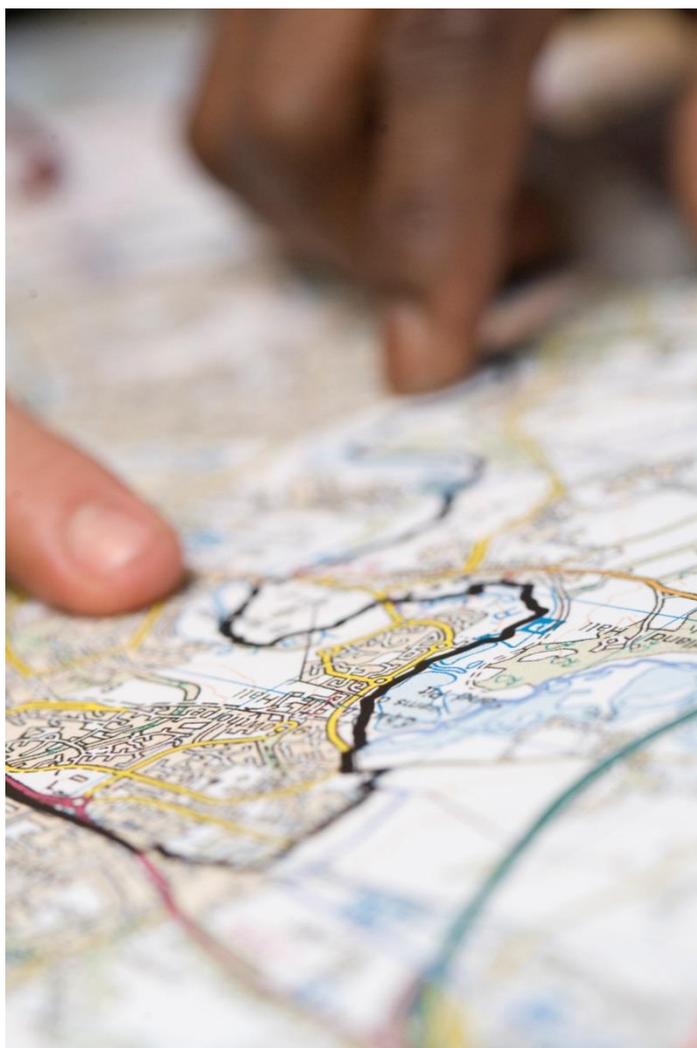


The  
Local Government  
Boundary Commission  
for England



Annual Report & Accounts 2012/13

HC 572

£16.00

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Local Government  
Boundary Commission  
for England

## Annual Report & Accounts 2012/13

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# 1.Chair's Introduction

Over the course of 2012/13 the Commission has made recommendations on electoral arrangements for over 3.3m electors in England. In each review, we have put forward proposals that improve the level of electoral equality for voters as well as providing for effective and convenient local government for the councils in question.

We have carried out reviews of County Councils, London Boroughs, Unitary District Councils and District Councils in every region of England. In total, the Commission has completed 19 electoral reviews, of which nine were requested by local authorities primarily to consider the total number of councillors elected to their authority. The Commission has delivered six more completed reviews than the target set out in its previous Corporate Plan.

At the start of the year, 75 local authorities (21% of the total) were affected by significant levels of electoral inequality where some councillors represented many more, or many fewer, voters than other elected members in their area. As a result of our electoral review work, we have reduced that total to 59 (17%). Our work programme for future years aims to reduce levels of electoral inequality still further.

The year has seen a trend towards a reduction in the number of councillors elected to authorities ('council size') following the electoral review process. For authorities who have come forward to request a review, there has been an average reduction of six members per authority. The reduction is equivalent to a decrease in council size of 14% for each of those authorities. Even where authorities have become part of the programme because of levels of electoral inequality and not as a result of a request to consider council size, several authorities proposed to reduce elected member numbers. Electoral reviews for these authorities have produced recommendations for an average council size reduction of 4 members (8.5%). However, in five reviews, the Commission has recommended an increase in council size or no change to the current arrangements.

In total, there has been a reduction in the number of councillors elected to English local authorities of 88 as a result of the electoral review programme: a decrease of 9% for councils in the programme.

The year has also been noteworthy for increased levels of parliamentary scrutiny of our work and has included debates on draft orders in both Houses of Parliament. I would like to put on record my thanks to Gary Streeter MP who has spoken on behalf of the Commission in the House of Commons and to Lord Harris and Earl Cathcart who do likewise in the House of Lords.

**Max Caller CBE**

Chair, Local Government Boundary Commission for England

## 2. Commissioners & Advisers



**Max Caller CBE (Chair)** - Max Caller was appointed Chair of the Commission on its creation on 1 April 2010. He was previously Chair of the Boundary Committee for England, the body whose functions the Commission assumed on 1 April 2010. He is a Commissioner for the Electoral Commission and was the Deputy Chief Counting Officer for the May 2011 national referendum on an alternative method of electing members to a Westminster Parliament. From July 2011 to June 2012 he held the position of interim Chair of the Local Government Boundary Commission for Wales.

Max has served as Chief Executive and Returning Officer in three London boroughs and was the London Regional Returning Officer for the 1999 European Parliament elections. He has also served as an elections observer abroad.



**Professor Colin Mellors (Deputy Chair)** - Colin Mellors was appointed Deputy Chair in autumn 2010. He is Pro-Vice Chancellor at the University of York, having previously held a similar position at the University of Bradford. He has held academic posts at the universities of Sheffield and Southampton. He chairs the Executive Board of Yorkshire Universities and is a Board Member of the York, North Yorkshire and East Ridings Local Enterprise Partnership.



**Dr Peter Knight CBE DL** - Peter Knight was Deputy Chair of the Commission on its creation on 1 April 2010 until November 2010. He is a former Vice-Chancellor of the Birmingham City University and a Deputy Lieutenant of the County of the West Midlands. He has been the Chair of a major housing association and now serves as a member of Wolverhampton Homes.

In 2004 Peter was appointed by the Secretary of State for Defence as a member of the Armed Forces Pay Review Body. In 2011 he was appointed by the Prime Minister as the Chair of the Prison Service Pay Review Body.



**Sir Tony Redmond** - Tony Redmond was Chairman and Chief Executive of the Commission for Local Administration in England and Local Government Ombudsman for nine years to 2010. Before then, he was Chief Executive of the London Borough of Harrow, and previously served as Treasurer and Deputy Chief Executive of Knowsley Metropolitan Borough Council, as well as holding senior posts in Wigan Metropolitan Borough Council and Liverpool. He was also the Treasurer of the Merseyside Police Authority.

Tony is Treasurer and Trustee of UNICEF UK; the Chair of the Consumer Council for Water (London and the South East), and President of the Chartered Institute of Public Finance and Accountancy (CIPFA). He was knighted in January 2011 for services to local government.



**Dr Colin Sinclair CBE** - Former Chief Executive of Sunderland City Council, Colin Sinclair is a local government expert with over 30 years' experience in the sector. A specialist in strategic change management, Colin has worked in some of the most challenging and complex local government environments. He has held senior positions at numerous councils, including Birmingham City Council and within the Society of Local Authority Chief Executives (SOLACE), and he was the Regional Returning Officer for the North East. In his role as independent local government expert, Colin has advised councils across England.

