

The
Local Government
Boundary Commission
for England



Annual Report & Accounts 2010-11

HC 1366

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1. Chair's Introduction

I am pleased to present the first annual report for the Local Government Boundary Commission for England.

We were established on 1 April 2010 as a consequence of the enactment of the Local Democracy, Economic Development and Construction Act 2009, as an independent Commission in our own right, accountable to the Speaker's Committee of the House of Commons. Although we are newly established our functions have been undertaken by predecessor organisations, prior to April 2010, by the statutory Boundary Committee of the Electoral Commission.

Our statutory remit and purpose is to ensure internal electoral boundary arrangements for English local authorities that are fair and deliver electoral equality for voters, and to keep the map of English local government in good repair, working with local authorities to help them deliver effective and convenient local government to citizens. In doing so we maintain values of independence – from Government and from party political considerations; impartiality – we base our decisions on evidence and reason; and professionalism.

In our first year, we have successfully established the Commission as an independent body, with effective governance, accountability and support arrangements; carried through the programme bequeathed by our predecessor body; and planned and set out upon an ambitious programme of electoral and boundary reviews for the next five years.

We have welcomed the steps to increase our accountability to Parliament. We are accountable to the Speaker's Committee, under the 2009 Act, for our plans, performance and budget, and our orders to implement new electoral arrangements go before Parliament in draft, and can be debated, before we finally make them. This was an important innovation under the 2009 Act, replacing the procedure by which the Electoral Commission would make orders to implement the Boundary Committee's recommended electoral arrangements with no Parliamentary process. In this respect, I would like to offer my thanks and appreciation to Earl Cathcart and Lord Harris, who facilitate any debates on our orders in the House of Lords and Mr Gary Streeter MP, who undertakes a similar role in the House of Commons on behalf of the Speakers Committee. We have made it our practice to offer a briefing meeting to Members of Parliament in areas where we are starting reviews, and to engage them throughout the review as they wish. We have also opened discussions with the Select Committee on Communities and Local Government on our willingness for them to take an interest in our work.

We have sought to improve our engagement with people in areas where we are conducting reviews. Naturally we have to rely heavily on evidence submitted in writing, usually through our website, but we assign lead Commissioners to every review who not only meet the full council, and its leadership, but also visit review areas with staff to gauge issues on the ground and to discuss them with local people.

We have reviewed all our existing procedures for electoral reviews to make them faster and more responsive to local needs, and established new procedures for the reviews of councils' external boundaries which come increasingly into our programme, as councils see a need to adjust boundaries to secure effective and convenient local government, correcting anomalies or improving service delivery or governance.

We enjoy a collaborative relationship with the Department for Communities and Local

Government, which shares interest in good local government and has powers, complementary to ours, to implement boundary changes.

We have committed to be open and transparent, and to engage local authorities, individually and through the Local Government Association or other groupings, to direct our efforts – in line with our statutory remit and criteria – with fuller regard for local needs and wishes. We have for instance asked all local authorities in detail what their aspirations are for our reviews, to take into account in planning our programme. And we have received from them a full, thoughtful and supportive response to our two major consultations to determine how we shall do business in the coming year. We look forward to working ever more closely with them.

This has been a very busy and challenging year and I would like to place on record my appreciation of the efforts of my Commissioners and all the staff who have combined to make this first year a success.

In particular, I extend my thanks to Joan Jones and Jane Earl, who completed their terms as Commissioners during the year. Both achieved much for the Commission, and I wish them well for the future.

Max Caller
LGBCE Chair

22 June 2011

2. The Commission, Membership and Committees

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.

These Accounts are prepared in accordance with an accounts direction issued by HM Treasury under Schedule 1(14) of the Act. No prior year comparative information is included as LGBCE was established on 1 April 2010.

LGBCE's aims and objectives are:

- to provide fair boundary arrangements for local authority elections in England.
- to keep the map of English local government in good repair.

The cost of work in meeting these strategic aims is shown in the Statement of Comprehensive Net Expenditure.

The Speaker's Committee

The Speaker's Committee is established under Section 2(1) of the Political Parties, Elections and Referendums Act 2000 (the Act) to perform the functions conferred on it by that Act. Its functions in relation to LGBCE are set out in Schedule 1 of 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 resource accounts
- receiving an annual report from the Comptroller and Auditor General on the economy, efficiency and effectiveness with which the Commission has used its 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 Speaker's Committee met in October 2010 and March 2011 to consider the Supply Estimate for 2011-12 and the 5 year Corporate Plan for 2011-12 to 2015-16.

The LGBCE's latest Corporate Plan is available on its website:

http://www.lgbce.org.uk/_documents/lgbce-documents/files/lgbce-corporate-plan-2011-12.pdf

The Commission

Appointments and re-appointments of ordinary members of the Commission are made by Her Majesty on the recommendation of the Secretary of State. The Chair is appointed by Her Majesty on an Address from the House of Commons. The Secretary of State may designate an ordinary member of the Commission to be its Deputy Chair.

At the start of the year, the Commission comprised the following members of the Electoral Commission's Boundary Committee, who became Commissioners automatically by virtue of the 2009 Act as if they had been appointed in the first place to the Commission:

Max Caller CBE (Chair)
Peter Knight CBE DL (Deputy Chair)
Joan Jones CBE
Professor Colin Mellors
Jane Earl

During the year, the Secretary of State recommended one re-appointment and, following a major competition, four new appointments:

Professor Colin Mellors was appointed anew and designated Deputy Chair, with effect from 19 November 2010

Dr Peter Knight CBE DL was re-appointed a member, with effect from 5 November 2010

Professor Paul Wiles CB was appointed with effect from 5 November 2010

Dr Colin Sinclair CBE was appointed with effect from 5 November 2010

Sir Tony Redmond was appointed with effect from 7 March 2011

Joan Jones and Jane Earl completed their terms on 31 December 2010 and 31 March 2011 respectively.

At the end of the year the Commission comprised the Chair supported by five Commissioners:

Max Caller CBE (Chair)
Professor Colin Mellors (Deputy Chair from 19 November)
Dr Peter Knight CBE DL (Interim Deputy Chair from 1 April – 31 Oct)
Sir Tony Redmond
Dr Colin Sinclair CBE
Professor Paul Wiles CB

Commissioners' Biographies

Max Caller CBE (Chair)

Max Caller was appointed Chair of the Commission on its inception on 1 April 2010. He was previously Chair of the Boundary Committee for England, the body whose functions the LGBCE assumed on 1 April 2010. He is also 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. 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.

Jane Earl

Jane Earl was Chief Executive of Wokingham Unitary Council until February 2003. She spent four years as Director of the Assets Recovery Agency, a central government department established to test new legislation aimed at removing the proceeds of crime. Since April 2007, she has been working as a consultant in the arts sector and is a non executive director of the Planning Inspectorate and the Valuation Office Agency. She is also a non executive director of CIFAS, which is an organisation devoted to sharing information to combat fraud.

Joan Jones CBE

Joan Jones has held the position of Director of Management and Member Services with the Local Government Association, and was previously the Deputy Secretary of the Association of Metropolitan Authorities. She currently advises on executive and board-level recruitment, as well as providing consultancy services to local government. Joan also serves as Vice Chair of the Public Management and Policy Association

Dr Peter Knight CBE DL (Deputy Chair, April 2010 – Nov 2010)

Peter Knight was Deputy Chair of the Commission on its inception on 1 April 2010 until Nov 2010. He is a former Vice-Chancellor of the University of Central England. He serves as a member of Wolverhampton Homes (an Arms Length Management Organisation (ALMO)) and in 2004 was appointed by the Secretary of State for Defence as a member of the Armed Forces Pay Review Body. He has also worked in local authority-managed higher education and is a past President of the National Association of Teachers in Further and Higher Education (NATFHE).

Professor Colin Mellors (Deputy Chair from Nov 2010)

Colin Mellors was appointed Deputy Chair in autumn 2010. He is Pro-Vice Chancellor at the University of York, and 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 has been appointed to the Board of York, North Yorkshire and East Ridings Local Enterprise Partnership.

