



Hansard Society Ltd

Annual Report and Accounts Year to 31 December 2020

Company Number: 04332105

Charity Number: 1091364



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Annual Report and Accounts

For the year to 31 December 2020

The Hansard Society is a company limited by
guarantee and a registered charity

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Prime Minister Boris Johnson MP,
'beamed' into the House of
Commons Chamber via Zoom,
25 November 2020
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**Honorary Co-President
of the Hansard Society**



The Rt Hon Sir Lindsay Hoyle MP
Speaker of the House of Commons

2 September 2020
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Foreword

The Rt Hon the Baroness
Taylor of Bolton

Chair of Trustees



The year 2020 was an extraordinarily challenging one, during which every aspect of our work was affected by the Covid-19 pandemic.

The year began optimistically as we welcomed 35 new Hansard Scholars to London. But barely half-way through the semester the Scholars had to return to their home countries as international travel and 'lockdown' restrictions were introduced across the world to tackle the pandemic. We are extremely grateful to the Scholars Programme staff, particularly the lecturers, who worked so hard in the weeks that followed to adapt the Programme for online learning and so ensure that all the Scholars could complete the course and secure academic credit for the semester.

It is, however, a source of great sadness that after 35 years of uninterrupted provision the Scholars Programme has been unable to resume operations. At the time of writing it remains unclear if or when it may be possible to restart the Programme.

The research team's long-standing focus on parliamentary scrutiny of delegated legislation meant we were uniquely positioned to monitor and highlight the government's use of emergency powers to tackle the pandemic. Tracking any Statutory Instrument (SI) which had among its purposes the addressing of Coronavirus-related issues, daily updates were provided via a new data dashboard on the Society's website. This unique dataset -

the work for which was supported by grant funding from the Legal Education Foundation - was frequently cited in parliamentary debates, select committee reports, and media coverage.

Early on in the crisis the Society, in collaboration with the Constitution Unit, published proposals setting out how Parliament might operate 'virtually', using technology to facilitate remote working whilst also ensuring the government was subject to proper scrutiny. As the months went by we continued to monitor and critique the government's approach to virtual proceedings and the extent to which Parliament was able to hold Ministers to account for their use of some of the broadest legislative powers ever seen in peacetime.

Looking ahead, the next couple of years will be challenging as the Society refreshes its approach to educational programming. Our financial position remains robust and we are investing in new staff to support our research and strengthen our operational capacity. This annual report and the accompanying financial statements set out just a snapshot of our work in the last year. But the detailed study of Covid-19 SIs alone demonstrates the value of the Society's role as a trusted, impartial source of technical knowledge about how Parliament works. The Charity could not carry out this work without the support of our staff, members, partners and funders.

Thank you to all of you for your support.



The Trustees (who are also the Directors of the Charity for the purposes of company law) present their annual report (pages 3 - 30) and the financial statements (pages 31 - 43) for the year ended 31 December 2020.

The Trustees confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the Hansard Society's governing document, and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities'.

The Trustees confirm they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance, 'Charities and Public Benefit'. The Trustees review the activities of the Charity on an ongoing basis and are satisfied they continue to be directly related to the Society's core mission and objectives.



Public benefit

Promoting knowledge and interest in parliamentary democracy

Founded in 1944, the Hansard Society exists to promote knowledge of and interest in the Westminster Parliament and its role in our democracy. It delivers its mission principally through rigorous research and high-quality education about parliamentary democracy.

The Charity Commission guidance on public benefit identifies two key principles that must be met to show that an organisation's aims are for the public benefit: (i) there must be an identifiable benefit which is not outweighed by any detriment or harm; and (ii) the benefit must be to the public in general or a sufficient section of the public, and not give rise to more than incidental personal benefit. The Trustees are satisfied that the objects and mission of the Society, and the activities to pursue them set out in this report, satisfy these principles of public benefit.

The Society's work supports the 'betterment of knowledge' about Parliament and the reforms needed to shape our democratic institutions for the 21st century. A research and education Society dedicated to expounding the principles, practices and challenges of parliamentary democracy, the Hansard Society is widely recognised as the

Westminster Parliament's 'critical friend'.

Beneficiaries of the Society's work to support knowledge and understanding of Parliament include a wide range of groups drawn from across civil society and primarily, but not solely, based in the UK. They include parliamentarians, parliamentary officials, academics, journalists, non-governmental organisations and the business sector, as well as students and teachers. Most of the Society's resources and publications are made freely available via our website. Membership of the Society is available at a low annual fee, and a discount is also available for our quarterly academic journal, *Parliamentary Affairs*. The nature of the Society's work means that most events are held free of charge. Any private benefits are incidental as a necessary by-product of carrying out the Charity's aims. Staff are employed and remunerated in order that the Charity's aims are met.

Prime Minister Boris Johnson MP,
and former Prime Minister Theresa
May MP, during the debate on the
European Union (Future Relationship)
Bill on 30 December 2020

© UK Parliament / Jessica Taylor



OUR WORK

Media highlights

What does healing the Brexit divide mean?

Mark Easton, BBC News

1 February 2020

Britain is fraying. Why did Boris Johnson get re-elected?

Helen Lewis, The Atlantic

3 February 2020

We need Parliament back at work, online

Comment, Evening Standard

14 April 2020

For the foreseeable future, UK Parliament may meet in cyberspace

Stephen Castle, New York Times

15 April 2020

Boris Johnson in 'jobs for the boys' row over plan to give top Commons post to ally

Paul Waugh, Huffington Post

17 April 2020

Parliament has been sidelined during the Covid crisis

Editorial, Daily Telegraph

17 June 2020

Conservatives worthy of the name cannot be cavalier with civil liberties

Steve Baker MP, The Times

22 July 2020

Where is the voice of the left as 'libertarians' annex the Covid-19 debate?

Kenan Malik, The Guardian

27 September 2020

Where is Parliament? If MPs cannot curb rule by decree, then they have little constitutional relevance

Lord Sumption, The Critic

8 November 2020

The good, the bad and the rowdy: what you need to know about PMQs

Tess de la Mare, Press Association

17 November 2020

What are the chances of Parliament being recalled?

Mark D'Arcy, BBC News

21 December 2020

UK lawmakers approve Brexit trade deal, cementing EU exit

Jason Douglas, Wall Street Journal

30 December 2020

Johnson to hail 'historic resolution' as Brexit bill comes before Commons

Simon Murphy & Lisa O'Carroll, The Guardian 30 December 2020

The Guardian view on the Brexit debate: no scrutiny, no choice

Editorial, The Guardian

30 December 2020

Our highlights

- **January:** 35 Hansard Scholars arrived from 11 colleges and universities in the USA for the Spring semester [SEE PAGES 14-15](#)
- **March:** Data - Coronavirus Statutory Instruments Dashboard launched to track Covid-related SIs laid before Parliament [SEE PAGE 10](#)
- **March:** Event - our Director, Dr Ruth Fox, spoke at the 'Parliament and Brexit' Conference convened by UK in a Changing Europe [SEE PAGE 10](#)
- **April:** Briefing - 'Proposals for a 'virtual' Parliament: how should parliamentary procedure and practices adapt during the Coronavirus pandemic?' published jointly with the Constitution Unit [SEE PAGE 9](#)
- **May:** Briefing - 'Who chooses the scrutineer? Why MPs should resist the government's attempt to determine the Liaison Committee chair' [SEE PAGE 13](#)
- **June:** Oral evidence - House of Commons International Trade Committee inquiry into parliamentary scrutiny of UK trade negotiations [SEE PAGE 8](#)
- **June:** Blogpost - 'Where is the Intelligence and Security Committee and why does its absence matter?' [SEE PAGE 12](#)
- **July:** Oral evidence - House of Commons Procedure Committee inquiry exploring how the House adapted to Coronavirus restrictions [SEE PAGE 9](#)
- **August:** Briefing - 'What to look out for in Parliament in Autumn 2020'
- **September:** Book launch - *Britain Votes 2019* (the special general election edition of our journal, *Parliamentary Affairs*) [SEE PAGE 1](#)
- **September:** Briefing - 'Building on the 'Brady amendment': how can Parliament scrutinise Coronavirus regulations more effectively?'
- **November:** Oral evidence - House of Lords Constitution Committee inquiry into emergency powers [SEE PAGE 10](#)
- **December:** Blogpost - 'Parliament's role in scrutinising the UK-EU Trade and Cooperation Agreement is a farce' [SEE PAGE 8](#)



Parliament & Brexit

Scrutiny of treaties, including trade agreements

The shortcomings in parliamentary scrutiny arrangements for treaties, including trade agreements, was a running theme throughout the year. The Society's Senior Researcher Dr Brigid Fowler gave evidence on the issue to the House of Commons International Trade Select Committee, and briefed MPs on the scrutiny value of proposed amendments to the Trade Bill. Yet, despite our efforts and those of others with similar concerns, MPs failed to insist on any ambitious provisions to improve scrutiny arrangements in the Commons.