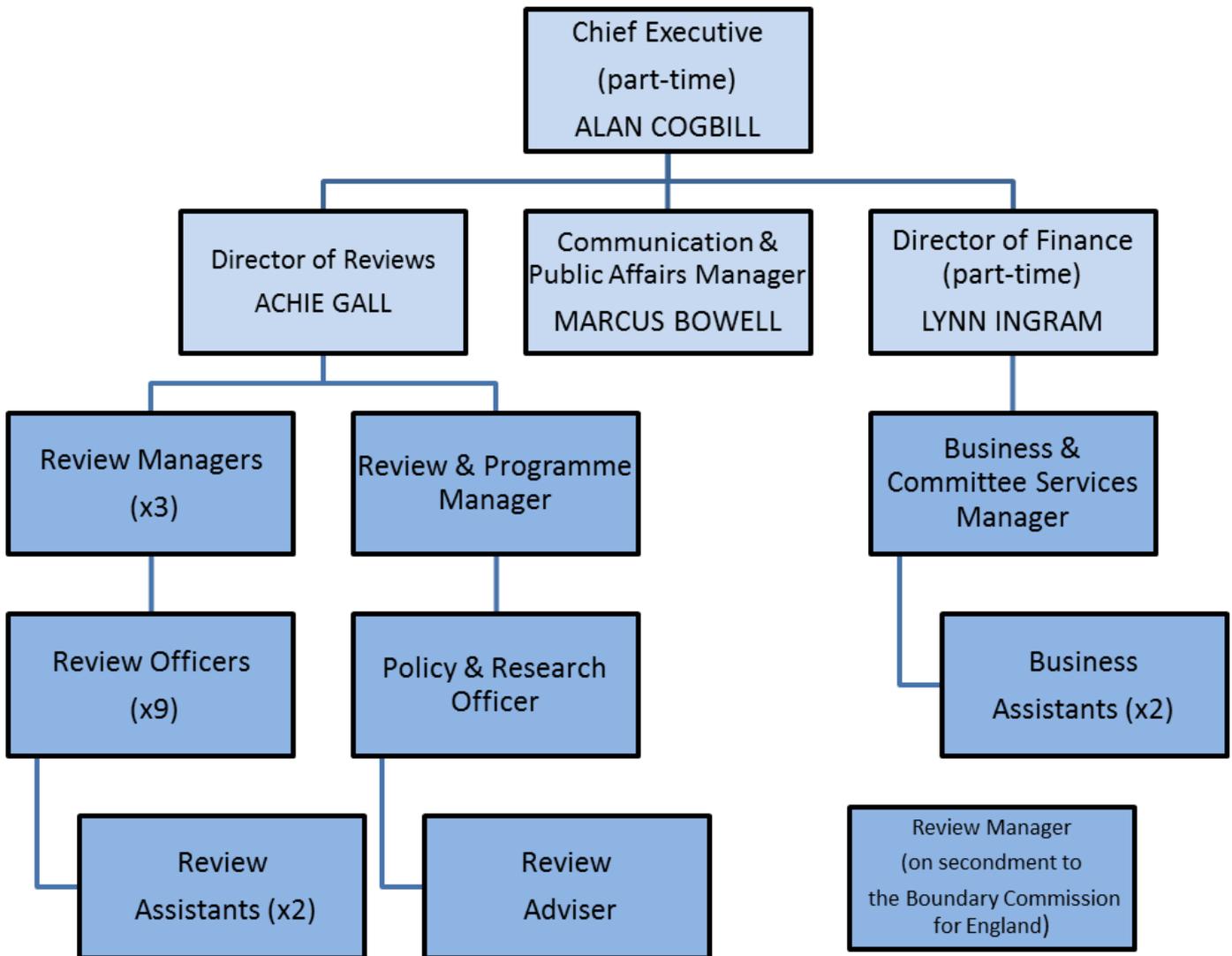


**Professor Paul Wiles CB** - Paul Wiles is currently Visiting Professor at Oxford University and Honorary Professor at Sheffield University. Until Easter 2010 he was the UK Government's Chief Social Scientist and Chief Scientific Adviser at the Home Office. He acts as adviser to the Sentencing Council; is a trustee and Board Member of the National Centre for Social Research; and a Board member of the Food Standards Agency and Deputy Chair of the social science panel for the Higher Education Funding Council's Research Excellence Framework assessment.



**Independent Adviser to the Audit Committee - Elizabeth Butler FCA** is a self-employed Chartered Accountant, specialising in business start-ups. She worked for Price Waterhouse as an audit manager on a number of prestigious client accounts before starting her family. In addition to building up her practice she has developed a portfolio of non-executive roles: currently Chairman of Lewisham Healthcare NHS Trust, and Chair of the Audit Committees of the Electoral Commission and the Royal College of Veterinary Surgeons. She is Chair of Governors of a local primary school and acts as treasurer for a number of local charities.

### 3. Organisational Structure (April 2013)



## 4. Management Commentary

### 4.1 Performance Review

The Commission has two broad objectives against which it measured its performance in 2012/13.

**OBJECTIVE 1** *To provide boundary arrangements for English local authorities that are fair and deliver electoral equality for voters.*

Sixteen reviews to meet this objective were completed in the year. Of these, ten were undertaken solely as a result of the authorities in question triggering the Commission's intervention criteria<sup>1</sup>. The authorities involved in the remaining six reviews also met the intervention criteria but the reviews were requested by the authorities concerned.

	Objectives set 2012/13	Outcomes 2012/13
<b>Reviews of areas with significant electoral imbalances</b>	<p>We will complete reviews of:</p> <ul style="list-style-type: none"> <li>Cumbria</li> <li>Slough</li> <li>Derbyshire</li> <li>Purbeck</li> <li>Somerset</li> <li>Swale</li> <li>Northamptonshire</li> <li>Rushcliffe</li> <li>Tonbridge &amp; Malling</li> <li>Boston</li> <li>Arun</li> </ul> <p>We will commence reviews in 18 local authority areas to tackle electoral inequality</p>	<p>We completed reviews of:</p> <ul style="list-style-type: none"> <li>Cumbria</li> <li>Slough</li> <li>Derbyshire</li> <li>Purbeck</li> <li>Somerset</li> <li>Swale</li> <li>Northamptonshire</li> <li>Rushcliffe</li> <li>Tonbridge &amp; Malling</li> <li>Boston</li> <li>Arun</li> <li>Fenland</li> <li>Warwick</li> <li>Herefordshire</li> <li>Tower Hamlets</li> <li>Vale of White Horse</li> </ul> <p>We commenced 18 electoral reviews to tackle electoral inequality</p>

In April 2012, 21% of all local authorities in England met the Commission's intervention criteria. By March 2013, this figure had reduced to 17%.

<sup>1</sup> The Commission will intervene and conduct an electoral review of an authority if the levels of electoral inequality meet the following criteria: if more than 30% of the wards/divisions vary in their ratio of councillors to electors by more than 10% from the average for the authority; and/or it has one ward/division with a ratio of more than 30%; and the imbalance is unlikely to be corrected by population change within a reasonable period.

**OBJECTIVE 2** *To keep the map of English local government in good repair and work with local authorities to help them deliver effective and convenient local government to citizens.*

In addition to conducting electoral reviews of local authorities with high levels of electoral imbalances, the Commission has also opened its work programme to requests for reviews by councils which believe that it can use its powers to help them deliver more effective and convenient local government.

To that end, the Commission completed principal area boundary reviews (PABRs) of the boundaries between Northumberland and Gateshead, and between East Hertfordshire and Stevenage. The outcomes of both were approved by Parliament and came into effect on 1 April 2013.

	<b>Objectives set 2012/13</b>	<b>Outcomes 2012/13</b>
<b>Reviews included in the programme on request</b>	We will complete reviews of:  Derbyshire Rushcliffe Boston Arun.	We completed reviews of:  Derbyshire Rushcliffe Boston Arun Vale of White Horse Hambleton Gedling South Oxfordshire <sup>2</sup>
	We will commence 9 electoral reviews on request.	We commenced 11 electoral reviews on request (Lancaster, Three Rivers, East Dorset, York, Telford & Wrekin, Shepway, Selby, NW Leicestershire, Newark & Sherwood, Stratford-On-Avon and Braintree <sup>3</sup> )
	We will complete the PABRs for Stevenage/East Hertfordshire and Northumberland/Gateshead.	both completed

In response to demand from local authorities, the Commission commenced eleven reviews on request in 2012/13, principally to consider the number of councillors representing the authority. The average decrease in council size from 19 reviews completed in the year was 8.5.

<sup>2</sup> Derbyshire, Rushcliffe, Boston, Vale of White Horse are reviews that also met the Commission’s intervention criteria

<sup>3</sup> Lancaster, York, Telford & Wrekin, Shepway and Newark & Sherwood are reviews that also met the Commission’s intervention criteria

In addition to the reviews referred to above, we made six related alteration orders at the request of local authorities following community governance reviews undertaken by them. These orders were made to provide align district ward boundaries and newly altered parish administrative boundaries.

The Commission also gave consent to two local authorities to change the names of one or more wards or divisions in their area.

