The
Electoral
Commission

Supplementary Estimate 2023/24: Estimates Memorandum

1 Overview

Our Estimates Memorandum reflects the joint accountability and funding of the Electoral Commission, between the UK, Welsh (the Senedd) and Scottish parliaments.

1.1 Objectives

Our purpose

The Electoral Commission is the independent body which oversees elections and regulates political finance in the UK.

We work to promote public confidence in the electoral system and ensure its integrity.

Our strategic objectives

Our five strategic objectives for the period April 2022 to March 2027 are:

- accessible registration and voting,
- transparent political campaigning and compliant political finance,
- resilient local electoral services,
- fair and effective electoral law,
- a modern and sustainable electoral system.

Three key factors underpin this work and make a difference to how we achieve these strategic objectives:

- we demonstrate independence and integrity,
- we are a skilled organisation where diversity is valued,
- we are a learning organisation where improvement is continuous and resources are used effectively.

Our five-year Corporate Plan, for the period 2022/23 to 2026/27, sets out our ambition to improve the electoral systems.

1.2 Spending controls

The Commission is bound to deliver its functions within the budget each parliament provides.

In line with other UK public bodies, the Electoral Commission's net spending is broken down into several different control totals, for which the UK Parliament's approval is sought. Our expenditure, net of contributions from the Welsh and Scottish Parliaments, constitutes our formal control totals voted. These are:

- Resource Departmental Expenditure Limit ("Resource DEL") – a net limit comprising day to day running costs, less income,
- Capital Departmental Expenditure Limit ("Capital DEL") – investment in capital equipment mainly comprising IT hardware and software,
- Resource Annually Managed Expenditure ("Resource AME") – take up, movements in value and release of resource accounting provisions,
- Capital Annually Managed Expenditure ("Capital AME") – take up, movements in value and release of capital accounting provisions.

In addition, spending on Scottish and Welsh devolved powers must be delivered within the funding provided by the relevant parliament. However, these budgets do not constitute voted spending controls submitted to the UK Parliament.

Finally, the Commission also manages the budget for Electoral Commissioners. Their fees are paid directly by the UK Consolidated Fund, similar to judicial salaries, and are therefore not voted annually by Parliament.

1.3 Comparison of net spending totals sought

Table 1 overleaf shows how the net spending totals sought for the Commission compares with the Main and Supplementary Estimated. This reflects the changes to activity, spending and funding discussed in subsequent sections.

Table 1

Comparison of control totals:

Amounts sought for 2023/24 (Column 1)		Comparison to original budget for 2023/24 (Main Estimate)		
Voted control total	**£ m**	**£ m**	**Change £ m**	**Change %**
RDEL	30.89	28.98	1.91	6.6%
CDEL	1.45	2.00	-0.55	-27.4%
Net DEL	32.35	30.98	1.36	4.4%
RAME	0.05	0.05	0.00	0.0%
CAME	0.10	0.10	0.00	0.0%
Total	32.42	31.05	1.36	4.4%
Net cash requirement *	31.19	29.13	2.06	7.1%

*This represents the net cash impact of control totals

1.4 Key drivers of spending changes since original budget this year

Material changes since this year’s Main Estimate:

- The main changes in resource delivery of £1.91m are due to the following:
- By-elections: £430,000

  The Electoral Commission has been burdened with additional expenses due to the implementation of voter ID requirements under the Elections Act. In addition to these costs, we are currently witnessing a series of by-elections, each costing over £50,000, with additional setup expenses for the first by-election. As of now, there are six confirmed by-elections, and we anticipate approximately eight in total for 2023/24. However, this estimate is subject to change over the remaining six months of the financial year.

- Response to Cyber Incident: £268,000 of the £308,000

  The Electoral Commission experienced a sophisticated cyber-attack, detected in October 2022 and publicly disclosed in August 2023. To enhance security and transfer systems to Azure, we requested £312,000 through the main bid from Westminster. Recent cyberattacks on various public sector bodies emphasize the urgent need for investments in cybersecurity to protect sensitive data and maintain our security.

- Northern Ireland Assembly Elections in 2024: £275,000

  Legislation mandates that if a Northern Ireland Executive is not formed by 18 January 2024, an election must be called. In preparation for this contingency, the Commission has identified estimated costs of approximately £275,000 for this financial year. We intend to allocate this amount exclusively for a Northern Ireland Assembly election in spring 2024.

- UK Public General Election (UKPGE): £357,000

  While the precise date of the UKPGE is uncertain, if it occurs in the first half of 2024, additional costs will need to be accounted for in 2023/24. These costs exclude the significant marketing campaign expenses, which can only be calculated when a UKPGE is called. Various factors, such as employing regulation staff, call centre readiness, and communication readiness, need consideration.

- Responding to the NAO Management Letter: £210,000

  The National Audit Office (NAO) conducted an extended audit of the 2022/23 financial year, uncovering significant findings. These include issues related to financial system implementation, the capacity of the Finance Team, and the need for additional expertise in accounting judgments. To address these concerns, we plan to hire an interim systems accountant, and financial accounting professionals.