Parliament's scrutiny of the UK-EU Trade and Cooperation Agreement (TCA)

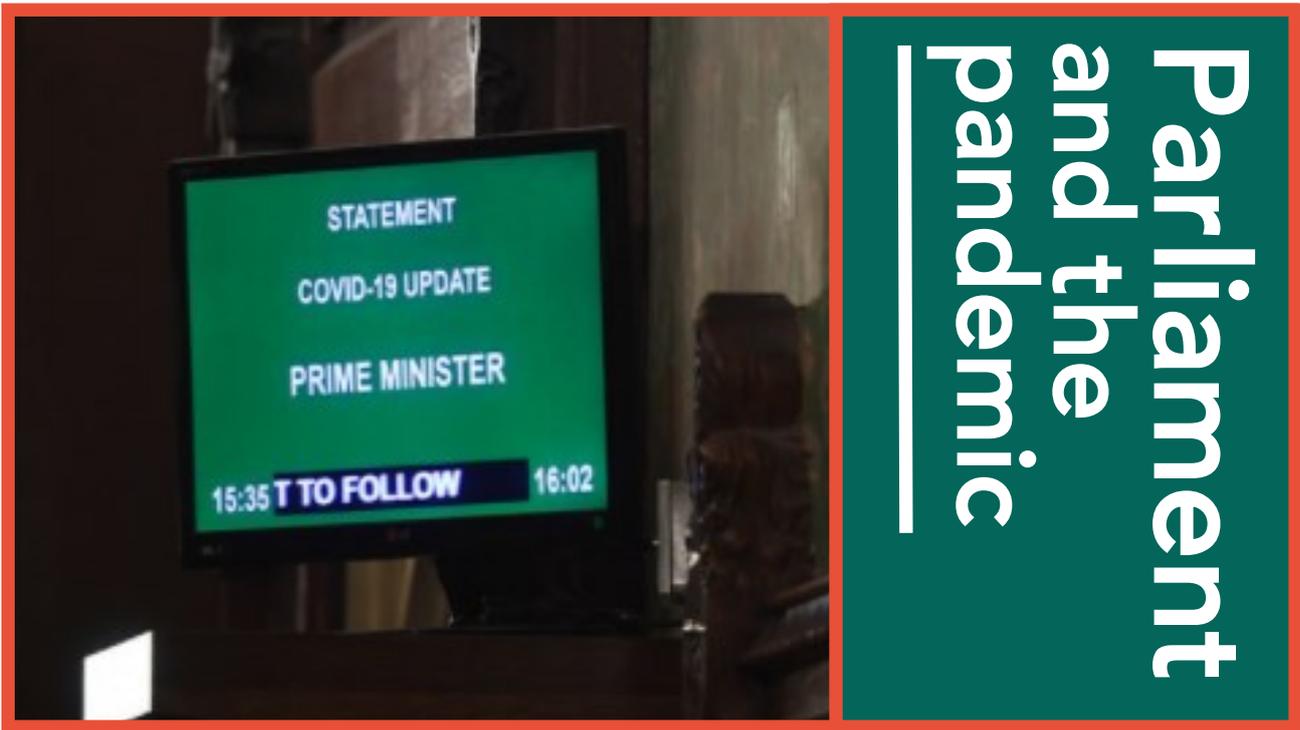
The inadequate nature of the existing scrutiny system was then brutally exposed at the end of the year when MPs had to consider the future relationship agreement with the EU. Parliament was recalled on 30 December 2020 to consider implementation of the TCA less than 48 hours before it was to be applied – so late as to make 'no-deal' the only possible alternative, and to be of extremely limited use to those directly affected by the treaty.

Parliament also had to pass the implementing Bill in a single day, less than one day after the legislation was published. This one day constituted Parliament's only formal scrutiny, before it was ratified by the UK and entered into force, of a 1,246-page treaty that will govern in international law the UK's relationship with its nearest neighbour and largest trading partner for years.

“ The UK Parliament's proceedings on the TCA are a farce. ...this process represents an abdication of Parliament's constitutional responsibilities to deliver proper scrutiny of the executive and of the law. ”

DR BRIGID FOWLER

At the point at which the UK was supposed to gain greater opportunity to do things differently, the process around the future relationship treaty displayed some of the worst extremes of arrangements for Parliament's scrutiny role, and its wider relationship with government, that long pre-date Brexit. One of the crowning moments in a process that was supposed to ensure that 'Parliament will make our laws' only exposed the deeply unsatisfactory way in which it does so.



The Coronavirus pandemic posed significant political, procedural and technical challenges: how could MPs carry out their core constitutional duties when everyone needed to adopt rigorous social distancing and, wherever possible, work from home? At a time when the UK government had been granted emergency powers of a kind unparalleled in peacetime, democratic oversight was vital.

Proposals for a 'virtual' Parliament

In a briefing produced jointly with Professor Meg Russell of the Constitution Unit, the Society argued that Parliament should, in the interests of safety, and to set a national example, operate as far as possible virtually, rather than accommodating a continued physical presence at Westminster. We urged Parliament not to pursue 'business as usual' but to make some radical changes, identifying and prioritising essential business. We also argued that Parliament's crisis arrangements should be based on wide and transparent consultation with Members to maximise support, and any measures should be temporary and create no automatic precedent for the post-crisis era. And we stressed that the crisis should not become a pretext to shift power further towards the executive and party managers.

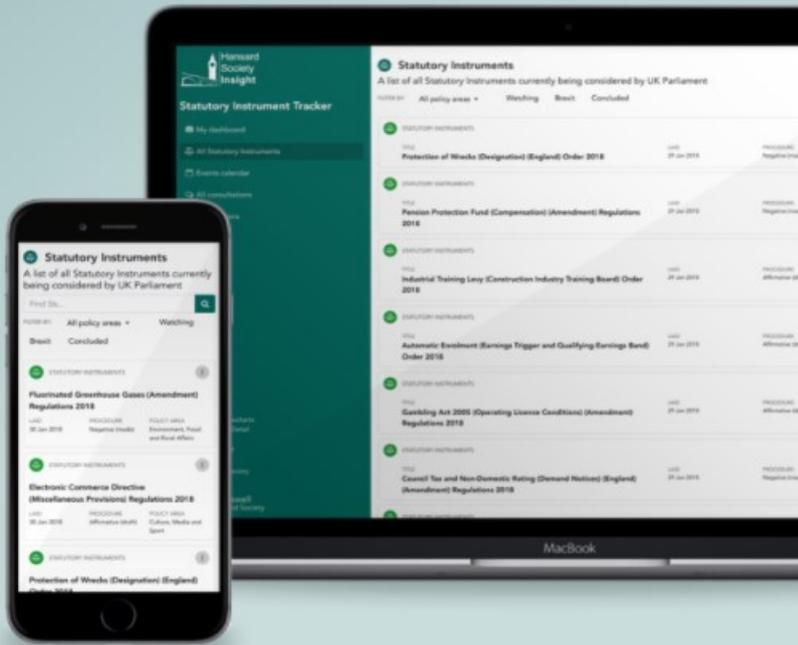
The virtual Parliament and the remote voting system was a great success. In evidence to the Commons Procedure Committee we thus lamented the decision by the Leader of the House to end hybrid proceedings and remote voting after just a few weeks of operation, and without any contingency plan should a further lockdown be necessary.

“*Taking away, in such a cavalier fashion, the practical means that ensured all MPs could take part in proceedings and divisions in the middle of a pandemic crisis offends the principles of parliamentary democracy.*”

The global response

In the early weeks of the pandemic we also monitored how other legislatures around the world were responding. Former Hansard Society staff member Andy Williamson, now working for the Inter-Parliamentary Union, provided early insight into how parliaments focusing on digital solutions had to address three key issues: access for all members; security of the system; and veracity of the process. We also had a series of guest blogposts exploring the early and ground-breaking responses of, for example, the Jersey States Assembly and the Irish Dail.

