

Office of the Registrar

of Consultant Lobbyists

Statement of Accounts
2019-20

Registrar of Consultant Lobbyists Statement of Accounts

(for the year ended 31 March 2020)

Presented to Parliament pursuant to Schedule 2 (9) of the
Transparency of Lobbying, Non-Party Campaigning and Trade
Union Administration Act 2014

Ordered by the House of Commons to be printed on 20 July 2020



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PERFORMANCE REPORT

Introduction

My role as Registrar is set out in the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 ('the Act'), under which those who lobby on behalf of a third party are required to register, declare the names of their clients and state whether they subscribe to a relevant code of conduct.

I am a statutory office holder, independent of Government and the public affairs sector and I account to Parliament for implementation of the provisions of the Act. I have a duty to monitor compliance with the requirements of the Act, a power to make enquiries, require the supply of information and, in the event of non-compliance, to undertake enforcement action.

I was appointed Registrar of Consultant Lobbyists in September 2018 and came to the role with the conviction that transparent, ethical lobbying can be an important part of effective public policy formation. The work of the Registrar supports that process by putting the activities of consultant lobbyists into the public domain. To complement this, policy-makers have a responsibility to consider a range of policy inputs, not only those from the most organised or well-funded parties.

This is the Registrar's sixth annual Statement of Accounts, covering the period from 1 April 2019 to 31 March 2020.

Objectives and performance in 2019-20

This review of the year to 31 March 2020 is set against the objectives that I published for the Office of the Registrar in the 2019-20 business plan.

At 31 March 2020 the Register had 143 registrants, compared to 140 at the end of March 2019. The overall number of registrants has been relatively stable over the years, but this reflects a degree of churn with some registrants leaving and new ones joining.

The overwhelming majority of consultant lobbyists continued to recognise the importance of transparency in their work and complied with the requirements of the Act professionally and fully.

Soon after my appointment I notified registrants that as the system was now well established I would expect Quarterly Information Returns (QIRs) to be submitted on time, with fewer reminders from my Office. Similarly, I reminded registrants of their duty to keep their business information up to date on the Register. As a result of this and issuing civil penalties for non-compliance, the Register is up to date more speedily at the start of each quarter.

During the year I reviewed all formal guidance for clarity, content and ease of use. I published revised guidance on compliance, offences and penalties in June 2019. In the latter part of 2019 I conducted a formal consultation on a number of proposed significant changes to my guidance. Following this, I published revised guidance on registration and QIRs, including specialist guidance for think tanks and support service providers to All Party Parliamentary Groups (APPGs) in January 2020.

Objective 1 – Operate an accurate and accessible Register

Maintain the accuracy and timeliness of information contained in the Register and ensure that systems meet user needs.

Activity	Update
Quality assure registration information and Quarterly Information Returns to ensure consistency, accuracy and timeliness in line with statutory requirements.	New registrants actively supported and registration information checked for accuracy. Registrants reminded of duty to update register information. QIRs submitted more speedily as a result of increased rigour in office processes.
Conduct a fundamental review of the online Register and associated processes for registration, information updating and de-registration, to improve accuracy, resilience and the user experience of interaction with the Register, including minimising the administrative burden for all users involved.	Online register reviewed and plan in place for implementation of improvements to online processes in 2020-2021 to increase ease of use, accuracy and resilience.
Review and update the structure and content of the website to enhance clarity, transparency and understanding of the function and operations of the Registrar and Office.	Website structure updated and improved within the constraints of the existing technical framework. Further review and changes when resources allow.

Objective 2 – Provide clear, accessible guidance

Keep published registration and compliance guidance under review and respond to registrant feedback where there is ambiguity about the requirements.

Activity	Update
Review and refine registration and compliance guidance, to continue to provide the level of clarity needed to support registrants.	All formal guidance reviewed for clarity, content and ease of use. Revised guidance on compliance, offences and penalties published in June 2019. Revised guidance on registration and QIRs, including specialist guidance for think tanks and support service providers to APPGs published in January 2020 following a formal consultation process.
Seek feedback from stakeholders to identify other areas for which the publication of guidance might be helpful.	To follow in 2020 - 2021.

Objective 3 – Communicate and engage with stakeholders

Proactive engagement programme of education and communication with registrants and those not on the Register but whose work might bring them under the requirements of the Act.

