

# Reports to Autumn Conference 2011

## Birmingham

Clear Print Version

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## Federal Conference Committee

The Federal Conference Committee (FCC) is responsible for organising the two Federal conferences each year. This includes choosing the agenda from amongst the policy and business motions submitted by conference reps, local, regional and state parties, specified associated organisations and Federal committees, and also taking decisions on topics such as venues, registration rates and other administrative and organisational matters. It works within a budget set by the FFAC.

The FCC has 21 voting members: the Party President; the Chief Whip (or substitute); three state party reps; two reps from the FE and two from the FPC; and twelve members directly elected by conference reps. It elects its own chair (currently Andrew Wiseman), who must be one of the directly-elected reps.

A tremendous amount of hard work goes into organising conference, both by the staff and volunteers. Much of this goes on behind the scenes unseen by those attending conference. I would like to express my thanks to everyone that is involved in the organisation of conference.

### **Amendments to Motions**

As always, every item on the agenda is still open to amendment. The deadline for submitting amendments – and also emergency motions and questions to reports – is 1.00pm on Monday 5th September. This will allow FCC to meet a week before Conference to select the amendments. We will then let you know what we've selected by Tuesday 13<sup>th</sup> September, four days before Conference, which is when *Conference Extra* publication will be posted online and reps will be alerted by email (copies will also be available at Conference).

### **Motions**

We continue to provide a drafting advisory service and encourage everyone submitting a motion to make use of it. Those who have used it in the past have had a higher chance of having theirs accepted. Do also use it for an emergency motion or an amendment. The deadline for the advisory service for amendments and emergency motions is 13.00, 22 August 2011; drafts should be sent to [motionsadvice@libdems.org.uk](mailto:motionsadvice@libdems.org.uk).

## **Agenda**

FCC has tried to put together a good mix of debates, Q&A sessions, speeches and presentations. As well as Q&A sessions on foreign affairs and social mobility, we have included a session on Health giving those involved in the health motion to the Spring Conference and the Bill in Parliament the opportunity to report back and answer questions.

We have three policy papers from FPC, which include the *Facing the Future* paper following on from the consultation session held in Sheffield.

## **Rally**

We have a great line-up for the rally on Saturday evening. Some excellent speakers have been chosen highlighting the full range of talent across the party. The theme is *delivering a fairer Britain*, something we are uniquely placed to do. Make sure you come along and hear the difference we are making.

## **Security at Conference**

As a party of Government, we have had increased security arrangements imposed on us by the Police and Home Office. FCC has spent a considerable amount of time negotiating security arrangements that are safe, proportionate to the threats, manageable, affordable and that minimise the disruption to those attending conference as well as those who live and work in the vicinity. This involves difficult balances and results in a considerable amount of work on your behalf.

Each conference is looked at separately. Thus, the measures put in place for one conference may well be different from another conference. This means, for example, accreditation was not required for last year in Liverpool but is needed this year. This was not a decision taken lightly by FCC. All the security measures put in place are based on a full assessment of the risks and threats by the police, Home Office, other agencies and the Party. We have been fortunate: as anyone attending the Conservative or Labour conference will know, the security at their gatherings has been considerably higher and more intrusive.

As with other recent conferences you can expect it to take longer to get into the conference centre. Please ensure you leave yourself sufficient time to get through security before the start of a session you wish to attend.

The increased security includes x-ray machines for any bags or briefcases, and metal detectors. Whilst we cannot avoid the increased checks, we will do what we can to speed up the process. In particular, please think about what you bring into the conference centre - the less you bring, the quicker the process will be.

Please see the relevant section in the Directory for the full procedures.

### **Future venues**

The current size of the Conference and the scale of public interest it draws, make Party Conference an attractive event for many towns and cities to host, but also severely restricts the number of venues with adequate facilities. 2012 venues will be:

- Spring: NewcastleGateshead, 10 - 12 March 2012
- Autumn: Brighton, 22 - 26 September 2012

We are very pleased to be organising our first-ever conference in NewcastleGateshead.

### **Access**

The Conference Access Group, convened by Robert Adamson, continues to make Conference as accessible for all as possible, expanding its work to tackle obstacles facing those with a broader range of disabilities. If you are interested in the work of the Group, please feel free to contact Robert on [robert@robertadamson.info](mailto:robert@robertadamson.info).

### **Stewards**

As always, Conference can only take place due to the massive contribution and efforts of the volunteer stewards' team, who look after the exhibition, fringe, information desk, stage and auditorium, and ensure that we all get the most out of Conference. Thanks go, as always, to Adrian Beavis, our Chief Steward, his Deputy Mike Ross, and all their colleagues in the stewards' team.

This will be the first conference in many years that Andrew Reeves will not be part of our stewarding team. Andrew's death came as a shock to us all and he will be greatly missed by everyone involved in the organisation of conference.

### **Federal Conference Committee**

FCC members are here to help you make the most of Conference – do feel free to ask us any questions you may have relating to the agenda and how to speak in debates. You can identify us by the larger badges we wear, with 'FCC' prominently displayed; there are also pictures of us (although looking at some of the photos it may be difficult to see the true likeness!) on the inside front page of the Agenda.

FCC members are also assigned to the state and English regional parties, and SAOs, to liaise with them during the year, provide advice and assistance on submitting motions or otherwise getting involved in Conference, and appear at particular conferences to answer your questions. Don't hesitate to get in touch with the relevant FCC member if you need any advice.

### **Thanks**

The vast bulk of the hard work of organising Conference throughout the year falls on the professional staff in Conference Office in Cowley Street: our Conference Manager Lucy Billingsley and her team Emma Price, Sian Jenkins, Alex Beaumont, all of whom are supported by Sonia Goodland.

I would also like to express my grateful thanks to all the others who make Conference possible: to all my colleagues on the Conference Committee; to Chris Fox, the party's Chief Executive, and Tim Snowball the Chief of Staff at HQ; to the Policy Projects Team, led by Christian Moon, who process the motions and prepare much of the agenda material; and of course to the stewards' team.

I look forward to seeing you in Birmingham.

**Andrew**  
**Chair, Federal Conference Committee**  
**July 2011**

**Wiseman**

## Federal Policy Committee

The Federal Policy Committee is responsible for researching and developing policy and overseeing the Federal Party's policy-making process. This includes producing policy papers for debate at conference, and drawing up (in consultation with the relevant parliamentary party) the Federal election manifestos for Westminster and European elections.

The FPC has 29 voting members: the Party Leader, four other MPs, the Party President, one peer, one MEP, three councillors, three state party reps and fifteen members directly elected by conference reps. It must be chaired by one of the five MP members and is currently chaired by Norman Lamb MP.

### Policy Development

Since the Sheffield Conference, policy papers on Information Technology and Quality of Life have been produced and are presented for debate at Birmingham.

The Localism Working Group also produced a draft paper. The FPC has decided to take this work forward with a consultation paper at this conference on local government finance issues specifically.

The Inequality working group continues its work and will now bring proposals to the Autumn 2012 conference. The FPC will be considering the focus of the group's remit in the light of the other streams of work flowing from *Facing the Future* (see below).

The FPC is very grateful for the contribution made by the chairs and members of working groups who voluntarily give a great deal of time to assist the Party's policy development process.

### Facing the Future

The Facing the Future review group, chaired by myself, has produced its report to the FPC, which is now presented to this conference for debate, amendment and approval.

Facing the Future includes a restatement of the party's values and principles in the current political context, and sets out the major challenges and opportunities Britain faces in the coming years. It then goes on to map out a programme for policy development for the rest of this Parliament to ensure that we are in a position to present a distinctive, relevant and forward-looking manifesto at the next General Election. This programme will be taken forward by FPC working in co-operation with the Parliamentary Party Committees through both full Policy Papers and stand-alone motions to conference.

The table below sets out the latest forward schedule of policy development work in the light of Facing the Future. This is obviously subject to further decisions by conference and is more likely to change in the later part of the Parliament.

<b>Conference</b>	<b><u>Consultation Papers</u></b>	<b>Policy Papers</b>
Autumn 2011	Mid Term Review Local Government Finance	Quality of Life Facing the Future Information Technology
Spring 2012	Housing Inequality Sustainable Sources of Growth and Jobs Mutualisation, Employee Ownership and Participation	There are no formal policy papers scheduled for Spring 2012. The FPC instead plans to bring motions to this conference to debate key policies for possible inclusion in the Mid Term Review (see section below).
Autumn 2012	Devolution of Power/Re-engaging People with Politics Working Families	Housing Inequality Sustainable Sources of Growth and Jobs Mutualisation, Employee Ownership and Participation
Spring 2013	Taxation Defence The Transition to a Zero Carbon Britain.	Devolution of Power/Re- engaging People with Politics Working Families

	Skills and Post-18 Education Europe	
Autumn 2013	Immigration & Identity Public Services	Taxation Defence (including Trident) The Transition to a Zero Carbon Britain. Skills and Post-18 Education Europe
Spring 2014	Gender Equality Crime and Justice Challenges of an Ageing Population	Immigration & Identity Public Services European Pre Manifesto
Autumn 2014		Gender Equality Crime and Justice Challenges of an Ageing Population

## **The Policy Process During Coalition**

The FPC has had a number of discussions on the implications for its own role and the party's policy-making process of our status as a party of government. The FPC is very clear that the party's complete independence in policy-making shall continue.

In particular the FPC is developing a close working relationship with the Parliamentary Party Committees (PPCs) of MPs and peers established in the major policy areas. To take this forward we have:

- Appointed FPC members as representatives on these Committees.
- Set aside part of each FPC meeting for reporting back on topical issues under discussion in PPCs.
- Invited Co-Chairs of PPCs to a joint meeting with the FPC in June.

We intend to take further steps including drawing up a formal protocol on the involvement of the FPC reps in the PPCs, and we will have further joint meetings. The FPC has also invited Liberal Democrat ministers to its meetings to discuss the implementation of Liberal Democrat principles in government. This will continue. Ministers who have attended the FPC as part of this framework since the Spring Conference include Vince Cable, Ed Davey, Paul Burstow and Danny Alexander and Nick Clegg

The FPC has also reviewed the way policy working groups function and agreed that:

- We should see the production of substantial policy papers as the key plank in developing a credible, distinctive Liberal Democrat policy platform at the next General Election.
- When commissioning policy papers we should have in mind how much we see them as intended to contribute to coalition government policy in the relatively near term, and how much as a contribution to a distinctive Lib Dem policy platform at the GE. Broadly speaking we would expect more of the former in the first half of a Parliament, and more of the latter in the second half, but each case will be different.
- In general we should accept that a full policy paper takes about a year from commissioning to conference
- We should return to advertising for members of working groups and expect to appoint about 12 members to a group.
- We should also experiment with smaller, swifter working groups in specific areas.
- We should seek to collaborate with Lib Dem Voice to increase online engagement in our policy development.

The FPC will also be considering more innovative ways of using working groups, for example whether one working group could work on two policy papers in related subjects.

## **Mid-Term Review**

The Coalition Government has stated its intention to have a Mid Term Review (MTR) of its programme, which will be published in September 2012. However, this will not be a general re-opening of the Coalition Programme for Government.

The Government has made a series of commitments about its overall goals – for example to be the greenest government ever. The MTR will identify which of

these goals the Government will have met through policies already announced, where the gaps still lie and where it needs to do more to deliver. The process is about looking to see what should be a priority during the rest of the Parliament; not about starting over again from scratch.

To contribute fully to the Mid Term Review, the Liberal Democrats are undertaking work to identify existing Liberal Democrat policies or develop new ones which will help deliver on the Government's stated goals. We will also develop our distinctive position for the future on a range of Government priorities. We can use this as a further opportunity to demonstrate what Liberal Democrats can achieve in government.

Feeding in from a party perspective are the Parliamentary Party Committees and the Federal Policy Committee and its working groups.

This work began in preparation for the June joint meeting of the FPC and Co-Chairs of Parliamentary Party Committees and will continue through the autumn, with the aim of bringing new policy to conference by spring 2012. Work within government is also continuing, though a final process for agreeing any new policy ideas has not yet been agreed, therefore we cannot yet finalise a process for discussing any final outcomes with the party. Danny Alexander and I expect to be able to update and discuss this process with the Party this autumn, including at a consultation session on the Saturday of the Birmingham Conference.

### **Follow-up to Strategy Motion**

At the Spring Conference 2011 in Sheffield, Motion F16 '*Strategy, Positioning and Priorities*' was passed. This called on the FE and FPC to:

- a) Review, in consultation with the Parliamentary parties, the challenges of coalition which have an impact on the independence of the party, its policy position or its freedom of political movement.
- b) Report back on whether the existing constitutional provisions and other arrangements are sufficiently democratic.
- c) Propose recommendations, for any constitutional amendments or other protocols which may be needed, in time for debate in September 2011.

A Working Group including the Officers of FE and FPC met three times and produced agreed recommendations on the best procedures for approving a future coalition or confidence and supply arrangement, but was not, in the time available, able to cover the entire remit set out in the motion. The FPC (and FE)

have therefore decided to continue the work of the group and bring a report and any necessary constitutional amendments to the Spring Conference next year. The FPC and FE officers hope to be able to report more progress in the report sessions at Birmingham.

## **Regional Links**

To encourage policy debate across the party we have FPC representatives taking responsibility for promoting policy debate within each of the regions of England and to attend regional conferences where appropriate.

<b><u>Region</u></b>	
Devon & Cornwall /Western Counties	Julie Smith
East of England	Geoff Payne
East Midlands	Lucy Care
London	Dinti Batstone/Jeremy Hargreaves
Northern	Linda Jack
North West	Stan Collins
South Central	Sandra Gidley/Gareth Epps
South East	To be confirmed
West Midlands	Phil Bennion
Yorkshire & the Humber	Sal Brinton

The FPC has also appointed representatives to Party SAOs:

<b><u>SAO</u></b>	
ALDES	Lucy Care
ALDC	To be confirmed

DELGA	Evan Harris
WLD	Louise Bloom
Liberal Youth	Gareth Epps
PCA	Julie Smith
Liberal Democrat Lawyers	Geoff Payne
EMLD	Linda Jack
LDDA	Sal Brinton

### **Policy Staffing**

The Policy Unit consists of Christian Moon (Head of Policy), Verity Harding (Senior Policy Manager), Bess Mayhew (Senior Policy Manager) and the Direct Communications Manager (vacant at time of going to print). Jonathan Vita also worked in a Senior Policy Manager role between January and May 2011. In addition, we have benefitted from the support of a secondee from PwC: Charles Tarvin, and from KPMG: Philip Gilbertson. Interns since the Spring Conference have included: Chris Fairbank, Josh Cows, Edward Simpson and Thomas Brennan.