Sir Tony Redmond

Sir Tony Redmond was local government Ombudsman for nine years up to November 2010. Before becoming a Local Government Ombudsman, he was Chief Executive of the London Borough of Harrow, 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 knighted in January 2011 for services to local government.

Dr Colin Sinclair CBE

Former Chief Executive of Sunderland City Council, Dr Colin Sinclair is a local government expert with over 20 years experience in the sector. A specialist in strategic change management, Dr Sinclair has worked in some of the most challenging and complex local government environments. He has held senior positions at 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 current role as independent local government expert, Dr Sinclair has advised councils across England.

Professor Paul Wiles CB

Professor Paul Wiles is currently Visiting Professor in Criminology at Oxford University, Fellow of Wolfson College and Honorary Professor at Sheffield University. Until Easter 2010 he was the government's Chief Social Scientist and head of the Government Social Research Service. He was also Chief Scientific Advisor and Director of the Science and Research Group at the Home Office.

Audit Committee

From the outset, the Commission appointed an Audit Committee comprising:

Jane Earl (Chair)
Colin Mellors
Joan Jones CBE
Elizabeth Butler (Independent Member)

On the completion of Joan Jones' term of appointment in December 2010, Colin Sinclair replaced her as a member of the Audit Committee.

The Committee met four times during the year. It considered a series of reports by the Commission's internal auditors – RSM Tenon – and the major yearly value-for-money report to the Speaker's Committee prepared by its external auditors – the Comptroller and Auditor General and National Audit Office. It tested management responses to these reports. The Committee also reviewed the Commission's risk management procedures and the form of the Accounting Officer's statement of internal control. It received the Commission's regular financial reports and proposed accounting treatment of main items.

The Audit Committee supports the Accounting Officer in discharging his formal accountability responsibilities by offering objective advice and ensuring that the most efficient, effective and economic risk, control and governance processes are in place, and that the associated assurance processes are optimal. The Audit Committee also acts on behalf of the LGBCE to provide assurance on these issues.

The terms of reference are kept under review. They are based on best practice guidelines from a variety of sources. The Audit Committee meets at least three times a year as required and the Chair of the Committee may convene further meetings as necessary, including at the request of the Accounting Officer, the Head of Internal Audit or the External Auditor. The Committee reviews in particular:

- strategic processes for risk, control and governance and the statement on internal control
- accounting policies, the accounts and the annual report of the LGBCE, including the process for review of the accounts prior to submission for audit; levels of error identified; and management's letter of representation to the National Audit Office
- planned activity and results of the National Audit Office and internal audit programmes
- adequacy of management response to issues identified by audit activity
- assurances relating to the corporate governance requirements for the LGBCE
- proposals for tendering for either external or internal audit services, or for the purchase of non-audit services from contractors who provide audit services.

The members of the Committee on 22 June 2011 were:

Sir Tony Redmond (Committee Chair)
Professor Colin Mellors
Dr Colin Sinclair CBE
Elizabeth Butler FCA (Independent Member)

Elizabeth Butler is also the independent external Chair of the Electoral Commission Audit Committee.

Remuneration Committee

The Commission also appointed a Remuneration Committee, comprising all Commissioners in post. This Committee is charged with considering staff remuneration, having regard to the statutory requirement that staff terms and conditions should be broadly in line with those of the civil service. The Committee resolved, in the light of the Government's policy to give no discretionary increases in civil service pay except to the lowest paid, to adopt the same approach for Commission staff.

3. Management Commentary

3.1 Performance

In our first Corporate Plan, we set out our priorities and the activities we planned to undertake in our first year to achieve the foundations for effective and convenient local government in England.

We set ourselves two main objectives: to provide fair boundary arrangements for local authority elections in England and to keep the map of English local government in good repair. The following sets out performance against these objectives.

Objective 1 – To provide fair boundary arrangements for local authority elections in England

The process involved in the drawing of electoral boundaries should be open, transparent and free from political bias or influence. Electoral equality, in the sense of each elector having a vote of equal weight in the election of local councillors, is a fundamental democratic principle.

We recognise the importance of setting electoral area boundaries that reflect that principle while also taking account of community identity and interests.

Key performance indicators	Target	Performance
Percentage of local authorities with electoral imbalances meeting the review criteria ¹ that will be subject to a review in 2010-11	25%	22% ²
The level of stakeholder satisfaction where the review process is improved or maintained	56% or above	60.2%
Percentage of wards/divisions in each authority area reviewed that have an electoral variance of 10% or less ³	85%	90%
Percentage of reviews that are completed within planned timeframes at the start of each review	90%	67% ⁴
Accuracy of electoral change Orders in reflecting the Commission's final recommendations	100%	100%

¹ A local authority is subject to review if: more than 10% of its wards/divisions have an electoral imbalance of more than 10% from the average for that authority; and/or it has one ward/division with an electoral imbalance of more than 30%; and the imbalance is unlikely to be corrected by population change within a reasonable period.

² The planned reviews of two local authorities did not commence in 2010/11. This was as a result of decisions by those authorities to consider moving from elections by thirds to whole council elections. The electoral cycle of an authority influences what we may or may not recommend in terms of electoral arrangements. The two reviews have been included in our work programme for 2011/12.

³ On the basis of forecast electorates. In making recommendations for changes to local authority electoral arrangements, the Commission is required to have regard to a five-year forecast of the number of registered electors.

⁴ It is important that reviews are completed within their planned timeframe. Where they have not been, this has been due either to the need for the Commission to satisfy itself that it has sufficiently robust evidence on which to base decisions on council size or on a need to undertake further consultation with local residents, or a combination of both. New procedures introduced for 2011/12 make future slippage in review timetables less likely.

We have reviewed and made significant changes to our performance indicators for 2011-12 and subsequent years.

In addition to these objectives, we also set out a number of activities we intended to carry out in the year in our 2010 -11 Corporate Plan.

We said we would:

Monitor electoral imbalances arising in local authorities and conduct electoral reviews of those in which significant imbalances had arisen.

We said we would complete reviews in Northampton, South Derbyshire, West Somerset and Sedgemoor, while starting reviews in 16 other local authority areas.

We completed all the reviews as planned but started only 14 reviews of other local authorities. In part, this was due to the authorities deciding late in the calendar year to change their electoral cycle from elections by thirds to whole council elections, thereby changing the years in which they elect.

We can only implement new electoral arrangements in the ordinary year of election of a local authority. Local authorities resolving to move to whole council elections in 2010 have their first such election in May 2011 and every fourth year thereafter. There was insufficient time for us to complete a review in time for implementation in May 2011, and we considered it inappropriate to commence a review in the run-up to local elections.

Consider the need for and, where appropriate, undertake reviews of new unitary authorities established by the Secretary of State.

We said we would complete reviews of Cheshire East, Cheshire West & Chester, Bedford, Central Bedfordshire and County Durham.

With the exception of County Durham, these reviews were all completed. We agreed with Durham County Council that its review should be put on hold pending the compilation of its December 2010 electoral register because of concerns we had over new electorate and forecast electorate figures, which seemed particularly high to us. The review will be taken forward during 2011-12 and implemented as planned at elections in May 2013.

Consider the need for and, where appropriate, undertake reviews of local authorities for reasons other than to address significant electoral imbalances, for example, to reflect changes to electoral cycle or requests for single-member electoral areas.

We said we would complete reviews of Mansfield and Stoke-on-Trent, and commence a review of Gloucestershire.

This we achieved.

Liaise with the local government community in developing our review-related policies and procures.

We said that we would consult the Local Government Association (LGA) and other interested parties over our approach to council size.

In the event, we undertook a comprehensive review of all our electoral review policies and procedures, including council size. We identified major changes that could be made to the processes we inherited from our predecessor, the Boundary Committee for England, including shortening the overall timescale of reviews and making the process proportionate to the issues we find in any local authority area.

We published a consultation paper in November 2010, copies of which were sent to the LGA and to the Leaders and Chief Executives of all local authorities in England. The responses to the document were overwhelmingly supportive of our proposed new approach to electoral reviews. In light of this, we published new review guidance in April 2011.

