The Local Government Boundary Commission for England

Annual Report & Accounts 2011-12

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The
Local Government
Boundary Commission
for England

Annual Report & Accounts 2011-12

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Contents

1. Chair's Introduction

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

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

Last year we successfully established the Commission as an independent body, with effective governance, accountability and support arrangements, and completed the reviews bequeathed by our predecessor body. In our second year we have boosted our review activity to meet the challenging targets we have set ourselves in the 2011/12 corporate plan and made real efficiency savings to ensure that we keep within budget.

We always seek evidence from local people in our reviews. We are improving our website to allow them to have their say more readily.

I would again like to offer my thanks and appreciation to Earl Cathcart and Lord Harris, who facilitate any debates on our orders in the House of Lords, and Mr Gary Streeter MP, who undertakes a similar role in the House of Commons on behalf of the Speaker's Committee.

We have made it our practice to offer a briefing meeting to Members of Parliament in areas where we are starting reviews, and to engage them throughout the review as they wish. We have also met the Select Committee on Communities and Local Government and continued to strengthen our contacts and relations with the local government community.

We have amended our procedures by having early dialogues with local authorities well in advance of reviews starting, to build a good mutual understanding with them of what needs to be done to achieve a smooth and successful review process. This is working well.

Our experience is that when councils have strong political leadership, with a vision of how councillors and the council as a whole could best operate to serve their electors, we can more readily help them by putting in place the necessary electoral arrangements.

More councils are telling us that they would be interested in having reviews designed to build more effective and convenient local government. The Commission will be looking at how, within its budget, it can meet such requests, where they have the local backing to carry them through effectively, while giving priority to our statutory purpose to tackle electoral inequalities within councils and consequent unfairness to electors.

We are aware that some councils face challenges which cannot be solved by introducing joint management and service delivery arrangements and require consideration of more fundamental change. Our approach to such reviews, agreed following consultation, requires demonstration of sufficient and sufficiently widespread support within all the areas which would be affected. This has not yet been achieved by those authorities that have built a business cases for change. Nevertheless, we stand ready to assist, within our capabilities, where propositions for change come forward.

We have achieved real momentum now in our review programme and I would like to place on record my appreciation of the commitment of Commissioners and staff who have worked together to achieve this.

Max Caller

Chair

28 June 2012

2. Commissioners

Max Caller CBE (Chair)

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

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

Professor Colin Mellors (Deputy Chair)

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

Dr Peter Knight CBE DL

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

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

Sir Tony Redmond

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

Tony is Treasurer and Trustee of Unicef UK. He was knighted in January 2011 for services to local government.

Dr Colin Sinclair CBE

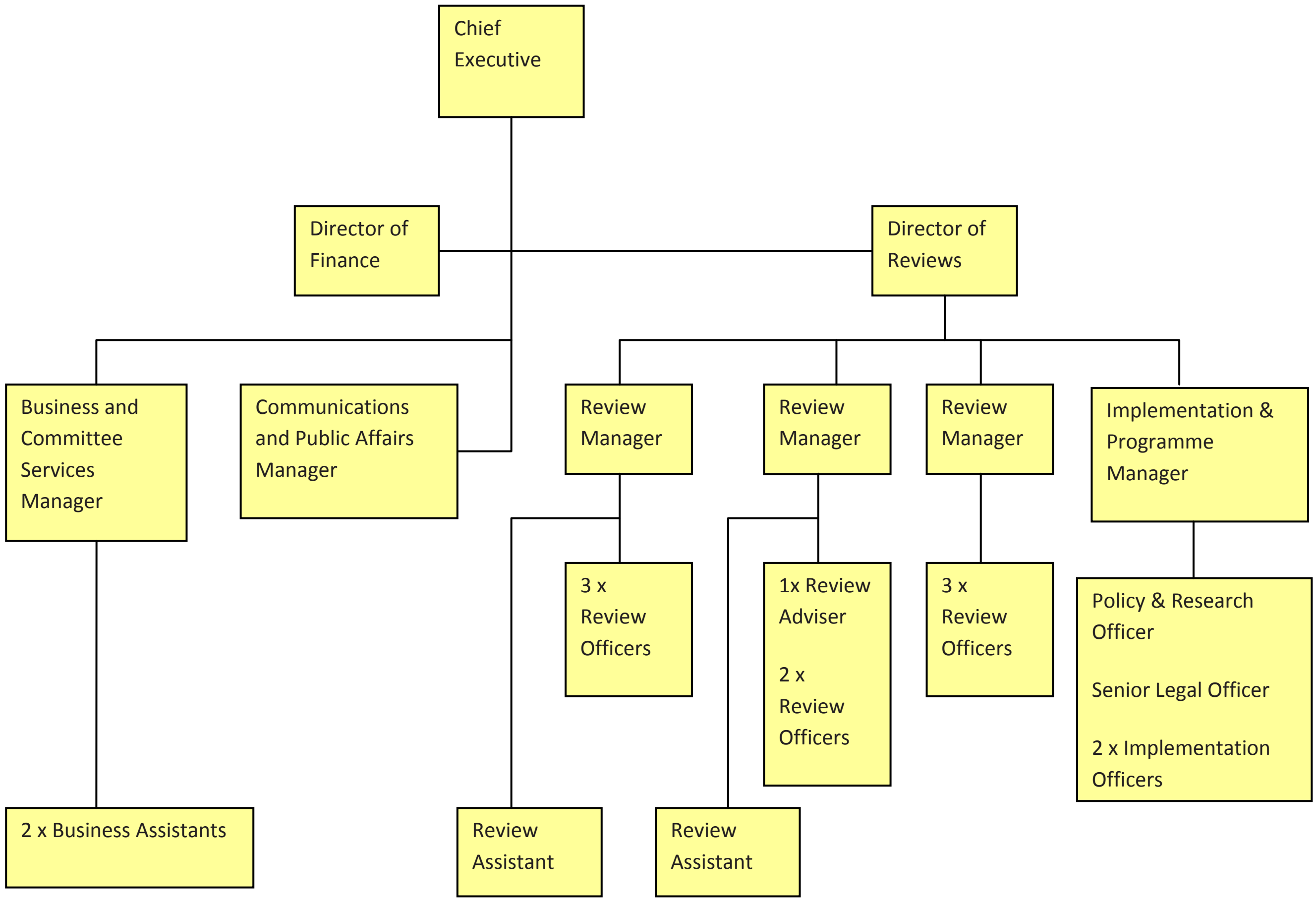
Former Chief Executive of Sunderland City Council, Colin Sinclair is a local government expert with over 20 years experience in the sector. A specialist in strategic change management, Colin has worked in some of the most challenging and complex local government environments. He has held senior positions at Birmingham City Council and within the Society of Local Authority Chief Executives (SOLACE), and he was the Regional Returning Officer for the North East. In his current role as independent local government expert, Colin has advised councils across England.