The FPC is grateful for the hard work of all staff, both paid and voluntary.

**Norman Lamb MP**  
**Chair of Federal Policy Committee**  
**July 2011**

## Federal Executive

The Federal Executive is responsible for directing, co-ordinating and implementing the work of the Federal Party, including overall strategy, campaigning, organisation, and staffing. The Federal Finance and Administration Committee (see below) and the Campaigns and Communications Committee both report to the FE.

The FE has 29 voting members: the Party President (Chair), three Vice Presidents, the Leader, two additional MPs, one peer, one MEP, two councillors, three State Party reps and fifteen members elected directly by Conference Reps.

### Introduction

This has been an exciting, if at times frustrating, year for the Liberal Democrats, and a busy one for the Federal Executive.

I took over the chair of the FE in January, following in the very capable footsteps of Baroness Ros Scott who chaired the committee so ably between 2008 and 2010.

As you will see from the report below, the Federal Executive has overseen a year of transition for the Liberal Democrats as we get to grips with being a party of government.

We have begun to consider how the Party should take a more strategic and longer-term outlook to how we conduct ourselves in Government and better reflect the will of our members. But there is always more we can do and it is absolutely right you keep us on our toes so that we are delivering your priorities and giving you every opportunity to hold your heads up high as you campaign on the doorstep.

In the wake of the recent elections and as we move forward over the next few months my main focus as Party President will be reinvigorating the Party base and renewing our commitment as a Party to the theory and practice of 'community politics'. Over the course of this conference I will be speaking a lot about this and I want to encourage anyone who is interested to get involved in

the debate and put forward any suggestions you have for how we can all ‘get back to basics’ as it were and start pounding the pavements again.

This all starts by facing up to the fact that May saw disappointing results, in Scotland and Wales, in the local elections and in the AV referendum which we had such high hopes for at Spring conference. The FE has been conducting reviews into both the local and referendum campaigns and there will be lessons to learn.

As a party we need to be better at marrying up our undoubted successes in Government; the forensic ability of our MPs to hold power to account; the great work being done by Liberal Democrat groups in councils across Britain, and the huge talent and commitment of our activists across the board.

We also need to run an ever-more professional operation in our federal headquarters as we cope with the unique challenges of being a partner in a coalition government – and I think you will see from the report below that a lot of the building blocks for that are now being put in place.

So please hold me – and us – to account this conference. We have achieved a lot in this last year but should not hide from what has gone wrong and what we can do differently. We have another set of challenging elections next May that we need to start working towards now. I look forward to talking to as many of you as possible this conference about how we go forward together.

## **Government**

### **Strategy Motion**

At the Spring Conference 2011 in Sheffield, Motion F16 ‘*Strategy, Positioning and Priorities*’ was passed. This required the FE and FPC to:

- “a) Review, in consultation with the Parliamentary parties, the challenges of coalition which have an impact on the independence of the Party, its policy position or its freedom of political movement.
- ”b) Report back on whether the existing constitutional provisions and other arrangements are sufficiently democratic.
- ”c) Propose recommendations, for any constitutional amendments or other protocols which may be needed, in time for debate in September 2011.”

The most recent meeting of the FE concluded that: further work was needed on the new strategy before presenting to Conference. It was therefore decided that the working group should be asked to reconvene at the earliest opportunity. Any member that wishes to feed into the process is asked to contact their FE rep (details included in Appendix 2). The FE has also called for improved links between the chairs and vice chairs of FE and Federal Policy Committee.

### Coalition Performance

In response to the issue of tuition fees policy, the FE debated both the matter and its remit in relation to both specific and broader policy matters. It commissioned a Coalition Performance document to monitor implementation of the Coalition Agreement in Government policy, as well as agreeing to a standing scrutiny item in meetings in order to track progress of the major issues in the Agreement.

## **Policy**

### Mid-Term Review

Both coalition parties have, since the formation of the Government, made a series of commitments about its goals. The Mid Term Policy Review (MTR) will identify which of these goals the Government will have met; where the gaps still lie and where it needs to do more to deliver. It is about looking to see what should be a priority going forward, not about starting over again from scratch.

In parallel the Liberal Democrats will run a separate review asking similar questions. As a party we need to identify which of the Government's goals we care most about and which we want most to be identified with; identify new "policy solutions" for these goals; and develop our position for the future on any of the Government's goals we do not fully support. We can use this opportunity to develop ways of differentiating ourselves as a party, both now and as we approach the General Election.

Feeding in from a Party perspective are the Parliamentary Policy committees and the Federal Policy Committee and its working groups.

Work on the review has begun and will continue over the summer and into autumn, with the aim of publishing conclusions in time to bring new policy to Conference in spring and autumn 2012. Work within Government is also continuing, though a final process for agreeing any new policy ideas has not yet

been agreed, so we cannot yet finalise a process for discussing any final product(s) with the Party. Danny Alexander and Norman Lamb expect to be able to update and discuss this process with the Party this autumn.

## NHS

One of the key issues facing the Party since Spring Conference has been reform of the NHS. Significant concerns were raised about the NHS reforms, by the Party through our Spring Conference, medical professionals and many others across the country. These concerns included, but were not limited to, fears about the role of competition opening up the entire NHS to the private sector, the role of GP commissioners, the lack of democratic accountability, and the pace of implementing reforms at a time of huge financial strain on the NHS and the public sector more widely.

In response to these concerns, the FE discussed the Health and Social Care Bill and the policy development process in Government, the mechanisms that are required for resolving issues, and the Party's negotiating position following conference. It also resolved to encourage backbench policy committees to develop policy.

Since these discussions, Nick Clegg and the Party argued in Government for significant changes to address the concerns and the Government has made necessary changes. A number of key demands made in our conference motion have been met directly, with the others achieved through alternative means.

## **Campaigns and Personnel**

### Elections

In the past year, Party members have been working hard on a variety of elections, including those for the Welsh Assembly and Scottish Parliament, local elections, two Parliamentary by-elections, and the electoral reform referendum. Although the outcomes may not have been what we had hoped for, the Campaigns and Communications Committee has, as ever, reviewed the elections and the FE discussed its findings in July.

In the meeting, wide-ranging conclusions were formed. CCC believe that the Party needs to rapidly improve its communications. There should be better integration of Government activity with Party communications and campaigns.

We all need to work harder to promote the Liberal Democrats as a distinct Party. Messages need to be robustly tested in advance, and finances ring-fenced for further message development work throughout campaigns. National issues should be tailored to local circumstances whenever possible.

Other conclusions reached concerned improving the Party's canvassing operation, doing more to keep activists motivated, improved communication of what resources are available from LDHQ, and getting more compelling messages into literature. Candidates need to be prepared to work hard throughout the year, not just during election periods. All candidates should be grounded in community politics.

There will be a consultative session at Party Conference for members to feed in their experience of the May elections and to hear more about the CCC's conclusions.

#### Campaigns Department Restructure

In May and June of this year a new structure was created for campaigns staff within the Elections & Skills department. The review saw a number of campaigns staff leave the Liberal Democrats. The FE would like to place on record its appreciation for all the hard work each has put into running campaigns over a number of years. Their tireless professionalism won the Party many seats it otherwise wouldn't have and we are all very grateful for their dedication and expertise.

Moving forward, the review has seen the formation of three centrally-resourced teams: Campaign Development, Ground Communications and Strategic Seat Campaigning.

We have a stated objective in the Party business plan of being at the cutting edge of campaigning by 2015, developing new areas of campaigning through the next four years. Levels of expertise and knowledge required to do this in a fast moving environment means we need to accommodate more specialisation whilst maintaining strong links on the ground. The previous arrangement was inflexible in terms of movement of staff to where they were most needed at any one time.

Since May 2010 several major projects have begun and are designed to ensure we are ahead of the game in campaigning at every level by 2015. These will require much more central effort in design, development, communication and training to derive the full benefit for campaigners:

- New campaign management system – design, implementation and training - and the considerable extensions to our campaigning techniques that this will allow.
- A full analysis of the potential boundary changes, input into the Boundary Commission process and work on the effect on individual seats.
- Fuller development of the Winning Teams project to enhance infrastructure in seats across the board as cited in the Party business plan will also require greater support.
- Increasing the reach and range of campaigns training beyond conference presentational training to encompass online, coaching and developmental work with volunteers and staff.

The strength of much of our campaigning in the past has been rooted in our closeness to the ground in our seats, our strong relationships and understanding of how to 'speak to' voters in a way that resonates locally. Whilst this move initially seems to militate against such activity, it remains an essential objective to develop a structure that fulfils all the above requirements but retains a structure that enables strong multi way links with regions, state parties, seats and campaigners on the ground.

From a staff perspective a desire has been articulated on several occasions for a clearer career progression model. We believe the new structure offers greater opportunity to develop specialisations in depth, to gain skills in a marketable form and to see a path to advancement and new challenges within the organisation.

### Campaign Management System

One of the lessons from the 2010 elections was that we did not have the systems in place to properly manage and take advantage of data. For example, within 24 hours of the first debate, tens of thousands of people had registered their support and willingness to help on the Party website, but we struggled to quickly get that information to local parties where it could really make a difference.

In order to address this the post-General Election review from the Campaigns and Communications Committee and the strategic plan approved by FE called for a thorough review of the Party's data and campaign management systems and software.

In November 2010 we approached three companies, including current provider EARS, that provide specialist political campaign software. Following an extensive pre-qualification process, all three companies took the opportunity in March 2011 to give demonstrations and presentations to a decision panel of 10 people representing users from across the Party – councillors, candidates, agents and organisers, and other experienced campaigners.

At the end of the process, the decision panel recommended unanimously that we work with Voter Activation Network, often known as VAN, as the preferred supplier to develop a customised system to suit UK politics and campaigning techniques. VAN demonstrated that it could provide a secure, reliable system that enabled campaigners to access the data they required when and where they needed it, could innovate and have the team in place to deliver a new system on time and back it up with ongoing development.

The new system offers the functionality we are all used to at the moment and all the information collected over the years will be preserved. In addition, a whole range of new tools and flexibility in the information we can record and how we use it will be available. To name but four features, the system offers an iPhone app, integrated Google-mapping, a virtual phonebank tool and a members and supporters module.

### Candidates

Following the 2010 Candidates Review commissioned by the FE and produced by Baroness Sal Brinton, and the approval of Motion F9 (*Improving the Diversity of our MPs*) at the Spring Conference 2011 in Sheffield, the FE has discussed the issues of candidate support and diversity. It has nominated three representatives (Jo Shaw, Elaine Bagshaw, and Ramesh Dewan) to join the reconstituted Joint State Candidates' Committee along with three State Candidate Chairs and Baroness Sal Brinton. This sub-group has been established to receive, approve, and monitor the implementation of the action plan for the Candidates' Review.

## Police Commissioners

In July the FE had a wide-ranging discussion about the selection of candidates directly-elected Police Commissioners. Although not yet enshrined in legislation, the Coalition Government has signified its intent to hold the first elections for these positions before 2015. FE discussed the importance of both getting candidates in place as quickly as possible, while at the same time ensuring due diligence in selection procedures. It has asked the English and Welsh parties to look at options for ensuring these two objectives are met.

## People Strategy

In April 2011 PricewaterhouseCoopers undertook a review of Liberal Democrat human resources policy and practice. As part of the Party's response to the review, the Federal Executive will take ownership of a People Strategy; setting out the key people, strategic themes, and objectives that the Party will need to deliver on to support its political and party strategy as outlined in the '*2015 Strategic Plan*'. This document will be central to the production of a new '*HR Strategy*' and '*2012 Business Plan*' for Party Headquarters in the year ahead.

## Kate Heywood

The FE would like to place on record its thanks to Kate Heywood, until June the Liberal Democrats' Party Governance Manager. In this role she provided invaluable support to the FE in addition to advising the Party President. We welcome Rachael Clarke as the new Federal and English Party Governance Officer.

## **Party Operations**

### Review of Party Organisations

The FE has recently carried out its constitutional duty to review Party organisations with Specified Associate Organisation (SAO) and Associate Organisation (AO) status. A working group led by Brian Orrell examined submissions from all groups (with the exception of DAGGER from whom no reply was received) and produced a conference motion based on the report.

The main objectives of the review were to judge SAOs and AOs against the criteria set out in the SAO and AO Regulations produced by the FE in August 2008, namely that they must:

- Fulfil the conditions of the Party Constitution in relation to clause 13.1 [of the Constitution] and, as appropriate, those defined for Local Parties in clause 4.6.
- Represent a clearly defined group of people who have a legitimate contribution to make to the Party's work.
- Be open to all members of the Party who fall within the group defined by the applicant's constitution or other governing instrument.
- Maintain full and accurate records of its transactions, including financial reports, in accordance with the rules for Local Parties.
- Be able to demonstrate a commitment to equality of opportunity.

In addition, to become an SAO, a body must:

- Except in the case of an SAO representing youth and/or students, consist entirely of members of the Party.
- Be defined by status (e.g. a social identity or professional group) rather than opinion (e.g. particular policies or areas of policy).
- Have a membership of no fewer than 250.
- Demonstrate a substantial contribution to the continuing work of the Party in areas such as campaigning, policy development and membership development.
- Have in place the appropriate administrative procedures and records to ensure compliance with the provisions of the PPERA, in line with the guidelines for Local Parties.

Organisations were judged against these criteria by submitting:

- A copy of their constitution,
- Their annual accounts for the last two years (or, for AOs, the latest set of accounts)
- A full and up-to-date membership list
- A short outline (no more than 250 words) outlining how the organisation meets the agreed criteria
- A strategic plan for the next five years (SAOs only)

The recommendations of this report then fell into the categories of 'renewal', 'provisional renewal', and 'suspension'. All groups that had submitted documents

by the report deadline were renewed either provisionally or unconditionally – suspension was reserved only for those from whom no documents were received. Subsequent to the submission of the report to the FE, several organisations provided the requested documents, and the motion to Conference may be amended at a later date to reflect this. Recommendations for specific SAOs and AOs are included in Appendix 1.

### Communications Plan for SAOs and Regions

Over the course of the year, a new communications strategy has been put in place in order to both provide SAOs and Regions with a more simple means of contact with the FE, and to allow the FE to more effectively communicate with these groups. To this end, the FE has followed the FPC's example and appointed the representatives listed in Appendix 2 to act as liaisons to Regions and SAOs.

### Committee Elections

As you will have seen from the conference agenda, the FE has reviewed the Committee Election Regulations and has proposed changes for your consideration at Conference.

