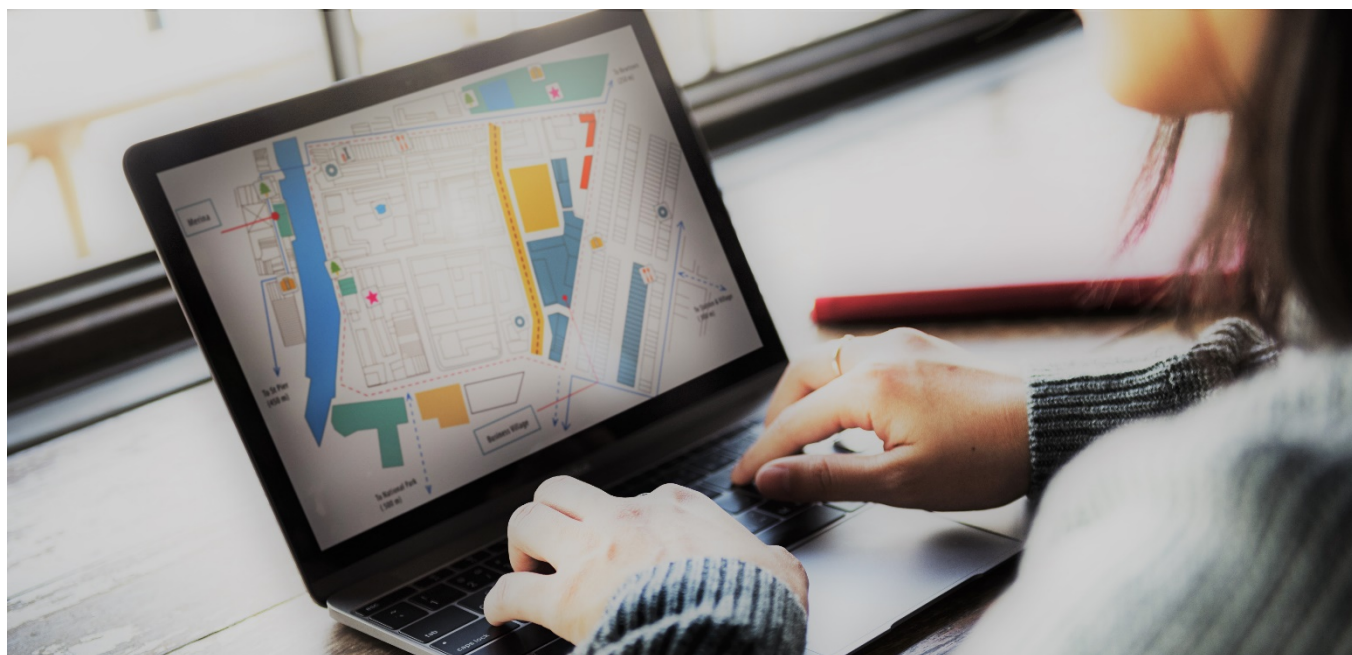


The
**Local Government
Boundary Commission**
for England



Annual Report & Accounts 2020-21

HC 330

The
Local Government
Boundary Commission
for England

Annual Report & Accounts 2020-21

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1. Performance Report

1.1 Overview

This part of our Annual Report describes our purpose and activities, our business model, and the environment in which we operate. It also outlines our structure, objectives, strategies, and the key issues and risks that we face.

1.1.1 Chair's Introduction

I am pleased to present the Local Government Boundary Commission's Annual Report & Accounts for 2020-21.

Like all organisations, the Commission's work has been impacted significantly by the unprecedented circumstances of the pandemic. This has affected how we have worked as an organisation. It has, of course, also affected the ability of local authorities and local communities to engage with electoral reviews whilst faced with a national health crisis and accompanying restrictions. Accordingly, it is proper that I start by thanking the staff team and fellow Commissioners for the speed with which they adapted to home working and virtual meetings. No less so, I would also like to thank local authority members and officers for the way in which they have continued to work with us, albeit sometimes at a reduced pace. I must also thank the parliamentary authorities for their support in enabling the electronic laying of Orders. By working sensitively and constructively with all of our key stakeholders, we have been able to progress our programme of reviews to the same rigorous standards as usual.

From the Commission's perspective, we were very quickly able to move to home working thanks to the IT investments

that we have made over the past couple of years. We believe that the move was made seamlessly and that our various stakeholders would not have experienced any differences in our dealings with them although, of course, all our meetings with them have been conducted remotely.

We recognised the need to be responsive, and where appropriate offer flexibility, to local authorities that were under pressure to maintain critical local services whilst they were themselves responding to the pandemic. Above all, we have been keen to balance our duties to Parliament by continuing a programme of electoral reviews whilst not distracting local authorities from their own responsibilities. We paused many reviews; all are now continuing, although some with adjusted timescales that reflect the needs of particular authorities.

Our total (resource and capital) budget for the year was £2,280k. We underspent by £102k (resource and capital). Our review programme was carried out by 21.2 FTE staff members and six Commissioners.

At any time, we have approximately 50 reviews in progress, each taking around 15 months to complete. During this year,

we started 29 reviews and have completed 19 reviews. These improved electoral equality in areas covering three million local authority electors across unitary, district, metropolitan and county authorities. Whilst the flexibility we have offered local authorities has led to some unevenness in our review programme, we expect this to work through the system by 2023-24.

Our commitment is to 'deliver reviews informed by local needs, views, and circumstances'. As we often say in our preliminary meetings with council leaders, we want to do reviews 'with' and not 'to' the local council and residents.

We find that the best reviews are those where the local authority itself uses the opportunity to reflect on future governance needs, including the most appropriate number of councillors. This will be informed by how the authority perceives the role of elected members in terms of providing strategic leadership, ensuring accountability, and securing effective community leadership. To assist in this task, during the year we refined the framework we use to stimulate thinking and help councils structure their discussions about this aspect of the review process.

In all our reviews, we are keen to hear from those with direct local knowledge. This ensures that reviews are well-informed, evidenced, and robust, and we encourage views from residents and local organisations as well as from councils themselves. We make extensive use of social media and other channels to reach local people. During the year, we received 5,858

submissions where people and organisations gave us their views. It is pleasing that, despite the pandemic and the restrictions imposed, the level of submissions received during the year was broadly consistent with previous levels.

All submissions, irrespective of their source, receive equal consideration. We use them to inform our draft recommendations and then to refine them. All our final recommendations included some changes made in response to consultation on our draft recommendations.

Informed by the last 12 months, organisations are now starting to plan how they will operate once social restrictions are relaxed and removed. This is certainly true of the Commission. In the short term, a priority has been to assure ourselves, and our various stakeholders, that local consultation was not compromised by the restrictions in force.

Through the efforts that we have put into our website, our consultation site, and other means of facilitating local engagement, we believe that consultation has not been compromised, and we will continue to construct new ways of engaging with local people. Indeed, some approaches implemented out of necessity during these 12 months are likely to be of lasting value. We very much hope that next year we will be reporting on the further enhancement of public consultation within a landscape where many new networks are being put in place.

As an independent body accountable to Parliament through the Speaker's Committee, we are grateful to the Speaker of the House of Commons, the Rt Hon Sir Lindsay Hoyle MP, and to all members of the Committee for their advice and guidance. We are especially indebted to Chris Matheson MP who represents the Committee in the Commons, and to Lord Harris of

Haringey and Earl Cathcart who perform a similar role in the Lords.

This has been a year of unexpected events. We intend to learn from all the challenges in order that the Commission will continue to deliver, perhaps sometimes in new ways, fair electoral and boundary reviews for local councils and local electors across England.

Professor Colin Mellors

Chair, Local Government Boundary Commission for England

1.1.2 Purpose, Activities and Risks

Our purpose

Who we are

We are an independent body accountable to Parliament

What we do

We recommend fair electoral and boundary arrangements for local authorities in England

We aim to

- Make sure that, within an authority, each councillor represents a similar number of electors
- Create boundaries that are appropriate, and reflect community ties and identities
- Deliver reviews informed by local needs, views and circumstances

We want to be regarded as

- Impartial giving equal consideration to all views
- Objective making recommendations based on evidence
- Responsive listening to local opinion
- Transparent following clear and open processes
- Professional being reliable, efficient and helpful

How we work together and with others

We believe an inclusive culture enriches all we do

- We value diversity and the benefits different perspectives and experiences bring to all our work
- We are committed to being inclusive in the way we work together and the way we engage with those contributing to our reviews

Our activities

We undertake the following forms of electoral review:

(i) Intervention electoral reviews – are carried out in authorities with poor levels of electoral imbalance.¹

(ii) Periodic electoral reviews (PERs) – are undertaken every three to four electoral cycles (12 to 16 years) to fulfil our statutory duty of reviewing all local authorities ‘from time to time’.

(iii) Requested electoral reviews – we respond to requests from authorities who wish to change the number of councillors or their electoral cycle.

(iv) Mergers and new authorities – we want to assist councils that wish to merge or reorganise where this has been agreed by Government.

(v) Related alterations and consent cases – we make changes to parish or ward boundaries following Community Governance reviews if requested.

(vi) Principal Area Boundary Reviews – are undertaken at the request of adjoining authorities typically to regularise anomalies in boundaries.

Risk and our risk appetite

It is essential to understand the extent of our influence and how the external environment impacts on our work.






We are all responsible for having regular risk conversations that:

- are open, straightforward and purposeful;
- approach risk management to achieve set outcomes;
- ensure risks are considered across all work and levels;
- provide results that enable effective evidence-based decision-making.

¹ We consider a poor level of equality to be when any ward or division in an authority has a variance greater than (+/-) 30% from the average for that authority or 30% of wards or divisions have a variance greater than (+/-) 10% (i.e. where councillors represent considerably different numbers of electors compared with other councillors within their local authority).

Our risk appetite shows where we are willing to engage with higher levels of risk for a greater benefit, for proportionality or to achieve our strategic objectives.

Risk Appetite Scale			
AVOID (little to none) Avoidance of risk and uncertainty is a key objective.	CONTROL (low) Prefer safe options with low risk and potentially limited reward.	ENGAGE (medium) Choose option most likely to result in successful delivery with acceptable levels of reward and VFM.	SEEK (high) Innovative, investing in best possible returns accepting the consequent possibility of failure.

Risk Area	Risk Appetite Scale															
	Avoid				Control				Engage				Seek			
 Reputational Damage					←→											
	The resource effort we expend to ensure that our operational practices and guidance instil clarity and confidence in what is inevitably a complicated process requiring careful analysis and judgement.															
 Quality/ Business Objectives					←→				←→							
	We maintain some capacity in the review programme to accommodate additional requests for Electoral Reviews. We control staffing risks, for example we avoid a position where we are left with only one Review Manager.															
 Legal/ Regulatory					←→				←→							
	We do not hold significant amounts of sensitive information; our existing information security systems are proportionate to the information we do hold. We maintain very detailed policies and procedures and we have access to robust legal representation. Our Emergency Delegation Framework mitigates the risk of the Commission being unable to make decisions if Commissioner numbers fall below required quorate number.															
 Finance					←→											
	We take a proportionate view whilst ensuring all requirements are met as effectively as possible.															
 Health & Safety	←→															
	We avoid all activities which put the physical or mental health of our staff at risk. Similarly, we avoid all activities that would result in serious damage to property and equipment.															

Our three highest risks

Overarching Risk	Service Quality/ Business Objectives		
Specific Risk	Inadequate engagement from local authorities		
Risk Appetite	Control		
COVID-19 Impact	High		
Risk Scores	Current Score	Inherent Score	Target Score
Likelihood	Very Likely	Likely	Possible
Impact	Major	Major	Major
Rating	12	9	6
Trend	↑		
Risk Summary	The pressures faced by local authorities in dealing with COVID-19 has resulted in them having to refocus their resources to tackle the crisis. This has had a consequential impact on their ability to engage with the electoral process.		
Risk Impacts	<ul style="list-style-type: none"> Local authorities (LAs) request delays to their electoral reviews placing pressure on the Commission to deliver its review programme. Further consultations required therefore extending the time it takes to carry out a review. Limited capacity for local authorities to work with Commission counterparts. 		
Notable Assurances	<ul style="list-style-type: none"> Soft intelligence: officers avert potential issues through early engagement and received intelligence before those issues become serious. Chair and Chief Executive (CEO) meetings with LAs at the beginning of the review process. Tailored intervention (CEO, Lead Commissioner, Chair and Review Officers will intervene at an early stage if a potential breakdown looks likely). Leadership Team reviews risk impact to the review programme and workload capacity through the Operational Report. 		

Overarching Risk	Service Quality/ Business Objectives		
Specific Risk	Failure to have a resilient workforce		
Risk Appetite	Control		
COVID-19 Impact	Medium		
Risk Scores	Current Score	Inherent Score	Target Score
Likelihood	Likely	Possible	Unlikely
Impact	Major	Major	Minor
Rating	9	6	2
Trend	↑		
Risk Summary	Because of our organisational size, a small amount of staff turnover could jeopardise the Commission's ability to deliver its review programme. The additional threat of COVID-19 has also increased the possibility of staff being unable to carry out their duties effectively.		
Risk Impacts	<ul style="list-style-type: none"> • Review Programme slips. • Staff absences/ reduced productivity. • High stress/ low morale. 		
Notable Assurances	<ul style="list-style-type: none"> • Human Resource Policies. • Training Programme. • Flexible and remote working. • Active sickness management. 		

Overarching Risk	Health and Safety		
Specific Risk	5A Fatality, injury, or serious damage		
Risk Appetite	Avoid		
COVID-19 Impact	High		
Risk Scores	Current Score	Inherent Score	Target Score
Likelihood	Possible	Very Likely	Unlikely
Impact	Catastrophic	Catastrophic	Catastrophic
Rating	8	16	4
Trend	↑		
Risk Summary	The Commission has thorough policies to mitigate the hazards of Health & Safety in the workplace. However, COVID-19 has forced the Commission to change how it functions as a business to mitigate the impacts of the virus when working in the office or at home.		
Risk Impacts	<ul style="list-style-type: none"> • Fatality/ serious injury. • Unsafe office and home working conditions. • sickness/ poor mental health and wellbeing. 		
Notable Assurances	<ul style="list-style-type: none"> • Health & Safety Policies. • Workstation Assessments. • Office Reoccupation/ Home Working Programme. 		

1.1.3 Commissioners and Independent Member

The Commission Board is made up of six Commissioners. We also have an Independent member. Roles and functions are described in the Accountability Report (Section 2).



Chair Professor Colin Mellors OBE

Appointed as Chair November 2015. Reappointed as Chair November 2020. Current term expires December 2025.

Colin has extensive leadership experience in higher education. He has also devoted significant time to roles in the public sector. These roles have focused on local government, and business development and capacity building with community and private sector partners.

He is Emeritus Professor of Politics at the University of York, where he was previously Pro-Vice-Chancellor, having earlier had a similar role at the University of Bradford and previously holding academic positions at the universities of Southampton and Sheffield. He is also a Visiting Professor at the University of Huddersfield.

Colin is Chair of the Yorkshire Regional Flood and Coastal Committee and was a founding board member of the York, North Yorkshire & East Riding Local Enterprise Partnership.



Deputy Chair
Andrew Scallan CBE

Appointed as Commissioner November 2017. Appointed to the Audit & Risk Committee May 2019. Appointed as Deputy Chair June 2019. Current term expires November 2021.

Andrew has a distinguished record in electoral administration. He was Director of Electoral Administration at the Electoral Commission for 10 years and was deputy Chief Counting Officer at the referendum on EU membership. He has also held senior positions in local government. He is an honorary member of the Association of Electoral Administrators.



Susan Johnson OBE
Commissioner

Appointed February 2018. Appointed Audit & Risk Committee Chair May 2019. Current term expires February 2022.

Susan broke new ground as the first woman and non-uniformed chief executive of a UK fire and rescue service. She led the Northern Business Forum and has held several non-executive roles including with Greggs and Network Rail.

Susan is a Commissioner with the Equality and Human Rights Commission, a non-executive director of the Health and Safety Executive, and a board member of the Sports Grounds Safety Authority.



**Peter Maddison QPM
Commissioner**

Appointed January 2016. Reappointed November 2019. Current term expires November 2023.