Professor Paul Wiles CB

Paul Wiles is currently Visiting Professor in Criminology at Oxford University, Fellow of Wolfson College and Honorary Professor at Sheffield University. Until Easter 2010 he was the government's Chief Social Scientist and head of the Government Social Research Service. He was also Chief Scientific Advisor and Director of the Science and Research Group at the Home Office. He acts as adviser to the Sentencing Council; is a trustee and Board Member of the National Centre for Social Research and works on university funding for the Higher Education Funding Council for England.

3. Organisation Structure

At 31 March 2012



4. Management Commentary

4.1 Performance Review

The Commission established two broad objectives for 2011/12.

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

Thirteen electoral reviews to meet this objective were completed in the year. Twelve of these reviews were undertaken as a result of the authorities in question triggering the Commission's criteria[1] where they displayed high levels of electoral imbalances across wards or divisions. The review of County Durham was undertaken following a request by the Electoral Commission to review the electoral arrangements of the new unitary authority.

In all these reviews, the Commission delivered high levels of electoral equality for voters on the basis of five-year electorate forecasts. 31% of wards or divisions in the reviews completed in the year had electoral variances of more than 10%. The electoral reviews reduced this from 31% to19%, predicted to fall to 5% in five years time, based on current electoral forecasts.

Significant levels of electoral inequality affect 85 (24%) local authorities in England. Over the course of its five-year plan, the Commission aims to reduce that to 16% of authorities by the end of 2016/17.

	Objectives set for 2011/12	Outcomes 2011/12
Electoral reviews of areas with significant electoral imbalances	• We will complete reviews of Rugby, West Lindsey, Swindon, Daventry, Hartlepool, Staffordshire, Rushmoor, Broxbourne, Surrey, Buckinghamshire, Cumbria[2], Hart, Co Durham and Oxfordshire. • We will commence reviews in 14 local authority areas. • We will publish new technical guidance to introduce faster, proportionate and more flexible electoral review processes.	• Reviews completed for Rugby, West Lindsey, Swindon, Daventry, Hartlepool, Staffordshire, Rushmoor, Broxbourne, Surrey, Buckinghamshire, Hart, Co Durham and Oxfordshire. • Reviews commenced in 17 local authority areas to tackle electoral inequality. • New technical guidance published.

[1] The Commission's criteria for significant electoral inequality are where 30% or more of wards/divisions vary in their ratio of electors: members by 10% or more from the average for the authority, and/or it has one or more wards/divisions with a variance in this ratio of 30% or more, and the imbalance is unlikely to be corrected by population change within a reasonable period. In 2011/12, the Commission simplified how it calculates its threshold for intervention. It had used a rounding technique which discounted wards or divisions just outside the 10% (or 30%) threshold. The Commission adopted a more straightforward reckoning prompted by its consideration of the National Audit Office V*alue for Money* study in 2011. The new technique brings 21 more local authorities within the criteria for intervention than the Commission's projection for 2011/12 in its last Corporate Plan.

[2] The electoral review of Cumbria County Council will be completed in 2012/13.

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

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

To that end, the Commission completed an electoral review of Gloucestershire in response to the council's request for the Commission to carry out an electoral review with a view to delivering single-member electoral divisions across the county.

In addition, the Commission has completed a Principal Area Boundary Review (PABR), following a request from two authorities to make a small change to their external boundaries, and is in the process of conducting two further such reviews.

In response to demand from local authorities for electoral reviews, the Commission commenced twelve reviews on request in 2011/12, principally to consider the number of councilors representing the authority. The average decrease in council size in the fourteen reviews completed in the year was 8%.

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

The Commission also gave consent to one local authority to change the names of one or more wards or divisions in its area.

	Objectives set for 2011/12	**Outcomes 2011/12**
Reviews included in the programme on request	• We will commence reviews in seven local authority areas in direct response to requests from authorities. • We will complete the single-member ward review of Gloucestershire.	• Reviews commenced on request for Derbyshire, Warwick, Rushcliffe, Boston, Arun, Milton Keynes, Lancaster, Bromsgrove, Hambleton, Vale of White Horse, South Oxfordshire and Gedling[3]. • Review completed for Gloucestershire. • PABRs commenced in Stevenage/East Hertfordshire and Northumberland/Gateshead. • PABR completed for Welwyn Hatfield/St Albans.

[3] Derbyshire, Rushcliffe, Boston, Arun, Milton Keynes, Lancaster and Hambleton are all reviews which have been requested by local authorities which also meet the Commission's criteria for intervention on the grounds of electoral inequality.

Key performance indicators

Key Performance Indicator (KPI)		Target 2011/12	Output 2011/12
1.	Percentage of local authorities with significant electoral imbalances	17%	24%[4]
2.	Number of local authorities requesting reviews that are programmed for review at 1 April 2012	7	14
3.	Aggregate percentage customer satisfaction with review processes[5]	>70%	59%
4.	Percentage of electoral change orders which, following reviews by the Commission, come into effect at the election expected when the review was first programmed	95%	100%
5.	Average unit costs of reviews	£125k	£112k
6.	Percentage variance from total budget	<3% from budget	6% below budget

KPI 1 was affected by the change in the calculation methodology described in the footnote, otherwise the output would have been 18%.

KPI 3 is demonstrably affected by respondents' judgements about the outcome of reviews, as opposed to the process. This is being addressed by an improved methodology for 2012-13.

KPIs 5 and 6 reflect performance from better efficiency savings than assumed in plans.

[4] See footnote 1 on page 7.

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

4.2 Communications and Public Affairs

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

1. Supporting the work programme by publicising consultations and recommendations to maximise local authority and community involvement in our reviews and in responding to their enquiries.

2. Delivering the legislative requirements of the Local Democracy, Economic Development and Construction Act 2009 in relation to laying draft orders and strengthening relationships with parliamentarians.

3. Developing policies, procedures and products to improve the way the Commission engages with local authorities and members of the public during reviews.

The aims were supported by specific actions:

- As part of our review work, we have delivered 10 launches of public consultations relating to council size. During 2011/12 we also announced the publication of final recommendations for 14 reviews and launched draft recommendations to press and public for a further 11 reviews.

- Successfully made 9 electoral change orders which were laid in both Houses of Parliament under the negative resolution procedure.

- Developed a new interactive web portal designed to allow key partner organisations and members of the public to view and explore Commission recommendations. The site will be launched publicly in 2012/13.

- Strengthened relationships with local authorities who are part of the review programme by engaging with them around six months before the start of a review so that they can be fully prepared for the review and can consider the issues involved at the earliest possible stage.

- Formally briefed the House of Commons Communities and Local Government Select Committee on the work and future plans of the Commission and obtain feedback.

- Organised a major presence at the Local Government Association Annual Conference where the Commission held a fringe event with guest speakers. Approximately 200 contacts were made with councillors and senior officers at the conference to discuss current reviews or possible requests for reviews from authorities.

- Met Members of Parliament to discuss electoral reviews relating to their constituencies.

