



Hansard Society Limited Annual Report and Accounts

Year to 31 December 2016



**HANSARD
SOCIETY**

PROMOTING DEMOCRACY • STRENGTHENING PARLIAMENT



Stella Creasy MP speaking at our 'Future Parliament' event during Parliament Week

The Hansard Society works in the UK and around the world to strengthen parliamentary democracy and encourage greater public involvement in politics

Plaid Cymru leader Leanne Wood AM meeting our Scholars at the National Assembly for Wales



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The Trustees of the Charity (who are the Directors of the Charity for company law purposes) present their annual report and the financial statements for Hansard Society Limited (the charity) for the year ended 31 December 2016.

The Trustees confirm that the annual report and financial statements of the Charity comply with the current statutory requirements, the Charity's governing document, and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', issued in 2015.

1. OBJECTIVES AND ACTIVITIES

Our vision

The Hansard Society is the leading research and education charity working, in the UK and around the world, to strengthen parliamentary democracy and encourage greater public involvement in politics.

Our mission

The Hansard Society is the leading non-partisan voice on the health of parliamentary democracy, particularly in the UK, providing high quality research and education initiatives to support reform of representative politics and champion improvements in the relationship between parliaments and the people they serve.

Our objectives

To achieve our mission, the Society is focused on:

1. Exploring the evolution of representative democracy: offering evidence-based ideas for reform of political and parliamentary institutions, processes and culture to help foster democratic renewal.
2. Educating citizens, particularly young people: so that they have the knowledge and confidence to play an active role in our democracy and be future leaders in civic and political life.
3. Connecting citizens with parliamentarians and policy-makers: through innovative on- and off-line initiatives to address the democratic deficit.
4. Convening debate on topical political issues: providing a non-partisan forum for the exchange of ideas about our democratic future.
5. Building a robust organisational and financial foundation for our work: ensuring that we are good stewards of the Society's reputation and resources in all that we do.

To achieve these objectives, the Society undertakes research and hosts events to stimulate reform of political institutions and the legislative process, and looks at new ways to enhance engagement between the public and our political institutions and the individuals who represent them.

We publish one of the leading quarterly academic journals in political science, *Parliamentary Affairs*, showcasing the best international research on politics and parliaments, and highlighting the latest ideas and evidence about the future of representative democracy.

We also run a prestigious international education programme, Hansard Scholars, which provides high quality academic and experiential training in the British Parliament and politics, designed to develop students' professional skill set and political experience to prepare them for successful careers in leadership roles in the future.

2. PUBLIC BENEFIT STATEMENT

The Trustees confirm that 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 that they continue to be directly related to the Society's core mission and objectives.

Beneficiaries of the Society's work 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.

The nature of the Society's work means that most events are held, free of charge, at Westminster, or at one of the devolved legislatures in Edinburgh or Cardiff. 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 (£30), and a discount is also available for our quarterly academic journal, *Parliamentary Affairs*.

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.



Lord Speaker Hustings, Robing Room, House of Lords, 25 May 2016

3. ACHIEVEMENTS AND PERFORMANCE

OBJECTIVE 1: Exploring the evolution of representative democracy: offering evidence-based ideas for reform of political and parliamentary institutions, processes and culture to help foster democratic renewal.

Focus	Activity and Impact
Audit of Political Engagement	The 2016 edition in our series of annual health checks on public attitudes to politics and Parliament found some of the highest levels of engagement recorded in the 13-year time series. But this was tempered by the knowledge that previous post-election increases in engagement have subsequently subsided.
Delegated legislation and the Strathclyde Review	We gave oral and written evidence to the House of Lords Secondary Legislation Scrutiny Committee inquiry into the government's review of delegated legislation and the primacy of the House of Commons. Our work on delegated legislation was extensively referenced in three parliamentary committee reports on the Strathclyde Review, and a journal article on delegated legislation and the House of Lords, written by Senior Researcher Joel Blackwell, was published in <i>Political Quarterly</i> .
Legislative and procedural reform	Staff appeared before the House of Commons Procedure Committee to give evidence to their inquiry into Private Members' Bills and before the House of Lords Constitution Committee for their inquiry into the legislative process.
Parliaments, Public Engagement and Poverty Reduction	Research continued on this three-year project to explore the role that parliamentary public engagement plays in tackling poverty reduction in low-income countries – focusing on Bangladesh and Ethiopia – through the work of MPs as both legislators and constituency representatives. It is funded by DfID and the ESRC and our research partners are the School of Oriental and African Studies, University of London, and local researchers in both countries.

