayoral elections in Bristol, Liverpool and Salford; and a UK Parliamentary by-election in Sheffield Brightside and Hillsborough
- **London**: Mayor of London and London Assembly elections
- **Northern Ireland**: Northern Ireland Assembly election
- **Scotland**: Scottish Parliament election
- **Wales**: National Assembly for Wales election; PCC elections; and UK Parliamentary by-election for the Ogmore constituency

In 2016-17:

- In April we concluded our multimedia campaign to raise awareness of the registration deadline for the May 2016 polls. As part of this campaign, and following the successful formula used for the May 2015 polls, we developed partnerships with more than sixty organisations to promote registration and provide people with information on how to take part in the elections. This ranged from organisations such as the National Union of Students, Royal National Institute of the Blind (RNIB) and Shelter to the Citizens' Advice Bureau and Facebook. We also teamed up with Channel 4 and the producers of Hollyoaks to air bespoke adverts starring cast members from the programme, aimed at reminding viewers of the need to register.

- Following Parliamentary approval of the Referendum regulations, the regulated period for the May polls overlapped with the Referendum regulated period for a period of 21 days. We issued guidance for parties, non-party campaigners and referendum campaigners to explain how to apply the rules and how to allocate spending.

- During the regulated period (January to polling day), we conducted proactive monitoring of political parties, non-party campaigners and candidates as part of our remit to promote compliance with spending and donation rules. This work aims to raise campaigners' awareness of the rules and our role in applying them; to identify emerging issues so we can offer advice and guidance to those we regulate (and if appropriate take enforcement action); and to obtain information on activity that we may refer to when looking at the financial disclosures submitted by campaigners. Monitoring also helps us to understand the effectiveness of the rules on campaign spending and donations, and how they have affected trust and participation in the democratic process. It also forms part of our evidence base for post-election analysis.

- In the lead up to the May 2016 elections, and as part of our monitoring of RO performance, we recorded and addressed any issues which arose and risked an RO not meeting one or more elements of our performance standards. As always, our focus was on supporting ROs and their staff to resolve any issues so as to minimise any impact on voters and campaigners. Performance monitoring and provision of support to ROs continued for issues which occurred on the day of the poll or at the counts. Our evaluation of RO performance included four instances where ROs failed to meet one or more of the performance standards. These were included in our election reports.

- In September we published our reports on the administration of the May 2016 elections. We found that the polls were well-run overall, with generally high levels of voter satisfaction. The reports also included a number of recommendations following lessons learnt from the polls, mainly in the areas of online registration, transparency for donations in Northern Ireland, the provision of candidate information ahead of the PCC elections, risks relating to combining elections and the need to improve and simplify electoral law across the UK. We also published a review of the public awareness activities conducted ahead of the May 2016 polls.

- In September we also published campaign expenditure figures for political parties and non-party campaigners that had spent £250,000 or less at the May 2016 polls. In January we followed up with campaign expenditure data for parties that had spent over £250,000 at the May 2016 polls.

- In March we published our annual analysis of allegations of electoral fraud reported to the police during 2016.

- During the year, we answered almost 9,800 calls, emails and letters from the general public on the subject of elections and electoral registration. 99.3% per cent of these enquiries were responded to within one week. We also answered 154 letters from senior stakeholders on a wide range of topics including

individual electoral registration, campaign spending and postal voting. 96% of the letters were answered within 10 working days.

Northern Ireland Assembly election, March 2017

An unscheduled election to the Northern Ireland Assembly was held on 2 March, following the resignation of the Deputy First Minister and the subsequent collapse of the Executive.

In the period preceding the election we:

- Supported the Electoral Office for Northern Ireland (EONI) with advice and guidance on administering the poll;
- Published guidance on the spending and donations rules for candidates and agents, parties and non-party campaigners, and monitored campaigning activities during the weeks preceding the polls; and
- Ran a public awareness campaign to drive voter registrations featuring across TV, radio, print, billboard, online and social media channels. The campaign ran from the end of January until the registration deadline on 14 February and saw 17,225 registration form downloads from our About My Vote website and a further 3,981 forms issued by the Electoral Office. A total of 33,708 entries were added to or amended on the register during the five weeks running up to the registration deadline. The public information line received 27,347 calls, with the most common enquiries regarding registration, absent voting and voter ID queries.

Polling day and the counts went smoothly without any major problems; all the counts were completed in one day, which has never been achieved before. Turnout was 65%, a ten percentage point increase on May 2016. As set out in our report on the 2016 Northern Ireland Assembly election, we were again pleased to see how the changes the Electoral Office had made to the count set-up and process led to greater efficiency and transparency.

Our written report on the conduct of the election was issued in May 2017.

May 2017 elections

On 4 May 2017 the following elections were held in the UK:

- local government elections in England, including combined authority mayoral elections in six areas (Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, Tees Valley, West Midlands, West of England)
- local government elections in Wales
- council elections in Scotland

In 2016-17:

- We responded to statutory consultations on the legal framework for elections being held in 2017. We were consulted on changes to the legislation for the Scottish local government elections and on the new legislation for the Combined Authority Mayoral elections.

- We published guidance for ROs, Combined Authority Returning Officers and candidates and agents ahead of the polls scheduled for May 2017. We also produced a new factsheet on local third party campaigning rules and, following issues with various local third party campaigns identified at the recent Richmond Park UK Parliamentary by-election, a spending return form to help campaigners comply with the rules. We provided ROs with resources such as template project plans, risk registers and FAQs for frontline staff to assist with their planning.

- We conducted a public awareness campaign to raise awareness of the different registration deadlines for the May 2017 polls. The campaign ran on TV, video on demand, radio (in Wales, Scotland and the Northern England border region), Facebook and Google search advertising. This included delivering a voter guide to every household in Scotland. As part of this campaign we also published on our website a range of stakeholder resources, including bespoke toolkits for each country, and notified our stakeholders through our new partner communications newsletter, Roll Call.

- With support from Cabinet Office, we worked with a group of communications staff from central government departments to encourage them to support the campaign through their channels and by co-ordinating with their stakeholders. As part of this, we designated Tuesday 7 March as #OnYourDoorstep / #ArGarregyDrws day, to highlight the role of local government and raise awareness of the May elections.

- In Scotland, we also worked in partnership with all councils, a number of student organisations and the Society of Local Authority Chief Executives to deliver our #ReadyToVote campaign, a registration drive for 15-17 year olds in schools, colleges and youth organisations on 1 March 2017.

- In March, we launched our rebranded Your Vote Matters website to replace the About My Vote site. It provides enhanced ‘search’ functionality to enable people to access key information quickly.

EU Referendum

Under the framework of the Political Parties, Elections and Referendums Act 2000 (PPERA), we had a number of specific responsibilities and functions in relation to the delivery and regulation of the referendum, many of which we do not have at elections.

From designating lead campaigners and producing guidance for all campaigners to promoting public awareness of the referendum, its subject matter and how to vote in it, our programme of work focused on ensuring delivery of a referendum that put voters first and produced a result they could have confidence in.

In 2016-17:

- In April we announced the designation of 'Vote Leave Ltd' and 'The In Campaign Ltd' as lead campaigners at EU Referendum. As a result of their designation, the two lead campaigners were granted access to specific benefits set out in law during the regulated 'referendum period' which began on 15 April.

- During the regulated referendum period (from 15 April 2016 to polling day), we conducted proactive campaign monitoring using various sources, including press, broadcast, social media and online media, as well as information brought to our attention by campaigners. This work raised campaigners' awareness of the rules and our role in applying them; and identified emerging issues on which we could offer advice and guidance to those we regulated (and, if appropriate, take enforcement action. We also issued regular campaigners' updates containing information on topics such as the appointment of designated lead campaigners, pre-poll reporting, campaign reporting deadlines and spending returns.

- We published details of registered campaigners' pre-poll reports on donations and loans between the beginning of May and the beginning of July.

- In mid-May we launched our public awareness campaign, with advertising running until polling day and appearing across TV, radio, video on demand services, billboards, digital and social media. We developed guides for our partner organisations to provide them with resources to share with their respective communities. We also created an EU Referendum microsite on the About My Vote website, which gave people all the information they needed to cast their vote with confidence.

- As part of the campaign we also distributed a voter information booklet to 28 million households across the UK. The booklet contained information aimed at helping people to participate, including who was eligible to vote, how to register and vote, and a page each for the lead campaign organisations.

- We registered individuals and organisations planning to spend more than £10,000 promoting an outcome during the referendum period. Between 1 February and the beginning of August, we registered 123 campaigners, 121 of them within our five working day registration target.

- The Chair of the Commission was the Chief Counting Officer of the referendum and was responsible for certifying the outcome of the referendum and announcing the result at the count event managed by the Commission in Manchester Town Hall.

- In September we published our report on the administration and conduct of the referendum. The report found that the EU referendum was well run, with public opinion research finding that voters had a positive view of the administration of the referendum process. We also made a number of recommendations, including a call for the legislation for the administration and regulation of future referendums to take on board the lessons from this poll and to ensure that significant amounts of public money cannot be used for promotional activity during a referendum. Another recommendation outlined the need for the capacity of the UK Government's online voter registration website to be tested to ensure it can cope with significant volumes of applications close to the deadline ahead of future polls. We also published a review of our public awareness activities.

- In November we issued campaign expenditure figures for the forty-six campaigners that had spent £250,000 or less at the EU Referendum, followed, in February 2017, by campaign expenditure data for the nineteen campaigners that had spent over £250,000.

- In March, we published our report on the financial regulation of campaigners, which found that the rules put in place for the Referendum worked well. We made a number of recommendations for changes to be incorporated into the legislation that underpins UK-wide referendums. In particular, we recommended that the UK Parliament should consider the joint spending controls which were in operation for this referendum and clarify their scope ahead of any future referendum, and that a range of measures should be taken to improve transparency of campaign spending reporting.

- We worked with Counting Officers to support them and ensure all 393 fees and claims were received by the set deadline.

- We answered almost 16,600 calls, emails and letters from the general public relating to the EU Referendum. 96.7% per cent of these enquiries were responded to within one week. We responded to over 2,200 requests for advice about campaigning for the EU Referendum, including 454 complaints from the public about campaign material issued by the two lead designated campaigners.

Electoral fraud

The Commission's electoral fraud review project encompasses activities aimed at understanding levels of public concern and whether the extent of electoral fraud is in fact different from that reflected in the data reported by police forces. The project also sought to identify what changes to legislation or processes might be needed to improve security and confidence in the integrity of elections.

In 2016-17:

- We continued supporting the police, electoral administrators and political parties to ensure that electoral fraud is prevented and detected, that any allegations are swiftly investigated, and in the relatively rare instances where

fraud is discovered perpetrators are appropriately punished. As part of this we carried out monitoring and provided support and challenge in areas with elections scheduled to take place in May 2017 in England, Scotland and Wales. Our monitoring and support was particularly focused in areas where a higher risk of allegations of electoral fraud had been identified, and where ROs and police forces needed to put in place stronger measures to tackle electoral fraud.

- We continued working with Crimestoppers, the national anonymous crime reporting charity, to encourage people to report fraud anonymously. The project, mainly targeting the 18 local authority areas deemed to be at a higher risk of allegations of electoral fraud, provided an anonymous phone-line as well as a digital campaign via Facebook and Google AdWords, and a dedicated website.

