

BOUNDARY COMMISSION FOR SCOTLAND FINANCIAL MEMORANDUM

Introduction

1. This Memorandum sets out the terms and conditions subject to which the Secretary of State will make funds available out of monies voted by Parliament to the Boundary Commission for Scotland for the discharge of its functions under the Parliamentary Constituencies Act 1986, as amended, and Schedule 1 of the Scotland Act 1998, as amended. It sets out the framework within which the Scotland Office will ensure that the Commission has in place financial and management controls which will achieve propriety, good financial management and best value for money. On a day-to-day basis the Scotland Office will be represented by the Elections and Boundaries Team as the sponsor team.

2. After consultation with the Commission, the Scotland Office may, from time to time, amend, revoke or add to any of the terms of this Memorandum.

Roles and Responsibilities

Boundary Commission for Scotland

3. The Commission is constituted under section 2 of the Parliamentary Constituencies Act 1986, as amended. Its principal functions are:

- to keep under review the boundaries of the Westminster constituencies in Scotland, and the boundaries of the constituencies and regions of the Scottish Parliament;
- to submit to the Secretary of State for Scotland reports *either* showing the constituencies into which the Commission recommends that Scotland be divided in order to give effect to the rules set out in Schedule 2 to the 1986 Act, as amended, or Schedule 1 of the Scotland Act 1998, as amended, *or* stating that no alterations are required.

Scotland Office

4. The Secretary of State for Scotland has a number of statutory functions in relation to elections and boundaries in Scotland, and the Elections and Boundaries Team supports Ministers in the delivery of these functions. The team's role includes ensuring that the necessary controls and sponsorship arrangements are in place for the Commission and advising on enacting its recommendations. The Head of the Scotland Office is accountable to Parliament for the financial administration of all the Commission's activities, and for ensuring that financial and economic factors are fully considered by the Commission at all relevant stages in framing and deciding policy and its execution.

Timing of Reports

5. Reports on Westminster and Scottish Parliament boundaries are to be submitted not less than eight or more than twelve years from the date of the previous report. The 1986 Act, as amended, and Schedule 1 of the Scotland Act 1998, as amended, contains the detailed procedures which must be followed by the Commission in producing its reports, including provision for public consultation.

Commission's Performance

6. The Commission will be expected to carry out its functions within the legislative framework set out in the Parliamentary Constituencies Act 1986, as amended, and Schedule 1 of the Scotland Act 1998, as amended. The Commission's principal objectives are to:

- carry out reviews of constituency and regional boundaries in Scotland, as required under the legislation, in a fair and impartial manner;
- produce reports as required;
- manage the Commission's operations efficiently and cost effectively; and
- meet the Government's requirements of advisory non-departmental public bodies.

7. The Commission shall aim to meet any performance indicators included in its Corporate Plan.

Composition of Commission

8. The 1986 Act specifies that the ex-officio Chair of the Commission is the Speaker of the House of Commons. The Deputy Chairman is a judicial appointment, appointed by the Lord President of the Court of Session, and is unpaid. Two further Commissioners are appointed by the Secretary of State for Scotland.

9. Schedule 1 to the 1986 Act governs the appointment of members to the Commission and is the basis for their remuneration and expenses.

10. The work of the Commission is supported by a small Secretariat which is headed by the Secretary.

11. The subject matter of the 1986 Act is a reserved matter under Schedule 5 of the Scotland Act 1998.

Secretary of Commission

12. Paragraph 7 of Schedule 1 of the Parliamentary Constituencies Act 1986, as amended, provides that the Secretary of State shall appoint a Secretary to the Commission. The Secretary, who is the Commission's senior officer, is normally a civil servant assigned from the Scottish Government, and the Secretary of State is invited to approve the appointment following a recommendation by Scotland Office senior management. Thus the appointment is handled as a civil service appointment, rather than as a Ministerial appointment. The appointment will be made in consultation with the Commission.

