

Agenda – Llywydd's Committee

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| Meeting Venue: | For further information contact: |
| Hybrid – Committee room 4, Ty Hywel and video conference via Zoom | Meriel Singleton Committee Clerk |
| Meeting date: 4 November 2024 | 0300 200 6565 |
| Meeting time: 11.30 | SeneddLIC@senedd.wales |

Pre-meeting

(11.15 – 11.30)

- 1 Introductions, apologies, substitutions and declarations of interest**
- 2 Scrutiny of the Electoral Commission financial estimates 2025/26**
(11.30 – 13.00) (Pages 1 – 61)
Dame Elan Closs Stephens CBE – Electoral Commissioner, Wales

Vijay Rangarajan – Chief Executive, Electoral Commission

Rhydian Thomas – Head of Electoral Commission, Wales, Electoral Commission

Niki Nixon – Director of Communications, Electoral Commission
- 3 Motion under Standing Order 17.42(vi) to resolve to exclude the public from the remainder of the meeting**
- 4 Scrutiny of the Electoral Commission financial estimates 2025/26: Consideration of evidence**
(13.00 – 13.30)



Document is Restricted

David Rees MS
Chair, Llywydd's Committee
Senedd Cymru
Cardiff
CF99 1NA

30 September 2024

Dear Chair,

Electoral Commission Annual Estimate for 2025-26

I am pleased to enclose the Electoral Commission's Annual Estimate for the 2025/26 financial year in relation to our devolved Welsh activities, including core business, direct event costs and additional Corporate Planning project work which totals £2,742,123 (see table below for comparison with the budget in 2024/25).

| Wales | 24/25 £k | 25/26 £k | Variance |
|-------|----------|----------|----------|
| Core | £ 1,441 | £ 1,315 | -8.7% |
| Event | £ 124 | £ 1,216 | 883.5% |
| CP | | £ 211 | |
| Total | £ 1,564 | £ 2,742 | 75.3% |

Strategic frameworks

As you will be aware, our estimate is underpinned by our five-year Senedd Corporate Plan on devolved Welsh functions. The current plan runs from 2022/23 to 2026/27 and can be found [here](#). A new Welsh Corporate Plan will be drafted, consulted on and laid following the 2026 Senedd elections.

Following the recent UK Parliamentary general election, we are also required to develop a new UK five-year plan to be submitted to the Speakers Committee alongside the main 2025/26 estimate. Currently this plan must be submitted at the same time to the Scottish Parliament Corporate Body (SPCB) for consideration of the parts which relate to our Scottish devolved functions. We are, however, also conscious of the provisions contained within the Scottish Elections (Representation and Reform) Bill currently being

considered in the Scottish Parliament which, assuming it passes and is commenced, will require us to submit a five-year plan after a Scottish Parliament election.

We are therefore in a situation where we have, or will have, three separate plans reflecting our three statutory responsibilities derived from the Senedd, UK and Scottish Parliaments. While some things will be different, reflecting the contexts of each jurisdiction, many of the overarching themes of supporting voters; modernising the electoral system while protecting our democracy and tackling the threats it faces are common to all – and we will make sure they are consistent. We aim to play our part in ensuring the resilience of the wider democratic system and building a stronger Electoral Commission to achieve that.

Over the coming year in Wales, we will concentrate on delivering the new changes to the Senedd elections in 2026, as set out below. We will also start work to deliver the objectives and goals to be included in the UK Corporate Plan which we will publish in 2025. This work will inform the development of the Welsh Corporate Plan and will similarly be considered as we develop a Scottish Corporate plan post May 2026 for consideration by the Scottish Parliament Corporate Body.

We have followed the Statement of Funding Principles noted in 2021 by each of the three funding bodies which requires that the directly attributable costs of elections, and of other separately identifiable activities under the powers of each legislature should be funded by that body, while expenditure that is not directly attributable is to be shared on a population basis in each nation.

The funding formula for the proposed bid for funding has been adjusted year-on-year to more accurately reflect the population sizes of each of the three parliaments using ONS data. The Commission's core costs for shared activity – such as the ongoing support to voters, administrators and the regulated community, as well as the corporate costs necessary for the operation of the Commission – are allocated on a formula based on population estimates using ONS population statistics. The allocation to Wales is 4.6%, with 8.1% allocated to Scotland and 87.3% allocated to Westminster. Where there is a specific demand for additional work solely impacting Welsh stakeholders, i.e. the May 2026 Election, these costs are 100% allocated to the devolved parliament.

In the Estimate, using the above formula of 4.6%, we have calculated that the Llywydd's Committee's share of core costs is £1,315,496. For Wales, this means a lower contribution to the Commission's core costs as compared to 2023/24.

We recognise the financial climate in which this estimate is made but feel we can justify our request given the tasks faced and the importance of our democracy. Our [Annual](#)

Public Attitudes Tracker survey revealed that only 33% of the public in Wales were satisfied with the way democracy works in the UK.

We seek to explain why our estimate has been submitted below and look forward to discussing it with you at your convenience.

Our proposed programme of work in 2025-26

Continuing our core activities

Like many organisations, the Commission faces increased costs due to pay increases and non-pay inflationary pressures. You will see from the attached estimates that we have presented you with savings for most teams' core activities, except where we expect increased activity relating to the forthcoming Senedd elections. We are continuing our work in strengthening the Commission through investments in our finance, procurement HR and other support teams, set out below. We will continue our regulatory, guidance, evaluation, research, campaigns and communications work, in particular after the 2024 UKPGE, and to prepare for the 2026 elections.

Supporting delivery of a well-run Senedd election in 2026

The focus of the Commission's work in Wales in the coming year, and reflected in our estimate, sets out how we plan to manage our work effectively leading to the Senedd election in 2026. This includes ensuring changes currently before the Senedd affecting how the election will be administered and regulated are delivered efficiently and effectively and understood by all those involved, voters, parties, candidates, agents and administrators. This will be achieved through the drafting and delivery of detailed guidance for those involved in the running of the election and those wanting to take part.

We will build on our experience and expertise in this field not only in developing and publishing standard guidance for all partners, but also to construct new resources where required, for example, in supporting the Welsh Government's work on candidate selection following on from the withdrawal of the Senedd Cymru (Candidates List) Bill. We will facilitate tailored briefing sessions explaining the changes and how they can be effectively implemented with all relevant partner groups. As part of this process, we will also evaluate the impact of these changes and the broader electoral process and consider this area as part of the statutory post-poll report which will be published in 2026/27.

Such activities are attributable to the cost of the Senedd election and funded directly by the Llywydd's Committee. As we have indicated previously the funding of the Commission can be seen as having a five-year cycle. Activities related to devolved elections can span across financial years. The year prior to a Senedd election has on average two-thirds of the direct cost of the election. The following financial year sees the remaining third-of the Senedd election and two-thirds of the local authority elections direct costs. The year after that sees the final third of costs directly attributable to the council elections. Thereafter the next two financial years have relatively little directly attributable costs to elections.

The 2025-26 estimate for direct costs attributable to the Senedd includes a sum of £1,215,878.

Voter engagement and public awareness

The 2025-26 estimate includes £1,025,000 to cover the costs in the first year of a two-year campaign for activities to raise awareness of the 2026 Senedd election. We have budgeted £650,000 for our public awareness campaign to cover the creation of Senedd specific assets, media buying and tracking research. We will also produce and deliver a bilingual information booklet to all households in Wales costing £375,000. These costs together make up 87% of the increase in our budget for 2025-26 compared with 2024-25.