Peter's 34-year career in policing culminated in his appointment as Chief Constable of Northamptonshire Constabulary. In this role he also led nationally on Performance Management for Policing and was one of the leaders on developing and implementing the Police Safety & Security Strategy for London 2012.

Peter is Chair of the Armed Forces' Pay Review Body and a member of the Senior Salaries Review Body.



**Amanda Nobbs OBE
Commissioner**

Appointed June 2018. Current term expires June 2022.

Amanda's career has specialised in environmental issues and sustainable development, with a strong focus on community engagement and major project oversight. She has also worked extensively with parliamentarians and local councillors. She was Chair of the Thames Regional Flood and Coastal Committee, and Chief Executive of the Council for National Parks.

Amanda is Chair of the Marine Conservation Society, on the RSA Pop Up Board advising start-ups and small businesses, Chair of Guildford Residents Associations, and mentors as a St George's Leadership Fellow.



Steve Robinson
Commissioner

Appointed November 2017. Appointed to the Audit & Risk Committee February 2020. Current term expires November 2021.

A 20-year career in local government and housing associations saw Steve act as Chief Executive for both Stoke-on-Trent City Council and the newly formed unitary Cheshire West & Chester Council. He was appointed to oversee the improvement of Birmingham City Council as part of the Birmingham Independent Improvement Panel.



Lizzie Peters
Independent Member, Audit & Risk Committee

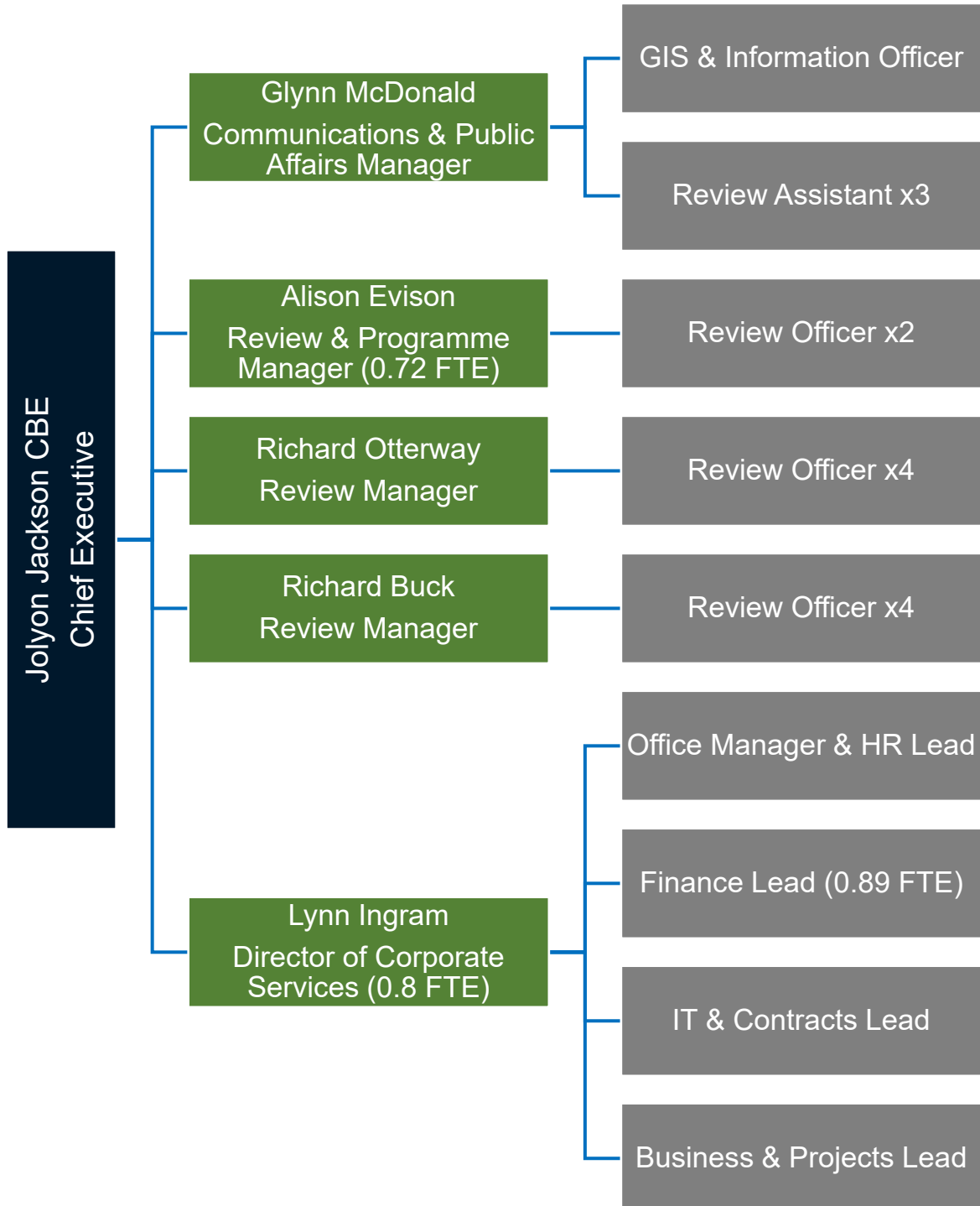
Appointed September 2016. Current term expires September 2022.

Lizzie is a qualified public finance accountant with over 20 years' experience as an external auditor across the public sector. She has previously worked for the Audit Commission and for Ernst & Young.

Lizzie is currently Vice Chair of the National Police Chiefs' Council Audit and Assurance Board, a non-executive board member for two NHS hospital trusts, and an independent director for a national audit procurement company.

1.1.4 Organisational Structure (at 31 March 2021)

Our organisational structure to support commissioners in their work is set out below.



1.1.5 Performance Summary

The year in outline

As with others, our year has been largely shaped by the challenges of COVID-19. Looking inwards, we were fortunate in that we had already been introducing the benefits of agile working and this, together with our investments in IT as part of business continuity planning, meant that we were quickly able to move fully to home-based working and remote meetings to continue our work.

At the same time, we were sensitive to the many competing demands on local authorities, and local communities, and their other priorities during such a difficult time. At the beginning of the financial year, we had sufficient work in hand that we were able to avoid putting additional demands on local authorities and pause their reviews without interrupting our overall work. From that point, we were keen to talk with individual local authorities to assess their particular situation and what would help them to progress reviews without placing unrealistic demands on them and distracting them from their crucial roles in responding to COVID-19. At the core of our approach has been the desire to balance our duty to progress reviews and the need to be sensitive to the capacities of local authorities and citizens to engage fully with their reviews in such difficult circumstances. We hope that we got the balance right.

Overall, our review programme has remained busy and we continue our objective of delivering fair electoral and boundary arrangements for local authorities, and local electors, across England. The reviews of the London boroughs, which have formed a major part of our programme during the last two years, have now nearly finished. In line with our statutory duty to review all local authorities from 'time to time', we have now moved to the metropolitan districts, and have started those across Greater Manchester.

Alongside these periodic reviews, we continue to address significant levels of electoral inequality and will continue to be especially receptive to requests for reviews, either to help councils introduce desired governance changes or to facilitate the creation of new authorities. We are starting a review of the new authority in

Buckinghamshire and we are aware of possible proposals for new authorities in Somerset, Cumbria and North Yorkshire.

Although they are separate organisations, with different statutory frameworks, we find it helpful to share experience with our counterparts in Scotland, Wales and Northern Ireland, as well as with the parliamentary Boundary Commissions. This is done both informally by liaison between officers and through an annual one-day workshop. This year we focused mainly on the impact of COVID-19 on consultation, and the approach to the parliamentary boundary reviews.

What we delivered in 2020-21:

- **responsiveness** towards local authorities whilst they managed the impact of COVID-19;
- **completed reviews** that were delivered in time for implementation by the agreed date;
- started more new **reviews** than in any of the previous four years;
- **business improvement** including the provision of guidance in new forms that are more user-friendly; a project to improve the broader experience of those engaging with us, and delivery of key internal People projects;
- **strong staff satisfaction** ratings (see 2.2.2).

Working with local authorities and local communities

Our approach throughout the year has been to respond flexibly and sensitively to the needs of individual local authorities whilst they are/were under considerable pressure. We have also worked hard to ensure that effective consultation has not been compromised by prevailing social restrictions, and we have been impressed by how local communities themselves have been so imaginative and innovative in finding ways of working through social networks. With the help of all involved, we believe that we have been able to continue to produce high-quality and rigorous reviews informed by local knowledge.

Managing our activities during COVID-19

Inevitably, every electoral review involves peaks of activity, and managing the programme so that quality and rigour is maintained is always a prime consideration. Changing review timetables this year has caused challenges and we

have adjusted our work programme several times in response to pressures on individual local authorities. To deliver this flexibility, while maintaining quality, we have deployed extra resources – funded from efficiencies elsewhere – to maintain the capacity of officers to focus on an individual review at key points in the process.

Whilst we remain intent on delivering all reviews in time for their required date of implementation, it is inevitable that there will be some bunching of the programme, and it is likely to be two years before the programme again enjoys a more steady flow of review work.

We are pleased that the impact of our three-year People Strategy (2020-23) is becoming evident in our organisational culture and behaviours, our staff motivation and engagement, and the results of our staff survey. During 2020-21 nearly 80% of our staff were involved in a working group, a business plan project or in being an ambassador or champion for a strand of work.

Business Plan achievements in 2020-21

We are particularly pleased with the progress we have made against our Business Plan targets during the year. Substantial improvements have been made to our three key areas (1) Our Work, (2) Our People and (3) Our Processes.

Our Work

- 1. Customer Journey – Phase 1** – This project assessed how accessible we are to our customers. We investigated user experiences, examined options for improvements and identified actions we could undertake and commission to improve the quality of our reviews through better engagement with stakeholders.
- 2. Technical Guidance** – This project has developed new interactive guidance resources for residents and community groups, councillors and parish councils. The objective is to ensure that all of the resources used during a review contribute to overall cohesiveness, flow, accessibility and transparency. A phased plan has been developed (to March 2022) that will be taken forward as part of the Customer Journey – Phase 2 project.
- 3. Website – User Experience Testing** – This project has given us better insight into people's experience and expectations when using our website and consultation portal. We are using the to identify for enhancement in both the short and medium term and they will inform our requirements when we review our website in a few years.

Our People

1. *Internal Communications Strategy* – This project has surveyed staff perceptions about our internal communications. An action plan was developed across all areas of our business.
2. *Develop a Health and Wellbeing Framework* – This project has drawn on research and good practice from other organisations and resulted in: designation of a Mental Health Champion, a Health and Wellbeing Framework, and a digital Health and Wellbeing area of our intranet.
3. *A Workforce and Recruitment plan* – This project has embedded our behaviours throughout our HR Lifecycle. The project also looked at our recruitment processes to ensure our cultural aspirations are explicit from the outset.

Our Processes

1. *Business as Usual* – This project looked at all our policies and amended those necessary in the light of COVID-19 and working from home, provided working from home guidance and resources, created back to office guidance and resources, mapped all our internal processes (training, development, performance, recruitment etc) to new ways of working and looked at motivation and morale in the workforce.
2. *Review Desk Instructions* – This project is reviewing our desk instructions, revising where necessary and ensuring that our internal processes related to an electoral review are complete and up to date.
3. *GIS Refresh* – This project has looked at our mapping software and its advantages and limitations. We have worked with and consulted a range of stakeholders to consider a “best” solution for both our technical and our digital flexibility requirements.
4. *Commissioner IT* – This project looked at specific Commission IT issues and requirements and aimed to establish tailored solutions for individual Commissioners.
5. *Replacement Review Programme Software (part complete)* – This project is fundamental to improving not only the planning of reviews but calendars, workloads, our range of meetings and modelling for years ahead.

Looking forward

For the last two years, external factors – first unscheduled elections and then COVID-19 – have disrupted the evenness of our throughput of electoral reviews. We are maintaining the planned number of review starts and all will be completed in time for their appropriate election. However, some are taking longer than planned so that quality is not compromised, and it is likely that the throughput of reviews will remain uneven until 2023-24.

Alongside our core work, which we are now planning on a three- to five-year rolling basis, we intend to focus on some other key ambitions. Prime amongst these is a desire to make it as easy as possible for people to engage with us. Contributing to this will be initiatives to make our detailed technical guidance more useful, and enhancements to our website in response to feedback to make it easier to comment on reviews. We are committed to bringing greater accessibility to all aspects of our review process.

Colin Mellors

Chair

Jolyon Jackson

Chief Executive

In 2020-21



24 Review Meetings with Local Authority Leaderships

Our Chair and Chief Executive meet with chief executives and council leaders prior to the start of every review to explain our process and agree the review timetable. This year all such meetings took place in virtual format.



Started 29 Reviews

Twenty-four of these reviews were Periodic Electoral Reviews (PERs). The other five were either requested by the local authority or to address electoral inequality. Some reviews are programmed for more than one purpose.



Held 29 Meetings with Community Groups

We held virtual meetings with community groups, including parish and town councils, at the beginning of each review. These were intended to explain the review process and outline how residents could influence our recommendations. We held at least one session in each review area and, occasionally, more following requests for additional sessions. Attendances ranged from a handful of people to more than 100 residents.



Launched 50 Consultations

Engaging with residents and organisations, as well as local authorities, is an essential part of our process. All reviews include at least two phases of consultation, each taking around 10 to 12 weeks. Sometimes, there may be further consultation taking between four to six weeks.



Undertook Further Consultation for 9 Reviews

Some reviews are more complex than others and can generate conflicting evidence. On occasions, we undertake a limited period of further consultation if we feel that this will produce better final recommendations.



Received 5,858 Local Submissions

These are crucial to ensuring that our recommendations are fully informed by local knowledge and opinion. We encourage local people to comment on proposed boundaries and to put forward their own ideas.



Toured 17 Local Authority Areas

Commissioners and review staff visit local authorities under review to gain a fuller understanding of the area. This year, due to the restrictions around COVID-19, we used online tools alongside other mapping software to conduct a structured virtual tour to consider the proposals in detail. Undertaking virtual tours allowed us to 'visit' the area more than once as we refined our proposals.



Made 22 Orders

We laid 17 Orders incorporating our final recommendations for the local authorities that have been reviewed. These were laid in both Houses of Parliament for 40 sitting days under the 'negative resolution procedure'. We were grateful to the Parliamentary authorities for allowing Orders to be laid electronically this year, a practice that we hope will continue. We also made five Orders to implement changes to ward boundaries following Community Governance reviews.

All of these Orders were subsequently made law.



New Boundaries for 3m Local Electors

Approximately three million local electors across all types of local authorities will have improved electoral arrangements because of the reviews completed during the year.



52 Reviews in Progress During the Year

Careful management of peaks and troughs of review activity allowed us to work on 52 individual reviews during the year, despite, the considerable timetabling changes.



Cost of Average District or Borough Review: £70k

We monitor review costs (staffing and other expenditure) carefully throughout each review. Unit costs obviously differ – reviewing a large county council involves more work and costs significantly more than a compact district council – but this information helps us to understand cost drivers and any potential for further efficiencies.



Spent £2.178m

We are conscious that we spend public money and aim to be prudent, to pursue efficiencies and to achieve good value for money whilst not compromising the quality or output of reviews. This year we underspent by £102k (£75k resource (DEL and AME) and £27k capital) largely as a result of interruptions to our programme, savings due to less travel and more extensive use of digital materials.

1.2 Performance Analysis

1.2.1 Performance Review

This part of our Annual Report provides a detailed performance summary of how we measure our performance.