Monitoring Statutory Instruments



The Hansard Society has long argued that the system for parliamentary scrutiny of delegated legislation is flawed and is now one of the most significant constitutional challenges of our time. Since 2018, through Brexit and the Covid-19 pandemic, the conjunction of some of the broadest, most constitutionally-important powers ever seen on the statute book with inadequate scrutiny of the ways these powers might be exercised has driven a coach and horses through the core principle of the accountability of government to Parliament.

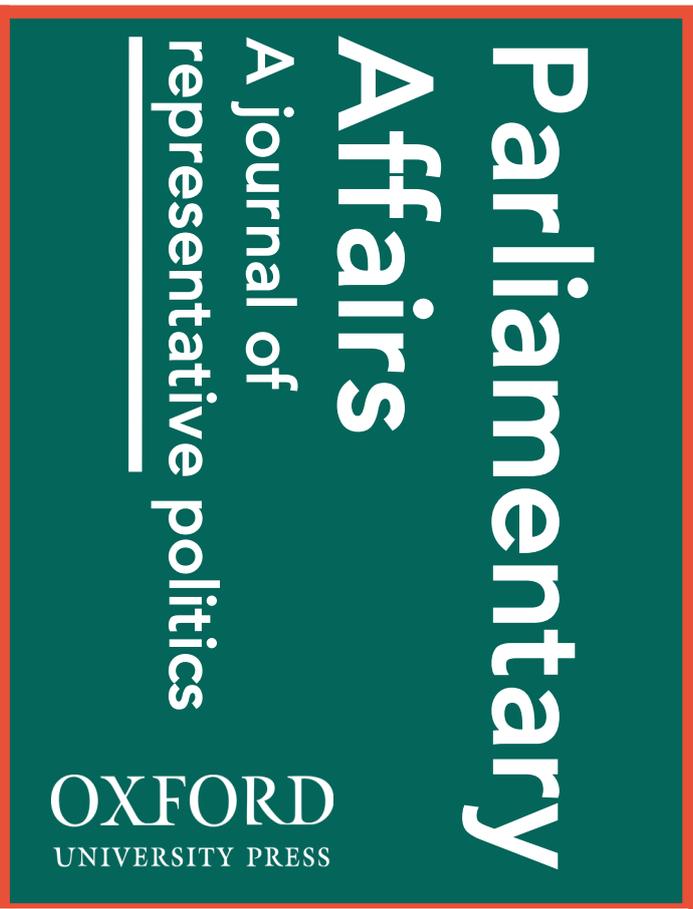
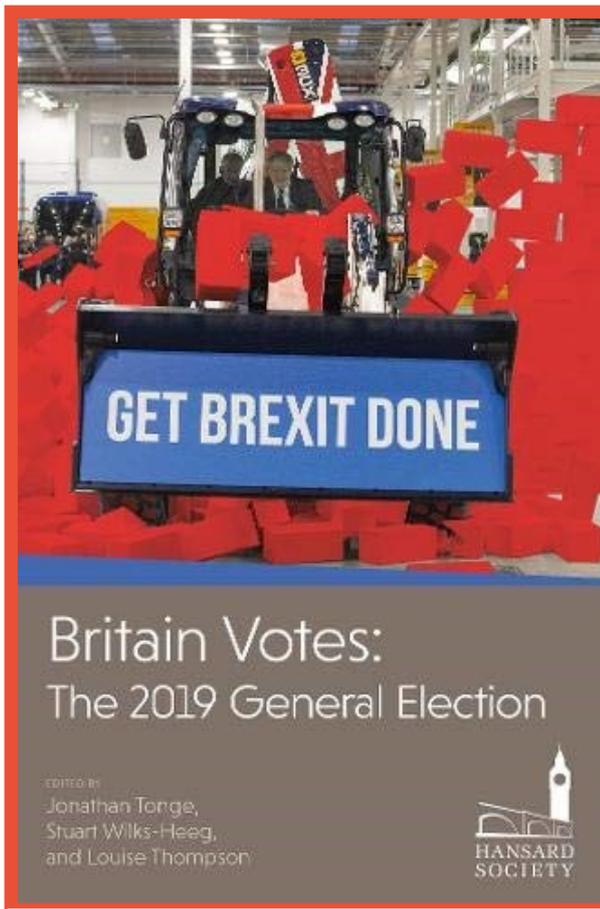
Brexit Statutory Instruments

Brexit posed a legislative challenge unique in nature and scale. The combination of the exit deadline and protracted uncertainty over the negotiations made it unavoidable that many of the legislative challenges required to prepare the statute book for the UK's departure from the EU would be made not through Acts of Parliament but through Statutory Instruments (SIs). In an essay published by UK in a Changing Europe in a publication, 'Parliament and Brexit' in Spring 2020, we made the point that the combination of broad delegated powers and inadequate scrutiny procedures limited, and will continue to limit parliamentarian's ability both to influence some of the UK's post-Brexit policy choices and to hold the

government to account.

Covid-19 Statutory Instruments

The first Coronavirus-related SI was laid before Parliament on the 28 January 2020. After the 6th March around a third of all SIs laid in the year had among their purposes the addressing of Coronavirus-related issues. Using data compiled daily for our Statutory Instrument Tracker we monitored the publication of SIs and we were often the first organisation to highlight new regulations implementing lockdown or travel-restrictions on social media. We also tracked which powers were used by ministers to make and lay the SIs, which parliamentary scrutiny procedures applied to them, the extent to which the government complied with conventions about parliamentary scrutiny time, and which departments were responsible for laying the most instruments. When we launched the Covid SI Dashboard we imagined it would run for several months; we did not anticipate it would be needed for over 18-months. However, it proved to be an invaluable and unique resource, widely used by journalists, academics and civil society groups. It was also widely quoted in parliamentary debate and Select Committee reports, both in the UK and overseas, including the House of Lords Constitution Committee in its inquiry into emergency powers during the pandemic.



The 2019 general election was another extraordinary episode in a series of dramatic recent contests. In September 2020, just nine months after Britain went to the polls, we published *Britain Votes 2019* in partnership with Oxford University Press, providing a comprehensive analysis of all aspects of the election.

How did Boris Johnson's Conservative Party turn a prolonged parliamentary stalemate into a decisive overall majority? The Conservatives' victory saw the demolition of much of Labour's 'red wall' of seemingly impregnable seats. The latest in our series of general election-related special editions of our journal *Parliamentary Affairs* explains how and why this happened.

The volume was edited by Professor Jonathan Tonge, Dr Stuart Wilks-Heeg and Dr Louise Thompson and brought together a team of 25 distinguished experts to analyse the campaign and the outcome. The election results are considered in depth by Professor Sir John Curtice and Professor David Denver. Detailed analysis of the performance of each party is provided, including chapters on the

Conservative and Labour campaigns by Professor Tim Bale and Dr Eunice Goes, respectively. And there is dedicated coverage of the contests in Scotland, Wales and Northern Ireland.

The campaign tactics of each party are considered, along with their financing and media strategies. As well as assessing the importance of the Prime Minister's promise to 'Get Brexit Done', the book analyses the problems confronting the Labour Party and the longer-term social and political trends underpinning electoral change.

In addition to the general election special edition, the editors published 45 research articles in the Journal throughout the year.

The research covered a diverse range of parliamentary systems including those in Australia, Chile, Germany, Israel, Italy, Portugal, Romania, Sweden, and Turkey. Topics ranged from candidate selection to parliamentary petitions to the mental wellbeing of politicians. There was also a special collection exploring party regulation and operations outside the boundaries of their country of origin.

Photo credit: MI6
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The appointment and role of the Intelligence and Security Committee after a general election

The reasons for and the implications of the unprecedentedly long delay in appointing the Intelligence and Security Committee (ISC) after the 2019 general election was explored in a blogpost by Dr Andrew Defty of the University of Lincoln. The delay in setting up the Committee meant important inquiries into terrorism were all held up. The delay also hindered timely publication of the Committee's long-awaited 'Russia report' and the continuation of its long-running inquiry into China.

“ *This is not the first occasion on which there have been delays in appointing the Committee or clearing its reports for publication, but the government's insistence that recent examples of bad practice are the norm suggests a worrying disregard for democratic oversight of intelligence in the UK. Robust and continuous oversight of intelligence is a necessary feature of democracy, and is also vital to the preservation of national security.* ”

DR ANDREW DEFTY

CASE STUDIES



How is the Petitions Committee representing the public amid the procedural and practical restrictions of the Covid crisis?