Working in partnership with the Senedd Commission and the wider electoral community we will ensure that voters are aware of the changes to the Senedd electoral system. We will focus on leading the development of a suite of public awareness materials including a voter information booklet that will be delivered to all households in Wales, containing information on how to vote under the new system. In addition, we will run a paid voter registration campaign and develop accompanying assets targeted at 16–17-year-olds and foreign nationals living in Wales.

We will utilise our civic society partnerships to support our campaigns and develop new partnership projects that increase knowledge, understanding and participation of the democratic system amongst under-registered groups in Wales. Our programme of democratic education is now in its fourth year, and this is an increasingly important area of our work and aims to affect a steady and profound change to engagement in the democratic process amongst young people.

We will continue to develop our democratic education resources for teachers and learners in Wales ahead of the 2026 election, reflecting the changes to the system. This

will include the further development of our training offer to support teachers' continuing professional development. In Wales, public trust in teachers remains consistently high at 71%, making them a key partner in delivering public awareness.

We will work with our youth voice partner, Children in Wales, to gather input from young people via our youth voice network so that we can ensure our education resources effectively meet their needs. In addition to this, we will continue to work in partnership with civic society organisations in Wales to support under-registered groups to increase their knowledge, understanding and confidence to participate in the democratic system. This will include funded partnerships, alongside smaller informal pieces of work supporting our registration campaign, and our voter engagement work more broadly.

Finally, we have also launched a new Democratic Education Forum in partnership with Welsh Government to build knowledge, share best practice and gain feedback from teachers across Wales.

Electoral reform

We will continue to support the Welsh Government's electoral reform agenda, providing expert advice and constructive challenge to ensure that the changes being introduced for the next set of devolved elections can be successfully delivered for voters, electoral administrators and campaigners.

With the Senedd Cymru (Members and Elections) Act 2024 and the Elections and Elected Bodies (Wales) Act 2024 now passed by the Senedd, our focus will turn to the implementation of these changes ahead of the 2026 election. We will provide advice and support to the Welsh Government as it develops a new Conduct Order for 2026, as well as the other pieces of secondary legislation that will be required.

We will continue to engage with the Senedd and the Welsh Government on those pieces of primary legislation that are still being developed. We will also work with the Welsh Government and participating local authorities on the development of automatic registration pilots and will publish a formal evaluation of these pilots as part of our statutory responsibilities under the Elections and Elected Bodies (Wales) Act 2024.

Our work in this area is supported by the significant evidence base we develop through our programme of work on electoral modernisation, including the research we continue to conduct with the public and electoral administrators. Our ongoing research programme ensures our advice is based on an up-to-date understanding of public attitudes, to underpin the development of policy proposals for further modernisation.

Supporting the delivery of well-run elections and electoral registration

We will provide support to Returning Officers (ROs), Electoral Registration Officers (EROs) and their teams in all Welsh local authorities through a programme of regular engagement including providing advice and guidance and responding to any queries and issues. We will monitor performance against our published performance standards, and we will also undertake a review of standards to ensure they are relevant in Wales, particularly regarding the Welsh language.

In November, we will publish our full report on the 2024 UK Parliamentary general election and the May polls in Wales and England. This will draw on our full suite of evidence and data – including from voters, candidates and campaigners, and electoral administrators – and make specific recommendations for wider improvements to elections. This will include working with local authorities, the media and civil society organisations to increase awareness of the new accessibility measures at the polling station; ensuring that candidates can campaign and debate with each other in an environment free from abuse and intimidation; and working with the UK's governments and wider electoral community to ensure that administrators have sufficient time, capacity and resources to continue to deliver well-run elections. We will continue to work with the Welsh Government to draw on, and reflect, any wider lessons learned from the 2024 polls well in advance of the May 2026 Senedd elections.

We look forward to assisting and supporting the new statutory Electoral Management Board for Wales and will use this new forum to help ROs and EROs to deliver a consistent and high-quality service for voters and those standing for election. We also will continue to work closely with electoral administrators throughout Wales to ensure their views and needs are fully reflected in our work.

Engaging regulatory and wider stakeholders

The Commission will continue to use the Senedd Parties Panel to engage with political parties and understand how we can best support them and their candidates to deal with the challenges they face. We will also continue to engage with smaller parties in Wales and independent candidates to help them comply with the rules. This will include advice and guidance tailored to Welsh needs, publication of details of donations, loans and annual party accounts, and monitoring and enforcement of compliance with political finance law.

In addition, we will deliver training sessions ahead of the Senedd election in 2026 for parties, candidates and non-party campaigners to ensure compliance with the new rules. This training will be carried out at party conferences, face-to-face briefings, and

via digital platforms. We will also support local authorities by attending their candidate and agent briefing sessions and deliver training for candidates and agents at those briefings.

For the 2026 election we will develop a Code of Practice for Non-Party Campaigners on spending at the Senedd election, and Party and Candidate Spending Codes in line with the new legislation. These Codes of Practice will be laid in the Senedd.

We will continue to inform Members of Senedd about our work, including through briefings, drop-in sessions and one-to-one meetings. We will also press ahead with plans to establish a Cross-Party Group on Democracy, to provide a forum for Members of the Senedd and key stakeholders to discuss issues relating to democracy and elections in Wales.

Draft UK Corporate Plan 2025

Our draft UK Corporate Plan 2025-2030 sets out five strategic objectives that will have an impact on elections delivered in Wales.

In fulfilling all our statutory functions, the Commission seeks to ensure that our democratic system works for all parts of the UK, responding to initiatives taking place in both devolved and reserved elections and for all those who participate whether as voters, candidates, campaigners or administrators. We seek to consult on our proposals with the UK, Welsh and Scottish governments, and electoral stakeholder groups such as the EMBs in Scotland and Wales and the Northern Ireland Electoral Office. More widely we will seek views on our proposals as we finalise our plan from a wide range of our stakeholders including political parties, electoral administrators, representatives of civil society and other interested parties. The timing of the UK Parliament General Election has meant that we have not had an opportunity to discuss the activities in the draft UK Corporate Plan before submission of the estimate but can now do so.

Given the different statutory deadlines in place for submitting budgets to the three funding Parliaments, and the challenges posed as a result of this, we feel that we must provide you with some of the proposed costs for activities that will be undertaken in the next financial year, and we believe will be of benefit to voters in Wales ahead of the 2026 polls and of formal publication of the plan in early 2025.

The 2025-26 estimate for costs attributable to the Senedd for relevant Corporate Plan activity is £210,749.

Objective 1: Supporting Welsh Voters

The evidence shows voters in Wales need better information (preferably online) on how to register and vote. For voters with access needs, registering and casting their vote often remains challenging.

We have strong evidence that our existing voter engagement work is having a positive impact – for example, 512,000 young people across the UK took part in our Welcome to Your Vote week initiatives in February 2024, with 71% of educators saying that young people’s knowledge of democracy increased, and 57% saying the likelihood of their young people registering to vote increased. We will upscale our education and partnership work and expand our strategic support to existing teams in Wales with a particular focus on working with teachers and charity groups. This will be done by working collaboratively with all partners in Wales, including the Senedd, the Electoral Management Board for Wales and the Welsh Government. We will co-create materials that respond directly to partners needs and support voters to develop political and media literacy skills, reducing the impact of mis- and dis-information. We will be ready to respond to the Welsh Government’s developing legislative agenda and continue to provide all voters in Wales with accessible postcode specific information and will harness digital tools to make our published data more transparent.