<b>Key Performance Indicators</b>		<b>Target 2012/13</b>	<b>Output 2012/13</b>
<b>1.</b>	Percentage of local authorities with significant electoral imbalances	24%	<b>24%</b>
<b>2.</b>	Number of local authorities requesting reviews that are programmed for review at 1 April 2012	7	<b>14</b>
<b>3.</b>	Aggregate percentage customer satisfaction with review processes <sup>4</sup>	>70%	<b>89%</b>
<b>4.</b>	Percentage of electoral change orders which, following reviews by the Commission, come into effect at the election expected when the review was first programmed	95%	<b>100%</b>
<b>5.</b>	Average unit costs of reviews	£125k	<b>£112k</b>
<b>6.</b>	Percentage variance from total budget	<3% from budget	<b>-5%<sup>5</sup></b>

KPI 3 is demonstrably affected by respondents' judgments about the outcome of reviews, as opposed to the process.

KPIs 5/6 reflect performance from lower spending than assumed in plans.

<sup>4</sup> Based on the Commission's opinion survey (which is dispatched to everyone who took part in a review and is available to all visitors to the website), 'Satisfaction' is defined as the description of the Commission's conduct, products or publications as "very good" or "quite good". The indicator is the number of respondents answering in that way as a percentage of the total number of respondents (including those answering in neutral terms). This replicates standard practice as represented in the OGC's best practice guidance.

<sup>5</sup> This calculation is made on the budget figures after £150,000 of provision was returned to HM Treasury during the year

## 4.2 Communications and Public Affairs

The Commission's communications and public affairs work has focused on three areas:

- 1 *Supporting the work programme by publicising consultations and recommendations to maximise local authority and community involvement in our reviews and in responding to their enquiries.*
- 2 *Delivering the legislative requirements of the Local Democracy, Economic Development and Construction Act 2009 in relation to laying draft orders and strengthening relationships with parliamentarians.*
- 3 *Developing policies, procedures and products to improve the way the Commission engages with local authorities and members of the public during reviews.*

The aims were supported by specific actions:

- As part of our review work, we delivered 25 launches of public consultations relating to council size. During 2012/13 we also announced the publication of final recommendations for 19 reviews and launched draft recommendations to press and public for 21 reviews.
- As a result of its public consultation exercises, the Commission received 3,293 responses from members of the public and local organisations to inform its decision making, an increase from 1,628 in 2011/12.
- Successfully made nine electoral change orders which were laid in both Houses of Parliament under the negative resolution procedure. The Commission also supported its parliamentary spokespeople in two debates on draft orders which were called during the course of the year.
- Launched an interactive web portal designed to allow key partner organisations and members of the public to view and explore Commission recommendations. The site has been shortlisted for two national awards and has delivered savings to the Commission by reducing the quantity of maps to be produced and printed as part of the review process.
- Strengthened relationships with local authorities who are part of the review programme by engaging with them around six months before the start of a review so that they can be fully prepared for the review and can consider the issues involved at the earliest possible stage.
- Organised a major presence at the Local Government Association Annual Conference where the Commission made over 200 contacts with councillors and senior officers of local authorities across England.
- Met seven Members of Parliament to discuss electoral reviews relating to their constituencies.

## Correspondence

Our service standards relating to correspondence and how we met them are detailed below.

Type of Request	Requests Received	Responses Service Standard	Responses sent within deadline	Percentage	Responses sent within 5 days
General Enquiries	296	15 working days	294	99%	271
Enquiries relating to Reviews	29	15 working days	29	100%	27
Submissions resulting from Review Consultations <sup>6</sup>	3,293	15 working days	2,538	77%	2,160
Complaints (Stage 1)	1	15 working days	1	100%	1
Complaints (Stage 2)	0	20 working days	0	100%	0
Complaints (Stage 3)	1	20 working days	1	100%	0
Freedom of Information Requests	14	20 working days	13	93%	3

<sup>6</sup> In addition to the 3,293 submissions there were 322 submissions relating to one review. This is an unusually high number of submissions and resulted in staff from other teams being drafted in to help with the correspondence. Owing to the amount of correspondence being sent out, records were not kept analysing the date received and actioned for all correspondence - the figures for this review have not been included above.

## 4.3 Financial Review

### Resources

The Commission's funding is provided by Parliament under Schedule 1(11) of the *Local Democracy, Economic Development and Construction Act 2009*. Parliamentary approval for its spending plans was sought through a Main Supply Estimate, presented to the House of Commons by the Speaker, specifying the estimated expenditure and requesting the necessary funds to be voted.

The Main Supply Estimate for 2012/13 provided for a net resource requirement of £2,557,000. This, set out in our new 5 Year Corporate Plan for the period to 2016/17, was approved by the Speaker's Committee in March 2012. During the year, by Supplementary Estimate, we were able to return £150,000 from efficiencies and economies (the earlier realisation of savings, and lower than planned spending on Commissioner and staff time without loss of output). In addition, we adjusted the structure of our Estimate to provide for a redundancy – a further reduction of £47,000 in AME resource. Overall this represented a significant reduction in our resource annual budget as shown below:

Year	Revenue Budget £000	Reduction %
2010/11	£2,845	
2011/12	£2,633	7.4%
2012/13	£2,370	10.0%

### Use of Resources

The Statement of Parliamentary Supply shows outturn figures for resources, capital and cash against the final Estimate.

**Resources** - In 2012/13 the Commission used £2,244,000 of total net resources. This was £126,000 less than the revised net resource sum of £2,370,000 approved by Speaker's Committee. Expenditure and variations are shown in the following table:

	Budget £000	Spend £000	Variation £000	Explanation
Staff	1,448	1,166	(282)	Savings from restructure, and lower costs for travel, recruitment, training and Commissioner expenses.
Other	1,119	1,125	26	Savings in mapping costs due to efficiency review
Supplementary Estimate	(150)		150	Returned during the year
AME	(47)	(47)	0	Redundancy Provision
<b>Total</b>	<b>2,370</b>	<b>2,244</b>	<b>(126)</b>	

**Capital** - In 2012/13 the Commission used £41,000 of capital. This was £9,000 less than the sum of £50,000 approved by Parliament in the Supply Estimate.

Capital expenditure related to one-off investment in online mapping tools leading to continuing efficiency improvements.

**Cash** - The Statement of Cash Flows analyses the net cash outflow from operating activities, cash spent on capital expenditure and investment, and the funding and amounts drawn down from the Consolidated Fund during the year.

The Commission required cash amounting to £2,411,000 in 2012/13 to finance its activities, which was £10,000 less than the sum of £2,421,000 approved by Parliament in the Estimate. The main reasons for the difference were:

- Lower resource costs as mentioned above.
- Changes in working capital.

## Accounting Officer and Auditors

In accordance with Schedule 1(16) of the Local Democracy, Economic Development and Construction Act 2009, the Speaker's Committee appointed Alan Cogbill, the Chief Executive, as Accounting Officer. His responsibilities as Accounting Officer are set out in section 4.6.

The Comptroller and Auditor General was appointed as the Commission's external auditor under Schedule 1 (15) to the Local Democracy, Economic Development and Construction Act 2009. A notional cost of £14,000 (2011/12 £14,000) was incurred on external audit. Internal audit and other services were provided by RSM Tenon Limited at a cost of £12,222 (2011/12, £14,350).

## Payment Practice

The Commission has a target of paying suppliers within ten days of receipt of goods or services, or upon receipt of the invoice, whichever is later.

	<b>% paid within target</b>
2012/13	100%
2011/12	99%

The amount owed to suppliers at the end of the year as a proportion of the total invoiced by suppliers during the year, expressed in days, was;

2012/13	0.5 days
2011/12	0.5 days

## Disclosure of Audit Information to the Auditors

In producing information for purposes of audit, the Accounting Officer has taken all reasonable steps to ensure that there is no audit information of which the auditors have not been made aware.

## Employees

Human resource policies aim to achieve good performance and job satisfaction. Staff are encouraged to develop their experience, seek further training and contribute to decision making.

Days lost to sickness	Days lost to sickness	Average pp
2012/13	102.0	3.9
2011/12	119.5	4.5

## Community and the Environment

Helping local communities is central to our work in maintaining electoral fairness.

Working with our support services provider, Liberata, the Commission undertakes to reduce the direct and indirect environmental impacts associated with its operations by:

- *Complying with applicable legislation and regulation*
- *Reducing waste and increasing recycling*
- *Encouraging and supporting staff to consider environmental issues in their day to day actions.*

## Personal Data Related Incidents

There were no lapses in data security or any protected personal data related incidents to be reported to the Information Commissioner's Office over the financial year.

## Equalities and diversity

The Commission is committed to the principle of equality of opportunity and values diversity. It opposes all forms of discrimination and is committed to ensuring that no job applicant or employee shall face discrimination. The Commission has approved a number of policies aiming to promote equality for staff, commissioners and customers.