Correspondence

Service standards relating to handling correspondence have been met, except for the response to one complaint.

Type of Request	Number of Requests Received	Response Service Standard	Number of Responses sent within deadline	Percentage	Number of responses sent within 5 days
General Enquiries	270	Respond within 15 working days	270	100%	193
Enquiries relating to Reviews	52	Respond within 15 working days	52	100%	34
Submissions resulting from Review Consultations	1628	Respond within 15 working days	1614	100%	1563
Complaints Stage 1	13	Respond within 15 working days	12	93%	7
Complaints Stage 2	1	Respond within 20 working days	1	100%	0
Complaints Stage 3	1	Respond within 20 working days	1	100%	0
Freedom of Information Requests	11	Respond within 20 working days	11	100%	6

4.3 Financial Review

Resources

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

The Supply Estimate for 2011-12 provided for a net resource requirement of £2,633,000. This was set out in a new 5 Year Corporate Plan for the period to 2015-16, approved by the Speaker's Committee in March 2011. Due to efficiencies and a reassessment of resources needed to meet objectives this was £212,000 less than the provision of £2,845,000 included in the previous plan, approved prior to the Commission's establishment.

The Speaker's Committee also agreed, on the same basis, a Net Cash Requirement for 2011-12 of £2,652,000, to include net voted Capital of £50,000, less accruals to cash adjustments of £31,000.

Use of Resources

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

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

In 2011-12 the Commission used £2,466,000 of total resources. This amount was £167,000 less than the total sum of £2,633,000 approved by Parliament in the Supply Estimate and also included a provision of £47,000 classified as Annually Managed Expenditure which was not approved by Parliament owing to the nature and timing of the expense and for which retrospective approval will be sought. A more detailed explanation is included in the Governance Statement on page 25. The reasons for the underspend were:

- Savings from operating with one Commissioner fewer, less use of contractor support and a less costly process for the re-appointment of the Chair and the Chief Executive - £53,000.
- Savings in administrative overheads, including travel and subsistence - £57,000.
- Savings in staff costs, due to more flexible working and higher productivity when covering for shortfalls due to staff turnover - £57,000.

In 2011-12 the Commission used £27,000 of capital. This amount was £23,000 less than the sum of £50,000 approved by Parliament in the Supply Estimate.

The Commission required cash amounting to £2,319,000 in 2011-12 to finance its activities, which was £333,000 less than the sum of £2,652,000 approved by

Parliament in the Estimate. The main reasons for the difference were:

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

Accounting Officer and Auditors

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

The Comptroller and Auditor General was appointed as the Commission's external auditor under Schedule 1 (15) to the Local Democracy, Economic Development and Construction Act 2009. A notional cost of £14,000 (2010-11, £14,500) was incurred on external audit. Internal audit and other services were provided by RSM Tenon Limited at a cost of £14,350 (2010-11, £21,328).

Statement of Payment Practice

The Commission has a target of paying suppliers within ten days of receipt of goods or services, or receipt of the invoice, whichever is later. During 2011-12, 99% (2010-11, 96%) were paid within these agreed credit periods.

The amount owed to suppliers at the end of the reporting period as a proportion of the total amount invoiced by suppliers during the year, expressed as a number of days, was 0.5 days (2010-11, 16 days).

Disclosure of Audit Information to the Auditors

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

Employees, Community and the Environment

Human resource policies aim to achieve good performance and job satisfaction. Staff are encouraged to develop their expertise, seek further training and contribute to decision making. Meetings are structured to give information to staff and obtain feedback.

Days lost to sickness absence totalled 119.5 (2010-11, 71) – an average of 4.5 days (2010-11, 3.1days) per full-time equivalent person.

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

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

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

Equalities

We are committed to the promotion of equality, both in the conduct and outcome of reviews and in our responsibilities as an employer. Accordingly, we have amended our policies and processes to reflect the Equality Act 2010 which introduced a new general equality duty for all organisations who exercise public functions. We now analyse the effect of our policies and practices to enable us to consider if we need to act differently.

During the year, the Commission completed the equalities training programme started in the previous year. The training covered the requirements of the Equalities Act 2010, raising awareness of the groups covered by the legislation and examples of best practice for public sector organisations.

Personal Data Related Incidents

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

4.4 Remuneration Report

Commissioners

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

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

Parliament has resolved that fees for the Commissioners shall increase on 1 April each year by the percentage increase paid for High Court Judges. There was no increase for 2011-12.

The fees received by the Commissioners during the year are as below. These amounts include accrued fees earned, but not yet paid, at the 31 March.

Commissioner	**2011-12**	**2010-11**
Max Caller CBE (Chair)	£24,592	£25,152
Professor Colin Mellors	£12,324	£ 7,426
Dr Peter Knight CBE, DL	£11,850	£11,060
Sir Tony Redmond	£13,904	£ 1,264
Dr Colin Sinclair CBE	£15,326	£ 2,214
Professor Paul Wiles CB	£10,981	£ 1,975
Jane Earl (retired on 31 March 2011)	-	£10,270
Joan Jones CBE (retired on 31 December 2010)	-	£10,270

The independent external adviser to the audit committee, Elizabeth Butler, received fees of £1,580 (2010-11, £948) at the same daily rate as Commissioners. Elizabeth Butler is also the independent external Chair of the Electoral Commission Audit Committee.

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

Senior Management Team

Alan Cogbill was re-appointed as Chief Executive on 31 December 2011. The Speaker's Committee designated him Accounting Officer on 1 April 2010.

The Directors of the Commission are:

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

They are supported by the following senior officers who, with the Directors, formed the

Senior Management Team at 31 March 2012:

- Business & Committee Services Manager – Sarah Vallotton
- Public Affairs & Communications Manager – Marcus Bowell
- Implementation and Programme Manager –Alison Wildig
- Review Managers – Richard Buck, Tim Bowden, Sam Hartley (currently on secondment to the Parliamentary Boundary Commission for England)

Appointment to the Senior Management Team is on merit and follows open competition. Members are either employed on permanent or fixed term contracts. Those on permanent contracts have the option to retire and draw pension at any age between 60 and 65. Early termination, with qualifying service other than for misconduct, would normally result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

The remuneration of the Chief Executive, the Director of Reviews and the Director of Finance and the framework for the remuneration of other staff is agreed by the Remuneration Committee. Funding is through the Commission's Supply Estimate.

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

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

Directors

The salaries, the relationship between the remuneration of the highest-paid Director or Commissioner and the median remuneration of the Commission's workforce, and the pension entitlements of the Directors are in the table that follows. This information is covered by the Comptroller and Auditor General's audit opinion.

The information in the table is based on payments made and recorded in these accounts. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. Salary is gross salary.

No bonuses, overtime, other allowances or benefits in kind were paid.