Other developments during the year

The 2009 Act provides that we are responsible for implementing our electoral review recommendations. An Order is laid in draft in both Houses of Parliament and, unless successfully prayed against, can be made after 40 days.

This is a new process for the making of electoral change Orders – prior to the 2009 Act such Orders were not subject to Parliamentary scrutiny – and, without the benefit of any past experience in this area of activity, we put in place new procedures that met the requirements of the House authorities. We are particularly grateful to the Speaker for agreeing that our Orders could be laid in his name and for the co-operation of other members of the Speaker's Committee and the House of Lords for agreeing to respond on our behalf in the event of a debate on any Order.

To date, we have made 12 Orders, without any debates taking place.

Increasingly during the year, in addition to local authority stakeholders, we have sought to engage with Members of Parliament in constituencies where areas were under review. We have been grateful for their willingness to meet us. We believe these briefing meetings to have had a two-fold benefit. First, a better understanding among local MPs about why we are undertaking reviews in their areas, which are occasionally opposed by the local authorities themselves. Second, a greater understanding of the factors we can and cannot take into account in a review, and why this is the case.

We have seen a significant increase during the year in the number of local authorities approaching us to carry out electoral reviews with the aim of reducing council size (the number of councillors elected to a local authority). While we have no policy view on whether there should be fewer councillors, it is becoming clear that, given the current economic climate, many local authorities are re-thinking their political management and governance structures and concluding that they can operate with fewer councillors. As we develop our detailed programme of work for the next two financial years, we will wish to react in a positive and timely manner to requests received for reviews.

In addition to the 12 electoral change orders 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 co-terminosity between district ward boundaries and newly altered parish administrative boundaries.

We also gave consent to five local authorities to change the names of one or more wards or divisions in their areas.

Objective 2 – To keep the map of English local government in good repair

Few reviews of the external boundaries of local authority areas have been carried out since 1992. The Local Government Act of the same year reserved to the Secretary of State the power to initiate such reviews and, in practice, that power was only exercised twice, during the 1990s.

The Local Government and Public Involvement in Health Act 2007 returned the power to initiate administrative boundary reviews to the Boundary Committee for England but, because of other work pressures, it was not exercised by that body. As a consequence, there has been a significant build up of boundary reviews, both large and small, over the years.

In our 2010/11 Corporate Plan, we said we would:

Liaise with the local government community and the Secretary of State in developing our review-related policies and procedures.

We said we would consult the LGA and other interested bodies on our approach to principal area boundary reviews (PABRs).

This we have done. During summer and autumn 2010 we established internal working groups and held workshop sessions to arrive at approaches to PABRs that were proportionate to the likely scale of change that might be involved. In November 2010 we published a consultation paper, copies of which were sent to the LGA and the Leaders and Chief Executives of all local authorities England. The response to the document was highly supportive of our proposed approach. We published guidance on PABRs in April 2011.

Develop and publish a two-to-three year programme of boundary reviews.

We said that we would consult local authorities over the need for PABRs and develop a programme of work.

In December 2010 the Chair of the Commission wrote to all Leaders and Chief Executives of English local authorities, asking whether they were likely to seek a PABR of their area. This invitation elicited few responses with most of those indicating that they would be likely to seek a review already known from previous contacts.

We are now working with those local authorities to assess the scale of change envisaged and the proposed timing. Once this information is known, PABRs will form part of our programme of work for the next two financial years.

In addition to PABRs requested by local authorities, we have identified a considerable number of minor boundary anomalies, affecting very few residents, which are not conducive to effective and convenient local government. We wish to address up to 30 of these anomalies in 2011-12, providing the relevant local authorities agree to the desirability of a review.

We do not plan to programme these reviews formally, but conduct them as resources permit.

3.2 Corporate Capacity

LGBCE Staffing

The Commission has 26 staff in total - 25 full time equivalents. Of this total, 12 are posts that were agreed in 2009/10 but not filled until the creation of the separate Local Government Boundary Commission in April 2010.

Accordingly, during the first half of 2010-11, the Commission recruited by open competition a third review team, a Communications Manager, a Research and Policy Officer and two permanent business support team members. This brought it to the staff plan approved by the Speaker's Committee at the end of 2009, save that it decided, in the interests of economy, and with experience of new arrangements, not to fill two posts. The average number of full-time equivalent permanent persons employed during the year was 22.7. The number and organisation of staff is shown below.

As an organisation the Commission has been anxious to blend skills and ensure an appropriate balance of experience.

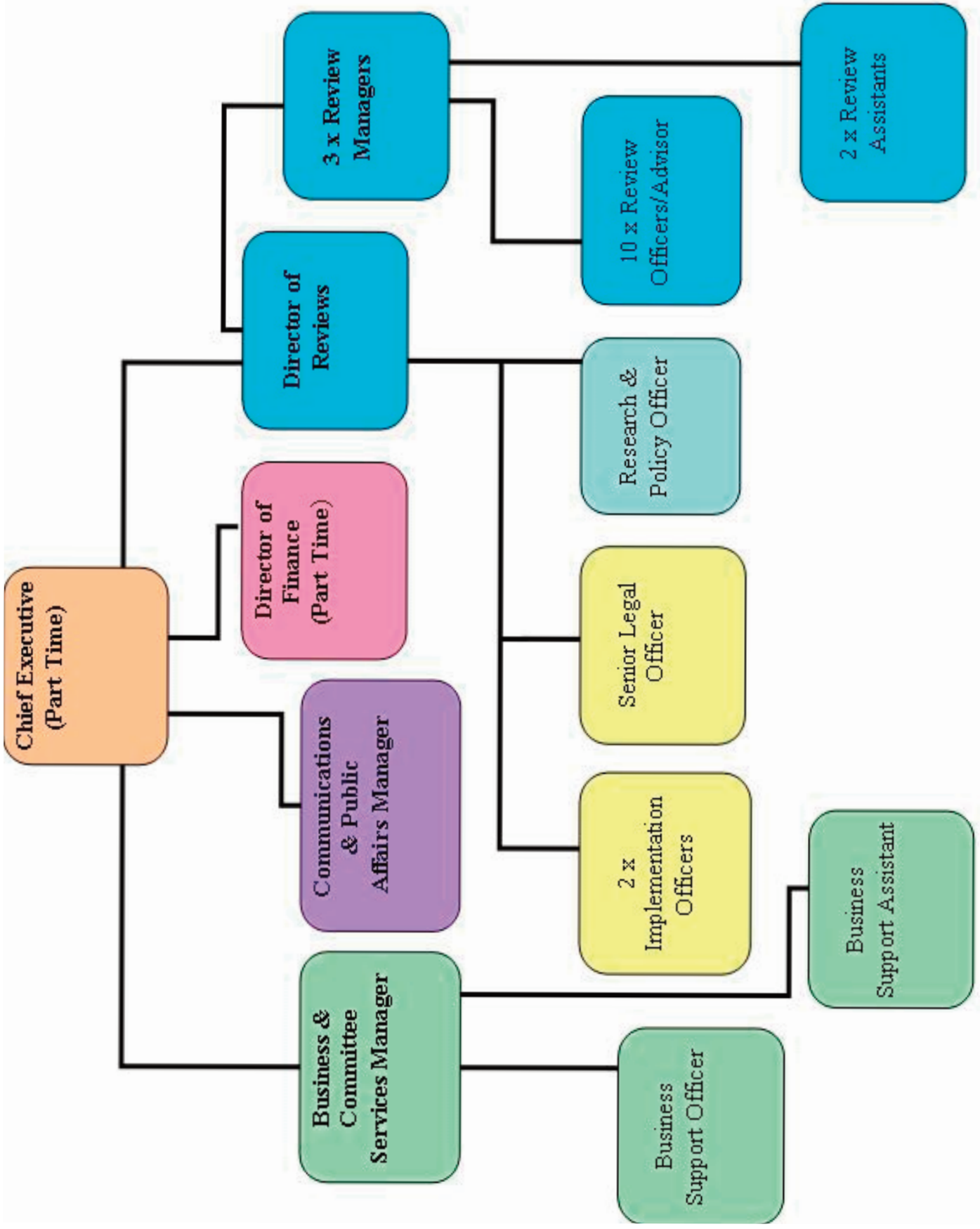
Two members of staff left the Commission during the year, and were replaced during the recruitment rounds mentioned above. In addition, one Review Manager was seconded for two years to a post with the Parliamentary Boundary Commission for England. An internal recruitment process resulted in one of the experienced Review Officers being offered the opportunity to act up in this role for the duration of the secondment.