- Equality of Opportunities & equal access in employment
- Equal Pay Policy

## Interests, gifts and hospitality

Commissioners and staff abide by a code of conduct, which requires them to declare any interests, and any gifts or hospitality that they have received or been offered. The registers are updated periodically and are available on the Commission website.

## 4.4 Remuneration Report

### Commissioners

Commissioners are appointed by Royal Warrant to exercise the Commission's functions as described in the Political Parties, Elections and Referendums Act 2000.

Commissioners were paid a daily fee of £316 for each day worked during 2012/13. The Chair was paid a daily rate of £359. Commissioners do not receive a salary and are not able to join

the pension schemes.

Parliament has resolved that fees for the Commissioners shall increase on 1 April each year by the percentage increase paid for High Court Judges. There was no increase for 2012/13.

The fees received by the Commissioners during the year set out below. These amounts include fees earned, but not yet paid.

<b>Commissioner</b>	<b>2012/13</b>	<b>2011/12</b>
Max Caller CBE (Chair)	£35,002	£24,592
Professor Colin Mellors	£15,931	£12,324
Dr Peter Knight CBE, DL	£11,955	£11,850
Sir Tony Redmond	£12,555	£13,904
Dr Colin Sinclair CBE	£16,094	£15,326
Professor Paul Wiles CB	£11,456	£10,981
<b>Independent Adviser</b>		
Elizabeth Butler	£2,122	£1,580

The above information is covered by the Comptroller and Auditor General's audit opinion.

## Senior Management Team

Chief Executive	Alan Cogbill
Director of Reviews	Archie Gall
Director of Finance (until Nov '12)	David Hewitt
Director of Finance (from Jan '13)	Lynn Ingram

The remuneration of the Chief Executive and Directors and the framework for the remuneration of other staff is agreed by the Remuneration Committee.

In setting remuneration the Committee has regard to the following considerations:

- needing to recruit, retain and motivate suitably able and qualified people
- the Commission's improvement plans, including the requirement to meet its output targets for the delivery of its service within available funds
- paragraph 7(6) of Schedule 1 to the 2009 Act, which requires the Commission to have regard to the desirability of keeping the remuneration and other terms or conditions of employment of its employees broadly in line with those applying to persons in the civil service of the State
- wider economic considerations and affordability of recommendations

## Directors

Salaries and relationships between remuneration of the highest-paid Director or Commissioner and the workforce plus the pension entitlements of the Directors are in the table that follows. This information is covered by the Comptroller and Auditor General's audit opinion.

The information in the table is based on payments made during 2012/13. Total remuneration does not include employer pension contributions and the cash equivalent transfer value of pensions. Salary is gross salary.<sup>7</sup>

Name	2012/13 Total Remuneration £000	2011/12 Total Remuneration £000
Alan Cogbill <sup>8</sup> Archie Gall David Hewitt Lynn Ingram	45-50 (FTE 75-80) 60-65 10-15 (FTE 55-60) 5-10 (FTE 55-60)	45-50 (FTE 75-80) 60-65 25-30 (FTE 55-60) na
Band of Highest Paid Director's FTE	90-95	80-85
Total Remuneration (£000)	£42,715	£33,088
Median (£000)		
Remuneration Ratio	2.17	2.49

The full time equivalent banded remuneration of the highest paid Commissioner in 2012/13 was £90k - £95k. This was 2.17 times the median remuneration of the workforce. This figure has reduced from 2.49 last year due to the impact of job evaluation on salaries. In 2012/13 no employees received remuneration in excess of the highest paid Commissioner (FTE).

	Alan Cogbill	Archie Gall	David Hewitt	Lynn Ingram
	£000			
accrued pension at 60 and related lump sum at 60 (31/3/13)	Na	pension 30-35 lump sum 90-95	Na	Nil
Accrued pension at 60 and related lump sum At 60 (31/3/12)	Na	pension 30-35 lump sum 90-95	Na	Na
real increase in pension & related lump sum at 60	Na	0	Na	0
cash equivalent transfer value (31/3/13)	Na	719	Na	1
cash equivalent transfer value (31/3/12)	Na	681	Na	Na
real increase in cash equivalent transfer value	Na	1	Na	1
employer contribution to partnership pension	6	Na	Na	nil

<sup>7</sup> No bonuses, overtime, other allowances or benefits in kind were paid.

<sup>8</sup> The Chief Executive is appointed to work 3 days a week and the Director of Finance is appointed to work 2.5 days a week

## Pension Scheme

Employees of the Commission are eligible for membership of the Civil Service Pension Scheme. The Scheme includes a choice between a defined benefit scheme and stakeholder pension. Liability rests with the Scheme, and not with the Commission.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for classic and 3.5% and 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. 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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

## Cash Equivalent Transfer Values

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

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

### Real increase in CETV

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

### Reporting of Civil Service and other compensation schemes – exit packages

There was one person who received compensation for loss of office in the year. They left under Compulsory Redundancy terms on 31/07/2012 and received a compensation payment of between £5,000 and £10,000.

There were no payments in 2011/12.

<b>Exit package Cost Band</b>	<b>No of compulsory redundancies</b>	<b>No of other departures agreed</b>	<b>Total no of exit packages by cost band</b>
<b>&gt;£10,000</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Total no of Exit packages</b>	<b>1</b>	<b>0</b>	<b>1</b>
<b>Total cost / £</b>	<b>&lt;£10,000</b>	<b>0</b>	<b>&lt;£10,000</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

**Alan Cogbill**

**Chief Executive and Accounting Officer, June 2013**

## 4.5 Governance Statement

### Scope of Responsibility

The Local Government Boundary Commission for England (LGBCE) was established as an independent public body under the Local Democracy, Economic Development and Construction Act 2009 on 1 April 2010. It is accountable to Parliament directly through the Speaker's Committee, chaired by the Speaker of the House of Commons.

Our objectives are to:

- provide electoral arrangements for English local authorities that are fair and deliver electoral equality for voters
- keep the map of English local government in good repair and work with local authorities to help them deliver effective and convenient local government to citizens

The Chief Executive and Accounting Officer is personally responsible to Parliament for the organisation and quality of management in the Commission, including its use of public money. In discharging our overall responsibility, the Commission is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions including arrangements for the management of risk.

This statement explains how the Commission has complied with the Governance Framework and also meets the requirements of Governance Requirements in Managing Public Money published by HM Treasury.

### The purpose of the Governance framework

The Commission has approved and adopted a Corporate Governance Framework, which sets down our values and principles; how we are accountable; and how we conduct business and is consistent with the principles of *Corporate Governance in central government departments, code of good practice, published by HM Treasury and the Cabinet Office, July 2011* so far as is relevant and is reviewed each year by the Commission.

The governance framework comprises the behaviours values, systems and processes, by which the Commission is directed and controlled. It enables the Commission to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective reviews.

The arrangements required for gathering assurances for the preparation of the Annual Governance Statement provide an opportunity for the Commission to consider the robustness of the governance arrangements in place. It also helps to highlight those areas where improvement is required.

## The Governance Structure

**Mission/Aims/Objectives/Principles** – The Commission has adopted a Mission which reflects its role in law and is underpinned by Aims, Objectives and Principles

**Accountability** - Commissioners, acting as a Board, are accountable to the Speaker’s Committee and provide strategic leadership and decision making on electoral reviews and related matters. They also make final decisions on five year corporate plans, annual accounts and budgets.

Commissioners perform executive and non-executive functions.

**The Speaker’s Committee** - The Speaker’s Committee was established under Section 2(1) of the Political Parties, Elections and Referendums Act 2000. Its functions in relation to LGBCE are set out in Schedule 1 to the Local Democracy, Economic Development and Construction Act 2009 and include:

- examining the annual financial estimates and laying them before the House of Commons, with or without modification
- examining the five year plan and forward resource estimates and laying them before the Parliament, with or without modification
- receiving the annual report and accounts
- receiving an annual report from the Comptroller and Auditor General on the economy, efficiency and effectiveness on use of resources
- 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

The members of the **Commission**, throughout the year<sup>9</sup>, were:

<b>Commissioner</b>	<b>Role</b>
<b>Max Caller CBE</b>	Chair
<b>Professor Colin Mellors</b>	Deputy Chair
<b>Dr Peter Knight</b>	Commissioner
<b>Sir Tony Redmond</b>	Commissioner
<b>Dr Colin Sinclair</b>	Commissioner
<b>Professor Paul Wiles</b>	Commissioner

The Commission continued to examine critically how it operates as a Board and through its Committees, and how Commissioners provided strategic leadership to the Chief Executive, Directors and staff.

