

Electoral Commission Funding and Accountability:

Statement of Funding Principles

March 2021

Purpose and status of this Statement

1. From 1 April 2021 funding of the Electoral Commission (the Commission) will be met by the Scottish Parliamentary Corporate Body (SPCB) and from the Welsh Consolidated Fund as well as by the UK Parliament, and the Commission will be accountable to the UK Parliament, Scottish Parliament and Senedd Cymru (the Senedd). This accountability is overseen by the Speaker's Committee on the Electoral Commission, SPCB and the Llywydd's Committee.
2. This **Statement of Funding Principles** sets out the basis on which the Commission's shared funding will be calculated and how the required funding will be shared.
3. This Statement is not intended to be a legally binding agreement, nor does it override and supersede the relevant powers of the UK Parliament, the Scottish Parliament and the Senedd to determine their own business. However, it is acknowledged that certainty is required in order to ensure equitable sharing of costs, and to allow the Commission to plan and account appropriately. This Statement sets out the position.
4. This Statement has been noted by the Speaker's Committee on the Electoral Commission, the SPCB, the Llywydd's Committee and the Commission.

Duration, review and modification

5. The Statement will be reviewed after one year of operation and subsequently every five years. A review may also be requested at any time.

Transitional arrangements for Wales

6. Pending legislation in Wales to permit funding of the Commission direct from the Welsh Consolidated Fund, the Llywydd's Committee will set the amount of funding to be administered by the Welsh Government.

Accountability

7. The Commission is accountable to the UK Parliament through the Speaker's Committee on the Electoral Commission, to the Scottish Parliament through the

SPCB, and to the Senedd through the Llywydd's Committee. The ways in which it accounts are detailed in the relevant legislation¹ and include:

- The submission of an estimate of annual income and expenditure for each financial year for examination and approval by the relevant body
 - Examination of the Five-Year Corporate Plan and annual business plans
 - The provision of any additional information, as relevant and required
8. In addition, policy scrutiny of the Commission's actions, accounts and views will continue, as it has since 2001, via the various relevant committees of the three bodies.

Audit

9. The (UK) Comptroller and Auditor General is appointed as the Commission's auditor under the Political Parties, Elections and Referendum Act 2000 (PPERA). The National Audit Office (NAO) will continue to undertake this work. The Commission's Annual Reports and Accounts will be laid in the UK Parliament, the Scottish Parliament and the Senedd.

Calculation of Funding Shares

Amount to be funded in relation to a financial year

10. The total amount to be funded will be calculated on an accruals basis, from the Commission's estimate, approved by the Speaker's Committee on the Electoral Commission, the SPCB and the Llywydd's Committee, as follows (based on HM Treasury definitions applying for the financial year in question):
- The resource departmental expenditure limit (R-DEL), including depreciation & impairments within the HM Treasury depreciation ring-fence;
 - less income comprising:
 - fees & charges
 - income from governments under sections 10 of PERA
 - other income
 - but not fines payable to the UK Consolidated Fund

Calculation of funding shares

11. The amount to be funded met by the UK Parliament, the SPCB as approved by the Scottish Parliament and from the Welsh Consolidated Fund in relation to a financial

¹Paragraphs 14 and 15 of Schedule 1 to the Political Parties, Elections and Referendum Act 2000 ("PPERA") in relation to the Speaker's Committee on the Electoral Commission; paragraphs 14A and 15A of Schedule 1 to the PERA in relation to the SPCB; and paragraphs 16A and 16B of Schedule 1 to the PERA in relation to the Llywydd's Committee.

year will be the amount (or modified amount) to be funded for the financial year shared as set out below.

12. The directly attributable costs of elections, and of other separately identifiable activities under the powers of each body, shall be funded by the relevant source (by the UK Parliament, the SPCB, or from the Welsh Consolidated Fund).
13. Expenditure that is not directly attributable is to be shared. This includes core costs for shared activity such as standard guidance and for the corporate costs necessary for the operation of the Commission. These costs will be shared in proportion to the population in each nation. They will not be included in direct costs.
14. The Commission will include Policy Development Grant costs and non-voted expenditure (Commissioners Fees) in the Estimate it submits to the Speaker's Committee on the Electoral Commission.

Modification of the amount to be funded

15. The Commission will make all reasonable efforts to keep its spending within the initially approved budget as contained in its estimate. Where changes in circumstances require the Commission to modify the amount of funding sought in-year, the revised amount of funding shall be calculated as set out in paragraphs 12 – 14 above.
16. Where modification is required to direct costs (as set out in paragraph 15), the Commission shall request a change in funding only from the relevant body or bodies concerned. Where modification is required to other costs the Commission shall request a change in funding from all three. .
17. Where required applications to vary funding shall be made according to the procedures for Supplementary Estimates in the UK Parliament, Contingency Budgets in the Scottish Parliament and Supplementary Budget in the Senedd.

Setting budgetary control totals

18. Budgetary control totals required by HM Treasury's Consolidated Budgeting Guidance and Estimates Manual, as applicable to the Commission, shall continue to be set through the Estimates process in which the Speaker's Committee on the Electoral Commission plays a role, treating funding from the SPCB and Welsh Consolidated Fund as income for this purpose.

Cash funding and cash balances

19. The maximum amount of cash funding from the SPCB and Welsh Consolidated Fund for a financial year shall be the amount calculated in accordance with paragraph 11 adjusted, if required, as set out in this Statement.
20. The maximum amount of cash funding from the UK Consolidated Fund shall be the Net Cash Requirement set out in the Parliamentary Supply Estimate approved by the Speaker's Committee on the Electoral Commission.