Name	2011-12 Total Remuneration £ '000		2010-11 Total Remuneration £ '000
Alan Cogbill[6]	45-50 (FTE 75-80)		45-50 (FTE 75-80)
Archie Gall	60-65		60-65
David Hewitt[7]	20-25 (FTE 55-60)		25-30 (FTE 55-60)
Band of Highest Paid Director's FTE Total Remuneration (£ '000)	80-85		75-80
Median	£33,088		£28,991
Remuneration Ratio	**2.49**		**2.67**

The banded remuneration of the highest paid director (full time equivalent) in 2011-12 was £80k - £85k (2010-11, £75k - £80k). This was 2.49 times (2010-11, 2.67) the median remuneration of the workforce, which was £33,088 (2010-11, £28,991).In 2011-12, no employees (2010-11, nil) received remuneration in excess of the highest paid director.

The decrease in the remuneration ratio during the year was due to contractual incremental increases for a small number of staff, but not for directors; a reduction in the number of Commissioners; changes in staff numbers and grade mix; and no general pay increases.

Name	Accrued Pension at 60 and Related Lump Sum aged 60 (31 March 2012)	Real Increase in Pension & Related Lump Sum aged 60	Cash Equivalent Transfer Value[8] at 31 March 2012	Cash Equivalent Transfer Value at 31 March 2011	Real increase in Cash Equivalent Transfer Value	Employer Contribution to Partnership Pension
	£000	£000	£000	£000	£000	£000
Alan Cogbill	NA	NA	NA	NA	NA	6
Archie Gall	Pension 30-35 Lump sum 90-95	Nil Nil	681	644	no increase	NA
***David Hewitt**	NA	NA	NA	NA	NA	NA

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

Pension Scheme

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

[6] The Chief Executive is appointed to work 3 days a week and the Director of Finance is appointed to work 2 days a week.
[7] The Director of Finance is on a 3 year fixed contract which expires at the end of April 2013
[8] The actuarial factors used to calculate Cash Equivalent Transfer Values (CETVs) were changed in 2011-12. The CETVs at 31 March 2011 and 2012 have both been calculated using the new factors, for consistency. See below for information on CETV

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

Employees may be in one of four defined benefit schemes - a final salary scheme (classic, premium or classic plus) or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under these schemes are increased annually in line with Pensions Increase legislation.

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. There is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increases in CETV are effectively funded by the employer. These do not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement), and they use common market valuation factors for the start and end of the period.

Alan Cogbill
Chief Executive and Accounting Officer

28 June 2012

4.5 Governance Statement

Governance Framework

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

These Accounts are prepared in accordance with an accounts direction issued by HM Treasury under Schedule 1(14) of the Act.

Our objectives are to:

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

The Commission conducts its affairs in accordance with a comprehensive corporate governance framework which sets down our values and principles; how we are accountable; and how we conduct business.

Commissioners, acting as a Board, are accountable to the Speaker's Committee and provide strategic leadership and decision making on electoral reviews and related matters. They also make final decisions on five year corporate plans, annual accounts and budgets. There are two Board committees: the Remuneration Committee, and the Audit Committee.

Although we are not part of central government, we follow the Corporate Governance Code *(Corporate governance in central government departments, code of good practice, published by HM Treasury and the Cabinet Office, July 2011).* Commissioners perform executive and non executive functions. A specific area where we are not fully compliant is the requirement for the Board to be diverse. This is on the risk register and has been notified to the Department of Communities and Local Government, which is responsible for the recommendations for appointments to the Commission, other than the Chair.

The Chief Executive and Accounting Officer is personally responsible to Parliament for the organisation and quality of management in the Commission, including its use of public money. A statement on the Accounting Officer's responsibilities is included at 4.6 of this report.

The Speaker's Committee

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

Construction Act 2009 and include:

- examining the annual financial estimates and laying them before the House of Commons, with or without modification
- examining the five year plan and forward resource estimates and laying them before the Parliament, with or without modification
- receiving the annual report and accounts
- receiving an annual report from the Comptroller and Auditor General on the economy, efficiency and effectiveness with which the Commission has used its resources
- designating the Commission's Accounting Officer
- reporting to the House of Commons, at least once a year, on how it has carried out its functions

The Speaker's Committee met on 7 March 2012 to consider the Supply Estimate for 2012-13 and the 5 year Corporate Plan for 2012-13 to 2016-17.

Commissioners

The membership of the *Commission,* throughout the year, comprised:

Max Caller CBE (Chair)
Professor Colin Mellors (Deputy Chair)
Dr Peter Knight CBE DL
Sir Tony Redmond
Dr Colin Sinclair CBE
Professor Paul Wiles CB

Max Caller was re-appointed as Chair during the year.

The membership of the *Remuneration Committee*, throughout the year, comprised all Commissioners.

The membership of the *Audit Committee*, throughout the year, was:

Sir Tony Redmond (Chair)
Professor Colin Mellors
Dr Colin Sinclair CBE
Elizabeth Butler FCA[9] – independent external adviser

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

Commissioners' fees and attendance at meetings are set out in the Remuneration Report.

[9] In the course of the year Elizabeth Butler was appointed independent external adviser to the audit committee in accordance with the Local Democracy, Economic Development and Construction Act 2009.

The Commission's performance

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

One important test of this is the performance of the Commission as an organisation, and the Management Commentary section of this report includes information on performance against corporate objectives and our achievements during the year.

In September 2011 the Commission met specifically to review future strategy and lessons learnt from the first year of operation. Issues included the need for a more satisfactory and useful indicator of customer satisfaction and the balance of the programme between reviews carried out on our intervention, to correct electoral inequality, and those following requests from local authorities wishing to increase the effectiveness of their democratic arrangements. Discussion also focused on building an even stronger sense of unity and teamwork between Commissioners, the Chief Executive, Directors and staff.

At the start of the year the Commission also conducted a self appraisal process, led by the Chair, and took due note of the recommendations in the National Audit Office's first annual report on value for money. The report stated that the Commission had achieved much in its first year and recommended that we engage further with local authorities, investigate opportunities for peer review, build on a growing understanding of the cost of reviews, and develop more detailed plans for cost reduction. The National Audit Office's second annual report, referred to later, explains how we have acted on these recommendations.

The Commission has operated effectively as a Board. The annual report by internal audit rated the Commission "green" (the top assessment of three – green, amber, and red) for governance and internal control, and amber for risk assurance, pending an improved succession plan, now in place.

Commissioners, meeting monthly as a Board, set strategic direction and take decisions on reviews and corporate business. During the year there were 11 Board meetings and attendance by the Commissioners is noted in the table below.

Commissioner	Attendance
Max Caller CBE (Chair)	11 meetings
Professor Colin Mellors (Deputy Chair)	11 meetings
Dr Peter Knight CBE DL	11 meetings
Sir Tony Redmond	11 meetings
Dr Colin Sinclair CBE	10 meetings
Professor Paul Wiles CB	10 meetings

The roles of the two Committees were developed during the year as follows:

Remuneration Committee

The Remuneration Committee examined the pay structure across the organisation, in accordance with the criteria set out in the Remuneration Report, and resolved, as in the previous year, to award no discretionary, general increases in pay. The Committee also authorised the Chief Executive to carry out a reorganisation to strengthen management and control of the review programme and integrate it better with processes for the Order making which gives legal effect to the Commission's review decisions.