The UK Parliament petitions system is the most popular parliamentary initiative of its kind in the world. In an article for the Society, the Chair of the House of Commons Petitions Committee, Catherine McKinnell MP, explained why, in a time of national crisis, the role of the Petitions Committee was more important than ever. In the first six months of the Coronavirus pandemic, there were over 5.6 million signatures on petitions relating to the pandemic alone. But while Covid-19 significantly increased the public's use of e-petitions, the hybrid virtual Parliament had limited the House's ability to debate them. This prompted the Committee to innovate to ensure that petitioners' voices were heard during the crisis. As well as launching its own dedicated inquiries, it surveyed over one million petitioners, and held informal online evidence sessions with the Deputy Chief Medical Officer and Ministers.

Government interference in Parliament's Liaison Committee is a retrograde step



In an article for *Prospect* magazine in May 2020, our Senior Researcher, Dr Brigid Fowler, explained how, in asking the House of Commons to appoint Sir Bernard Jenkin MP as chair of Parliament's most senior committee, the government violated the principle that the scrutinised should not choose the scrutineer. The government's approach also ran counter to the spirit and practice of reforms strengthening the select committee system over the last decade. In naming its preferred chair in a motion, the government overturned

precedent; the Committee had previously formally chosen its chair itself. The motion also rolled together two distinct issues: the process by which the chair should be appointed; and whether the chair should be a 'full-time' figure not simultaneously chairing a regular select committee, or a 'double-hatted' one holding the position on top of a regular select committee chairmanship. A regrettable aspect of the whole episode was that Bernard Jenkin is ideally placed to take on the role, having extensive prior experience of chairing a select committee.

CASE STUDIES

Post-legislative scrutiny and the independent review of judicial review



The government established an independent review of judicial review (the Independent Review of Administrative Law) - but post-legislative scrutiny had not yet been conducted on the previous reform of the system in the Criminal Justice and Courts Act 2015. Part 4 of the 2015 Act reformed arrangements for the funding of judicial reviews, changed the power of the court to refuse to hear claims, and made provision for the disclosure of

information about individuals and organisations which fund judicial review.

Edward Chesterman, working with us on a three-month study placement from the University of Hull, explored how this situation was typical of the low priority given to post-legislative scrutiny by both government and Parliament. The blogpost also explored the different approaches taken to post-legislative scrutiny by the House of Commons and the House of Lords.



Hansard Scholars

The Society welcomed 35 Scholars to London in January 2020. The Scholars, based at 12 colleges and universities across the United States, were due to stay for a 14-week semester but their studies were interrupted in mid-March by the Covid-19 pandemic. Over the course of four days, as the UK and USA went into lockdown, and travel restrictions were imposed worldwide, the Scholars were repatriated to their home countries across four continents. With the agreement of our feeder colleges and universities, the Programme was quickly adapted and delivered online for the remainder of the semester, enabling the Scholars to complete and obtain credit for the course and thus ensure they suffered no setback to their academic progression.

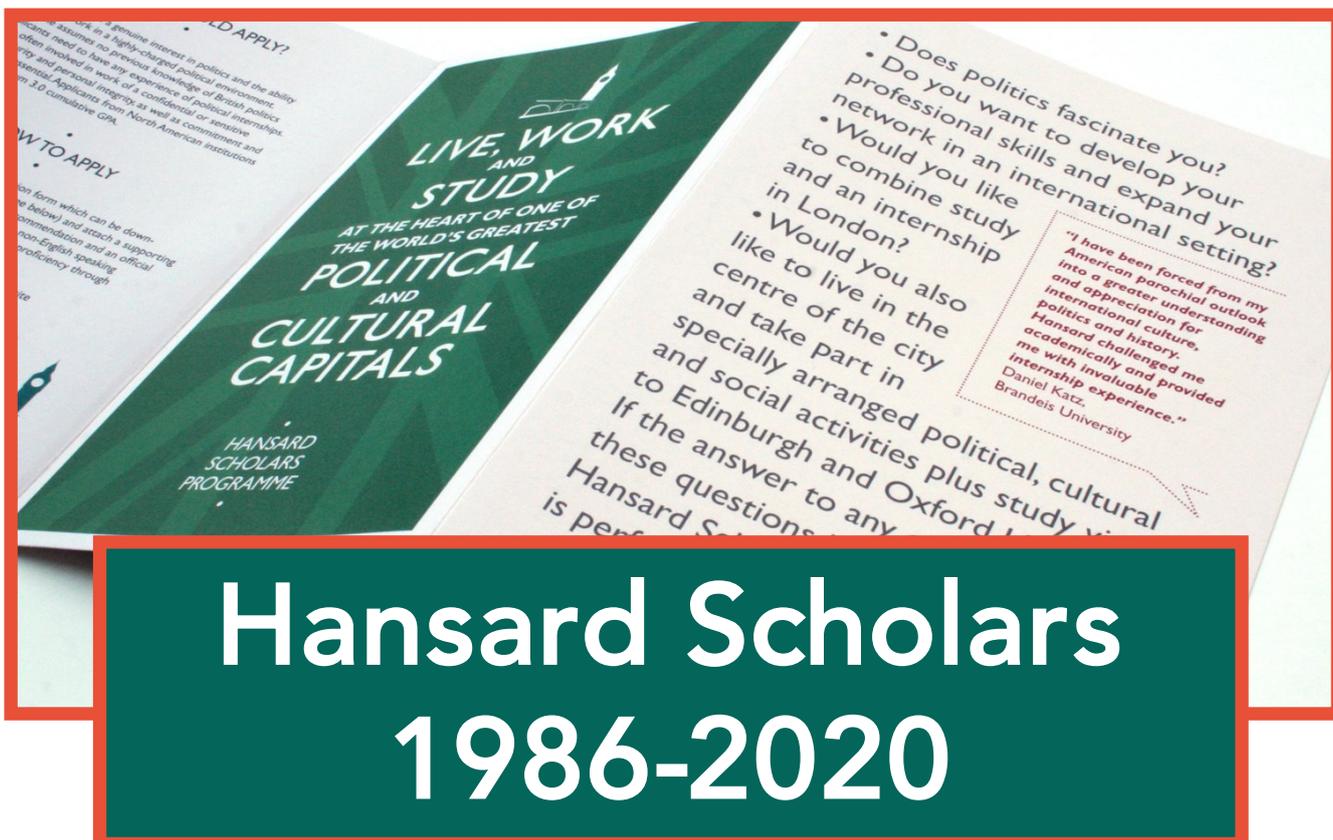
In addition to their taught courses, the Scholars were able to undertake study visits to Cardiff and Edinburgh before the Programme was so cruelly interrupted by the pandemic. They had also started their assessed internship work placements at Westminster but these came to an abrupt halt as pandemic-related restrictions were introduced. As ever, the Society is grateful to the 25 MPs, five Peers, two parliamentary committees, and five other parliamentary bodies and NGOs that offered work placements for the Scholars, enabling them to gain some experience of British

democracy at the heart of Westminster.

It soon became clear that it would not be possible to resume the Programme in the Summer. Staff nonetheless hoped to resume operations in the Autumn. That too proved optimistic and in October 2020 the decision was made to cancel the Spring 2021 Programme as well.

Although the Programme was suspended, the Society was still subject to regulatory oversight by the Quality Assurance Agency for Higher Education, with its annual monitoring review conducted online rather than in-person. The resulting report, reflecting on the previous 12 months' activities, made no recommendations for improvement but highlighted four instances of good practice on the Programme, noting that these made a positive contribution to the management of academic standards and/or the quality of learning opportunities for the Society's Scholars.

At the end of 2020, with Covid-19 cases once again on the rise and the UK entering a third lockdown, Trustees reluctantly took the decision to suspend the Programme for the whole of 2021. With great sadness the Programme's staff were consequently made redundant in Spring 2021.



Hansard Scholars 1986-2020

Over its 35-year lifespan, the Hansard Scholars Programme welcomed 1,547 undergraduates and 239 postgraduate 'future leaders' from over 200 colleges and universities in over 60 countries.

The Programme was established in 1986 to promote international knowledge and understanding of the British model of parliamentary democracy, its constitutional development, form, function and influence around the globe. Combining academic study with a practical internship placement, the Programme's primary aim was for Scholars to gain direct experience of British democracy at the heart of Westminster, helping them to develop a nuanced appreciation of the complex challenges facing representative democracy in the contemporary world. As well as promoting the principles and practices of British democracy, the Programme offered substantive cross-cultural experiences and encouraged the creation of lasting relationships between UK decision-makers and future leaders from other countries.