Activity	Update
Engage with public affairs organisations and their representative bodies to ensure the registration process is understood and implemented properly.	The Registrar and office team have met, briefed and consulted public affairs organisations, practitioners and their representative bodies: the Chartered Institute of Public Relations (CIPR) and the Public Relations and Communications Association (PRCA). The Registrar undertook a formal and open consultation in relation to revision of formal guidance.
Engage with lawyers, accountants, management consultants and others to explain the requirement to register.	Representative bodies for lawyers and accountants were invited to input to the consultation on the review of guidance, but did not respond.
Disseminate information about the Register cost-effectively to relevant audiences.	Information and updates provided directly to registrants and also via PRCA and CIPR.
Build user expertise, understanding, and compliance through training and communication.	The Registrar participated in the PRCA's Public Affairs Board conference and ran briefing sessions with a number of registrants. Registrants received a briefing note on the revised guidance.

Objective 4 – Ensure compliance

Ensure that all those who ought to register, do so and that the Register is complete and accurate. Apply statutory penalties where necessary.

Activity	Update
Quality assure the information on the Register to ensure that entries are accurate.	New registrants actively supported and registration information checked for accuracy. Registrants reminded of duty to update register information.
Review the published diaries of Ministers and Permanent Secretaries against declarations on the Register.	Ministers' diaries reviewed and further enquiries made where necessary. The Registrar is working with the Cabinet Office Propriety & Ethics Team to streamline this process.
Undertake formal investigations into organisations for which there is reasonable information suggesting non-compliance.	The Registrar conducted four formal investigations and published summaries of the findings.
Enforce compliance, making use of statutory penalties where appropriate.	Ten notices of intention to issue a civil penalty issued during the year (2018-2019: five), the bulk of which resulted in a penalty being issued. Two information notices issued (2018-2019: one).

Objective 5 – Ensure administrative effectiveness and transparency

Effective and transparent operation of the Office to deliver against statutory purposes, serving all stakeholders and achieving value for money.

Activity	Update
Continue to deliver a proportionate risk management approach and corporate governance arrangements to ensure effective administration of the Office.	The Registrar formally reviews strategic risk and takes responsibility for corporate governance.
Fulfil our statutory and legal obligations in relation to data protection and freedom of information.	The Office of the Registrar has complied with its freedom of information duties and is compliant with data protection legislation, working with the Cabinet Office as joint data controller.
Publish: details of the Registrar’s formal correspondence and meetings; statutory information notices; notices of intention to impose penalties (and their conclusion); and summaries of investigations.	All published on the website of the Office of the Registrar.
Update Ministers on the work of the Office through business planning and financial reporting systems.	The Registrar updated Cabinet Office officials and the sponsor Minister (Minister for the Constitution and Devolution).
Report to Parliament as required.	The Registrar’s annual report and accounts for the year to 31 March 2019 was laid before Parliament on 22 July 2019.
Ensure the Memorandum of Understanding with the Cabinet Office is refreshed and adhered to.	The Memorandum was last refreshed on 24 January 2019 and remains current. Its provisions are adhered to.
Review the Office’s financial management systems (including those operated for us by the Cabinet Office), to ensure proportionality, accuracy, effectiveness and value for money.	The Registrar and office team worked with the Cabinet Office finance team to improve financial processes in order to ease access to financial information. The Registrar and office team minimise costs and optimise value for money, whilst delivering the statutory duties.

Financial position

I am committed to fulfilling my statutory duties effectively and delivering value for money. The cost of running the Office of the Registrar in 2019-20 was £264,862 compared to £224,255 in 2018-19 (see page 26). The increase in cost was in part due to having a full complement of staff, compared to significant periods carrying vacancies in the previous year. We also conducted a technical review of the continuing fitness for purpose of the online Register system during the year, after five years of operation. This recommended some technical aspects that could be improved and the review raised IT costs above their usual level. Overall however, expenditure in 2019-20 represented an underspend of £10,022 against the agreed budget for the year.

Under the terms of the Act, ministers set the annual fees to registrants and seek to ensure that the total paid in fees is sufficient to offset the total costs. The Registrar collects and accounts for all fees and pays them into the Consolidated Fund. Income in 2019-20 was £144,851 which is an increase of £4,445 over the previous year (see page 26). Staffing and shared services costs are paid from Cabinet Office budgets. At 31 March 2020 there is a cumulative net deficit of £33,125 (2018-19: £67,783) (see page 18).

Plans for 2020-21

During 2020-21, I will continue to develop our user-facing systems for registration and Quarterly Information Returns and our website. I will carry out a consultation looking at the operation of my guidance and how it might be improved.

Alongside improving ease of use and support for users, I will enforce the requirements of the Act with clarity, making use of statutory penalties where necessary and investigate where there is reasonable information suggesting non-compliance.