Days lost due to sickness absence totalled 71 – an average of 3.1 days per full-time equivalent person.

Commission staff aim to work as a single team, with everyone focusing on the output delivered rather than its components. All the activities of conducting reviews, implementing them, dealing with outside interests, and corporate and support functions are managed by the managers individually responsible acting in close concert. In a small organisation this is readily practical, and offers ready opportunities for staff development through engaging in cross team projects.

The Commission recognises the Public and Civil Service Union.

Figure One: LGBCE organisation



Premises and Support Services

As described in last year's Corporate Plan, the Commission entered into an agreement with the Local Government Association for premises and a full range of support services – premises management, finance and accounting, human resources and payroll transactions, information and communications technology and office services. The Commission continued to be located with the Electoral Commission during April 2010, but moved at the beginning of May to share LGA premises at Layden House, London EC1, receiving services under the LGA's contract with Liberata. This arrangement has worked well. The Commission has been able to manage its use of support services with few staff of its own, and achieving substantial savings against the benchmark costs of the services as previously provided.

Governance and Policy

The LGBCE inherited a number of policies from the Electoral Commission, which were used initially as a policy framework. It was, however, agreed at an early stage that these should be reviewed to make them appropriate to LGBCE's size and new working arrangements. We are especially mindful of the need to ensure that our policies are fit for purpose, place proportionate demands on local authorities and enable us to be as efficient and flexible as possible in the ways that we work. In doing so, we prioritised those policies that were deemed essential to meet our statutory duties or to provide effective governance or support for the day-to-day work of the Commission. Policies relating to health and safety, governance and human resources were given the highest priority.

All but one of our high priority policies have been reviewed and approved, the exception being the Sick Pay and Sickness Absence Policy (approved May 2011). Over half of the medium and low priority policies have been approved and published on the LGBCE's intranet.

In addition, the Commission adopted the LGA's Business Continuity Plan and relevant sections of the LGA's Environmental Policy.

The Business Continuity Plan aims to provide an effective disaster recovery system to ensure the Commission would continue to have access to premises and IT services in the event of Layden House being unusable for any reason.

National Audit Office – Value for Money Study

The National Audit Office carried out the first of the examinations the Act requires it to make each year of our economy, efficiency or effectiveness. We were pleased that the Comptroller and Auditor General's resulting report to the Speaker's Committee noted that we had achieved much, in establishing ourselves as a free-standing organisation, reviewing our procedures, and committing to a plan combining cost reductions of the type widely proposed across the public sector with large increases in output compared with recent years. The National Audit Office made four recommendations – on deepening our engagement with local authorities over reviews, introducing better quality assurance arrangements, improving our understanding of the costs of processes, and developing clearly defined plans for securing necessary cost savings – all of which we accept and are pursuing. We shall be able to report progress next year.

Information Security and Records Management

We appointed a Senior Information Risk Owner (SIRO) and a Departmental Records

Officer (DRO) to manage our information security risks and fulfil our responsibilities to place records with the National Archive. We reviewed and implemented information security, data protection and records management policies to ensure compliance with legislation.

An internal audit of information security and IT controls gave the Commission assurance that the controls upon which the organisation relies to manage this area are suitably designed and consistently complied with. The internal audit report made a number of minor recommendations to further enhance our controls in this area, which are being implemented.

We initiated a project to review our records management policies and procedures, and to reorganise our file structures (both electronic and paper).

Employees, Community, Social and Environmental Issues

The LGBCE has adopted a range of human resource policies designed to achieve high performance and job satisfaction. Staff are encouraged to develop their expertise, to seek further training and be involved in decision making. Meetings are structured to give information to staff and obtain feedback. Helping local communities is central to our work in maintaining electoral fairness.

Through working with our support services provider, Liberata, LGBCE has undertaken to reduce the direct and indirect environmental impacts associated with its activities and operations by:

- complying with all applicable legislation and regulation
- reducing waste and increasing recycling
- encouraging and supporting our staff to consider environmental issues in their day-to-day actions.

Equalities

We are committed to the promotion of equality, both in the conduct and outcome of reviews and in our responsibilities as an employer. Accordingly, we have amended our policies and processes to reflect the Equality Act 2010 which introduced a new general equality duty for all organisations who exercise public functions. This means that we now analyse the effect of our policies and practices, and when necessary, identify and monitor our actions to further the achievement of the equality aim.

The Commission is committed to ensure that all members of staff are trained in equalities and diversity issues. During the year, 14 staff attended equalities training provided by the LGA. This training covered the requirements of the Equalities Act 2010, raising awareness of the groups covered by the legislation and examples of best practice for public sector organisations.

A further training session for the remaining 12 members of staff will be arranged as soon as the new training programme is available in April 2011.

Personal Data Related Incidents

There were no protected personal data related incidents reported to the Information Commissioner's Office over the financial year.

3.3 Communications and Public Affairs

In our first year, our communications and public affairs work has focussed 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 new legislative requirements of the Local Democracy, Economic Development and Construction Act 2009 in relation to laying draft orders and strengthening relationships with parliamentarians.
- 3 Engaging with the local government community in devising new policies and procedures and highlighting the Commission's role in helping councils deliver effective and convenient local government.

The aims were supported by specific actions:

- As part of our review work, we have delivered 14 public launches of consultations relating to council size. During 2010/11 we also announced the publication of final recommendations for ten reviews and launched draft recommendations to press and public for a further five reviews.
- We published two major consultation documents which proposed new procedures which will govern the conduct of every review. We contacted every local authority and received nearly 100 responses to the consultation as well as achieving major coverage in the local government press.
- We consulted the LGA Leadership Board as part of that consultation process and we have secured agreement with DCLG in relation to the way we will conduct the new PABR programme.
- In November 2010, we wrote to all 352 Leaders and Chief Executives at every principal tier of local government to inform them about the review process and ask them to consider whether they were likely to seek either an electoral review or a PABR. We received replies from 65 local authorities and will consider them in our future review programme.
- We held meetings with 25 MPs to brief them on specific reviews relating to their constituencies. We also met the Chair of the Communities and Local Government Select Committee.
- Our Corporate Plan and budget estimate were endorsed by the Speaker's Committee in March 2011.

We had a major presence at the Local Government Association Annual Conference in June 2010 as well as the National Association of Local Councils Annual conference in December 2010.

Correspondence

The Commission received various correspondence during the year, including submissions on review proposals, requests under the Freedom of Information Act, complaints and general enquiries. Policies and procedures on Freedom of Information requests, and complaints handling have been devised and implemented, and service standards relating to handling all correspondence have been largely met.

Type of Request	Number of Requests Received	Response Service Standard	Number of Responses sent within deadline	Percentage	Number of responses sent within 5 days
General Enquiries	165	Respond within 15 working days	160	97%	120
Enquiries relating to Reviews	51	Respond within 15 working days	51	100%	48
Submissions resulting from Review Consultations	860	Respond within 15 working days	853	99%	850
Complaints Stage 1	4	Respond within 15 working days	4	100%	2
Complaints Stage 2	2	Respond within 20 working days	2	100%	0
Complaints Stage 3	1	Respond within 20 working days	1	100%	0
Freedom of Information Requests	11	Respond within 20 working days	10 (one ongoing)	100% expected	0

Developments Since Year End

Following the consultation undertaken towards the end of 2010 with the local government community and other interested parties, we published our new electoral review and principal area boundary review (PABR) guidance's in May 2011.

We commenced our first PABR and formally commenced a further six electoral reviews.

A new Records and Resources section has been developed for our website. This section provides links to every available final recommendation and general report produced by our predecessor bodies. It also provides a database of all orders relating to areas, names and electoral arrangements of local authorities in England since 1973. Continuing development of the database is planned to make it as comprehensive as possible, with many links to copies of orders available.