The proposed changes can be summarised thus:

- the introduction of the use of electronic communications by the Acting Returning Officer (ARO) with voters, as per Leadership and Presidential elections;
- the introduction of an ARO-published e-mail and telephone contact for each candidate to encourage voter-candidate contact;
- the removal of the 'no endorsements' rule for the Interim Peers' Election, bringing said elections into line with the Committee, Leader and Presidential elections by allowing consent to manifesto endorsements;
- the removal of the ban on electronic campaigning as it is no longer enforceable;
- the removal of the specific question and answer requirements on the second side of the interim Peers' artwork.

### **Andrew Reeves**

It's with great sadness that we also have to report the loss of Andrew Reeves,

who died on 3<sup>rd</sup> June of a sudden heart attack, aged just 43.

Andrew had worked tirelessly for the party for many years, first in Twickenham in 2000, helping Vince Cable getting re-elected, then in Southwark doing the same in 2005 for Simon Hughes.

He then became a London Campaigns Officer, running Brian Paddick's bid for the mayoralty, before moving to Edinburgh in 2008 to become Scotland Campaign Director.

Andrew threw himself into each campaign with great determination, ensuring each of his teams retained a sense of perspective and fun. He was an extremely generous leader, inspiring huge devotion among colleagues who - like him - would always go the extra mile.

Many activists will know Andrew from his work running the exhibition halls each conference. His calmness under pressure and immense professionalism kept the show on the road on numerous occasions - skills learnt in a previous career as a catering manager. He was also a staple at the conference bar, holding forth with wisdom and humour into the small hours.

The affection Andrew was held in was reflected by the scores of people who travelled to Edinburgh for his funeral and the many more who came to London in July for a memorial service. The thoughts of the whole of FE are with his husband, Roger, and the rest of his family. He will be missed by all.

**Tim Farron**

**Party President and Chair of the Federal Executive**

**July 2011**

### **Appendix 1: SAO and AO Review Recommendations**

Included below are the recommendations from the FE as to the status of existing SAOs and AOs. They will be submitted to Conference for approval in Motion

#### **Renewed SAOs**

- Agents' and Organisers' Association
- ALDC (Association of Liberal Democrat Councillors)

- ALDES (Association of Liberal Democrat Engineers and Scientists)
- Liberal Youth
- PCA (Parliamentary Candidates' Association)
- WLD (Women Liberal Democrats)

**Provisionally Renewed SAOs (subject to conformity with minor compliance issues)**

- DELGA (Liberal Democrats' Lesbian and Gay Association)
- EMLD (Ethnic Minority Liberal Democrats)

**Suspended SAOs**

- Liberal Democrat Lawyers Association (*late submission*)

**Renewed AOs**

- Humanist and Secularist Liberal Democrats
- LDCF (Liberal Democrat Christian Forum)
- LDDA (Liberal Democrat Disability Association)
- LDEG (Liberal Democrat European Group)
- LDFAF (Liberal Democrat Friends of the Armed Forces)
- Liberal Democrat Friends of Israel
- Liberal Democrat Friends of Kashmir
- Liberal Democrat Friends of Pakistan
- Liberal Democrat Friends of Palestine
- Liberal Democrats for Peace & Security

**Provisionally Renewed AOs (subject to conformity with minor compliance issues)**

- Green Liberal Democrats
- LDEA (Liberal Democrat Education Association)
- Liberal International (British Group)

**Suspended AOs**

- ALDTU (Association of Liberal Democrat Trade Unionists) (*no submission*)
- DAGGER (*no submission*)

**Appendix 2: Regional and SAO Representatives**

Included below are the names, areas of responsibility, and e-mail addresses of representatives appointed by the FE to liaise with regions and SAOs.

## **Regions**

Devon and Cornwall – Chris White – [chriswhite@cix.co.uk](mailto:chriswhite@cix.co.uk)

East Midlands – Gerald Vernon-Jackson – [geraldvj@gmail.com](mailto:geraldvj@gmail.com)

East of England – Elaine Bagshaw – [esbagshaw@gmail.com](mailto:esbagshaw@gmail.com)

London – Jo Shaw – [joannashaw2011@gmail.com](mailto:joannashaw2011@gmail.com)

North East – Fiona Hall – [fiona.hall@europarl.europa.eu](mailto:fiona.hall@europarl.europa.eu)

North West – Qassim Afzal – [qassim.afzal@ntlworld.com](mailto:qassim.afzal@ntlworld.com)

South Central – Gerald Vernon-Jackson – [geraldvj@gmail.com](mailto:geraldvj@gmail.com)

South East – David Williams – [cllr.dwilliams@richmond.gov.uk](mailto:cllr.dwilliams@richmond.gov.uk)

Western Counties – Keith House – [keith.house@eastleigh.gov.uk](mailto:keith.house@eastleigh.gov.uk)

Yorkshire and Humber – Gordon Lishman – [gordon@lishman.co.uk](mailto:gordon@lishman.co.uk)

## **SAOs**

Agents and Organisers Association – Candy Piercy – [candy@candypiercy.org.uk](mailto:candy@candypiercy.org.uk)

ALDC (Association of Lib Dem Councillors) – Councillor Reps

ALDES (Association of Lib Dem Engineers and Scientists) – Evan Harris - -  
[drevanharris@gmail.com](mailto:drevanharris@gmail.com)

ALDTU (Association of Lib Dem Trade Unionists) – Ali Goldsworthy –  
[alison@alisongoldsworthy.co.uk](mailto:alison@alisongoldsworthy.co.uk)

DELGA (Lib Dem Lesbian and Gay Association) – David Rendel –  
[davidrendel@btinternet.com](mailto:davidrendel@btinternet.com)

EMLD (Ethnic Minority Lib Dems) – Ramesh Dewan –  
[rameshdewan@yahoo.com](mailto:rameshdewan@yahoo.com)

Lib Dem Lawyers' Association – Jonathan Davies -  
[jonathan.davies@libdems.org.uk](mailto:jonathan.davies@libdems.org.uk)

Liberal Youth – James Graham – [semajmaharg@gmail.com](mailto:semajmaharg@gmail.com)

PCA (Parliamentary Candidates' Association) – Brian Orrell –  
[brian.orrell@libdems.org.uk](mailto:brian.orrell@libdems.org.uk)

WLD (Women Liberal Democrats) – Sue Doughty - [sue@suedoughty.plus.com](mailto:sue@suedoughty.plus.com)

## Federal Finance Administration Committee

The FFAC committee, elected in January 2011 for a two year term, continues to monitor and report regularly to the Federal Executive on the Administration of the Party and its Finances (construed narrowly as the monies raised and spent by the Federal Party). As previously agreed the Committee now meets jointly with the Management Board of POLD (the Parliamentary Office of the Liberal Democrats).

### **2010 financial results**

As previously reported to Conference the Party's move into Government had a very significant impact on its finances. The loss of Short & Cranborne monies led to the need to restructure POLD's (Parliamentary Office of the Liberal Democrats) activities. During the period of restructuring it was necessary for the Federal Party to provide financial (cash) support to POLD of approximately £500,000. The restructuring also resulted in a transfer of some responsibilities such as research from POLD to the Federal Party.

The accounts of the Federal Party show a deficit for the year of £336,000 (against a budgeted deficit of £324,000) before the actuarial deficit on the closed final salary pension scheme of £123,000, which resulted from changes to the demographic assumptions affecting the cost of providing benefits.

This actuarial deficit of £123,000 was offset by the additional contributions of £40,000 the party made and the receipt (included in other income) of £290,000 from the merger of the scheme with another (the 1924 fund) that had assets but no members. The net result was to turn the deficit on the scheme of £127,000 into a surplus of £80,000.

Overall the Federal Party ended the year with net liabilities of £349,000. In addition POLD's accounts show net liabilities of £531,000.

### **Income**

Total Federal Party income rose by just over £3.1m (almost half) due to significantly higher donations (up £2m) and conference income (£400,000) as a result of increased attendance by observers and diplomats.

In addition membership and subscription fee income rose by about 15% reflecting the growth in membership numbers.

As noted above, other income included the receipt of £290,000 from the merger of the closed final salary pension scheme with another scheme. It also included approx. £120,000 from the sale of places on the general election Leader's tour.

Notional income represents work carried out on behalf of the party by third parties; the cost of which would otherwise be borne by the party i.e. it is a non-cash donation. The cost to the third party of this work is included in notional expenditure.

## **Expenditure**

Total expenditure increased by approx. £3.3m (almost 50%) with the biggest increase in campaign expenditure (up over £2.6m – more than double the 2009 figure). The other significant increase was in staff costs due to additional staff for the general election and the transfer of staff from POLD following the restructuring.

Expenditure also includes a provision (within premises and office costs) of £115,000 for the cost of rectifying the dilapidations at the 4 Cowley Street headquarters.

## **Cash**

During 2010 there was a net outflow of funds of £1.27m largely as a result of the deficit for the year and the need to provide financial support to POLD.

## **2011 activity**

As reported to spring conference the budget for 2011 is a joint one for the Federal Party and POLD. To the end of May the results are broadly in line with budget with better than expected fundraising income offsetting shortfalls in direct mail appeals income and membership income (federal levy) and higher than budgeted costs for the spring conference. The shortfalls in direct mail appeals income and membership income are expected to continue for the remainder of the year.

On the expenditure side both staff and non-staff costs are expected to be somewhat below budget for the full year.

The results for 2011 will be distorted by the accounting for the HQ office move. On the plus side this will allow the Party to write-back the provision for dilapidations (£115,000) but this will be more than offset by the surrender premium charge (£225,000).

The investment in the campaign management system will adversely affect the 2011 result but will provide the springboard for future improvements in campaigning across the Party.

It is also expected that the Party will benefit from the receipt of monies from the Methuen Fund of £300,000 sometime before autumn conference.

Allowing for these items (office move, campaign management system and Methuen funds) it is expected that there will be a surplus for the year of approx. £325,000 reducing the accumulated deficit to around £550,000.

## **2012 Budget**

The Constitution requires the FFAC to propose an outline budget for the next year for approval by Conference. This outline budget therefore has to be prepared several months before the FFAC or departmental heads have started serious work on the following year's budget, and at a stage when we have only five months of current year income and expenditure figures.

As for 2011 the 2012 budget will be a combined one for the Federal Party and POLD.

The 2011 budget included a number of non-recurring expenditure items without which the budget would have been for a surplus of £400,000. This will be offset by somewhat lower income and the on-going costs of the new campaign management system. The objective will be a further surplus of at least £200,000 to reduce the accumulated deficit. The current outline budget is for a surplus of £117,500 and as part of the detailed work on the budget that take will place in the autumn, in consultation with the relevant party bodies, the identification of additional income or expenditure savings will be necessary to meet the target surplus. The final budget will be agreed by the Federal Executive in December and reported to next spring's conference.

## **PPERA Compliance**

The number of accounting units filing accounts with the Electoral Commission as a result of their gross income or expenditure exceeding the £25,000 threshold was 128 compared to 98 sets of accounts for 2010. This consisted of 123 sets of accounts in the over £25,000 and 5 in the £250,000+ band. There were 5 sets of accounts that were over £25,000 in 2009 that fell below that threshold in 2010.

The Referendum Expenditure Returns for Wales and the Voting System as well as the Campaign expenditure returns for the Welsh and Scottish elections will be submitted at the beginning of August.

The new powers of the Electoral Commission in connection with issues relating to accounts donations and election expenses are now in force and we have dealt with some initial cases under the new procedures.

The declarations of donations made, statement of accounts submitted and campaign expenditure made by the Party can be viewed on the Electoral Commission's website at <https://pefonline.electoralcommission.org.uk/search/searchintro.aspx>

The Electoral Commission's records show that the Party has received more personal donations than the Labour Party, both in terms of numbers and amounts, in four of the last five reported quarters.

Finally, we would like to thank and wish well for the future, Paul Rustad our part time Compliance Officer who has helped Treasurers over the last 10 years since the introduction of PPERA and has recently retired.

## **Membership**

Over many Parliamentary cycles it has been apparent that membership recruitment and retention rates tend to be lower in a post-general election year and this regular trend is exacerbated in the current political environment. The renewal rates for first-year members, both on-line and locally recruited, are only slightly below what has historically been the case, but the fall-off in actual numbers is bigger because of the exceptional number of people who joined during the general election.

Although on-line membership activity continues to grow, the traditional work of local face-to-face recruitment and renewal and persuading members to switch to direct debit remains as important to the Party as ever.

### **Developing Membership Communications**

As well as continuing to develop email and on-line communications, changes have been made this year to print communications with members. In the past there have been two all-member mailings that featured an edition of Liberal Democrat News, a regional newsletter and the regional draw. It was felt that this mailing contained too many varied items to be effective and that there was a need to be in touch more frequently with members through a printed communication.

This mailing has therefore now been split into two separate mailings, both issued twice a year. Twice a year there will be a mailing with the regional draw and regional news and twice a year there will be a separate all-member Liberal Democrat News. These editions of Liberal Democrat News are now special one-off editions rather than one of the regular subscriber copies.

### **New Campaign Management System**

This autumn a new system to give campaigners a much greater range of campaign management tools is being introduced. The way the Party works with campaign data at the moment leads to many bottlenecks and inefficiencies as access to data has to go through a single point in each local campaign and separate tools are used to communicate activities and events.

The new system, with secure on-line access, will provide the opportunity to organise campaigning much more efficiently, make more effective use of the resources, and introduce new opportunities to develop campaign techniques.

### **Staff restructuring**

Since spring conference a review has been carried out of the Elections & Skills department to create new central campaigns teams covering Campaign Development, Ground Communications and Strategic Seat Operations. Between them they will develop cutting edge campaign techniques and messaging to disseminate to the wider party.

## **Office move**

The Party's search for new premises has been fruitful with successful negotiations for the release from its existing lease and the identification and negotiation of the lease on a single floor of 8-10 Great George Street, London SW1.

The new premises, being an open plan office on a single floor, offer a substantially better working environment than Cowley Street. It is expected that this will enable much more effective cross-departmental working with resulting efficiency gains.

It is also expected that the new premises will be substantially more Disability Discrimination Act compliant than the existing Cowley Street premises.

Over a five year period (what would have been the remaining lease on the Cowley Street premises) the move is financially neutral.

## **The Liberal Democrats (Trustees) Limited**

The accounts of the Liberal Democrats (Trustees) Limited are included within the reports to conference and the FFAC would like to thank the Trustees, chaired by Sir Ian Wrigglesworth, for their advice and assistance throughout the year.

## **Party Business**

Conference is asked to approve the outline budget for 2012, adopt the audited accounts for 2010 and to reappoint the Party's auditors, Mazars LLP.