As part of this work, we will continue to fund the Democracy Club to provide our election information and polling station look-up for the May 2026 polls – this is a vital tool for voters which also relieves pressures on Welsh electoral services teams. Democracy Club have indicated that they will stop providing this service, so working in partnership, and capitalising on the accessibility pilots funded by the Welsh Government, the Commission will develop our own look-up tool which we expect to be operational ahead of the May 2027 polls.

Objective 2: Modernising the electoral system

The electoral system and the legal framework that underpins it has evolved in a piecemeal way. The resulting complex system presents significant challenges for electoral services teams under pressure to deliver more for less. These administrative challenges also mean that some voters experience issues trying to cast their votes – for example newly enfranchised voters in Wales.

We advocate for consolidation and simplification as part of a programme of law reform. We remain committed to working with the newly established Electoral Management Board in Wales to relieve pressure on electoral services teams but our experience delivering our current programme of work clearly demonstrates that we need to do more

to meet the needs of electoral services teams and campaigners. We will increase the support we provide to electoral administrators, modernise our approach to providing guidance, and work with key suppliers to achieve greater efficiencies and systemic improvements. Ultimately these initiatives will seek to build greater resilience and a more robust electoral system.

Objective 3: Protecting the system / tackling threats

The threats to our democracy are growing and changing. Voters are increasingly exposed to mis- and dis-information and dubious campaign practices continue to undermine trust. This ranks as the public's second largest concern around elections, behind bias in the media. Campaigners and candidates reported record levels of online, physical and gendered intimidation at the recent UK Parliament general election and foreign interference in the form of cyber-attacks is causing disruption to elections.

We intend to step up work monitoring and mitigating threats to our democracy. We will continue to monitor and advise on these risks every day, working in collaboration with all relevant partners in Wales including the four police forces. As these threats increase, and ahead of the 2026 Senedd election we need to strengthen our response. We will use data and technology more effectively to identify and remove digital content aimed at undermining our democracy; crack down on campaigning techniques designed to deceive voters; provide more support to candidates, and with the police will tackle abuse and intimidation head on. We will continue to strengthen our protections against existing and emerging cyber threats; tighten controls on political donations, and close loopholes on foreign company finance and donations from unincorporated association.

Objective 4: The resilience of the democratic system

In our regulatory role we monitor the health of our democracy and make evidence-based recommendations aimed at strengthening the electoral system. Our [Annual Public Attitudes Tracker](#) survey shows that the trust in the Electoral Commission remains high. We aim to scale up slightly our proactive policy work and international analysis. Evidence will remain at the heart of all recommendations we make. We will be able to do more to bring key players together to agree and implement impactful initiatives that improve our electoral system. We will conduct deliberative research to inform this work in Wales, based on the needs of the Senedd and Welsh Government so that we truly understand and address the needs of communities in Wales.

Objective 5: Strengthening the Electoral Commission

As our electoral system evolves, we need to adapt to meet the changing needs and expectations of voters, the Welsh Government, campaigners and electoral services teams. Our current systems and support services need investment, not only to deliver our current work, but also to deliver this ambitious and vitally important programme of work with good value for money.

We will invest in our systems taking note of previous concerns expressed by the Committee around our financial processes, ensuring that they all work together and represent value for money. We will develop greater digital expertise and will explore the potential to harness new technologies such as artificial intelligence and machine learning to achieve greater efficiencies and improvements for users. We will ensure all our staff receive the training and support they need to deliver and will pay them competitively for their important work.

Following last year's cyber-attack, we have invested in strengthening the Commission's systems. The benefits of some of this work is already evident. An independent cyber penetration test of our external facing IT systems reported zero vulnerabilities on our systems. These tests are carried out quarterly and we have seen a significant tightening of the security on our systems, using the latest techniques and solutions to protect our services.

Thanks to the funding provided by you and the other Parliaments over the last twelve months we have been able to deliver several projects. These include - firewall upgrades, with full logging and monitoring tools; the latest multi-factor authentication service from Microsoft; fully automated patch management; replacement of all end-of-life servers; replacement of all mobile devices with the current models; joining the NCSC's early warning service; introducing full email scanning through Mimecast to reduce phishing, spoofing and malware intrusions. In the next twelve months we will be moving to Windows 11, upgrading our CRM and delivering new services around disaster recovery.

We also work closely with expert third-party vendors to deliver cyber security monitoring on a 24-hour basis, protecting our systems and tracking suspicious activity. These services are linked to global cyber knowledge and update daily to provide us with another level of security.

The threats against the Commission and the democratic system continue to evolve. Our proposals in the Corporate Plan are designed to address these ever-growing threats and mitigate against the ever-present threat of another cyber penetration. And we will step up our work with political parties to support their cyber security.

Next steps

We will begin to consult on the detail of this draft Corporate Plan in November 2024 ahead of laying a final version in March 2025. This consultation process will include all key partner groups, and particularly the Senedd. While the figures included for core and event costs are set, it is likely that the apportionment for relevant Corporate Planning activity may change based on its development, with the likely impact being decreasing the final amount required. We will keep the Committee updated as to this area of work.

Value for money

The Commission's ability to demonstrate value for money hinges on our ability to optimise procurement practices, manage contracts efficiently, manage risks, monitor and improve performance, and make informed decisions about resource allocation through effective prioritisation, while ensuring financial and IT controls are in place and working effectively. We will seek to ensure that we are not only fulfilling our objectives, but also doing so in a cost-effective and efficient manner, ultimately driving gains in public value.

Following lessons learnt from previous finance cycles, the budget models have been rebuilt and semi-automated to reduce risks of errors. This has allowed for additional time for further scrutiny of the numbers and numerous rounds of internal challenge to ensure costs are robust and delivering value for money, allowing us to identify savings where we can within the Commission, including sub-leasing part of the Commission's London Office at Bunhill Row to the Local Government Boundary Commission for England at £105,000per annum, which reduces the Senedd's share of the costs.

Despite continued high inflationary pressure impacting Commission pay and non-pay costs for the past three years, we will continue to seek to mitigate inflation wherever possible. Cost as an average per member of population in Wales, within Core, has decreased from 46p to 42p, (compared with cost per member of UK population within Core and Event which have decreased from 73p to 68p) highlighting the continued drive for cost mitigation.

We are committed to ensuring efficient and effective use of funding. To achieve this, we focus on several key areas of work, including procurement, contract management, performance management, and effective prioritisation. We have put in place a new procurement team so that we can ensure better value for money with our partners and suppliers. We have also strengthened our finance support to ensure that

we are able to produce robust and accurate budgets and forecasts. These investments are necessary to ensure that every public pound is used wisely.

Measuring performance

Throughout our Corporate Plan we identify improvements we will deliver to benefit the public, parties and campaigners, electoral administrators and parliaments. We aim to measure the impact of these improvements using a range of performance indicators. We will use a mix of quantitative and qualitative measures, to drive continuous improvements in our procedures and skills. By default, performance and system data will be collected at the level of the four parts of the UK: Wales, England, Scotland and Northern Ireland – in support of the accountability for our work.

Our corporate performance indicators sit alongside a group of indicators which show the health of the electoral systems. These are called system indicators and measure the health of the electoral system as a whole and are not indicative of how we are performing as an organisation. They help guide actions by us and others (including elected members, government, campaigners and parties, electoral administrators and the Police).