State of electoral balance in England

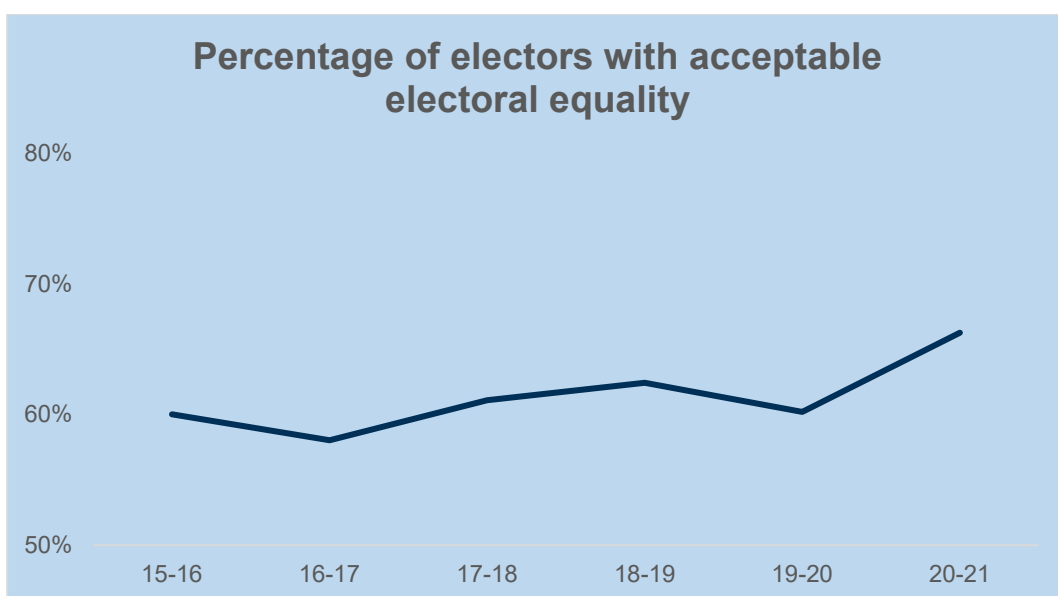
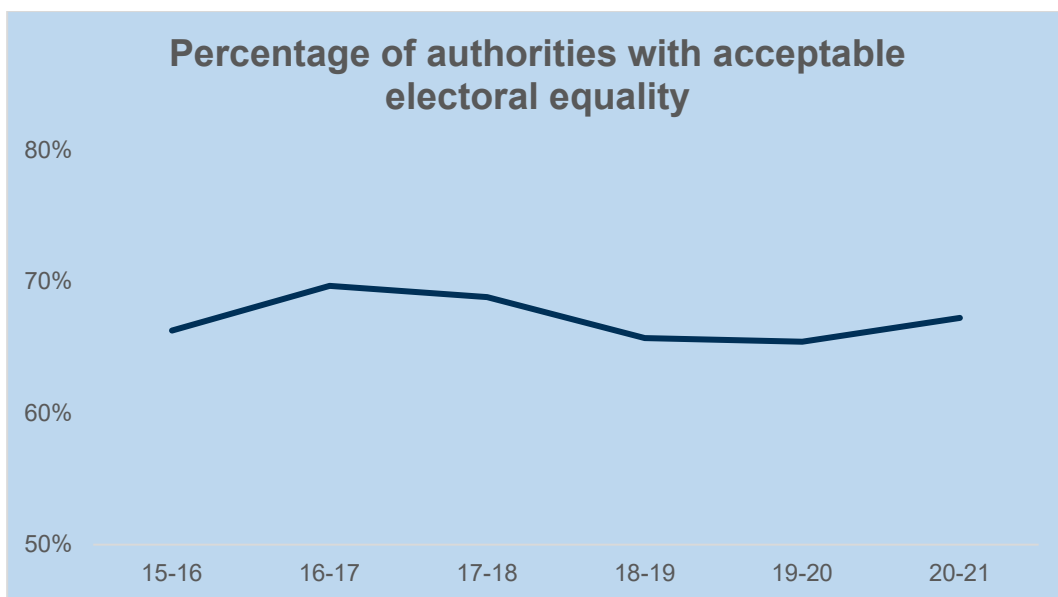
An important consideration for the Commission is the level of electoral balance that exists in English local government. Currently, the Commission considers that where more than 30 per cent of wards or divisions within a local authority have variances of +/- 10 per cent of the norm for that authority, or a single ward or division has a variance of greater than +/- 30 per cent, then this represents a poor level of electoral equality.²

A variety of factors that affect electoral equality – e.g. population growth, migration, development, level of individual elector registration, and student populations – are of course outside of the Commission's control. However, seeking to achieve acceptable levels of electoral equality, alongside reviewing all local authorities on a continuing basis to identify appropriate electoral boundaries forms the statutory basis of our work. Levels of electoral equality also inform the shape of our work programme – the blend of (i) periodic, (ii) intervention and (iii) requested reviews – given that some authorities experience more rapid changes in the number and distribution of electors and, therefore, necessitate more frequent reviews. We assemble data on levels of electoral equality annually and construct a work programme that will deliver the most appropriate and productive balance of review types.

The graphs below indicate the most recent levels of electoral equality amongst English local authorities. One shows the proportion of local authorities with acceptable³ electoral equality and the other depicts the proportion of local electors with acceptable electoral equality. The first graph is affected by the number of local authorities that have been reviewed and the second by the size of those authorities in terms of their electorates. Data for both are gathered when electorate forecasts are published and, therefore, the graphs only change annually.

² We use these metrics as the basis of our Intervention criteria.

³ Acceptable is defined as avoiding the levels of inequality (see above) that trigger our intervention criteria.



The Commission has a statutory duty to review all local authorities ‘from time to time’ through Periodic Electoral Reviews (PERs) and, since there are many authorities that have not been reviewed since the last comprehensive series of reviews was completed in 2003, such authorities will represent a growing proportion of our annual programme. We are also committed to meeting requests from council seeking to update their governance arrangements. Consequently, there may be less scope for intervention reviews to address electoral inequalities over the next few years although the Commission will monitor closely the overall levels of electoral equality in order that they do not become unacceptable.

Key Performance Indicators (KPIs)

The 2020-21 KPI outcomes are shown below. Each is accompanied by an explanation together with an overall commentary.

Introduction

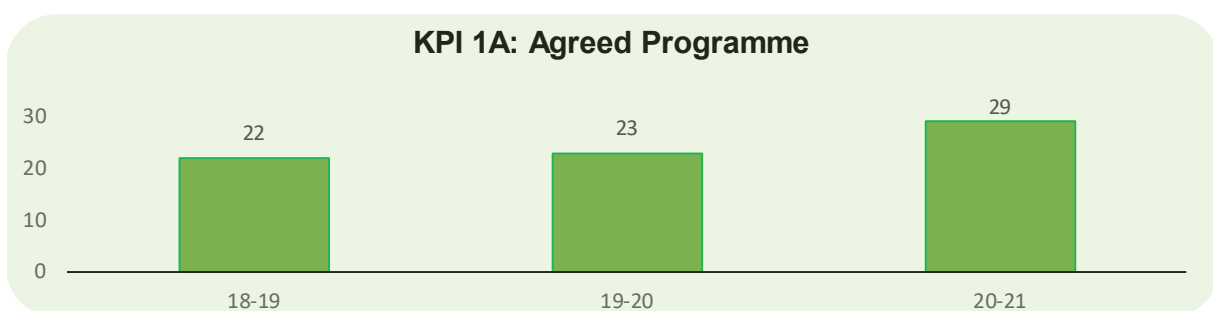
This is the first year that our new more focused KPIs (alongside more detailed management information) have been used to assess our performance.

KPI 1 Electoral reviews

These measures indicate the delivery of electoral reviews as agreed in our Corporate Plan. We intentionally set ambitious targets and the challenge continues to be achieving all these targets both within our own available resources and those of the local authorities that we review. We are highly dependent on their active engagement and therefore, we work hard to develop constructive partnerships with local authorities, and local communities, during our reviews.

KPI 1A Agreed programme

Each year, we agree with the Speaker's Committee to commence a specified number of reviews reflecting our aim 'to recommend fair electoral and boundary arrangements for local authorities in England'. Reviews generally take approximately 15 months from start to finish and, therefore, can straddle up to three financial years. The graph below indicates the number of reviews started during the last three years.

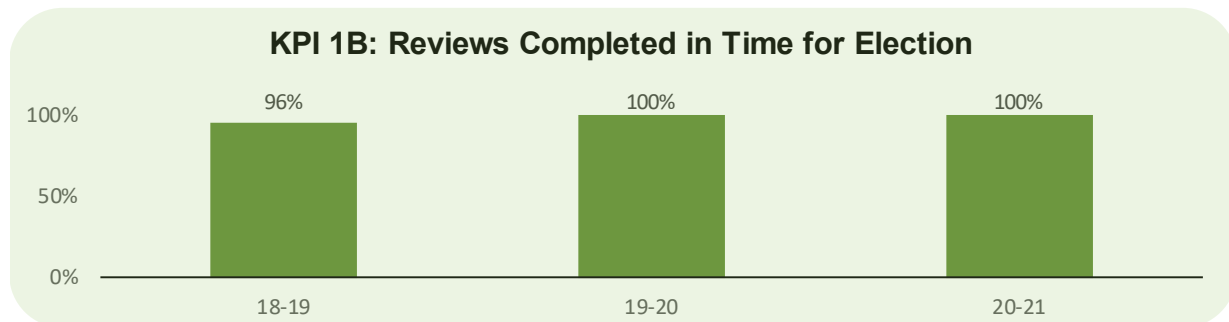


Comment

The Commission has now almost completed its programme of PERs of London boroughs and started our programme of PERs of metropolitan districts.

KPI 1B Reviews completed in time for election

This shows the percentage of Orders made in 2020-21 that were completed in time for the election agreed at the start of the review process.



Comment

We have counted as achieved those reviews that were capable of being implemented at the May 2020 elections although these elections were subsequently postponed by Parliament to May 2021 due to COVID-19.

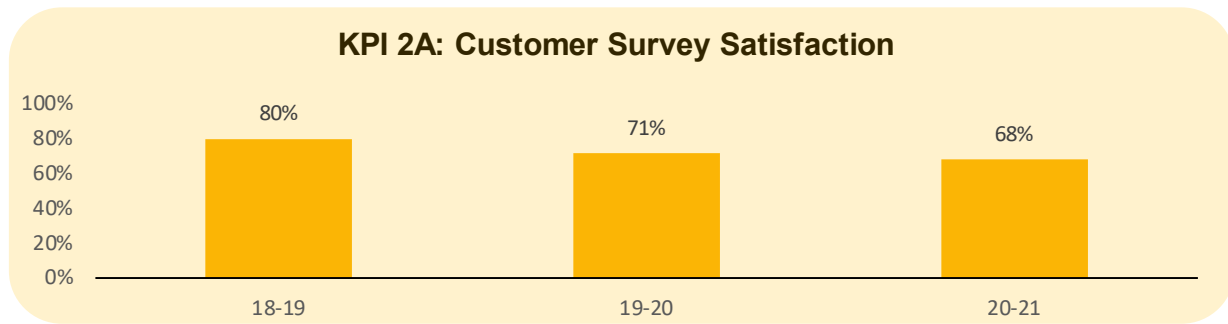
KPI 2 Stakeholder satisfaction

The Commission is committed to working closely with key stakeholders and to finding the most effective means of encouraging and facilitating their participation. We have built a customer-focused consultation portal and use targeted social media to promote engagement. This second KPI is intended to help us understand the effectiveness of our approach.

KPI 2A Stakeholder satisfaction

Satisfaction levels are established through a survey tool attached to outgoing emails and to acknowledgements of submissions on reviews and brought to the attention of those submitting by post and encouraged in workshops with local authority staff and councillors. The results denote the number of 'positive' answers as a percentage of all responses.

In addition to this quantitative measure, the Commission regularly considers, learns from and acts on the qualitative comments that are made as part of our satisfaction surveys.



Comment

In 2020-21 our satisfaction rate was slightly lower than 2019-20. Overall, the number of survey responses received was a considerable reduction on previous levels possibly due to less face-to-face interaction in local authority workshops.

During this year we have refined our feedback mechanisms as part of a wider project in 2020-21 intended to make it easier for stakeholders to engage with us. A new survey will be launched during 2021-22 which, we hope, will generate increased numbers of survey responses and more opportunities to improve our review quality through customer suggestions.

Management information

This section contains other indications and information which, whilst not being formal KPIs, provide important background to our review work.

Our 2020-21 review programme

Reviews completed in 2020-21⁴

Bracknell Forest	Medway	Richmond upon Thames
Bromley	Merton	St Albans
Central Bedfordshire	Mid Devon	Sutton
East Staffordshire	Newham	Waltham Forest
Hammersmith & Fulham	New Forest	Wandsworth
Kingston upon Thames	North Kesteven	
Lewisham	Reading	

Reviews started before 31-03-20 and continuing during 2020-21

Bedford	Havering	Suffolk
Greenwich	Norfolk	

Reviews started in 2020-21⁵

Amber Valley	Lancaster	Stockton-on-Tees
Barking and Dagenham	Luton	Stoke-on-Trent
Bolton	Malvern Hills	Stratford-upon-Avon
Bury	Mansfield	Tameside
Charnwood	Mid Sussex	Trafford
Derbyshire Dales	North Lincolnshire	West Lancashire
Fylde	Oldham	Wigan
Gosport	Rochdale	Wolverhampton
Guildford	St Helens	Wychavon
Lambeth	Stockport	

Preliminary activity initiated for reviews due to start in 2021-22

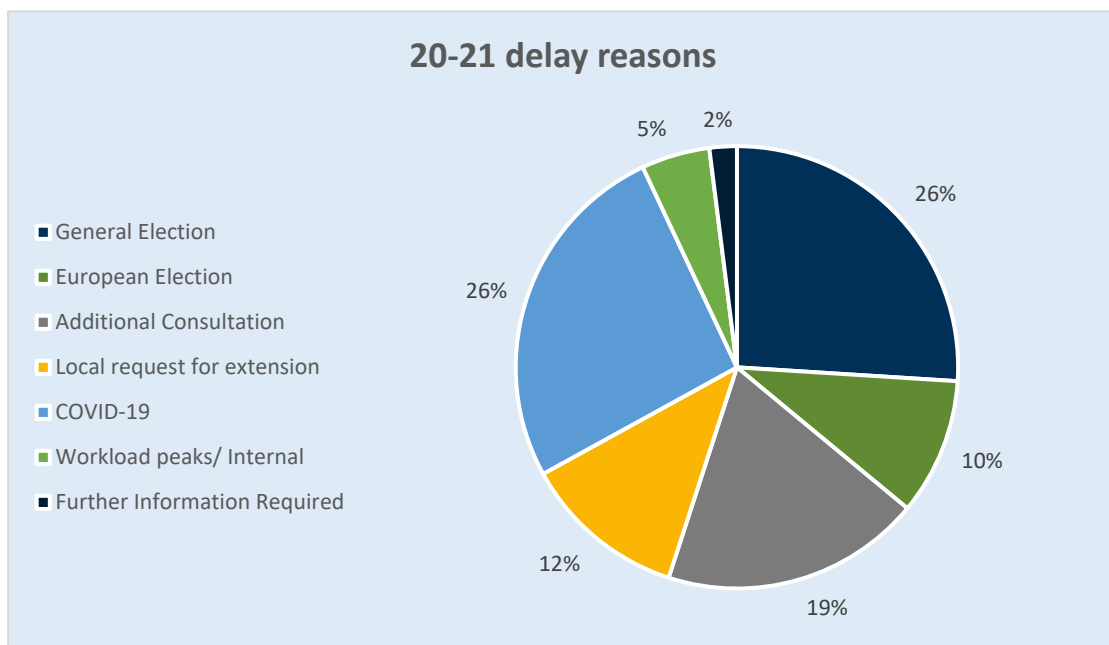
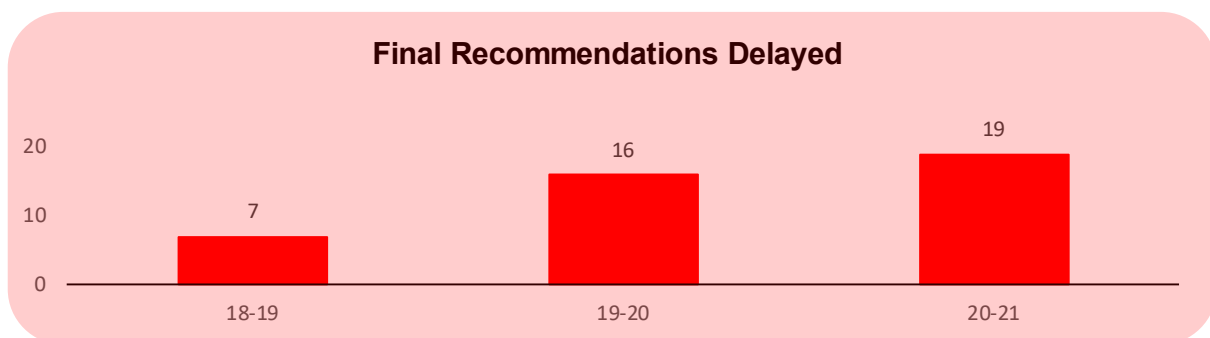
Blaby	Fareham	South Staffordshire
Blackpool	Gravesham	Southampton
Brighton and Hove	Havant	Stevenage
Buckinghamshire	Liverpool	Telford and Wrekin
Cannock Chase	Maidstone	Tonbridge and Malling
Chesterfield	Mole Valley	Tunbridge Wells
Derby	North Hertfordshire	Waverley
East Hertfordshire	Redditch	Worcester
Epsom and Ewell	Rushcliffe	

⁴ Orders are laid in Parliament for a period of 40 days under the draft negative resolution procedure. The number of completed reviews will therefore be a different number than number of orders we have made).