- One election petition was made in respect of the May 2016 elections, relating to the Greater London Assembly West Central election. The judgment for this petition was handed down on 19 January 2017. In his judgment dismissing the petition, the Election Commissioner Mr John Bowers QC ruled that the election was conducted in accordance with the law.

- Sir Eric Pickles, the Government's Anti-Corruption Champion, published the report of his review into electoral fraud in August. The report included fifty recommendations, many of which repeated our longstanding recommendations, including our 2014 recommendation for a proof of identity scheme for polling station voters in Great Britain. We issued our response to the recommendations from Sir Eric's review in October. Our response identified both our existing work to address his recommendations and further work we would carry out as a result of his report. We continued to discuss with both Cabinet Office and the Law Commissions a legislative package that would implement many of the recommendations arising from the Law Commissions' report and Sir Eric's review.

- In February, we jointly hosted a seminar with the National Police Chiefs' Council and West Midlands Police. The event was attended by over 100 delegates, with almost all police forces from across Great Britain in attendance. It focused on developing aspects of the College of Policing Authorised Professional Practice on policing elections, working with local groups within the community which might be at risk, and highlighted case studies from 2016, which explained how the process helped to identify fraudulent registrations.

- We also hosted a strategic partnership roundtable, attended by more than 50 delegates, at which the Minister for the Constitution, Chris Skidmore MP, gave a speech on the UK Government's approach to and priorities for tackling electoral fraud.

The electoral framework

Law Commissions' review of electoral law

Electoral law in the UK has grown complex, voluminous, and fragmented, with many pieces of statutory and secondary legislation governing a long list of different elections and referendums. Its current state imposes unnecessary burdens on those participating in and administering elections. The Law Commissions of England and Wales, Scotland and Northern Ireland started to review electoral law in 2011 with two aims; ensuring that electoral laws are presented within a rational, modern legislative framework, governing all elections and referendums under statute; and ensuring that the law governing the conduct of elections and referendums is modern, simple, and fit for purpose.

We requested that the Law Commissions undertake this review and strongly supported it over the past six years. Our work involved supporting the three UK Law Commissions on electoral law and policy matters, and engaging with stakeholders to secure their input and ensure that their views were communicated to the UK Government.

In February 2016, the three UK Law Commissions published their recommendations for improving electoral law, which we strongly welcomed. In late 2016, we were informed by the UK Government that it was unlikely that it would give approval in the current parliament to the drafting of an electoral law bill to implement the Law Commissions' recommendations. Instead some of the recommendations would be taken forward in other ways. This is disappointing as enactment of the recommended package of electoral law reforms is important if the UK is to be a democracy with modern accessible elections that continue to carry the confidence of the electorate. Whilst we will be continuing to work closely with the UK Government and the Law Commission of England and Wales to agree the last government's limited plan for implementing of some of the recommendations, we will also press for a substantive government-promoted electoral law bill as soon as possible.

This work relates to electoral law that is the responsibility of the UK Government, which includes electoral law across England, Northern Ireland, Scotland and Wales. There are also laws relating to elections that are now the legislative responsibility of the Scottish Government and Parliament. We will press for the Scottish Government to implement the recommended law reforms for those elements of electoral law that are within their and the Scottish Parliament's powers.

The Scottish Government also indicated to us that they were unlikely at that time to give approval to the drafting of an electoral law bill to implement the Law Commissions' recommendations via the Scottish Parliament. However, the Scottish Government has committed, in its Programme for Government, to a consultation on elections in Scotland, and we have urged that as many as possible of the Law Commissions' recommendations are taken up during that process.

Devolution of powers on elections to Scotland and Wales

To respond to the further devolution of powers on elections to Scotland and Wales, we delegated some decision-making responsibilities from London-based staff to the Commissioners and Heads in the three devolved offices. In Scotland, an advisory group was set up to help inform our current and future work programmes. A similar body will be established in autumn 2017 in Wales.

Ensuring voters can see how politicians and campaigners raise and spend money

Party and Election Finance returns

This area of activity covers our ongoing work to deliver transparency, including timely and accurate publication of all statutory returns, and ensuring appropriate controls over the distribution and use of Policy Development Grants.

In 2016–17:

- We published details, on a quarterly cycle, of a total of £41.8 million accepted in donations by fifteen political parties during 2016 (2015: £67.3 million). Political parties also received a total of £10.3 million from public funds (2015: £9.8 million). This includes: Short Money, paid by the House of Commons; Cranborne Money, paid by the House of Lords; Assistance to registered political parties, paid by the Scottish Parliament; and Policy Development Grants, paid by the Electoral Commission.

Eight political parties were eligible to receive Policy Development Grants (PDGs) in respect of the 2016–17 financial year. These were:

- Conservative Party
- Democratic Unionist Party (DUP)
- Labour Party
- Liberal Democrats
- Plaid Cymru
- Scottish National Party (SNP)
- Social Democratic & Labour Party SDLP
- Ulster Unionist Party

Parties submit a report detailing their policy development expenditure in April, following the end of the grant year. We then audit these claims.

Reporting of donations and loans to political parties in Northern Ireland

The Northern Ireland (Miscellaneous Provisions) Act 2014 made provision for the publication of information about political donations and loans in Northern Ireland. In January, we welcomed the Secretary of State for Northern Ireland's announcement that he was consulting the Northern Ireland parties about whether the time was right to move to full transparency in political donations. We will continue to work with Northern Ireland Office officials to progress this issue.

Effective regulation

Our regulatory activity includes maintaining registers of political parties, third parties and other regulated entities, providing advice and guidance on the PPERA rules, monitoring compliance with those rules and, where necessary and proportionate, taking robust and effective enforcement activity.

In 2016–17:

- We published revised guidance, based on our party registration policy review in 2014-15, on the process for registering political parties and the use of identifiers (party names, descriptions and emblems) on ballot papers.

- We published our revised Enforcement Policy. The revisions reflected the evolution of our risk-based and proportionate approach to enforcement for all regulated bodies, including third party campaigners, and our focus on increasing the impact of our enforcement actions.

- We published the outcomes of three significant investigations into major political parties and their spending returns for the 2015 UK Parliamentary General Election. These comprised, in October, our case in respect of the Labour Party, in November, our case in respect of the Liberal Democrat Party, and in March, our case in respect of the Conservative and Unionist Party. These resulted in all three parties receiving substantive fines.

- We registered 71 new political parties, 66 of them (93%) within our 30-working day target (target: 95%). We also registered one non-party campaigner within our 10-working day target.

- We answered 1,470 requests for routine, medium complexity and novel or complex advice, answering 98.7% of queries within their respective five, ten and twenty working days targets. The majority of the queries related to the rules on spending and donations for candidates and political parties contesting the May 2016 and 2017 polls.

- We issued 50 initial notices or no sanction decisions and 23 final notices imposing sanctions, meeting or exceeding our targets for the time taken to issue them.

The framework for political party funding and election spending

As noted above, we published statutory reports following the elections held in May 2016 and two reports following the EU Referendum. These reports included a number of recommendations about improving the effectiveness of the legal framework on political donations and election and referendum campaign spending.

Review of the controls on non-party campaigning

In October, we considered the recommendations in Lord Hodgson's review into Third Party Campaigning and published our response[3].

[3] http://www.electoralcommission.org.uk/__data/assets/pdf_file/0006/216942/WatsonJ-to-SkidmoreC-2016-10-Lord-Hodgson-Review-PDF.pdf

Our resources to support delivery of our objectives

Our people

Staff relations and engagement

It is the expertise, hard work and high level of commitment from our workforce which enables our successful performance and delivery of our corporate plan. We value the positive and constructive relationship with our staff and work hard to maintain it. To maintain this relationship, a recognition agreement is in place between the organisation and the Public and Commercial Services Union (PCS). This agreement encourages clear working arrangements and promotes the mutual interests of the organisation and its employees by fostering a spirit of understanding, cooperation and trust between the Commission, employees and the Union. Staff involvement is also actively encouraged as part of the day-to-day process of line management, and information on current and prospective developments is widely disseminated. A Staff Engagement Group has been established and meets on a regular basis as a further mechanism for enhancing and maintaining good employee relations.

We undertake an Annual Staff Survey. The results for 2016 were positive with a Staff Engagement index score of 73% (up from 69% during 2015), which is well above the average Civil Service People Survey score of 59%. Highlights within the survey results included:

- A marked improvement in staff feedback on opportunities to contribute views on the future direction of the Commission.
- A more positive score in the level of staff confidence in the ability of the Senior Leadership Group (made up of Heads and Directors) to position the Commission well for future challenges and an improvement in views that work is valued by the Senior Leadership Group.
- An improvement in how staff thought the Executive Team communicated the future vision of the Commission.
- An improvement in staff “strongly agreeing” that they were able to achieve a work life balance.

Following the survey, the Senior Leadership Group identified the main areas on which to focus activity to drive further improvement over the course of the year, informed also by advice from the Staff Engagement Group.

Equal opportunities and diversity

We are committed to the principle of equality of opportunity and values diversity. Our single equality scheme sets out our duties and commitments across the whole of the UK and includes an action plan which is updated annually. The scheme reflects the public sector equality duty which prohibits discrimination on the grounds of age,

disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Our scheme is designed:

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

We undertook equality impact assessments on relevant policies and procedures throughout 2016-17. The equality impact assessments support a commitment to evidence-based policy making. In addition to arrangements for consultation and monitoring, the assessment process helps to develop effective policies that meet the needs of all users.

We were awarded the right to use the 'Two Ticks' Disability symbol for our adherence to five commitments on recruitment, employment, retention and career development of people with disabilities. During 2017-18 the Commission will seek the 'Disability Confident' award which replaces the 'Two Ticks' scheme.

Occupational health and safety

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

We initiate independent health and safety audits of our premises each year, which entail the review of the safety management systems in place and the inspection of the physical working environment. The intention of these audits is to ascertain the suitability of the current health and safety arrangements and to advise the health and safety group on any improvements that should be made. The independent adviser reported that the findings of site audits undertaken during 2016-17 were satisfactory and that arrangements were compliant with legislation and best practice.

Our environmental impact

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

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

We relocated our London office from Westminster to Moorgate in December 2010, enabling the reduction of our office footprint and significant savings to be made on accommodation running costs. The lease on the Moorgate office comes to an end in 2020 and we will be reviewing our accommodation options in the coming years.

Offices in Edinburgh, Cardiff and Belfast have also relocated to smaller, more environmentally efficient premises in the last ten years.

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

- Reduced printed resources provided to electoral administrators and other groups, focusing on electronic provision wherever possible.
- Encouraged the use of video- and tele-conferencing to avoid unnecessary travel with consequential CO_2 emissions.
- Operated recycling facilities in all our offices.
- Maintained a sustainable procurement policy that considers the full life environmental impact of purchases we make.
- Regularly communicated the importance of efficiency initiatives and measures to staff.
- Upgraded to more energy efficient ICT equipment.