Scholars were hosted by future Prime Ministers and party leaders: Tony Blair, Gordon Brown, Michael Howard, Theresa May, Menzies Campbell and Jo Swinson all supported the Programme. So too did an

eclectic group of leading Westminster figures, across all parties, such as Diane Abbott, Michael Cocks, Gwyneth Dunwoody, Teresa Gorman, Harriet Harman, Ian Paisley Jnr, George Robertson, Jack Straw, and Ann Widdecombe.

Amongst its alumni the Programme includes a former Democratic Governor of Montana (who was also a US Presidential aspirant); a US Solicitor General in the cabinet of President George W Bush; a General Counsel of the CIA during the Obama Administration; a Director of Cybersecurity Policy at the White House National Security Council; a US Ambassador to Singapore; a Director General at the Ministry of Foreign Affairs in Bangladesh; and a legislative analyst in the Brazilian House of Representatives.

The original Programme format remained remarkably unchanged throughout its 35-year history, a testament to both the appeal and durability of its original design - although there were many enhancements over the years, particularly in the last decade. The Programme built and maintained a reputation for excellence and intellectual rigor both at Westminster and across the international education sector.

Leader of the Opposition Sir Keir Starmer MP during Prime Minister's Questions on 1 July 2020

© UK Parliament / Jessica Taylor



Governance, finance and risks

Decision-making

Charitable status

The Hansard Society is a charitable company limited by guarantee in England and Wales. It was incorporated on 25 August 1999 and registered as a charity on 17 December 1999. The company was established under a Memorandum of Association which established the objects and powers of the charitable company. The company is governed under its Articles of Association.

Honorary Co-Presidents

The Speakers of the two Houses of Parliament serve as Co-Presidents of the Society. These are honorary positions reflecting the Society's unique 'critical friend' relationship with the Westminster Parliament, and the Society's commitment to non-partisanship. The Speakers are very supportive of the work of the Society but they have no formal role in or responsibility for the administration, governance or activities of the Charity.

Board of Trustees

Legal responsibility for the management and stewardship of the Hansard Society is vested in the Board of Trustees. Day-to-day management of the Charity is delegated to the Director.

The Board of Trustees meet four times per year; additional meetings take place if and when required. The Society does not operate standing sub-committees but convenes these from time to time where additional Board oversight is required.

The Director of the Society (and until June 2020 the Scholars Programme Director) attend meetings of the Board of Trustees and provide regular reports on the work of the Society. Other staff may attend Board

meetings as appropriate depending on the agenda.

Recruitment

Trustees are elected and co-opted under the terms of the Articles of Association. The Chair and Treasurer are appointed on a yearly basis at the Annual General Meeting. Other members of the Board of Trustees are appointed for a term of three years, after which they may put themselves forward for reappointment for a further three-year term. In some circumstances, Trustees may be co-opted for a further period. New Trustees are recruited with the intention of securing a range of views, interests and perspectives. In addition to public advertisements for new Trustees, wide networks are consulted, including those of our stakeholders, who represent the public, private, statutory and charitable sectors, and all the major political parties.

New Trustees are provided with an induction pack containing information about the Society and their responsibilities as Trustees, including charity law and governance issues. New Trustees also have an induction meeting with the Chair and Director to discuss particular areas of work, and then follow up on those areas with other members of staff.

Conflicts of interest

Given the nature of the organisation, the Society's Board includes members who serve in Parliament, are involved in politics and government, and who are generally well-connected with many other organisations and individuals in wider civil society in both the private and public sectors. This poses a conflict of interest risk that must be managed. The Society therefore has a Conflict of Interest Policy governing the Board of Trustees. All

Trustees must make a declaration of interests annually, and new Trustees must make a declaration on their appointment to the Board and prior to attendance at their first meeting. Declaration of interests is a standing agenda item at all Board meetings.

Staff and volunteers

The senior management team of the Charity in 2020 was comprised of the Director, Dr Ruth Fox, and Lisa George, the Director of the Scholars Programme. During 2020 the Society employed an average of 6.8 members of staff compared to 8.3 in 2019.

As a result of the pandemic, changes had to be made to the staffing of the Scholars Programme and the planned recruitment of a vacant researcher position was delayed until 2021. The contract of the Deputy Director of the Scholars Programme, was not renewed in July 2020 when it was clear that the Programme would not be able to resume for at least a year and possibly longer. Sadly the remaining Scholars Programme staff all had to be made redundant in Spring 2021 when it became clear that the Programme would not be able to resume until Autumn 2022 at the earliest.

However, the Society's staffing complement has since been augmented by the arrival in 2021 of two new Researchers and a Membership and Operations Manager to help the Society take forward its future research and development plans.

The Board of Trustees are responsible for deciding the staff remuneration policy which they review regularly at Board meetings. Its implementation is delegated to the Director.

Salary levels are set in relation to the skills and experience that are required to enable the Charity to carry out its work. Half of our current staff members have doctorates or other professional qualifications.

The Society continued to benefit from the University of Hull Department of Politics work placement programme. In Autumn 2020 we were joined by Edward Chesterman, who worked with us for three months on a number of research projects.

Operational support

A range of core services are contracted externally. Most notably, accounting services are provided by JS2, IT support is provided by Cheeky Munkey, and HR advice is provided by HR Services. The Society also subscribes externally to provide an Employee Assistance Programme for all staff.

Membership

Membership of the Society is open to members of the public, who can join as ordinary members or as members who in addition subscribe to our journal, *Parliamentary Affairs*. Members of Parliament can join as parliamentary patrons.

Financial overview

Income

Total income for 2020 was £660,654, compared with £1,160,518 in the previous year, a decrease of 43%.

Income was principally derived from the Scholars Programme (Spring 2020 semester only), various research projects, and publications, all of which amounted to £642,488 (compared to £1,106,267 in 2019). Exceptionally, a further £17,659 in income was derived from the government's pandemic-related furlough scheme; four of the five staff members on the Scholars Programme were furloughed for periods of time in 2020 as the pandemic prevented the Programme from running in the Summer and Autumn.

Expenditure

Total expenditure for the year decreased to £715,589, compared with £1,136,261 in 2019, a decrease of 37%.

The decrease in expenditure is primarily accounted for by the fact that the Scholars Programme had to cease operations for the Summer and Autumn semesters, due to the pandemic. There was also a reduction in core operational costs arising from the closure of the office for much of the period after mid-March 2020 due to the pandemic lockdown and introduction of working from home guidance.

The Society thus had a net deficit of £54,935 in the year, compared to a net surplus of £24,257 in 2019.

Balance sheet

The current funds position shows unrestricted funds of £395,512, compared to £450,447 the previous year. This includes designated funds of £2,676

compared to £96,288 in 2019. The balance on the general fund at the year end is therefore £392,836, compared to £354,159 in 2019.

Reserves policy

The Society's Trustees ensure the overall health of the Charity by managing its free reserves to ensure the organisation can withstand short-term financial risks and adverse events that may damage some or all of the Society's areas of work.

With no endowment or substantial assets, the Society is dependent on income from its research and education services (the Scholars Programme, the Statutory Instrument Tracker, and training), publications (particularly its journal, *Parliamentary Affairs*), project grants, and membership subscriptions. The Charity therefore needs to manage the financial risks inherent in a model in which income is subject to fluctuation from year to year.

The Society's reserves policy is currently set at a minimum of three months core operational expenditure, or £293,950. This figure is based on anticipated expenditure in a year when Scholars Programme income is not affected by Covid-19. At 31 December 2020, free reserves stood at £392,836.

In the last few years the reserves have been built up above the minimum requirement to allow for strategic investment in planned development work in the period 2020-2022. However, in light of the challenges posed by Covid-19, some plans for strategic investment in 2020 were delayed and the Society will have to spend down some of its reserves in 2021. The reserves policy is reviewed on a yearly basis.

Grant funding

The Society is grateful to the Legal Education Foundation (LEF) for providing ongoing support for its research work on delegated legislation. In 2020 the Society received £33,369 in grant funding from LEF.

The Society also received £4,875 from the Arts and Humanities Research Council for the final stage of the 'Deepening democracy in extremely politically fragile countries' project.

Financial risks

The most significant financial risks facing the Society are:

- continued economic downturn impacting on Society-wide activity
- forecast income from our journal is not met
- inadequate non-project-related funding.

The Board reviews its financial plans at each meeting and manages the significant risks accordingly through income generation pipelines, budgetary controls, and management of reserves to ensure that the organisation lives within its means.