During a visit to Addis Ababa the research team participated in a workshop with local academics and representatives of NGOs. The Society's director also took part in a conference in Dhaka on 'Inclusive governance in South Asia', giving a presentation to academics, politicians, NGO representatives and journalists from across the region on the role of backbenchers in holding government to account in a parliament.

International delegations

Senior Researcher Joel Blackwell visited Rabat at the request of the Charity Commission, to participate in a conference panel discussion on parliamentary e-petitions, as part of Morocco's first national civil society day. The event was attended by the country's Prime Minister.

Meetings were also held in the UK with visiting international delegations including: the parliamentary secretary (chief whip) of the CDU/CSU parliamentary group in the German Bundestag; Jane Hilderman, Executive Director of Samara Canada; and a delegation from the state Parliament of Victoria's Electoral Matters Committee as part of their inquiry into electoral reform.

Parliamentary Affairs journal

Four issues of our peer-reviewed quarterly academic journal were published in partnership with Oxford University Press (OUP), focusing on: fixed-term parliaments; party discipline and the parliamentary process; intersectionality and political representation; and specialised parliamentary bodies and gender representation.

The journal ranked 73rd out of 165 political science journals worldwide with a research Impact Factor of 1.232. More than 3,000 institutions worldwide receive the journal and a further circa 1,000 institutions in developing countries receive the journal either free or deeply discounted via Oxford University Press's philanthropic initiatives. There were over 155,000 downloads of full-text articles during the course of the year.

OBJECTIVE 2: Educating citizens, particularly young people: so that they have the knowledge and confidence to play an active role in our democracy and be future leaders in civic and political life.

Focus	Activity and Impact
Hansard Scholars	<p data-bbox="638 515 1340 627">Forty-four scholars from over a dozen different educational institutions in the USA took part in the programme.</p> <p data-bbox="638 672 1340 929">In addition to their academic studies and internship, scholars enjoyed a range of high-level guest lectures including talks on devolution in their respective nations by Ruth Davidson MSP, leader of the Conservative group in the Scottish Parliament, and Leanne Wood AM, leader of Plaid Cymru at the National Assembly for Wales.</p> <p data-bbox="638 985 1340 1467">The Society secured the highest possible rating in our second four-year cycle of educational oversight by the Quality Assurance Agency (QAA). The regulator concluded that 'confidence' can be placed in the Society's management of its responsibilities for the quality of learning opportunities. The review panel concluded that we satisfactorily manage our responsibilities for academic standards in accordance with the requirements of our awarding partners and that 'reliance' can be placed on the information we produce for intended audiences about the learning opportunities we provide.</p> <p data-bbox="638 1512 1340 1769">The Programme Director provided leadership in the international education community through her work as Deputy Chair of the Association of American Study Abroad Programmes (AASAP) UK, and as its representative to the QAA Alternative Providers Liaison Forum, helping shape discussion about developments in the sector.</p> <p data-bbox="638 1814 1340 1960">A new standalone Hansard Scholars website was launched with an online application facility, providing a dedicated information and marketing platform for the programme.</p>

OBJECTIVE 3: Connecting citizens with parliamentarians and policy-makers: through innovative on- and off-line initiatives to address the democratic deficit.

Focus	Activity and Impact
Lords of the Blog	<p>Members of the House of Lords contributed 56 blog posts on policy and general issues of interest to the only cross-party chamber blog in the world. This 'blog' space for peers provides an education resource targeted at a general non-expert audience to explain what is happening in the Upper House.</p>
Sense4us	<p>The Society was one of seven partners across five European countries working on the development of an information discovery support toolkit for researchers in parliament and government. The project was funded by the European Commission under the Seventh Framework Programme for technology research and development.</p> <p>The prototype includes new tools for text index analysis, SentiCircle social media analysis, linked open data search, and policy modelling and simulation.</p> <p>As an 'end user' research partner, the Society facilitated six co-creation workshops and one-to-one interviews involving 53 parliamentary and government officials at Westminster and in Edinburgh. Given interest among parliamentary staff in the text index analysis and SentiCircle social media tools, on-going work with partners is being undertaken to try and develop the tools for market.</p>

OBJECTIVE 4: Convening debate on topical political issues: providing a non-partisan forum for the exchange of ideas about our democratic future.