The Remuneration Committee also identified as a risk the Commission's reliance on certain key members of staff, and on all staff generally in our relatively small organisation. This prompted a more formal succession plan and other measures to improve the learning and development of our people.

The Chief Executive's appointment was due for review/renewal on 31 December 2011. A panel of Commissioners, with external HR support, reviewed what would be expected of the post over the coming years and conducted a competitive process, which resulted in Alan Cogbill's re-appointment.

Audit Committee

The Audit Committee, over the course of the year, sharpened its role in reviewing the comprehensiveness of assurances, risk processes, and the integrity of financial statements, forecasts, and budgets, to be able to assure the Commission and the Accounting Officer that corporate statements submitted for approval have been prepared with due rigour.

A revised risk policy was endorsed by the Committee, with standard terminology and definitions, consistent with a simpler risk register. This enabled more focus on the risks, and their management, and less on the process. The Committee also paid due attention to the performance of internal and external audit and the nature of the management team's response to issues identified by audit activity.

Risk

The Commission has invested much time and effort in developing risk processes which add value and are appropriate to its size and relatively straightforward objectives. The risk policy states that risks are potential events which could threaten the achievement of the objectives in the five year corporate plan.

The policy outlines the responsibilities of the Commission, the Audit Committee, and employees, with regard to risk. The structure in terms of process and activities for managing risks is well defined. We build on that by applying a challenging and questioning attitude in the organisation when considering risk. This applies to the identification, the controls and the scoring of risks.

As with all risk approaches, the aim is to manage risk to a reasonable level, consistent with our risk appetite, rather than attempt to eliminate all risk. It can therefore provide only reasonable and not absolute assurance.

There were four risk areas which tended to have higher scores and thus received particular attention during the year:

- Review delivery

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

  The risk was managed by introducing new processes, following consultation, and changing the organisation's structure to strengthen programme management. The necessary level of review activity was achieved in 2011-12. Significant further increases will be needed to deliver the five year corporate plan. The Commission recognises the degree of challenge. As recommended by the National Audit Office in its second value for money study, it will actively review progress, drawing on its increasing knowledge of the differing levels of complexity of the reviews it will be undertaking. A supplementary operational risk register manages emerging review risks and maintains momentum.

  Internal audit stated in November 2011 that the Commission can take substantial assurance (the highest level of assurance) that the controls to manage this risk are suitably designed and consistently applied.

- Staffing resilience

  The Commission depends on the contribution of each employee in a series of specialised roles. It has stepped up succession planning and staff development. Following the Commission's September strategy event, which reinforced the need for good teamwork, a workshop was held where Commissioners and staff identified further ways to increase effectiveness.

- Budgetary control and value for money

  The five year plan included annual cost reduction targets of 2.5% plus absorbing inflation. This has equated to efficiency savings of around 6% in real terms over the last two years.

  In both of the Commission's first two years we outperformed the targets. In its second annual value for money report the National Audit Office stated that the Commission was well-placed to meet its corporate targets for 2011-12 in terms of cost reductions and close to target on reviews completed, and had made good progress in clarifying how it will achieve further savings in future years.

  The National Audit Office observed that there were areas where the Commission recognised the need to develop further its systems for tracking the cost of reviews. It noted that the 2011-12 budget had proved higher than required in some respects, partly because of the limited information available in the Commission's first year. It recommended that we should revisit future budgetary assumptions in the light of experience to see where further savings might be achieved, which would be necessary to deliver the planned increases in review output. We are working on improved cost tracking and shall review our future budget assumptions.

  In December 2011 internal audit awarded us the highest level of assurance for financial management and budgetary control.

- Approval of budget and corporate plan by the Speaker's Committee

  The Commission has sought to build an open and constructive relationship with the Committee, including keeping the Committee informed about any emerging issues. The risk of failing to obtain approval scores highly because of the impact on our viability and reputation.

  The Commission is pleased to report that our first two corporate plans and accompanying budgets were accepted without amendment. The expenditure forecasts for the final two years of the latest corporate plan, 2015/16 and 2016/17, will be reconsidered for next year's plan, in the light of the Chancellor of the Exchequer's 2011 Autumn Statement.

Annually Managed Expenditure

Resource expenditure included a provision of £47,000 for staff termination benefits, resulting from changes to the processes for preparing the Parliamentary orders which give legal effect to electoral review decisions and changes to the organisation structure to strengthen management of the review programme.

The Main Supply Estimate for 2011-12 was prepared in March 2011 and ordered by the House of Commons to be printed on 30 April 2011. The resource requirement of £2,633,000 included a contingency to cover possible costs of changes in the organisation but, at that time, it was not possible to estimate precisely the outcome of the changes in terms of either timing or cost.

The basis of the Main Estimate was that all expenditure would be charged, as normal, to the Delegated Expenditure Limit (DEL). A Supplementary Estimate for a provision under Annually Managed Expenditure (AME) was not sought in February 2012 because the Commission expected the changes to be recognised as liabilities.

In the event redundancy costs of £47,000 have been recognised as a provision, because the Commission's actions meant that it was demonstrably committed to compulsory redundancies, without realistic possibility of withdrawal, at 31 March 2012.

Under HM Treasury's Clear Line of Sight changes, which applied for the first time in 2011-12, any provision must be charged to AME, rather than to DEL. The provision thus triggered a breach under AME and an excess of £47,000, which is referred to in the Comptroller and Auditor General's Certificate under the basis for qualified opinion on regularity. Combined expenditure for AME and DEL showed a saving of £167,000.

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

Alan Cogbill
Chief Executive and Accounting Officer

28 June 2012

4.6 Statement of the Accounting Officer's Responsibilities

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

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

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

In preparing the accounts, the Accounting Officer is required to comply with the Accounts Directions issued by HM Treasury and the Government Financial Reporting Manual (FReM) prepared by HM Treasury, and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the FReM, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

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

5. Financial Statements

5.1 THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Local Government Boundary Commission for England for the year ended 31 March 2012 under the Local Democracy, Economic Development and Construction Act 2009. The financial statements comprise the Commission's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Commission, Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Commission and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Local Democracy, Economic Development and Construction Act 2009. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against 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.

Basis for Qualified Opinion on regularity

Parliament authorised an Annually Managed Resource Expenditure budget of £nil. Against this limit the Commission incurred actual expenditure of £47,000, breaching the authorised limit by £47,000 as shown in the Statement of Parliamentary Supply.