In October 2012 the Commission tested itself systematically against the expectations set in

<sup>9</sup> There were no starters or leavers during the year

the HM Treasury and Cabinet Office publication, ‘*Corporate Governance in central government departments: Code of good practice 2011 – guidance note*’, so far as aptly applicable to the Commission’s own status, and scale. It satisfied itself that it was generally meeting these expectations to the extent they could properly and sensibly be applied. Closer attention to planning and delivery of the electoral review programme as a whole was important. The Commission identified scope for improvement in how systematically and regularly it reviewed overall performance, financing and risk.

The Commission remained sensitive to the lack of diversity in its own composition, including that it has no women members. Ordinary Commissioners are appointed by Her Majesty on the recommendation of the Secretary of State. The Commission has asked the Secretary of State to consider appointing a sixth ordinary Commissioner, to enable an increased programme of electoral reviews, more of them at councils’ own request, to be effectively delivered. It has urged that if the request is granted, efforts should be made to attract a wider range of qualified candidates.

In February 2013 the National Audit Office reported to the Speaker’s Committee on the Commission’s costing system. The report recognised the considerable progress made in better costing of activities, and the value already being derived. It recommended several improvements and the introduction of shadow budgets for individual reviews, to promote greater cost consciousness and to give a basis for readier signalling of divergences from expectation or plan. The Commission has implemented several of the recommendations already and will pursue all during the next year.

The Commissioner **Attendance at Commission meetings** throughout the year was:

<b>Commissioner</b>		
<b>Max Caller CBE</b>	10 Meetings	83%
<b>Professor Colin Mellors</b>	12 Meetings	100%
<b>Dr Peter Knight</b>	12 Meetings	100%
<b>Sir Tony Redmond</b>	11 Meetings	92%
<b>Dr Colin Sinclair</b>	11 Meetings	92%
<b>Professor Paul Wiles</b>	11 Meetings	92%

The **Remuneration Committee** oversaw the successful implementation during the year of a staffing reorganisation, which strengthened management of the review programme and integrated it more closely with making the orders that give legal effect to the Commission’s review decisions. Three posts became redundant and one post was added to the complement of review teams.

The Committee considered staff pay early in 2012/13, and again towards the end of the year. It decided that the Commission’s approach should follow the guidance given to Government departments by the Treasury.

Following the reorganisation, review posts were re-evaluated by an independent expert. The

results would have implied considerable pay increases for half the Commission's staff. The Committee could not meet these on-going additional base costs consistently within the Treasury's guidance.

The Committee decided to award increases to the staff affected which in aggregate met the Treasury's guidance, as a first step towards the indicated pay levels, with no increase for any other staff. A ballot of Commission staff (members of the Public and Commercial Services Union) rejected the offer, but the Committee decided to implement it nevertheless.

The Committee recognise that in the future, there is a need to consider ever more carefully the balance between paying staff so as to attract, retain and motivate them; the tighter constraints implied by Government expectations to reduce budgets steadily year by year; and the Commission's intention to increase still further its output of reviews. It will also wish to consider whether to introduce some element of performance pay.

All Commissioners were members of the Remuneration Committee, throughout the year.

The members of the **Audit Committee**, throughout the year, were:

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<b>Commissioner</b>	<b>Role</b>
<b>Professor Colin Mellors</b>	Member
<b>Sir Tony Redmond</b>	Chair
<b>Dr Colin Sinclair</b>	Member

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The **Independent Adviser** to the Audit Committee was

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<b>Elizabeth Butler</b> <sup>10</sup>	Independent Adviser
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During 2012/13, the Audit Committee continued to develop its role in challenging the comprehensiveness of assurances, risk processes, and the integrity of financial statements, forecasts, and budgets, to be able to assure the Commission and the Accounting Officer that corporate statements submitted for approval were robust.

The Committee reviewed its own performance against the National Audit Office Guidance and made a number of recommendations on how it could be more effective including more input to the Commissioner/Staff Protocol and regular scrutiny of the Commission's policies by the Audit Committee.

During the year the Committee reviewed and challenged a number of the Commission's key Policies and Procedures before amendments were approved by Commission.

The Committee also approved and monitored the Internal Audit Programme for the year and questioned the NAO on its findings and recommendations to the Commission including the NAO Value for Money report.

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<sup>10</sup> Elizabeth Butler is also Independent Chair of the Electoral Commission Audit Committee

In order to further develop our Internal Control arrangements, the Audit Committee this year introduced **Internal Control Questionnaires** which this year were filled out by all staff. The intention of the process is to identify if previously unknown internal control weaknesses exist and therefore if any training, policy, risks requirements have arisen.

Actions arising from the Internal Control questionnaires at the end of 2012/13 are:

Area	Action
Performance Management	Review access to Adobe Pro and use of licences
Document Retention	Short training session for all staff
Policies & Procedures	Awareness sessions for Whistle Blowing and Grievance & Disciplinary procedures

**Standing Orders/ Delegated Powers & Financial Policies** – provide a procedural framework within which the Commission discharges its business.

**Other Policies & Procedures** – The Commission has created and agreed policies & Procedures which underpin its Governance & Internal Control arrangements. These include but are not limited to Declarations of Interest, Code of Conduct, Gifts & Hospitality, Staff Management & Human Resources, Risk Management, Anti-Fraud & Corruption, Whistle Blowing and Complaints. All Policies & Procedures are reviewed and amended on an agreed regular basis.

**Risk Management** - The Commission has developed Policies & Procedures for the evaluation, awareness and management of its risks. The policy outlines the responsibilities of the Commission, the Audit Committee, and employees, with regard to risk. The structure in terms of process and activities for managing risks is well defined.

The Commission has agreed an **Assurance framework** which enables it to gauge the reliance that can be taken from the Controls used to mitigate risks.

Management use the Corporate Risk Register to develop the Internal Audit programme for the year.

There were four high scoring risk areas which received particular focus during the year:

**Review effectiveness & delivery** - The risk to the Commission’s reputation and future viability from not meeting the targets in the corporate plan for electoral equality and delivering good quality reviews to local authorities is self-evident. The Commission sets itself an ambitious review programme, against a background of year on year cost reduction.

This risk is managed by the controls in place to plan, monitor and review our programme of reviews. The organisation’s structure has been changed to strengthen programme management.

Plans for the future in this area include, developing our knowledge and understanding of the cost of a review and strengthening programme management and planning of reviews.

**Review capacity** – This is the risk that with increasing demands on us and difficulties in retaining experienced staff our capacity to deliver our programme may be compromised.

Controls in this area include enhanced material for training of new staff, an appraisal system with clearer objectives, on-going review and consideration of discretionary demands for reviews, and cross-cutting improvement groups to look at review processes and other corporate requirements.

**Staffing resilience** - The Commission depends on the contribution of each employee in a series of specialised roles. Review work demands a range of skills and experience, our staff are attractive to other organisations and, in a small organisation, this means that succession planning is a key issue.

This risk is managed by our HR Policies, training & development programme as well as the organisation of work and structures. In addition, specific work on succession planning has been undertaken this year and a revised staff appraisal system has been introduced which will become fully operational in 2013/14.

**Budgetary control and value for money** - Our five year plan includes annual cost reduction targets of 2.5% plus absorbing inflation. This has equated to efficiency savings of over 8% of our budget since 2010/11.

Controls in this area include; monthly finance meetings with review staff, quarterly financial projections discussed by Commissioners, and the further development of a specific time recording system which analyses time spend on each review.

Despite challenging financial targets we have outperformed our review programme in each of the last 3 years. We do not underestimate the challenges ahead as resources are further tightened. Plans for 2013/14 include a major project on programme management and costing of reviews, the output from which will be used to present improved information to Commissioners and managers and to form the basis of plans to meet our efficiency targets in future years.

We obtain office services through the Local Government Association's contract with a private firm. The Association has negotiated reductions in contract costs, which will be passed on pro rata to the Commission from 2013-14 onwards.

**Internal Audit** – The Commission's internal auditor is RSM Tenon. Their internal audit reviews adhere to the standards defined in the Institute of Internal Auditors' Professional Practices Framework and the Government Internal Audit Standards, and offer an independent opinion on the adequacy and effectiveness of the Commission's control systems.