Focus	Activity and Impact
Lord Speaker Hustings	The Society hosted the official hustings for the election of the Lord Speaker in the Robing Room in the House of Lords. Baroness Jay, a trustee of the Society, chaired the event. All three candidates - Lord Cormack, Lord Fowler and Baroness Garden - were each given eight minutes to present their manifestos, after which the peers in the audience were given the opportunity to challenge each of the candidates on their plans for the role.
A Future for Public Service Television	The Society's director took part in a panel discussion on the question 'Does television represent us?', hosted by Liverpool's Writing on the Wall Festival. The chairman of the inquiry into A Future for Public Service Television, Lord Puttnam, presided over the event; other panelists included filmmaker Ken Loach, producer and screenwriter Phil Redmond, and Cat Lewis of Nine Lives Media. The Society presented new research exploring how political debate had historically been covered on regional TV, focusing on Granada Television and the North West. The panel explored the extent to which television offers a space to talk about politics and features a range of voices and backgrounds reflecting the make-up of the UK, or, on the contrary, is merely a mouthpiece for the London bubble.
Future Parliament: democratic reform and restoration of the Palace of Westminster	The Society hosted the first public debate on plans for the multi-billion pound restoration of the Palace of Westminster. Speakers included Professor Matt Flinders, director of the Crick Centre for Public Engagement at the University of Sheffield, and Deborah Shaw, Head of Creative Programming and Interpretation at Historic Royal Palaces.

Sense4us

In London, during Parliament Week, we hosted an afternoon of panel discussions on the theme '*Future Parliament: hacking the legislative process*', exploring whether and how technology might transform the way we make laws. Speakers included Stella Creasy MP; Liam Laurence-Smyth, Clerk of Legislation in the House of Commons; Bill Thompson, Partnership Lead at Make it Digital and commentator and technology critic on the BBC; and Elizabeth Linder, founder and CEO of The Conversational Century.

In Brussels, we hosted a one-day conference with partners on the theme '*Policy-making in a Complex World: Can Technology Restore Trust in European Decision-making?*' Speakers included Francisco García Morán, Chief IT Advisor at the European Commission; Andrea Halmos, the officer with responsibility for eGovernment and Trust in the European Commission's communications directorate; Oktavia Jonsdottir, an Icelandic Pirate Party MP; Frank Leyman, Manager of International Relations at the Belgian Federal Public Service for Information and Communication Technology; and Steven Ginnis, Head of Digital Research at Ipsos Mori.

It's Brexit...So What Now For Parliament?

Following the EU referendum, we hosted the first public discussion of the implications of the decision for the legislature. Speakers included Seema Malhotra MP; Paul Evans, Clerk of the Journals in the House of Commons; and Professor the Lord Norton of Louth, Director of the Centre for Legislative Studies at the University of Hull.

OBJECTIVE 5: Building a robust organisational and financial foundation for our work: ensuring that we are good stewards of the Society's reputation and resources in all that we do.

Focus	Activity and Impact
Finances	The Society delivered a surplus for the sixth year in succession. The replenished reserves now provide a platform for future investment and development.
Media	<p>The estimated value of print coverage was £1,328,520 (based on advertising rates for articles of similar size), with an estimated reach of 68,893,453 (based on circulation).</p> <p>Staff were interviewed on a number of flagship current affairs programmes including the BBC's Victoria Derbyshire show, Sky News and the Adam Boulton Show, BBC Radio 4's Women's Hour and Week in Westminster, and the BBC World Service. Our Audit of Political Engagement and our research on Prime Minister's Questions and delegated legislation continued to attract the most coverage.</p>
Digital	Following an internal review, our digital communications platforms were overhauled. The first iteration of a new Society website was launched, significantly updating and improving our web infrastructure, design and branding, site architecture, search engine optimisation, user experience and content creation. A new Hansard Society Scholars website was also launched, along with an automated API-driven application pipeline and customer relationship management system.

4. REACHING OUT – BY THE NUMBERS

Media reach (estimated circulation)	68,893,453
Media value (estimated advertising value)	£1,328,520
Twitter impressions	582,000
Download of <i>Parliamentary Affairs</i> articles	155,000+
Website page views	102,211
Twitter followers	8,300
Unique readers of our Despatch Box blog	5,420
Institutions receiving <i>Parliamentary Affairs</i>	4,000+
E-newsletter subscriptions	3,673
Twitter engagements	2,501
People attending our events	662
Blog posts	75
Young leaders educated	44



Lord Judge noted that he had drawn heavily on the Hansard Society's 'impressive work on delegated legislation'.