Conference is further requested to confirm that:

- 1) The Party renew its overdraft facility for £1 million with the Royal Bank of Scotland
- 2) The President and the Chair of the Federal Finance & Administration Committee for the time being, on behalf of the Party and with the specific prior agreement of the FFAC, may agree the terms of the overdraft with the Royal Bank of Scotland, and that such delegation will also extend to the operation of the Party's bank accounts.
- 3) The President and Chair of the Federal Finance & Administration Committee are hereby indemnified by the Federal Party of the Liberal

Democrats for any personal commitments made to the bank but only insofar as they relate solely to this resolution.

**Duncan Greenland**  
**Chair, Finance & Administration Committee**  
**Registered Treasurer**  
**July 2011**

## Appendix A

### 2012 Outline Budget & 2011 budget

	2012 Outline budget £	2011 Budget	Notes
<b>Income</b>			
Direct mail appeals and standing orders	363,000	403,000	
Ministerial tithes	30,000	40,000	
LDCalling	220,000	220,000	
Fundraising income	901,000	764,000	1
POLD restricted income	120,000	120,000	
Federal levy	850,000	940,625	
Conference	1,760,000	1,716,000	
Lib Dem News	120,000	125,000	
Cross charges to state parties	405,000	405,422	
Policy Development Fund	450,000	457,000	
WFD Admin fees	60,000	60,000	
ELDR Grant income	18,000	18,000	
Affinity	32,000	32,500	
Interest receivable	0	0	
London Rent	0	10,500	
Regional draws	11,000	11,000	
	<u>5,340,000</u>	<u>5,323,047</u>	
<u>Cost of sales</u>			
Appeals costs	(70,000)	(70,000)	
Fundraising costs	(50,000)	(50,000)	
Conference	(606,000)	(562,525)	2
Lib Dem News	(120,000)	(115,000)	
	<u>(846,000)</u>	<u>(797,525)</u>	
<u>Net income</u>	4,494,000	4,525,522	

### Expenditure

<u>Staff costs</u>			3
Campaigns	583,000	580,740	
Office of the Chief Executive	306,500	295,126	
Commons Whips	73,500	73,257	
Conference	125,500	125,158	
Finance & Resources	268,500	292,499	
Fundraising Unit	132,000	138,369	
International	81,000	78,423	
LDCalling	158,000	158,000	
Lib Dem News	38,000	37,862	
Membership	260,000	259,870	
Policy	146,000	145,275	
Media & Communications	311,000	182,939	
Restructuring costs	0	150,000	
	<u>2,483,000</u>	<u>2,517,518</u>	

Departmental non-staff costs

Campaigns	146,000	145,600	
Office of the Chief Executive	25,000	25,100	
Conference	15,000	15,000	
Finance & Resources	458,000	567,200	4
International	3,000	3,000	
LDCalling	11,000	11,000	
Membership	49,500	49,500	
Media & Communications	67,500	67,300	
Policy	36,500	36,550	
Fundraising	2,000	1,000	
Commons Whips	10,500	10,300	
	<u>824,000</u>	<u>931,550</u>	

Campaigns & Development

0 0

Campaigns & elections

492,000 363,100 5

Central costs

Depreciation	60,000	1,500	6
Organisational staff costs	23,000	23,200	

Communications	46,000	46,190	
1975 Pension scheme	41,000	40,800	
Audit fees	19,500	19,500	
Bank charges	60,000	72,000	7
Irrecoverable VAT	45,000	45,000	
Committee expenses	50,000	31,500	8
Services to MPs	33,500	33,500	
Grants to party units	154,500	154,753	
Grants to Scotland & Wales	45,000	45,000	
	<u>577,500</u>	<u>512,943</u>	
Total expenditure	4,376,500	4,325,111	
<b>Surplus for the period</b>	<u>117,500</u>	<u>200,411</u>	

## Notes to the 2012 outline budget

- 1) Fundraising income includes donations to fund specific posts within the Office of the Chief Executive and the Media & Communications Department.
- 2) Conference costs will be over budget for 2011 due to the additional security costs at Spring Conference, It is expected that this will recur in 2012.
- 3) Changes in staff costs reflect the restructuring of the Campaigns Department and the additional posts that are being funded by donors.
- 4) The lower non-staff costs for the Finance & Resources Department reflect the lower rent charge due to the 2 year rent free period on the new premises, that no provision will be needed for dilapidations and the fact that the 2011 budget included £40,000 to upgrade the IT infrastructure and £10,000 to improve the security of the Cowley Street premises, neither of which will be needed in 2012.
- 5) Campaigns & Elections costs are increased by the Federal Party's share of the on-going costs of the campaign management system.
- 6) Depreciation includes the amortisation of the fit-out costs of the new Lib Dem HQ and the upgrade to the Conference Office IT systems.
- 7) Bank charges will be lower in 2012 reflecting the lower average level of the Party's overdraft.
- 8) Committee expenses will be higher in 2012 as there will be the biennial elections to the Federal committees.



The Liberal Democrats (The Federal Party)

Reports and Financial Statements

Year Ended

31 December 2010

“The Liberal Democrats exist to build and safeguard a free, fair and open society, in which we balance the fundamental values of liberty, equality and community and in which no-one shall be enslaved by poverty, ignorance or conformity.”

Preamble to the Federal Party constitution.

## **Contents**

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10	Statement of total recognised gains and losses
11	Balance sheet
12	Cash flow statement
13	Notes forming part of the financial statements

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## **Party Officers**

### Registered Officers under PPERA

Leader: Rt. Hon. Nick Clegg MP  
Registered Treasurer: Duncan Greenland  
Nominating officer: Sarah Morris  
Campaigns officer: Chris Fox  
Deputy campaigns officer: Martin Hayman  
Deputy campaigns officer: Joanne Foster

### Other Officers

Party President: Baroness Ros Scott to Dec 2010  
Party President: Tim Farron MP from Jan 2011  
Vice President: Jonathan Davies  
Vice President: Craig Harrow  
Vice President: Prof John Last CBE

Treasurer:	Lord Clement-Jones	to Dec 2010
Treasurer:	Richard Duncalf	from Jan 2011
Chief Executive:	Chris Fox	

The Party Leader is elected by a postal ballot of all members in accordance with Article 10 of the constitution. The Party President is elected for a 2-year term by a postal ballot of all members of the Party in accordance with Article 12.1 of the constitution.

### **Party Headquarters**

4 Cowley Street, London, SW1P 3NB

### **Auditors**

Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD

### **1. *Administrative information***

### **Committees**

The following committees operate within The Liberal Democrats (The Federal Party) ("the Federal Party", "the Party") to oversee and manage the organisation's business. The terms of reference for each committee are contained within the party's constitution. The Chairs of the respective committees are:

Federal Executive – Baroness Ros Scott	to Dec 2010
Federal Executive – Tim Farron MP	from Jan 2011
Campaigns & Communications – Willie Rennie	to Sept 2010
Campaigns & Communications – James Gurling	from Sept 2010
Federal Policy – Norman Lamb MP	
Federal Finance and Administration – Duncan Greenland	
International Relations – Robert Woodthorpe-Browne	

Federal Conference – Duncan Brack 2010	to	May
Federal Conference – Andrew Wiseman	from	May 2010

Conference is the sovereign representative body of the Party with the power to determine its policies. In addition to setting the Party's policies, Conference also receives reports from the federal committees and parliamentary and European parliamentary parties. Membership of Conference is defined by article 6.1 of the constitution.

Conference is organised by the Federal Conference Committee (FCC), membership of which is defined by article 6.10 of the constitution.

Between conferences the Federal Policy Committee (FPC) is responsible for researching, developing and overseeing the policy making process. Membership of the FPC is defined by article 7.2 of the constitution.

The Federal Executive (FE) is responsible for directing, co-ordinating and implementing the work of the Federal Party. Membership of the FE is defined by article 8.1 of the constitution.

The Federal Finance & Administration Committee (FFAC) is a sub-committee of the FE responsible for the planning and administration of the budget and finances of the Federal Party, directing the administration of the Federal Party and ensuring compliance of the Party at all levels with the provisions of the Political Parties, Elections and Referendums Act 2000 as amended by the Electoral Administration Act 2009. The FFAC is also responsible for the appointment of the Federal Party's auditors and ensuring that there are adequate financial controls and systems in place. Membership of the FFAC is defined by article 8.2 of the constitution.

The Campaigns & Communications Committee (CCC) exists to co-ordinate the Party's national campaigns and communications strategy. Membership

consists of a Chair elected biannually by the FE, the Party President, Party Leader, Chief Whip and two members directly elected by the FE.

The International Relations Committee (IRC) is responsible for the Party's international liaison. Its membership consists of representatives of the state and parliamentary parties, Liberal Youth, Liberal International British Group, European Liberal Democrats and Reform Group and individuals elected by Conference representatives.

The Chief Officer's Group (COG) was established to co-ordinate the work of the Federal, English & Parliamentary Parties. The COG is chaired by the Party Leader and consists of the Chairs of the FFAC, FCC, CCC, The Parliamentary Office of the Liberal Democrats (POLD), representatives of the English, Scottish & Welsh parties, the Federal Party's President and Treasurer, and Chief Executive. Its role is to contribute towards setting and reviewing the strategic objectives of the Party and ensure its effective execution including overall preparations for elections, presentation, image and media relations, and planning and monitoring the budget and finances of the Party.

The Party Trustees perform the role of an Audit & Compliance Board including meeting with the auditors and receiving their reports, and ensuring compliance with the Party's procedures for the acceptance of significant donations including consideration of the dangers to the Party's reputation as well as strict legal compliance with the Political Parties, Elections and Referendums Act 2000 as amended by the Electoral Administration Act 2009.

### **Elected representatives**

The Party's 57 elected members of the Westminster and European Parliaments are shown at Annex A. In addition there are 92 Liberal Democrat members of the House of Lords, five Liberal Democrat members of the Scottish Parliament, five Liberal Democrat members of the Welsh Assembly and three Liberal Democrat members of the Greater London

Authority. As of May 2011 there were approximately 3,600 Liberal Democrat Councillors. There are also two directly elected Liberal Democrat Mayors.

## **Staffing**

The principal permanent members of staff are:

Chief Executive – Chris Fox	
Director of Elections & Skills – Hilary Stephenson	
Director of Finance & Resources – Nigel Bliss ACA	
Director of Membership & Development – David Loxton	
HQ Director – Lord Stoneham	to Jan 2011
Chief of Staff – Tim Snowball	from Dec 2010

## **Membership**

As at 31 December 2010 there were 65,038 members of the Party (2009 – 58,768).

## **Accounting Units**

The Party now has 495 accounting units registered with the Electoral Commission.

## **2. *Review of political activities***

### **General Election**

At the General Election held on 6 May 2010 the Party increased its share of the vote to 23% and won 57 seats including gaining seats from the Conservatives for example, in Eastbourne and from Labour, for example in, Redcar and Burnley.

Following negotiations and overwhelming agreement from the Parliamentary Party, the Federal Executive and a Special Conference, the Party entered into a Coalition Government with the Conservative Party. The Rt. Hon. Nick Clegg MP became Deputy Prime Minister with four colleagues joining him in the Cabinet. Additionally Liberal Democrat Ministers were appointed in nearly all Government departments.

One element of the Coalition Agreement, which sets out the Government's programme is that it makes provision for the introduction of fixed-term parliaments. This means that the next General Election is expected to be in 2015.

One consequence of moving into the Government was the loss of Short and Cranborne funding that is on offer to opposition parties.

## **Conferences**

The Party held three conferences during the year:

- Spring
- Special
- Autumn

### **Spring**

The 2010 Spring Conference predated the General Election and was held in Birmingham with the debates covering issues ranging from the detention of children in immigration centres to support for manufacturing and a green economy.

### **Special**

Immediately after the General Election a Special Conference was convened in Birmingham at three days' notice. Some 1500 conference representatives debated and approved the Coalition Agreement that had been secured by the Liberal Democrat negotiating team.

## **Autumn**

For the Autumn Conference the Party returned to Liverpool for the first ordinary conference following the move into Government. This meant the conference welcomed, for the first time in more than 60 years, a Liberal Democrat Deputy Prime Minister and many Ministers. In the debates the Party reiterated its distinctive stance on a number of issues. This conference saw attendance of a record number of media and observers.

## **Policy development**

Since the move into Government the Party has retained its identity as a radical, progressive party and at the heart of this is its strong policy development function. This strength was, in part evidenced by the consultative sessions covering such issues as health care, the role of the voluntary sector and intellectual property rights.

### **3. *Financial Review***

The Federal Party produced a deficit for the year of £335,611 against a budgeted deficit of £323,763. In addition there was an actuarial loss on the closed final salary pension scheme of £123,000 with the result that the Party ended the year with net liabilities of £348,960 (equivalent to about three weeks' income).

The result for the year was heavily affected by the income and expenditure relating to the General Election, with donations more than £2m higher than in 2009, and expenditure more than doubled to over £5m.

Two notable features of the income were the substantial increase in membership income as membership numbers rose by more than 10%, and conference income, which benefited from a very significant increase in the number of observers.

On the expenditure side the increase in staff costs was partly due to higher staffing for the election period but was more related to the additional number of staff taken on to cover functions previously carried out by POLD.

**Duncan Greenland**

**Registered Treasurer**

**27 June 2011**

The Registered Treasurer of the Party is required by the Political Parties, Elections and Referendums Act 2000 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Party and of its surplus or deficit for that period. In preparing those financial statements, the Registered Treasurer is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Party will continue in business.

Section 41 of the Act requires that the Registered Treasurer is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Party at that time and to enable him to ensure that the financial statements comply with the Act. He is also responsible for safeguarding the assets of the Party and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Section 43 of the Act requires that the Treasurer is responsible for delivery of the statement of accounts to the Electoral Commission by the required deadline.

We have audited the financial statements of the Liberal Democrats (The Federal Party) for the year ended 31 December 2010 which comprise the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

*Respective responsibilities of Registered Treasurer and auditors*

The responsibilities of the Registered Treasurer for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Registered Treasurer's Responsibilities.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the Federal Conference of the Liberal Democrats in accordance with Section 43 of the Political Parties, Elections and Referendums Act 2000. Our audit work has been undertaken so that we might state to the Conference those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Federal Conference, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out therein and the requirements of the Political Parties, Elections and Referendums Act 2000. We also report to you if, in our opinion, the Report of the Party Officers is not

consistent with the financial statements, if the party has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Report of the Party Officers and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information contained in the annual report.

### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Registered Treasurer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the party's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the party's affairs as at 31 December 2010 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

Independent Auditors' Report to  
The Federal Conference of The Liberal Democrats (The Federal Party)

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- have been prepared in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.