⁵ A review 'starts' when the Commissioner Board take a formal view on council size.

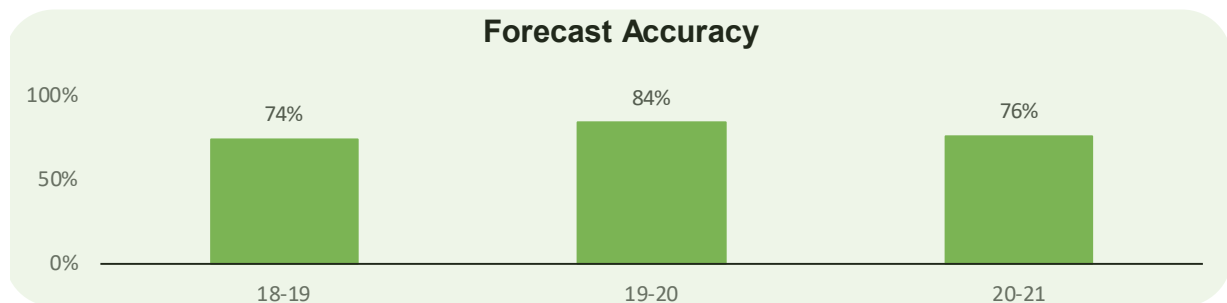
Delays

COVID-19 has impacted significantly on local authorities and we have paused or allowed delays across our review programme. During 2020-21, all our reviews have experienced some degree of reprogramming. Whilst complicating the management of the programme, we believed that the delays have enabled authorities to engage positively with reviews whilst not distracting them from other key priorities. We measure the number of final recommendations delayed.



Electorate forecasting

We are required by statute to have regard to an electorate forecast five years after publication of our Final Recommendations (e.g. for reviews completed during 2020-21, the forecast would be an assessment of the projected electorate in that local authority in 2025-26). We work closely with local authorities in developing electorate forecasts. Whilst intended to achieve some degree of future proofing, this can be challenging given the unevenness of housing and other development activity between authority areas and its unpredictability especially during volatile economic conditions.



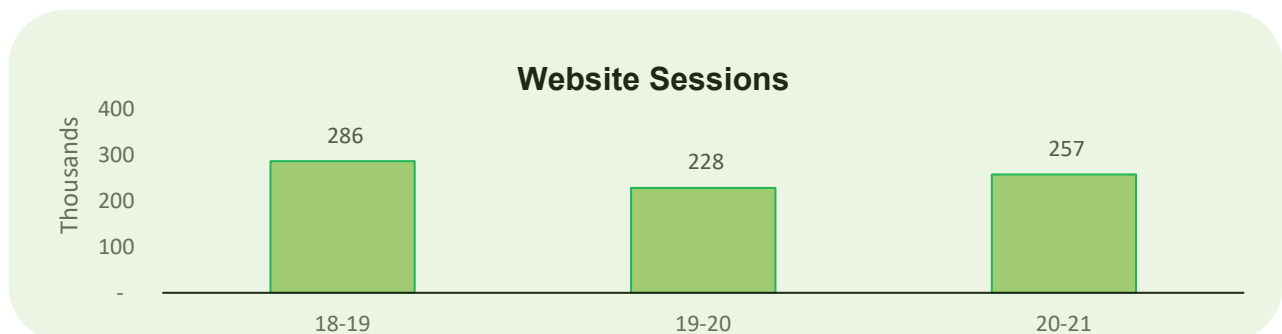
Comment

Forecasting electorate numbers is an important aspect of our work to create electoral arrangements that will stand the test of time. We work closely with local authorities and their knowledge of development and registration rates informs these forecasts.

Engagement

Website sessions

Achieving widespread local knowledge of reviews and publicising the opportunities for individuals to participate are important Commission objectives.



Social media

Social Media Stats	
Facebook reach	430,232
Twitter reach	168,100
Facebook post engagement	34,921
Facebook conversion rate	8.15%

Our social media focus is Facebook because of its broad demographic. We use targeted advertising to encourage participation in our consultations. We measure performance including engagement with our posts, which involves action other than simply viewing the post, such as liking or sharing.

Correspondence

Type	Received		Target (Working Days)	Responded by Deadline		Within Deadline	
	20-21	19-20		20-21	19-20	20-21	19-20
Submissions on review consultations	5,858	6,814	15	5,540	6,451	96%	95%
Complaints (stage 1)	0	7	15	0	7	N/A	100%
Freedom of Information requests	13	15	20	13	15	100%	100%

Review costs

Our latest figures are presented below. They are based on a three-year rolling average (2017-18 through to 2019-20).

Review Type ⁶			
	District/Borough	Unitary	Mergers
Average	£72k	£79k	£61k
Median	£69k	£74k ⁷	£63k

Comment

Since our establishment as a stand-alone body, we have significantly reduced both overall expenditure and budget, alongside the cost of individual reviews, whilst increasing the number of reviews delivered. Unit costs in our first few years reduced from £250k to £125k per review due to the efficiencies in review processes, outsourcing and insourcing where appropriate, digital developments, and consultation and engagement improvements. These led both to reduced costs and allowed us to increase the number of reviews we can undertake.

We continue to refine our understanding of the different factors impacting on review costs and to gain assurance that we represent good value for money.

Additional expenditure resulting from COVID-19

Type	£
IT equipment (monitors, keyboards, mice)	£4,820
Furniture and equipment (desks, chairs, stationery)	£1,687
Working from home allowances (£24 per employee per month)	£6,971
Total	£13,478

⁶ No county reviews were fully included in this three-year period.

⁷ The significant difference between the average and median costs is because there were only three reviews of this type during the period counted; one had higher costs due to a further consultation exercise agreed.

1.2.2 Financial Review

The Commission's funding is provided by Parliament under Schedule 1(11) of the *Local Democracy, Economic Development and Construction Act 2009*. Parliamentary approval for its spending plans is through a Main Supply Estimate, presented in the House of Commons by the Speaker, specifying estimated expenditure, and requesting a vote for the necessary funds.⁸

The Main Supply Estimate for 2020-21⁹ provided for a net resource requirement of £2,280k. This is made up of a Department Expenditure Limit (DEL) net resource requirement of £2,230k and a net capital requirement of £50k. This is set out in our Corporate Plan for the period to 2024-25 and was approved by the Speaker's Committee in March 2020.

Use of resources

The Statement of Parliamentary Supply shows outturn figures for resources, capital, and cash set against the final Estimate. In 2020-21, the Commission used £2,178k (£2,155k resource and £23k capital) of total net resources.

	Budget £000	Spend £000	Variation £000	Explanation
DEL Resource	2,230	2,102	(128)	Impact of COVID-19 on travelling and consultation materials
AME Resource	0 ¹⁰	53	53	Dilapidations Provision for office. No AME budget cover
DEL Capital	50	23	(27)	Spend for Adobe Pro licences and mobile device management solution.
Total	2,280	2,178	(102)	

⁸ The budgeting framework is explained in detail in the [Consolidated Budgeting Guidance 2020-21](#)

⁹ [Corporate publications | LGBCE Site](#)

¹⁰ See governance statement/CAG report to explain the impact and actions taken as a result of this excess

Cash

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

The Commission required cash amounting to £2,014k in 2020-21 to finance its activities, which was £202k less than the sum of £2,216k approved by Parliament in the Estimate.

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 Jolyon Jackson CBE, the Chief Executive, as Accounting Officer. Responsibilities as Accounting Officer are set out in Section 2.1.1.

The Comptroller and Auditor General was appointed as the Commission's external auditor under Schedule 1(15) of the *Local Democracy, Economic Development and Construction Act 2009*. A non-cash cost of £16,250 (2019-20 £15,600) was incurred on external audit. Internal audit and other services were provided by The Internal Audit Association (TIAA) at a cost of £11,220 (2019-20 £11,730).

Payment practice

The Commission has a target of paying 90% of suppliers within 10 working days of receipt of goods or services, or within 10 working days of receipt of the invoice, whichever is later.

Payment practice results remain extremely high and payments within 10 days have further increased.

	Percentage paid within 30 days	Percentage paid within 10 days
2020-21	100.0%	98.9%
2019-20	100.0%	97.7%

Using the numbers of payment runs made to calculate average payment run amounts and dividing this by our average daily purchases, we can calculate that it takes us on average 5.2 working days to pay suppliers.

	Supplier days
2020-21	5.2 days
2019-20	5.7 days

Community and the environment

Considering the requirements of local communities is central to our work in providing fair electoral arrangements.

Working with the Government Property Agency and Transport for London (who provide our accommodation), we try to reduce the direct and indirect environmental impacts associated with our operations by:

- complying with applicable legislation and regulation;
- reducing waste and increasing recycling;
- encouraging and supporting staff to consider environmental issues;
- providing showers, bicycle storage, cycle loans and season ticket loans.

Equalities, Diversities and Inclusion (EDI)

We believe an inclusive culture enriches all we do.

- We value diversity and the benefits different perspectives and experiences bring to all our work.
- We are committed to being inclusive in the way we work together and the way we engage with those contributing to our reviews.

We have policies to promote equality for staff, commissioners and customers, the impacts of which are regularly reviewed:

- Equality, Diversity and Inclusion
- Equal Pay

Our EDI compliance is overseen by the Audit & Risk Committee, our EDI working group, Staff Champions and a Commissioner Champion.

During 2020-21 we:

- developed an EDI Policy and values statement;
- had successful Staff Survey results on EDI theme;
- delivered a session for staff and Commissioners on 'Equality to Inclusion';
- trained our EDI Champions;

- embedded EDI into People Strategy Projects;
- embedded EDI into Customer Engagement work;
- became a member of the Employers Network for Equality & Inclusion (ENEI);
- completed our first ENEI organisational assessment.

We have specific objectives for 2021-22. They are:

- to continue to engage with our People Strategy projects as they progress, ensuring we embed the roadmap of equality to inclusion at every stage;
- to engage with our customer journey project team to explore ways of improving the reach and inclusiveness of our review consultations and receive updates from the project that is collecting demographic data;
- to focus on the ENEI assessment report and take actions (where appropriate) to improve in the areas that we scored the lowest and maintain in the areas where we reached the embed/sustain level;
- to continue to look for ways to carry out our requirement in line with the public sector equality duty.

Interests, gifts and hospitality

Commissioners and staff abide by a code of conduct and register any gifts or hospitality that they have received or been offered. They list external interests through a Register of Interests for Commissioners and Directors. This is updated annually and available on the Commission's website. The Gifts & Hospitality Register is provided for review at each Audit & Risk Committee meeting and throughout the course of 2020-21 there were no gifts or hospitality received.

Delivering Reviews Informed by Local Needs, Views and Circumstances

We changed our way of working in response to COVID-19. We:

- replaced face-to-face workshops that previously took place early in the review process for groups of council officers with virtual sessions delivered for individual councils;
- carried out four virtual briefings for groups of councillors;
- ran 29 virtual community briefings, which on average attracted a higher number of attendees than our face-to-face briefings;

- introduced targeted advertising on Facebook to promote individual consultations.

Engagement with the Speaker and the Speaker's Committee

- Debates in the House of Commons on appointment, reappointment or removal of our Chair may only take place with permission of the Speaker.
- Mr Speaker gave permission for a debate on the reappointment of our Chair, which took place in September 2020.
- The Speaker's Committee on the Electoral Commission carries out an annual scrutiny of our budget, business plan and performance, which includes a public hearing. It also considers the periodic value-for-money report produced by the National Audit Office.
- Chris Matheson MP is the Committee's spokesperson in the House of Commons and answers questions from MPs relating to our activities.
- In 2020-21 the Committee considered and approved our budget, business plan and the National Audit Office report without the usual presence of LGBCE representatives because of the emerging COVID-19 situation.
- The Committee produced a report in September 2020 recommending the reappointment of our Chair.
- We have held briefing meetings with Chris Matheson MP, who has answered several questions in the House of Commons about our work.

Engagement with the Houses of Commons and Lords

- Once the Commission has agreed recommendations for changes to the electoral arrangements of an authority they are laid in Parliament. If objections are raised the recommendations are debated in the Chamber in which they were raised. They cannot be altered, only accepted in full or referred back to the Commission. If objections are not raised the changes are signed into law by the Chief Executive of the Commission.
- There were no objections in either the House of Commons or the House of Lords to our recommendations.
- The House of Commons also recommends to HM The Queen a person to be appointed as Chair of the Commission after recruitment through the public appointments process.

- Following a debate in September 2020 the House of Commons recommended the reappointment of our Chair to HM The Queen.

Local engagement

- Engagement is key to successful and durable final recommendations.
- We engage extensively with local authorities. This includes initial discussions with senior officers and members; practical interactive workshops with officers on the details of the review process; briefing for full councils; and consider submissions from whole councils, political groups and individual councillors.
- We engage extensively with local people and organisations. We hold parish and community briefings; publicise consultations widely through direct communication with stakeholder groups, traditional and social media and through councils' communication channels; produce a range of materials to explain the review process and individual reviews; and carefully consider all submissions made.

We also produced new and more accessible materials promoting and explaining our reviews. These included a short animation and a graphics-led explanation of our processes for community groups.

These, and other changes, meant that insight from local people and organisations held up well. We considered 5,858 submissions. When set against the size of electorates covered by our reviews, that is broadly comparable with the previous year.

Jolyon Jackson CBE

**Chief Executive and Accounting Officer,
22-06-2021**

2. Accountability Report

This part of our Annual Report sets out how we meet our accountability requirements and comprises three sections:

The Corporate Governance Report sets out how we governed LGBCE during 2020-21, including membership and organisation of our governance structures and how they support achievement of our objectives.

The Remuneration and Staff Report sets out our pay policies and how they have been implemented for the period, including salary and pension information.

The Parliamentary Accountability & Audit Report brings together key information to support accountability to Parliament and includes the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

2.1 Corporate Governance Report

2.1.1 Statement of Commissioners' and Accounting Officer's Responsibilities

Under the *Local Democracy, Economic Development and Construction Act 2009*, Commissioners are required to prepare resource accounts detailing the resources acquired, held or disposed of during the year, and the use of resources during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Commissioners and Accounting Officer are required to comply with the requirements of the *Government Financial Reporting Manual (FReM)*, and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements and apply suitable accounting consistently;
- 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;

- confirm that the Annual Report & Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report & Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

The Accounting Officer and the Commissioners confirm that this Annual Report & Accounts is fair, balanced and understandable. As Accounting Officer, I take personal responsibility for the Annual Report & Accounts and the judgements required for determining that it is fair, balanced and understandable.

2.1.2 Governance Statement

Scope of responsibility

LGBCE was established as an independent public body under the *Local Democracy, Economic Development and Construction Act 2009* on 1 April 2010. It previously formed part of the Electoral Commission as a separate Committee. We are accountable to Parliament directly through the Speaker's Committee, chaired by the Speaker of the House of Commons.

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

This statement explains how the Commission complies with its governance framework and meets the governance requirements in *Managing Public Money* published by HM Treasury.

The purpose of the Governance Statement

The Commission has a Corporate Governance Framework, which sets down our purpose, aim and behaviours, how we are accountable, and how we conduct business. This is consistent with the principles of *Corporate Governance Code for Central Government Departments*, published by HM Treasury and the Cabinet Office in April 2017 so far as is relevant, and is reviewed every two years.