Former Chief Justice of England and Wales, 'Ceding Power to the Executive – The Resurrection of Henry VIII', King's College Lecture, 12 April 2016

'This was truly a life changing experience...The Hansard Scholars Programme has had a huge impact on shaping my future career and has opened so many new doors that I am eager to explore.'

Summer Scholar,
University of South Dakota

5. FUTURE PLANS

The importance of the decision to leave the European Union means Brexit will dominate the Society's activities over the course of the next few years.

We will:

1. Research and report on Parliament's handling of Brexit - across its scrutiny of government, its legislative work, and its role in the international treaty-making and unmaking that will be involved.
2. Build on our track record of detailed research on delegated legislation and its scrutiny to examine and explain the Great Repeal Bill and associated legislation, as well as provide training on the parliamentary process.
3. Develop our Statutory Instrument Tracker subscription service to enable civil society to access up-to-date information about SIs subject to parliamentary scrutiny, as well as to provide the Society with a wealth of research data for our new Westminster Lens parliamentary data project.
4. Look ahead to Parliament in the post-Brexit era, identifying structures and procedures that will need to change, and capabilities and resources that may need to be different.
5. Track the impact of Brexit on the public's views of Parliament, drawing on the indicators of public engagement and satisfaction with the institution that we report each year in our long-running Audit of Political Engagement.
6. Incorporate the study of Brexit into our Scholars Programme, providing young leaders from around the world with insight and practical experience of this significant change to the UK's domestic and foreign policy priorities.



Risk Review

The Hansard Society maintains a risk register of the major operational and business risks and challenges facing the Charity.

The risk analysis is reviewed on a regular basis. Any changes in risk rating, and updates on high risk issues, are reported at each Board meeting.

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

Eight high risk items were identified in 2016:

- 1. Significant drop in Scholar enrolments and therefore projected income (caused by perceived risk of terrorism, war, ongoing economic difficulties etc.).**
 - o Enrolments across the study abroad community are currently subject to considerable fluctuation. Our Scholar enrolments are monitored throughout the year. We have diversified the range of feeder institutions, enhanced our outreach and marketing to them, and upgraded our online presence.
- 2. Currency fluctuation results in a rise in costs and therefore a reduction in projected income.**
 - o This is monitored throughout the year and an annual review of costs and pricing is undertaken. Following the EU referendum the fall in the value of sterling has proven beneficial for the Scholars Programme.
- 3. Compliance: change in Home Office regulations for international students.**
 - o Significant staff resource is devoted to monitoring and ensuring we remain compliant with all relevant regulations. We have Tier 4 Sponsor status and are subject to annual review by the Quality Assurance Agency for Higher Education. We hold the highest rating currently awarded.
- 4. Continued economic downturn impacting on Society-wide activity (Scholar enrolments, reduction in project funding etc.).**
 - o The Society budgets on a rolling three-year cycle to ensure any future commitments and cost implications are manageable and sustainable. Core staff and office costs have been reduced to a minimum and reserves have been significantly replenished.
- 5. Inadequate non-project related funding.**
 - o Building on our expertise in the field of delegated legislation, we have begun to develop a third strand of income generation (in addition to our Scholars Programme and our *Parliamentary Affairs* journal), in the form of a procedural training course and a Statutory Instrument Tracker subscription service. This will provide core, unrestricted funding for the future, enabling us to invest further in research and education initiatives.

6. Premises - risk of rent or service charge increase / termination of lease.

- The Society has a ten-year lease with a five-year break clause in April 2017, after which the premises may be subject to rent review. The matter has been regularly reviewed by the Board and an informed decision was made not to activate the break clause. Research about the rental market has been undertaken and the Society's reserves provide a cushion to address any short-term increase in rent. The Society currently sub-lets some of its office space.

7. Permanent loss of key staff - reduced resilience, loss of knowledge and expertise which could reduce capacity to deliver projects.

- The loss of the Society's Director and the Director of the Scholars Programme have been identified as the two biggest risks. Both members of staff are long-standing employees. A key aspect of the Society's recent recruitment policy for the research and scholars teams has been to build capacity and resilience in light of this risk. Pay is below comparable market rates in some areas but will be kept under review. Despite this, and demanding workloads, staff retention rates are high. The Society seeks to foster opportunities for staff to take on new responsibilities and develop new skills, and identify other incentives to support retention. Key manager insurance has been considered but the cost is deemed prohibitive.