Summary (London office)

Area		2016-17 Performance		2015-16	2014-15
		Actual	Target		
Greenhouse gas emissions (CO_2e in tonnes)		268	342	331	354
Estate Energy	Consumption (kWh)	682,595	762,666	758,107	767,224
	Expenditure	Not available	Not available	Not available	Not available
Estate Waste	Amount (tonnes)	9.67	10.88	9.43	12.33
	Expenditure	£994	£1,103	£1,084	£1,123
Estate Water	Consumption	847m^3	822 m^3	845 m^3	799 m^3
	Expenditure	Not available	Not available	Not available	Not available

Emissions report (London office)

Greenhouse Gas emissions		2016-17	2015-16	2014-15	2013-14
Non-financial indicators (CO_2e in tonnes)	Total gross emissions	268	331	354	437
	Gross emissions – Fossil fuel consumption	227	281	282	373
	Gross emissions – Travel	41	50	72	64
Related energy Consumption (kWh)	Electricity	495,414	552,634	538,285	737,481
	Gas	187,181	205,442	228,959	243,585
Financial indicators (£)	Expenditure on Energy	Not available	Not available	Not available	Not available
	Expenditure on travel	166,585	154,431	153,821	141,108

Performance Commentary on emissions

Reported fossil fuel consumption has decreased in the year, an on-going effect of the landlord's introduction of measures to reduce levels of electricity consumption, including lower 'out of hours' operation of plant and machinery and the introduction of energy-efficient lighting. Consumption in our dedicated space decreased during the year by over 30,000kWh. There were two main factors that impacted on this decrease - the first being the upgrade of IT equipment to thin client computers with a lower power draw, and the second changes to the phasing of the building's air conditioning system implemented by the landlord.

Waste report (London office)

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

Waste			2016-17	2015-16	2014-15	2013-14
Non-financial indicators (tonnes)	Total waste		9.67	9.43	12.33	12.17
	Non-hazardous waste	Confidential	2.48	1.93	1.98	1.94
		General waste reused or recycled	7.19	6.7	10.34	10.23
Financial indicators (£)	Total disposal cost		Not available	Not available	Not available	Not available
		Confidential	994	1,084	1,123	1,123
		General waste reused or recycled	Not available	Not available	Not available	Not available

We have seen an increase in the amount of confidential waste and the level of both general and recycled waste. The figure for the general and recycled waste is based on a proportion of total building waste. All general waste produced in the building, including that generated by us, is sent to a nearby 'Energy from Waste' plant instead of landfill sites.

Using our financial resources efficiently

In 2016/17, the resources made available to us by the UK Parliament were substantially higher than in previous years. A sum of £25.023m was provided to meet voted activity, whilst non-voted funding of £131.765m was provided to meet EU Referendum costs (£131.500m) and Commissioners' fees (£0.265m).

In achieving our objectives, we have used £144.235m resources. This was £12.553m less than the sum of £156.788m approved by Parliament in the Commission's Supply Estimate (HC 957) for the net resource requirement. This variance is best explained in its constituent parts as an underspend of £11.510m against the non-voted allocation and an underspend of £1.043m against the voted element.

Resources	**2016-17 Estimate**	**2016-17 Outturn**	**Saving**	
	£000	**£000**	**£000**	**%**
Voted				
Expenditure	25,723	24,245	(1,478)	6%
Income	(1,010)	(563)	447	-44%
Capital	310	298	(12)	3%
TOTAL Voted	25,023	23,980	(1,043)	
Non-Voted				
EU Referendum	131,500	120,049	(11,451)	9%
Commissioners fees	265	206	(59)	22%
TOTAL Non-voted	131,765	120,255	(11,510)	
Electoral Commission Total	**156,788**	**144,235**	**(12,553)**	

The non-voted resources for the EU Referendum were provided to meet the costs of Counting Officers' fees and charges and Royal Mail costs for campaign mailings and 'sweeps' of sorting offices for returned postal votes. The table below shows the outturn costs against each of these categories:

2016-17 EU Referendum non-voted costs	**Budget £000**	**Expenditure £000**	**Variance £000**
Counting Officer fees (expenses)	100,500	92,820	7,680
Counting officer charges (services)	2,200	1,840	360
Royal Mail - Leave & Remain Campaign Mailings	28,600	25,188	3,412
Royal Mail - sweep service	200	201	(1)
	131,500	120,049	11,451

Additional information about this expenditure can be found in note 3 to the accounts. Processing of the fees and charges claims has been undertaken by the Electoral Claims Unit (part of the Cabinet Office) under a service level agreement with the Commission. All the Counting Officers' claims had been received by the end of the 2016-17 financial year, but not all had been processed and therefore the fees and charges expenditure includes a sum that is estimated. All claims will be finalised by summer 2017 and we will publish a report on the overall costs of the June 2016 Referendum later in the year.

The under-spend of £1.043m against the voted amount of £25.023m is due to:

- EU Referendum (voted) - £0.587m;
- Elections and local referendums - £0.039m;
- Scottish Local Government elections - £0.488m (this was matched by the reduction in income from the Scottish Government);
- Electoral registration - £0.027m;
- Support services - £0.378m - a combination of reduced depreciation, and smaller underspends;
- Capital - £0.012m underspend due to savings on IT projects.

In addition to the income from the Scottish Government, other income in our accounts relates to charges for registering political parties and fines raised against political parties and individuals for failure to comply with the rules on party and election finance. We collected £172,168 in 2016-17. £101,168 had been received by 31 March 2017 and surrendered to the Consolidated Fund as required by law; the remainder was received in April 2017.

We required cash amounting to £23.388m in 2016-17 to finance our voted activities, which was £1.294m less than the sum of £24.682m approved by Parliament in the Commission's Supply Estimate. SoPS 3 of the accounts provide a reconciliation of the net cash requirement to the increase / decrease in cash held.

The Statement of Cash Flows balance as at 31 March 2017 (page 82) was £1.686m.£0.970m was due to receipts outstanding from Scottish Parliament received on 31 March 2017, and £0.716m related to the EU Referendum.

The Statement of Financial Position as at 31 March 2017 (page 81) shows negative taxpayers' equity of £18.252m. This reflects the fact that on 31 March 2017, we had not yet paid all outstanding invoices relating to the EU Referendum Counting Officers fees and charges.

Going Forward

Our Supply Estimate for 2017-18 (HC1083) provides for a net resource requirement of £17.680m. The key areas on which we plan to use these resources during 2017-18 support our three goals around the delivery of elections, the regulation of political finance and the use of our expertise to improve democratic process. This will focus on:

- Supporting the UK Parliamentary General Election in June 2017.
- Maintaining and publishing information about political parties and their finances.
- Ensuring that parties, candidates and others understand and follow the rules on party and election finance.
- Setting standards for running elections and electoral registration, reporting on the performance of EROs and ROs, and improving our engagement with EROs and ROs.
- Providing support, advice and training for those involved in delivering elections and electoral registration.
- Carrying out work designed to make sure people understand it is important to register to vote, and how to vote.
- Administering grants to eligible political parties for policy development.
- Undertaking a programme of research to support and inform the Commission's work.
- Reporting on local government elections in England, Scotland and Wales in May 2017.
- Identifying changes to legislation and electoral administration to tackle electoral fraud vulnerabilities.

Claire Bassett
Chief Executive and Accounting Officer
06 July 2017

Powers and Sanctions Report

Use of our powers and sanctions between 1 April 2016 and 31 March 2017

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

The Political Parties, Elections and Referendums Act 2000 (PPERA) provides us with powers including the ability to:

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

We also have a range of sanctions, including

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

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

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

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

Use of investigatory powers

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

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

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

We issued a total of three disclosure notices and 16 investigation notices in 2016/17. This increase from previous years (five notices were issued in 2015/16, two in 2014/15, and none in 2013/14) reflects the evolution of our Enforcement Policy, a revised version of which was published in April 2016. In particular, it reflects our aim of increasing the impact of our enforcement activity on compliance with PPERA, and making appropriate use of the full range of regulatory and investigatory tools at our disposal.

The 3 disclosure notices were to:

- the Commonwealth Liberation Party[4]
- the Scottish National Party
- the Labour Party

The 16 investigation notices were as follows:

- We issued two investigation notices in relation to an investigation into Cannabis Is Safer Than Alcohol, one in relation to the Great Britain registered party, and one in relation to the Northern Ireland registered party.

- We issued 10 investigation notices in relation to an investigation into the campaign spending return of the Conservative and Unionist Party for the 2015 UK Parliamentary General Election, and other matters:

    - five notices were issued to the party
    - three notices were issued to Channel Four News
    - investigation notices were also issued to two witnesses.

- We made one application to the High Court for a documents and information disclosure order in the course of the same investigation into the Conservative and Unionist Party. The application was withdrawn following receipt of documents and information from the party.

- We issued a further four investigation notices in relation to an investigation that is ongoing. We consider it would be inappropriate to disclose further information about this investigation on the grounds that to do so would or might adversely affect that current investigation.

We have not used our powers to apply for a warrant to enter premises.

[4] The Commonwealth Liberation Party has since been removed from the register of political parties.

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);
- Cases in which liability for a fixed monetary penalty was discharged (this means the penalty was paid before a notice imposing it was issued)
- Cases in which an enforcement undertaking was accepted.

In line with our Enforcement Policy, we continue to take an increasingly robust approach to non-compliance. That approach can be seen not only in the number of sanctions imposed during 2016-17 (maintaining the significant increase in 2015-16) but also in the levels of penalties imposed.

We imposed the maximum fine available to us for the first time in 2016/17, and went on to impose that level of fine on four occasions in total during the year. All were in relation to large and well-established parties, and all but one in relation to the reporting of spending during the 2015 UK Parliamentary General Election. As we stated at the time we would like the maximum penalty available to us to be increased in line with the nature of offences and other comparable regulators.

We issued penalty notices in 23 cases during the reporting year.

The table below sets out those cases, and four other cases, where payment was made before a notice imposing the penalty was issued, including two where liability for a fixed penalty was discharged through early payment. We publish brief summaries of all enforcement cases on our website, and this is regularly updated to reflect payments made of penalties, and appeals or recovery action taken.

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

One appeal was made against a penalty imposed during 2015/16, and was determined during the course of 2016/17. The appeal was not upheld.