The Business Plan for 2020-21 is available at: www.registrarofconsultantlobbyists.org.uk



Harry Rich

Registrar of Consultant Lobbyists and Accounting Officer
Office of the Registrar of Consultant Lobbyists
1 Horse Guards Road
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9 July 2020

ACCOUNTABILITY REPORT

Governance Report

Statement of Accounting Officer's Responsibilities

Under the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014, the Registrar of Consultant Lobbyists prepares for each financial year, a Statement of Accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Registrar of Consultant Lobbyists and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Cabinet Office, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Statement of Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Statement of Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Cabinet Office has appointed the Registrar of Consultant Lobbyists as the Accounting Officer.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Registrar of Consultant Lobbyist'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 Registrar of Consultant Lobbyist'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. As Accounting Officer, I take personal responsibility for the Statement of Accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance Statement

Introduction

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office of the Registrar's policies, aims and objectives, whilst safeguarding public funds and the assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

The Office of the Registrar of Consultant Lobbyists exists to implement the provisions in the Act, as a corporation sole. I am independent of consultant lobbyists and Government and report directly to Parliament. The Office of the Registrar has been designated for consolidation into the Cabinet Office Estimate and Accounts. The regime of corporate governance needs to be proportionate to the size and risk profile of the organisation. There is no requirement in the Act for a Board of Directors or a separate Audit Committee, although the Cabinet Office Audit and Risk Assurance Committee consider my draft accounts.

I have on-going dialogue with the National Audit Office to ensure that proportionate governance arrangements are in place. To ensure a robust financial control regime, my Office manages my financial arrangements in accordance with the Cabinet Office's best practice, systems and resources, and I conduct regular reviews. The work of my Office is conducted strictly in accordance with the requirements of the Act.

Risk Management

I have established a proportionate regime for the management of risk, where the risk environment and the specific risks associated with the delivery of my statutory objectives are reviewed on a quarterly basis and any new mitigating actions required are carefully implemented.

There is no evidence of risk that the Register is not complete or that all appropriate revenues are not being collected. The risk environment remains neutral to benign and no new significant risks were identified, other than those relating to the Covid-19 pandemic.

The Covid-19 pandemic is likely to have little direct impact on the work of my Office. The office team and I operated remotely from the point of lockdown, close to the year end. We continue to support registrants and others and to fulfil our statutory obligations. We are operating with sensitivity towards the particular circumstances faced by registrants, but with clarity that legal obligations remain in force.

Exiting the EU does not appear on our risk register as I operate under UK statute and exit will have no direct impact.

Information Security

During the past year, there have been no reportable breaches of information security. The Office of the Registrar has complied with the requirements of the General Data Protection Regulation, sharing

certain data controller responsibilities, as appropriate, with the Cabinet Office (as providers of relevant corporate services to the Office of the Registrar, including IT, and HR).

Review of Effectiveness

I follow the Cabinet Office's guidelines and procedures for internal control. During the past year, there have been no instances of fraud or irregularity.

Register of Interest

A register of my interests is published on the Office of the Registrar's website.

Remuneration and Staff Report

This report sets out details on remuneration and staff that Parliament consider key to accountability. This section is subject to audit.

1. Staff numbers and related costs

1.1 Staff costs comprise:

£	Registrar	Others	2019-20 Total	2018-19 Total
Registrar's fees	19,094	-	19,094	18,386
Registrar's expenses	1,716	-	1,716	970
Inward secondments	-	100,669	100,669	92,457
Total	20,810	100,669	121,479	111,813

1.2. Average number of persons employed

The Registrar is a part-time appointment with an expected commitment of 30-40 days per year. The Registrar is paid a daily rate of £420. This is determined by the sponsor Minister in the Cabinet Office and has remained unchanged from the previous year. During the 2019-20 financial year, the Registrar worked and was paid for 41.5 days. In 2018-19, between his appointment on 22 September 2018 and 31 March 2019, the Registrar worked and was paid for 23.5 days. The appointment is taxable under Schedule E and subject to Class I National Insurance contributions and does not receive a pension.

'Others' relates to inward secondees from the Cabinet Office: these equate to the equivalent of 1.6 full time members of staff (2018-19: 1.8).

	2019-20	2018-19
Registrar	0.2	0.2
Others	1.6	1.8
Total	1.8	2.0

Parliamentary Accountability and Audit Report

This section presents key documents which contribute to the organisation's accountability to Parliament.

Regularity of expenditure reports losses and special payments. Regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, and applicable delegated authority and the principles set out in *Managing Public Money*. Disclosures on fees and charges, are required by *Managing Public Money*.

In his certificate and report, the Comptroller and Auditor General to the Houses of Parliament provides his opinion on regularity and whether the Remuneration and Staff Report and Parliamentary Accountability disclosures have been properly prepared and are consistent with the financial statements, and whether the information given in the Performance Report and Accountability Report is consistent with the financial statements.