We are making good progress against the performance indicators for the Welsh Corporate Plan. The end of year figures for all PIs show we met all except two targets set at the beginning of the year (an improvement on the four targets missed in 2022/23). We gave timely notifications of the outcome of party and non-party campaigner registration applications in 80% of cases, against a target of 90%. This was due to unexpectedly higher numbers of applications submitted and insufficient staff to handle these cases. Mitigations have since been put in place for future unexpected surges in applications received. We were also unable to meet our target dates for implementing all of the internal audit recommendations agreed by the Audit and Risk Assurance Committee, due to staff capacity and availability. These recommendations were completed by their revised due date.

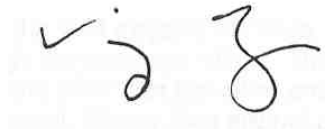
As part of the new wider UK Parliamentary Corporate Plan work, we are looking to revisit our performance indicators taking into account any shifts in priority or policy. A series of discussions and workshops to identify these measures will take place within all areas of the Commission.

We commend the enclosed estimate for the financial year 2025/26 to the Committee and look forward to discussing it with you when appropriate. Please contact Rhydian

Thomas, Head of the Electoral Commission, Wales if you wish to discuss any of the above in the first instance.



Professor Dame Elan Closs Stephens CBE
Electoral Commissioner, Wales



Vijay Rangarajan
Chief Executive and
Accounting Officer

| | | 23-24 Bid | 2024-25 projected outturn £000s | 2025-26 estimate £000s | Variance (24/25 of 25/26) £000s | Variance (24/25 of 25/26) % | Comments |
|---|--|-------------|---------------------------------|------------------------|---------------------------------|-----------------------------|--|
| Direct Costs (pay and non-pay) | | | | | | | |
| DEVOLUTION GOVERNANCE AND LAW | Legislation Strategy and Coordination | 0 | 22 | 11 | -11 | -51% | This represents the Committee's share of the costs that are associated with centrally managing and co-ordinating the delivery of changes arising as part of the programme of electoral reform in Wales; this includes ensuring that teams across the Commission are supported in planning for, and implementing any changes required in light of legislative changes. |
| | Wales | 366 | 293 | 40 | -254 | -87% | This represents the Committee's share of the costs for us to :- support the development and implementation of new Senedd and electoral reform legislation; make ROs/EROs, administrators and candidates and agents aware of the new guidance and resources; monitor the performance of ROs/EROs in Wales and respond to their queries for advice and guidance; advise the new Electoral Management Board and other stakeholder groups reflecting both EC and Welsh stakeholder views; launch a Cross-Party Group within the Senedd to discuss issues relating to Welsh democracy; support the regulated community in Wales to meet statutory requirements and help new political parties and non-party campaigners to register; draft and lay new Codes of Practice on election spending for parties and candidates ahead of the Senedd elections in 2026; support political parties and deliver training sessions ahead of the Senedd election in 2026 to ensure compliance with the new rules; support the development and delivery of public awareness information in Welsh and English ahead of the 2026 Senedd election, and continue to comply with Welsh Language Standards set by the Welsh Language Commissioner; run an integrated voter registration and information campaign, ensuring voters in Wales are registered to vote and understand the changes to the Senedd voting system, including a paid voter registration campaign, household information booklet and promotional assets for local authorities and partner organisations; update and develop our democratic education resources and support to teachers ahead of the Senedd election in partnership with the Senedd Commission and based on requirements identified by our youth voice network and newly established Democratic Education Teachers' Forum; lead on the accountability arrangements to the Senedd and Llywydd's Committee ensuring all information is provided and statutory deadlines are met, keeping key partners in the Senedd and Welsh Government involved. |
| | Legal | 80 | 102 | 55 | -47 | -46% | This represents the Committee's share of the total cost of providing legal support to the Commission's advice, guidance and regulation functions. It also includes supporting the development of any policy recommendations, as well as providing general and on-going legal advice on Welsh legislation and support of the Commission's functions as they relate to Wales (including registration, regulation, policy, electoral administration, governance and compliance with Welsh Language Standards). This work includes advising on proposals for electoral reform in Wales and ensuring that the Commission fulfils its accountability obligations to the Senedd. |
| | Governance | | | 20 | 20 | 0% | This represents the Committee's share of the total cost of providing corporate governance services across the Commission. This cost covers support for implementing the Commission's corporate governance framework and supporting the Commission Board with oversight and discharge of the Commission's governance responsibilities. The UK parliament meets the cost of Commissioner's fees. |
| Sub-total | | 446 | 417 | 124 | -293 | -70% | |
| ELECTORAL ADMINISTRATION AND REGULATION | Support and improvement | 18 | 18 | 16 | -2 | -12% | This represents the Committee's share of the costs associated with supporting the monitoring and support of EROs and ROs in the delivery of their statutory electoral services. It also includes undertaking a full review of the current Performance standards for EROs and ROs, in light of legislative changes arising from electoral reform in Wales, to ensure that the changes are appropriately reflected in the performance standards frameworks, and to support their implementation. |
| | Guidance | 45 | 45 | 43 | -2 | -5% | This represents the Committee's share of the costs associated with providing advice in response to queries from Returning Officers/Electoral Registration Officers and electoral administrators throughout the year. It also includes the cost of managing and updating guidance arising from legislative change as part of the programme of electoral reform in Wales; this includes updating our suite of core guidance and resources for electoral administrators and candidates and agents as needed. |
| | Registration & reporting | 72 | 77 | 49 | -28 | -37% | This represents the Committee's share of the costs for the work relating to the statutory financial reporting required by registered political parties in Wales. The reports include quarterly donation and loans reports, and annual Statement of Accounts submission. It also represents that share of the costs relating to the annual renewal of registered party details and any changes to registration details made throughout the year. |
| | Monitoring & enforcement | 65 | 73 | 55 | -17 | -24% | This represents the Committee's share of the costs that are associated with compliance and enforcement work arising from parties and campaigners in Wales. This includes monitoring the campaign activity of parties and campaigners in Wales. Our monitoring work helps us to identify campaigners who may need our support to come into compliance. It also supports out intervention and enforcement work, if it is required. We also work closely with the Single Point of Contact (SPoC) within each Police Force area to provide advice and guidance during the election period. |
| Regulatory support | | 50 | 56 | 43 | -13 | -24% | This represents the Committee's share of the costs associated with developing guidance for parties, candidates and agents. It also includes supporting the programme of electoral reform in Wales and updating our resources in light of legislative changes or feedback. We also provide a year-round advice and support service which is tailored and targeted to individual stakeholder needs. This will ensure the regulated community has an understanding of the laws, their obligations and aims to support high levels of compliance. As part of this we offer bespoke training, advice surgeries, and run webinars. |
| Sub-total | | 250 | 268 | 205 | -63 | -24% | |
| COMMUNICATIONS POLICY AND RESEARCH | Campaigns & Corp Identity | 41 | 46 | 1112 | 1065 | 2309% | This represents the Committee's share of business as usual activity for paid for media campaigns in the lead up to the 2026 Senedd elections. This will focus on the registration campaign, and will provide voter information booklets delivered to each household in Wales. |
| | Digital Communication & Voter Engagement | 78 | 78 | 171 | 93 | 120% | This represents the Committee's share of the costs of the Commission's Digital Communications and Voter Engagement team based on our estimate of how their time will be spent. We will continue to run a Youth Voice network for Wales, and our youth voice partner will continue to undertake consultancy work with young people across Wales, getting their feedback and input on our resources to ensure they are effective and fit for purpose. We will also continue to build on our existing political literacy work by digitising our teacher and youth practitioner training, make further improvements to our resources for voters with accessibility needs and provide support to voters who register anonymously. We will also scale up projects support under registered communities to engage in democracy. This also covers our digital communications work. Our Digital Communications team develops and maintains our bilingual website, digital tools, and social media channels. There will be a greater focus on producing content for Wales and in Welsh language ahead of May 2026 elections. They will also be supporting teams across the Commission to publish information in English and Welsh for our diverse stakeholders, including voters, electoral administrators and campaigners. |
| | External communications | 68 | 65 | 67 | 2 | 2% | This represents the Committee's share of business as usual external communications activities, including media relations and public affairs support for team in Wales as they prepare for the 2026 elections and respond to legislation arising from the Government's electoral reform programme. The Commission will also be delivering its public information function to provide support and guidance to voters ahead of the 2026 elections. |
| | Research | 47 | 31 | 40 | 9 | 29% | This represents the Committee's share of business as usual research activities, including work to support the Welsh Government and Senedd by reporting on Welsh elections and undertaking statutory evaluation of planned pilot schemes of electoral registration without application. |
| | Policy | 53 | 53 | 36 | -18 | -33% | This represents the Committee's share of business as usual policy activities, including work to support the Welsh Government and Senedd to consider new policy proposals and legislation arising from the Government's electoral reform programme including planned pilot schemes of electoral registration without application. |
| Sub-total | | 287 | 273 | 1425 | 1152 | 422% | |
| Total direct Costs | | 983 | 958 | 1754 | 796 | 83% | |
| Indirect Costs | | | | | | | |
| Resource | | 304 | 515 | 648 | 133 | 26% | Impact includes (1) Favourable effects of attribution changes in 25/26 as more costs are based on population. (2) Non-pay inflation at 4% in line with forecast RPI (E39k). (3) IT increases are associated with overall growth in the size of the Commission and improving IT security, including additional roles needed in IT, the full year effect of changes in 2024/25 and continued focus on modernising technology. (4) The impact of growth in a number of teams associated with addressing gaps in capacity and capability including Finance, Procurement and HR (Apprentices, Recruitment Costs, Consultancy Costs for Pay Review and Additional Staffing) (5) flow through of 24/25 pay increases impacts at £25k increase. |
| Depreciation | | 127 | 92 | 85 | -7 | -7% | Decrease driven by favourable apportionment partially offset by increase in assets. |
| Pay Award 2025-26 Corporate Plan | | | | 211 | 211 | 0% | Based on 2.5% inflation and a provision of circa 2.7% associated with the pay review implementation |
| Total Indirect Costs | | 431 | 606 | 988 | 382 | 63% | |
| Total Contribution | | 1414 | 1564 | 2742 | 1178 | 75% | |