Qualified Opinion on regularity

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

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2012 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

More details on my qualified opinion are set out in my report on pages 30 to 32.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Commission’s affairs as at 31 March 2012 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Democracy, Economic Development and Construction Act 2009 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Amyas C E Morse
Comptroller and Auditor General

3 July 2012

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

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Introduction

1. The Local Government Boundary Commission for England (the Commission) was set up under the Local Democracy, Economic Development and Construction Act 2009. The Commission is independent of Government and political parties and is directly accountable to Parliament through a Committee chaired by the Speaker of the House of Commons (the Speaker's Committee).

2. The Commission's aims are to provide equity and fairness in local electoral arrangements and ensure that local government structures reflect communities and support efficient service delivery. Its objectives are to provide boundary arrangements for English local authorities that are fair, to keep the map of English local government in good repair and work with local authorities to help them deliver effective and convenient local government to citizens.

3. In 2011-12 the Commission was responsible for £2.6 million of UK public expenditure. The Commission secures the approval of the Speaker's Committee to incur expenditure through the parliamentary supply process on an annual basis. The Commission accounts to Parliament on its expenditure under an accounts direction issued by HM Treasury under paragraph 14(2) of Schedule 1 to the Local Democracy, Economic Development and Construction Act 2009. This requires the Commission to prepare financial statements in accordance with the Government Financial Reporting Manual (FReM).

Purpose of Report

4. The Commission prepares an Annual Estimate of its net expenditure and secures the agreement of the Speaker's Committee for this Estimate. Authorisation to incur the net expenditure is then provided by Acts of Parliament[10].

5. These Acts set a series of annual limits on the net expenditure which the Commission may not exceed and on the total overall cash they can use. Where these limits are breached, I qualify my regularity opinion on the financial statements. HM Treasury then prepares a statement of all such excesses in the year and requests that the House of Commons authorise the expenditure by passing an additional Act of Parliament, which is part of the Supply and Appropriations (Anticipation and Adjustments) Act.

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[10] The Supply and Appropriations (Main Estimates) Act 2011 and the Supply and Appropriations (Anticipation and Adjustments) Act 2012

6. For the 2011-12 financial year, these authorised limits were aligned to those used by HM Treasury to control public expenditure. Further detail on the authorised limits can be found within the Main Supply Estimates for 2011-12[11]

7. Parliament authorised an Annually Managed Resource Expenditure limit for the Commission of £nil. The Commission reported actual expenditure of £47,000 against this limit, meaning that the authorised limit was breached by £47,000 and so I have qualified my regularity opinion on the Commission's financial statements in this regard.

Explanation for Qualified Audit Opinion

8. In preparing its Annual Estimate in March 2011 the Commission included some contingency to cover the possible costs of changes in the organisation, although at that time it was not possible to estimate precisely the outcome of the changes in terms of either timing or cost. The basis of the Estimate was that all expenditure would be charged to the Departmental Expenditure Limit during the year and that there would be no requirement for a provision for any costs, which would be chargeable as Annually Managed Expenditure.

9. During 2011-12 some changes in working practices and responsibilities within the organisation were agreed with the Speaker's Committee and the Commission started to implement those changes. At that stage, the Commission considered that the changes would be sufficiently advanced for the liabilities to be recognised as accruals (which are charged not to Annually Managed Resource Expenditure but instead against the Departmental Expenditure Resource Limit) rather than provisions. The Commission did not, therefore, seek any provision within the Supplementary Estimates in February 2012 for Annually Managed Resource Expenditure.

10. In the event, by 31 March 2012, although the Commission had continued with its reorganisation plans, it had not been able to agree the likely redundancies. As such it was necessary to recognise the costs as a provision rather than an accrual. The provision was required to be charged against the Annually Managed Resource Expenditure limit, resulting in the Excess.

11. The Commission was not in breach of any other control totals. It has recorded a saving against Estimate of £237,000 against its Departmental Expenditure Limits and a saving of £333,000 against its net cash requirement for the year.

12. The Commission considers that, with the final opportunity to review its budgets being in February 2012 when Supplementary Estimates are finalised, it did not have any opportunity to reflect the unexpected delays in its reorganisation plans in its forecasts.

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[11] http://hm-treasury.gov.uk/d/intro_main_supply_estimates_april11.pdf

13. The Accounting Officer has reviewed whether these circumstances indicate any deficiencies in financial management or internal control and concluded that they do not. He has made appropriate disclosures in his Governance Statement on the matter.

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

3 July 2012

Statement of Parliamentary Supply

Summary of Resource and Capital Outturn 2011-12

								2011-12	2010-11
		Estimate			Outturn			Voted outturn compared with Estimate: saving/ (excess)	Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total		Total
		£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit									
- Resource	2.1	2,633	-	2,633	2,419	-	2,419	214	2,460
- Capital	2.2	50	-	50	27	-	27	23	-
Annually Managed Expenditure									
- Resource	2.1	-	-	-	47	-	47	(47)	-
- Capital		-	-	-	-	-	-	-	-
Total Budget		**2,683**	**-**	**2,683**	**2,493**	**-**	**2,493**	**190**	2,460
Non-Budget									
- Resource		-	-	-	-	-	-	-	-
Total		**2,683**	**-**	**2,683**	**2,493**	**-**	**2,493**	**190**	2,460

Net Cash Requirement				2011-12	2010-11
	Note	Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
		£000	£000	£000	Outturn £000
Net Cash Requirement Total	4	**2,652**	**2,319**	**333**	**2,248**

Administration Costs	2011-12	2011-12	2010-11
	Estimate	Outturn	Outturn
Total	-	-	-

All Administration Costs are included in resource expenditure under the Departmental Expenditure Limit.

The Commission has incurred an Excess of £47,000 because of a provision in Annually Managed Expenditure for staff termination benefits. The Commission will seek Parliamentary approval by way of an Excess Vote in the next Appropriation Act [Budget Act].

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

There are no administration costs as they are classified as programme costs.

The receipt recognised in these statements is in respect of legal costs collected and paid over to the Consolidated Fund relating to a review conducted prior to the existence of Commission (see note 5.2).

The notes on pages 38 to 50 form part of these accounts

Statement of Comprehensive Net Expenditure for the Year ended 31 March 2012

	Note	2011-12 £000	2010-11 £000
Programme Expenditure:			
Staff costs	6	1,198	1,063
Programme costs	7	1,268	1,397
Income		-	-
Net Operating Cost for the year ended 31 March 2012	3	**2,466**	**2,460**

There is no other comprehensive expenditure

The notes on pages 38 to 50 form part of these accounts

Statement of Financial Position at 31 March 2012

	Note	2012 £000		2011 £000	
Non-current assets:					
Property, plant and equipment		-		-	
Intangible assets	8	27		-	
Trade receivables falling due after more than one year	10	-		-	
Total non-current assets			**27**		**-**
Current assets:					
Inventories				-	
Trade and other receivables	10	49		43	
Other current assets	10	9		168	
Cash and cash equivalents	11	95		24	
Financial Assets		-		-	
Total current assets			**153**		**235**
Total assets			**180**		**235**
Current liabilities					
Trade and other payables	12	(2)		(55)	
Provisions	13	(47)		-	
Other liabilities	12	(287)		(203)	
Total current liabilities			**(336)**		**(258)**
Non-current assets plus current assets less current liabilities			**(156)**		**(23)**
Non-current liabilities:					
Provisions		-		-	
Other payables		-		-	
Financial Liabilities		-		-	
Total non-current liabilities			-		**-**
Total Assets less liabilities			**(156)**		**(23)**
Taxpayers' equity:					
General fund			(156)		(23)
Revaluation reserve			**-**		**-**
Total taxpayers' equity			**(156)**		**(23)**

The notes on pages 38 to 50 form part of these accounts.