Name and type of regulated entity	Potential offence or contravention investigated	Decision on sanction (imposed on regulated entity or officer) and whether paid as at 31 March 2017
Friends of the Earth Limited	Failure to register with the Commission as a non-party campaigner at the 2015 UKPGE before spending in excess of the registration threshold	£1,000 penalty (variable monetary penalty) Outstanding*
Democratic Unionist Party (registered party in Northern Ireland)	Failure to notify Commission of a change in registered officer by due date	£1,000 penalty (variable monetary penalty) Paid
People Before Profit Alliance (registered party in Northern Ireland)	Failure to deliver 2015 statement of accounts by due date of 30 April 2016	£500 penalty (variable monetary penalty) Paid
Conservative and Unionist Party (registered party in Great Britain)	Two offences of a failure to deliver a complete campaign expenditure return for the 2015 UK Parliamentary General Election; and three failures to keep adequate accounting records	£70,000 in penalties (2 x £20,000, a £15,000, a £10,000; and a £5,000 variable monetary penalty) Outstanding*
Cannabis Is Safer Than Alcohol (registered party in Northern Ireland)	Failure to deliver quarterly donations reports and quarterly loans report on time; failure to deliver campaign expenditure return for the Northern Ireland Assembly election in May 2016 and statement of accounts on time; failure to maintain accounting records	£13,000 penalty (variable monetary penalty) Paid
Cannabis Is Safer Than Alcohol (registered party in Great Britain)	Failure to deliver quarterly donations reports and statement of accounts on time, failure to maintain accounting records	£10,000 penalty (variable monetary penalty) Paid

Mike Tooze	Failure to include imprint (identifier) on campaign material for the EU referendum	£750 penalty (variable monetary penalty) Paid
Mitcham and Morden (registered accounting unit of the Labour Party)	Failure to deliver 2015 statement of accounts by due date of 30 April 2016, failure to deliver statements of accounts for 2014, 2013 and 2012 by due dates	£800 penalty (variable monetary penalty) Paid
Labour People Limited (members' association)	Late reporting of two donations	£400 in penalties (2 x £200 fixed monetary penalties) Paid
Robert Laurence Taylor	Failure to include imprint (identifier) on campaign material for the EU referendum	£4,000 penalty (variable monetary penalty) Paid
Peter Wilson ('Bristol Brexit')	Failure to include imprint (identifier) on campaign material for the EU referendum	£500 penalty (variable monetary penalty) Paid
Liberal Democrats (registered party in Great Britain)	Failure to deliver a complete campaign expenditure return for the UK Parliamentary General Election 2015. Additional material was provided after the deadline.	£20,000 penalty (variable monetary penalty) Paid
Britain First (registered political party in Northern Ireland)	Late delivery of donations and loans reports, and accounts for 2015	£500 penalty (variable monetary penalty) Paid
Unite the Union (permitted participant in the EU referendum)	Late delivery of pre-poll donations and loans reports	£400 in penalties (2 x £200 fixed monetary penalties) Paid at initial notice stage
Trade Unionists Against The European Union (permitted participant in the EU referendum)	Inaccurate/incomplete pre-poll donations and loans reports (subsequently corrected)	£300 (variable monetary penalty) Paid at initial notice stage

The Labour Party (registered party in Great Britain)	Failure to deliver a complete campaign expenditure return for the UK Parliamentary General Election 2015. Additional material was provided after the deadline.	£20,000 penalty (variable monetary penalty) Paid
The Fabian Society (a regulated donee)	Late reporting of donations (two donations, each of value £10,782)	£400 in penalties (2 x £200 fixed monetary penalties) Paid
Mr Roger Gabb	Failure to include imprint (identifier) on campaign material for the EU referendum	£1,000 penalty (variable monetary penalty) Paid
Lady Sue Inkin	Failure to include imprint (identifier) on campaign material for the EU referendum	£1,000 penalty (variable monetary penalty) Paid
Hope Not Hate (non-party campaigner)	Failure to deliver a complete campaign expenditure return for the European Parliamentary Election 2014. Additional material was provided after the deadline.	£450 penalty (variable monetary penalty) Paid
ResPublica Trust (permitted participant in the EU referendum)	Late delivery of pre-poll donations reports	£400 in penalties (2 x £200 fixed monetary penalties) Paid
Conservative Friends of India (members' association)	Late delivery of a donation report and notification of responsible person	£400 in penalties (2 x £200 fixed monetary penalties) Paid
Conservative Party Redditch accounting unit (registered accounting unit of the Conservative and Unionist Party)	Failure to return impermissible donation within 30 days of receipt	£300 penalty (variable monetary penalty) Paid at initial notice stage

Conservative Party Ipswich accounting unit (registered accounting unit of the Conservative and Unionist Party)	Failure to return impermissible donation within 30 days of receipt	£1,100 penalty (variable monetary penalty) Paid at initial notice stage
Southwark Labour Group (a members association and unincorporated association)	Failure to provide notification of gifts to a political party exceeding £25,000 by due date	£400 penalty (variable monetary penalty) Paid
Cannabis Is Safer Than Alcohol (registered party in Northern Ireland)	Failure to deliver quarterly donations and loans reports	£8,000 penalty (variable monetary penalty) Paid
Cannabis Is Safer Than Alcohol (registered party in Great Britain)	Failure to deliver quarterly donations report, failure to deliver quarterly loans report on time	£3,000 penalty (variable monetary penalty) Paid

* Conservative and Unionist Party paid in April 2017; Friends of the Earth Ltd paid in April 2017.

NB: The sanctions listed are fines made from 1st April 2016 – 31st March 2017. SoPS 4.1 also shows additional penalties that were incurred and cash received from previous year's fines & penalties.

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Part 2: The accountability report

Corporate governance report

The Directors' report

The Commission Board comprises ten Commissioners appointed by Royal Warrant to exercise the functions of the Commission as described in the Political Parties, Elections and Referendums Act 2000 (PPERA).

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

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

Register of interests

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

Auditors

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

Our internal auditors from 1 April 2016 were Mazars LLP. Full details of remuneration for both audit and non-audit work are disclosed on page 56.

Disclosure of information to the NAO

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

Other disclosures

Some disclosures required in the directors' report have been included elsewhere in the Annual Report. Personal data related incidents are reported in the Governance Statement on page 57. Disclosures on employment and engagement with staff are in section 'Our people' on page 27 of the Performance Report and additional information is included in the Remuneration Report on page 59. There are no significant events affecting us which have occurred since the reporting date and

future developments affecting us are disclosed in the Performance Report section ‘Using financial resources efficiently’ beginning on page 32.

Statement of Accounting Officer's responsibilities

Under the Political Parties, Elections and Referendums Act 2000 (PPERA), we are required to prepare accounts for each financial year, detailing the resources acquired, held, or disposed of during the year and the use of resources by us during the year.

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

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

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis

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

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

The Accounting Officer confirms that this annual report and accounts as a whole is fair, balanced and understandable and takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement

The Electoral Commission was set up under the Political Parties, Elections and Referendums Act 2000 (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.

Jenny Watson who had been Chair since 2009 completed her term on 31 December 2016 and has been succeeded by Sir John Holmes from 1 January 2017.

As Chief Executive and Accounting Officer, I have gained assurance that the frameworks, control environment, processes and scrutiny set out in this statement have been effective throughout the financial year by review of documentation, discussions with Commissioners, the independent Chair of the Audit Committee and staff and meetings with internal and external auditors and other external stakeholders. However, I do note that in June 2017 our phone provider reported to us an issue that highlighted vulnerability for fraud. This was investigated and changes to systems made to mitigate the risk identified and improve controls.

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

Accountability to UK Parliament and the devolved administrations

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

The Speaker's Committee

The Speaker's Committee is established under Section 2(1) of Political Parties, Elections and Referendums Act 2000 (PPERA) to perform the functions conferred on it by PPERA. These functions include:

- Examining the Commission's annual resource estimates and laying them before the House of Commons, with or without modification.
- Examining the Commission's five-year plans and laying them before the House of Commons, with or without modification.
- receiving the Commission's accounts
- designating the Commission's Accounting Officer
- Reporting to the House of Commons, at least once a year, on how it has carried out its functions.

Members of the Committee during 2016-17 were:

- Rt Hon John Bercow MP, Speaker of the House of Commons (Chair).
- Mr Bernard Jenkin MP, Chair of the Public Administration and Constitutional Affairs Committee.
- Rt Hon Ben Gummer MP, Minister for the Cabinet Office and Paymaster General;
- Mr Marcus Jones MP, Parliamentary Under-Secretary of State (Minister for Local Government)
- Jessica Morden MP (Labour)
- Bridget Phillipson MP (Labour)
- Mr Gary Streeter MP (Conservative)
- Pete Wishart MP (Scottish National Party)
- Sir Gerald Kaufman MP (until his death on 26 February 2017)

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

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

The Secretaries of the Speaker's Committee are Ben Williams and Lynn Gardner.

During the year the Committee published three reports which are available from its website:

Speaker's Committee on the Electoral Commission

Publications - Speaker's Committee on the Electoral Commission

The Speaker's Committee agreed our Supply Estimate for the 2017-18 financial year and our Business Plan for 2017-18 in April 2017. The Supply Estimate was laid before Parliament on 26h April 2017.

Commission Board and Leadership Team

The Commission Board

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

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

The Chair of the Commission is appointed on a part time, two day a week basis; while the other Commissioners spent an average of between 1.4 and 4.8 days per month on Commission duties.

The following Commissioners served during the year:

- Jenny Watson (Chair to 31 December 2016)
- Sir John Holmes (Chair from 1 January 2017)
- Dame Susan Bruce (from 1 January 2017)
- Anna Carragher
- Professor Elan Closs Stephens (from 13 March 2017)
- Gareth Halliwell (to 12 March 2017)
- Tony Hobman
- Lord Horam of Grimsargh
- David Howarth
- John McCormick (to 31 December 2016)
- Alasdair Morgan
- Bridget Prentice
- Rob Vincent, CBE

The durations of the current Commissioner appointments are as follows:

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

During the year 2016-17 the Commission Board has delegated specific activities to the following sub-committees:

- Audit Committee
- Remuneration & HR Committee

Audit Committee

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

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

The Audit Committee's role includes, in particular, scrutiny and review of the Commission's accounting policies; the Commission's annual report and accounts, including the process for review of the accounts prior to submission for audit and management's letter of representation to the National Audit Office (NAO); matters relating to the NAO; the adequacy of management response to issues identified by audit activity; assurances relating to the corporate governance requirements for the organisation; and proposals for tendering for audit services, or for the purchase of non-audit services from contractors which provide audit services.

The Audit Committee comprises four appointees and is required to meet at least three times a year. Three Commissioners are appointed by the Board to the Audit Committee. The Chair of the Commission may not be appointed as a member of the Audit Committee. The Board has also approved the appointment of an independent adviser to the Audit Committee, who is a suitably qualified independent person who has no connection with the Commission. It is agreed by the Board that the independent adviser will chair the Audit Committee and have the right to attend any meeting of the Electoral Commissioners.

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

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

The Chair of the Audit Committee during the 2016–17 financial year was:

- Dean Parker CPFA, independent adviser

The members of the Committee during the same period were:

- Gareth Halliwell, Electoral Commissioner (until 12 March 2017)
- Tony Hobman, Electoral Commissioner
- Alasdair Morgan, Electoral Commissioner
- Dame Sue Bruce, Electoral Commissioner (from 13 March 2017)

Three Committee meetings were held during 2016–17. The internal and external auditors routinely attend all meetings along with staff including the Chief Executive and the Director of Finance and Corporate Services. The Committee members may also hold an annual private discussion with the auditors.

The Committee approved a programme of audit and reviews for 2016–17 and has monitored the achievement of this programme through the year.

Remuneration and Human Resources Committee

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

The Committee has been established to support the Board and the Accounting Officer in their responsibilities for significant changes to staff terms and conditions, reviewing the remuneration policy of the Chief Executive, agreeing staff pay award remit and setting the fee for the independent Chair of the Audit Committee.

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

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

The members of the Committee during the 2016–17 financial year were:

- Tony Hobman (Chair until 31 December 2016), Electoral Commissioner
- Anna Carragher (Chair from 1 January 2017), Electoral Commissioner
- Bridget Prentice (from 1 January 2017), Electoral Commissioner
- Gareth Halliwell (until 12 March 2017), Electoral Commissioner
- Rob Vincent (from 13 March 2017), Electoral Commissioner

The Committee met three times during 2016-17 and the key topics of discussion were pay, reward and performance management, organisational restructure, staff survey, and the HR Plan.

Review of Board and Committee performance during 2016–17

Regular self-assessment of Board and Committee effectiveness is an integral part of the Commission's governance arrangements. The strategic review resulted in a significant piece of work during the year, and the outgoing Chair, Jenny Watson, encouraged the Board to consider the way the Board would support the transition to a new Chair. With the arrival of the new Chair in January 2017 it was decided to defer the 2016-17 review of Board effectiveness to allow for a settling-in period.