David Rees MS,
Chair
Llywydd's Committee
Senedd Cymru

seneddLLC@Senedd.Wales

Ein cyf/Our ref JB/10612/24

17 October 2024

Dear David,

Thank you for your letter regarding the Electoral Commission's funding proposals for 2025-26. I am replying as the Minister responsible for elections. I am copying this letter to the Cabinet Secretary for Finance and Welsh Language given his interest in expenditure out of the Welsh Consolidated Fund.

The Electoral Commission is a valued partner for the development and implementation of electoral reform, through two recent Acts in particular, the Senedd Cymru (Members and Elections) Act and the Elections and Elected Bodies (Wales) Act. It has been crucial in shaping and refining this legislation as well as its ongoing implementation.

I note the need to have an extensive programme of voter engagement and public awareness ahead of the 2026 Senedd elections and welcome the inclusion of an information booklet to all voters as part of this programme. I am aware there were some issues with delivery of a similar booklet ahead of the last Senedd election and expect these will not arise given the Electoral Commission's experience.

I am aware that the Electoral Commission is part of the Senedd 2026 Communications Group, which is led by the Senedd Commission and includes Welsh Government officials, with the aim of supporting a coordinated approach to public awareness-raising in advance of the 2026 election. The Electoral Commission's proposals would complement the efforts of the other interested organisations.

I appreciate the role the Electoral Commission is taking in supporting democratic education, especially with the establishment and co-ordination of the Democratic Education Forum. Welsh Government officials will continue to support and engage with this work to build

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

teachers' confidence and expertise in helping young people play their full role in our democracy.

Welsh Government officials will maintain close contact with the Electoral Commission regarding the proposed funding of the Democracy Club's polling station lookup tool for the 2027 polls. It will be essential to coordinate this work alongside the development of the Wales Elections Information Platform the Senedd recently legislated for and is intended to be operational for the 2026 Senedd elections. As always, Welsh Government officials will strive to ensure that our efforts are complementary, not duplicative, and we will look to leverage the Commission's resources and expertise wherever possible.

I note the positive steps the Commission has outlined in relation to value for money and I appreciate that core costs for 2025-26 are reduced in comparison to 2024-25. However, I am sure the Committee will note that the proposed budget is significantly increased compared to 2024-25 (by 75.3%) due to "event costs", i.e. the heightened activities leading up to the Senedd election in May 2026. Given the current budget pressures on the Welsh Consolidated Fund, the Committee may wish to seek further clarification on these costs and the reasons why they were not outlined in the Corporate Plan for 2022-23 to 2026-27.

The Committee may also wish to satisfy itself with the small discrepancies between the letter and the estimate table, for example the letter separates core and event costs, but the table does not.

The letter suggests the majority of additional costs consist of £650,000 for a public awareness campaign and £375,000 for bilingual information booklets. The registration campaign is mentioned later in the letter, with no specific cost attached. It is not clear how this aligns with the table, which includes the budget line "Campaigns & Corp Identity" - £1.112m for "paid for media campaigns in the lead up to the 2026 Senedd elections", including "the registration campaign" and "voter information booklets".

In terms of affordability, the fiscal context remains challenging, placing continued pressures on the Welsh Government's budget. We are unable to comment on our own funding settlement until after the UK Government's Autumn Budget on 30 October as we have no certainty of funding for 2025-26 at this point. Our Draft Budget will be published on December 10th, 2024.

Following your Committee's scrutiny of the Electoral Commission's proposals, my officials will work with the Electoral Commission to put in place a payment agreement to set out how the costs will be paid from the Welsh Consolidated Fund, according to the budget agreed by the Senedd.

Yours sincerely,



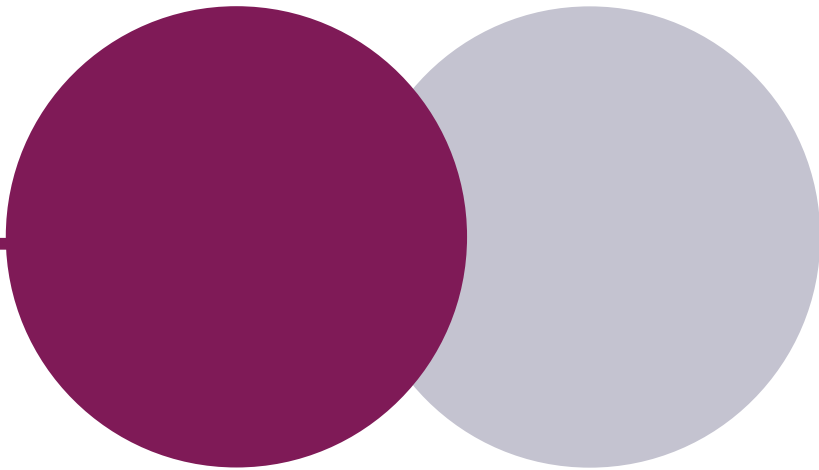
Jayne Bryant MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government

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National Audit Office



BRIEFING

Electoral Commission Financial Overview 2023-24

Electoral Commission

BRIEFING

by the
National Audit Office

NOVEMBER 2024

We are the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion. This represents around £17 for every pound of our net expenditure.