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

The process used for gathering assurances for the preparation of the annual Governance Statement provides an opportunity for the Accounting Officer to consider the robustness of the governance arrangements in place. The exercise also helps to highlight those areas where improvement is required.

Proportionality

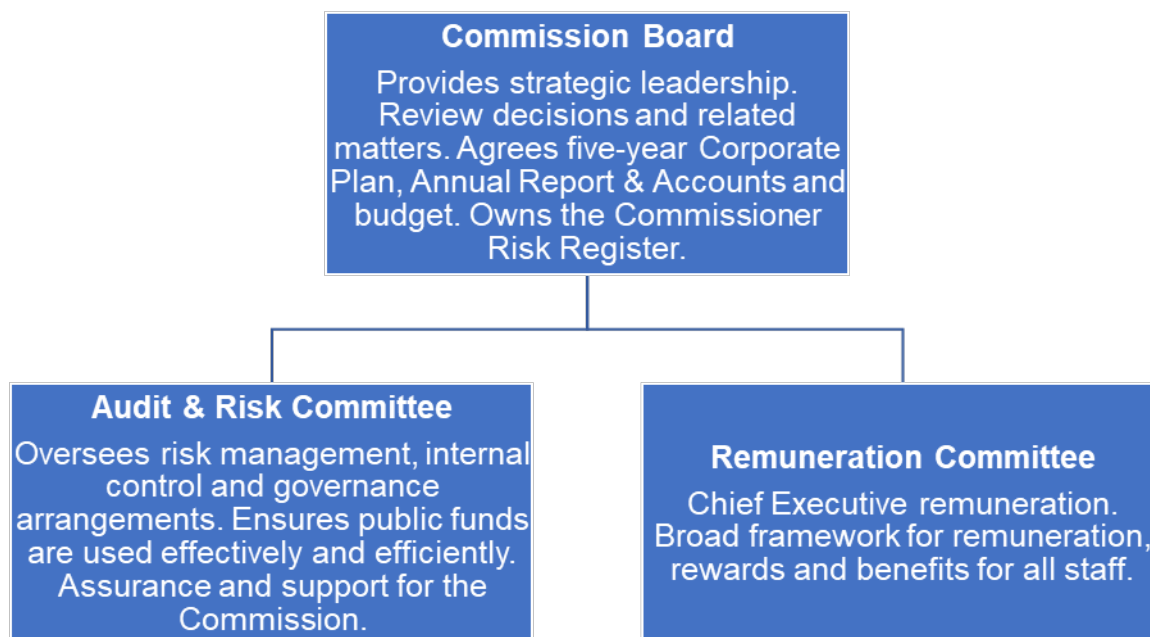
The Commission recognises and accepts the need to comply with legislation and regulations. We are also aware that as a small organisation we must carefully allocate our resources to strike an appropriate balance between meeting our governance responsibilities and delivering our operational programme. The Commission (specifically through delegation to the Audit & Risk Committee) continually assesses whether its application of governance arrangements and requirements are proportionate to an organisation of the Commission's size.

2.1.3 The Governance Structure

Mission and objectives

The Commission has set out who we are and what we do (see section 1.1.2), which reflects our role in law, and which is underpinned by aims and behaviours. The Nolan Principles (the basis of ethical standards expected of public office holders) are adopted by Commissioners and, where relevant, all staff.

Our Board and Committees



Accountability

Commissioners, acting as a Board, are accountable to the Speaker's Committee and provide strategic leadership and decision-making on electoral reviews and related matters. They also agree our (rolling) five-year corporate plan each year, our Annual Report & Accounts, our detailed budget and own the Commissions Risk Register. The Commission Board sets the Commissions' risk appetite statement each year.

The Speaker's Committee

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

- Examining the annual financial estimates and laying them before the House of Commons, with or without modification.
 - Our Main Supply Estimate for 2020-21 was agreed by the Speaker's Committee on 25 March 2020 and laid before Parliament on 22 April 2020.
- Examining the five-year plan and forward resource estimates and laying them before Parliament, with or without modification.

- Our latest five-year Corporate Plan (2020-21–2024-25) was agreed in March 2020.
- Receiving the Annual Report & Accounts.
 - Our Annual Report & Accounts for 2019-20 was laid in Parliament on 11 June 2020.
- Receiving reports from the Comptroller and Auditor General on the economy, efficiency and effectiveness on our use of resources each parliamentary term.
 - The NAO produced a *Short Guide to LGBCE* that was presented to the Speaker’s Committee in March 2020 as background information for agreeing our Corporate Plan and Main Supply Estimate for 2020-21.
- Designating the Commission’s Accounting Officer.
- Reporting to the House of Commons on how it has carried out its functions.

Commission attendance

The members of the Commission and their attendance at Commission meetings throughout the year:

Commissioner	Role	Meetings Attendance	Out of	%
Colin Mellors	Chair	21 Meetings	21	100%
Andrew Scallan	Deputy Chair	21 Meetings	21	100%
Susan Johnson	Commissioner	20 Meetings	21	95%
Peter Maddison	Commissioner	20 Meetings	21	95%
Steve Robinson	Commissioner	21 Meetings	21	100%
Amanda Nobbs	Commissioner	21 Meetings	21	100%

Remuneration Committee

Members and their roles:

Commissioner	Role
Susan Johnson	Chair for 2020-21
Peter Maddison	Member for 2020-21
Amanda Nobbs	Member for 2020-21

The Remuneration Committee met twice, in August 2020, to agree the pay award for 2020-21 (budget provision already made) and in November 2020 to discuss a 2021-22 People Strategy Project on Rewards and Recognition. All members attended.

Audit & Risk Committee (ARC)

Members and their roles:

Commissioner	Role	Meetings Attendance	Out of	%
Susan Johnson	Chair	3 Meetings	4	75%
Andrew Scallan	Member	4 Meetings	4	100%
Steve Robinson	Member	4 Meetings	4	100%
Lizzie Peers	Independent Member	4 Meetings	4	100%

During 2020-21, the work of the ARC was informed by its Annual Plan, and its Annual Report to the Commission is summarised below.

Area	Objective	Outcome
Audit & Risk Committee	<i>ARC is clear and transparent, plans and reports on its annual activities and reviews and considers its own performance.</i>	<i>ARC supported the Commission Board by considering controls and governance processes and oversaw the organisations response to COVID-19.</i>
Annual Report & Accounts and External Audit	<i>ARC meets with our Auditors, reviews audit findings and outcomes and satisfies itself that the Commission's internal control framework and governance arrangements are robust.</i>	<i>ARC scrutinised the year-end processes and production of the Commission's Annual Report & Accounts in advance of formal approval by the Commission Board.</i>
Policy Reviews and Updates	<i>ARC reviews the effectiveness of the Commission's policies and receives reports on fraud, theft, whistleblowing, bribery, health and safety and information breaches as necessary and business continuity arrangements.</i>	<i>ARC reviewed and strengthened policies over seven areas in line with the target it set itself.</i>

Internal Audit	<i>ARC agrees the risk-based Internal Audit Strategy and annual plan and considers the findings of reports and oversees delivery of any recommendations and monitors relevant internal audit performance indicators.</i>	<i>ARC worked closely with our Internal Auditors who provide assurances on internal controls across the organisation.</i>
Scrutiny of Business Activities	<i>ARC considers new business arrangements, efficiency programmes and the Commission's performance framework.</i>	<i>ARC scrutinised key areas of Commission activities, adding value and expertise to various work strands.</i>

Internal control questionnaires

These were completed by all staff and members of the ARC. The process identifies areas where internal control weaknesses may exist and if any training, or policy and risk requirements, are necessary. The full questionnaire is discussed annually by the Management Team. Last year's actions together with issues arising this year are reported below:

2020-21	ACTION REQUIRED
Business Continuity Planning	Staff session on Business Continuity Planning
Clear objectives for staff	Objective setting during May 2021 for new staff
2019-20	ACTION TAKEN
New staff awareness of the Finance Manual	Staff session on information and navigation of SharePoint
New staff GDPR training	Online GDPR training now part of staff induction process
Consistency of staff appraisals	Considered in Recruitment and Retention project

Standing orders/delegated powers and financial policies

These provide a procedural framework within which the Commission discharges its business.

Other policies and procedures

The Commission has agreed policies and procedures that underpin its governance and internal control arrangements. These include but are not limited to: a Code of Conduct for Commissioners, staff, and any contractors and consultants engaged by the Commission; policies on declarations of interest, gifts and hospitality; staff management and human resources; risk management; fraud and corruption; Freedom of Information; and complaints/correspondence. All policies and procedures are reviewed, and their effectiveness considered periodically.

Whistleblowing arrangements

Our whistleblowing policy has been in operation throughout the year. The policy sets out the steps staff should take to raise their concerns about behaviours and practices within LGBCE. This is supported by detailed guidance on the procedures to follow when raising these concerns and has been made available to all staff. No issues were raised under the whistleblowing arrangements during 2020-21.

Risk management

During the year the Commission has revisited inherent risk scores, developed a Risk Appetite Statement, continued to identify controls and lines of defence, and continued our programme of deep dives into our risks, assurances and control processes.

Principal risks and uncertainties (section 1.1.2)

We regularly review and update our risks, risks scores, assurance framework and risk controls. Risk is considered at each Commission Board meeting, at each Audit & Risk Committee, at each Leadership Team meeting (when they act as the Risk Management Group) and in staff teams and staff meetings.

Internal Audit

The Commission's internal auditors continued to be The Internal Auditor Association (TIAA Ltd). Internal audit reviews are compliant with the Public Sector Internal Audit Standards (PSIAS) 2013 and the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) 2013.

The risk-based programme of audits for the year was discussed and approved by the Audit & Risk Committee. For completed audits, the internal auditors provide reports identifying their key findings, an indication of the level of assurance that can be placed on their findings and recommendations for action. Internal audit reports are distributed

to the Leadership Team, the Audit & Risk Committee and the Commission’s external auditors, and implementation of recommendations is monitored by ARC.

Internal Audits carried out in 2020-21		Recommendations ¹¹		
Area	Rating	Urgent	Important	Routine
Business Continuity	Advisory	0	0	1
Key Financial Controls – Payments and Payroll	Substantial	0	1	2
Human Resources – Recruitment	Substantial	0	0	0
Health & Safety	Substantial	0	0	1
Information Governance	Substantial	0	0	2
Risk Management	Substantial	0	0	0
Totals		0	1	6

Internal Audit Opinion

Our Head of Internal Audit is required to provide an annual internal audit opinion based on the work carried out by Internal Audit throughout the year:

Overall Internal Audit Opinion

TIAA is satisfied that, for the areas reviewed during the year, the Local Government Boundary Commission for England has substantial and effective risk management, control and governance processes in place. This opinion is based solely on the matters that came to the attention of TIAA during the course of the Internal Audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by Local Government Boundary Commission for England from its various sources of assurance.

Personal data-related incidents

There were no significant breaches of information security that required reporting to the Information Commissioner’s Office over the financial year.

¹¹ All recommendations have either been completed or will be within 2021-22.

All information security breaches (however minor) are considered by the Data Protection Officer, discussed by the Leadership Team, and reported to the Audit & Risk Committee. During the year we found a very small number of submissions from the public has not been entirely redacted of all personal information before being published on our website. The individuals affected were contacted, the submissions were redacted and republished, the matter was reported to the Leadership Team and ARC and we made changes to our auditing processes.

UK Data Protection Act 2018 (including GDPR)

During 2020-21 we have:

- embedded GDPR and cyber security training in our induction processes;
- clarified our procedures in relation to personal information received in review submissions from the public.

COVID-19

Like most organisations in the UK, our working practices changed dramatically during this year because of the impacts of COVID-19. Digitally, we were in a good position to undertake our business remotely and it was a relatively smooth transition to begin homeworking for our staff and Commissioners. As the pandemic continued, we assessed the way we undertook our Review Programme using new methods of working and engaging with local authorities and communities.

Transferring to working virtually involved:

- Providing IT equipment (mainly monitors, keyboards, mice) to support staff working from home. All staff were already working on laptops at the beginning of the pandemic.
- Providing desks, chairs, headphones if required.
- Reviewing our cyber security and IT security arrangements. We are a largely cloud-based organisation and in the process of decommissioning our server. Our IT security arrangements were and continue to be appropriate for remote working.
- Reviewing all of our policies and procedures in the light of COVID-19 and remote working.
- Producing a COVID-19 Risk Register and embedding it within our existing risk processes.

- Considering Health & Safety requirements for home workers.
- Providing additional staff support and motivating the workforce.
- Considering staff annual leave in the light of the Government's policy for allowing leave carry forwards, the needs of the business and balancing the mental health needs of our staff.
- Considering our training and development programme and how to achieve training objectives most effectively.
- Considering how to digitally recruit and induct new staff.
- Considering our cultural aspirations and how to continue embedding our work on values and behaviours.

EU exit

The work of LGBCE remains unaffected by the exit of the UK from the European Union.

Reporting and quality of information used by the Board

Financial monitoring and budget information is reviewed quarterly by Commissioners.

Risks, assurances and processes are reviewed at each Commission Board meeting, at each ARC meeting, and at each Leadership Team meeting. The effectiveness of policies and procedures are reviewed on a regular basis and updated by both the ARC and the Commission.

The Commission Board finds the quality of the data used by the Commission acceptable but see Chief Executive Summary below. Any changes to information received are explained clearly and management information produced is summarised from detailed data that is available if required. The ARC is tasked with gaining assurance that the Commission can rely on the processes, procedures and information the Commission uses.

External Audit

The National Audit Office (NAO) completed the statutory audit of the Commission's Annual Report & Accounts and issued a qualified audit opinion with modification in respect of regularity (see 2.3.2).

Chief Executive Summary

There were two incidents during the year relating to (1) our internal budget figures and (2) Annually Managed Expenditure (AME) budgetary cover for dilapidation provision on our offices, which I summarise below. Both incidents have been subject to internal

investigations and changes to internal processes. I have involved our Internal Audit function and sought advice from the NAO.

The two issues are still current; recommendations for some changes have been made and my considerations will continue into 2021-22.

Internal detailed budget allocation

After the Commission Board approved our Corporate Plan and Main Supply Estimate (in March 2020) it was changed to remove £90k of proposed additional expenditure that would not be needed. The Speaker's Committee approved the revised Corporate Plan, but the revised budget figure was not re-presented to the Commission Board for approval. This resulted in an incorrect budget figure being used to monitor against during the year.

We have investigated the issue and commissioned our Internal Auditors to make further recommendations if required. The £90k originally sought was mainly to cover some costs of reviews delayed during 2019-20. We realised that there was likely to be significant further disruption to our programme in 2020-21 due to COVID-19 and we agreed that we would no longer need the additional funds, so would not seek them from the Speaker's Committee. We have assessed it very unlikely that we would have overspent against our resource budget cover during 2020-21 because of this error and as expected we underspent during 2020-21 due to the impacts of COVID-19.

The oversight occurred in mid-March 2020 at the same time as our organisation began to work from home and the first lockdown was being implemented. This was a significant contributing factor.

The new controls include:

- The Commission Board will reapprove the budget after our Main Supply Estimate is laid in Parliament.
- The Main Supply Estimate will be attached as an appendix to all budget and financial monitoring papers.
- Internal monthly reconciliation processes will feature a reconciliation between the MSE, HMT returns and financial projection figures.
- Our Finance Manual will be amended to clarify arrangements should a Main Supply Estimate need to change after Commission Approval.

The Internal Audit concluded that the recommendations I made were sufficient to ensure this does not happen again and will check the new procedures have been implemented as part of their usual follow-up audit during 2021-22.

Supply excess

As part of his opinion on regularity, the Comptroller and Auditor General has reported a breach of the Parliamentary Supply Estimate for Resource Annually Managed Expenditure (AME) of £53k (non-cash). We do not have any approved AME budget.

The breach of the AME Estimate relates to a dilapidation provision required for our offices, which we are due to vacate in September 2024. In our accounts for 2019-20 we disclosed a contingent liability in respect of the potential for dilapidations expenditure.

The GPA informed us in November 2020 that the potential for expenditure was now more certain and a provision would need to be made in our accounts. We erroneously assumed that we could make this provision from our Resource Departmental Expenditure Limit (DEL) Supply Estimate (where we were projecting an underspend). We were in discussions with the GPA during the year about the amount and certainty of a dilapidation provision, the percentage of floor space allocated to us as part of the overall building space and invoicing for building running costs.