Alan Cogbill
Accounting Officer

28 June 2012

Statement of Cash Flows for Year ended 31 March 2012

	Note	2011-12 £000	2010-11 £000
Cash flows from operating activities			
Net operating cost	3	(2,466)	(2,460)
Adjustments for non-cash transactions	7	61	195
(Increase)/decrease in trade and other receivables	10	153	(211)
less movements in receivables not passing through the SoCNE	10	(86)	-
Increase/(decrease) in trade and other payables	12	31	228
less movements in payables not passing through the SoCNE	12	(12)	-
Net cash outflow from operating activities		**(2,319)**	**(2,248)**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets		-	-
Proceeds of disposal of property, plant and equipment		-	-
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year	4	2,390	2,272
Net financing		**2,390**	**2,272**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	4 & 11	**71**	**24**
Payments of amounts due to the Consolidated Fund	5.2	(86)	-
Receipt of Amounts due to the Consolidated Fund	5.2	86	-
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**71**	**24**
Cash and cash equivalents at the beginning of the period	11	24	-
Cash and cash equivalents at the end of the period	11	**95**	**24**

The notes on pages 38 to 50 form part of these accounts.

Statement of Changes in Taxpayers Equity for the year ended 31 March 2012

	Note	General Fund £000
Balance at 1 April 2010		-
General Fund Transfer from The Electoral Commission		174
Net Parliamentary funding - drawn down		2,272
Net Parliamentary funding - deemed		-
Supply (payable)/receivable adjustment	12	(24)
CFERS payable to the Consolidated Fund		-
Comprehensive Net Expenditure for the Year	3	(2,460)
Non-Cash Adjustments:		
Non-cash charges - auditors remuneration	7	15
Movements in Reserves:		
Net gain/(loss) on revaluation of property, plant and equipment		-
Net gain/(loss) on revaluation of intangible assets		-
Release of reserves to the operating cost statement		-
Transfers between reserves		-
Balance at 31 March 2011		**(23)**
Net Parliamentary funding - drawn down		**2,390**
Net Parliamentary funding - deemed		**24**
Supply (payable)/receivable adjustment	12	**(95)**
CFERS payable to the Consolidated Fund		-
Comprehensive Net Expenditure for the Year	3	**(2,466)**
Non-Cash Adjustments:		
Non-cash charges - auditors remuneration	7	**14**
Movements in Reserves:		
Net gain/(loss) on revaluation of property, plant and equipment		-
Net gain/(loss) on revaluation of intangible assets		-
Release of reserves to the operating cost statement		-
Transfers between reserves		-
Balance at 31 March 2012		**(156)**

The notes on pages 38 to 50 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

1.1 Introduction

These financial statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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

1.2 Accounting convention

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

1.3 Impending application of newly issued accounting statements not yet effective

The Commission provides disclosure that it has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that the initial application of the new standard will have on the resource accounts. There were no new standards issued for 2011-12 and not applied, which would materially affect the resource accounts. The Commission has also not adopted any standards early.

1.4 Property, plant and equipment

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

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

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. Website enhancements not yet in use are recognised as Assets under Construction (AUC).

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

1.6 Depreciation

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

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

1.7 Operating income

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

1.8 Short term staff benefits

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

1.9 Programme expenditure

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

1.10 Pensions

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

1.11 Provisions for liabilities and charges

The Commission considers that it has demonstrably committed to changes in future office structure and working that are without realistic possibility of withdrawal. In the circumstances a provision for termination benefits has been reflected in this account that is measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date. Since the expected timing to settle these obligations is short term, there is no discounting applied as the effect is not considered material.

1.12 Operating leases

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

1.13 Value added tax

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

1.14 Operating segments

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

1.15 Going concern

The Commission is financed by amounts drawn from the UK Consolidated Fund, approved annually by Parliament to meet the Commission's Net Cash Requirement for the year. As with other parliamentary bodies, the ongoing financing of the Commission's activities and related liabilities is met by future grants from the UK Consolidated Fund to be approved annually by Parliament. Such approval for amounts required for 2012-13 has already been given, and we anticipate that future approvals will be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.16 Accounting estimates and judgements

The development, selection and disclosure of significant accounting estimates and judgements and the application of these judgements and estimates has been discussed and agreed with the Audit Committee.

The provision for termination benefits represents the Commission's best estimate of future cash flows due to settle obligations that are without realistic possibility of withdrawal at the balance sheet date. However, the overall restructuring outcome may affect this.

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

2.1 Analysis of net resource outturn by section

	2011-12					2010-11 Outturn
	Outturn			Estimate		
	Programme		Total	Net Total	Net total compared to Estimate	Total
	Gross Resource Expenditure	Income				
	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit						
Voted:						
A: Local Government Boundary Commission	2,419	-	2,419	2,633	214	2,460
Annually Managed Expenditure						
Voted:	47	-	47	-	(47)	-
Total	**2,466**	**-**	**2,466**	**2,633**	**167**	**2,460**

2.2 Analysis of net capital outturn

	2011-12					2010-11 Outturn
	Outturn			Estimate		
	Gross	Income	Net	Net	Net total compared to Estimate	Net
	£000	£000	£000	£000	£000	£000
The Local Government Boundary Commission for England						
Spending in Departmental Expenditure Limit						
Voted:	27	-	27	50	23	-
Total	**27**	**-**	**27**	**50**	**23**	**-**

3. Reconciliation of net resource outturn to net operating cost

		Note	2011-12 Outturn £000	2010-11 Outturn £000
Total resource outturn in Statement of Parliamentary Supply	Budget	2.1	2,466	2,460
	Non-Budget		-	-
			2,466	2,460
Consolidated Fund Extra Receipts (CFERS)			-	-
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure			**2,466**	**2,460**

4. Reconciliation of net cash requirement to increase in cash

	Note	2011-12 Outturn £000	2010-11 Outturn £000
Net cash requirement		(2,319)	(2,248)
From the Consolidated Fund (Supply) - current year		2,390	2,272
From the Consolidated Fund (Supply) - prior year		-	-
Amounts due to the Consolidated Fund received and not paid over		-	-
Amounts due to the Consolidated Fund received in prior year and paid over		-	-
Other		-	-
Net increase in cash held	11	**71**	**24**