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

- the EU Referendum
- may 2016 elections
- Work arising from both the above, and some which continued from the 2015 UK Parliamentary General Election.
- electoral registration
- the strategic review and the organisation's future direction
- preparations for the May 2017 elections

The Audit Committee, as well as the Remuneration & HR Committee, reviewed their effectiveness during the year (Audit Committee in June 2016 and March 2017 and

Remuneration and HR Committee in March 2017). Responses were positive, and the Committees will act on the conclusions during 2017-18.
Board and Committee attendance during 2016–17 is set out in the following table. Maximum possible attendance is given in brackets:

Name	Commission Board	Audit Committee	HR and Remuneration Committee
Jenny Watson (Chair to 31/12/16)	9 (11)*	-	-
Sir John Holmes (Chair from 01/01/17)	3(3)		
Anna Carragher	13 (14)	-	3 (3)
Gareth Halliwell (to 12/03/17)	12 (12)	2 (2)	2 (2)
Professor Elan Closs Stephens (from 13/03/17)	1 (1)		
Tony Hobman	13 (14)	3 (3)	2 (2)
Lord Horam of Grimsargh	13 (14)	-	-
David Howarth	13 (14)	-	
John McCormick (to 31/12/16)	10 (11)	-	-
Dame Susan Bruce (from 01/01/17)	2 (3)	1(1)	
Alasdair Morgan	12 (14)	3 (3)	
Bridget Prentice	11 (14)		1 (1)
Rob Vincent	14 (14)		1 (1)

* Jenny Watson recused herself from certain EU Referendum decisions as she was Chief Counting Officer, and was absent from those meetings

Chief Executive

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

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

Executive Team

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

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

The Executive Team receives monthly reports on performance, finance and risk management across the organisation and on progress with key projects and initiatives. As well as frequent informal discussions, the Chief Executive meets each member of the Executive Team at least once a month to review operational and financial performance. Members of the Executive Team during 2016-17 are listed below:-

- Chief Executive: Claire Bassett
- Deputy Chief Executive and Director of Finance & Corporate Services: Carolyn Hughes
- Director of Political Finance and Regulation & Legal Counsel: Bob Posner
- Director of Communication: Alex Robertson (left the Commission on 4 July 2016)
- Director of Communications and Research: Craig Westwood (appointed from 15 Aug 2016)
- Director of Electoral Administration: Andrew Scallan CBE (left the Commission on 31 December 2016)
- Director of Electoral Administration and Guidance: Ailsa Irvine (appointed from 1 January 2017)

The organisational structure as at 31 March 2017 is set out below:

Risk management, internal control and assurance

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

Corporate Governance

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

Risk Management

Our risk management processes are designed to:

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

Our risk management policy was fully reviewed in 2016-17 to ensure it provided a focus on our approach to risk management, with a new emphasis on identifying and assessing sources of assurance.

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

Risks are identified and evaluated in the following ways:

- All key decisions are taken following consideration of risks and associated mitigations which are separately identified in decision papers for the Commission Board and those taking delegated decisions.
- As part of their quarterly review of risk, the Executive Team considers whether new risks should be added to the risk registers. The Executive Team also carries out a horizon scanning exercise to identify factors that may emerge as risks and monitors these.
- The Executive Team undertakes a full and comprehensive review of risk at the start of each year to ensure that the organisational risk register captures risk to the delivery of objectives in our Corporate Plan.
- A full risk report is presented to each meeting of the Audit Committee and also annually to the Board.
- Managers and staff are responsible for the identification of risk in their own projects or areas of work. Risks are also identified through the planning process, through audit and review of operations and through training activities.
- Each identified risk is assigned to a risk owner, who is required formally to review the likelihood of crystallisation, the resultant impact and the mitigations in place on a minimum quarterly basis – in practice, risks are reviewed once a month as part of our programme and performance management arrangements.

During 2016-17:

- The organisational risk register was subject to close monitoring particularly in light of May elections and the EU Referendum.
- Advisory work on risk assurance mapping was carried out by Internal Audit and its recommendations were incorporated into the risk management framework.
- Various activities to manage risk in the run up to the May 2016 elections and the EU Referendum took place including business continuity and crisis management rehearsals.

The strategic risks that were monitored and managed by us in 2016-17 were:

- the Commission is ineffective in delivering its corporate plan
- there is a loss of public confidence in the way the EU referendum is run
- part or all of the May 2016/2017 polls are not well run
- events not wholly within the Commission's control have an impact on it and its reputation
- ineffective regulation of the Party and Election Finance rules
- the Commission fails to respond adequately to further devolution

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

Auditors

The Audit Committee reviews both external and internal audit reports, and monitors which recommendations from these reports are accepted, and the implementation of accepted recommendations. The Audit Committee also satisfies itself that recommendations that are rejected are done so for valid reasons.

External Audit

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

The Comptroller and Auditor General is appointed as our external auditor under Schedule 1 of PPERA. As disclosed in note 3 to the accounts, a notional cost of £47,000 (2015-16: £35,000). The increase of £12,000 is due to the audit of the transactions and balances associated with the EU referendum activity.

Internal Audit

Our internal auditors in 2016-17 were Mazars LLP. Mazars were appointed from 1 April 2016 on a three year contract at an annual cost of £27,810 (including VAT).

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

The cost of internal audit services for 2016-17 was £30,279, which includes £24,279 for internal audit services (2015-16 cost £74,318) and £6,000 for support of the review of the "Registered Political Parties (Statement of Accounts) Regulations 2013".

Seven internal audit reports (Risk Management - assurance mapping; Core Financial Systems - Payroll and Expenses; Legislative Compliance Enforcement – Financial Information; Effectiveness of statutory reporting; Government Procurement Cards; Information Governance; and a Follow Up review of the prior year's recommendations) were completed during the year. For each audit the internal auditors provided reports which included their key findings; an indication of the level of assurance that could be based on their findings; and recommendations for action to strengthen any control weaknesses. None of the reports were classified 'high risk'.

Implementation is being monitored by the Audit Committee. The Audit Opinion considered the Electoral Commission's governance, risk management and internal control arrangements as generally adequate and effective.

Policy Development Grants

Policy Development Grants, as outlined at note 3 to the accounts, are made by us to qualifying political parties. Internal control over payment of the grants is maintained through a comprehensive claim and review process, reviewed for accuracy. All parties submitted expenditure returns; resulting in payments of £1,741,707 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 her role as Senior Information Risk Owner (SIRO).

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

For 2016-17, the report, which looked at the areas of: risk management, transparency, confidentiality of information, availability of information, integrity of information, incident management and procedures to ensure continuing awareness of responsibilities and risks, concluded that the management of information risk in the organisation was effective.

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

Personal data related incidents

There have been three information governance related incidents reported during 2016-17. These related to the availability of systems and resulted in no information loss. These incidents were reported to and reviewed by the Commission's Audit Committee as part of the annual assessment of information risk management. The report noted that remedial actions and future mitigations have been implemented.

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

Payment of suppliers

Although we are independent of government, we aim to comply with the Prompt Payment Code that operates across the public sector. The Government target is to pay undisputed invoices within 30 days. In 2016-17, 99.9% of invoices (99.8% in 2015-16) were paid within this 30-day target.

Further to this, we aim to pay undisputed invoices within 10 days from the date of receipt in recognition of government's commitment to paying suppliers promptly. For the year 2016 -17, we paid 88.7% (2015–16: 88.7%) of undisputed invoices within 10 days.

Freedom of Information (FOI), Parliamentary Questions and complaints

We are committed to the principles of openness and transparency in public life and acknowledge a duty to provide information to the public. In 2016-17, we received 172 FOI requests. 165 requests were due for response in the same period and we responded to 152 (92.1%) within the 20 working days statutory timeframe. We also responded to ten FOI internal reviews and one decision was appealed to the Information Commissioner's Office. In consultation with the third parties involved we decided to release the information previously exempted. The complainant subsequently withdrew their appeal.

We also dealt with five complaints of which two requested a review.

Review of effectiveness

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

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

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

Remuneration and staff report

Chair and Commissioners remuneration

Commissioners are appointed by Royal Warrant to exercise the functions of the Commission as described in the Political Parties, Elections and Referendums Act 2000 (PPERA). The Chair of the Commission is appointed on a part time, two day a week basis (up to 31 December 2016 this was three days per week); while the other Commissioners spent an average of between 1.4 and 4.8 days per month on Commission duties.

The House of Commons has resolved that fees for the Commissioners shall increase on 1 April each year, by the percentage increase paid for High Court Judges. In accordance with this arrangement, fees were increased by 1% from April 2016.

The fees for Commissioners and the Chair's salary are paid out of the Consolidated Fund, as may be specified in a resolution of the House of Commons. The fee for each day worked in the period 1 April 2016 to 31 March 2017 was set at £374 (2015-16: £370).

Commissioners were paid one month in arrears based on the actual days worked.

The pension arrangements for Commissioners may be provided for by the House of Commons in a resolution. The only provision made under this section was for the Chair of the Commission up to 31 December 2016 and these costs were met out of the Consolidated Fund.

The salary and fee payments to Commissioners during 2016 -17 were as follows:

Salary and Fees

Name	2016-17	2015-16
	£	£
Jenny Watson (Chair to 31 January 2017)	72,622	103,102
John Holmes (Chair from 1 January 2017)	17,425	0
Dame Susan Bruce (from 1 January 2017)	2,431	0
Professor Elan Closs Stephens (from 13 March 2017)	0	0
Anna Carragher	14,021	13,493
John McCormick (to 31 December 2016)	15,702	21,629
David Howarth	6,919	8,130
Lord Horam of Grimsargh	6,919	7,577
Tony Hobman	6,726	10,348
Gareth Halliwell	17,192	18,486
Alasdair Morgan	11,962	11,086
Bridget Prentice	8,228	8,132
Rob Vincent	9,163	2,405

* Professor Elan Closs Stephen's March fee is payable in April and therefore not shown above

(subject to audit)

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

Business expenses – travel and accommodation

Name	2016-17	2015-16
	£	£
Jenny Watson (Chair)	829	1,771
Sir John Holmes (Chair)	770	0
Susan Bruce	1,584	0
Anna Carragher	2,231	2,647
John McCormick	3,494	5,178
David Howarth	265	0
Elan Closs Stephens	89	0
Tony Hobman	455	179
Gareth Halliwell	3,645	4,573
Alasdair Morgan	3,411	3,210
Bridget Prentice	40	68
Rob Vincent	755	0

(subject to audit)

Chief Executive and Executive Team remuneration

Claire Bassett was appointed as the Chief Executive on 07 October 2015.

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

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

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

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

www.civilservicepensionscheme.org.uk.

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 2016-17 was £111 (2015–16; £235). These benefits are provided for all Commission staff.

During 2016-2017, the Directors along with all staff were awarded a £250 non-consolidated bonus payment in recognition of exceptional work that had taken place across the organisation (including May polls and EU Referendum activities) which was pro-rated for people joining part-way through the year and part-time staff.