4. Financial Review and Governance

4.1 Financial Review

The LGBCE's funding is met out of money provided by Parliament under Schedule 1(11) of the Local Democracy, Economic Development and Construction Act 2009. As an independent public body, the LGBCE is accountable to Parliament for its expenditure. Parliamentary approval for its spending plans was sought through a Main Supply Estimate for 2010-11, presented to the House of Commons by the Speaker, specifying the estimated expenditure and requesting the necessary funds to be voted.

The Estimate was structured by a Request for Resources and included a formal description of the services to be financed.

In these accounts, the Statement of Parliamentary Supply shows outturn figures against the Estimate.

The Statement of Cash Flows analyses the net cash outflow from operating activities; identifies cash spent on any capital expenditure and investment; and shows the funding that the LGBCE drew down from the Consolidated Fund in order to finance its activities during the year.

Resources

The Supply Estimate for 2010-11 provided for a net resource requirement of £2,845,000. The key factors influencing the resources requested by the LGBCE, and approved by Parliament, for 2010-11 were:

- Prior to the establishment of the LGBCE, a draft 5 Year Corporate Plan and an associated draft Main Estimate covering its planned activity in 2010-11 was submitted to the Speaker's Committee by the Electoral Commission, as required under Schedule 1(12) of the Act.
- On the basis of the draft the Speaker's Committee agreed in principle to Resource Provision for the LGBCE of £2,845,000 as consistent with the economical, efficient and effective discharge of its functions in that year. It also agreed, on the same basis, a Net Cash Requirement for 2010-11 of £2,983,000, to include net voted Capital of £200,000.
- In relation to the resource implications of the 5 year Corporate Plan, the Speaker's Committee approved, as a basis for forward planning indicative provision of £2,820,000 for each of the financial years 2011-12 to 2014-15. In March 2011 the Committee approved a new 5 Year Corporate Plan for the period to 2015-16.

Use of Resources

In achieving its objectives for 2010-11 the LGBCE used £2,460,000 of resources. This amount was £385,000 less than the sum of £2,845,000 approved by Parliament in the LGBCE's Supply Estimate for the net resource requirement.

The key areas that contributed to the LGBCE using £385,000 less than the sum approved by Parliament in 2010-11 were:

- Some early efficiency savings were made by making changes to our business processes.
- In the first half of the year we were building towards our full complement of staff.

The LGBCE required cash amounting to £2,248,000 in 2010-11 to finance its activities, which was £735,000 less than the sum of £2,983,000 approved by Parliament in the Estimate. The main reasons for the £735,000 difference were:

- Lower resource costs as mentioned above.
- Non cash resource costs, primarily amortisation of costs transferred from the Electoral Commission.
- Non utilisation of the capital estimate of £200,000.

Notes 2 and 3 of the accounts provides a reconciliation between resources approved and the cash requirement.

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 of the LGBCE. His responsibilities as Accounting Officer and for the system of internal control are set out in section 3.

The Comptroller and Auditor General was appointed as the LGBCE's external auditor under Schedule 1 (15) to the Local Democracy, Economic Development and Construction Act 2009. A notional cost of £14,500 was incurred on external audit. Internal audit and other services were provided by RSM Tenon Limited at a cost of £21,328.

Statement of Payment Practice

LGBCE operates a policy of paying all suppliers within ten days of receipt of goods or services, or receipt of the invoice (whichever is later). During 2010-11, 96% were paid within these agreed credit periods.

The amount owed to suppliers at the end of the reporting period as a proportion of the total amount invoiced by suppliers during the year, expressed as a number of days, is 16 days.

Disclosure of audit information to the auditors

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

4.2 Remuneration Report

The Commissioners and their Remuneration

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

Commissioners were paid a daily fee of £316 for each day worked in the period 1 April 2010 to 31 March 2011. The Chair of the Commission was paid a daily rate of £359. Commissioners do not receive a salary and are not eligible to join the organisation's 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).

The fees received by the Commissioners during 2010-11 are as below. These amounts do not include the accrued fees of £6,793 earned, but not yet paid, at the 31 March.

Commissioner	2010-11 Fees Received
Max Caller CBE (Chair)	£22,998
Professor Colin Mellors	£6,794
Jane Earl	£9,164
Joan Jones CBE	£10,270
Dr Peter Knight CBE, DL	£9,796
Sir Tony Redmond	Nil
Dr Colin Sinclair CBE	£1,422
Professor Paul Wiles CB	£1,738

The independent external audit committee member, Elizabeth Butler received fees of £948 at the same daily rate as Commissioners.

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

Senior Management Team

Alan Cogbill was appointed as Chief Executive on 30 November 2009. The Speaker's Committee also designated him Accounting Officer on 1 April 2010. The appointment is currently due for renewal on 31 December 2011 and will be a matter for the Commission.

The Directors of the LGBCE are:

- Chief Executive - Alan Cogbill
- Director of Reviews – Archie Gall
- Director of Finance - David Hewitt.

They are supported by the following senior officers who, with the Directors, form the Senior Management Team:

- Business & Committee Services Manager – Sarah Vallotton
- Public Affairs & Communications Manager – Marcus Bowell
- Review Manager – Richard Buck
- Review Manager – Joan D’Souza
- Review Manager – Sam Hartley (currently on secondment to the Parliamentary Boundary Commission for England)
- Review Manager (acting) – Tim Bowden.

The remuneration of the Commission’s Chief Executive and the Senior Management Team is funded through the Commission’s Supply Estimate.

Members of the Senior Management Team are either employed on permanent or fixed term contracts. Those on permanent contracts have the option to retire and draw pension at any age between 60 and 65. 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.

The remuneration of the Chief Executive, the Director of Reviews and the Director of Finance and the framework for the remuneration of other staff is agreed by the Remuneration Committee composed of all Commissioners. In setting the remuneration the Committee has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- the Commissioners’ policies for improving the Commission, including the requirement to meet its output targets for the delivery of Commission’s services the funds available to the Commission as set out by Parliament
- 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
- the wider economic considerations and the affordability of their recommendations.

Appointment to the Senior Management Team is on merit and follows open competition.

The salary and pension entitlements of the Directors of the LGBCE were as follows:

Name	2010-11 Salary £000	2010-11 Benefits in Kind £000
*Alan Cogbill	45-50	Nil
Archie Gall	60-65	Nil
**David Hewitt	25-30	Nil

* The Chief Executive is appointed to work 3 days a week and the Director of Finance is appointed to work 2 days a week.

** The Director of Finance is on a 3 year fixed contract which expires at the end of April 2013

Salary includes gross salary. No bonuses, overtime or other allowances were paid. This report is based on payments made by the LGBCE and thus recorded in these accounts.

Name	Accrued Pension at 60 and Related Lump Sum aged 60 (31 March 2011)	Real Increase in Pension & Related Lump Sum aged 60	Cash Equivalent Transfer Value at 31 March 2011	Cash Equivalent Transfer Value at 31 March 2010 ⁵	Real increase in Cash Equivalent Transfer Value	Employer Contribution to Partnership Pension
	£000	£000	£000	£000	£000	£000
Alan Cogbill	NA	NA	NA	NA	NA	6
Archie Gall	Pension 25-30 Lump sum 85-90	Nil Nil	652	608	no increase	-
*David Hewitt	NA	NA	NA	NA	NA	NA

*non-pensionable appointment in respect of the Principal Civil Service Pension Scheme.

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

Pensions

Employees of the LGBCE 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 LGBCE.

Benefits are paid from the Civil Superannuation Supply Estimate to which the LGBCE makes contributions to cover accruing pension entitlement for staff employed. Statements of Account for the Scheme are provided in the Cabinet Office Civil Superannuation Resource Accounts.

⁵ The actuarial factors used to calculate Cash Equivalent Transfer Values (CETVs) were changed in 2010-11. The CETVs at 31 March 2010 and 2011 have both been calculated using the new factors, for consistency. See paragraph 2.4 below for information on CETVs.