Financial outlook

The Hansard Society's overall financial position remains robust. The Trustees are satisfied that the Charity's future viability has not been irrevocably damaged by the pandemic. Throughout 2020 regular scenario planning was undertaken to identify measures that might be required to maintain a secure financial position while continuing to invest in future developments to meet the organisation's charitable objectives. Taking into account existing plans, the Society's reserves position, and confirmed income and expenditure, the Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities. They are therefore satisfied that the Charity is a

financially viable organisation - a 'going concern' - that can continue operating for at least the next 12 months.

Fundraising

The Society does not raise funds directly from the public. Nevertheless, it is mindful of the code issued by the fundraising regulator.

Key risks

The Hansard Society maintains a detailed risk management framework. Key risks and uncertainties are those that could have a material impact on the Charity in carrying out its work.

Risks cannot be entirely eliminated but the Board's objective is to mitigate the Charity's exposure to risk such that the level of risk is deemed acceptable. At times, however, it is necessary to prudently balance the level of risk with the scale of potential gain provided by certain options and opportunities that would serve to advance the Society's pursuit of its charitable objectives.

The Board of Trustees formally reviews the organisation's risk register at Board

meetings twice a year; at other times any change in a risk rating is reported to the Board and is reviewed and discussed further as necessary.

The Board of Trustees review the risks the Society faces in six categories:

- operational;
- financial;
- strategic;
- reputational;
- occupational health;
- legal / regulatory matters.

The Trustees confirm that controls are in place to reasonably mitigate the risks identified.

In 2020 the top 'priority' risks identified were:

Operational: Temporary loss of key staff

In a small organisation the unplanned loss of key personnel, even for a short period of time, can have a significant impact on delivery of work. Given the risks to health around Covid-19 this risk was upgraded in 2020 from an 'important' to a 'priority' risk.

Improvements were made to foster internal knowledge- and information-sharing through enhancements to the IT system, and potential sources of temporary replacement staff have been identified should additional capacity ever be needed. The recruitment of three new staff in 2021 will enhance overall capacity,

Financial: Inadequate non-project related funding

The Society's Statutory Instrument (SI) Tracker subscription service and a procedural training course provide core, unrestricted funding to invest in our research priorities. However, it was not possible to run our in-person training courses in 2020 and the financial pressures facing other organisations may have an impact on sales of the SI Tracker subscriptions, if this is deemed a discretionary purchase.

Plans for development of the SI Tracker and procedural training programme were reviewed. Despite the wider economic climate there remains considerable scope to expand this source of income in the future. Two priorities were identified to mitigate the risk: (i) recruit an Operations Manager in 2021 to provide greater operational support for client management and the logistical work involved in organising training sessions/events; (ii) invest in improving our communications and marketing to better support promotion of the SI Tracker and training, including via our website.

<p>Financial: Economic downturn impacting on Scholar enrolments</p> <p>Previously the Society has been able to budget on the basis that a considerable portion of its income would be generated through its international education programmes. However, as a result of the pandemic, the Scholars Programme was unable to operate in 2020 and it remains unclear if or when it may be possible to restart the Programme.</p>	<p>Risks involved in running the Scholars Programme materialised during the pandemic on a scale which had never been envisaged and which no mitigation measures could have eased. Mitigation measures for cancellation of one or two semester programmes, or a decline in enrolments, had been anticipated. But cancellation of the programme across two academic years meant remedial action had to be taken to reduce costs. However, the Programme’s logistical infrastructure remains in place and could therefore be reactivated in the future as and when the study abroad education sector recovers.</p>
<p>Financial: Premises - risk of rent or service charge increase or termination of contract</p> <p>The Society occupies serviced office space in Millbank Tower. The 12-month renewable lease expired in June 2020 and has since been renewed at a reduced rent level.</p>	<p>The office lease is the Society’s second-biggest source of expenditure after staff costs. The future of the office was discussed regularly at Board meetings in 2020 as Trustees monitored the cost/benefits of maintaining an office during the pandemic. Having worked with the landlords to secure a suitably amended rental we have now extended the lease. This will provide stability in the coming months as we implement our future development and income generation plans.</p>
<p>Financial: Forecast income from <i>Parliamentary Affairs</i> is not met</p> <p>Two potential risks to <i>Parliamentary Affairs</i> journal income have been identified: (i) a reduction in institutional subscriptions arising from financial pressures on universities post-pandemic; and (ii) the financial implications of Plan S open access publishing over the next five years.</p>	<p>The journal continues to have a good subscriber base and is insulated to a degree by its inclusion in Oxford University Press (OUP) ‘consortia’ sales to university libraries. Providing the journal’s Impact Factor is sustained, this position is likely to be maintained. However, the impact of open access publishing plans, while relatively small at present, is forecast to be significant by 2024 and beyond. We continue to engage regularly with OUP about possible mitigation measures.</p>
<p>Legal/regulatory: Changes in Home Office regulations governing international students</p> <p>Although the Scholars Programme did not operate in 2020 due to the pandemic, the Society continued to be subject to educational oversight by the Quality Assurance Agency for Higher Education (QAA) and remained a Tier 4 licence holder. As such, it is subject to any regulatory changes.</p>	<p>The Society was subject to a review visit conducted online by QAA in Autumn 2020. The Society remains in regular touch with QAA officials about the long-term future of the Scholars Programme and will have a further desk-based review in Autumn 2021 with a view to maintaining its position so that it may re-start international education programmes in some form from Spring 2023 onwards.</p>

Plans for the future

After a period of considerable volatility as a result of Brexit and Covid-19, there is increased focus on constitutional matters and the wider health of our democracy. The Society's mission to promote knowledge of and interest in the Westminster Parliament and its role in our democracy therefore remains as relevant as ever.

What's working, what's not?

Through to the end of this Parliament the Society's priority is to focus its research on the overarching question, 'What's working in Parliament, what's not, why does it matter and how can we fix it?' It will be looking ahead to anticipate the new and different challenges that Parliament may face in the future given the changing nature of politics in the decades ahead. And it will be working with MPs to help them think strategically about what they are doing, why, and how to do it better. Parliament cannot work if the government does not play by the rules and respect conventions. But if the government won't play by the rules, how should Parliament push back? What are the opportunities and risks? To reinforce the Society's role as a trusted convening power, it will continue to provide a forum where difficult issues can be discussed, a frank exchange of views can take place, solutions can be explored, and advice and support can be provided.

Delegated Legislation Review

The Society's immediate research priority is its Delegated Legislation Review, kindly supported by the Legal Education Foundation. The Society has long argued that the system for parliamentary scrutiny of delegated legislation is flawed and now represents one of the most significant constitutional challenges of our time. The

problems have long been known but Brexit and Covid-19 have illuminated them in stark terms. The Review will lay out a comprehensive plan to address them. The Society will be holding events and publishing briefing papers on all aspects of the problem over the course of the next year, and anticipates publishing its full recommendations in Summer 2022.

The changing role of MPs

The Society will also undertake a major study of the changing role and function of MPs. Three-quarters of MPs were first elected in 2010 or later, and the half of MPs who have joined the House of Commons in the last five years did so during a very unusual period in the life of Parliament. MPs may not be as 'socialised' into ways of working as previous generations of Members. What might this mean for the future? The work will improve knowledge and understanding of the role and function of MPs, help the Society gauge priorities for parliamentary reform from the perspective of MPs, and inform its future thinking about what 'renewal' might mean for the Restoration and Renewal programme.

Holding the government to account

There are three fundamental areas where Parliament must hold the government to account: policy and legislation; public finances; and national security (defence of the realm). The state of the public finances after Brexit and Covid-19 will be central to political decision-making in the years ahead. But are the procedures in place to facilitate effective scrutiny, and are MPs resourced to engage with the issues? Foreign and development policy, defence and national security are the subject of the new Integrated Review and the

government's 'global Britain' agenda. Are there ways to improve scrutiny in these areas?

Inter-parliamentary relations

The future of the Union looks set to be a constant theme of political debate in the years ahead. Relations between Westminster and the devolved legislatures are an important part of the constitutional jigsaw. The Society's research will therefore continue to explore how inter-parliamentary relations might be improved.

A new Scholars Programme?

The mothballing of the Scholars Programme has now extended into a second academic year. It is clear that international education - particularly the study abroad sector - will take time to recover and will not be the same after the pandemic as it was before.

The Society is therefore rethinking its approach to international education, rather than just seeking to restart the Scholars Programme at the earliest opportunity.

At the heart of our education programming in future will be a fresh mission-oriented focus on the challenges facing parliaments and parliamentary democracy. The Society is looking at the potential for shorter programmes, for hybrid models involving a mix of in-person and online teaching, virtual internships, and a more diverse mix of programming for different markets. It is also exploring possible partnerships with other providers in a sector badly affected by the pandemic. As things stand, the Society does not anticipate offering any international education programmes for undergraduates before Spring 2023.