Nigel Grummitt (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

*Tower Bridge House*

*St Katharine's Way*

*London*

*E1W 1DD*

27 June 2011

The Liberal Democrats (The Federal Party)  
Income and Expenditure Account  
For the year ended 31 December 2010

	Note	Total 2010 £	Total 2009 £
<b><u>Income</u></b>			
Donations		<b>4,677,591</b>	2,670,454
Membership and subscription fees		<b>1,028,473</b>	890,352
Newspaper income	11	<b>133,827</b>	135,085
Affinity income		<b>53,227</b>	40,427
Grants	5	<b>467,317</b>	453,109
Conference income	10	<b>1,563,160</b>	1,130,910
Investment income	6	<b>308</b>	1,863
Notional income	7	<b>85,311</b>	11,411
Recharges to party bodies	12	<b>935,340</b>	991,199
Other	8	<b>692,800</b>	172,203
		<b><u>9,637,354</u></b>	<b><u>6,497,013</u></b>
<b><u>Expenditure</u></b>			
Conference expenditure	10	<b>532,376</b>	588,647
Newspaper expenditure	11	<b>100,838</b>	99,670
Fund raising expenditure		<b>173,396</b>	114,693
Depreciation and amortisation	4	<b>16,338</b>	13,319
Campaign expenditure		<b>5,066,284</b>	2,433,325
Staff costs	2	<b>2,451,348</b>	1,869,697
Premises & office costs		<b>789,620</b>	710,520
Interest payable and bank charges	9	<b>76,050</b>	44,374
Notional expenditure	7	<b>85,311</b>	11,411
Grants to party bodies	13	<b>410,974</b>	392,258
Expenditure recharged to other party bodies		<b>127,266</b>	113,611
Charges from other party bodies		<b>76,631</b>	215,708
Audit fees	4	<b>19,169</b>	13,000

The Liberal Democrats (The Federal Party)  
Income and Expenditure Account  
For the year ended 31 December 2010

Bad debt provision		-	2,608
Other		<b>47,476</b>	56,248
		<b>9,973,077</b>	6,679,089
<b>Deficit before taxation</b>		<b>(335,723)</b>	(182,076)
Taxation	14	<b>112</b>	(391)
<b>Deficit for the year</b>		<b>(335,611)</b>	(182,467)

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

The Liberal Democrats (The Federal Party)  
Statement of total recognised gains and losses  
For the year ended 31 December 2010

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	<b>Note 2010</b>	2009
	£	£
Deficit for the financial year	<b>(335,611)</b>	(182,467)
Actuarial loss on pension scheme	<b>(123,000)</b>	(165,000)
Total recognised gains and losses for the year	<u><b>(458,611)</b></u>	<u>(347,467)</u>

The Liberal Democrats (The Federal Party)  
Balance Sheet as at 31 December 2010

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	Note	2010	2010	2009	2009
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	15		<b>26,839</b>		43,177
<b>Current assets</b>					
Debtors	17	977,508		645,101	
Cash at bank and in hand		24,373		566,772	
		<u>1,001,881</u>		<u>1,211,873</u>	
<b>Creditors: amounts falling due</b>					
<b>within one year</b>	18	<u>(1,342,680)</u>		<u>(1,018,399)</u>	
<b>Net current (liabilities)/assets</b>			<b><u>(340,799)</u></b>		<b><u>193,474</u></b>
<b>Total assets less current liabilities</b>			<b><u>(313,960)</u></b>		<b><u>236,651</u></b>
<b>Provision for liabilities and charges</b>	19		<b>(115,000)</b>		-
<b>Pension surplus/(deficit)</b>	20		<b>80,000</b>		(127,000)
<b>Net (liabilities)/assets</b>			<b><u>(348,960)</u></b>		<b><u>109,651</u></b>

The Liberal Democrats (The Federal Party)  
Balance Sheet as at 31 December 2010

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**Reserves**

		<b>(393,96</b>	
General Fund	21	<b>0)</b>	34,651
Reserve Fund 1	21	<b>45,000</b>	45,000
Reserve Fund 2	21	-	30,000
		<u><b>(348,96</b></u>	
<b>Total Funds</b>		<u><b>0)</b></u>	<u>109,651</u>

The financial statements were approved by the Federal Finance & Administration Committee on 27 June 2011

Duncan Greenland  
**Registered Treasurer**

The Liberal Democrats (The Federal Party)  
**Cash Flow Statement**  
**For the year ended 31 December 2010**

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	Note	2010 £	2009 £
<b>Net cash outflow from operating surplus before returns on investments and servicing of finance</b>	24	<b>(1,269,751)</b>	(232,283)
<b>Returns on investment and servicing of finance</b>			
Interest received		<b>308</b>	1,863
<b>UK Tax paid</b>		<b>(391)</b>	(8,965)
<b>Capital expenditure and financial investment</b>			
Payment to acquire tangible fixed assets		-	(40,714)
<b>Decrease in cash</b>	25	<b><u>(1,269,834)</u></b>	<b><u>(280,099)</u></b>

## **1 Accounting policies**

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards and the principles set out in the Electoral Commission's 'Statement of Accounts Guidance Notes'.

The following principal accounting policies have been applied:

### **Income recognition**

Income is recognised when all of the following conditions have been met:

- The Party is entitled to the asset;
- There is reasonable certainty that the asset will be received; and
- The value of the asset can be measured with reasonable certainty.

Applying these criteria to specific types of income results in the following treatment:

- Donations of monetary assets and liquid investments are recognised in the income and expenditure account on receipt. Donations of notional income are recognised on receipt at the relevant market value of the donation received with an expense of the same amount being recognised contemporaneously.
- Grants are recognised in the income and expenditure account when the conditions for receipt have been met.
- Membership and subscription fees are recognised on a receipts basis.
- Legacies are recognised when the personal representatives of the deceased have notified the Party of the legacy, they have obtained grant

of representation and there are no significant matters outstanding concerning the precise division of the estate.

- Newspaper and conference income, and the State Party Levy are recognised on an accruals basis.
- Interest receivable is recognised in the income and expenditure account on an accruals basis.

## **Depreciation**

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	5 years
Computer equipment	-	3 years
Bespoke computer software	-	5 years
Office equipment	-	3-5 years

## **1 Accounting policies (continued)**

### **Basis of preparation**

The Liberal Democrats (The Federal Party) is a federation constituted by the Scottish Liberal Democrats, the Welsh Liberal Democrats (Democratiaid Rhyddfrydol Cymru) and the Liberal Democrats in England (the State Parties). The Liberal Democrats in England is a federation of the Regional Parties in England. The Regional Parties comprise a number of Local Parties.

These financial statements deal solely with the activities of the Federal Party as set out in Article 2 of the Constitution of the Federal Party. They do not include

the income, expenditure, assets or liabilities of the State, Regional, Local Parties, or any other bodies.

The financial statements have been drawn up on the going concern basis, which the Federal Executive regard as appropriate due to the on-going support of party members.

### **Recharged expenditure**

The Federal Party meets the majority of the overheads incurred by the English State Party and some of those incurred by POLD (the Parliamentary Office of the Liberal Democrats) and the Scottish and Welsh State Parties. These costs are recovered through the Federal Party recharge.

### **Leased assets**

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

### **Pension benefit**

Defined benefit pension scheme:

Pension liabilities are measured at their present value using the projected unit method in accordance with actuarial assumptions that are reviewed at each balance sheet date. Pension assets are measured at fair value. The net pension liability or asset, after deferred tax, is recognised in the balance sheet.

The service cost of providing pension benefits to employees for the year is charged to the income and expenditure statement. A charge representing the

unwinding of the discount on the scheme liabilities during the year is included within other finance charges.

Defined contribution scheme:

Contributions to the Party's defined contribution pension scheme are charged to the income and expenditure account in the year in which they become payable.

## 2 Employees

	<b>2010</b>	2009
	<b>£</b>	£
Staff costs consist of:		
Wages and salaries	<b>1,771,867</b>	1,344,814
Social security costs	<b>176,795</b>	131,856
Other pension costs	<b>130,252</b>	90,515
Other staff costs	<b>372,434</b>	302,512
	<u><b>2,451,348</b></u>	<u>1,869,697</u>
	<u><u><b>2,451,348</b></u></u>	<u><u>1,869,697</u></u>

Other staff costs includes recruitment, training, travel and other staff costs.

The average number of employees during the year was as follows:

	<b>2010</b>	2009
	<b>Number</b>	Number
	56	46
	<u>56</u>	<u>46</u>
	<u><u>56</u></u>	<u><u>46</u></u>

## 3 Registered Party Officers

None of the Registered Officers under PPERA or Committee Chairs received any remuneration in that capacity in 2010 (2009 - £nil).

**4 Deficit before tax**

	<b>2010</b>	2009
	£	£
This has been arrived at after charging:		
Auditors' remuneration - audit services	19,169	13,000
Operating lease charge - property	225,000	225,000
- equipment	19,214	32,285
Depreciation	16,338	13,319
	<u>          </u>	<u>          </u>

**5 Grants received**

	<b>2010</b>	2009
	£	£
Policy development grant	467,317	453,109
	<u>          </u>	<u>          </u>

**6 Investment income**

	<b>2010</b>	2009
	£	£
Interest receivable	308	1,863
	<u>          </u>	<u>          </u>

## 7 Notional income and expenditure

	<b>2010</b>	2009
	£	£
This comprises:		
Services	85,311	11,411
	<u>          </u>	<u>          </u>

## 8 Other income

	<b>2010</b>	2009
	£	£
Westminster Foundation for Democracy management fee	76,883	81,880
Treasurer's Unit income	136,223	53,223
General Election Leader's tour and manifesto sales	156,700	-
Miscellaneous income	32,994	37,100
Receipt from merger of pension funds	290,000	-
	<u>          </u>	<u>          </u>
	<u>692,800</u>	<u>172,203</u>
	<u>          </u>	<u>          </u>

**9 Interest payable and similar charges**

	<b>2010</b>	2009
	£	£
Bank charges	71,352	44,374
Interest payable	4,698	-
	<u>76,050</u>	<u>44,374</u>
	<u><u>76,050</u></u>	<u><u>44,374</u></u>

**10 Surplus on conferences**

	<b>2010</b>	2009
	£	£
Income	1,563,160	1,130,910
Expenditure		
Direct costs	532,376	588,647
Premises & office costs	29,167	18,356
Staff costs	158,583	150,919
Increase in bad debt provision	-	2,775
	<u>720,126</u>	<u>760,697</u>
Total expenditure	720,126	760,697
	<u>843,034</u>	<u>370,213</u>
Surplus for the year	<u><u>843,034</u></u>	<u><u>370,213</u></u>

**11 Deficit on Liberal Democrat News**

	<b>2010</b>	2009
--	-------------	------

The Liberal Democrats (The Federal Party)  
Notes forming part of the Financial Statements  
For the year ended 31 December 2010

	£	£
Income	133,827	135,085
Expenditure		
Direct costs	100,838	99,670
Premises & office costs	1,544	1,652
Staff costs	40,659	43,157
Bad debt provision	-	(167)
	<u>          </u>	<u>          </u>
Total expenditure	143,041	144,312
	<u>          </u>	<u>          </u>
Deficit for the year	(9,214)	(9,227)
	<u>          </u>	<u>          </u>

**12 Recharges to party bodies**

	<b>2010</b>	2009
	£	£
Fixed cross charge to State Parties	430,588	422,011
Variable cross charge to State Parties	94,989	82,619
Charges to other party bodies	409,763	486,569
	<u>          </u>	<u>          </u>
	935,340	991,199
	<u>          </u>	<u>          </u>

### 13 Grants to party bodies

	<b>2010</b>	2009
	£	£
Grants to Specified Associated Organisations	133,080	124,459
Grants to other party bodies	277,894	267,799
	<u>410,974</u>	<u>392,258</u>
	<u><u>410,974</u></u>	<u><u>392,258</u></u>

### 14 Taxation on deficit from ordinary activities

	<b>2010</b>	2009
	£	£
Prior year over provision	(176)	-
Taxation on party's investment income	64	391
	<u>(112)</u>	<u>391</u>
	<u><u>(112)</u></u>	<u><u>391</u></u>

## 15 Tangible assets

	<b>Computer Hardware £</b>	<b>Computer Software £</b>	<b>Office Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<i>Cost</i>					
At 1 January 2010	81,750	176,289	220,323	21,120	499,482
Additions	-	-	-	-	-
At 31 December 2010	<b>81,750</b>	<b>176,289</b>	<b>220,323</b>	<b>21,120</b>	<b>499,482</b>
<i>Depreciation</i>					
At 1 January 2010	81,750	176,289	177,146	21,120	456,305
Charge for the year	-	-	16,338	-	16,338
At 31 December 2010	<b>81,750</b>	<b>176,289</b>	<b>193,484</b>	<b>21,120</b>	<b>472,643</b>
<i>Net book value</i>					
At 31 December 2010	-	-	<b>26,839</b>	-	<b>26,839</b>
At 31 December 2009	-	-	43,177	-	43,177

## 16 Accounting units and similar affiliated organisations

The Liberal Democrats (The Federal Party) is constituted under section 26 of the Political Parties, Elections and Referendums Act 2000 as a central organisation with accounting units.

There are 495 registered accounting units. Details of these units are available from party headquarters.

**17 Debtors**

	<b>2010</b>	2009
	£	£
Trade debtors	596	-
Amounts owed by Liberal Democrat related entities	712,406	288,245
Other debtors	110,637	63,529
Prepayments and accrued income	153,869	293,327
	<u>977,508</u>	<u>645,101</u>
	<u><u>977,508</u></u>	<u><u>645,101</u></u>

**18 Creditors: amounts falling due within one year**

	<b>2010</b>	2009
	£	£
Amounts owed to Liberal Democrat related entities	107,994	83,708
Trade creditors	4,650	-
Other taxation and social security	61,721	91,941
Corporation tax	64	567
Other creditors	27,877	33,791
Accruals and deferred income	312,939	708,392
Other loans	100,000	100,000
Bank overdraft	727,435	-
	<u>1,342,680</u>	<u>1,018,399</u>
	<u><u>1,342,680</u></u>	<u><u>1,018,399</u></u>

## 19 Provision for liabilities and charges

	<b>Dilapidations £</b>
Balance at 1 January 2010	-
Movement in provision	115,000
Balance at 31 December 2010	<u>115,000</u>

The lease on the Party's current property includes a clause requiring the Party to have kept the property in good repair and condition at the expiration of the lease period in February 2016. As a result of a survey carried out in January 2011 it was estimated that this would cost £115,000 given the assessment of the property at that date. The Party had previously created a Reserve Fund for this purpose, which has been transferred back into the General Fund (note 21) during the year.