The agreed, risk-based programme of audit, which had been approved by the Audit Committee, was completed. Internal audit completed six reports during the year. In relation to each of the completed audits 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. Internal audit reports are addressed to the appropriate directors, the Chief Executive and the Audit Committee, and copies of all internal audit reports are provided to the external auditors for information.

Overall assurance ratings for the six audits were as follows:

Core Financial Controls	Amber (final report still awaited)
HR - Recruitment & Selection	Green / Amber
Performance Management & KPI's	Green / Amber
Review Process (Part 2)	Advisory report only, no recommendations
Risk Management	Risk Defined/ Risk Managed
Internal Audit follow up report	50% implemented

**External Audit** - The National Audit Office has also provided reports to management that inform the continuous review of the control systems. These reports are also reviewed by the Audit Committee. During 2012/13 in addition to the statutory audit of the Commission Report and Accounts the NAO carried out its annual value for money study which reviewed our costing systems. Their report 'LGBCE's Costing Systems' recognised the progress to date in this area, considered whether our systems were useful and reliable and reported that we had made good progress in this area. Recommendations made by the NAO for further development of our systems have been used as terms of reference in a project for 2013/14 which will develop our unit costing and programme management approach. It aims to provide enhanced management information and inform our efficiency agenda.

**Reporting** – Financial monitoring information is discussed quarterly by Commissioners. Risk is reviewed quarterly by the Audit Committee. Policies & Procedures are reviewed and updated as necessary by both the Audit Committee and the Commission.

I am satisfied that the above events do not indicate any deficiencies in financial management or internal control.

## 4.6 Statement of Accounting Officer's Responsibilities

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

Under the Local Democracy, Economic Development and Construction Act 2009, the Speaker's Committee has directed the Local Government Boundary Commission for England to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources 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 Commission and of its net resource outturn, application of resources, 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* and in particular to:

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

The Speaker's Committee has appointed the Chief Executive as Accounting Officer of the Commission.

## 4.7 THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

### THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Local Government Boundary Commission for England for the year ended 31 March 2013 under the Local Democracy, Economic Development and Construction Act 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report 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 Local Democracy, Economic Development and Construction Act 2009. 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. 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 2013 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 conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Commission's affairs as at 31 March 2013 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the the Local Democracy, Economic Development and Construction Act 2009 and HM Treasury directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Financial Review 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 part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Report**

I have no observations to make on these financial statements.

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

**Date: 27 June 2013**

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

## 5. Financial Statements

### Statement of Parliamentary Supply

#### Summary of Resource and Capital Outturn 2012/13

	Note	2012/13						2011/12	
		ESTIMATE			OUTTURN			OUTTURN	
		Voted	Non-Voted £000	Total	Voted	Non-Voted £000	Total	Total £000	
<b>Departmental Expenditure Limit</b>							Voted outturn compared with Estimate saving/ (excess) £000		
- Resource	2.1	2,417	-	2,417	2,291	-	2,291	126	2,419
- Capital	2.2	50	-	50	41	-	41	9	27
<b>Annually Managed Expenditure</b>									
- Resource	2.1	(47)	-	(47)	(47)	-	(47)	-	47
- Capital		-	-	-	-	-	-	-	-
<b>TOTAL BUDGET</b>		<b>2,420</b>	<b>-</b>	<b>2,420</b>	<b>2,285</b>	<b>-</b>	<b>2,285</b>	<b>135</b>	<b>2,493</b>
<b>Non-Budget</b>									
- Resource	3	-	-	-	-	-	-	-	-
<b>TOTAL</b>		<b>2,420</b>	<b>-</b>	<b>2,420</b>	<b>2,285</b>	<b>-</b>	<b>2,285</b>	<b>135</b>	<b>2,493</b>
Total Resource		2,370	-	2,370	2,244	-	2,244	126	2,466
Total Capital		50	-	50	41	-	41	9	27
<b>TOTAL</b>		<b>2,420</b>	<b>-</b>	<b>2,420</b>	<b>2,285</b>	<b>-</b>	<b>2,285</b>	<b>135</b>	<b>2,493</b>
<b>Net Cash Requirement</b>	Note	2012/13					2011/12		
		ESTIMATE		Outturn		Voted outturn compared with Estimate saving/	OUTTURN		
		£000		£000		£000	£000		
<b>Net Cash Requirement</b>		2,421		2,411		10	2,319		
<b>Administration Cost</b>	Note	2012/13					2011/12		
		ESTIMATE		Outturn			OUTTURN		
		£000		£000			£000		
<b>Administration Cost</b>		-		-			-		

The variance between Estimate and Outturn for resources and net cash requirement is explained in the Management Commentary.

All expenditure is designated as Programme costs and therefore there are no administration costs

*The notes on pages 33 to 43 form part of these accounts*

## Statement of Comprehensive Net Expenditure<sup>11</sup> for the Year ended 31 March 2013

	Note	2012/13 £000	2011/12 £000
<b>Programme Expenditure:</b>			
Staff costs	6	1,166	1,198
Other costs	7	1,078	1,268
Income		-	-
<b>Net Operating Cost for the year ended 31/03/13</b>	<b>3</b>	<b>2,244</b>	<b>2,466</b>

*The notes on pages 33 to 43 form part of these accounts*

<sup>11</sup> There is no other comprehensive expenditure

## Statement of Financial Position at 31 March 2013

	Note	31/03/2013	31/03/2012
		£000	£000
<b>Non-current assets:</b>			
Property, plant and equipment		-	-
Intangible assets	8	59	27
Trade receivables falling due after more than one year	10	-	-
<b>Total non-current assets</b>		<b>59</b>	<b>27</b>
<b>Current assets:</b>			
Inventories		-	-
Trade and other receivables	10	65	49
Other current assets	10	67	9
Cash and cash equivalents	11	9	95
Financial Assets		-	-
<b>Total current assets</b>		<b>141</b>	<b>153</b>
<b>Total assets</b>		<b>200</b>	<b>180</b>
<b>Current liabilities</b>			
Trade and other payables	12	(2)	(2)
Provisions	13	-	(47)
Other liabilities	12	(173)	(287)
<b>Total current liabilities</b>		<b>(175)</b>	<b>(336)</b>
<b>Non-current assets plus current assets less current liabilities</b>		<b>25</b>	<b>(156)</b>
<b>Non-current liabilities:</b>			
Provisions		-	-
Other payables		-	-
Financial Liabilities		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>25</b>	<b>(156)</b>
<b>Taxpayers' equity:</b>			
General fund		25	(156)
Revaluation reserve		-	-
<b>TOTAL TAXPAYERS EQUITY</b>		<b>25</b>	<b>(156)</b>

Alan Cogbill

Accounting Officer, June 2013

The notes on pages 33 to 43 form part of these accounts

## Statement of Cash Flows for Year ended 31 March 2013

	Note	2012-13	2011-12
		£000	£000
<b>Cash flows from operating activities</b>			
Net operating cost	3	(2,244)	(2,466)
Adjustments for non-cash transactions	7	(14)	61
(Increase)/decrease in trade and other receivables	10	(74)	153
<i>less movements in receivables not passing through the SoCNE</i>	10	-	<b>(86)</b>
Increase/(decrease) in trade and other payables	12	(114)	31
<i>less movements in payables not passing through the SoCNE</i>	12	72	<b>(12)</b>
Use of provisions		(10)	-
<b>Net cash outflow from operating activities</b>		<b>(2,384)</b>	<b>(2,319)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets	8	(27)	-
Proceeds of disposal of property, plant and equipment		-	-
<b>Net cash outflow from investing activities</b>		<b>(27)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year	4	2,325	2,390
<b>Net financing</b>		<b>2,325</b>	<b>2,390</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>			
	4 & 11	<b>(86)</b>	71
Payments of amounts due to the Consolidated Fund	5.2	-	(86)
Receipt of Amounts due to the Consolidated Fund	5.2	-	86
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>			
		<b>(86)</b>	<b>71</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	95	24
<b>Cash and cash equivalents at the end of the period</b>	11	<b>9</b>	<b>95</b>