Employees of the Electoral Commission prior to 1 October 2002 who are now LGBCE employees, may be in one of three statutory based 'final salary' defined benefit schemes ("Classic", "Premium", and "Classic Plus"). 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). 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.

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated 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 in table 2.2 above, 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**.

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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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 increases in CETV are effectively funded by the employer. These do 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 use common market valuation factors for the start and end of the period.

Alan Cogbill
Chief Executive and Accounting Officer

22 June 2011

4.3 Statement of the Commission's and Accounting Officer's Responsibilities

Under the Local Democracy, Economic Development and Construction Act 2009, the LGBCE is required to prepare resource accounts for each financial year, detailing the resources acquired, held, or disposed of during the year and the use of resources during the year.

In accordance with Schedule 1(16) to the Act, the Speaker's Committee has designated the Chief Executive as Accounting Officer of the LGBCE. The Accounting Officer has responsibility for preparing the Commission's accounts and for transmitting them to the Comptroller and Auditor General.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the LGBCE 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 Accounts Directions issued by HM Treasury and the Government Financial Reporting Manual (FReM) prepared by HM Treasury, and in particular to:

- observe 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, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

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 safeguarding the Commission's assets, are set out in Managing Public Money published by HM Treasury.

4.4 Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I report to the Local Government Boundary Commission for England, which, under the Local Democracy, Economic Development and Construction Act 2009, was established on 1 April 2010 as an independent public body reporting to Parliament. I have responsibility for maintaining a sound system of internal control that supports the Commission's policies and the achievement of objectives.

The Purpose of the System of Internal Control

The internal control system, also described as the risk and control framework, is designed to identify risks and then to manage them to control and minimise the likelihood of their materialising and the consequent impact.

It is designed to manage risk to a reasonable level rather than to eliminate all risk. It can therefore provide only reasonable and not absolute assurance.

The Commission was successful in having a system of internal control mostly in place by the end of the first quarter, with improvements and strengthening of compliance continuing throughout the year.

Our system of internal control accords with Treasury guidance.

Capacity to Handle Risk

The Commission sets out to achieve high standards of governance and the early establishment of a strong risk and control framework was a priority for the senior leadership of the Commission.

The management team updates the risk register monthly. Scoring of risks is undertaken quarterly. All staff and Commissioners are familiar with the register and have offered comments and suggestions for improvement.

The Audit Committee, which includes an external member, supports the Accounting Officer in discharging his responsibilities by offering objective advice and ensuring that the most efficient, effective and economic risk, control and governance processes are in place, and that the associated assurance processes are optimal. The Audit Committee also acts on behalf of Commissioners to provide them with assurance on these issues.

The Audit Committee reviewed the risk register three times in the past year. The Committee provides challenge and support to the management team. The Committee has also received reports from internal audit during the year. The findings are described later, in the section on review of effectiveness.

The Commission receives an oral report of the quarterly Audit Committee meetings and, in addition, receives and reviews the risk register in its own right at least twice a year.

The risk methodology helped us to respond to changes in the risk environment. An example of where this methodology has proved useful was the uncertainty of future demand from local authorities for principal area boundary reviews (PABRs). The scoring of

this risk prompted us to step up our communications programme, including writing to all council leaders in England. In response to the programme, the Commission received around 90 responses from local authorities and also briefed the Leadership Board of the Local Government Association (LGA) on its proposals for conducting PABRs. The majority of the responses to this consultation indicated support for the Commission's new approach, giving us confidence that future reviews could be conducted effectively and in partnership with local authorities.

The Risk and Control Framework

The framework covers all the work undertaken by the Commission.

It comprises a corporate governance framework, purchasing and financial systems from our outsourced supplier, and a finance manual. These are backed up by policies, accessible on our website. We operate a risk register and associated processes to manage our risk exposure.

Information risk features prominently. The Commission and its predecessor bodies are experienced in managing information and in keeping records of the recommendations, decisions, representations and other records relating to reviews. No significant incidents relating to information risk occurred during the year.

Review of Effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of internal control. My review is informed by the work of the Audit Committee, by internal audit, by reports from the Director of Reviews and the Finance Director, and by comments from external audit in the management letter and other reports.

The Commission and the Audit Committee reviewed this Statement on Internal Control while in draft and I have taken their advice into account.

The following actions were taken to build and maintain the effectiveness of internal control:

- 1 On moving to our new location at the start of May 2010 we switched to our outsourced service provider's procurement system. This has robust controls over access to the system and requisitioning of goods and services. If invoices match approved, receipted orders payment is made automatically and efficiently. The 'matching first time' performance indicator for the first half of the year was 69%. Following more training, performance for the second six months increased to 79%.
- 2 We produced a finance manual which included guidance on the procurement system, the chart of accounts, and general information on the financial framework under which we operate. The Finance Director briefed staff on its purpose and content and every member of staff has a copy.
- 3 Internal audit reviewed our financial controls in December and concluded, after taking into account their recommendations, that the controls on which the Commission relies are suitably designed, consistently applied, and effective.
- 4 At the end of May 2010 we produced our first set of management accounts from the outsourced system. These showed that we were likely to have an underspend on

the full year budget, which had been formulated provisionally by the Boundary Committee of the Electoral Commission. The reasons were:

- We made some early efficiency savings by making changes to business processes
- In the first half of the year we were building towards our full complement of staff.

We reported the situation to the Speaker's Committee and the Treasury and reflected any longer term impact in our 5 year plan submitted to the Speaker's Committee in September.

- 5 The National Audit Office's value for money study in 2010-11 assessed how well positioned we were to deliver our 5 year plan. The report stated that we had achieved much through 2010-11 and made four recommendations for further improvement in the areas of customer engagement, peer review, unit costing, and detailed cost reduction plans for the full 5 year period. We welcome the recommendations and are putting them into action.
- 6 We have taken note of the Government's transparency initiative and have placed on our website details of all suppliers' payments greater than £500. This initiative does not apply directly to us, but our action is consistent with our aim of achieving high standards of governance. We also routinely publish on the website details of Commissioners' fees and expenses together with the Chief Executive's and Directors' expenses.
- 7 Internal audit has stated that the Commission can take substantial assurance that the controls we rely on to manage governance risk are suitably designed, consistently applied, and effective.
- 8 Internal audit reviewed our risk maturity in December and noted that significant progress had been made since 1 April in embedding risk management. A number of suggestions for improvement were made, which we have accepted and implemented.

I am able to report that in 2010-11 the Commission has no significant weakness in its internal controls.

Alan Cogbill
Chief Executive and Accounting Officer

22 June 2011

5. Financial Statements

5.1 The 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 Local Government Boundary Commission for England for the year ended 31 March 2011 under the Local Democracy, Economic Development and Construction Act 2009. These comprise the Statement of Parliamentary Supply, Statement of Comprehensive Net Expenditure and the Statement of Financial Position, the Statement of Cashflows, the Statement of 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 information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of the Commission, Accounting Officer and Auditor

As explained more fully in the Statement of the Commission's and 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 examine, 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 Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission; 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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 2011 and of its net cash requirement, net resource outturn and net operating cost, for the year then ended; and
- the financial statements have been properly prepared in accordance with 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 Local Democracy, Economic Development and Construction Act 2009; and
- the information given in the "Management Commentary" and "Financial Review and Governance" sections as identified in the contents page 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or the Statement on Internal Control 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
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP

Date

Statement of Parliamentary Supply

Summary of Resource Outturn 2010-11

Resource Outturn	2010-11 Estimate			2010-11 Outturn			Net total outturn compared with Estimate: saving/ (excess) £000	
	Gross Expenditure £000	A in A £000	Net Total £000	Gross Expenditure £000	A in A £000	Net Total £000		
Request for Resources 1	Note 2	2,845	-	2,845	2,460	-	2,460	385
Total resources		2,845	-	2,845	2,460	-	2,460	385
Non-operating cost A in A		-	-	-	-	-	-	-

Net Cash Requirement	Estimate £000	2010-11		
		Outturn £000	Net total outturn compared with Estimate: saving/ (excess) £000	
Net Cash Requirement	Note 3	2,983	2,248	735

Income payable to the Consolidated Fund In addition to the appropriations in aid, the following income relates to the Commission and is payable to the Consolidated Fund	Note	2010-11 Forecast		2010-11 Outturn	
		Income £000	Receipts £000	Income £000	Receipts £000
Total	4	-	-	86	-

The notes on pages 37-49 form part of these accounts

Explanations of Variance between Estimate and Outturn

The variance between Estimate and Outturn for resources and net cash requirement is explained in Para 1.5 of the Accountability Framework. The income recognised in these statements is in respect of legal costs now collectable and payable to the Consolidated Fund relating to a review conducted prior to the existence of LGBCE.