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If you need a version of this report in an alternative format for accessibility reasons, or any of the figures in a different format, contact the NAO at enquiries@nao.org.uk


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What this report is about

1 The Comptroller and Auditor General (C&AG) is required under the Political Parties, Elections and Referendums Act 2000 (PPERA) to produce a report to Senedd's Llywydd's Committee (the Committee) on the use of resources by the Electoral Commission (the Commission) to discharge its functions in relation to devolved Welsh elections and devolved Welsh referendums (or, if the C&AG so determines, any of those functions). The report by the C&AG is due on production of both the Commission's five-year Corporate Plan and its Financial Estimate.

2 We have prepared this report as a summary of key information and insights that can be taken from the Commission's Annual Report and Accounts. The Commission spent £32.7 million in 2023-24 to oversee elections and regulate political finance in the UK.

3 The report includes:

- a description of the role of the Commission;
- where the Commission spends its money;
- a review of the financial management of the Commission;
- the C&AG's audit opinion on the Commission's accounts; and
- key areas of interest in the accounts.

How we have prepared this report

4 The information in this report is drawn from the Commission's Annual Report and Accounts and other publicly available sources, supplemented by information provided by the Commission. We have included notes to help the reader understand our analysis.

Other relevant publications

5 More information about our work on the Electoral Commission and our other recent and upcoming reports can be found on the National Audit Office website.

More information about central government accounting and reporting

6 Our interactive guide *Good practice in annual reporting* (February 2024) provides examples from leading public sector organisations.

About the Commission

7 The Electoral Commission (the Commission) is responsible for the regulation of political finance, supporting parties and campaigners to comply with electoral rules, overseeing elections and referendums, and giving insight into the electoral process. The Commission aims to promote public confidence in the democratic process and ensure its integrity.

8 The Commission was set up under the PPERA as an independent body. It is directly accountable to and receives funding from the UK Parliament, the Scottish Parliament and the Senedd to fulfil its duties.

9 For devolved functions in Wales, the Commission reports to the Llywydd's Committee. These functions include the regulation and monitoring of campaigns, overseeing the performance of registration officers, and public awareness and engagement activities.

10 The Commission's work is guided by the strategic objectives set out by the five-year plan, which must be submitted for the first financial year following a parliamentary general election.

11 In 2023 and 2024, the Commission focused on the challenges of supporting the introduction of voter ID requirements, supporting the 2024 General Election, and local elections. It noted successes, with voters largely aware of voter ID requirements and being satisfied with the voting process. The Commission ran programmes and initiatives to engage with young voters and encourage political literacy from a young age in Wales.

12 The Commission faced higher costs than previously anticipated as a result of inflationary pressures, increased IT spend as a result of a cyber-attack, a 4.5% pay award and a £1,500 cost of living payment. This led to a significant supplementary estimate, scrutinised by the UK Parliament Speaker's Committee and the Senedd's Llywydd's Committee.

Where the Commission spends its money

13 In 2023-24, the Commission's total expenditure was £32.7 million. The Commission's gross operating costs were split between the core areas of Regulation (£11.9 million) and Electoral Administration (£9 million), and the project work on the Elections Act 2020 (£6.9 million), Elections and Local Referendums (£4.6 million) and Electoral Registration (£0.2 million).

14 This spending is funded by the UK Parliament (£29.3 million), the Scottish Parliament (£2.0 million), and the Senedd (£1.4 million). The split of funding is based on the costs of elections or activities directly linked to each body and a share of indirect costs to run the Commission, based on the population of each country.¹

15 In 2023-24, for Wales, direct costs cover direct work of the Commission including legal costs, regulation work, and communications, policy and research. This amounted to £1 million in 2023-24. Indirect costs of £0.5 million were made up of a 5% share of UK-wide back-office resource costs and depreciation on capital expenditure.² **Figure 1** shows a breakdown of expenditure for Wales.

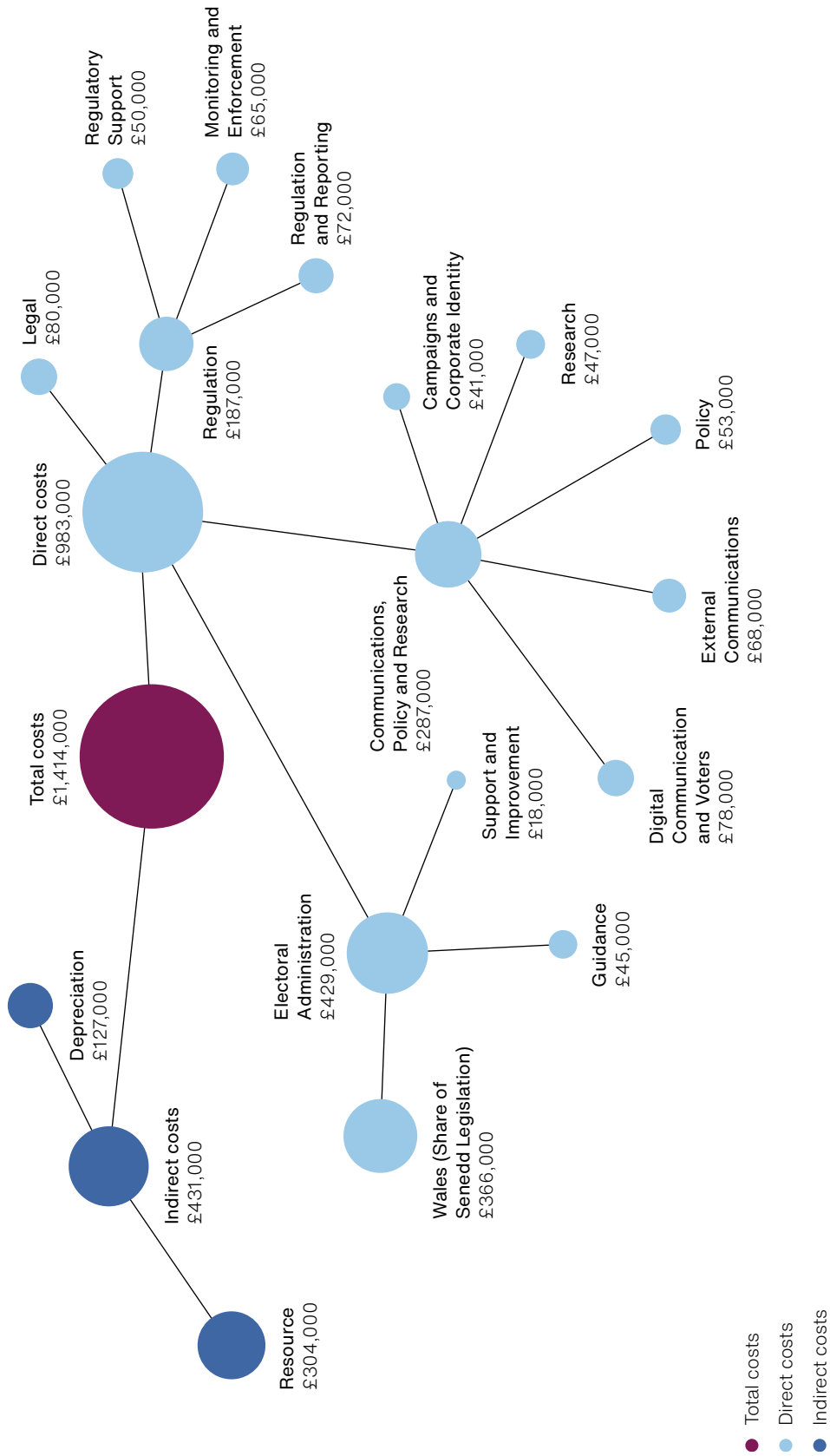
¹ Funding relating to expenditure for the Senedd and the Scottish Parliament is recognised as income in the financial statements. Income received from devolved authorities that is not spent is recorded as deferred income. As a result, the Commission's Net Expenditure for 2023-24 was £29.2 million.