The notes on pages 33 to 43 form part of these accounts

## Statement of Changes in Taxpayers Equity for the year ended 31 March 2013

	Note	General Fund £000
<b>Balance at 1st April 2011</b>		<b>(23)</b>
Net Parliamentary funding - drawn down		2,390
Net Parliamentary funding - deemed		24
Supply (payable)/receivable adjustment	12	(95)
CFERS payable to the Consolidated Fund		-
Comprehensive Net Expenditure for the Year	2	(2,466)
<b>Non-Cash Adjustments:</b>		
Non-cash charges - auditors remuneration	7	14
<b>Movements in Reserves:</b>		
Net gain/(loss) on revaluation of property, plant and equipment		-
Net gain/(loss) on revaluation of intangible assets		-
Release of reserves to the operating cost statement		-
Transfers between reserves		-
<b>Balance at 31 March 2012</b>		<b>(156)</b>
Net Parliamentary funding - drawn down		2,325
Net Parliamentary funding - deemed		95
Supply (payable)/receivable adjustment	12	(9)
CFERS payable to the Consolidated Fund		-
Comprehensive Net Expenditure for the Year	2	(2,244)
<b>Non-Cash Adjustments:</b>		
Non-cash charges - auditors remuneration	7	14
<b>Movements in Reserves:</b>		
Net gain/(loss) on revaluation of property, plant and equipment		-
Net gain/(loss) on revaluation of intangible assets		-
Release of reserves to the operating cost statement		-
Transfers between reserves		-
<b>Balance at 31 March 2013</b>		<b>25</b>

*The notes on pages 33 to 43 form part of these accounts*

# Notes to the Accounts

## 1. Statement of Accounting Policies

**1.1 Introduction** - These financial statements have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector.

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 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Commission to prepare a Statement of Parliamentary Supply and supporting notes, showing outturn against Estimate in terms of the net resource requirement and the net cash requirement.

**1.2 Accounting convention** - These accounts have been prepared under the historical cost convention modified to account for any material revaluation of property, plant and equipment, and intangible assets.

**1.3 Impending application of newly issued accounting statements not yet effective** - The Commission provides disclosure that it has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that the initial application of the new standard will have on the resource accounts. There were no new standards issued for 2012/13 and not applied, which would materially affect the resource accounts. The Commission has also not adopted any standards early.

**1.4 Property, plant and equipment** - The Commission has no material property, plant and equipment and no recognised non-current assets.

**1.5 Intangible assets** - Purchased computer software licenses, costs associated with website enhancement and the associated costs of implementation are capitalised as intangible assets where expenditure of £5,000 or more is incurred. Website enhancements not yet in use are recognised as Assets under Construction (AUC).

**1.6 Depreciation** - Depreciation is provided at rates calculated to write assets down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are not depreciated. Lives are normally in the following ranges:

Intangible Assets	Up to 3 years
Technology	Up to 3 years
Equipment	Up to 10 years
Software Licenses	Over the life of the license

**1.7 Operating income** - The Commission has no operating income and relies solely on Parliamentary Supply Funding.

**1.8 Short term staff benefits** - The Commission recognises the liability associated with the short term staff benefit for untaken but earned annual leave entitlement at the end of the reporting period. It reviews this liability annually.

**1.9 Programme expenditure** - Programme costs reflect the total costs of service delivery, including all administrative costs excluding staff costs (note 6).

**1.10 Pensions** - Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Remuneration Report. The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependants' benefits. The Commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the employees' service by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Commission recognises the contributions payable for the year.

**1.11 Provisions for liabilities and charges** – During 2011/12 the Commission considered that it had demonstrably committed to changes in future office structure and working that were without realistic possibility of withdrawal. In the circumstances a provision for termination benefits was reflected in that account. This provision was used and released during 2012/13.

**1.12 Operating leases** - Operating lease rentals are charged to the operating cost statement in equal amounts over the lease term.

**1.13 Value added tax** - The activities of the Commission are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category. Expenditure is reported inclusive of VAT.

**1.14 Operating segments** - The Commission is considered to provide a single function; undertaking electoral reviews, and in terms of IFRS is considered to be a single operating segment. Management reporting and decision making is carried out on the basis of a single segment and therefore it is not considered that any further segmental analysis is necessary to meet the requirements of IFRS8.

**1.15 Going concern** - The Commission is financed by amounts drawn from the UK Consolidated Fund, approved annually by Parliament to meet the Commission's Net Cash Requirement for the year. As with other parliamentary bodies, the ongoing financing of the Commission's activities and related liabilities is met by future grants from the UK Consolidated Fund to be approved annually by Parliament. Such approval for amounts required for 2013/14 has already been given, and we anticipate that future approvals will be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

**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.

## 2. Analysis of net resource outturn by section and reconciliation of net resource outturn to net operating cost

### 2.1 Analysis of net resource outturn by section

	2012/13					2011/12 OUTTURN Total £000
	OUTTURN			ESTIMATE		
	Programme		Total	Net Total	Net total compared to Estimate	
	Gross Resource Expenditure	Income				
£000			£000		£000	
Spending in Departmental Expenditure Limit Voted:	2,291	-	2,291	2,417	126	2,419
Annually Managed Expenditure Voted:	(47)	-	(47)	(47)	-	47
<b>TOTAL</b>	<b>2,244</b>	<b>-</b>	<b>2,244</b>	<b>2,370</b>	<b>126</b>	<b>2,466</b>

### 2.2 Analysis of net capital outturn

	2012/13					2011/12 OUTTURN Total £000
	OUTTURN			ESTIMATE		
	Programme		Total	Net Total	Net total compared to Estimate	
	Gross Resource Expenditure	Income				
£000			£000		£000	
Spending in Departmental Expenditure Limit Voted:	41	-	41	50	9	27
<b>Total</b>	<b>41</b>	<b>-</b>	<b>41</b>	<b>50</b>	<b>9</b>	<b>27</b>

### 3 Reconciliation of net resource outturn to net operating cost

	Note	2012/13 OUTTURN £000	2011/12 OUTTURN £000
<b>Total resource outturn in Statement of Parliamentary Supply</b>			
Budget		2,244	2,466
Non-Budget		-	-
Consolidated Fund Extra Receipts (CFERS)		-	-
<b>Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>2,244</b>	<b>2,466</b>

### 4 Reconciliation of Net Resource Outturn to Net Cash Requirement

Year Ended 31/03/13				Net total outturn compared with Estimate saving/ (excess)
Note	Estimate	Outturn		
<b>£000</b>				
<b>Resource Outturn</b>	<b>2</b>	<b>2,370</b>	<b>2,244</b>	<b>126</b>
<b>Capital:</b>				
Acquisition of property, plant and machinery and intangible assets	8	50	41	9
Investments		-	-	-
<b>Accruals to cash adjustments:</b>				
Depreciation	7	(30)	(9)	(21)
New provisions and adjustments to previous provisions	7 & 13	37	37	-
Other non-cash items	7	(16)	(14)	(2)
<b>Adjustments to reflect movements in working balances:</b>				
Increase in debtors	10	-	74	(74)
(Decrease) in creditors	12	-	28	(28)
Use of provisions	7 & 13	10	10	-
<b>Net Cash Requirement</b>		<b>2,421</b>	<b>2,411</b>	<b>10</b>

## 5.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the Commission, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	Note	2012/13 Outturn		2011/12 Outturn	
		Income	Receipts	Income	Receipts
		£000		£000	
Operating income outside the ambit of the Estimate		-	-	-	-
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		-	-	-	-

## 5.2 Consolidated Fund income

Consolidated Fund income shown in note 5.1 above does not include any amounts collected by the Commission where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	Note	2012/13	2011/12
		£000	£000
Costs awarded to the Boundary Committee for England		-	-
Amount payable to the Consolidated Fund		-	-
Balance held at the start of the year		-	86
Payments into the Consolidated Fund		-	(86)
<b>Balance held in trust at the end of the year</b>		-	-

## 6 Staff numbers and related costs

### 6.1. Staff costs<sup>12</sup> comprise:

	2012/13				2011/12
	TOTAL	Permanently Employed Staff	Others	Commissioners	Total
	£000				
Wages and salaries	891	876	15	-	923
Fees	97	0	-	97	91
Social Security costs	83	75	-	8	83
Other pension costs	158	158	-	-	175
<b>Sub total</b>	<b>1,229</b>	<b>1,109</b>	<b>15</b>	<b>105</b>	<b>1,272</b>
Less recoveries in respect of outward secondments	(63)	(63)	-	-	(74)
<b>Total net costs</b>	<b>1,166</b>	<b>1,046</b>	<b>15</b>	<b>105</b>	<b>1,198</b>

### 6.2 Other:

**A** The average number of full-time equivalent, permanent persons employed during the year, including senior management was 25.06 persons (2011/12 26.7). Contractors and temporary staff expenditure was £15,162 (2011/12, £9,271) reflecting the use of temporary staff to fill business requirements on a short-term basis to meet the needs of specific projects during the year. This is equivalent to 0.38 (2011/12, 0.23) full-time equivalent posts. There were no costs for consultants acting in an advisory capacity in 2012/13.