8. Temporary, unplanned loss of key staff - e.g. due to illness – which may have an impact on project delivery or the internal knowledge base.

- All staff are required to share information, knowledge and project plans. In addition to formal and informal knowledge management via staff and project team meetings, an online project management application has been adopted across the Society. An online Operations and Procedures Manual is also being developed so staff have access to information both in and out of the office.

6. CONSTITUTION AND GOVERNANCE

Organisational structure

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.

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 and Senior Management Team. The Director and SMT attend meetings of the Board of Trustees and provide them with regular reports on the work of the Society.

The Speakers of both 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. To this end, one of the House of Commons Deputy Speakers, representing the Speaker, also chairs the Annual General Meeting. While the current Speakers are very supportive of the work of the Society (as was true of their predecessors), they have no formal role in or responsibility for the administration, governance and activities of the Charity.

Board of Trustees

The Board of 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. Wide networks are consulted including those of our stakeholders who represent the public, private, statutory and charitable sectors, and across all the major political parties.

The Board of Trustees meets at least four times per year. New Trustees are provided with an induction pack containing information about the Society, and their responsibilities as a Trustee, including charity law and governance issues. The pack includes the Society's Articles of Association, copies of the last four sets of Board papers, and background information about the organisation's staff, structure and finances. 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.

The Society does not operate standing sub-committees but convenes these on an *ad hoc* basis as required. In 2016 a sub-committee reviewed the staff salary structure.

In 2016 the Society's Treasurer, Roshana Arasaratnam, stood down after six years' dedicated service, having overseen our financial recovery plan after difficult financial years between 2008 and 2011.

We welcomed Shirley Cameron (Group Financial Controller of the BBC) as our new Treasurer.

Our Chair, Lord Fowler, also left the Board in April 2016 in order to stand for election as Lord Speaker. He was replaced temporarily as Chair by Lord Sharkey, who was then formally approved as our Chair at the Annual General Meeting in July.

Staff, pay and remuneration

The Society employed seven full-time and three part-time employees during the course of the year. A further five full-time staff were employed on time-limited contracts in the last third of the year to support the completion of the Sense4us research project.

The Society's remuneration policy is determined by Trustees and reviewed on an annual basis. The remuneration of the Senior Management Team is set by Trustees while the salaries of non-SMT personnel are set by the Director against salary bands agreed by Trustees.

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 – in the UK or members of a legislature around the world – can join as Parliamentary Patrons. Civil society organisations, companies or institutions can join as Corporate Supporters.



Rt Hon John Bercow MP
Speaker of the House of Commons

Rt Hon Lord Fowler
Lord Speaker

The Society's honorary Co-Presidents

7. LEGAL AND ADMINISTRATIVE DETAILS

Honorary Co-Presidents

Rt. Hon. John Bercow MP, Speaker of the House of Commons
Baroness d'Souza (until June 2016)
Rt. Hon. Lord Fowler, Lord Speaker (from June 2016)

Chair

Lord Fowler (Chairman) (resigned March 2016)
Lord Sharkey (Chairman) (appointed March 2016)

Hon. Treasurer

Roshana Arasaratnam (resigned July 2016)
Shirley Cameron (appointed July 2016)

Trustees

Dianne Bevan	Baroness Jay of Paddington
Amelia Knott	Peter Knowles
Lord Lexden OBE	Dr Sheena McDonald
Gerald Shamash	

Status and governing document

The organisation is a charitable company limited by guarantee, 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 and is governed under its Articles of Association.

Company Number

04332105

Charity Number

1091364

Registered office

5th Floor, 9 King Street, London, EC2V 8EA

Bankers

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

Independent Examiner

Murtaza Jessa FCA - haysmacintyre, 26 Red Lion Square, London, WC1R 4AG

8. FINANCIAL REVIEW

Results for the year

The Society's total income for the year was £811,526 (compared to £878,218 in 2015). Of this, £767,052 was generated from charitable activities (compared to £854,383 in 2015).

After total expenditure of £784,403, the Hansard Society made a surplus of £27,123, comprising a surplus of £72,319 in unrestricted funds and a deficit of £45,196 in restricted funds during 2016.

In addition to unrestricted income generated through our Scholars Programme and our journal *Parliamentary Affairs*, we continue to receive funding from a range of sources, including project-based funding from government departments, statutory bodies and public and private organisations.