² For 2025-26, the Commission has adjusted the funding formula, reducing the Senedd's allocation from 5% to 4.6%.

Figure 1

Forecast expenditure by Electoral Commission business area in Wales 2023-24 as of November 2023

The Electoral Commission expected to spend £1.4 million in Wales in 2023-24, of which almost £1 million was related to the direct costs of operation



Notes

- 1 Numbers may not sum due to rounding.
- 2 These figures are as at November 2023 and therefore may not reflect final year-end figures.
- 3 This is the latest breakdown of costs for Wales in 2023-24 produced by the Electoral Commission. A breakdown of the 2024-25 split was provided to the Llywydd's Committee as part of the 2024-25 Main Estimate process.

Source: Llywydd's Committee, *Scrutiny of the Electoral Commissions' financial estimate 2024-25*, November 2023, Annex A

Financial management and spending

16 The Commission's expenditure is authorised by the annual Supply and Appropriation Acts of Parliament and its associated Supply Estimates. These Acts include a series of spending limits, known as control totals. Any expenditure in excess of these control totals is considered irregular. To stay within these control totals, the Commission must prepare and manage its annual budget to make sure that there is sufficient funding for all approved services.

17 If necessary, during the financial year, the Commission may seek to increase its funding by submitting a supplementary estimate to Parliament. These would normally cover costs that arise unexpectedly during the year and are outside the Commission's ability to manage within existing budgets.

18 In 2023-24, the Commission received a supplementary estimate, partially for the purpose of covering a staff pay award and the costs of addressing a cyber-security attack. This supplementary estimate increased the Total Voted Expenditure by £1.4 million.

19 During 2023-24, the Commission's gross expenditure increased to £32.7 million compared to £28.7 million in 2022-23.³ This was driven primarily by an increase in staff costs and an increase in the cost of some goods and services, including IT and telephone services. **Figure 2** shows the Commission's expenditure from 2021-22 to 2024-25.

20 In 2023-24, the Commission's internal auditors gave a limited opinion due to weaknesses in the Commission's governance framework and risk management and control. As a result, the Commission is making changes to its procurement, contract management and financial processes and controls. It has hired additional finance staff and is working to improve its performance monitoring and methodology. This is in addition to work to address findings from the National Audit Office (NAO) 2022-23 management letter.

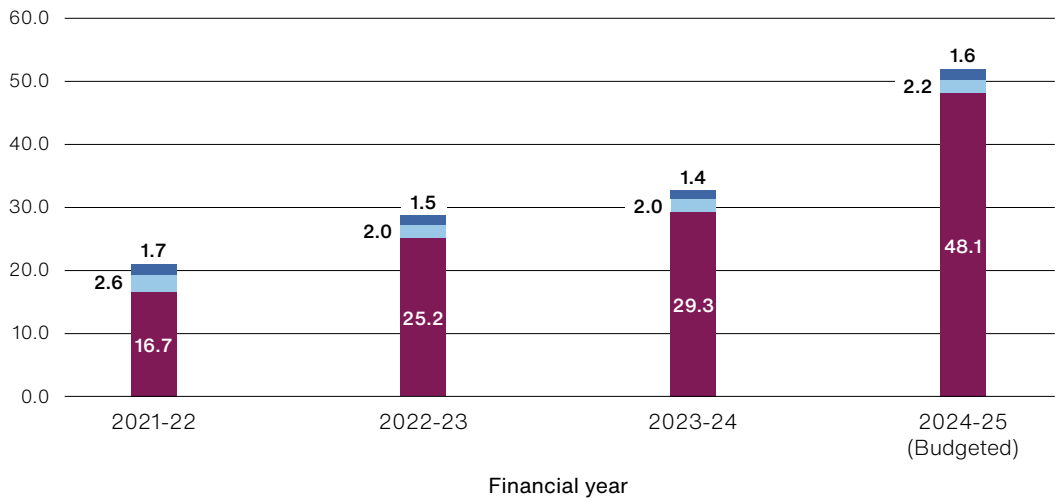
³ The 2022-23 figure contained an impairment of £1.8 million relating to Political Finance Online.

Figure 2

Electoral Commission Expenditure, 2021-22 to 2024-25

Expenditure by the Electoral Commission has increased, with the majority of costs met by the UK Parliament

Total expenditure (£mn)



- UK Parliament
- Scottish Parliament
- Senedd

Notes

- 1 Numbers may not sum due to rounding.
- 2 Data for 2021-22 to 2023-24 are from the published Annual Report and Accounts.
- 3 Data for 2024-25 are forecast expenditure from the Commission's Main Estimate memorandum for 2024-25.
- 4 The 2024-25 forecast includes costs for the 2024 General Election.

Source: The Electoral Commission *Annual Reports and Accounts 2022-23 and 2023-24*, and *Main Estimates Memorandum 2024/25: Electoral Commission*, May 2024

The C&AG's audit opinion

21 The Comptroller and Auditor General (the C&AG) provides an independent audit opinion on over 400 individual accounts across the public sector, in line with the applicable standards set out in the C&AG's audit certificate. The C&AG's opinion on the Commission's accounts comprises two main parts.

- A true and fair audit opinion: This 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.
- An audit opinion on regularity: This involves obtaining evidence that resources have been used in the way that Parliament intended and authorised, that the Statement of Outturn against Parliamentary Supply properly presents the outturn against control totals, and that these have not been exceeded.

The true and fair audit opinion

22 The C&AG gave an unqualified true and fair opinion without modification on the Commission's 2023-24 accounts. He obtained reasonable assurance that the financial statements give a true and fair view of the state of the Commission's affairs and have been properly prepared in accordance with the PPERA and HM Treasury directions thereunder.

The regularity opinion

23 The C&AG qualified his regularity opinion as a result of the Commission exceeding its authorised Capital Departmental Expenditure Limit (CDEL). As CDEL costs are covered by Westminster, this had no impact on the Commission's resources available for the Commission's activities in Wales. Except for this excess, the Statement of Outturn against Parliamentary Supply has not been exceeded, and the Commission's income and expenditure have been applied to the purposes intended by Parliament.

24 The authorised Capital Departmental Expenditure limit⁴ for the Commission for 2023-24 was £1.5 million. The Commission incurred an outturn of £1.9 million, breaching this limit by £0.4 million. The Commission entered into two new lease agreements for office space in Belfast and Cardiff, leading to the recognition of right of use assets totalling £0.7 million.⁵ Per the Consolidated Budgeting Guidance issued by HM Treasury, the initial recognition of a right of use asset is classified as CDEL and therefore led to the breach.