**B.** The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Commission is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation of the scheme was carried out as at 31 March 2007 by the scheme's Actuary, Hewitt Bacon & Woodrow. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

**C.** For 2012/13, employers' contributions of £152,038 were payable to the PCSPS (2011/12, £168,655) at one of four rates in the range 16.7 to 24.3% (2011/12, 16.7 to 24.3%) of pensionable pay, based on salary bands. Employer contributions are reviewed every four years following a full-scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and include past experience of the scheme.

**D.** Employees joining after 1 October 2002 could opt to open a partnership account – a stakeholder pension with an employer contribution. During 2012/13, employers' contributions of £6,000 were paid to one or more of a panel of four appointed stakeholder pension providers (2011/12, £6,000). Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £384 (2011/12, £384), 0.8% 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 end of the reporting period were actually £532 (2011/12, £532). Contributions pre-paid at that date were nil.

<sup>12</sup> All activity relates to the Commission, no staff costs were capitalised during the year

## 7 Programme costs

	2012/13	2011/12
	£000	
<b>Rentals under operating leases:</b>		
Hire of plant and machinery	-	-
Other operating leases	80	80
	80	80
<b>Non-cash items:</b>		
Depreciation and amortisation		
Civil Estate	-	-
Other non current assets	9	-
Downward revaluation of non current assets	-	-
Reversal of downward revaluation previously recognised	-	-
Impairments	-	-
Auditor's remuneration - audit work	14	14
Provisions:		
Provided for in year	-	47
Utilised and Released	(47)	-
	(24)	61
<b>Other expenditure</b>		
SLA Charges for Services	529	548
Printing and Mapping	211	348
Legal and Professional Fees	40	26
Other Staff costs	40	25
Stakeholder Engagement	82	78
Business Miscellaneous costs	55	34
Travel, Subsistence and Hospitality	51	45
Internal Audit	12	14
Statistical costs	-	7
Bank Charges	2	2
	1,022	1,127
	1,078	1,268

<b>Note - the total of non-cash items included in the Reconciliation of Resources to Net Cash Requirement comprises:</b>		
	2012/13	2011/12
	£000	£000
Total non-cash transactions as above	(24)	61
Adjustment for loss on disposal of property, plant and equipment	-	-
Non-cash items per reconciliation of resources to net cash requirement	(24)	61

## 8 Intangible assets <sup>13</sup>

	Websites	Assets under construction	Total
	£000		
<b>Cost or valuation</b>			
At 1 April 2012	-	27	27
<b>Additions</b>			
Classification Transfer	27	(27)	-
<b>At 31 March 2013</b>	<b>27</b>	<b>41</b>	<b>68</b>
<b>Amortisation</b>			
At 1 April 2012	-	-	-
Charged in year	9	-	9
<b>At 31 March 2013</b>	<b>9</b>	<b>-</b>	<b>9</b>
<b>Net Book Value at 31 March 2013</b>	<b>18</b>	<b>41</b>	<b>59</b>
<b>Net Book Value at 31 March 2012</b>	<b>-</b>	<b>27</b>	<b>27</b>

	Websites	Assets under construction	Total
	£000		
<b>Cost or valuation</b>			
At 1 April 2011	-	-	-
<b>Additions</b>			
	-	27	27
<b>At 31 March 2012</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>Amortisation</b>			
At 1 April 2011	-	-	-
Charged in year	-	-	-
<b>At 31 March 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value at 31 March 2012</b>	<b>-</b>	<b>27</b>	<b>27</b>
<b>Net Book Value at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 9 Financial instruments

As all cash requirements are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non- public sector body of a similar size.

The majority of financial instruments relate to contracts to buy non-financial items in line with expected purchase and usage requirements and the Commission is therefore exposed to no significant liquidity, interest rate, or foreign currency risk.

<sup>13</sup> No impairment of intangible assets has been charged to the Statement of Comprehensive Net Expenditure. Capital accruals total £40,884 (2011/12 £27,000)

## 10 Trade receivables and other current assets

	2012/13	2011/12
	£000	
<b>Amounts falling due within one year:</b>		
Other receivables	65	49
Costs to be collected on behalf of the Consolidated Fund	-	-
Prepayments and accrued income	67	9
	<b>132</b>	<b>58</b>
<b>Amounts falling due after one year:</b>		
Prepayments and accrued income	-	-
	-	-
<b>Total receivables</b>	<b>132</b>	<b>58</b>

	2012/13	2011/12
	£000	
<b>Intra-Government Balances falling within one year</b>		
Balances with other central government bodies	59	30
Balances with local authorities	-	1
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	-
<b>Intra-government balances</b>	<b>59</b>	<b>31</b>
Balances with bodies external to government	73	27
<b>Total receivables and current assets at 31 March</b>	<b>132</b>	<b>58</b>

## 11 Cash and cash equivalents

	2012/13	2011/12
	£000	
Balance at 1 April	95	24
Net change in and cash equivalents	(86)	71
<b>Balance at 31 March</b>	<b>9</b>	<b>95</b>
The following balances at 31 March are held in:		
Government Banking Service accounts:	9	95
Cash in hand	-	-
<b>Balance at 31 March</b>	<b>9</b>	<b>95</b>
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund:	-	-
Amounts issued from the Consolidated Fund for Supply but not spent at year end	9	95
<b>Balance at 31 March</b>	<b>9</b>	<b>95</b>

## 12 Trade payables and other current liabilities

	2012-13	2011-12
	£000	
<b>Amounts falling due within one year</b>		
Other Taxation, Social Security and Pension	48	45
Trade payables	2	2
Accruals and deferred income	80	116
Short-term staff benefits (Earned leave liability)	36	31
Amounts issued from the Consolidated Fund for supply but not spent at year end	9	95
Consolidated Fund extra receipts and other amounts due to be paid to the Consolidated Fund	-	-
- received	-	-
- receivable	-	-
<b>Total Payables</b>	<b>175</b>	<b>289</b>

	2012-13	2011-12
	£000	
<b>Intra-Government Balances falling within one year</b>		
Balances with other central government bodies	57	150
Balances with local authorities	8	11
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	4
<b>Intra-government balances</b>	<b>65</b>	<b>165</b>
Balances with bodies external to government	110	124
<b>Total Payables and other current liabilities</b>	<b>175</b>	<b>289</b>

## 13 Provisions for liabilities and charges

	Termination Benefits	Total
	£000	
At 1 April 2011	-	-
Provided in Year	47	47
Utilised	-	-
<b>Balance at 31 March 2012</b>	<b>47</b>	<b>47</b>
At 1 April 2012	47	47
Provided in Year	-	-
Utilised	(10)	(10)
Released	(37)	(37)
<b>Balance at 31 March 2013</b>	<b>-</b>	<b>-</b>
<b>Analysis of expected timing of discounted flows</b>		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Thereafter	-	-
<b>Balance at 31 March 2013</b>	<b>-</b>	<b>-</b>

**14 Capital commitments** - The Commission has no contracted capital commitments at 31 March 2013.

**15 Commitments under operating leases** - Total future minimum lease payments under operating leases are given in the below.

Total future minimum lease payments under operating leases are given in the table below.	2012/13	2011/12
	£000	
<b>Buildings</b>		
Not later than one year	80	80
Later than one year and not later than five years	80	160
	<b>160</b>	<b>240</b>

**16 Related party transactions** - The Commission is an independent Parliamentary body. The Chief Executive is appointed by the Commission. None of the Commissioners, senior management team, staff or other related parties has undertaken any material transactions with the Commission during the year.

The Commission had transactions with other government departments, including the Department for Communities and Local Government, HM Revenue and Customs, Department for Work and Pensions, Treasury Solicitor's Department; and with government bodies including the Electoral Commission, Ordnance Survey and the Stationery Office.

**17 Losses and special payments** - The Commission did not incur any material loss or make any special payments during the reporting period.

**18 Events after the reporting date** - 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 the date of the Certificate and Report of the Comptroller and Auditor General. There are no material events to report.



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