## 20 Pension surplus

	<b>Pension surplus £</b>
Balance at 1 January 2010	(127,000)
Movement in pension deficit	207,000
Balance at 31 December 2010	<u>80,000</u>

## 21 Reconciliation of movements in funds

	<b>General Fund £</b>	<b>Reserve Fund 1 £</b>	<b>Reserve Fund 2 £</b>	<b>Total £</b>
At 1 January 2010	34,651	45,000	30,000	109,651
Deficit for the year	(335,611)	-	-	(335,611)
Actuarial loss on pension scheme	(123,000)	-	-	(123,000)
Transfers between funds	30,000	-	(30,000)	-
At 31 December 2010	<u>(393,960)</u>	<u>45,000</u>	<u>-</u>	<u>(348,960)</u>

The Reserve Funds represent amounts set aside for designated activities determined by FFAC.

## 22 Capital commitments

There are no contracted capital commitments not provided for in the accounts (2009: £nil).

## 23 Lease commitments

Operating lease payments that the Party is committed to making in the year ending 31 December 2010 are:

	<b>2010</b>	2009	<b>2010</b>	2009
	£	£	£	£
Operating leases which expire:				
	<b>Land &amp; Buildings</b>	Land & Buildings	<b>Other</b>	Other
Within 1 year	-	-	3,700	4,059
Within 2 to 5 years	-	-	11,454	3,700
After 5 years	225,000	225,000	-	-
	<u>225,000</u>	<u>225,000</u>	<u>15,154</u>	<u>7,759</u>
	<u><u>225,000</u></u>	<u><u>225,000</u></u>	<u><u>15,154</u></u>	<u><u>7,759</u></u>

## 24 Net cash outflow from operating deficit before tax, returns on investment and servicing of finance

	<b>2010</b>	2009
	£	£
Operating deficit before taxation	(335,723)	(182,076)
Depreciation	16,338	13,319
Increase in debtors	(332,407)	(37,674)

The Liberal Democrats (The Federal Party)  
Notes forming part of the Financial Statements  
For the year ended 31 December 2010

(Decrease)/Increase in creditors		
due within one year	(402,651)	69,011
Increase in provisions	115,000	-
Difference between pension charge and cash contributions	(330,000)	(93,000)
	_____	_____
Net cash outflow from operating deficit before tax	(1,269,443)	(230,420)
Investment income	(308)	(1,863)
	_____	_____
	(1,269,751)	(232,283)
	=====	=====

**25 Reconciliation of net cash outflow to movement in net funds**

	<b>2010</b>	2009
	£	£
Decrease in cash in the year	<b>(1,269,834)</b>	(280,099)
Loans converted to donations		- 250,000
		_____
Change in net debt resulting from cash flows (30,099)		<b>(1,269,834)</b>
Opening net funds	<b>466,772</b>	496,871
	_____	_____
Closing net funds	<b>(803,062)</b>	466,772
	=====	=====

## 26 Analysis of net funds

	<b>At</b>	<b>At</b>	
	<b>1 January</b>	<b>31 December</b>	
	<b>2010</b>	<b>Cash flow</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	566,772	(542,399)	24,373
Loans	(100,000)	-	(100,000)
Bank overdraft	-	(727,435)	(727,435)
<b>Net funds</b>	<b>466,772</b>	<b>(1,269,834)</b>	<b>(803,062)</b>

## 27 Pensions

The Party sponsors the Liberal Headquarters 1975 Retirement Fund which is a funded defined benefit arrangement. A full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 April 2007 and updated on an approximate basis to 31 December 2010.

The total contributions made by the employer over the period have been £108,659, equivalent to approximately 56% of pensionable salary and special contributions of £6,600 payable monthly until June 2010 when, in anticipation of the merger with the Liberal Headquarters Pension Fund (1924), all contributions ceased.

The best estimate of contributions to be paid by the employer to the scheme for the accounting year beginning after 31 December 2010 is £nil.

**Present values of scheme liabilities, fair value of assets and deficit**

	<b>31/12/10</b>	31/12/09	31/12/08
	<b>£'000s</b>	£'000s	£'000s
Fair value of scheme assets	<b>1,117</b>	663	579
Present value of scheme liabilities	<b>857</b>	790	634
Unrecognised surplus	<b>180</b>	-	-
Surplus/(deficit) in scheme	<b>80</b>	(127)	(55)

As all actuarial gains and losses are recognised, the surplus shown above is that recognised in the balance sheet.

**Reconciliation of opening and closing balances of the present value of the scheme liabilities**

	<b>Period ending 31/12/10</b>	Period ending 31/12/09
	<b>£'000s</b>	£'000s
Scheme liabilities at start of period	<b>790</b>	634
Current service cost	<b>14</b>	13
Interest cost	<b>45</b>	40
Actuarial losses	<b>8</b>	103
Benefits paid, death in service insurance premiums and expenses	-	-
Scheme liabilities at end of period	<b><u>857</u></b>	<u>790</u>

**Reconciliation of opening and closing balances of fair value of scheme assets**

	<b>Period ending 31/12/10 £'000s</b>	Period ending 31/12/09 £'000s
Fair value of scheme assets at start of period	<b>663</b>	579
Expected return on scheme assets	<b>46</b>	34
Actuarial gains/(losses)	<b>65</b>	(62)
Contributions by employer	<b>343</b>	112
Benefits paid, death in service insurance premiums and expenses	-	-
Fair value of scheme assets at end of period	<u><b>1,117</b></u>	<u>663</u>

The actual return on the scheme assets over the period ending 31 December 2010 was £111,000.

**Total expense recognised in income and expenditure account**

	<b>Period ending 31/12/10 £'000s</b>	Period ending 31/12/09 £'000s
Current service cost	<b>14</b>	13
Interest cost	<b>45</b>	40
Expected return on scheme assets	<b>(46)</b>	(34)
Total expense recognised in income and expenditure account	<u><b>13</b></u>	<u>19</u>

**Statement of total recognised gains and losses**

	<b>Period ending 31/12/10 £'000s</b>	Period ending 31/12/09 £'000s
Difference between expected and actual return on scheme assets: gain/(loss)	<b>65</b>	(62)
Experience gains and losses arising on the scheme liabilities: gain/(loss)	<b>72</b>	(8)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: gain/(loss)	<b>(80)</b>	(95)
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable	<b>(180)</b>	-
Total amount recognised in statement of total recognised gains and losses: gain/(loss)	<b>(123)</b>	(165)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since 1 January 2004 is (£212,000).

## Assets

	<b>31/12/10</b>	31/12/09	31/12/08
	<b>£'000s</b>	£'000s	£'000s
Equities	<b>230</b>	-	-
Cash	<b>60</b>	-	-
With profit policy	<b><u>827</u></b>	<u>663</u>	<u>579</u>
Total assets	<b><u>1,117</u></b>	<u>663</u>	<u>579</u>

None of the fair values of the assets shown include any of the Party's own financial instruments or any property occupied by, or other assets used by, the Party.

## Assumptions

	<b>31/12/10</b>	31/12/09	31/12/08
	<b>% per annum</b>	% per annum	% per annum
Inflation	<b>3.50</b>	3.70	2.90
Salary increases	<b>5.00</b>	5.80	5.00
Rate of discount	<b>5.40</b>	5.70	6.30
Allowance for commutation of pension for cash at retirement	<b>Nil</b>	Nil	Nil

The mortality assumptions adopted at 31 December 2010 imply the following life expectancies:

Male retiring at 65 in 2010 24.0 years

Female retiring at 65 in 2010 26.4 years

Male retiring at 65 in 2030 26.0 years

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Female retiring at 65 in 2030 28.3 years

**Expected long term rates of return**

The expected return on bonds is determined by reference to UK long dated gilts and bond yields. The expected rate of return on equities is determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions. The expected return on the with profit policy is determined by blending the expected returns based on the target asset allocation of the with profit fund.

The expected long term rates of return applicable at the start of each period are as follows:

	<b>01/01/10</b>	01/01/09
	<b>% per annum</b>	% per annum
With profit policy	<b>6.00</b>	5.30
Overall for scheme	<b>6.00</b>	5.30

**Amounts for the current and previous four periods**

	31/12/1	31/12/0	31/12/0	31/12/07	31/12/0
	0	9	8	£'000s	6
	£'000s	£'000s	£'000s		£'000s
Fair value of assets	<b>1,117</b>	663	579	916	821
Present value of scheme liabilities	<b>857</b>	790	634	967	954
Surplus/(deficit) in scheme	<b>260</b>	(127)	(55)	(51)	(133)

The Liberal Democrats (The Federal Party)  
Notes forming part of the Financial Statements  
For the year ended 31 December 2010

Experience adjustment on scheme assets	<b>65</b>	(62)	(103)	(18)	44
Experience adjustment on scheme liabilities	<b>72</b>	(8)	(74)	(45)	(82)

The assumptions have not been adjusted to reflect the UK Government's announcement in 2010 to change the basis for the indexation of occupational pension schemes from the Retail Prices Index to the Consumer Price Index

### **Other post-retirement benefit schemes**

The Federal Party contributes to personal pension schemes held in the names of individual employees. The assets of these schemes are held separately from those of the Federal Party in independently administered funds. The pension cost charge represents contributions payable to these funds and amounted to £130,252 (2009: £90,515). At 31 December 2010, contributions amounting to £26,461 (2009: £22,308) were payable to these funds and are included within other creditors in note 18.

### **28 Contingent liabilities**

During the year ended 31 December 2005, the Party received donations totalling £2,419,065 from 5th Avenue Partners Limited ("5th Avenue"). After due enquiry, the Party treated these as permissible donations in accordance with the Political Parties, Elections and Referendums Act 2000. The Electoral Commission have completed their investigation into these donations and concluded in November 2009 that there is no reasonable basis to conclude that the true donor was someone other than 5<sup>th</sup> Avenue. The Electoral Commission will be taking no further action in the case.

On 11 September 2008, the Party was issued with a claim in relation to a donation of £632,000 received by the Party from 5<sup>th</sup> Avenue on 30 March 2005. The claim was defended and stayed indefinitely on 3 November 2008. The Party's lawyers have advised that it is very unlikely that this claim, or any claims in respect of these donations, would be successful, therefore no provision has been made in the Party's financial statements for the repayment of such sums.

On 19 February 2010, the Party was notified of a further potential claim in relation to the 5<sup>th</sup> Avenue donations. The amount of the claim against the Party is unspecified and proceedings have not since been issued. The Party's lawyers have advised that this claim would be unsuccessful. Therefore, no provision has been made in the Party's financial statements for the repayment of any sum.

## **29 Related entity transactions**

The Federal Executive is chaired by the President of the Party to whose office the Federal Party paid grants in the year amounting to £4,274 (2009: £5,000). In accordance with FRS8 the Party has considered who else might be considered a related party. In arriving at its conclusion it has considered that these would be persons of influence in the Party who have made significant donations to it. As a result it has identified Mr Richard Duncalf who has been the Party Treasurer since January 2011 and who made donation in 2010 of £21,264.

The Federal Party is also related to other bodies within the Liberal Democrats as set out in note 1 above. During the year it received levies from these bodies amounting to £1,028,473 (2009: £890,352) and recharged expenditure totalling £935,340 (2009: £991,199). Expenditure includes grants to party bodies, expenditure recharged to other party bodies and charges from other party bodies totalling £614,871 (2009 - £721,577).

The amount owed by related entities at 31 December 2010 was £712,406 (2009: £288,245) and amount owed to related entities was £107,994 (2009: £83,708).

Significant balances owed by related entities are as follows:

Parliamentary Office of the Liberal Democrats	£511,398
The Liberal Democrats in England	£65,918
The Welsh Liberal Democrats	£23,930
London Region Liberal Democrats	£19,763
Richmond Liberal Democrats	£13,633
North Dorset Liberal Democrats	£10,648
Portsmouth Liberal Democrats	£10,223

### **30 Post balance sheet events**

On 23 June 2011 the Party surrendered the lease on its Cowley Street premises and signed a new lease on the 2<sup>nd</sup> floor of 8-10 Great George Street, London SW1.

The premium due to the landlord of 4 Cowley Street for release from the remaining five years of the lease, and in full and final settlement of any liability for dilapidations, is £225,000 to be paid in four equal quarterly instalments.

The new premises at 8-10 Great George Street of 6,800 square feet have been taken at a market rent of £37.50 per square foot for a lease of ten years with an initial rent free period of two years.

<b>Westminster Parliament</b>	
Danny Alexander	Chris Huhne
Norman Baker	Mark Hunter
Alan Beith	Julian Huppert
Gordon Birtwistle	Charles Kennedy
Tom Brake	Norman Lamb
Annette Brooke	David Laws
Jeremy Browne	John Leech
Malcolm Bruce	Stephen Lloyd
Paul Burstow	Michael Moore
Lorely Burt	Greg Mulholland
Vincent Cable	Tessa Munt
Menzies Campbell	John Pugh
Alistair Carmichael	Alan Reid
Nick Clegg	Dan Rogerson
Mike Crockart	Bob Russell
Edward Davey	Adrian Sanders
Tim Farron	Robert Smith
Lynne	Andrew Stunell
Featherstone	Ian Swales
Don Foster	Jo Swinson
Andrew George	Sarah Teather
Stephen Gilbert	John Thurso
Duncan Hames	David Ward
Mike Hancock	Steve Webb
Nick Harvey	Mark Willams
David Heath	Stephen Williams
John Hemming	Roger Williams
Martin Horwood	Jenny Willott
Simon Hughes	Simon Wright

As of 10 May 2011 the Party had the following elected representatives:

<b>European Parliament</b>
Catherine Bearder
Sharon Bowles
Chris Davies
Andrew Duff
Bill Newton Dunn
Fiona Hall
Sarah Ludford
Liz Lynne
George Lyon
Edward McMillan-Scott
Diana Wallis
Graham Watson



## **THE LIBERAL DEMOCRATS (TRUSTEES) LIMITED**

### **Directors' Report to the Members for the year ended 31 December 2010**

The Directors submit their report for the year ended 31 December 2010, and the Company's balance sheet as at that date.

By virtue of Article 8.3 of the present Constitution of the Liberal Democrats ("the Party"), the function of the Company is to acquire, hold and dispose of such assets of the Federal Party (as defined in that Constitution) as the Federal Executive (as so defined) may from time to time direct.

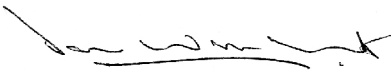
Where the Company enters into any transaction, it does so as trustee and/or agent for the Party.

On this basis, the Company is dormant within the meaning of Section 249AA of the Companies Act 1985 and does not prepare a profit and loss account.