5.1 Analysis of income payable to the Consolidated Fund

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

	Note	2011-12 Outturn Income £000	2011-12 Outturn *Receipts* £000	2010-11 Outturn Income £000	2010-11 Outturn *Receipts* £000
Operating income outside the ambit of the Estimate		-	-	-	-
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		-	-	-	-

5.2 Consolidated Fund income

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

	Note	2011-12 £000	2010-11 £000
Costs awarded to the Boundary Committee for England	10		86
Amount payable to the Consolidated Fund	11		86
Balance held at the start of the year	10	*86*	0
Payments into the Consolidated Fund		*(86)*	0
Balance held in trust at the end of the year		-	86

6. Staff numbers and related costs

6.1. Staff costs comprise:

	2011-12				2010-11
	£000	£000	£000	£000	£000
	Total	**Permanently Employed Staff**	**Others**	**Commissioners**	**Total**
Wages and salaries	**922**	913	9	-	**798**
Fees	**91**	-	-	91	**70**
Social Security costs	**83**	75	-	8	**69**
Other pension costs	**175**	175	-	-	**139**
Sub total	**1,271**	1,163	9	99	**1,076**
Less recoveries in respect of outward secondments	**(73)**	(73)	-	-	**(13)**
Total net costs	**1,198**	**1,090**	**9**	**99**	**1,063**

All activity relates to the Commission and no staff costs were capitalised during the year

6.2.A The average number of full-time equivalent, permanent persons employed during the year, including senior management was 26.7 persons. Contractors and temporary staff expenditure was £9,271 (2010-11, £41,825) reflecting the use of temporary staff to fill business requirements on a short- term basis to meet the needs of specific projects during the year. This is equivalent to 0.23 (2010-11, 1.3) full-time equivalent posts. There were no costs for consultants acting in an advisory capacity in 2011-12.

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

C. For 2011-12, employers' contributions of £168,655 were payable to the PCSPS (2010-2011, £133,289) at one of four rates in the range 16.7 to 24.3% (2010-11, 16.7 to 24.3%) of pensionable pay, based on salary bands. Employer contributions are reviewed every four years following a full-scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and include past experience of the scheme.

D. Employees joining after 1 October 2002 could opt to open a partnership account – a stakeholder pension with an employer contribution. During 2011-12, employers' contributions of £6,000 were paid to one or more of a panel of four appointed stakeholder pension providers (2010-11, £6,000). Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £384 (2010-11, £256), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump-sum benefits on death-in-service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the end of the reporting period were actually £532 (2010-11, £532). Contributions pre-paid at that date were nil.

7. Programme costs

	2011-12		2010-11	
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of plant and machinery	-		-	
Other operating leases	80		72	
		80		**72**
Non-cash items:				
Depreciation and amortisation				
Civil Estate	-		-	
Other non current assets	-		-	
Downward revaluation of non current assets	-		-	
Reversal of downward revaluation previously recognised	-		-	
Impairments	-		180	
Auditor's remuneration - audit work	14		15	
Provisions:				
Provided for in year	47		-	
		61		**195**
Other expenditure				
Charges for services	548		554	
Printing and mapping	348		194	
Initial set-up costs	-		102	
Legal and professional Fees	26		70	
Other staff costs	25		62	
Stakeholder engagement	78		55	
Business miscellaneous costs	34		32	
Travel, subsistence and hospitality	45		30	
Internal audit	14		21	
Statistical costs	7		8	
Bank charges	2		2	
		1,127		**1,130**
		1,268		**1,397**

8. Intangible assets

2011-12	Assets under construction £000	Total £000
Cost or valuation		
At 1 April 2011	-	-
Additions	27	27
Impairments	-	-
At 31 March 2012	**27**	**27**
Amortisation		
At 1 April 2011	-	-
Charged in year	-	-
At 31 March 2012	**-**	**-**
Net Book Value at 31 March 2012	**27**	**27**
Net Book Value at 31 March 2011	-	-

2010-11	Assets under construction £000	Total £000
Cost or valuation		
At 1 April 2010	-	-
Transfer from The Electoral Commission	93	93
Impairments	(93)	(93)
At 31 March 2011	**-**	**-**

No impairment of intangible assets (2010-11: £93,225) has been charged to the Statement of Comprehensive Net Expenditure.

9. Financial instruments

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

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

10. Trade receivables and other current assets

	2011-12	2010-11
	£000	£000
Amounts falling due within one year:		
Other receivables	49	43
Costs to be collected on behalf of the Consolidated Fund	-	86
Prepayments and accrued income	9	82
	58	**211**

Amounts falling due after one year:		
Prepayments and accrued income	-	-
Total receivables	**58**	**211**

Intra-Government Balances falling within one year	2011-12 £000	2010-11 £000
Balances with other central government bodies	30	14
Balances with local authorities	1	93
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	-	76
Intra-government balances	**31**	**183**
Balances with bodies external to government	27	28
Total receivables and current assets at 31 March	**58**	**211**

11. Cash and cash equivalents

	2011-12	2010-11
	£000	£000
Balance at 1 April	24	-
Net change in and cash equivalents	71	24
Balance at 31 March	**95**	**24**

The following balances at 31 March are held in:		
Government Banking Service accounts	95	24
Cash in hand	-	-
Balance at 31 March	**95**	**24**

12. Trade payables and other current liabilities

	2011-12 £000	2010-11 £000
Amounts falling due within one year		
Other Taxation, Social Security and Pension	45	45
Trade payables	2	55
Accruals and deferred income	116	24
Short-term staff benefits (Earned leave liability)	31	24
Amounts issued from the Consolidated Fund for supply but not spent at year end	95	24
Consolidated Fund extra receipts and other amounts due to be paid to the Consolidated Fund		
- received	-	-
- receivable	-	86
Total Payables	**289**	**258**

Intra-Government Balances falling within one year	2011-12 £000	2010-11 £000
Balances with other central government bodies	150	87
Balances with local authorities	11	102
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	4	4
Intra-government balances	**165**	**193**
Balances with bodies external to government	124	65
Total Payables and other current liabilities	**289**	**258**

13. Provisions for liabilities and charges

	Termination Benefits £000	Total £000
At 1 April 2011	-	-
Provided in Year	47	47
Utilised	-	-
Balance at 31 March 2012	**47**	**47**

Analysis of expected timing of discounted flows		
Not later than one year	47	47
Later than one year and not later than five years	-	-
Later than five years	-	-
Thereafter	-	-
Balance at 31 March 2012	**47**	**47**

14. Capital commitments

The Commission has no contracted capital commitments at 31 March 2012.

15. Commitments under operating leases

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

	2011-12 £000	2010-11 £000
Buildings		
Not later than one year	80	80
Later than one year and not later than five years	160	240
	240	**320**

16. Related party transactions

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

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

17. Losses and special payments

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

18. Events after the reporting date

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are no material events to report.

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