13. As part of their overall responsibilities, the Secretary will be responsible for the propriety, regularity and economy, efficiency and effectiveness of the Commission's financial activities. In these matters the Secretary will be answerable directly to the Head of the Scotland Office, who maintains overall accountability to Parliament for all monies voted by Parliament. The financial duties of the Secretary to the Commission are set out below. The Commission shall not give the Secretary instructions which conflict with the duties as set out below.

External Accountability

14. The Secretary shall be personally accountable to the Scotland Office Accounting Officer (who in turn is accountable to Parliament) for the financial administration of all the Commission's activities, and for ensuring that financial and economic factors are fully considered by the Commission at all relevant stages in framing and deciding policy and its execution. The Secretary shall carry a similar responsibility to that of the Accounting Officer so far as stewardship of public funds is concerned. This shall include responsibility for ensuring the good financial management of the Commission. Together with the Accounting Officer, the Secretary will be liable to be summoned before the Public Accounts Committee if the Commission's affairs are under consideration.

15. Commissioners are responsible for the overall governance of the Commission, within the legislation and the resources framework agreed with the Scotland Office.

The Secretariat

16. Staff of the Secretariat will normally be civil servants assigned from the Scottish Government and will continue to have Scottish Government conditions of service. The HR Services Division of the Scottish Government will continue to have responsibility for staff posted to the Secretariat.

17. The Secretary will be the head of the Secretariat, and will discharge his/her duties in accordance with a set of Corporate, Management, Business and Personal Objectives agreed with the Commission. The Secretary will have line management responsibility for staff within the Secretariat, delegated as appropriate.

Relationship with Stakeholders

18. Consultation with stakeholders forms a key part of the Commission's review work, particularly given the statutory consultation requirements. The Commission's main stakeholders for its reviews are:

- members of the public;
- local authorities; and
- political parties.

19. The Commission shall keep in regular contact with other organisations and groups as appropriate to assist it in its work, including the Association of Electoral Administrators, the Scottish Assessors' Association Electoral Registration Committee, the Society of Local Authority Lawyers & Administrators in Scotland (SOLAR), the Society of Local Authority Chief Executives (SOLACE), the Electoral Commission and other UK Boundary Commissions. Contact will be maintained through attendance at meetings and correspondence.

20. The Commission will remain open, fair and impartial when dealing with stakeholders.

Provision for Commission

21. Provision for the Commission is made in the Supply Estimates. The Accounting Officer for the vote on which the Commission's provision is borne is the Head of the Scotland Office. He/she is responsible for ensuring that the provision made is within the ambit of the amount of the Vote and that Parliamentary authority has been given. He/she is also

responsible for satisfying himself/herself that the financial and other management controls applied by the Scotland Office are appropriate and sufficient to safeguard public funds; that those being applied by the Commission conform to the requirements of propriety, good financial management and best value for money; and that the Commission observes the conditions of this Memorandum in the uses which are made of all voted provision.

Corporate Plan

22. The Commission will be expected to produce and roll forward annually a 3 year Corporate Plan which will include key activities, related performance indicators and a forecast of required resources and expenditure for each year. The plan should be submitted by the second week in December for agreement with the Scotland Office, and may be amended by agreement of the Commission and the Scotland Office.

23. Scotland Office officials are responsible for advising the Secretary of State on the Commission's Corporate Plan and ensuring that the Secretary of State has adequate information to decide on the allocation of finance to the Commission in any year as compared with competing public expenditure priorities. Scotland Office officials will provide all reasonable assistance to the Commission to ensure accurate information and statistics are used in the planning process.

Budget Estimates/Financial Allocation

24. Notification of budget estimates (which run from 1 April to 31 March) should be submitted to and agreed with the Scotland Office by the second week in December in the preceding year unless the Scotland Office notifies the Commission in writing of an alternative date. By the same date the Commission should also submit revised estimates of expenditure for the current financial year.

25. The level of financial allocation will be notified to the Commission before 1 April each year. It will form a cash limit for expenditure which may not be exceeded without prior written approval of the Scotland Office. The Secretary to the Commission is responsible for ensuring that expenditure does not exceed the financial allocation.