The salary and pension entitlements of the Executive Team of the Commission were:

	Gross Salary		Pension Benefits		Total	
£000	**2016-17**	**2015-16**	**2016-17**	**2015-16**	**2016-17**	**2015-16**
Claire Bassett Chief Executive Appointed 7 October 2015	131	63	51	25	182	88
Carolyn Hughes Deputy Chief Executive and Director Finance & Corporate Services Appointed 21 May 2007	103	102	24	31	127	133
Ailsa Irvine Director of Electoral Administration Appointed 3 January 2017	24	0	60	0	84	0
Craig Westwood Director of Communications and Research Appointed 15 August 2016	61	0	24	0	85	0
Andrew Scallan Director of Electoral Administration Resigned 31 January 2017	81	96	32	38	113	134
Alex Robertson Director of Communication Resigned 4 July 2016	24	96	10	38	34	134
Bob Posner Director Party and Election Finance and Legal Counsel Appointed 23 September 2014	97	96	25	40	122	136

Annualised salaries for 2016-17 for Ailsa Irvine £97,134; Andrew Scallan £97,134, Craig Westwood £97,500; Alex Robertson £97,134.

(subject to audit)

Pension information for directors

Name	Accrued pension at pensionable age as at 31 March 2017 and related lump sum	Real increase in pension and related lump sum at pensionable age	CETV at 31.3.17	CETV at 31.3.16	Real increase in CETV
	£000	£000	£000	£000	£000
Claire Bassett Chief Executive Appointed 7 October 2015	15 - 20	2.5 - 5	180	148	19
Carolyn Hughes Deputy Chief Executive and Director of Finance & Corporate Services Appointed 21 May 2007	15 - 20	0 – 2.5	340	300	22
Andrew Scallan Director of Electoral Administration Appointed 24 October 2006	10 - 15	0 – 2.5	165	132	23
Ailsa Irvine Director of Electoral Administration and Guidance Appointed 03 Jan 2017	15 - 20	2.5 - 5	178	143	24
Alex Robertson Director of Communications Appointed 1 October 2010	15 - 20	0 – 2.5	149	145	3
Craig Westwood Director of Communications and Research Appointed 15 Aug 2016	0 - 5	0 – 2.5	12	0	8
Bob Posner Director Party and Election Finance and Legal Counsel Appointed 23 September 2014	15 - 20	0 – 2.5	309	269	23

The information in the above table is audited. CETV is the Cash Equivalent Transfer Value

(subject to audit)

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

Pensions

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

Employee contributions are salary-related and range between 3.80% - 8.05% (for members who are in classic or moved into alpha from classic) and 4.60% - 8.05% for all other members. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

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

now to be valued as at 31 March 2012 and the valuation will reflect the post 2015 scheme rules and benefit structures.

For 2016-17, employer's contributions of £1,122,870 were payable to the Schemes (2015-16; £1,102,336) at one of four rates in the range 20% to 24.5% per cent (2015-16; 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 £45,030 (2015-16; £30,939) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age–related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £9,402 being 0.5% per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the Statement of Financial Position date was £6,868. Contributions prepaid at that date were nil.

No pension contributions were paid by the Commission in respect of Commissioners during the period. The Commission is, however, required to pay pensions to certain former Commissioners of the Local Government Commission for England (LGCE). The total provision for these costs was £208k at 31 March 2017 (£194k at 31 March 2016).

Compensation on early retirement or for loss of office

There were no payments made during 2016-2017 providing compensation for early retirements or for loss of office. (2015-16 Nil).

Payments to past directors

During 2016-2017, no payments were made to any person who was not a director at the time the payment was made, but who had been a Commission Director previously.

Fair pay disclosure

	2016-17	2015-16
	£	£
Highest paid Director	131,300	130,000
Median remuneration (all other staff)	38,422	37,646
Ratio	3.4	3.4

(subject to audit)

In 2016-17 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 £22,045 to £102,847 (2015-16: £22,502 to £101,829).

The remuneration of the highest paid Director increased by 1% with effect from 1 April 2016 which was consistent with all Electoral Commission staff salary increases.

Staff Report

Staff composition

The number of senior staff employed during the period was 7 directors (4 of whom were male and 3 female).

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

	Chair and Board	Permanent staff (full and part-time)	Temporary staff/ fixed term staff	Contract/ agency staff	Total
Female	5	81	24	13	123
Male	8	58	16	15	97
Total	**13**	**139**	**40**	**28**	**220**

Staff costs

			2016-17 £000	2015-16 £000
	Permanently employed staff	**Others**	**Total**	**Total**
Wages and salaries	5,971	361	6,332	6,398
Social security costs	631		631	508
Other pension costs	1,166		1,166	1,151
Sub Total	**7,768**	**361**	**8,129**	**8,057**
Less recoveries in respect of outward secondments	(1)		(1)	
Voluntary Exit Costs provision				
Total net costs	**7,767**	**361**	**8,128**	**8,057**

(subject to audit)

Average number of persons employed

During 2016-17 the average number of full-time equivalent persons (FTE) employed was 132 (2016-16: 137). In addition, there was an average of 6 FTE (2015-16: 4) temporary staff covering established posts or staff working on projects outside the establishment. Most of the increase in temporary staff relates to staff supporting EU Referendum activity.

	2016-17	2015-16
Full time equivalent - Permanently employed staff	132	137
Temporary staff	6	4
Total	138	141

(subject to audit)

Sickness absence

In 2016-17 the average number of days sickness absence was 7.67 per employee compared to 5.77 per employee the previous year. It should be noted that the figure is impacted by one long term sickness absence case where the employee has been unable to work at all during the year. Whilst it is disappointing to note the increase in sickness absence days this year, the figure represents an improvement on the two years before that (2013-14 to 2014-15) which suggests that recent efforts to reduce absence by effective monitoring and management are effective but need to be maintained. In addition, the Human Resources function will focus on improving reporting capability in 2017-18 so that the impact of long term sickness absence cases (defined as absence of four weeks) can be measured on the overall totals. We are committed to the health and wellbeing of all staff and promote a balanced life style, including a corporate membership with Benenden Healthcare. There is a comprehensive sickness absence policy and guidance for managers on dealing with staff absence.

Staff Policies

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

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

Expenditure on consultancy

Expenditure on consultancy is £650k for 2016-17 (2015-16 - £181k).£435k of this was in support of electoral events.

Off Payroll engagements

During the period 2016-2017, we engaged 28 people on an interim basis, via an agency and therefore off payroll. This is higher than in previous years owing to

additional resourcing needs to support EU Referendum activities. The agencies we use to engage our temporary staff are responsible for ensuring that income tax and national insurance obligations are fully met.

Exit Packages

There were no exit packages agreed during the financial year 2016-17 (2015-16 £Nil).

(subject to audit)

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

Any ill-health retirement costs are met by the pension scheme and are not included in the table above. There were no ill-health retirement costs in 2016-17.

Parliamentary accountability and audit report

Statement of Parliamentary Supply (SoPS)

								2016-17 £'000	2015-16 £'000
		Estimate			Outturn				Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted outturn compared with Estimate: saving/ (excess)	Total
Departmental Expenditure Limit									
- Resource	*SoPS 1.1*	24,687	131,765	156,452	23,665	120,255	143,920	1,022	17,953
- Capital	*SoPS 1.2*	310		310	298		298	12	231
Annually Managed Expenditure									
- Resource	*SoPS 1.1*	26		26	17		17	12	14
- Capital									
Total Budget		25,023	131,765	156,788	23,980	120,255	144,235	1,043	18,198
Non-Budget									
- Resource									
Total		25,023	131,765	156,788	23,980	120,255	144,235	1,043	18,198

Total Resource	*SoPS 1.1*	24,713	131,765	156,478	23,682	120,255	143,937	1,031	17,967
Total Capital		310	-	310	298	-	298	12	231
Total		25,023	131,765	156,788	23,980	120,255	144,235	1,043	18,198

Net Cash Requirement 2016-17

£000	Note	2016-17 Estimate	2016-17 Outturn	2016-17 Outturn compared with Estimate: saving/ (excess)	2015-16 Outturn
Net Cash Requirement	*SoPS 3*	**24,682**	**23,388**	1,294	18,120

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

In addition to the primary statements prepared under IFRS, the FReM also requires the Commission to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting note shows outturn against Estimate in terms of the net resource requirement and the net cash requirement. The SOPS and related notes are audited.

SoPS 1.1 Analysis of net resource outturn by section

						2016-17 £'000	2015-16 £'000
	Outturn			**Estimate**			**Outturn**
	Gross	Income	Net total outturn	Net Total	Net total outturn compared to Estimate	Net total outturn compared to Estimate, adjusted for virements	Total
Spending in Departmental Expenditure Limit							
Voted:							
A. Core expenditure	24,228	(563)	23,665	24,687	1,022	1,022	17,731
Non-voted							
B. Commissioners fees	206		206	265	59	59	222
C. EU Referendum Funding	120,049		120,049	131,500	11,451	11,451	0
Annually Managed Expenditure							
Voted:							
D. Provisions created or utilised in the year	17	0	17	26	9	9	14
Total	144,500	(563)	143,937	156,478	12,541	12,541	17,967

SoPS 1.2 Analysis of net capital outturn by section

	2016-17 £'000					2015-16 £'000
	Outturn			Estimate		Outturn
	Gross	Income	Net	Net	Net total compared with Estimate	Net
Spending in Departmental Expenditure Limit						
Voted						
Electoral Commission	298		298	310	12	231
TOTAL	298	0	298	310	12	231

Please see the performance report ”Using our financial resources efficiently” page 32 for further details.

SoPS 2.1 Reconciliation of net resource outturn to net operating expenditure

			2016-17 £000	2015-16 £000
		Note	**Outturn**	**Outturn**
Total resource outturn in Statement of Parliamentary Supply		*SoPS 1.1*	143,937	17,967
Less:	Income payable to the Consolidated Fund	*SoPS 4*	(172)	(40)
Net Operating Expenditure in Statement of Comprehensive Net Expenditure			**143,765**	**17,927**

SoPS 3 Reconciliation of Net Resources to Net Cash Requirement

	Note	Estimate £'000	Outturn £'000	Net total outturn compared with Est.: saving/ (excess) £'000	2015-16 Outturn £'000
Resource Outturn	*SoPS 1.1*	156,478	143,937	12,541	17,967
Capital	*SoPS 1.2*	310	298	12	231
Accruals to cash adjustments:					
Adjustment to remove non-cash items:					
Depreciation / Amortisation	*3*	(281)	(253)	(28)	(492)
Auditors' remuneration and expenses	*3*	(34)	(47)	13	(35)
New provisions and adjustments to previous provisions	*3*	(50)	(37)	(13)	(37)
Write off of Assets	*3*	0	0	0	0
Increase/(Decrease) in receivables	*10*	0	(134)	134	194
(Increase)/Decrease in payables	*11*	0	24	(24)	729
(Increase)/Decrease in payables falling due after more than one year	*11*	0	(164)	164	(238)
Use of provision	*12*	24	20	4	23
		156,447	143,643	12,804	18,342
Removal of non-Voted budget items					
Consolidated Fund standing services	*SoPS 1.1*	(131,765)	(120,255)	(11,510)	(222)
Net cash requirement		**24,682**	**23,388**	**1,294**	**18,120**

Please see the performance report "Using our financial resources efficiently" page 32 for further details.

SoPS 4.1 Analysis of income payable to the Consolidated Fund

	Outturn £000 Income	2016-17 *Receipts*	Outturn £000 Income	2015-16 *Receipts*
Income outside the ambit	172	*101*	40	*40*
Total income payable to the Consolidated Fund	**172**	*101*	**40**	*40*

The penalties due was £172,168 in 2016-17 and £101,168 has been received by 31 March 2017 and surrendered to the Consolidated Fund as required by law; the remainder was received in April 2017.