Parliamentary Accountability Disclosures

This section is subject to audit

1. Analysis of cash surrenderable to the Consolidated Fund

£		2019-20 Outturn		2018-19 Outturn		
		Accruals	Cash basis	Accruals	Cash basis	
	Note to Accounts					
	Registration fees from consultant lobbyists	7	149,485	149,485	149,200	149,200
	Civil penalties from consultant lobbyists	7	2,150	2,150	550	550
	Civil penalties from consultant lobbyists - receivable	7	300	-	150	-
	Total amount payable to the Consolidated Fund		151,935	151,635	149,900	149,750

1.1 Income payable to the Consolidated Fund

Registration fees from consultant lobbyists

In accordance with part 1 section 22(5) of the Act, the Registrar must pay into the Consolidated Fund any sums received in respect of charges. The cash received by the Registrar from registration fees is paid to HM Treasury's Consolidated Fund.

Although this income is payable to HM Treasury's Consolidated Fund, the Chief Secretary to the Treasury has agreed to a netting off arrangement whereby the Registrar may retain the income and offset it against expenditure for budget and outturn purposes.

1.2 Consolidated Fund Income

Civil penalties applied to consultant lobbyists

The Registrar of Consultant Lobbyists acts as a collecting agent of the Consolidated Fund in respect of civil penalties applied to consultant lobbyists.

The netting off arrangement described above does not apply to civil penalties charged on consultant lobbyists.

The civil penalties collected amounted to £2,150 (2018-19: £550) and £300 invoiced as receivable (2018-19: £150).

- Portland PR Limited was issued a civil penalty of £500 on 10 April 2019, for consultant lobbying whilst unregistered (registration renewal unpaid), and submission of an incomplete Quarterly Information Return (failure to update registered address).
- Gen Comms Limited was issued a civil penalty of £700 on 18 April 2019 for two instances of consultant lobbying activity prior to registration.
- The Corporate Comms Shop was issued a civil penalty of £200 on 14 August 2019 for one instance of consultant lobbying activity prior to registration.
- Charlotte Street Partners, Cratus Communications Limited, Mercury International UK Ltd, and ZPR Ltd, were each issued a civil penalty of £150 on 20 August 2019 for failing to submit their Quarterly Information Return in respect of the period April-June 2019.
- Aspect Consulting Limited, Norton Rose Fulbright, and Stratagem were each issued a civil penalty of £150 on 17 March 2020 for failing to submit their Quarterly Information Return in respect of the period October – December 2019.

2. Regularity of expenditure

There are no losses nor special payments to disclose.

3. Fees and charges

£		Direct Costs/ Income	Cost borne by Cabinet Office	2019-20 Total	2018-19 Total
	Note to Accounts				
	Registrar's fees and expenses	20,810	-	20,810	19,356
	Inward secondments	-	100,669	100,669	92,457
	Costs of providing the Register	64,549	-	64,549	37,789
	Compliance and enforcement	15,351	-	15,351	11,514
	Notional corporate services recharge	-	54,000	54,000	53,514
	Other expenditure	9,483	-	9,483	9,625
	Full cost of service	110,193	154,669	264,862	224,255
	Fees from Consultant Lobbyists	(144,851)	-	(144,851)	(140,406)
	Net expenditure for the year	(34,658)	154,669	120,011	83,849
	Notional corporate services recharge	-	(54,000)	(54,000)	(53,514)
	Net outturn	(34,658)	100,669	66,011	30,335

The information is provided for fees and charges purposes, not for the purposes of *IFRS 8 Operating Segments*. It represents costs included in the Statement of Comprehensive Net Expenditure. The financial requirement of the Registrar of Consultant Lobbyists is to ensure that registration charges are collected from registrants, in accordance with the Cabinet Office's regulations.

Direct Costs/Income

In accordance with section 22 of the Act, the Minister must seek to recoup the costs of implementing and operating the Register from registration charges for using the Register. In 2019-20 a net surplus of £34,658 represents excess income over costs. At 31 March 2020 there is a cumulative net deficit of £33,125 which will be recovered in future years as part of the fee charged to consultant lobbyists.

Surplus 2019-20	£(34,658)
Surplus 2018-19	£(62,122)
Surplus 2017-18	£(44,082)
Surplus 2016-17	£(38,444)
Deficit 2015-16	£52,546
Deficit 2014-15	£159,885
Cumulative net deficit at 31 March 2020	£33,125

Cost borne by Cabinet Office

In accordance with schedule 2, section 8 (1) of the Act, the Registrar may make arrangements with the Minister or other persons: for staff to be seconded to the Registrar; for accommodation or services to be provided to the Registrar. The Minister has decided not to recover these costs by making a charge upon the consultant lobbyists, and consequently, the Cabinet Office bears these costs in addition to any net deficit from direct costs/income; see Note to Accounts 1.3 Going concern.