26. After notification of provision by the Scotland Office, the Commission may incur its planned expenditure without further reference to the Scotland Office, subject to any restrictions imposed by statute or by this Memorandum and in compliance with the Treasury's "Managing Public Money" guidance.

27. No major departure from the approved estimates or changes of policy and practice likely to involve considerable expenditure shall be effected without the prior written approval of the Scotland Office.

Payments

28. The Commission will not hold its own bank account. Instead all bills/invoices will be passed to the Scotland Office for payment and should identify clearly what they are for.

Unspent Provision

29. The Scotland Office should be informed if it becomes apparent at any time that an underspend of the approved estimates of 10% or more is likely to occur.

30. The Scotland Office may at the end of the financial year allow the Commission to carry over any unspent provision to the following year but this will depend on the arrangements agreed each year under end year flexibility arrangements.

Overspend

31. Scotland Office should also be notified immediately if at any time and for any reason it becomes apparent that an excess of expenditure over the approved estimates may be incurred.

Financial Statements

32. Shortly after 30 June, 30 September, and 30 December in each year, the Commission shall submit to the Scotland Office a financial statement in an agreed format confirming total spend for the relevant quarter, and the total spend in the financial year to date. It should also provide a forecast of the outturn for the financial year. The statement should contain any necessary explanatory narrative about the forecast expenditure, likely underspend and any committed expenditure.

33. For the period 1 January- 31 March, monthly statements should be submitted as follows:

- spend in January- by 5th Feb;
- spend in February- by 5th March;
- spend in March- by 3rd April.

Fees and Expenses

34. Fees and expenses paid to Commission members shall be set by the Secretary of State under the terms of the Parliamentary Constituencies Act 1986 and notified annually to the Commission by the Scotland Office.

Expenditure - general

35. The Commission shall not, without the prior written consent of the Scotland Office:

- expand the range of its work in such a way as to result in additional unplanned expenditure in future years;
- acquire any substantial assets e.g. any item of office equipment costing more than £5,000;
- commit itself to guarantees, indemnities, or other liabilities which could not be met from within the current grant or which could remain in force beyond the end of a current financial year;
- transfer expenditure between budget heads agreed separately with sponsor team;
- enter into lease or rental agreements;
- employ consultants; or
- charge for any asset or security without Scotland Office permission.

Finance - general

36. The Commission shall comply with any recommendations relating to it made by the Public Accounts Committee and any other sub-committee of the House of Commons or other Parliamentary authority which has been accepted by the Government. It shall also observe all relevant requirements detailed in "Managing Public Money" and such other guidance as may be issued by the Treasury, the Cabinet Office or the Scotland Office from time to time.

37. The Commission shall ensure that:

- all official records are available for inspection by the National Audit Office and any other persons so authorised by the Secretary of State. Acceptance of the voted provision will give the Scotland Office and the Comptroller and Auditor General the right to examine the economy, efficiency and effectiveness of the Commission;
- accounting and other procedures contain all reasonable safeguards against theft and fraud;
- all cases of fraud and all relevant information thereon is made timeously to the Scotland Office;
- a record of all losses of cash, equipment, stores etc is kept and all cash losses sustained are suitably recorded for each financial year;
- a record of gifts (made and received) and any special payments is kept;
- the prior written approval of the Scotland Office is sought for all cases which involve write-off, waiver or abandonment of claims, making gifts, donations and special payments (including extra contractual, ex-gratia, extra statutory or extra regulatory payments);
- with the exception of insurance against personal accident of Commission members and officers while travelling on duty and third party insurance required by the Road Traffic Act and any other which is a statutory obligation, the Commission follows the normal rule of non-insurance and that any proposal for departing from it is referred to the Scotland Office. In cases of uninsured losses the presumption will be that the Commission will meet the costs from within the existing allocation. In cases of major uninsured losses and third party claims, the Scotland Office may, if it thinks appropriate in the circumstances, meet the losses following receipt of any necessary HM Treasury approval;
- contracts for works and services are placed on a competitive basis and that unless there are good reasons to the contrary, lowest competitive tenders are accepted. Where it is proposed that a higher bid be accepted, the agreement of the Scotland Office will be required;
- fees paid to consultants do not exceed such rates as the Scotland Office may approve; or, where scale fees for professional services do not apply, that the contract tendering procedure is followed;
- the Commission shall not raise or guarantee any loan, or give any indemnity or acquire any interest in land except with the prior written approval of the sponsor division.