The dilapidation provision was agreed (reduced from £87k) on the 30 March 2021 at £53k. We should have applied for new AME budget cover via the Supplementary Estimate process in early 2021. As we did not do this we are now in the position where we have breached our AME budget cover although we remain underspent across our resource total. The amount has no cash impact as provisions are non-cash items.

I have reviewed these matters with my Audit & Risk Committee and will consider what steps need to be taken to minimise the risk of a supply excess in the future.

I am satisfied that there are no other deficiencies in financial management, internal control, risk management or governance other than outlined above that affected the achievement of our key objectives.

Jolyon Jackson CBE Chief Executive and Accounting Officer, 22-06-2021

2.2 Remuneration and Staff

This part of our Annual Report sets out our remuneration policy and provides details on remuneration and staff that Parliament consider key to accountability.

2.2.1 Remuneration Report

Commissioners

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

Together, the Commissioners ensure that the Commission discharges its functions as set out in the Act and associated legislation. They monitor the Commission's performance and are responsible for ensuring that it acts within its statutory remit.

The Chair is appointed by HM The Queen on the recommendation of the House of Commons. Other Commissioners are appointed by Her Majesty on the recommendation of the Secretary of State. The Secretary of State may designate a Commissioner to be Deputy Chair. Commissioners are appointed for a period not exceeding five years with the possibility of reappointment. There is a statutory minimum of four Commissioners, excluding the Chair, with 11 as a maximum.

A Commissioner may cease to serve or be removed on the grounds set out in Schedule 1, paragraph 1(6)-(8) of the Act. Appointments will terminate at the end of the period specified for each Commissioner, unless the Commissioner is reappointed before the period expires. Appointments may also be terminated at the request of the Commissioner.

Commissioners were paid a daily fee of £352 (2019-20 £346) for each day worked during 2020-21. The Chair was paid a daily rate of £400 (2019-20 £394).

Commissioners do not receive a salary and are not able to join LGBCE's government pension schemes. Commissioners' fees increase on 1 April each year by the percentage increase paid to High Court Judges as part of the Senior Salaries Review Body's work. In 2020-21 Commissioners received a 2% increase.

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

Commissioner Fees (subject to audit)

Commissioner	2020-21	2019-20
Colin Mellors (Chair)	£25,900	£26,201
Susan Johnson	£12,144	£8,650
Peter Maddison	£10,736	£12,110
Amanda Nobbs	£16,192	£14,359
Steve Robinson	£16,016	£18,165
Andrew Scallan	£20,064	£20,068
TOTAL COMMISSIONERS	£101,052	£99,553
Independent Member of ARC		
Lizzie Peers	£2,464	£1,384
TOTAL FEES	£103,516	£100,937

Directors/Leadership Team

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

In setting remuneration, we have regard to the following considerations:

- needing to recruit, retain and motivate suitably able and qualified people;
- our improvement plans, including the requirement to meet our output targets for the delivery of our service within available funds;
- Paragraph 7(6) of Schedule 1 to the 2009 Act, which requires us to have regard to the desirability of keeping the remuneration and other terms or conditions of employment of our employees broadly in line with civil servants;
- wider economic considerations and affordability of recommendations.

Directors' salaries plus the pension entitlements are in the table below. This information is covered by the Comptroller & Auditor General's audit opinion.

The information in the table is based on payments due relating to work undertaken during 2020-21. Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include employer pension contributions or the cash equivalent transfer value of pensions.

Single total figure of remuneration (prior year comparatives in square brackets)	Salary £'000	Bonus payments £'000	Pension benefits¹² (to the nearest £1,000)	Total £'000
Chief Executive Jolyon Jackson CBE <i>Left pension scheme 01/10/19¹³</i>	110 to 115 [105 to 110]	N/A [N/A]	N/A [25,000]	110 to 115 [130 to 145]
Director of Corporate Services (0.8FTE) Lynn Ingram	60 to 65 (FTE 75 to 80) [50 to 55 (FTE 70 to 75)]	0 to 5 [N/A]	23,000 [20,000]	80 to 85 [70 to 75]
Director of Comms & Strategy Marcus Bowell <i>Left 07/02/20</i>	N/A [55 to 60 (FYE 65 to 70)]	N/A [N/A]	N/A [26,000]	N/A [80 to 85]

Salary

'Salary' includes gross salary and overtime (no overtime payments or benefits-in-kind were paid).

Bonus payments

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year before they become payable to the individual. The bonuses reported in 2020-21 relate to performance in 2019-20 and the comparative bonuses reported for 2019-20 relate to the performance in 2018-19.

¹² The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.

¹³ We do not make contributions to any other pension scheme in respect of the Chief Executive.

Pay multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in LGBCE in the financial year 2020-21 was £110k to £115k (2019-20 £105k to £110k). This was 3.3 times (2019-20 3.3 times) the median remuneration of the workforce, which was £34,457 (2019-20 £32,766).

In 2020-21, 0 (2019-20 0) employees received remuneration more than the highest-paid director. Remuneration ranged from £27k to £115k (2019-20 £25k to £110k).

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance, employer pension contributions and the cash equivalent transfer value of pensions.

	2020-21	2019-20
Band of highest-paid staff member (FTE)	£110k to £115k	£105k to £110k
Median of all staff pay	£34,457	£32,766
Remuneration ratio	3.3	3.3

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years’ initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his or her 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 updated in line with Pensions

Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

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

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Subject to audit	Accrued pension at pension age as at 31-03-21	Real increase in pension and related lump sum at pension age	CETV at 31-03-21	CETV at 31-03-20	Real increase in CETV ¹⁴
£000					
Lynn Ingram (0.8 FTE)	5 to 10	0 to 2.5	112	92	12

LGBCE contributions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘alpha’ – are unfunded multi-employer defined benefit schemes but LGBCE is unable to identify its share of the underlying assets and liabilities.

¹⁴ The Chief Executive chose not to be covered by the Civil Service pension arrangements during the reporting year.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the [resource accounts of the Cabinet Office: Civil Superannuation](#).

For 2020-21, employers' contributions of £197k were payable to the PCSPS (2019-20 £199k) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0 were paid to one or more of the panels of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £0, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the balance sheet date were £0. Contributions prepaid at that date were £0.

2.2.2 Staffing Report

Staff, Commissioner and Independent Member numbers and related costs (subject to audit)

	2020-21				2019-20
	Total	Permanently Employed Staff	Others (temporary staff)	Commissioners & Independent Member	Total
	£000				£000
Wages and salaries	929	905	24	-	826
Commissioners' fees	103	-	-	103	97
Social security costs	104	96	2	6	96
Other pension costs	197	193	4	-	199
Sub total	1,333	1,194	30	109	1,218
Total net costs	1,333	1,194	30	109	1,218

Staff, Commissioner and Independent Member numbers (subject to audit)

	2020-21				2019-20
	Total	Permanently Employed Staff	Others (temporary staff)	Commissioners & Independent Member	Total
	FTE			No	
Total	28.2	20.4	0.8	7.0	26.2

FTE staff and the number of Commissioners & the Independent Member reflect the monthly average throughout 2020-21. The numbers at 31 March 2021 were six Commissioners, one Independent Member and 21.2 (full-time equivalent) staff.

Staff policies

The Commission's human resource policies aim to achieve good performance, job satisfaction and motivation. Staff are encouraged to develop their experience, seek further training and contribute to decision-making.

The Commission gives full and fair consideration to applications for employment made by disabled persons including:

- having regard to their aptitudes and abilities;
- making reasonable adjustments as required;
- arranging appropriate training for employees of the company who have become disabled persons during the period when they were employed by the company.

The policies applied during the year for the training, career development and promotion of disabled persons employed by the Commission were:

- Equality, Diversity & Inclusion Policy
- Recruitment Policy
- Dignity at work

- Sick pay and sickness absence management policy
- Work-related stress

Off-payroll disclosures

There is no off-payroll expenditure to report

Sickness data

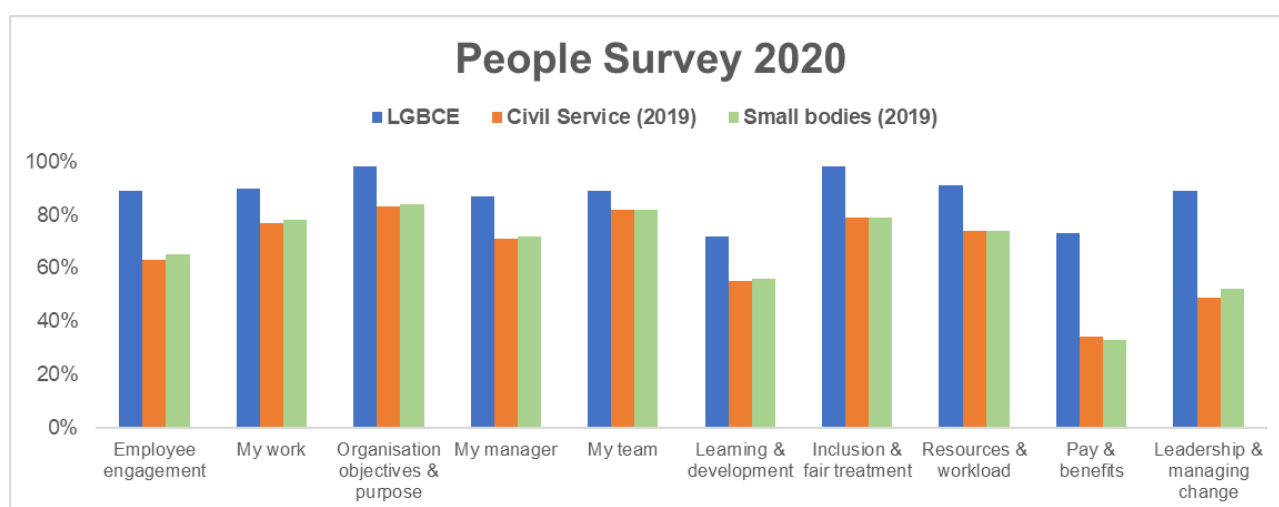
Days lost to sickness	Days lost to sickness	Average PP
2020-21	79	3.7
2019-20	139 ¹⁵	7.1

Consultancy spend

Consultancy spend	2020-21	2019-20
General Business	£24,476 ¹⁶	£0
HR & Payroll	£5,050 ¹⁷	£4,207
Finance	£1,092	£0

Staff survey

We undertook a staff survey for the third time in October 2020. We compared our results with the latest reported Annual Civil Service People Survey (CSPS) and to a subset of the CSPS for small bodies. Once again, we performed extremely well demonstrating the work we have undertaken across the organisation on values, behaviours and culture and in embedding these aims throughout our work and processes. Comparisons are shown below.



¹⁵ In 2019-20 the days lost to sickness were particularly high relating to one staff member with long-term sickness.

¹⁶ This relates to work undertaken on our customer journey project.

¹⁷ This expenditure reflects HR Consultancy spent developing our People Strategy.

During the year we have continued work on our three-year People Strategy. Work this year has included:

- the development of an Internal Communications Strategy;
- the development of a Health and Wellbeing Framework and digital hub;
- embedding our behaviours throughout our HR Lifecycle (recruitment, induction, development, and performance management);
- a business-as-usual project to deal with the impacts of COVID-19 and new ways of working and processes for our staff;
- a Policy Session for the whole organisation in February 2021 to discuss progress on the People Strategy and its projects.

It was pleasing to see increases in theme scores in respect of:

- Employee engagement (increased from 56% to 89%)
- My manager (increased from 76% to 87%)
- Leadership and managing change (increased from 68% to 89%)
- Learning and development (increased from 54% to 72%)
- Organisational objectives and purpose (increased from 92% to 98%)

It was pleasing that the results compare very favourably with both the Civil Service as a whole and, more specifically, with similar small bodies.

Trade union membership

A proportion of our staff belong to the Public and Commercial Services Union (PCS). We have a staff representative who can use work time for official duties, and union meetings take place in office time. Management meet at least annually with union representatives.

Occupational health and safety

Our Health & Safety Policy is reviewed every two years and is available to all our staff. In addition, procedures, guidance and risk assessments are in place covering our core activities. Our Health & Safety Officer oversees our arrangements and reports to our Management Team monthly.

We initiate independent health and safety audits of our premises each month, which entail the inspection of the physical working environment and the review of the safety management systems in place. The intention of these audits is to ascertain the

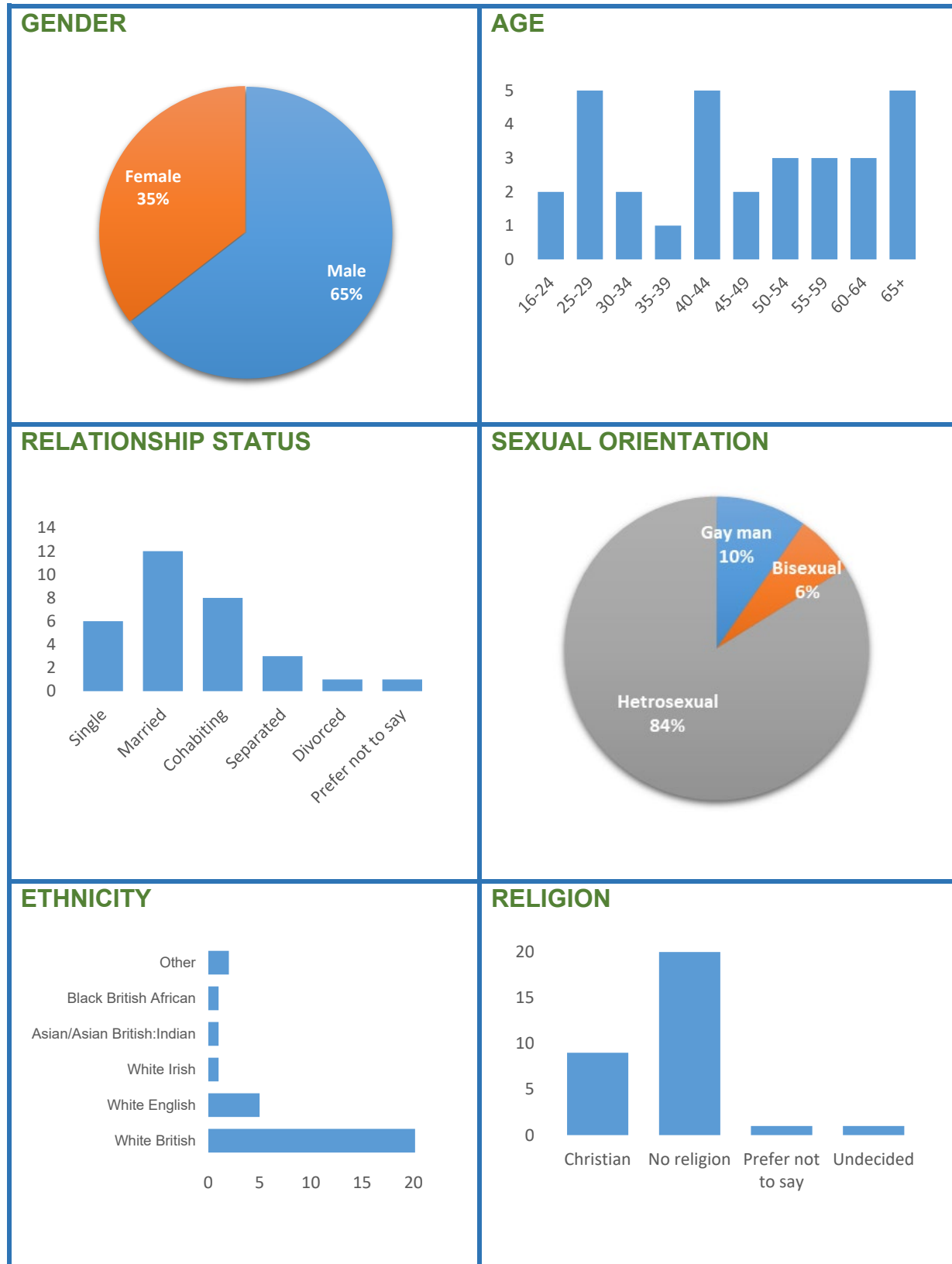
suitability of our current health and safety arrangements and to advise the Leadership Team on any improvements that should be made. During this year we have not made physical inspections but have provided staff with display screen equipment workbooks, PAT testing guidance and co-ordinated virtual inspections.