The Directors of the Company during the year ended 31 December 2010 were:

- Sir Ian William Wrigglesworth (Chairman)
- Lord Clement-Jones
- Lord Dholakia
- Duncan Taylor Greenland
- Eric Hamilton Lowry (Irish)
- Michael Jeans
- Baroness Northover
- Lord Vallance

Signed on behalf of the Board



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Sir Ian Wrigglesworth  
Chairman

Dated: 14 June 2011

*Registered in England*  
No. 2231620

*Registered Office*  
4 Cowley Street  
London SW1P 3NB

## **Parliamentary Party (Commons)**

### **Introduction**

People sometimes suggest to me that the job of Liberal Democrat Chief Whip is one of the most difficult jobs in politics. They speak of herding cats, keeping frogs in wheelbarrows and worse! They see a Parliamentary Party which includes many people who may be described as “strong personalities” or “independently minded”. There is no denying that it can be a challenging job. It can occasionally be frustrating. It is always difficult, but it is still the most satisfying job that I have ever had. As Chief Whip I am part of a team in Parliament that is implementing things that we have spent years talking about here at Conference. We are implementing them now because we are in Government. Even a year in, it still feels pretty special to be able to say that.

As MPs we are part of a privileged generation that is able to influence and direct the work of Government. That, however, is not a privilege which is, or should be, limited to Parliamentarians. Being in Government offers this opportunity to us all. In March you told us overwhelmingly that you would not accept Andrew Lansley’s proposed changes to the health system. That debate happened here, at Conference, and we listened. Led by Nick Clegg, John Pugh, Paul Burstow, Norman Lamb and John Alderdice from the Lords, we worked with you to pause, listen and improve the Health and Social Care Bill. And now, as I write this report to Autumn Conference, the revised and recommitted Bill is being scrutinised once more in Committee – because we insisted that Parliament take another look. By the time this report is discussed at Conference, all MPs will have been given the opportunity to debate and support the changes that you, as Liberal Democrats, asked us to make. That was a radical change in Government policy that started here at Conference.

As Liberal Democrats we have remained committed to the values and goals that we held so dear in opposition and the Parliamentary Party is unapologetic about asserting its identity in this Coalition Government. Our MPs – and their staff, whose efforts often go unremarked – are making sure that the Liberal Democrats remain a united, strong and distinct voice in the Coalition. Government is new to us all but we are working hard to ensure that we make use of the phenomenal opportunity that it brings.

## **Parliamentary Party Committees**

Last year, I reported that we had established Parliamentary Party Committees (PPCs) to act as a conduit between Government, the backbenchers and the Federal Party. Co-Chaired by MPs and Peers, their work is making a significant difference and I wanted to remind you of a few of these.

Stephen Williams' work on bank shares produced popular and distinct proposals that reinforced the fact that Liberal Democrats bring a unique perspective to Coalition. So successful was he in using his position as Treasury Co-Chair that those proposals are now being considered by Government.

Jenny Willott, Co-Chair of the Work and Pensions Committee, has spent much of the past few months hidden away in the Welfare Bill committee with Ian Swales, pressing Ministers for assurances on reforms and, on some occasions, requesting that they think again. Thanks to Jenny's work, the Government will now be forced to return to the House with any changes they wish to make to the mobility component of the Disability Living allowance. She has also paved the way for further improvements when the Bill is debated in the House of Lords.

As already noted, John Pugh has played a critical role as Co-Chair of our Health committee. He has been responsible for helping translate the views expressed at Conference into legislation that stands the test of parliamentary scrutiny. This required an immense amount of co-ordination with our Minister in the Health Department, Paul Burstow, those who raised concerns at Conference, health professionals and patient groups, Nick's office and others.

I would like to give my thanks to all the Commons Co-Chairs for their work and commitment over the past year. Particular thanks goes to Tom Brake who acts as the convenor of the Co-Chairs in the Commons and the Lords, acting as an effective advocate for all Co-Chairs in Government, while over-seeing his own Committee – Home Affairs, Justice and Equalities. Congratulations are due, too, for his admission to the Privy Council, a recognition of his significant contribution to our work in the Commons.

There have been a few changes to the Commons Co-Chairs in recent months and the current incumbents and their responsibilities are below:

Work and Pensions	Jenny Willott MP
Home Affairs, Justice and Equalities	Rt. Hon. Tom Brake MP
Treasury	Stephen Williams MP
Business, Innovation and Skills	Lorely Burt MP
Culture, Media and Sport	Rt. Hon. Don Foster MP
Education Families & Young People	Dan Rogerson MP

Communities and Local Government	Annette Brooke MP
Health & Social Care	John Pugh MP
International Affairs	Martin Horwood MP
Constitutional and Political Reform	Mark Williams MP
DECC/DEFRA	Andrew George MP
Transport	Julian Huppert MP
Scotland	John Thurso MP
Wales	Roger Williams MP
Northern Ireland	Stephen Lloyd MP

### **Achievements in Government**

It is also right to record some of the achievements of our Ministerial colleagues in Government. Each is juggling huge responsibilities – that of their departmental responsibilities and that of being, usually, the sole Liberal Democrat in the department.

Last month, Ed Davey became the first Liberal Democrat Minister to see his Bill receive Royal Assent. The Postal Services Bill enacts Liberal Democrat policy passed by Conference and campaigned on in our 2010 manifesto.

Steve Webb is currently taking the Pensions Bill through the Commons, having come from the Lords. The Bill seeks to bring a number of touchstone Liberal Democrat policies into legislation: the triple lock guarantee for pensioners; the restoration of the earnings link; and the automatic enrolment scheme.

Nick Harvey at the MoD has worked with Nick Clegg, as Deputy Prime Minister

to delay the main gate decision on Trident replacement and is pressing the case for alternatives, with work commissioned from the civil service. This is a serious piece of work which will enable us to make an informed case for alternatives to replacing Trident, ensuring that the future of the nuclear deterrent is a key issue at the next general election.

Danny Alexander, as Chief Secretary to the Treasury, is ensuring that we deliver our Liberal Democrat commitment to increase the income tax threshold to £10,000; delivering additional money for children from disadvantaged backgrounds through the pupil premium; implementing a bonus tax on banks; and a cut in fuel tax. All these things were announced in the Budget in March, just after our Conference in Sheffield.

In the Green Deal, Chris Huhne has announced a number of measures on energy efficiency, consumer protection measures, and obligations on energy companies to ensure that the charges set are properly administered and encourage energy efficiency. The Energy Bill brings these announcements together and legislates to facilitate the successful introduction of smart meters for customers. The Bill also creates powers for the Secretary of the State to ensure that energy companies inform consumers about the best (and cheapest) tariffs.

Sarah Teather announced a consultation on Special Educational Needs, focusing on the need to listen to the views of parents in deciding the issues to prioritise. She is determined to see health services and local authorities work together better in the interests of children, fulfilling our commitment to giving every child a fair start in life. Alongside the pupil premium, reform of the SEN system is important in making sure that the education reforms work for every child, especially those facing the most challenges in life.

By the time that we get to Conference, Andrew Stunell will have been part of the launch of the Local Government Resource Review which will allow Local Authorities to keep the income from locally generated business rates and gives real control back to communities. In Transport, Norman Baker is part of a team which has invested more in local sustainable transport than was spent by Labour, despite the economic climate.

Finally, Vince Cable's concerns that Rupert Murdoch's BSkyB deal should have been referred to the Competition Commission have been vindicated.

It would take me far too long to detail all the achievements of every minister in Government, but I hope that over the course of Conference you take the time to learn more about what we are really achieving. Each departmental Minister will be taking part in a Ministerial Q&A and I would strongly suggest that you use this opportunity to hear more about their work.

## **Conclusion**

At the time of writing – in the week before recess – we are anticipating a vote in the Commons on the National Planning Statements. And in line with the commitment set out in the Coalition Agreement, the Parliamentary Party has agreed to abstain on the motions relating to Nuclear Power. We are demonstrating that we can be responsible – and distinct – partners in the business of Government. We should be proud of the role we are playing – and bold in telling others about our achievements.

Finally, I would like to congratulate two of our MPs on a Commons Parliamentary Party first – Jo Swinson and Duncan Hames married in March in Scotland. On behalf of all of their colleagues, I would like to wish them every happiness for their future life together.

**Alistair Carmichael MP**  
**Chief Whip (House of Commons)**  
**July 2011**

## Parliamentary Party (Lords)

### Ministers

Since going into coalition, the LibDems have had 6 Ministers (6.5% of our 92 peers), as opposed to the Commons where nearly half the party have roles. They are:

**Tom McNally** - the Leader of the LibDems, Deputy Leader of the Lords, and Minister of State at the Ministry of Justice. In the department he is in charge of policy on:

- human rights and civil liberties
- data protection and freedom of information
- the National Archives, the Land Registry and the Crown Dependencies.

In the Lords, Tom is responsible for:

- all Ministry of Justice business in the House (questions, debates and orders)
- the Legal Aid, Sentencing and Punishment of Offenders Bill, when it arrives in the Lords
- the Defamation Bill and the Lords Reform Bill when upon their return from joint committee
- sections of the Police and Social Responsibility Bill

**David Shutt** - the LibDem Chief Whip, and Government Deputy Chief Whip in the Lords. He is the whip for:

- Northern Ireland, Wales and Transport
- the Localism Bill

**Jim Wallace** - the Advocate General for Scotland within Government. In the Lords he has responsibility for:

- the Fixed Term Parliaments Bill
- the Scotland Bill
- parts of the Police and Social Responsibility Bill
- all Attorney General Business in the House
- Scotland and Wales

**Sue Garden** is the Government whip for the Department for Culture, Media and

Sport (DCMS), Education and Business (BIS), and is a minister for the Education Bill

**Lindsay Northover** is the whip for health, (Department for International Development (DfID), justice and equalities issues, and will be one of the ministers for the Health and Social Care Bill

**William Wallace** is the whip for Ministry of Defence (MoD), the Foreign and Commonwealth Office (FCO) and security and policing in the Home Office. He is one of the ministers for the Police Reform and Social Responsibility Bill, the European Union Bill and the Armed Forces Bill.

### **Parliamentary Party Committees - Lords Representatives**

Work and Pensions	-	Mike German
Education	-	Joan Walmsley
Constitution & Political Reform	-	Paul Tyler
Culture, Media & Sport	-	Jane Bonham-Carter
DECC	-	Robin Teverson
DEFR	-	Tony Greaves
Transport	-	Bill Bradshaw
Communities& Local Government	-	Graham Tope
FCO	-	Kishwer Falkner
Defence	-	John Lee
International Development	-	David Chidgey
Health	-	Judith Jolly
Home Affairs	-	Sally Hamwee
Business	-	Tim Razzall
Treasury	-	Dick Newby
Wales	-	Jenny Randerson
Scotland	-	Bob Maclennan
Northern Ireland	-	John Alderdice

The importance of these committees cannot be stressed too highly – for the co-chairs, building up good relations with the minister and the department in order to influence policy and legislation as early as possible pays untold dividends. All backbench peers are encouraged to join and attend as many of these committees as possible, as with so few ministers in the Lords, it's the best way

of ensuring that the LibDem voice is heard.

## **Legislation**

The Armed Forces Bill had its Second Reading in the Lords on 6<sup>th</sup> July. It was welcomed by **John Lee** (Bill Team Leader), **Martin Thomas**, **Susan Miller**, **Dominic Addington**, **Monroe Palmer** and **John Burnett**, with **William Wallace** responding on behalf of the Government. An Armed Forces Bill is required every five years and it provides the legal basis for the system of military law that exists in the UK. It also contains new measures relating to the Armed Forces, such as the Military Covenant.

The Education Bill entered the Lords in May and has undergone extensive consideration in Grand Committee by **Joan Walmsley** (Bill Team Leader), **Judith Jolly**, **Sal Brinton**, **Mike Storey**, **Floella Benjamin**, **Margaret Sharp** and **Eric Avebury**. **Sue Garden** is the Government no.2 for this Bill. As part of our long-standing commitment to early intervention, Liberal Democrats have warmly welcomed the extension of early year's provision, and are pressing to ensure that adequate provision will be available. Peers have also opened discussions on key aspects of the Bill to ensure the empowerment of staff in maintaining discipline, teachers are properly qualified and children are properly protected.

The Energy Bill was introduced to the Lords in December 2010 and was sent to the Commons in March of this year. The Bill was scrutinised by **Robin Teverson** (Bill Team Leader), **Kate Parminter** and **Diane Maddock**. Liberal Democrat Peers welcomed the concerted effort in this 'excellent' Bill to tackle the pressing issues of energy efficiency, energy security and the need for low-carbon energy sources.

The European Union Bill was debated in the Lords by **Kishwer Falkner** (Bill Team Leader), **Sal Brinton**, **Emma Nicholson**, **Shirley Williams**, **Willie Goodhart**, **Dick Taverne**, **Anthony Lester** and **Hugh Dykes**. **William Wallace** responded in his position as a Government Whip and Spokesperson for the FCO. The Bill provides for a referendum on any proposed EU treaty or treaty change, which would transfer powers from the UK to the EU. The Bill returns to the Lords before the end of the month for 'ping-pong' in order to

reverse four defeats.

The Fixed-Term Parliaments Bill, sponsored by Nick Clegg was introduced in January 2011 and ensures that Parliaments last for five years. **Chris Rennard, Paul Tyler** and **Jonathan Marks** secured amendments to the Bill removing the right for a Prime Minister to bring forward a general election by two months. Our spokespeople also worked with Lib Dem Ministers to ensure the Bill would specify a clear definition of motions of confidence, and of motions to dissolve Parliament early. This legislation fulfils the commitment in the coalition agreement. The Bill is also subject to 'ping-pong' by the end of term. **Tom McNally** is the minister for this Bill.

The Localism Bill had its Second Reading in June and has been scrutinised by **Graham Tope** (Bill Team Leader), **Tony Greaves, Ros Scott, John Shipley, Dee Doocey, Kate Parminter, Monroe Palmer, Sally Hamwee, Susan Kramer, Robin Teverson** and **Rupert Redesdale**. This extensive Bill is designed to devolve greater powers to councils and neighbourhoods and give local communities more control over housing and planning decisions. Lib Dem Peers focused their discussions on the inherent value of localism and devolution, and sought to ensure that the Bill lived up to its stated aims. They supported the general power of competence, the return of the committee system, the abolition of the standards board and the abolition of predetermination and were pleased to achieve significant concessions on shadow mayors and the merging of mayors and chief executives. **David Shutt** is the whip for this Bill

The Pensions Bill was introduced in the Lords in January where it was debated by **Mike German** (Bill Team Leader) and **Ben Stoneham**. The Bill accelerates the existing timetable for increasing the State Pension age to 66, and was broadly welcomed.