Parliamentary Accountability Disclosures

There were no losses or special payments which require disclosure for the Electoral Commission for 2016-17 (2015-16 £Nil).
(subject to audit)

Remote Contingent Liabilities

The Commission provided indemnities for EU referendum that cover such potential liabilities (subject to there being no deliberate or wilful negligence by an officer). The context and terms of indemnities were presented to Parliament in a Minute that was approved by the Cabinet Office and the Treasury.

The Electoral Commission carries the uninsured risks whilst they perform their EU Referendum obligations, up to the value of the cost of commercial insurance (£84,000).Any claims greater than this amount are met by Parliament.

To date there have been no claims on the indemnities.
(subject to audit)

Claire Bassett
Chief Executive and Accounting Officer
06 July 2017

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

I certify that I have audited the financial statements of the Electoral Commission for the year ended 31 March 2017 under the Political Parties, Elections and Referendums Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. 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 Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Political Parties, Elections and Referendums Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.
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.

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 2017 and shows that those totals have not been exceeded; and
- 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.

Opinion on financial statements

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 2017 and of its net operating cost 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 other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Political Parties, Elections and Referendums Act 2000; and
- the information given in the Performance Report and Accountability Report 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 Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Date: 12 July 2017

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

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Part 3: The financial statements

Statement of Comprehensive Net Expenditure

For the year ended 31st March 2017

	Note	2016-17 £000'	2015-16 £000'
Other Operating Income	*4*	(735)	(241)
		(735)	(241)
Staff costs	*3*	8,128	8,057
Purchase of Goods and Services	*3*	5,861	6,083
Depreciation and amortisation charges	*3*	253	492
Provision Expense	*3*	37	37
Other operating expenditure	*3.1*	9,919	3,242
Other costs non-voted - EU Referendum	*3.2*	120,049	-
Net Operating Expenditure		143,512	17,670
Commissioners' fees		206	222
Finance expense - Auditors remuneration	*3*	47	35
Net expenditure for the year		143,765	17,927
Other Comprehensive net expenditure			
Items which will not be reclassified to net operating costs:			
Net gain/loss on revaluation of intangible assets		0	0
Actuarial gain/loss on pension scheme liabilities	*12*	21	(10)
Items which may be reclassified to net operating costs:			
Net gain/loss on revaluation of investments		0	0
Comprehensive net expenditure for the year		143,786	17,917

Statement of Financial Position
As at 31st March 2017

	Note	31st March 2017 £000	31st March 2016 £000
Non-current assets			
Property, plant and equipment	*5*	154	202
Intangible assets	*6*	352	258
Total non-current assets		506	460
Current assets:			
Trade and other receivables	*10*	651	424
Cash and cash equivalents	*9*	1,686	(1)
Total current assets		2,337	423
Total assets		2,843	883
Current liabilities			
Trade and other payables	*11*	(20,040)	(1,797)
Provisions	*12*	(73)	(23)
Total current liabilities		(20,113)	(1,820)
Total assets less total current liabilities		(17,270)	(937)
Non-current liabilities			
Provisions	*12*	(574)	(586)
Other payables	*11*	(408)	(242)
Total non-current liabilities		(982)	(828)
Total Assets less liabilities		(18,252)	(1,765)
Taxpayers' equity			
General fund		(18,252)	(1,765)
Total taxpayers' equity		(18,252)	(1,765)

Claire Bassett
Chief Executive and Accounting Officer
06 July 2017

Statement of Cash Flows

For the financial year ended 31st March 2017	Note	2016-17 £000	2015-16 £000
Cash flows from operating activities			
Net operating expenditure		(143,765)	(17,927)
Adjustments for non-cash transactions	*3*	337	564
(Increase)/Decrease in trade and other receivables	*10*	(156)	(194)
Increase/(Decrease) in trade payables	*11*	17,621	(491)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(1,043)	0
Use of provisions	*12*	(20)	(23)
Net cash outflow from operating activities		(127,025)	(18,071)
Cash flows from investing activities			
Purchase of property, plant and equipment	*5*	(36)	(147)
Purchase of intangible assets	*6*	(262)	(84)
Net cash outflow from investing activities		(298)	(231)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		24,357	18,108
From the Consolidated Fund (Supply) - prior year		1	0
From the Consolidated Fund (non-Supply)		104,753	222
Net financing		129,111	18,330
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		1,788	28
Payments of amounts to the Consolidated Fund	*SoPS 4*	(101)	(40)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		1,687	(12)
Cash and cash equivalents at the beginning of the period	*9*	(1)	11
Cash and cash equivalents at the end of the period		1,686	(1)

Statement of Changes in Taxpayers' Equity

Financial Year Ended 31st March 2017	Note	General Fund £000
Balance at 1st April 2015		(2,184)
Net Parliamentary Funding – drawn down		18,108
Net Parliamentary Funding – deemed	*9*	11
Consolidated Fund Standing Services		222
Supply payable/(receivable) adjustment	*9*	
Income payable to the Consolidated Fund	*SoPS 4*	(40)
Comprehensive net Expenditure for the Year		(17,917)
Non-Cash Adjustments:		
Non-cash charges – auditor's remuneration	*3*	35
Balance at 31st March 2016		(1,765)
Net Parliamentary Funding – drawn down		24,357
Net Parliamentary Funding – deemed	*9*	(1)
Consolidated Fund Standing Services		104,754
Supply payable/(receivable) adjustment	*9*	(1,686)
Income payable to the Consolidated Fund	*SoPS 4*	(172)
Comprehensive net Expenditure for the Year		(143,786)
Non-Cash Adjustments:		
Non-cash charges – auditor's remuneration	*3*	47
Balance at 31st March 2017		(18,252)

Notes to the Resource Accounts

Statement of accounting policies

1.1. Basis of preparation

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

The statements are prepared in accordance with the 2015-16 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The SoPs and related notes have been audited.

1.2. Accounting convention

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

1.3. Property, Plant and Equipment

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

1.4. Depreciation and Amortisation

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

• intangible assets	3 years
• IT hardware	3 years
• fixtures and fittings, furniture and other equipment	5 years
• leasehold improvements	5 years

1.5. Intangible Assets

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

1.6. Operating income

Operating income relates directly to the operating activities of the Commission. It principally comprises income from rechargeable activity and from registration and re-registration of political parties. It also includes income received from political parties, individuals and third party campaigners in payment of fines and penalties which is payable to the Consolidated Fund but in accordance with the FReM is treated as operating income.

1.7. Operating leases

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

1.8. Grants payable

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

1.9. Provisions for liabilities and charges

The Commission provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best

estimate of the expenditure required to settle the obligation. Such provisions are discounted to present values where the time value of money is material.

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

1.10. Value Added Tax (VAT)

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

1.11. Administration and programme expenditure

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

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

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

1.12. Pensions

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

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

1.13. Contingent liabilities

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

1.14. Going Concern

These accounts have been prepared on a going concern basis. The Statement of Financial Position as at 31 March 2017 shows negative taxpayers' equity of £18.252m. This reflects the fact that on 31 March 2017 the Commission has accrued the liability but not yet drawn down the non-voted funding for the EU Referendum Counting Officers fees and charges, these have been accounted for within the financial statements, shown in Notes 10 & 11.

Approval for the resources required for 2017-18 has been received, this was laid before Parliament 26th April 2017, and there is no reason to believe that future approvals will not be forthcoming.

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

IFRS 16 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. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. The Commission will review how it will apply to leases held.

1.16. Accounting estimates and judgements

The development, selection and disclosure of significant accounting estimates and judgements and the application of these judgements and estimates has been discussed and agreed with the Audit Committee. One significant accounting estimates and judgements is included in the financial statements:

- The Commission has estimated the expenditure associated with 333 outstanding expense claims from Counting and Returning Officers following the EU referendum held in June 2016. This estimate is based on the value of claims received by ECU but not yet finalised.

1.17. Research and Development

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

2. Statement of Operating Costs by Operating Segments

	Elections and Local referendums	Electoral Registration	European Union Referendum	Commission Projects	Electoral Administration	Party and Election Finance	**2016-17 Total**
£000							
Gross Expenditure	3,695	489	127,964	0	6,962	5,218	**144,328**
Income	(544)	0	0	0	(19)	0	**(563)**
Net Expenditure	3,151	489	127,964	0	6,943	5,218	**143,765**

	Elections and Local referendums	Electoral Registration	European Union Referendum	Commission Projects	Electoral Administration	Party and Election Finance	**2015-16 Total**
£000							
Gross Expenditure	3,810	641	1,376	316	5,443	6,581	**18,168**
Income	0	0	(180)	0	(12)	(49)	**(241)**
Net Expenditure	3,810	641	1,196	316	5,431	6,532	**17,927**

Expenditure is reported between the core Commission objectives as outlined at page 14. In addition the analysis identifies the marginal costs of the following key deliverables which are managed through formalised programme and project management arrangements:

The elections and local referendums programme governs the Commission's work ensuring well-run elections and referendums, providing guidance and assistance to Electoral Administrators, Candidates and Agents, developing and monitoring performance standards for ROs and producing reports on the administration of elections and referendums.

The Electoral Registration programme focuses on supporting the transition from household to individual electoral registration, as well as Commission activity to maximise registration levels.

The European Union Referendum took place in June 2016 - the Commission had specific responsibilities. The programme costs shown include the fees and charges and the Commission's operational costs (including staffing) for running the referendum.

Commission projects expenditure in 2015-16 was predominately a major public awareness campaign designed to maximise the effectiveness of the EU Referendum in June 2016. Any costs relating to the EU Referendum in 2016-17 are within the EU referendum programme.

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

3. Expenditure

	2016-17 £000	2015-16 £000
Rentals under operating leases		
Property rent	599	498
Equipment	19	17
Other		
Section 13 expenditure (Administration only)*	2,661	3,268
Research	431	210
Consultancy	208	101
Recruitment	136	134
Staff training and development	107	112
Travel subsistence and hospitality	140	159
Travel and subsistence – Commissioners	20	17
Accommodation, maintenance	545	514
Publicity and publications	189	171
Conference/Public Meeting	25	47
Mapping costs	11	22
Office Supplies book and journals	94	90
Warehouse and Archiving	53	60
IT/Telephone	568	559
Bank and Payroll charges	25	30
Internal audit fees	30	74
	5,861	6,083
Non-cash items		
Depreciation	85	222
Amortisation	168	270
National Audit Office Auditors' fees	47	35
National Audit Office Other services fees	0	0
Provisions made in year	37	37
Provisions written back	0	0
Write off of Assets	0	0
	337	564
	6,198	6,647

The staff costs total of £8,128k reported in the Statement of Comprehensive Net Expenditure are explained further in the staff report note in the Parliamentary Accountability and Audit Report.

Staff Report

			2016-17 £000	2015-16 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	5,971	361	6,332	6,398
Social security costs	631		631	508
Other pension costs	1,166		1,166	1,151
Sub Total	**7,768**	**361**	**8129**	**8,057**
Less recoveries in respect of outward secondments	(1)		(1)	
Voluntary Exit Costs provision				
Total net costs	**7,767**	**361**	**8,128**	**8,057**

3.1 Other Operating Expenditure

	2016-17 £000	2015-16 £000
Policy Development grants	1,742	1,673
Individual Electoral Registration	300	313
EU Referendum - Electoral Commission operational expenditure	7,360	1,089
Extending Voter Franchise (Scotland)	0	167
Local Government Scotland	517	0
	9,919	3,242

EU Referendum – Electoral Commission operational expenditure is predominately public awareness campaigns (£5.3m), ECU costs (£0.4m) and lead campaigner grants (£1.2m).