25 The Commission failed to account for the budgetary impact of new leases appropriately in either its main or supplementary estimates. The Commission acknowledged in its annual report that that this is a budgeting error and stated that measures have been implemented to prevent it happening again.

26 The 2023-24 Supplementary Estimate saw a £0.6 million decrease in CDEL, due to the reprofiling of capital spend on the Political Finance Online project. This project was unrelated to the leases, but the combination of the budgeting error and release of budget in the Supplementary Estimate led to the breach of spending limits and consequent accounts qualification.

27 As a result of this breach, the Commission must obtain an excess vote in early 2025. Before this, the Committee of Public Accounts (PAC) will scrutinise, on behalf of Parliament, the reasons why the Commission exceeded its allocated resources, and report to the House of Commons on whether it has any objection to the amounts needed to rectify the reported excesses. If PAC reports that it sees no objection to the excess, the excess vote will be put to the House for approval without debate.

⁴ CDEL is budget allocated to bodies that is spent on investment and things that will create growth in the future.

⁵ The cost of the Cardiff lease is not borne by the Senedd.

Staffing

28 The Commission's Annual Report and Accounts includes a Remuneration and Staff report which includes details of the Chair and the Commissioners, the Chief Executive and the executive team, and staff employed by the Commission.

29 The total staff costs for the Commission in 2023-24 were £15 million, 46% of all operating expenditure for the year. The Commission employed 197 full-time equivalent (FTE) staff, an increase of 17 from 2022-23. In 2023-24, staff turnover was 13.8%, down from 21% in 2022-23.

30 The Commission's spending in Wales is primarily made up of staff costs, with 60% (£0.9 million) of the Senedd contribution allocated to staff costs. As of October 2024, there were 10 staff employed in Wales.

31 In 2023-24, the Commission provided a pay award of 4.5%, alongside a one-time non-consolidated payment of £1,500. This was in line with the wider Civil service.⁶ This was higher than the original estimate of 4%. This led to a request in the supplementary estimate for an additional £0.5 million. The Speaker's Committee and Llywydd's Committee raised concerns as the Commission made this payment prior to any agreement with the Committees. In addition, HM Treasury indicated its general expectation that pay awards should be managed through existing budgets.

32 Following NAO recommendations, the Commission committed to address concerns around the capacity and expertise of the finance team by hiring additional accounting professionals. This led to a request of £0.2 million within the Supplementary Estimate.

33 In 2023-24, there was significant director turnover, with three chief executives and the addition of three new directors.⁷ This included an interim finance director who temporarily held the position of Accounting Officer and has subsequently left the Commission. As of March 2024, two out of six of the executive team were employed on an interim basis.

⁶ The Political Parties, Elections and Referendums Act 2000 requires the Commission to consider broad alignment of staff pay and conditions with those in the Civil Service.

⁷ Prior to appointment, one director held the position of General Counsel and attended board meetings in that role.

The cyber-attack

34 On 8 August 2023, the Commission announced that it had been subject to a cyber-attack, in which personal data held as part of the Electoral Register may have been accessed. The attack began in August 2021 and was detected in October 2022.

35 In July 2024, the Information Commissioner's Office (ICO) issued a reprimand to the Commission for failing to protect the personal information it held. It found that the Commission had failed in taking basic steps to protect its systems, which, if in place, would have made the breach highly unlikely. The ICO confirmed that the Commission had taken the necessary subsequent steps to improve its security, and that there was no reason to believe that the breach had caused any direct harm or resulted in data being misused. The Commission worked with security experts and the National Cyber Security Centre to make these improvements.

36 This work led to additional spend on IT infrastructure and cyber defences. In 2023-24, this resulted in an initial request for £0.3 million from Westminster in the Main Estimate, followed by a request for an additional £0.3 million in the Supplementary Estimate.

37 For 2024-25, work to maintain compliance with cyber security standards increased the Commission's Main Estimate by £1.3 million, with £1.2 million being met by Westminster. The Commission anticipates that ongoing costs will be £0.4 million per annum for IT security and related costs. These costs will be shared by the UK Parliament, the Scottish Parliament, and the Senedd.

Appendix One

Content of the Annual Report and Accounts

Figure 3

Content of the Annual Report and Accounts

The Commission’s Annual Report and Accounts are prepared in line with the Government Financial Reporting Manual (FRoM)

| Section | Performance report | Accountability report | | | |
|------------------------------|--|--|--|---|--|
| | | Corporate governance report | | | |
| Content | Provides information on the body, its main objectives and the principal risks that it faces. It must provide a fair, balanced and understandable analysis of the body’s performance. | Used to meet key accountability requirements to Parliament. It must include a corporate governance report; remuneration and staff report; and Parliamentary accountability and audit report. | Sets out the composition and organisation of the body’s governance structures, and how they support the achievement of the body’s objectives. As a minimum, it must include the following: | Directors’ report – includes the titles and names of all Commissioners who had responsibility for the Commission during the year, the person occupying the position of the Chief Executive, composition of the management board, and potential conflicts of interest. | Statement of accounting officer’s responsibilities – required to explain the responsibilities of the accounting officer or chief executive of the body. In preparing the accounts, the accounting officer is required to comply with the requirements of the Government Financial Reporting Manual (the FRoM). |
| To what extent is it audited | Reviewed for consistency with information in the financial statements. | Reviewed and tested for consistency with information in the financial statements; opinion provided. | Reviewed for consistency with information in the financial statements and with the auditors’ wider understanding of the body. | Reviewed for consistency with information in the financial statements and with the auditors’ wider understanding of the body. | Reviewed by: <ul style="list-style-type: none"> • comparing with the requirements of the FRoM; and • confirming that the disclosures match the auditors’ understanding of the business. |

Source: HM Treasury, *The Government Financial Reporting Manual: 2023-24*, June 2024

| | | | Financial statements |
|--|--|---|---|
| | Remuneration and staff report | Parliamentary accountability and audit report | |
| Governance statement – brings together the judgements made by the accounting officer in using resources to allow them to make informed decisions about the body’s progress, in light of the risks and opportunities the body is facing. It should provide a clear picture of the control structure of the body, and a sense of its vulnerabilities and resilience to challenges. | Sets out the body’s remuneration policy for directors; reports on how that policy has been implemented; and discloses the amounts awarded to directors. Also includes staff numbers, cost and composition; sickness absence data; consultancy expenditure; off-payroll engagements; and exit packages. | Includes: <ul style="list-style-type: none"> • Statement of Parliamentary Supply, showing expenditure against the amounts authorised by Parliament; • other Parliamentary accountability disclosures; and • Certificate and Report of the Comptroller and Auditor General to the House of Commons. | Includes: <ul style="list-style-type: none"> • Statement of Parliamentary Supply, showing expenditure against the amounts authorised by Parliament; • other Parliamentary accountability disclosures; and • Certificate and Report of the Comptroller and Auditor General to the House of Commons. |
| Reviewed for: <ul style="list-style-type: none"> • compliance with the requirements set out in <i>Managing Public Money</i>; • quality of the content in the context of risks identified during the audit process and the auditors’ wider knowledge of the business; and • consistency with the findings of any relevant NAO value for money reports or other work. | Reviewed for consistency with information in the financial statements. Key tables in the remuneration report, staff numbers and costs, and exit packages are fully tested. | Audited and subject to an audit opinion. | Audited and subject to an audit opinion. |



National Audit Office