Project funders contributing over £5,000 in 2016 were: jointly the Department for International Development and Economic and Social Research Council; the European Commission; and the House of Commons.

Reserves

The total reserves of the Charity at 31 December 2016 were £403,425 (2015: £376,302). Unrestricted undesignated funds were £377,111 and designated funds for fixed assets £635. (2015: unrestricted undesignated £305,427; designated funds for fixed assets nil). Restricted funds totalled £25,679 (2015 £70,875).

The Trustees regularly review the requirement for free reserves, which are those funds not invested in fixed assets or otherwise committed. The Society's policy is to provide for three months of operating expenditure. This is approximately £213,259.

As at 31 December 2016, free reserves amounted to £377,111. The Board of Trustees are therefore looking at ways to best invest the surplus for the long-term benefit of the Society and to guard against the significant potential risks to future income generation identified in relation to the Scholars Programme.

Fixed Asset Fund

The Fixed Asset fund represents the net book value of unrestricted tangible fixed assets. Each year an amount is transferred to or from the fund representing the movement in net book value of unrestricted tangible fixed assets in the year.

The net book value of assets at the year's end amounted to £635 (2015 nil).

Restricted Funding

The Hansard Society received £63,664 from the European Commission in relation to 2016. (Received in-year £26,994; due at 31 December 2016 £36,720.)

Serious Incident

In March 2016 the Society received information regarding the conduct of a former member of staff who had worked at the Society as Operations Manager between December 2010 and October 2013. Based on the information received, an inquiry was initiated. It was discovered that fraud totaling £28,911.46 had been committed during her period of employment with us. The matter was reported to Action Fraud and through them to City of London Police, and also to the Charity Commission.

Following a lengthy police inquiry, she was charged with two offences of 'fraud by abuse of position of trust contrary to sections 1 and 4 of the Fraud Act 2006'. Pleading guilty, she was sentenced to 15 months in custody.

The Charity Commission has confirmed that they believe the Society has taken all reasonable steps to deal with the matter – including a review of financial procedures – and there are no further regulatory issues that need to be pursued.

The sum of money involved had no material impact on the Society; there was no loss to beneficiaries and no delays to project commitments. The Society has since recovered £10,000. We are seeking to recover the remaining sum but the custodial sentence makes it unlikely that we will be able to do so.

9. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also Directors of 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

and signed on their behalf, by:

.....
LORD SHARKEY (CHAIRMAN)

10. INDEPENDENT EXAMINERS REPORT

I report on the accounts of Hansard Society Limited for the year ended 31 December 2016, which are set out on pages 23-33.

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. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The Society's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales. Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the General Directions given by the Charity Commission under section 145 (5)b of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or
- 2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

.....
Murtaza Jessa FCA
haysmacintyre, 26 Red Lion Square, London WC1R 4AG
Date:

11. STATEMENT OF FINANCIAL ACTIVITIES - FOR YEAR ENDED 31 DECEMBER 2016, INCORPORATING INCOME & EXPENDITURE ACCOUNT

	Restricted Funds 2016	Unrestricted Funds 2016	Total Funds 2016	Restricted Funds 2015	Unrestricted Funds 2015	Total Funds 2015
Note	£	£	£	£	£	£
Income from charitable activities						
Study and Scholars programme	-	417,828	417,828	-	477,420	477,420
Projects - research, education and events	63,664	104,825	168,489	34,138	158,480	192,618
Membership subscriptions	-	3,175	3,175	-	3,741	3,741
Publications	-	177,560	177,560	-	180,604	180,604
Other income	-	-	-	-	-	-
<i>Total income from charitable activities</i>	<i>63,664</i>	<i>703,388</i>	<i>767,052</i>	<i>34,138</i>	<i>820,245</i>	<i>854,383</i>
Donations	-	648	648	-	1,721	1,721
Other trading activities - rent receivable	-	42,500	42,500	-	20,755	20,755
Income from investments	2	-	1,326	-	1,359	1,359
Total Income	63,664	747,862	811,526	34,138	844,080	878,218
Charitable expenditure						
Study and Scholars programme	-	519,518	519,518	-	493,121	493,121
Projects - research, education and events	108,860	153,495	262,355	32,371	211,959	244,330
Publications	-	2,530	2,530	-	11,665	11,665
Total Expenditure on charitable activities	108,860	675,543	784,403	32,371	716,745	749,116
Net income / (expenditure) before transfers	(45,196)	72,319	27,123	1,767	127,335	129,102
Transfers between funds	-	-	-	3,237	(3,237)	-
Movement in funds	(45,196)	72,319	27,123	5,004	124,098	129,102
Total funds at 1 January 2016	70,875	305,427	376,302	65,871	181,329	247,200
Total funds at 31 December 2016	25,679	377,746	403,425	70,875	305,427	376,302

The Statement of Financial Activities includes all gains and losses recognised in the year. All amounts are from continuing activities. The attached notes form part of these accounts.