Harry Rich

Registrar of Consultant Lobbyists and Accounting Officer
Office of the Registrar of Consultant Lobbyists
1 Horse Guards Road
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9 July 2020

The Certificate and Report 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 Office of the Registrar of Consultant Lobbyists for the year ended 31 March 2020 under the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. 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. I have also audited 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 Office of the Registrar of Consultant Lobbyists' affairs as at 31 March 2020 and of its net operating expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respect 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) 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 2016. I am independent of the Office of the Registrar of Consultant Lobbyists in accordance with the ethical requirements that are relevant to my audit and 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Office of the Registrar of Consultant Lobbyists' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Office of the Registrar of Consultant Lobbyists have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Office of the Registrar of Consultant Lobbyists' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014.

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. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Registrar of Consultant Lobbyists' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Office of the Registrar of Consultant Lobbyists' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Registrar of Consultant Lobbyists' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Office of the Registrar of Consultant Lobbyists to cease to continue as a going concern.

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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that 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.

Other Information

The Accounting Officer is responsible for the 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 report thereon. My opinion on the financial statements does not cover the other information and 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, 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:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014;
- in the light of the knowledge and understanding of the Office of the Registrar of Consultant Lobbyists and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
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14 July 2020

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FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2020

This account summarises the expenditure and income generated and consumed on an accruals basis.

£		2019-20	2018-19
	Note		
Total income	3	(144,851)	(140,406)
Staff costs	2	121,479	111,813
Purchase of goods and services	2	89,383	58,853
Notional corporate services recharge	2	54,000	53,514
Provision for doubtful debt	2	-	75
Total operating expenditure	2	264,862	224,255
Net operating expenditure for the year		120,011	83,849

Statement of Financial Position

as at 31 March 2020

This statement presents the financial position and comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

£		2019-20	2018-19
	Note		
Current assets			
Trade and other receivables	5	7,872	3,233
Cash and cash equivalents	6	152,089	149,927
Total assets		159,961	153,160
Current liabilities			
Trade and other payables	7	(272,017)	(273,956)
Total liabilities		(272,017)	(273,956)
Total assets less total liabilities		(112,056)	(120,796)
Taxpayers' equity			
General fund		(112,056)	(120,796)
Total taxpayers' equity		(112,056)	(120,796)



Harry Rich

Registrar of Consultant Lobbyists and Accounting Officer

9 July 2020

Notes 1 to 9 form part of these accounts on pages 30 to 38

Statement of Cash Flows

for the year ended 31 March 2020

The Statement of Cash Flows shows the changes in cash and cash equivalents during the reporting period. The statement shows how cash and cash equivalents are generated and used by classifying cash flows as operating and financing activities.

£		2019-20	2018-19
	Note		
Cash flows from operating activities			
Net operating expenditure	SOCNE	(120,011)	(83,849)
Adjustment for non-cash transactions	2	54,000	53,589
(Increase) / Decrease in trade and other receivables	5	(4,639)	9,276
<i>Less: Movement in trade and other receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Provision for doubtful debt	2	-	(75)
(Decrease) / Increase in trade and other payables	7	(1,939)	22,622
<i>Less: Movement in trade and other payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>			
Amounts payable to Consolidated Fund	7	(285)	(12,234)
Net cash outflow from operating activities		(72,874)	(10,671)
Cash flows from financing activities			
Grant-in-Aid from Cabinet Office	SOCTE	224,236	159,329
Net financing		224,236	159,329
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		151,362	148,658
Payments of amounts due to the Consolidated Fund	7	(149,200)	(136,966)
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		2,162	11,692
Cash and cash equivalents at the beginning of the period	6	149,927	138,235
Cash and cash equivalents at the end of the period		152,089	149,927

Notes 1 to 9 form part of these accounts on pages 30 to 38

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2020

This statement shows the movement in the year on the general fund reflecting any grant from the Parent Department and extra receipts repayable to the Consolidated Fund. It also reflects net operating expenditure for the year and notional charges.