- Pay Award 23/24: £374,000 of the £461,000

  The 2023/24 pay remit guidance for Civil Service departments allows for pay awards of up to 4.5%, with additional flexibility for an extra 0.5% to be directed towards lower pay bands. In addition, the Civil Service Pay Remit permitted a one-time non-consolidated payment per full time member of staff f £1,500. The Electoral Commission followed the above remit guidance, however the existing budgets assumed a 4% settlement. This results in a funding shortfall of approximately £461,000 for the pay award, with £374,000 expected to be provided by Westminster.

- Core Expenditure & Depreciation: £700,000 impact on Net Cash Requirement only

  A misallocation between Core expenditure and Depreciation has been identified within resource delivery. Overall, there is no impact to the total RDEL requested, however there is an increase to the Net Cash requirement for the year.

- The capital delivery decrease is due to reprofiling of the PF online project to allow findings from an independent review of the requirements and design to be integrated into the project plan.

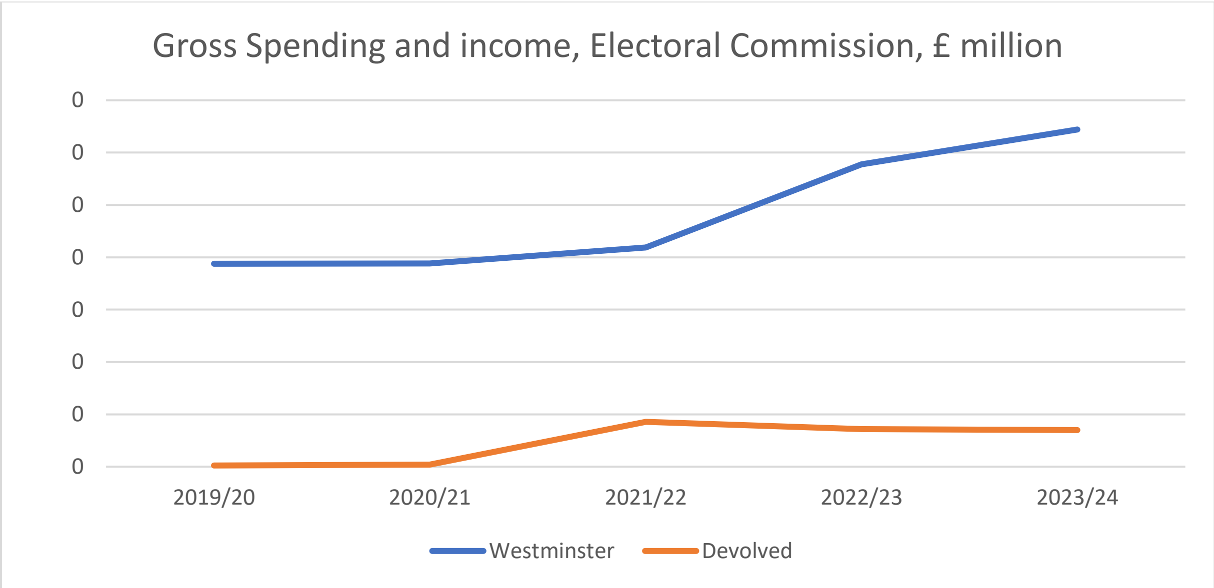
1.5 New policies and programmes; ambit changes

The Commission has no other significant spending implications for 2023/24.

The Commission has not made any changes to the ambit of its main estimate in this year.

1.6 Spending Trends

The charts below show overall resource DEL spending and income trends for the last five years and current future spending plans.



1.7 Administration costs

In line with other UK Parliamentary bodies, the Commission does not have an administration budget. Costs that would be included in administration are included in the Commission’s core budget and funded proportionately by each of the parliaments.

1.8 Funding: Corporate Plan and financial strategy

This section recaps the funding arrangements for the Commission and considers the medium-term financial strategy set out in the Corporate Plan.

The Commission is funded by the UK Parliament, Scottish Parliament and the Senedd Cymru. Elections in Northern Ireland are a reserved matter and thus funded by the UK Parliament. The direct costs of our work under the powers of each parliament are attributed to the relevant parliament. This includes relevant event costs and activities such as supporting Returning Officers in the relevant parts of the UK. Other corporate costs, including depreciation, are shared in proportion to population.

The Corporate Plan sets out our financial strategy. In setting budgets, we also have regard to the overall trajectory and pressures within public spending.

1.9 Other funding announcements

None.