12. BALANCE SHEET - AS AT 31 DECEMBER 2016

COMPANY NUMBER: 04332105

		2016		2015	
	Note	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	6		635		-
CURRENT ASSETS					
Debtors	7	355,315		156,220	
Cash at bank		421,048		513,609	
		776,363		669,829	
Creditors: amounts falling due within one year	8	(373,573)		(293,527)	
Net current assets			402,790		376,302
NET ASSETS			403,425		376,302
CHARITY FUNDS					
Restricted funds	12		25,679		70,875
Unrestricted funds:					
Designated funds	12		635		-
General funds	12		377,111		305,427
			403,425		376,302

For the year ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006. The Trustees acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on its behalf on _____ by:

13. STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Reconciliation of net income to net cash-flow from operating activities		
Net income for the reporting period	27,123	129,102
Adjustments for:		
Depreciation	636	3,356
Decrease / (increase) in debtors	(199,095)	47,252
Increase / (decrease) in creditors	80,046	(59,707)
Interest received	(1,326)	(1,359)
Net cash provided by operating activities	(92,616)	118,644
Cash flows from investments		
Interest received	1,326	1,359
Purchase of fixed assets	(1,271)	-
Net cash inflow (outflow) from investments	55	1,359
Change in cash and cash equivalent in the reporting period	(92,561)	120,003
Cash at start of year	513,609	393,606
Cash at end of year	421,048	513,609
Analysis of cash and cash equivalents		
Cash at bank and in hand	421,048	513,609
Notice deposits over three months	-	-
Total cash and cash equivalent	421,048	513,609

14. NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting Policies

The principal accounting policies adopted, judgement and key sources of estimation and uncertainty in the preparation of the financial statements are as follows:

1.1 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.

1.2 Company status

The Charity is a company limited by guarantee. The members of the company include the Trustees named on page 33. 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 consider that there are no material uncertainties about the Charity's ability to continue as a going concern. With respect to the next reporting period 2017, the most significant areas of uncertainty are the number of Scholar enrolments. The review of our financial position, reserve levels and future plans give the Trustees confidence that the Charity remains a going concern.

1.3 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 and administering 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.

1.4 Income

All income 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 in incoming resources of restricted funds when receivable.

1.5 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.

1.6 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 fixed assets, less their estimated residual value, over their expected useful lives on the following bases: Office and computer Equipment - 2 years straight line.

1.7 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 two defined contribution pension schemes, the assets of which are administered by Scottish Widows and AJ Bell Youinvest. 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.

1.8 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.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 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.

1.11 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. Investment Income

	2016	2015
	£	£
Interest receivable	1,326	1,359

3. Expenditure on charitable activities

	Direct staff costs	Other direct costs	Support costs	Total
2016				
Study and Scholars	130,252	229,246	160,020	519,518
Projects – research & education including events	120,198	93,138	49,019	262,355
Publications	690	992	848	2,530
	251,140	323,376	209,887	784,403
2015				
Study and Scholars	109,098	247,610	136,413	493,121
Projects – research & education including events	92,672	73,267	78,391	244,330
Publications	2,383	6,301	2,980	11,664
	204,154	327,178	217,784	749,116

4. Analysis of support costs

	Study and Scholars	Projects incl. events	Publications	Total
2016				
Staff costs	55,001	16,848	292	72,141
Premises, equipment and depreciation	82,651	25,318	439	108,408
Stationery, post, phone and IT	6,389	1,957	34	8,380
Information, research and communications	5,531	1,694	29	7,254
Governance	1,286	394	7	1,687
Other	9,161	2,806	49	12,016
	160,019	49,017	850	209,886
2015				
Staff costs	50,552	29,050	1,104	80,706
Premises, equipment and depreciation	64,716	37,189	1,414	103,319
Stationery, post, phone and IT	6,514	3,744	142	10,400
Information, research and communications	2,872	1,650	63	4,585
Governance	690	396	15	1,101
Other	11,979	6,361	242	17,673