£	Note	General Fund
Balance at 1 April 2018		(100,590)
Grant-in-Aid from Cabinet Office	SOCF	159,329
Extra receipts payable to the Consolidated Fund	7	(149,200)
Net operating expenditure for the year	SOCNE	(83,849)
Non-cash charges – Notional corporate services recharge from Parent Department	2	53,514
Balance at 31 March 2019		(120,796)
Grant-in-Aid from Cabinet Office	SOCF	224,236
Extra receipts payable to the Consolidated Fund	7	(149,485)
Net operating expenditure for the year	SOCNE	(120,011)
Non-cash charges – Notional corporate services recharge from Parent Department	2	54,000
Balance at 31 March 2020		(112,056)

Negative equity arises from expenditure exceeding income and from the accounting method for grant-in-aid which is sufficient to cover only cash expenditure and excludes accruals. Further explanation is provided at Note 1.3 to the Accounts and in the Fees and Charges Note 3 in the Accountability Report.

Notes 1 to 9 form part of these accounts on pages 30 to 38

Notes to the accounts

1. Statement of accounting policies

1.1 Statement of compliance

This Statement of Accounts has been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury and under an accounts direction issued by the Cabinet Office in accordance with the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. The accounting policies contained in the *FReM* apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the Registrar of Consultant Lobbyists for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Registrar of Consultant Lobbyists are described below. They have been applied consistently in dealing with items that are considered material to the Statement of Accounts.

1.2 Basis of preparation

This Statement of Accounts has been prepared under the modified historical cost convention.

1.3 Going concern

The Statement of Accounts has been prepared on a going concern basis, although the Office of the Registrar of Consultant Lobbyists (ORCL) has more liabilities than assets and its retained losses are greater than income resulting in negative equity. Negative equity arises where grant-in-aid provided by the Cabinet Office is sufficient to cover only cash gross expenditure and not accruals and where income from consultant lobbyists is insufficient to cover costs.

ORCL is however able to maintain its operations because the Cabinet Office will continue to provide financing through grant-in-aid. The Spending Review 2019 set out plans for the Cabinet Office for financial year 2020-21 and Parliament has authorised spending for 2020-21 in the *Central Government Main Supply Estimates 2020-21 (HC 293)*.

1.4 Expenditure

The Register is not itself an asset, rather the Registrar purchases a service provided by the asset and, as a consequence, the Registrar does not bear the risks and rewards of ownership and relevant costs are expensed.

The Cabinet Office provides a number of corporate functions to the entity which include finance, estates and information communication and technology service delivery. These are recharged on a notional basis. The amount of the recharge is an apportionment of costs, calculated: a) for corporate services, as a cost per full time equivalent employee within the Cabinet Office multiplied by the

number of full time equivalent employees in the entity; and b) for estates, as a cost per square metre of floor, multiplied by the number of square metres occupied by the entity.

1.5 Revenue from contracts with customers

ORCL adopted IFRS 15 *Revenue from contracts with customers* in 2018-19 to replace IAS 18 *Revenue*. The *FReM* has made an adaption in applying IFRS 15 for government entities: where, by statute or Treasury consent, an entity is permitted to retain the revenue from taxation, fines and penalties, this revenue shall be treated as arising from a contract and accounted for under IFRS 15 (15a).

Under IFRS 15 (15a) ORCL recognises consideration received as revenue only when it has no remaining obligations to transfer services to the consultant lobbyists and all, or substantially all, of the consideration promised by the consultant lobbyist has been received by ORCL and is non-refundable.

ORCL has considered the five step model set out in IFRS 15 (9) and concluded that there will be no impact on the recognition of registration fee income or the income recognition policy.

1.6 Revenue – fees from consultant lobbyists

Part 1, section 22 of the Act stipulates:

- i. The Registrar may impose charges for or in connection with the making, updating and maintenance of entries in the Register.
- ii. The charges are to be determined by or in accordance with regulations.
- iii. In making the regulations, the Minister must seek to ensure that the total paid to the Registrar in charges is sufficient to offset the total of the costs incurred by the Registrar in exercising the functions under this Part (whether or not those costs are directly connected with the keeping of the Register).
- iv. If a charge imposed for making an application or a return to the Registrar is not paid, the Registrar may treat the application or return as not having been made.
- v. The Registrar must pay into the Consolidated Fund any sums received in respect of charges under this section.

Fees, including the charge for the annual maintenance of the Register, from consultant lobbyists are recognised on an accruals basis from the point of application to register over the period to which the fee relates.

The registration period with associated obligations on the Office of the Registrar of Consultant Lobbyists and registrants runs from 1 January to 31 December each year with the fee therefore straddling two financial years. Monies collected are split appropriately across the financial year with a portion of the fee retained for the current financial year and, where necessary, the rest deferred to the next financial year.

Refunds are payable to lobbyists who terminate their registration before the end of the registration period due to them ceasing lobbying before 31 December. Registration expires only once the

lobbyists give notification to the Office of the Registrar of Consultant Lobbyists that they wish to de-register.