Reporting of Civil Service & other compensation schemes – exit packages (subject to audit)

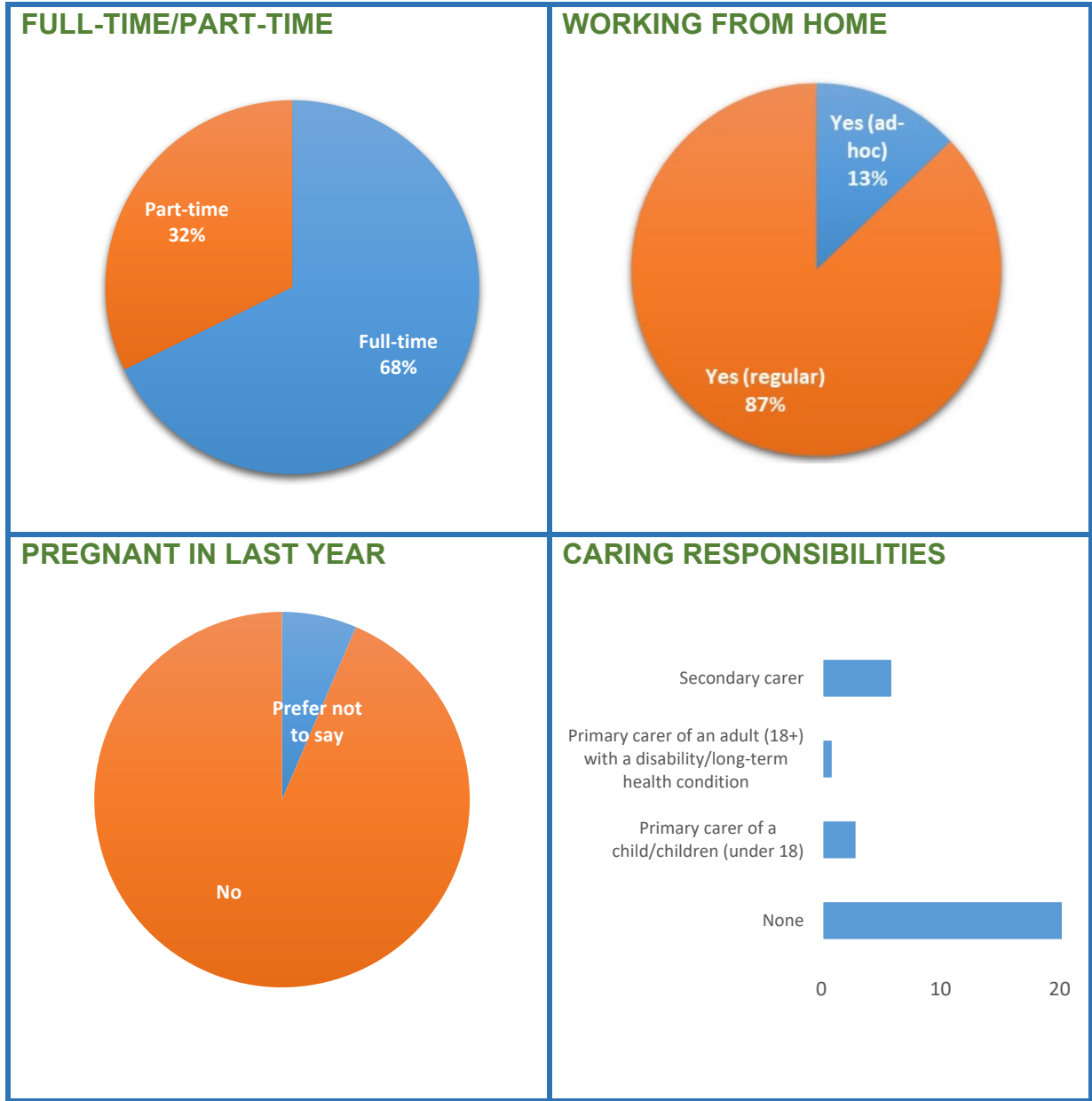
Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Commission has agreed early retirements, the additional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

There were no departures for 2020-21 with special payments and none for 2019-20.

Diversity information¹⁸



¹⁸ 100% of Staff and Commissioners provided the diversity information included here



Jolyon Jackson CBE Chief Executive and Accounting Officer, 22-06-2021

2.3 Parliamentary Accountability and Audit Report (Subject to Audit)

In addition to the primary statements prepared under IFRS, the *Government Financial Reporting Manual* (FReM) requires LGBCE to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The SoPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of our budgeting framework and an explanation of key terms is provided in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The format of the SoPS mirrors the Supply Estimate, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

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

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the Statement of Comprehensive Net Expenditure (SoCNE), to tie the SoPS to the financial statements (note 2); and a reconciliation of outturn to net cash requirement (note 3). An analysis of income payable to the Consolidated Fund (note 4) is not presented as it is not applicable to LGBCE.

The SoPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review (1.2.2) in the Performance Report provides a summarised discussion of outturn against estimate and functions as an introduction to the SoPS disclosures.

Statement of Outturn against Parliamentary Supply

Summary Table, 2020-21, all figures presented in £000's

Type of spend	SoPs Note	Outturn		Estimate		Outturn vs Estimate, saving/ (excess)		Prior Year Outturn Total, 2019-20
		Voted	Total	Voted	Total	Voted	Total	
Departmental Expenditure Limit								
- Resource	1.1	2,102	2,102	2,230	2,230	128	128	1,986
- Capital	1.2	23	23	50	50	27	27	23
Total		2,125	2,125	2,280	2,280	155	155	2,009
Annually Managed Expenditure								
- Resource	1.1	53	53	-	-	(53)	(53)	-
- Capital	1.2							
Total		53	53	-	-	(53)	(53)	-
Total Budget								
- Total Resource		2,155	2,155	2,230	2,230	75	75	1,986
- Total Capital		23	23	50	50	27	27	23
Total Budget Expenditure		2,178	2,178	2,280	2,280	102	102	2,009
Non-Budget Expenditure		-	-	-	-	-	0	-
Total Budget and Non Budget		2,178	2,178	2,280	2,280	102	102	2,009

Net cash requirement, 2020-21, all figures presented in £000's

Item	SoPs Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total, 2019-20
Net Cash Requirement	3	2,014	2,216	202	2,106

Administration costs, 2020-21, all figures presented in £000's

Type of spend	SoPs Note	Outturn	Estimate	Outturn vs Estimate: saving/ (excess)	Prior Year Outturn Total, 2019-20
Administration	1.1				
Although not a separate voted limit, any breach of the administration budget will also result in an excess					

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual available on gov.uk, for detail on the control limits voted by Parliament. All expenditure is designated as Programme Costs and therefore there are no administration costs. The DEL Resource underspend of £128k is due to the effects of COVID-19 on travel, printing and mapping expenditure. The Commission has incurred an excess of £53k as we had no AME budget cover to make a property dilapidations provision from.

Notes to the Statement of Outturn against Parliamentary Supply, 2020-2021 (£000's)
SoPS1. Outturn detail, by Estimate line
SoPS 1.1 Analysis of resource outturn by Estimate line

Type of spend (Resource)	Resource outturn						Estimate		Outturn vs Estimate, saving/ (excess)	Prior Year Outturn Total, 2019-20
	Administration			Programme		Total	Total	Total inc. Virements		
	Gross	Income	Net	Gross	Net					
Spending in Departmental Expenditure Limit (DEL)										
Voted expenditure										
A - Estimate line 1	-	-	-	2,102	2,102	2,102	2,230	2,230	128	1,986
Total voted DEL	-	-	-	2,102	2,102	2,102	2,230	2,230	128	1,986
Non-voted expenditure										
Total non-voted DEL	-	-	-	-	-	-	-	-	-	-
Total spending in DEL	-	-	-	2,102	2,102	2,102	2,230	2,230	128	1,986
Spending in Annually Managed Expenditure (AME)										
Voted expenditure										
A - Estimate line 1	-	-	-	53	53	53	-	-	(53)	-
Total voted AME	-	-	-	53	53	53	-	-	(53)	-
Non-voted expenditure										
Total non-voted AME	-	-	-	-	-	-	-	-	-	-
Total spending in AME	-	-	-	53	53	53	-	-	(53)	-
Total Resource	-	-	-	2,155	2,155	2,155	2,230	2,230	75	1,986

SoPS 1.2 Analysis of capital outturn by Estimate line

	OUTTURN		Estimate		Outturn vs Estimate, saving/ (excess)	Prior Year Outturn Total, 2019-20
	Gross	Net Total	Total	Total inc. Virements		
Spending in Departmental Expenditure Limit (DEL)						
Voted expenditure						
A - Estimate line 1	23	23	50	50	27	23
Total voted DEL	23	23	50	50	27	23
Non-Voted:						
Total non-voted DEL	-	-	-	-	-	-
Total spending in DEL	23	23	50	50	27	23
Total Capital	23	23	50	50	27	23

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided in the Supply Estimates Manual, available on gov.uk. The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament

SoPS 2. Reconciliation to net operating expenditure.

Total resource outturn in the SoPS is the same as net operating expenditure in the SoCNE, so no reconciliation is required.

SoPS 3

Reconciliation of net resource outturn to net cash requirement

	SoPs Note	Outturn total	Estimate	Outturn vs Estimate, saving/ (excess)
Total Resource outturn	1.1	2,155	2,230	75
Total Capital outturn	1.2	23	50	27
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(39)	(48)	(9)
New provisions and adjustments to previous provisions		(53)	-	53
External audit fee		(16)	(16)	-
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables		(4)	-	4
(Increase)/decrease in payables		(52)	-	52
Total		(164)	(64)	100
Net cash requirement		2,014	2,216	202

As noted in the introduction to the SoPS overleaf, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

Parliamentary Accountability Disclosures

Losses and special payments (Subject to Audit) - There are no losses or special payments to report.

Other payments (subject to audit) - There are no other significant payments to report.

Remote contingent liabilities (subject to audit) - There are no remote contingent liabilities to report.

Fees and charges (subject to audit) - The Commission is unable to charge for services and as such there are no fees and charges to report.

Jolyon Jackson CBE Chief Executive and Accounting Officer, 22-06-2021

2.3.1 The Certificate of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Local Government Boundary Commission for England (the Commission) for the year ended 31 March 2021 under the Local Democracy, Economic Development and Construction Act 2009. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Commission's affairs as at 31 March 2021 and of the Commission's net operating cost for the year then ended: and
- have been properly prepared in accordance with the Local Democracy, Economic Development and Construction Act 2009 and HM Treasury directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the excess described in the basis for qualified opinion paragraph below, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded: and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions

recorded in the financial statements conform to the authorities which govern them.

Basis for Qualified opinion on regularity

Parliament authorised a Resource Annually Managed Expenditure Limit for the Commission of £0. Against this limit, the Commission incurred actual outturn of £53,000, breaching the authorised limit by £53,000, due to the recognition of a provision, as shown in the Statement of Parliamentary Supply.

Further details can be found in my report below.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Commission's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Commission is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have 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 Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Commission and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Responsibilities of the Commissioners and Accounting Officer for the financial statements

As explained more fully in the Statement of Commissioners' & Accounting Officer's responsibilities, the Commissioners and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view.
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Commission will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Local Democracy, Economic Development and Construction Act 2009.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Commission's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance.
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Commission's controls relating to the Local Democracy, Economic Development and Construction Act 2009.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and transactions.
- obtaining an understanding of the Commission's framework of authority as well as other legal and regulatory frameworks that the Commission operates in,

focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Commission. The key laws and regulations I considered in this context included the Local Democracy, Economic Development and Construction Act 2009; Supply and Appropriation (Main Estimates) Act 2020; Managing Public Money; and applicable tax legislation and regulations; and

- other risk assessment procedures performed relating to fraud, non-compliance with laws and regulations and regularity, including: review of Commissioner meeting minutes; attending the Audit and Risk Committee; enquiries of management, internal audit and those charged with governance; review of significant and unusual transactions; and review of segregation of duties and mitigating controls.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity as appropriate, including testing of significant and unusual transactions and including an assessment of the regularity of transactions tested.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to

any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Gareth Davies
Comptroller and Auditor General

Date 24-06-2021

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

2.3.2 The Report of the Comptroller and Auditor General to the Houses of Parliament

Introduction

The Local Government Boundary Commission for England (the Commission) is a statutory body that carries out reviews of the electoral arrangements of local authorities across England and makes recommendations for change. It was established as an independent body, accountable to Parliament through the Speaker's Committee of the House of Commons, under the Local Democracy, Economic Development and Construction Act 2009.

In 2020-21, the Commission was responsible for £2.2 million of UK public expenditure, all related to its administration costs. The Department secures the approval to incur expenditure through the parliamentary supply process on an annual basis. The Commission accounts to Parliament on its expenditure under an account's direction issued by HM Treasury. This requires the Commission to prepare financial statements in accordance with the Government Financial Reporting Manual.

Purpose of Report

The Commission prepares an Annual Estimate of its net expenditure; authorisation to incur the net expenditure is then provided by Acts of Parliament. These Acts set a series of annual limits on the net expenditure which the Commission may not exceed and on the total overall cash (net cash requirement) it can use. Where these limits are exceeded, I qualify my regularity opinion on the financial statements since this means the Commission has incurred expenditure that is not in line with Parliament's intentions. HM Treasury then prepares a statement of all such excesses in the year and requests that the House of Commons approves the expenditure, which is then given statutory authority as part of a Supply and Appropriations (Anticipation and Adjustments) Act. Further detail on the authorised limits can be found within the Supply Estimates for 2020-21.

Parliament authorised a Resource Annually Managed Expenditure (RAME) limit of £0 for the Commission in 2020-21. This limit means that the Commission was not permitted to incur any RAME expenditure. However, the outturn against the RAME limit was £53,000, and the authorised limit was therefore exceeded by £53,000. I have therefore qualified my regularity opinion on the Commission's financial statements in

this respect. HM Treasury proposes to ask Parliament to authorise a further £53,000 of Resource Annually Managed Expenditure.

Explanation for Qualified Audit Opinion in respect of Resource Annually Managed Expenditure (RAME)

The Commission leases its office accommodation, Windsor House, from the Government Property Agency (GPA), an executive agency of the Cabinet Office. The GPA manages the property on behalf of the Commission and other tenants and, in turn, has a head lease agreement with the landlord who owns the property. A Memorandum of Terms of Occupation (Memorandum), signed by the Commission and GPA, sets out the terms and conditions under which the Commission occupies its share of the Windsor House accommodation. Under the Memorandum, the Commission is liable, at the end of the lease period, for the costs of returning the property back to the condition it was in when the Commission first occupied it. The GPA determines whether a provision needs to be made in its own financial statements for the cost of such property dilapidations based on its head lease agreement and advises its sub-lessees (including the Commission) of their share of any liability identified.

In 2019-20, both GPA and the Commission in their respective accounts, disclosed a contingent liability in respect of Windsor House as at 31 March 2020. Both parties were of the view that because there had been a significant level of improvements made to the property since it had assumed the lease, the probability of a dilapidation liability arising was possible but not likely. In November 2020, GPA notified the Commission that its view had changed and that the Commission should recognise a dilapidation provision in its accounts for its share of the remediation costs for Windsor House.

In early 2021, the Commission queried the need for, and the value of, the dilapidation provision advised by GPA. GPA advised the Commission that it had reviewed the situation as the Windsor House landlord has the right to request that accommodation improvements are removed. Given uncertainty in office property trends, particularly in the light of the COVID-19 pandemic, GPA's view was that there was no guarantee that the current landlord for Windsor House (or future landlords) would want to retain the

current office configuration. In view of this, GPA judged it probable that dilapidations liabilities would arise.

The final provision agreed by both parties is £53,000, which is recognised as a cost in the Commission's Statement of Comprehensive Net Expenditure for 2020-21 and as a liability at 31 March 2021 in the Statement of Financial Position.