136,413	78,391	2,980	217,784
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5. Net income

	2016	2015
	£	£
This is stated after charging:		
Independent examiner's charges - net of VAT	1,550	1,500
Pension costs	16,400	16,440

6. Tangible fixed assets

	Computer and office equipment £
Cost	
At 1 January 2016	6,713
Additions in year	1,271
At 31 December 2016	7,984
Depreciation	
At 1 January 2016	6,713
Charge for year	636
At 31 December 2016	7,349
Net book value	
31 December 2016	635
1 January 2016	-

7. Debtors

	2016	2015
	£	£
Due within one year		
Trade debtors	151,622	22,396
Prepayments	148,063	112,566
Grants and contracts receivable	54,593	20,258
Other debtors	1,037	1,000
	355,315	156,220

8. Creditors

	2016	2015
	£	£
Due within one year		
Trade creditors	44,878	9,968
Social security and other taxes	6,153	6,331
Accruals	19,310	38,041
Other creditors	20,934	19,856
Deferred income (see note 9 below)	282,298	219,332
	<u>373,573</u>	<u>293,528</u>

9. Deferred income

	2016	2015
	£	£
Balance at start of year	219,332	219,682
Amount released to income	(219,332)	(219,682)
Amount deferred in the year	282,298	219,332
	<u>282,298</u>	<u>219,332</u>

Deferred income relates to grants and contract income for 2016 as well as income for courses taking place in 2016.

10. Staff costs and numbers

	2016	2015
	£	£
Staff costs were as follows:		
Wages and salaries	278,357	246,075
Social security costs	28,524	22,344
Pension costs	16,400	16,441
	<u>323,281</u>	<u>284,860</u>

The average number of employees during the year was as follows:	2016	2015
	No.	No.
Study and Scholars programme	4	4
Research and Education programmes	4	2
Others	2	3
	<u>10</u>	<u>9</u>

One employee received between £50,000 and £60,000 in 2016. No employee received more than £50,000 during 2015.

11. Key management personnel

The key management personnel comprises the senior management team. Their total remuneration, employer's national insurance and pensions in the year was £142,109 (2015: £135,336).

12. Statement of funds

	Brought forward £	Income £	Expenditure £	Transfers In / (Out) £	Carried forward £
Designated fund					
Fixed asset fund	-	-	-	635	635
General fund	305,427	747,862	(675,543)	(635)	377,111
Total	<u>305,427</u>	<u>747,862</u>	<u>(675,543)</u>	<u>-</u>	<u>377,746</u>

The fixed asset fund represents the value of unrestricted tangible fixed assets.

Restricted funds					
People to Parliament	18,607	-	-	-	18,607
Sense4Us	52,268	63,664	(108,860)		7,072
Total	<u>70,875</u>	<u>63,664</u>	<u>(108,860)</u>	<u>-</u>	<u>25,679</u>

People to Parliament is funded by the City Bridge Trust and Sense4Us by the European Commission.

Summary of funds

Unrestricted	305,427	747,862	(675,543)	-	377,746
Restricted	<u>70,875</u>	<u>63,664</u>	<u>(108,860)</u>	<u>-</u>	<u>25,679</u>
	<u>376,302</u>	<u>811,526</u>	<u>(784,403)</u>	<u>-</u>	<u>403,425</u>

13. Analysis of net assets between funds

	Restricted funds £	Unrestricted funds £	Total £
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Tangible fixed assets	-	635	635
Current assets	25,679	750,684	776,363
Creditors due within one year	-	(373,573)	(373,573)
	<u>25,679</u>	<u>377,746</u>	<u>403,425</u>

14. Pension commitments

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 £16,400 (2015: £16,440). Contributions totalling £1,722 (2015: £1,236) were payable to the fund at the balance sheet date and are included in creditors.

15. Operating lease commitments

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2016	2015
	£	£
Expiry date:		
Within 1 year	56,680	56,680
Between 2 and 5 years	189,878	226,720
Over 5 years	-	76,518
	<u>-</u>	<u>76,518</u>

16. Related party transactions

No Trustee received any remuneration or benefits in kind in either 2016 or 2015. Reimbursed Trustee travel expenses amounted to £154. (2015: £272). There were no related party transactions during either 2016 or 2015.

Enquiries about the Hansard Society should be directed to:

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