Enhancing our operational capacity

The Society has recently appointed a new Membership and Operations Manager funded via a two-year unrestricted grant

from the Joseph Rowntree Charitable Trust. This new post will support the Director and staff team with operational matters and will also be responsible for leading a membership drive to build on the Society's increasingly high profile among the legal community, public affairs professionals and campaign groups.

Improving our communications

In recent months the Society has been working to improve its external communications, most notably by upgrading its website. The new site, to be launched in Autumn 2021, will provide a better platform to showcase the Society's research and education outputs, offer far greater functionality, particularly in relation to data visualisation, and allow for better marketing and sales of our events, publications, and Statutory Instrument Tracker and other subscriptions. The new site will also deliver performance improvements (for example, improved page load times and faster rendering) all of which will enhance the Society's ability to ensure its target audiences can find its research and education content.

Administrative & legal information

Honorary Co-Presidents

The Rt Hon Sir Lindsay Hoyle MP
The Rt Hon the Lord Fowler

Trustees

Professor Roger Awan-Scully (appointed Oct 2020)
Sir David Beamish KCB
Dianne Bevan
Shirley Cameron (Hon. Treasurer)
Sue English
The Rt Hon the Baroness Jay of Paddington (resigned Dec 2020)
Amelia Knott
Lord Lexden OBE (resigned July 2020)
Dr Rebecca Rumbul (appointed Oct 2020)
Gerald Shamash
Sir Paul Silk KCB
The Rt Hon the Baroness Taylor of Bolton (Chair)

Director

Dr Ruth Fox

Company number Charity number Registered office

04332105
1091364
1.17, 1st Floor Millbank Tower,
21-24 Millbank, London, SW1P 4QP

Auditors

Haysmacintyre LLP
10 Queen Street Place
London, EC4R 1AG

Bankers

Unity Trust Bank
9 Brindley Place
Birmingham, B1 2HB
Scottish Widows
PO Box 12757, 67 Morrison Street
Edinburgh, EH3 8YJ

Statement of Trustees' Responsibilities

Statement of Trustees' Responsibilities

The Trustees (who are also Directors of the Hansard Society for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

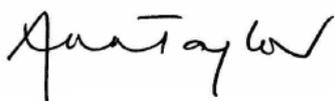
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the 'going concern' basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant information of which the charitable company's independent examiner is unaware; and
- Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the independent examiner is aware of that information.

The report of the Trustees has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Trustees on 21 September 2021 and signed on their behalf, by:



.....
The Rt Hon the Baroness Taylor of Bolton (Chair)

Independent Examiner's Report

Independent Examiner's Report

I report to the Trustees on my examination of the accounts of Hansard Society for the year ended 31 December 2020 which are set out on pages 31 to 43.

Respective responsibilities of Trustees and Examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act"). The Trustees are satisfied that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and have chosen instead to have an independent examination.

Having satisfied myself that the accounts of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charitable company's accounts as carried out under section 145 of the 2011 Act. In carrying out my examination I have followed the requirements of the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's income is in excess of £250,000, your examiner must be a member of a body listed in the 2011 Act. I can confirm that I am qualified to undertake the examination because I am a registered member of the Institute of Chartered Accountants in England and Wales which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention giving me cause to believe that in any material respect:

- accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



30 September 2021

Murtaza Jessa
Haysmacintyre LLP

10 Queen Street Place, London, EC4R 1AG

Financial Statements

Statement of financial activities

Incorporating an income and expenditure account for the year ending 31 December 2020

	Notes	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Income from:					
Donations and legacies	3	17,734	-	17,734	53
Charitable activities	4	642,488	-	642,488	1,106,267
Other trading activities:					
Rent receivable		-	-	-	36,641
Investments: Bank interest		314	-	314	145
Other income		118	-	118	17,412
TOTAL INCOME		660,654	-	660,654	1,160,518
Expenditure on:					
Charitable Activities		715,589	-	715,589	1,136,261
TOTAL EXPENDITURE	5	715,589	-	715,589	1,136,261
Net (expenditure)/ income and net movement in funds		(54,935)	-	(54,935)	24,257
Balances brought forward		450,447	-	450,447	426,190
Balances carried forward		395,512	-	395,512	450,447

There are no recognised gains or losses other than those shown in the Statement of Financial Activities. All income and expenditure in each of the above two years derive from continuing activities. All movements in funds in 2019 were unrestricted.

Balance sheet

Company Number: 04332105

As at 31 December 2020

	Notes	£	2020 £	£	2019 £
FIXED ASSETS					
Intangible assets	8		-		8,532
Tangible assets	9		2,676		7,368
CURRENT ASSETS					
Debtors	10	192,609		677,730	
Cash at bank and in hand		237,722		229,226	
		<u>430,331</u>		<u>906,956</u>	
Creditors: amounts falling due within one year	11	(37,495)		(472,409)	
NET CURRENT ASSETS			392,836		434,547
NET ASSETS			<u>395,512</u>		<u>450,447</u>
FUNDS					
Unrestricted funds					
Designated funds	12	2,676		96,288	
General fund	12	<u>392,836</u>		<u>354,159</u>	
			395,512		450,447
			<u>395,512</u>		<u>450,447</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2020. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements. The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. They were approved, and authorised for issue, by the directors on 21 September 2021 and signed on their behalf by:

The Rt Hon the Baroness
Taylor of Bolton (Chair)

Shirley Cameron
(Honorary Treasurer)

Cash flow statement

For the year ended 31 December 2020

	£	2020 £	£	2019 £
Cash provided by / (used in) operating activities				
Net movement in funds	(54,935)		24,257	
Add back depreciation and amortisation	18,577		15,650	
Less investment income	(314)		(145)	
Decrease / (increase) in debtors	485,121		(1,511)	
(Decrease) in creditors	<u>(434,914)</u>		<u>(144,317)</u>	
Net cash provided by / (used in) operating activities		13,535		(106,066)
Cash flows (used in) / from investing activities				
Investment income	314		145	
Purchase of tangible fixed assets	<u>(5,353)</u>		<u>(14,736)</u>	
Net cash (used in) investing activities		<u>(5,039)</u>		<u>(14,591)</u>
Increase / (decrease) in cash and cash equivalents in the year		8,496		(120,657)
Cash and cash equivalents at the beginning of the year		229,226		349,883
Total cash and cash equivalents at the end of the year		<u>237,722</u>		<u>229,226</u>

Notes to the financial statements

For the year ended 31 December 2020

1. Statutory information

The Hansard Society is a charitable company limited by guarantee and is incorporated in England and Wales (Company No. 04332105). The registered office address and principal place of business is Room 1.17, 1st Floor Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102, applicable in the United Kingdom and Republic of Ireland. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' issued in 2015, applicable accounting standards and the Companies Act 2006.

The Hansard Society meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

2.2 Company status

The Charity is a company limited by guarantee. The members of the company include the Trustees. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

The Trustees have assessed whether the use of the 'going concern' basis is

appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular, the Trustees have considered the continued impact of the Coronavirus pandemic. As a consequence of the pandemic, our Scholars Programme has been put on hold for the foreseeable future.

Having reviewed its budget and projections in light of the current situation, the Trustees have concluded that there is a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity therefore continues to adopt the 'going concern' basis in preparing its financial statements.

2.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Charity for particular purposes. The cost of raising such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

2.4 Income

All income, including funding from government, is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

Donations and legacies income includes donations and gifts. Income is deferred only when the Society has to fulfil conditions before becoming entitled to it or where the donor has specified the income is to be expended into a future period. Where donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included as restricted income when receivable.

2.5 Expenditure

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources. The irrecoverable element of VAT is included within the item of expense to which it relates. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Overheads and other salaries are allocated between the expenses headings on the basis of time spent.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity, and include governance costs which are incurred in connection with enabling the Society to comply with external regulation, constitutional and statutory requirements and in providing support to the Trustees in the discharge of their statutory duties.

2.6 Intangible fixed assets and amortisation

All assets costing more than £500 are capitalised. Intangible fixed assets are stated at cost less amortisation. A full year of amortisation is charged on all assets in

the year of purchase. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Website development - 3 years straight line.

2.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised. Tangible fixed assets are stated at cost less depreciation. A full year of depreciation is charge on all assets in the year of purchase. Depreciation is provided at rates calculated to write off the cost of tangible fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Office and computer equipment - 2 years straight line.