Statement of Comprehensive Net Expenditure for the Year ended 31 March 2011

					2010-11
	Note	Staff Costs £000	Other Costs £000	Income £000	
Programme Costs:					
Request for Resources 1					
Staff costs	5	1,063	-	-	
Programme costs	6	-	1,397	-	
Income		-	-	-	
Totals		1,063	1,397		-
Net Operating Cost for the year ended 31 March 2011	2				2,460

Other Comprehensive Expenditure

	2010-11 £000
Net gain/(loss) on revaluation of property, plant and equipment	-
Net gain/(loss) on revaluation of intangibles	-
Total comprehensive expenditure for the year ended 31 March 2011	2,460

The notes on pages 37-49 form part of these accounts

Statement of Financial Position as at 31st March 2011

	Note	31 March 2011	
		£000	£000
Non-current assets:			
Property, plant and equipment	7	-	
Intangible assets	8	-	
Trade receivables falling due after more than one year	11	-	
Total non-current assets			-
Current assets:			
Inventories		-	
Trade and other receivables	11	43	
Other current assets	11	168	
Cash and cash equivalents	12	24	
Financial Assets		-	
Total current assets			235
Total assets			235
Current liabilities			
Trade and other payables	14	(55)	
Other liabilities	14	(203)	
Total current liabilities			(258)
Non-current assets less net current liabilities			(23)
Non-current liabilities:			
	14		
Provisions		-	
Other payables		-	
Financial Liabilities		-	
Total non-current liabilities			-
Assets less liabilities			(23)
Taxpayers' equity:			
General fund			(23)
Revaluation reserve			-
Total taxpayers' equity			(23)

The notes on pages 37-49 form part of these accounts

Alan Cogbill
Accounting Officer

22 June 2011

Statement of Cash Flows for Year ended 31 March 2011

	Note	2010-11 £000	£000
Cash flows from operating activities			
Net operating cost	2	(2,460)	
Adjustments for non-cash transactions	3 & 6	195	
(Increase)/decrease in trade and other receivables	11	(211)	
(Increase)/decrease in inventories		-	
Increase/(decrease) in payables	10 & 14	228	
Use of provisions		-	
Net cash outflow from operating activities			(2,248)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	-	
Purchase of intangible assets	8	-	
Proceeds of disposal of property, plant and equipment		-	
Net cash outflow from investing activities			-
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year			2,272
Net cash flow from financing activities			2,272
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			24
Payments of amounts due to the Consolidated Fund			-
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			24
Cash and cash equivalents at the beginning of the period	12		-
Cash and cash equivalents at the end of the period	12		24

The notes on pages 37-49 form part of these accounts

Statement of Changes in Taxpayers Equity for the Year ended 31 March 2011

	Note	General Fund £000
Balance at 1 April 2010		-
General Fund Transfer from The Electoral Commission	1.12	174
Changes in taxpayers' equity for 2010-11		
Net Parliamentary funding - drawn down		2,272
Net Parliamentary funding - deemed		-
Supply (payable)/receivable adjustment	14	(24)
CFERS payable to the Consolidated Fund		-
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		-
Non-cash charges - auditors remuneration	6	15
Transfers between reserves		-
Net operating costs for the year	2	(2,460)
Balance at 31 March 2011		(23)

The notes on pages 37-49 form part of these accounts.

Notes to the Resource Accounts

1. Statement of Accounting Policies

1.1 Introduction

These financial statements have been prepared in accordance with the 2010-11 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 LGBCE 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 LGBCE 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, intangible assets and inventories.

1.3 Property, Plant and Equipment

Any Property, Plant and Equipment are carried at fair value. On initial recognition assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition. Property, Plant and Equipment are restated to current value each year by using indices published by the Office for National Statistics appropriate to each category of asset. Current year additions are not included in the revaluation. The minimum level for capitalisation of an individual tangible non current asset is £5,000.

All non property operational assets are deemed to be short life or low value assets and are therefore valued on the basis of depreciated replacement cost as an approximation of fair value. The LGBCE has no material property, plant and equipment and no recognised non current assets.

1.4 Intangible Assets

Purchased computer software licences and the associated costs of implementation are capitalised as intangible assets where expenditure of £5,000 or more is incurred. Except where reliable evidence of current value cannot be readily ascertained, these are restated to fair

value each year. Intangible assets are reviewed annually for impairment and are stated at an approximation of fair value. Purchased software licences are amortised over the shorter of the term of the licence and the useful economic life on a straight-line basis. The indexation value used is published by the Office for National Statistics for Software Licences and IT Hardware on an appropriate base year, and current year additions are not revalued.

The LGBCE has no recognised intangible assets.

1.5 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
Information technology	up to 3 years
Property, plant and equipment	up to 10 years
Software licences	over the life of the licence

1.6 Inventories and Work in Progress

The full costs of inventory purchases are charged in the year of purchase.

1.7 Operating Income

The LGBCE has no operating income and relies solely on Parliamentary Supply Funding.

1.8 Short Term Staff Benefits

The LGBCE 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 expenditure reflects 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. LGBCE 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 LGBCE recognises the contributions payable for the year.

1.11 Operating Leases

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

1.12 Value Added Tax

The activities of the LGBCE 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.

1.13 Set-up of the Local Government Boundary Commission for England

Responsibility for delivery of the functions, now carried out by LGBCE, prior to 1st April 2010, rested with the Electoral Commission who reported and accounted for this activity, which was funded within their Estimate.

At 1st April 2010 appropriate assets and liabilities totalling £174,249 were nominally transferred to LGBCE from the Electoral Commission at book value.

As the LGBCE did not exist prior to 1 April 2010 there is no prior year comparative information provided.

1.14 Operating Segments

The LGBCE 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 IFRS 8.

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

	2010-11						2010-11	
	Admin £000	Other Current £000	Grants £000	Gross Resource Expenditure £000	A in A £000	Net Total £000	Estimate	Net Total outturn compared with Estimate £000
Request for resources 1:								
Undertaking electoral reviews of local authorities in England and implementing any changes by Order; undertaking reviews of the administrative boundaries of local authorities in England and making recommendations to the Secretary of State for any changes; providing advice, at his request, to the Secretary of State on any proposals he receives from local authorities for a change to unitary status; undertaking reviews of the constituencies of the Greater London Assembly and implementing any changes by Order; altering the boundaries of district council or London borough wards and county council divisions as a consequence of the outcome of community governance reviews conducted by local authorities in England; and making Orders to implement proposals from local authorities wishing to move to elections by thirds or by halves.								
The Local Government Boundary Commission for England	-	2,460	-	2,460	-	2,460	2,845	385
Resource Outturn	-	2,460	-	2,460	-	2,460	2,845	385
						2010-11 Outturn		
						£000		
Net Resource Outturn (see note* below)						2,460		
Consolidated Fund extra receipts (CFERS)						-		
Net Operating Cost (see note* below):						2,460		

* Net resource outturn is the total of those elements of expenditure and income which are subject to parliamentary approval and included in the Commission's Supply Estimate. Net operating cost is the total of expenditure and income appearing in Statement of Comprehensive Net Expenditure. The outturn against the Estimate is shown in the Statement of Parliamentary Supply.