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

The scheme requires the Commission to allocate £2,000,000 each year to registered political parties to assist with the costs of developing policies to be included in manifestos for local government, National Assembly for Wales, Northern Ireland Assembly, or Scottish, Westminster or European Parliamentary elections. To be eligible for inclusion in the scheme, a registered political party must have at least two

MPs sitting in the House of Commons on 7 March prior to the year in question, who have sworn the oath of allegiance provided by the Parliamentary Oaths Act 1866.

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

All parties submitted expenditure returns; resulting in payments of £1,741,707.

Public awareness expenditure

Section 13 of the Political Parties, Elections and Referendums Act 2000 (PPERA) requires the Commission to promote public awareness of current electoral systems in the UK and any pending such systems, together with such matters connected with any such existing or pending systems as the Commission may determine. The section enables the Commission, in performing this function in such manner as it thinks fit, to do so by carrying out programmes of education or information to promote public awareness; or to make grants to other persons or bodies for the purpose of enabling them to carry out such programmes. Section 13 expenditure is limited by The Electoral Commission (Limit on Public Awareness Expenditure) Order date 2002 (SI 2002/505) to £7,500,000 in a financial year. The Section 13 spending limit does not apply to public awareness activity specifically provided for, and undertaken under legislation other than PPERA. In 2016-17 examples of public awareness expenditure under other legislation includes the EU Referendum on the UK's membership of the European Union.

Public Awareness

	2016-17 £000	2015-16 £'000
Core expenditure public awareness	55	52
Individual Electoral Registration Programme	0	42
Section 13	2,606	3,202
Public Awareness expenditure subject to Section 13 limit	2,661	3,296
Local Government Scotland	497	0
E U Referendum	5,252	802
Extending Voter Franchise in Scotland	0	124
	5,750	926
Total Public Awareness	**8,410**	**4,222**

3.2 EU Referendum

The referendum on the voting system for UK parliamentary elections took place in June 2016. The referendum sought the UK public's views on whether the UK should stay in the European Union.

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

EU Referendum Costs	2016-17 £000	2015-16 £000
Counting Officer fees (expenses)	92,820	0
Counting officer charges (services)	1,840	0
Royal Mail - Leave and Remain Campaign Mailings	25,188	0
Royal Mail - Sweep service	201	0
Other Costs	0	0
	120,049	0

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

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

4. Income

	2016-17 £000	2015-16 £000
	Total	**Total**
Operating Income		
New Registration of Political parties	9	11
Re-Registration of Political parties	8	8
Alteration to Registrations of Political parties	2	1
Charges/Transfer of costs to other bodies:		
Scottish government	544	182
Penalties paid by Political parties	172	40
Operating Income	735	241

5. Property, plant and equipment

	Leasehold Improvements £000	Office equipment £000	Information Technology - hardware £000	Furniture & Fittings £000	Total £000
Cost or valuation					
At 1st April 2016	891	2	773	60	1,726
Additions	0	0	36	.	36
At 31st March 2017	891	2	809	60	1,761
Depreciation					
At 1st April 2016	869	2	596	57	1,524
Charged in year	9	0	74	1	84
At 31st March 2017	878	2	670	58	1,608
Carrying amount at 31st March 2017	13	0	139	2	154
Carrying amount at 31st March 2016	22	0	177	3	202
Asset financing:					
Owned	13	0	139	2	154
Carrying amount at 31st March 2017	13	0	139	2	154

	Leasehold Improvements £000	Office equipment £000	Information Technology - hardware £000	Furniture & Fittings £000	Total £000
Cost or valuation					
At 1st April 2015	889	2	629	58	1,578
Additions	0	0	144	3	147
At 31st March 2016	889	2	773	61	1,725
Depreciation					
At 1st April 2015	730	2	521	49	1,302
Charged in year	137	0	75	9	221
At 31st March 2016	867	2	596	58	1,523
Carrying amount at 31st March 2016	22	0	177	3	202
Carrying amount at 31st March 2015	159	0	108	9	276
Asset financing:					
Owned	22	0	177	3	202
At 31st March 2016	22	0	177	3	202

6. Intangible assets

	Information Technology	Software Licences	Websites	Information Technology - Assets under Construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1st April 2016	1,160	152	1,841	0	3,153
Additions	33	49	179	1	262
At 31st March 2017	1,193	201	2,020	1	3,415
Amortisation					
At 1st April 2016	1,094	122	1,679	0	2,895
Charged in year	58	13	97	0	168
At 31st March 2017	1,152	135	1,776	0	3,063
Carrying amount at 31st March 2017	41	66	244	1	352
Cost or valuation					
At 1st April 2015	1,124	152	1,793	0	3,069
Additions	36	0	48	0	84
At 31st March 2016	1,160	152	1,841	0	3,153
Amortisation					
At 1st April 2015	1,042	107	1,476	0	2,625
Charged in year	52	15	203	0	270
At 31st March 2016	1,094	122	1,679	0	2,895
Carrying amount at 31st March 2015	66	30	162	0	258

Intangible assets comprise Information Technology and IT assets under development.

7. Capital and other commitments

7.1. Commitments under leases

7.1.1 Operating leases

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

Obligations under operating leases for the following periods comprise:	2016-17 £000	2015-16 £000
Buildings		
Not later than one year	886	396
Later than one year and not later than five years	2,287	3,059
Later than five years		
	3,173	3,455
Other:		
Not later than one year	13	12
Later than one year and not later than five years	27	10
Later than five years		
	40	22
Total Operating leases	**3,213**	**3,477**

7.2 Capital commitments

	2016-17 £000	2015-16 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	0	0
Intangible assets	0	0
	0	0

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

The Commission expensed a total of £618,000 in lease payments during the year. No contingent rent and sublease payments were made during the year. The Commission's commitment under leases is only for the rental of the premises and not the land.

8. Financial Instruments

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

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

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

9. Cash and cash equivalents

	2016-17 £000	2015-16 £000
Balance at 1st April 2016	(1)	11
Net change in cash and cash equivalent balances	1,687	(12)
Balance at 31st March 2017	1,686	(1)
The following balances at 31st March 2017 were held at:		
Government Banking service	970	(1)
Government Banking service - EU Referendum	716	
Balance at 31st March 2017	1,686	(1)

The cash balance includes an amount of £716k in respect of the funding advanced from the Consolidated Fund to cover the costs of 2016 EU Referendum with the agreement of HM Treasury. This balance is held with the Government Banking Service.

10. Trade receivables and other current assets

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

The balance in 'Advances to Returning Officers for EU Referendum' represents advances that exceeded total claim value and a balancing payment is due from Counting Officers, not settled at 31 March 2017.

	2016-17 £000	2015-16 £000
Amounts falling due within one year:		
Trade receivables	0	0
Other receivables	222	196
Consolidated Fund Extra Receipts due to Consolidated Fund	71	0
Deposits and advances	27	24
Prepayments and accrued income	40	203
Advances to Returning Officers for EU Referendum	291	0
Amounts due from the Consolidated Fund in respect of supply	0	1
	651	424

11. Trade payables and other current liabilities

	2016-17 £000	2015-16 £000
Amounts falling due within one year		
Other taxation and social security	399	400
Trade payables	271	521
Other payables	4	20
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund (receivable)	71	0
Accruals and deferred income	1,099	856
Amounts issued from the Consolidated Fund for supply but not spent at year end	970	0
	2,814	1,797
Amounts falling due after more than one year:		
Other payables, accruals and deferred income	408	242
	408	242

Trade payables and other current liabilities relating to EU Referendum

	2016-17 £000	2015-16 £000
Amounts falling due within one year		
Accruals and deferred income	16,510	0
Amounts issued from the Consolidated Fund for supply but not spent at year end	716	0
	17,226	0

EU Referendum - ‘Accruals and deferred income’ relate to accrued expenditure in respect of EU Referendum expense claims received from Counting Officers but not settled at 31 March. 'Amounts issued from the Consolidated Fund for supply but not spent at year end' relates to money drawn down from the consolidated fund for the EU Referendum but not spent at year end.

12. Provisions for liabilities and charges

	Pension £000	Early departure costs £000	Other £000	Total £000
Balance at 1st April 2016	194	9	405	608
Provided in the year	7		30	37
Provisions not required written back	0			0
Provisions utilised in the year	(14)	(6)		(20)
Actuarial (Gain)/Loss	21			21
Balance at 31st March 2017	**208**	**3**	**435**	**646**

Analysis of expected timing of discounted flows

	Pension £000	Early departure costs £000	Other £000	Total £000
Not later than one year	21	3	49	73
Later than one year and not later than five years	52	0	386	438
Later than five years	135			135
Balance at 31st March 2017	**208**	**3**	**435**	**646**

12.1 Pension Liability Statement

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

The pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the employer. There is no fund, and therefore no surplus or deficit. Actuarial advice was sought to ensure that the provision is set at a realistic level. An actuarial valuation was carried out by the Government Actuary's Department (GAD) to provide a value of the pension liability as at 31 March 2017. Actuarial gains and losses are accounted for through the Statement of Comprehensive Net Expenditure.

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

The assumptions used by the actuary were:

	2016-17	2015-16
CPI inflation assumptions	2.55%	2.20%
The rate of increase in salaries	1.00%	4.20%
The rate of increase for pensions	2.55%	2.20%
The rate used to discount scheme liabilities	2.80%	3.60%

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 31st March 2017

	2016-17 £000	2015-16 £000
Provision at 1st April 2016	194	211
Interest Cost	7	7
Actuarial Loss/(Gain)	21	(10)
Less benefits paid	(14)	(14)
Past service cost		
Present Value of scheme at end of year	208	194

Present value of scheme liabilities	**Value at 31/03/2017 £'000**	**Value at 31/03/2016 £'000**	**Value at 31/03/2015 £'000**	**Value at 31/03/2014 £'000**	**Value at 31/03/2013 £'000**
Liability in respect of					
Active members	0	0	0	0	0
Deferred	0				0
Pensioners					
Current			211	206	197
Pensioners	208	194			
Present value of scheme liabilities in respect of current pensioners	208	194	211	206	197

History of experience losses / (gains)	**Value at 31/03/2017 £'000**	**Value at 31/03/2016 £'000**	**Value at 31/03/2015 £'000**	**Value at 31/03/2014 £'000**	**Value at 31/03/2013 £'000**
Experience loss / (gain) arising on the scheme liabilities					
Amount (£'000)	1	(1)	0	5	2
Percentage of scheme liabilities at the end of year	0.5%	(0.5)%	0.0%	2.4%	1.0%

12.2 Early departure costs

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

12.3 Other

The Commission recognises a liability to make dilapidation payments to the landlords of its office premises on expiry of individual leases. Such payments reflect the expected cost of full reinstatement of tenant alterations and decorations at the times of departure. The level of provision is assessed by Commission management based on a professional assessment of future costs by a chartered surveyor.

13. Events after the reporting period.

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

In the Accounting Officer's opinion, there are no events since 31 March 2017 that would affect the financial statements.

ELECTORAL COMMISSION

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

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

2. The accounts shall be prepared so as to:

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

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

3. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Treasury.

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

Chris Wobschall
Head, Assurance and Financial Reporting Policy, HM Treasury
15th April 2011

Contact details

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

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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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