2 Spending and income detail

2.1 Explanations of changes in spending and income

- We have updated the Core budgets with revised inflation assumptions using the latest Office for Budget Responsibility (OBR) / HM Treasury forecast inflation of 4%.
- There are also changes caused by unavoidable inflation in the event budgets, increases of 8% are predominately due to higher campaign costs, including increases in media buying costs.
- Capital budgets have been updated to reflect the decrease in forecast of the PF Online project.
- Our depreciation budget has decreased as a result of technology and other areas of cost becoming more service based, hence no longer capitalised. RDEL core expenditure increase offsets the depreciation reduction in this supplementary estimate.
- The Scottish contribution has increased from 2023/24 by £0.073m due to pay inflation, aligning the Commission to the pay increases used in the wider Civil Service - impacting on core budgets. There are additional costs of administration and IT, as well an additional resource working exclusively on devolved activity, predominantly focused on the electoral reform agenda from the Scottish Government.
- The Welsh contribution has increased from 2023/24 by £0.054m for the same reasons of inflation impacting administration and IT costs and aligning the Commission's pay award with the wider Civil Service.

2.2 Ring fenced budgets

None

2.3 Ring fenced budgets

The Commission is not subject to budgetary control by HM Treasury and as a result has no formal ring-fenced budgets. However, we do have a number of distinct budgets that are separate from each other:

- The Scotland and Wales funding is solely for devolved activity and a proportion of corporate costs.
- The budget for Policy Development Grant is set in secondary legislation, issued by the UK Government at £2 million each year. This budget is wholly funded by the UK Parliament. It is included as a separate Estimates line, ensuring our previous practice of keeping this funding separate from our operating costs.
- The costs of implementing the Elections Act 2022 are reported on a separate Estimates line, wholly funded by the UK Parliament. These represent the Commission's best estimate of the costs of additional public awareness, guidance to electoral administrators, parties and campaigners, and associated project management costs.

2.4 Changes to contingent liabilities

The Commission has no material contingent liabilities, and this is not expected to change during the year.

Should a UK Parliamentary General Election be called in the first few months of 2024, the Commission intends to seek temporary funding via HM Treasury Contingencies Fund which potentially could be circa £8.2m.

3 Priorities and performance

3.1 How spending relates to objectives

The following table shows how expenditure against each subhead contributes to our strategic objectives and the key factors that underpin this work.

	Estimates subhead	Strategic objectives					Key factors		
		Accessible registration and voting	Transparent political campaigning and compliant political finance	Resilient local election services	Fair and effective electoral law	A modern and sustainable electoral system	We demonstrate independence and integrity	We are a skilled organisation where diversity is valued	We are a learning organisation where improvement is continuous and resources are used effectively
A	Electoral Commission Expenditure	•	•	•	•	•	•	•	•
B	The Elections Act				•				
C	Policy Development Grant		•						

3.2 Measures of performance against each priority

The key indicators that we use to measure the performance for each strategic objective are listed below.

Strategic objectives

- Accessible registration and voting:
    - Additions to electoral registers during our voter registration public awareness campaigns.
- Transparent political campaigning and compliant political finance:
    - Timely publication of statement of accounts,
    - Timely notification of outcome of part and non-party campaigner registration applications,
    - Timely progression and conclusion of investigations,
    - Timely responses to requests for regulatory advice on financial reporting.
- Resilient local electoral services:

    - Accurate and timely advice to Returning Officers, Electoral Registration Officers and candidates & agents,
    - Publication of accurate and timely guidance products for electoral administrators.
- Fair and effective electoral law:
    - Timely publication of election / referendum reports.
- A modern and sustainable electoral system:
    - Engagement with our website by the public, campaigners and parties, electoral administrators and the media.

Strategic enablers – the three key factors that underpin the work

- We demonstrate independence and integrity:
    - Timely responses to public enquiries via calls, letters, emails and social media.
- We are a skilled organisation where diversity is valued:
    - Maintained staff wellbeing score in staff survey,
    - Maintained staff engagement score in staff survey.
- We are a learning organisation where improvement is continuous and resources are used effectively:
- Public value framework: Cost of delivering our services per taxpayer per year stays within an agreed baseline.

3.3 Commentary on steps being taken to address performance issues

The funding in the Supplementary Estimate which the Commission has to address performance issues is for:

- Additional resources to develop and strengthen key areas to ensure standards and compliance are kept abreast with the public sector and industry standards. This includes resources to ensure the right level of control measures are in place across financial planning and procurement functions.

3.4 Major projects

Continued implementation of the UK Elections Act will be a key priority for the Commission in 2024/25. This programme remains wholly funded by the UK Parliament. Implementation of the Act is the responsibility of the UK Government, and we will continue to work closely with them, and with other stakeholders in delivering our responsibilities within the Act. The Commission continues to have a dedicated programme board chaired by the Chief Executive and includes senior staff to oversee the delivery of our work in this area.

We will also continue to invest in the modernisation of our IT infrastructure. During 2023 we have developed an IT strategy (IT Modernisation Roadmap) and our intentions are to improve cybersecurity including moving our systems to the Cloud. In line with other public services, this is leading to a shift from capital to current spending to achieve better whole life value for money.

4 Other information

4.1 Additional specific information required by the Speaker's Committee

None.

5 Accounting officer approval

The Accounting Officer for the Electoral Commission is the Chief Executive. The information in this Estimates Memorandum has been approved by me as Accounting Officer.

David Moran

Director of Corporate Services and Accounting Officer

13th December 2023