HM Treasury has agreed that these charges (which are treated as taxes in National Accounts) may be subject to a netting off arrangement whereby they may be netted off against expenditure in budgetary terms and may be recorded as income in the SOCNE.

Cash receipts from fees are surrenderable to HM Treasury's Consolidated Fund.

1.7 Civil penalties from consultant lobbyists

ORCL also acts as a collecting agent for civil penalties on behalf of HM Treasury's Consolidated Fund. The netting off arrangement does not apply to these fines charged upon consultant lobbyists. Cash receipts from both fees and civil penalties are surrenderable to HM Treasury's Consolidated Fund.

1.8 Grant-in-aid

The Registrar of Consultant Lobbyists is a corporation sole and receives financing in the form of grant-in-aid from the Cabinet Office. The level of grant-in-aid is sufficient to cover gross cash expenditure given income is surrenderable to HM Treasury's Consolidated Fund.

Grant-in-aid is issued on a deemed basis since the Office of the Registrar of Consultant Lobbyists does not hold a bank account within the accounting system. Grant-in-aid is recognised at the point of cash receipt and is credited to the General Fund.

1.9 Cash and cash equivalents

Under a memorandum of understanding, payments are made, on behalf of the Office of the Registrar of Consultant Lobbyists (ORCL) by the Cabinet Office, through its central bank account. Receipts are collected by ORCL into their bank account and subsequently these receipts are transferred into the Cabinet Office central bank account.

1.10 Financial assets

Trade and other receivables are recognised at cost which is deemed to be materially the same as the fair value. Trade and other receivables include registration charges due from consultant lobbyists and prepayments and accrued income and cash collected by the Cabinet Office from consultant lobbyists on behalf of the Registrar.

1.11 Impairment of Financial Assets

ORCL adopted IFRS 9 *Financial Instruments* in 2018-19 to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

An allowance for expected credit loss is determined for financial assets and recognised when material in the context of forecast future economic conditions. ORCL has a policy of pursuing outstanding debt from consultant lobbyists and, where recovery is in doubt, a provision is made.

1.12 Financial liabilities

Trade and other payables are recognised at cost which is deemed to be materially the same as the fair value. Trade and other payables include refunds due to consultant lobbyists, accruals, deferred income and amounts payable to the Consolidated Fund.

1.13 Value added tax

The Registrar for Consultant Lobbyists is not VAT registered. Irrecoverable VAT is charged to the relevant expenditure category.

1.14 Impending application of newly issued accounting standards not yet effective

The Office of the Registrar of Consultant Lobbyists anticipate that the adaptation of these standards is unlikely to have a material impact on the financial statements in the period of application.

The following standard is expected to be applied in 2020-21 following EU adoption and consultation; effective 1 April 2020.

IAS 1 and IAS 8 Disclosure initiative: Definition of material (Amendment)

The amendments clarify the definition of material and its application by:

- aligning the wording of the definition of material across all IFRS Standards and other publications and making minor improvements to that wording;
- including some of the supporting requirements in IAS 1 Presentation of Financial Statements in the definition to give them more prominence; and
- clarifying the explanation accompanying the definition of material.

Impact

While updates to the concept of materiality will affect all account preparers, the amendments are unlikely to result in significant changes to materiality limits or disclosure.

The following standard is expected to be applied in 2021-22 following EU adoption and consultation; effective 1 April 2021.

IFRS 16 Leases

IFRS 16 deals with the definition of a lease and recognition and measurement of leases and establishes principles for disclosures and replaces IAS 17 Leases. It represents a significant change in lessee accounting by largely removing the distinction between finance and operating leases and introducing a single lessee accounting model.

A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that the leases have on the financial position, financial performance and cash flows of the lessee.

Given the consequences of COVID-19 and the associated reporting burden, HM Treasury agreed with the Financial Reporting Advisory Board (FRAB) on 18th March 2020 to defer the implementation of IFRS 16 in central government until 1 April 2021. This represents a one-year deferral from the initial effective date of 1 April 2020.

Impact

An assessment has been performed during 2019-20 and, under the new standard, the Office of the Registrar of Consultant Lobbyists do not expect to recognise right of use assets and lease liabilities.