38. Except with the prior written approval of the Scotland Office:
- the Commission shall not purchase any object of lasting nature with a mixture of public and private funds;
 - the Commission shall not make any disposal realising more than £1,000 of any object of lasting nature that has been purchased with public funds. These receipts will require to be returned to the Scotland Office;
 - the Commission shall not make any disposal at less than market value.

Financial duties of the Secretary

39. Specifically the Secretary will:
- advise the Commission on how to satisfy its responsibilities as set out in this Financial Memorandum and in any other guidance issued by the Scotland Office from time to time;
 - facilitate access for any agents of the Scotland Office to relevant documents and information on the Commission's operations, including access by the sponsor team to undertake random checks of books and records;
 - be responsible for the Commission having adequate systems and controls for the management of the funds received from the Scotland Office, and in particular for ensuring that there are standing financial instructions to staff on these matters, including a clear audit trail when making purchases;
 - co-operate fully in any review initiated by the Scotland Office which may be required from time to time;
 - make appropriate written representations to the Deputy Chairman (copying it to the Scotland Office) if he/she receives instructions which he/she regards as conflicting with the duties set out in this Memorandum;
 - maintain records relating to accounts and ensure that spend on individual areas e.g. accommodation, staffing, stationery, travel, fees for Commissioners etc is easily identifiable;
 - maintain an asset register;
 - carry out monthly reconciliation of the expenditure of the Commission against information provided by the Scotland Office Finance Division and confirm with sponsor team this has been undertaken;
 - ensure that no additional staff (including any additional temporary staff) are employed without the prior written approval of the Scotland Office; and shall not offer or vary terms or conditions of appointment of any prospective or existing employee, except with the prior written approval of the Scotland Office;
 - ensure that all communications from the Commission to the Scotland Office are routed through the sponsoring team;

- ensure that staff with financial responsibilities are trained in necessary techniques to carry out their duties effectively and ensure that all purchases have been undertaken in line with Scotland Office procurement policy;
- authorise payments of fees to members of the Commission at the rates set by the Secretary of State;
- authorise payments for travelling and subsistence to members and staff of the Commission;
- certify and authorise other payments on behalf of the Commission; and
- in the absence of the Secretary, arrange for the authorisation of payments to be undertaken by a deputy appointed by the Secretary, up to a maximum of £1,000 other than with the consent of the Scotland Office.

40. If the Secretary has reason to believe that the position of the Scotland Office Accounting Officer might be called into question as a result of any of the Commission's decisions, he or she shall ensure that the Scotland Office is informed of any problem as soon as possible.

41. The Secretary shall seek the advice of the Scotland Office in any novel, unusual or controversial use of the Commission's resources.

Risk Management

42. The Scotland Office will identify, assess and manage the risks of sponsorship of the Commission and maintain appropriate entries in the Scotland Office risk register. The Commission will ensure that the risks it faces in achieving its objectives are dealt with and managed in an appropriate manner in accordance with relevant aspects of best practice in corporate governance. The Commission will also adopt and implement policies and practices to safeguard itself against fraud and theft in line with Treasury's guide 'Managing the Risk of Fraud'.

Liaison with Commission

43. The Secretary shall meet regularly with the Scotland Office sponsor officer (and at least once every 3 months) to discuss progress on reviews and all other relevant matters.

Further Information and Reporting Arrangements

44. The Commission shall publish an annual report on its work each year.

45. The Commission shall provide the Secretary of State with such information as he/she may from time to time request.

Scotland Office

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