2.8 Employee benefits

Short-term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

Pension scheme: the Charity operates a defined contribution pension scheme, the assets of which are administered by Scottish Widows. All contributed costs are accounted for on the basis of charging the cost of providing pensions over the period when the charity benefits from the employees' services. The charity has no further liability under the scheme.

2.9 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.10 Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

2.11 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.12 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2.13 Accounting judgements and estimates

The key judgements and estimates used in the preparation of these Financial Statements are as follows:

- The depreciation rate of tangible fixed assets and amortisation rate of intangible fixed assets (as detailed above);
- Support costs are apportioned to direct activities based on the direct staff costs allocated to those activities (see Note 5).

There are no other key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Income from donations and legacies

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Government grant: furlough scheme	17,659	-	17,659	-
Donations	75	-	75	53
	17,734	-	17,734	53

4. Income from charitable activities

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Study and Scholars programme	389,809	-	389,809	847,970
Projects: research, education and events	57,263	-	57,263	69,433
Membership subscriptions	742	-	742	-
Publications	194,674	-	194,674	188,864
	642,488	-	642,488	1,106,267

In the year to 31 December 2019, all income from charitable activities was unrestricted.

5. Expenditure

Current Year

	Direct Staff costs £	Direct costs £	Support costs £	Total 2020 £
Scholars Programme	102,241	205,402	102,575	410,218
Projects - research, education and events	111,558	68,333	111,923	291,814
Publications	6,638	259	6,660	13,557
Support costs (see Note 6)	62,165	158,993	(221,158)	-
	<u>282,602</u>	<u>432,987</u>	<u>-</u>	<u>715,589</u>

Prior Year

	Direct Staff costs £	Direct costs £	Support costs £	Total 2019 £
Scholars Programme	140,293	469,127	226,509	835,929
Projects - research, education and events	91,392	54,046	147,556	292,994
Publications	2,724	216	4,398	7,338
Support costs (see Note 6)	100,845	277,618	(378,463)	-
	<u>335,254</u>	<u>801,007</u>	<u>-</u>	<u>1,136,261</u>

6. Support costs

	2020 £	2019 £
Governance costs:		
Independent examination (2020) / Audit (2019)	2,500	11,500
Board expenses and meeting costs	186	1,090
	<u>2,686</u>	<u>12,590</u>
Other support costs		
Staff costs	62,165	100,845
Premises, equipment and depreciation	87,738	200,093
Stationery, post, phone and IT	13,010	17,306
Information, research and communications	10,223	10,542
Legal and professional	27,127	25,917
Other	18,209	11,170
	<u>221,158</u>	<u>378,463</u>

7. Employee and key management personnel

The key management personnel of the Charity comprise the Trustees ("Directors" for the purposes of the Companies Act) and Senior Management Team. The total amounts paid in respect of the key management personnel of the Charity (including employer's National Insurance contributions and employers pension contributions) were £126,970 (2019: £124,311).

None of the Trustees (or any persons connected with them) received any remuneration from the charity during the year. No Trustees were reimbursed any expenses in the year (2019 - £1,090 to two Trustees for travel and subsistence).

There were no related party balances as at 31 December 2020 (2019: nil).

	2020	2019
	£	£
The aggregate payroll costs were:		
Wages and salaries	243,490	288,854
Social security costs	21,889	28,027
Employer pension contributions	17,223	18,373
	<u>282,602</u>	<u>335,254</u>

No employees had emoluments amounting to over £60,000 in the year or the previous year (exclusive of employer pensions and employer National Insurance contributions).

Particulars of employees:

The average number of staff employed by the Charity during the financial year amounted to:

	2020	2019
	No.	No.
	<u>6.8</u>	<u>8.3</u>

8. Intangible fixed assets

	Website development £
Cost	
At 1 January 2020	25,096
Additions in the year	-
At 31 December 2019	<u>25,096</u>
Amortisation	
At 1 January 2020	16,564
Charge for the year	8,532
At 31 December 2020	<u>25,096</u>
Net book value	
At 31 December 2020	<u>-</u>
At 31 December 2019	<u>8,532</u>

9. Tangible fixed assets

	Computer and Office Equipment
	£
Cost	
At 1 January 2020	16,054
Additions in the year	<u>5,353</u>
At 31 December 2020	<u>21,407</u>
Depreciation	
At 1 January 2020	8,686
Charge for the year	<u>10,045</u>
At 31 December 2020	<u>18,731</u>
Net book value	
At 31 December 2020	<u>2,676</u>
At 31 December 2019	<u>7,368</u>

10. Debtors

	2020	2019
	£	£
Trade debtors	47,500	372,848
Prepayments	6,157	179,002
Accrued income	124,952	108,023
Other debtors	14,000	17,857
	<u>192,609</u>	<u>677,730</u>

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	3,824	21,422
Taxes and social security	18,800	8,148
Pension contributions	1,816	1,886
Accruals	11,896	24,844
Other creditors	609	22,045
Deferred income	550	394,064
	<u>37,495</u>	<u>472,409</u>
Deferred income:		
Balance brought forward	394,064	516,034
Amount released to income	(394,064)	(516,034)
Amount deferred in the year (see Note 2.4) all relating to services not performed until the following financial year		
Scholars income	-	390,000
SI Tracker income	550	4,064
	<u>550</u>	<u>394,064</u>

12. Statement of funds - current year

Designated funds

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2020 £
Fixed assets	15,900	-	(18,577)	5,353	2,676
Political Engagement polling	60,000	-	(54,140)	(5,860)	-
Visual identity review	20,388	-	-	(20,388)	-
Total designated funds	<u>96,288</u>	<u>-</u>	<u>(72,717)</u>	<u>(20,895)</u>	<u>2,676</u>

Fixed asset fund: this represents the net book value of tangible fixed assets in use by the Society and therefore not available to meet future operational expenditure. A transfer is made each year to reflect the change in net book value.

Political Engagement Polling: a transfer of £60,000 was made into the fund in 2019 to cover the costs of the 17th annual Audit of Political Engagement opinion poll survey. £54,140 was spent in 2020. The balance on the fund has been transferred into the General fund.

Visual identity review: this fund was set up to cover the costs of investment in a communications and visual identity review in advance of the Society's 75th anniversary. However, the Autumn 2019 prorogation of Parliament, the subsequent general election and then the pandemic disrupted plans to mark the anniversary. The Board therefore agreed in October 2020 to un-designate this sum. The balance of the fund has been transferred to the General fund.

SUMMARY OF FUNDS IN THE YEAR

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2020 £
Designated funds	96,288	-	(72,717)	(20,895)	2,676
General fund	354,159	660,654	(642,872)	20,895	392,836
Total funds	450,447	660,654	(715,589)	-	395,512

13. Statement of funds - prior year

Designated funds

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2019 £
Fixed assets	16,814	-	(15,650)	14,736	15,900
Political Engagement polling	34,029	-	(34,029)	60,000	60,000
Visual identity review	20,388	-	-	-	20,388
Total designated funds	71,231	-	(49,679)	74,736	96,288

SUMMARY OF FUNDS IN THE PRIOR YEAR

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers £	Balance at 31 December 2019 £
Designated funds	71,231	-	(49,679)	74,736	96,288
General fund	354,959	1,160,518	(1,086,582)	(74,736)	354,159
Restricted funds					
Total funds	426,190	1,160,518	(1,136,261)	-	450,447

14. Analysis of net assets between funds

CURRENT YEAR	Designated funds	General funds	Restricted funds	Total funds
	£	£	£	£
Fixed assets	2,676	-	-	2,676
Net current assets	-	392,836	-	392,836
	<u>2,676</u>	<u>392,836</u>	<u>-</u>	<u>395,512</u>

PRIOR YEAR	Designated funds	General funds	Restricted funds	Total funds
	£	£	£	£
Fixed assets	15,900	-	-	15,900
Net current assets	80,388	354,159	-	434,547
	<u>96,288</u>	<u>354,159</u>	<u>-</u>	<u>450,447</u>

15. Pension

The Society operates defined contribution schemes for its employees making a contribution of 7% of gross salaries. The assets of the schemes are held separately from those of the Society in independently administered funds. The pension charge represents contributions payable by the Society and amounted to £17,223 (2019: £18,373). Contributions totalling £1,816 (2019: £1,886) were payable to the fund at the balance sheet date and are included in creditors.

16. Operating lease commitments

At the reporting end date the company had the following future minimum lease payments under non-cancellable operating leases (all for property) which fall due as follows:

	2020	2019
	£	£
Less than one year	14,000	46,742
	<u>14,000</u>	<u>46,742</u>

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