2. Expenditure

£	2019-20	2018-19
Staff costs¹		
Registrar's fees	19,094	18,386
Registrar's expenses	1,716	970
Inward secondments	100,669	92,457
Total staff costs	121,479	111,813
Goods and services		
IT costs ²	64,549	37,789
Supplies and services ³	6,948	9,138
Auditors' remuneration and expenses ⁴	8,800	8,500
Enforcement legal advice ⁵	8,894	2,835
Other staff related costs	14	-
Worldpay fees	178	591 ⁷
Total goods and services	89,383	58,853
Non-cash		
Notional corporate services recharge	54,000	53,514
Provision for doubtful debt ⁶	-	75
Total Non-cash	54,000	53,589
Total	264,862	224,255

¹ Staff costs are disclosed in the Remuneration and Staff Report within the Accountability Report.

² IT costs have increased by £26,760 from £37,789 to £64,549 as a result of a one-off technical review of ORCL's online Register system during its fifth year of operation.

³ Supplies and services have decreased by £2,190 from £9,138 to £6,948 due to an amalgamation of the Shared Services Connected Limited charges into the notional corporate services recharge by Cabinet Office. There was also no stakeholder event.

⁴ During the reporting year, no payment was made to the auditors for non-audit work.

⁵ Enforcement costs have increased by £6,059 from £2,835 to £8,894 due to more advice being needed on complex or novel compliance issues.

⁶ A registrant went into administration early in January 2019, resulting in a small provision for doubtful debt.

⁷ In previous years, Worldpay fees recovered from consultant lobbyists were netted off the related expenditure. These amounts are now shown gross in the income and expenditure.

3. Income

£	2019-20	2018-19
Fees from consultant lobbyists	144,851	140,406 ¹
Total	144,851	140,406

The Cabinet Office determines the registration fee which includes costs associated with maintaining the Register and processing registration and quarterly information returns. The registration fee runs from 1 January to 31 December. The fee for 2020 and 2019 is £950. The quarterly information return fee has remained at £12.50 per quarter for both 2020 and 2019.

The fee for consultant lobbyists joining the Register part way through the year is calculated on a pro-rata basis². The registration period with associated obligations on ORCL and registrants runs from 1 January to 31 December each year with the fee therefore covering two financial years. Monies collected from the fee are split appropriately across the financial year with a portion of the fee retained for the current financial year and where necessary the rest deferred to the next financial year.

4. Financial instruments

Funding for ORCL is received as grant-in-aid from the Cabinet Office. Therefore the Registrar of Consultant Lobbyists is not exposed to significant liquidity or interest rate risk.

¹ In previous years, Worldpay fees recovered from consultant lobbyists were netted off the related expenditure. These amounts are now shown gross in the income and expenditure.

² The following formula applies for calculating the pro-rata registration fee applies $F = (n / T) \times 950 + 12.5 \times Q$, where n = number of days left in the year from when the registrant posts their registration, T = total number of days in that year and Q = number of quarters left in the year not including the current quarter + the number of current and previous quarters available to be prepared by the consultant lobbyist.

5. Trade and other receivables

£	2019-20	2018-19
Current – amounts falling due within one year		
Amounts due from consultant lobbyists for fees	1,356	3,158
Provision for doubtful debt	(75)	(75)
Amounts due from consultant lobbyists for civil penalties	300	150
Prepayments	6,291	-
Total	7,872	3,233

6. Cash and cash equivalents

£	2019-20	2018-19
Balance at 1 April	149,927	138,235
Net change in cash and cash equivalent balances	2,162	11,692
Balance at 31 March	152,089	149,927
The following balance at 31 March was held at:		
Government Banking Service	152,089	149,927
Balance at 31 March	152,089	149,927

The cash will be used to settle amounts payable to the Consolidated Fund.

7. Trade and other payables

£	2019-20	2018-19
Current – amounts falling due within one year		
Trade Payables	1,550	800
Refunds due to consultant lobbyists	170	-
Other payables	45	27
Accruals	10,219	18,227
Deferred income	108,098	105,002
Amounts payable to the Consolidated Fund – received:		
Fees from consultant lobbyists	149,485	149,200
Civil penalties from consultant lobbyists	2,150	550
Amounts payable to Consolidated Fund – receivable:		
Civil penalties from consultant lobbyists	300	150
Total	272,017	273,956

Deferred income is further explained at Note 3. Information on the amounts payable to the Consolidated Fund is provided at Note 1 in the Parliamentary Accountability Disclosures Section.

8. Related party transactions

The Registrar of Consultant Lobbyists is a corporation sole funded by the Cabinet Office. The Registrar has had a number of transactions with the Cabinet Office in relation to staff secondments and corporate services. Neither the Registrar nor their staff have undertaken any material transaction with registered consultant lobbyists during the year. Compensation due to the Registrar in year has been disclosed in the Remuneration Report.

9. Events after the reporting period

In accordance with the requirements of IAS 10 Events after the Reporting Period, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as being the date on the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament. There are no events after the reporting period which affect these accounts.

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