3. Reconciliation of Net Resource Outturn to Net Cash Requirement

2010-11	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/ (excess) £000
Resource Outturn	2	2,845	2,460	385
Capital:				
Acquisition of property, plant and machinery and intangible assets	7 & 8	200	-	200
Investments		-	-	-
Non-Operating A in A				
Loss on asset disposals		-	-	-
Accruals adjustments				
Non-cash items	6	(62)	(195)	133
Changes in working capital other than cash	10	-	(17)	17
Net Cash Requirement		2,983	2,248	735

4. Analysis of Income Payable to the Consolidated Fund

In addition to Appropriations in Aid the following income is payable to the Consolidated Fund (cash receipts being shown in italics):

	Note	2010-11 Forecast		2010-11 Outturn	
		Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Operating income and receipts - excess A in A		-	-	-	-
Other operating income and receipts not classified as A in A		-	-	-	-
Non-operating income and receipts - excess A in A					
Other non-operating income and receipts not classified as A in A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	14	-	-	86	-
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		-	-	86	-

5. Staff Numbers and Related Costs

Average number of persons employed

The average number of full-time equivalent, permanent persons employed during the year, including senior management was 22.7 persons.

Contractors and temporary staff expenditure was £41,825 in 2010-11 reflecting the use of temporary staff to fill business requirements on a short-term basis to fulfil the needs of specific projects during the year. This is equivalent to 1.3 full-time equivalent posts.

There were no costs for consultants acting in an advisory capacity in 2010-11.

Staff and related costs

2010-11				
	Total	Permanently Employed Staff	Others	Commissioners
	£000	£000	£000	£000
Wages and salaries		756	42	-
Fees		-	-	70
Social Security costs		64	-	5
Other pension costs		139	-	-
Sub total	1,076	959	42	75
Less recoveries in respect of outward secondments	(13)	(13)	-	-
Total net costs	1,063	946	42	75
No staff costs were capitalised during the year				

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the LGBCE 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 Actuary. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11, employers' contributions of £133,289 were payable to the PCSPS at one of four rates in the range 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 Scheme Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and include past experience of the scheme.

During 2010-11, employers' contributions of £6,256 were paid to one or more of a panel of four appointed stakeholder pension providers. 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 £nil 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 £500. Contributions pre-paid at that date were nil.

6. Programme Costs

	2010-11	
	£000	£000
Rentals under operating leases:		
Hire of plant and machinery	-	
Other operating leases	72	
		72
Non-cash items:		
Impairments	180	
Auditor's remuneration – external audit	15	
		195
Other expenditure		
SLA Charges for Services	554	
Printing and Mapping	194	
Initial Set-up costs	102	
Legal and Professional Fees	70	
Other Staff related costs	62	
Stakeholder Engagement	55	
Business miscellaneous costs	32	
Travel and Subsistence	30	
Internal Audit	21	
Statistical costs	8	
Bank Charges	2	
		1,130
		1,397

Programme expenditure reflects the total costs of service delivery, including all administrative costs excluding staff costs (note 5),

Note - the total of non-cash items included in the Reconciliation of Resources to Net Cash Requirement comprises:	
	2010-11
	£000
Total non-cash transactions as above	195
Adjustment for loss on disposal of property, plant and equipment	-
Non-cash items per reconciliation of resources to net cash requirement	195

7. Property, Plant and Equipment

	Plant and machinery	Furniture and fittings	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2010	-	-	-
Transfer from the Electoral Commission	54	33	87
Impairments	(54)	(33)	(87)
At 31 March 2011	-	-	-
Depreciation			
At 1 April 2010	-	-	-
Charged in year	-	-	-
At 31 March 2011	-	-	-
Net Book Value at 31 March 2011	-	-	-
Net Book Value at 31 March 2010	-	-	-

	Plant and machinery	Furniture and fittings	Total
	£000	£000	£000
Asset Financing:			
2011 Owned	-	-	-
Net Book Value at 31 March 2011	-	-	-
2010 Owned	-	-	-
Net Book Value at 31 March 2010	-	-	-

As the LGBCE does not own the assets, and they have no ongoing value and will not deliver any future benefits, the impairment of £86,899 has been charged in full to the Statement of Comprehensive Net Expenditure.

8. Intangible Assets

	Software Licences	Development Expenditure	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2010		-	-
Transfer from the Electoral Commission	15	78	93
Impairments	(15)	(78)	(93)
At 31 March 2011	-	-	-
Amortisation			
At 1 April 2010	-	-	-
Charged in year	-	-	-
At 31 March 2011	-	-	-
Net Book Value at 31 March 2011	-	-	-
Net Book Value at 31 March 2010	-	-	-

As the above assets do not satisfy the tests for recognition as intangible assets the impairment of £93,225 has been charged in full to the Statement of Comprehensive Net Expenditure.

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 LGBCE is therefore exposed to little credit, liquidity or market risk.

Liquidity risk

The LGBCE is not exposed to significant liquidity risk.

Interest rate risk

The LGBCE is not exposed to any interest rate risk.

Foreign currency risk

The LGBCE is not exposed to significant currency risk.

10. Changes in Working Capital

	Note	2010-11 £000
Increase/(Decrease) in trade and other receivables	11	211
(Increase)/Decrease in payables	14	(258)
Amounts issued from the Consolidated Fund for Supply but not spent at year end	12 & 14	24
Payables transferred from the Electoral Commission		6
Increase/(Decrease) in working capital		(17)

11. Other Current Receivables

	2010-11 £000
Amounts falling due within one year:	
Other receivables	43
Deposits and advances	86
Prepayments and accrued income	82
	211
Total receivables	211

	2010-11 £000
Intra-government Balances falling within one year	
Balances with other central government bodies	14
Balances with local authorities	93
Balances with NHS Trusts	-
Balances with public corporations and trading funds	76
Intra-government balances	183
Balances with bodies external to government	28
Total receivables at 31 March	211

There are no receivables falling due after one year.

12. Cash

	2010-11 £000
Balance at 1 April	-
Net change in cash	24
Balance at 31 March	24
The following balances at 31 March are held at:	
Government Banking Service	24
Cash in hand	-
Balance at 31 March	24
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	24
Balance at 31 March	24

13. Reconciliation of Net Cash Requirement to Increase/(decrease) in Cash

	Note	2010-11 £000
Net cash requirement	3	(2,248)
From the Consolidated Fund (Supply) - current year		2,272
From the Consolidated Fund (Supply) - prior year		-
Amounts due to the Consolidated Fund received and not paid over		-
Increase/(decrease) in cash		24

14. Trade Payables and other Current Liabilities

	2010-11 £000
Amounts falling due within one year	
Other Taxation, Social Security and Pension	45
Trade payables	55
Accruals and deferred income	24
Short-term staff benefits (Earned leave liability)	24
Amounts issued from the Consolidated Fund for supply but not spent at year end	24
Consolidated Fund extra receipts and other amounts due to be paid to the Consolidated Fund	
- received	-
- receivable	86
Total Payables	258

	2010-11 £000
Intra-government Balances falling within one year	
Balances with other central government bodies	87
Balances with local authorities	102
Balances with NHS Trusts	-
Balances with public corporations and trading funds	4
Intra-government balances	193
Balances with bodies external to government	65
Total Payables and other current liabilities	258

There are no payables falling due after one year.

15. Capital Commitments

There were no contracted capital commitments at 31 March 2011.

16. Commitments under Operating Leases

Total future minimum lease payments under operating leases are given in the table below.

Operating leases	2010-11 £000
Buildings	
Not later than one year	80
Later than one year and not later than five years	240
	320

17. Other Financial Commitments

The LGBCE has not entered into any PFI or other non-cancellable contracts.

18. Contingent Liabilities

There were no contingent liabilities at 31 March 2011.

19. Related Party Transactions

The LGBCE 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 LGBCE during the year. The LGBCE had transactions with other government departments, including the Department for Communities and Local Government, HMRC, Department for Work and Pensions, Treasury Solicitors Department; and with government bodies including Electoral Commission, Ordnance Survey and the Stationery Office. Elizabeth Butler is also the independent external Chair of the Electoral Commission Audit Committee.

20. Losses and Special Payments

The LGBCE did not incur any material loss or make any special payments during the reporting period.

21. 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.

The Accounting Officer authorised these financial statements for issue on 22 June 2011.



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