The Commission has two opportunities to submit Supply Estimates through HM Treasury requesting parliamentary approval for its funding requirements during the year: Main Estimates in or around May each year and the Supplementary Estimate before the year-end in or around February. In preparing its Main Estimate prior to the start of the 2020-21 financial year, the Commission believed that it would not be incurring any liabilities in respect of dilapidation charges relating to Windsor House, so requested a RAME budget of zero. When the Commission was advised of the dilapidations provision by GPA in November 2020, the Commission should have applied for RAME budgetary cover in the Supplementary Estimate. However, the Commission did not realise that the new provision was subject to RAME budgetary cover and believed it had sufficient Resource Departmental Expenditure Limit budgetary cover to accommodate any provision.

As a result of these developments, the Commission incurred £53,000 of Resource Annually Managed Resource expenditure, such that the Estimate was breached by £53,000. Since expenditure relating to the creation of a provision does not result in an outlay of cash, this excess is considered to be 'non-cash'.

As outlined in the Governance Statement, the Accounting Officer is reviewing the steps that the Commission can take to minimise the risk of supply excesses in future.

Gareth Davies
Comptroller and Auditor General

Date: 24-06-2021

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

3. Financial Statements

Statement of Comprehensive Net Expenditure Year Ended 31 March 2021

		2020-21	2019-20
	Note	£000	
Programme Expenditure:			
Staff costs	2	1,333	1,218
Other costs	2	769	768
Provision expense	9	53	-
Net Operating Cost for the year		2,155	1,986

All expenditure relates to continuing operations and there is no other comprehensive expenditure.

The notes on pages 84 to 93 form part of these accounts.

Statement of Financial Position at 31 March 2021

		31-03-2021	31-03-2020
Note	£000	£000	
Non-current assets:			
Property, plant and equipment	3	39	50
Intangible assets	4	85	90
Total non-current assets		124	140
Current assets:			
Trade and other receivables	6	-	15
Other current assets	6	38	27
Cash and cash equivalents	7	102	66
Total current assets		140	108
Total assets		264	248
Current Liabilities			
Trade and other payables	8	(135)	(94)
Accruals and earned leave liability	8	(118)	(71)
Total current liabilities		(253)	(165)
Total assets less current liabilities		11	83
Non-current liabilities			
Provisions	9	(53)	-
Total non-current liabilities		(53)	-
Total assets less liabilities		(42)	83
Taxpayer's equity			
General Fund		(42)	83
		(42)	83

The notes on pages 84 to 93 form part of these accounts.

Jolyon Jackson CBE

**Chief Executive and Accounting Officer,
22-06-2021**

Statement of Cash Flows for the year ended 31 March 2021

		2020-21	2019-20
	Note	£000	
Cash flows from operating activities:			
Net operating cost		(2,155)	(1,986)
Adjustment for non-cash transactions	2	108	53
(Increase)/decrease in trade, other receivables and other current assets	6	4	(4)
(decrease)/increase in trade, other payables and other liabilities	8	88	(157)
<i>less movements in payables not passing through the SoCNE</i>		(34)	3
Net cash outflow from operating activities		(1,989)	(2,091)
Cash flows from investing activities			
Purchase of property, plant, and equipment	3	-	-
Purchase of intangible fixed assets	4	(25)	(15)
Net cash outflow from investing activities		(25)	(15)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		2,050	2,095
Net financing		2,050	2,095
Net (decrease)/increase in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund		36	(11)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	8	36	(11)
Cash and cash equivalents at the beginning of the period	7	66	77
Cash and cash equivalents at the end of the period	7	102	66

The notes on pages 84 to 93 form part of these accounts.

Statement of Changes in Taxpayers' Equity
Year ended 31-03-2021

	Note	General Fund £000
Balance at 31 March 2019		(53)
Net Parliamentary Funding - deemed		77
Net Parliamentary Funding - drawn down		2,095
Supply (payable)/receivable adjustment	8	(66)
Comprehensive Net Expenditure for the year		(1,986)
Non-Cash Adjustments:		
Non-cash charges - external auditors remuneration	2	16
Balance at 31 March 2020		83
Net Parliamentary Funding - deemed		66
Net Parliamentary Funding - drawn down		2,050
Supply (payable)/receivable adjustment	8	(102)
Comprehensive Net Expenditure for the year		(2,155)
Non-Cash Adjustments:		
Non-cash charges - external auditors remuneration	2	16
Balance at 31 March 2021		(42)

The notes on pages 84 to 93 form part of these accounts.

3.1 Notes to the Accounts

1. Statement of Accounting Policies

1.1 Introduction – These financial statements have been prepared in a form consistent with the Accounts Direction issued by HM’s Treasury in accordance with Paragraph 14 of Schedule 1 of the *Local Democracy, Economic Development and Construction Act 2009*, and in accordance with the *2020-21 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 circumstances of the Commission for the purpose of giving a true and fair view has been selected. The 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 us 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. This Statement is included under Section 2.3 of the Annual Report (Parliamentary Accountability)

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

1.3 Newly issued accounting standards implemented or due to be implemented – We provide a disclosure if we have not yet applied a new accounting standard and know or reasonably estimate relevant to the possible impact that the application of the new standard will have on the resource accounts. We have not adopted any standards early.

One new standard has been issued but is not yet effective: IFRS 16 (Leases – with effect from 01/04/2022). IFRS 16 recognises rights to use assets (the only significant one for us being our office accommodation). This lease held will require the

recognition of a right of use asset and a liability for the future lease payment commitments in the Statement of Financial Position. Our existing future lease commitments are disclosed in note 10.

We have assessed the impact of the new accounting standard (IFRS 16) on the leases held as a lessee and estimate its likely impact below.

Right of Use Asset (at 01/04/2022) £327,739 (relates to value of lease payments at Net Present Value using a discount rate of 0.91% as advised by HM Treasury).

Lease Liability (at 01/04/2022) £327,739 (relates to lease payments committed at Net Present Value using a discount rate of 0.91% as advised by HM Treasury).

Year	Lease Liability B/Fwd.	Interest	Amounts to pay	Lease Liability C/Fwd.
2022-23	£327,739	£2,982	£134,558	£196,163
2023-24	£196,163	£1,785	£134,558	£63,390
2024-25	£63,390	£577	£63,967	-

1.4 Property, plant and equipment – Presented at carrying value. On initial recognition assets are valued at cost including any costs such as installation directly attributable to bringing them into working condition. The minimum level of capitalisation of an individual tangible non-current asset is £5,000. Items below the capitalisation threshold individually acquired in each asset class or pool are not capitalised. All non-property operational assets are deemed to be short-life or low-value assets and are therefore valued based on depreciated historical cost as an approximation of fair value.

We undertake an annual review of assets to assess their carrying amount against the value on our balance sheet and the remaining useful life of assets still in use at a carrying amount of nil.

1.5 Intangible assets – Purchased computer software licences, costs associated with website enhancement and the associated costs of implementation are capitalised as intangible assets where expenditure of £5,000 or more is incurred. The valuation of our website and developed software is based on expenditure on these items less any accumulated depreciation. The valuation is used as a proxy for current value in existing use as

they are one-off products with no value on the open market. Website enhancements not yet in use are recognised as Assets under Construction (AUC).

We undertake an annual review of assets to assess their carrying amount against the value on our balance sheet and the remaining useful life of assets still in use at a carrying amount of nil.

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

Intangible assets	Up to 3 years
Websites & developed software	Up to 6 years
Technology	Up to 3 years
Equipment	Up to 10 years
Software licences	Over the life of the licence

1.7 Operating income – We have no operating income and rely solely on Parliamentary Supply Funding.

1.8 Expenditure (Note 2) – Reflects the total costs of service delivery.

1.9 Pensions – Past and present employees are covered by the provisions of the Civil Service pension scheme arrangements which are described in the Remuneration Report. In respect of the employers' contribution to the scheme, the Commission recognises the contributions payable for the year. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, but we are unable to determine our share of the underlying assets and liabilities. Further details about the Civil Service pension arrangements can be found on the Civil Service pensions website www.civilservicepensionscheme.org.uk/

A partnership pension scheme is available for staff members to join as an alternative to the CSPS. There are currently no staff in a partnership pension scheme.

1.10 Operating leases – Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term.

1.11 Finance leases – We have no finance leases.

1.12 Value added tax – Our activities 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 Operating segments – We are considered to provide a single function, undertaking electoral reviews, and in terms of IFRS 8, LGBCE is a single operating segment. Management reporting and decision-making is carried out based on a single segment and therefore it is not considered that any further segmental analysis is necessary to meet the requirements of IFRS 8.

1.14 Going concern – We are financed by amounts drawn from the Consolidated Fund, approved annually by Parliament to meet our net cash requirement for the year. The Statement of Financial Position as at 31 March 2021 shows negative taxpayer's equity of £42k. This reflects liabilities accounted for but not yet drawn down from the fund. As with other statutory bodies, the ongoing financing of our activities and related liabilities is met by future drawdowns from the Consolidated Fund approved annually by Parliament. Such approval for amounts required for 2021-22 has already been given, and it is therefore considered appropriate to adopt a going concern basis in the preparation of these financial statements.

1.15 Accounting estimates and judgements – Amortisation and depreciation estimates are included within the accounts and calculated based on our accounting policies. Accruals are included at actual values (if known or invoice received after 31 March) or estimated values if not.

The provision for the dilapidation charge is based on the best estimate of the amount required to settle the obligation following an assessment of risks and uncertainties, terms of legal agreements, and where appropriate, independent professional valuation reports. A provision is made for estimated costs based on valuations where the likelihood of settlement is material and imminent or via the use of industry standard calculations/methodologies.

2. Expenditure

	2020-21	2019-20
	£000	
Staff costs		
Wages & salaries	929	826
Commissioners fees *	103	97
Social security costs	104	96
Other pension costs	197	199
	1,333	1,218
Rentals under operating leases:		
Buildings	135	133
	135	133
Non-cash items:		
Depreciation and amortisation		
- Other non-current assets	39	37
Auditor's remuneration	16	16
Increase/(Decrease) in provisions	53	-
	108	53
Other expenditure:		
Printing and mapping	88	85
Business costs & contracts for services	329	304
Stakeholder engagement	70	81
Legal and professional fees	20	19
Travel, subsistence and hospitality	0	37
Other staff costs	37	36
Internal audit	11	12
Statistical costs	23	7
Bank charges	1	1
	579	582
	2,155	1,986

* Commissioners' fees reported in the Remuneration Report are based both on actual claims and year-end accruals in respect of claims not yet submitted. As a result, the fees reported above vary slightly from the Remuneration Report figure as they reflect the difference between the accrual and the actual claims made, resulting in a < £1k difference in 2020-21 (£3.6k 2019-20).

Note - the total non-cash items included in the Reconciliation of Net Resources Outturn to Net Cash Requirements comprise:

	2020-21	2019-20
	£000	
Total non-cash transactions as above	108	53
Non-cash items per reconciliation of net resource outturn to net cash requirement	108	53

The staff costs included in this note are further analysed in the Accountability Report (section 2.2.2).

3. Property, plant & equipment

		Property, plant & equipment	Total
		£000	
Cost or valuation			
At 1 April 2020		93	93
At 31 March 2021		93	93
Depreciation			
At 1 April 2020		43	43
Charged in year		11	11
At 31 March 2021		54	54
Net Book Value at	31 March 2021	39	39
Net Book Value at	31 March 2020	50	50
Cost or valuation			
At 1 April 2019		103	103
Disposals (write down)		(10)	(10)
At 31 March 2020		93	93
Depreciation			
At 1 April 2019		42	42
Charged in year		11	11
Disposals (write down)		(10)	(10)
At 31 March 2020		43	43
Net Book Value at	31 March 2020	50	50
Net Book Value at	31 March 2019	61	61

All assets included in the notes above were owned by LGBCE.
At the 31st March 2021 there were fully depreciated assets of £22k (31/03/20 £22k) included in both the total cost or valuation amounts and the total depreciation amounts. This relates to our map plotter/printer and our server which were both still in use at year end. We expect the server to be disposed of during 2021-22 and will also review the ongoing need for the plotter/printer during 2021-22.

4. Intangible assets

	Websites & software £000	Total
Cost or valuation		
At 1 April 2020	307	307
Additions	23	23
Disposals (write down)	-	-
At 31 March 2021	330	330
Amortisation		
At 1 April 2020	217	217
Charged in year	28	28
Disposals (write down)	-	-
At 31 March 2021	245	245
Net Book Value at 31 March 2021	85	85
Net Book Value at 31 March 2020	90	90
Cost or valuation		
At 1 April 2019	305	305
Additions	23	23
Disposals/write offs	(21)	(21)
At 31 March 2020	307	307
Amortisation		
At 1 April 2019	212	212
Charged in year	26	26
Disposals/write offs	(21)	(21)
At 31 March 2020	217	217
Net Book Value at 31 March 2020	90	90
Net Book Value at 31 March 2019	93	93

At the 31st March 2021 there were fully amortised assets of £161k (31/03/20 £161k) included in both the total cost or valuation amounts and the total amortisation amounts. This relates to our website/consultation portal, our Geographic Information System and our telephone system which were still in use at the year end.

5. Financial instruments

All cash requirements are met through the Estimates process and are drawn down from the Consolidated Fund, and financial instruments play a limited role in creating risk. Most financial instruments relate to contracts for non-financial items in line with the Commission's expected purchase and usage requirements and the Commission is therefore not exposed to significant credit, liquidity, or market risk.

6. Trade, other receivables and other current assets

£000	31/03/21	31/03/20
Amounts falling due within one year:		
Other receivables	-	15
Prepayments and accrued income	38	27
Total receivables	38	42

7. Cash and cash equivalents

£000	31/03/21	31/03/20
Balance at 1 April	66	77
Net change in cash and cash equivalent balances	36	(11)
Balance at 31 March	102	66
The following balances at 31 March were held at:		
Government Banking Service accounts	102	66
Balance at 31 March	102	66

8. Trade payables and other liabilities

£000	31/03/21	31/03/20
Amounts falling due within one year:		
Trade payables	33	28
Accruals and deferred income	61	45
Short-term staff benefits (earned leave liability)	57	26
Amounts issued from the Consolidated Fund for supply not spent at year end	102	66
Total Payables	253	165

9. Provisions for liabilities and charges

£000	31/03/21	31/03/20
Balance at 1 st April	-	-
Provided in year ¹⁹	53	-
Balance at 31st March	53	-

10. Capital and contractual commitments

The total undiscounted future minimum payments to which we are committed, analysed by the period during which the payments will be made, are shown below:

£000	Capital		Contractual		
	20-21	19-20	20-21	19-20	
Not later than one year	-	6	125	76	Website, IT Contract, Internal Audit Contract
Later than one year and not more than five years	-	-	96	-	IT Contract, Internal Audit Contract
Later than five years	-	-	-	-	
Total	-	6	221	76	

11. Commitments under operating leases

Total future minimum lease payments under operating leases are set out below:

£000	2020-21	2019-20
Not later than one year	135	134
Later than one year and not more than five years	333	465
Later than five years	-	-
Total	468	599

¹⁹ This relates to a dilapidation provision for Windsor House due on or after September 2024.

12. Related party transactions – The Commission is an Independent Statutory Body, overseen and monitored by the Speaker’s Committee. The Speaker’s Committee acts in lieu of a Government Department as the body to which the Commission reports. It also approves the Commission’s rolling five-year Corporate Plan and budget annually. The Chair of the Commission, the Chief Executive and the Director of Corporate Services attend the Speaker’s Committee once or twice a year to answer any questions Committee members might have on the Commission’s Corporate Plan and Annual Report.

The Chief Executive is appointed by the Commission. None of the Commissioners, senior management team, staff or other related parties has undertaken any material transactions with the Commission during the year except for remuneration which is reported in the Remuneration Report (Section 2.2.1).

In addition to the Speaker’s Committee, the Commission had transactions with other government departments including the Ministry of Housing, Communities and Local Government, HM Revenue and Customs, HM Treasury, Department for Work and Pensions, The Government Legal Department; and with bodies including the National Audit Office and Ordnance Survey.

13. 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 which is the date of the audit certificate. As of the date of the Comptroller & Auditor General’s certificate, there are no events which impact upon our financial statements for the year ended 31 March 2021 that are not disclosed.

Financially, we have not been adversely affected by COVID-19 and we are working in new ways. We expect to work effectively in the future by combining newly developed working methods with previous ways as we navigate continued disruption from COVID-19.

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