The Police Reform and Social Responsibility Bill entered the Lords in April 2011, where it has been scrutinised by **Sally Hamwee** (Bill Team Leader), **Angie Harris, Bill Bradshaw, Alex Carlile, Dee Doocey, Sue Miller, Tim Clement-Jones, Monroe Palmer, Jenny Tonge** and **John Shipley**. The Bill seeks to replace police authorities with directly elected Police and Crime

Commissioners. The Government suffered one defeat on this Bill at Committee Stage, with an amendment from Angie Harris to create a body corporate comprising both the Police and Crime Commissioner and the Police and Crime Panel. The amendments replaced publicly elected Police and Crime Commissioners with Commissioners elected by the Police and Crime Panels. In response to this, the Government has tabled amendments for the next stage of the Bill to increase the scrutiny role of the Police and Crime Panel in relation to the elected Police and Crime Commissioner. Discussions on this amendment and the rest of the Bill are still ongoing. **William Wallace** is the whip on this Bill.

The Postal Services Bill was introduced to the Lords in January and received Royal Assent in June. It was scrutinised in the Lords by **Tim Razzall** (Bill Team Leader), **Brian Cotter** and **Susan Kramer**. The Bill provides for the restructuring of Royal Mail including the introduction of private sector capital and expertise from the sale of up to 90% of Royal Mail, an employee share scheme and provisions for Post Office Ltd to continue to be owned by the Crown or a mutual ownership structure, and was, of course, welcomed.

The Public Bodies Bill was scrutinised in the Lords before being sent to the Commons in May. The Bill seeks to reform powers in relation to certain Public Bodies, and was debated in the Lords by **Bob Maclennan** (Bill Team Leader), **Anthony Lester**, **Ros Scott**, **Tony Greaves**, **Archy Kirkwood**, **Andrew Phillips** and **Roger Roberts**. The Schedule giving the Government the reserve power to modify, merge or abolish a number of public bodies was withdrawn during the course of the Bill thanks to objections from all parts of the House, and new clauses were inserted concerning a restriction on ministerial powers with respect to public bodies and bodies with judicial functions. A sunset clause was also established to ensure that where the powers contained in the Bill have not been taken up in respect to a certain public body for five years, the powers will elapse.

#### Private Members' Bills

Demonstrations in the Vicinity of Parliament (Removal of Authorisation Requirements) Bill – **Paul Tyler**

Dog Control Bill – **Rupert Redesdale**

Live Music Bill – **Tim Clement-Jones**

Rehabilitation of Offenders (Amendment) Bill – **Navnit Dholakia**

Lords Reform Bill – **David Steel**

### **Other Debates**

**Archy Kirkwood** – employment and support allowance regulations

**Jenny Tonge** – Middle East peace process

**Tony Greaves** – measures to encourage participation in the Big Society

**Eric Avebury** – changes to appeals that have already been lodged under the Borders Agency Act

New appointments to committees have been as follows:

**Jonathan Marks** is on the joint committee on the draft defamation bill

**Jane Bonham-Carter** and **Martin Thomas** are on the privacy joint committee

**Paul Tyler** and **Ros Scott** are on the joint committee on Lords reform

Finally – this has been a very different year! Elizabeth Plummer, formerly in the Whips Office, is now Tom McNally's invaluable Special Adviser with responsibility for business in the Lords. As always I would like to thank our staff, initially much depleted as referred to in my last report. Since then, we have been supported by our Head of Office, Carolyn Rampton, Parliamentary and Legislative Adviser, Tom Kiehl, Office Administrator, David Macpherson and interns Tom Gault and Andrew Wilson. We are able to go forward in confidence with our staffing only through the generosity of our peers, most of whom are making a financial contribution in order that we can continue to perform well.

**Rt. Hon the Lord Shutt of Greetland**

**Chief Whip (House of Lords)**

**July 2011**

## **Parliamentary Party (Europe)**

The European Parliament (EP) remains a coalition free zone, but the more co-operative style of politics in Brussels routinely assumes that much work will take place across party and national lines. Liberal Democrat MEPs communicate with Conservative, Labour and other MEPs to explore common ground but we have been placed under no pressure to deliver on anything that diverges from our beliefs or from manifesto policies. With our members having different interests, and serving mostly on different committees, the focus of our work continues to be somewhat egocentric. Without reflecting on the work of other colleagues, I would like to draw particular attention to the important role that Sharon Bowles has played in her capacity as chairman of the Economic and Monetary Affairs Committee, and to Diana Wallis in promoting transparency and developing a financial Code of Conduct for MEPs as a Vice-President of the Parliament.

As I write this report I am very conscious of the financial concerns that still threaten the stability and future of the European Union and the economies of its Member States. Over the decades the EU has occasionally made great strides forward, and at other times has managed to "muddle on" through its difficulties. Both seem preferable to the very undesirable alternatives that may be on offer.  
Chris Davies MEP

### **Individual attributions:**

#### **Catherine Bearder**

Catherine Bearder has been working on making EU Trade agreements fairer and greener. As a member of the International Trade Committee she has worked on reports on corporate social responsibility, sustainable use of raw materials, and agreements with several African countries which seek to stop the sale of illegally harvested timber into the European market. Through her work on the delegation for relations with ACP countries, Catherine has also been tackling the issue of "Bushmeat" (the hunting and killing of wild and endangered animals for consumption). In April she organised a hearing with her African counterparts to discuss ways to tackle the rapid depletion of many endangered animals in Africa. She is currently drafting a report on "The Inclusion of Persons with Disabilities in Developing Countries", which will be used to ensure that people with disabilities in developing countries have equal

access to aid and development projects run by the EU, and are not marginalised when it comes to education, health and welfare issues within their own countries.

### **Sharon Bowles**

As Chair of the Economic and Monetary Affairs Committee, Sharon has continued to play a leading role in developing the EU's response to the financial and sovereign debt crisis. She steered several important pieces of legislation through difficult negotiations. This included finalising the new European supervisory authorities and turning round the controversial hedge funds directive. Sharon has also led on the prominent issues of economic governance, derivatives, and short selling, and keeps popping up on world ranking lists as one of the most influential people in finance and regulation. She has also played a key role in the debate on the Eurozone Sovereign Debt crisis, with her criticisms of bailout mechanisms and interest rates well-publicised.

### **Chris Davies**

While continuing to serve as the party's environment spokesman, and currently drafting Parliament's response to the European Commission's 2050 low carbon roadmap, the issue Chris has championed most strongly over the past year has been reform of the EU Common Fisheries Policy. He took the lead in forming the cross-party 'Fish for the Future' group, the aim of which is to promote the introduction of sustainable fisheries policies and to try to prevent ambitious reforms now proposed by the Commission being hijacked by those who may put short term interests before the long term good management of our seas.

### **Andrew Duff**

Andrew is persisting with his efforts to reform the electoral system of the Parliament to include a number of MEPs elected through pan-European party lists. He is also involved in the negotiations to sign the EU up to the European Convention on Human Rights, thus consolidating human rights protection across Europe. He has maintained strong vocal opposition to the UK's European Union Bill.

### **Fiona Hall**

Fiona's written declaration on protecting cyclists from lorry blindspots was adopted by the European Parliament after receiving the signatures of over 400 cross-party MEPs. 'See me, Save me' was a truly successful grassroots campaign, with groups of supporters coming to Strasbourg to lobby MEPs of all nationalities face to face. On the Industry, Research, and Energy Committee Fiona has been leading for ALDE on a Parliament report on the safety of offshore drilling, of great interest to the UK's offshore oil and gas industry. She also lead on regulations governing use of Galileo, the EU's satellite navigation project, and on rules on the management of nuclear waste, where she managed to see off attempts to lift the EU export ban.

### **Sarah Ludford**

Sarah has concentrated on her justice priorities of improving EU-wide standards for both crime victims and suspects and on making sure data-sharing to fight terrorism and major crime respects data protection. For victims, she has focussed on ensuring that a hotline for missing children works, and has successfully pressed for UK 'opt-ins' to EU laws on anti-trafficking and cross-border protection of domestic violence victims. For suspects, the current top issues are the provision of a 'Letter of rights' and ensuring legal advice, crucial to the fair operation of the European Arrest Warrant. Sarah is vigilant on privacy issues such as the use of bodyscanners. On human rights, Sarah is in leadership of a campaign to stop EU-produced anaesthetic drugs being used in lethal injection cocktails for US executions, which utterly contradicts the EU's role in abolishing the death penalty, and has helped persuade Vince Cable to act to stop such exports from the UK.

### **Liz Lynne**

Liz Lynne is First Vice President on the Employment and Social Affairs Committee. She continues to work on the review of the Working Time Directive, bringing Employment Commissioner Laszlo Andor to an aluminium strip rolling mill in Shropshire to discuss the UK opt-out and other laws affecting manufacturing. The revised Electromagnetic Fields Directive now looks as though it will not affect MRI scanners in hospitals after strong lobbying by Liz and senior medical experts. Liz has just been appointed rapporteur on a proposed Musculoskeletal directive to bring together and update the Manual Handling Directive and Display Screen Directive. Leading

for ALDE on disability and age issues, Liz continues to press for EU anti-discrimination law to be implemented and a new law to ban discrimination in access to goods and services. She has worked hard at EU level on measures to improve social care, including her proposal for an EU-wide code of conduct setting minimum standards for treatment of older people in long term care.

### **George Lyon**

Reform of the Common Agricultural Policy and the budget continue to be the top priorities for the European Parliament. George Lyon is at the forefront of efforts to ensure a radical reform towards a greener, fairer and more sustainable farming policy. The most recent battle has been the size of the budget from 2013. Although the headline has been an increase for the budget overall, the money available for agriculture will decrease by 20% over the seven year budget cycle. This reinforces the need for real reform that introduces targeting of direct payments at those who really need them in LFA areas, as well as incentives to drive sustainability and competitiveness. Giving powers back to Member States to ban GM cultivation on their territory is another very thorny issue that has split the Parliament, however compromises negotiated between George Lyon and French ALDE MEP Corrine Lepage brought together a majority in Parliament for the move.

### **Edward McMillan-Scott**

As Vice-President for democracy and human rights, a highlight of the year for Edward was representing the European Parliament at the Nobel Peace Prize Award Ceremony to Liu Xiaobo, who in turn was represented by an empty chair, after his imprisonment. More recently Edward was cheered when two of his Chinese reformist contacts (Sunflower Seeds artist Ai Weiwei and environmental campaigner Hu Jia) were freed on the eve of Chinese premier Wen Jiabao's visit to Europe. Edward has said that his membership of ALDE - which has set the tone for the EU on an ambitious response to the Arab Spring - has given him an added voice. He has been in the Arab world on several occasions this year to support reformists and to promote the Network of Arab Liberals. He has also been in Moscow on the same mission, as Russia becomes increasingly autocratic. Edward's campaign to end the European Parliament's controversial Brussels-Strasbourg arrangement has found a remarkable response from MEPs, who have voted - in line with the Coalition

agreement - for a single Seat. The ALDE Group (apart from its French MEPs!) is also united in this quest.

### **Bill Newton Dunn**

As one of the Parliament's five 'Quaestors' responsible for oversight of the Parliament's internal rules and their implementation, Bill has had a busy year. A notable achievement has been to push through the setting up of a system of sanctions for MEPs and others who persist in smoking in their offices and elsewhere within Parliament buildings. Bill has also been closely involved in an ongoing overhaul of rules governing access rights and security procedures for the Parliament. As a member of the Development Committee, a highlight for Bill was joining the EU delegation to the UN High Level Summit on the Millennium Development Goals late last September. He has also continued to push for greater transparency, accountability and effectiveness of EU development partnerships - including through better coordination among individual EU member states, who should make better use of the European External Action Service. Another key focus for Bill has been an amendment to the Detergents Regulation: As the Parliament's lead on this dossier Bill is seeking to extend a proposed ban on phosphates in laundry detergents also to automatic dishwasher detergents. Negotiations with the Council are expected in coming months, with the matter hopefully 'cleaned up' by Christmas.

### **Diana Wallis**

In her capacity as Vice President with specific responsibility for transparency, Diana Wallis has prepared and launched the Transparency Register (a joint register for lobbyists) shared by the Parliament and the Commission, which brings the institutions light years ahead of national counterparts in terms of dealing with their interest representatives. After a green light from the Council, negotiations will start in September to get that institution on board, and further improve the transparency of the EU policy-making process. Diana has also been working as a guiding light in the team set up to write the MEPs new Code of Conduct, which has now been given political approval in the EP. The rules will be formally approved by plenary before the end of the year.

### **Graham Watson**

Graham is Parliament's rapporteur for Moldova and Chairman of its delegation

for relations with India. He has been much occupied with both. He is also preparing for the foreign affairs committee a recommendation to the European External Action Service on a coherent sanctions policy for the EU. His book 'Building a Liberal Europe' has been published by John Harper Publishing and he was awarded a knighthood in June 2011.

**Chris Davis MEP**

**Chief Whip (European Parliament)**

**July 2011**

## Campaign for Gender Balance

The Campaign for Gender Balance was established by the Federal Executive in response to the conference debate on gender balance in September 2001, and is now being run within the strategic framework of the Diversity Unit at Cowley Street. It continues to form a key central initiative for supporting potential women candidates within the Party, and it implements a range of training, mentoring and support activities in order to increase the number of women standing for Parliament. The Campaign is chaired by Rosalyn Gordon.

One of our central aims in 2011 is to ensure that women who intend to go for target seats, once the Westminster selections commence, have all the skills and support required not only to win selection as PPC but to become the elected MP for that seat as well. We intend to continue to work closely with Campaigns and Candidates Office, and with the new Leadership Programme to ensure that this happens.

The Campaign committee is currently reviewing its strategic plan, in order to re-assess how we can achieve our ultimate goal of increasing female representation in Parliament. In particular we are looking at how we can ensure that the policies and culture of the Party and relevant parliaments is conducive to electing more women Parliamentarians in addition to our on-going support of potential women candidates.

### Current and planned activities

- An **MP Shadowing Day** for potential candidates from under-represented groups took place on 18<sup>th</sup> May attracting 11 women participants who felt motivated to go through the approval process after spending a day with an MP.
- An **Inspiration Day** was run in collaboration with the Women Liberal Democrats in Oxford on 25<sup>th</sup> June, attracting 16 participants. Inspiration Days are friendly and informal events, designed to give women members the opportunity to develop their skills, learn more about becoming active in the party and meet other like-minded women from across the Region.

- **4425 letters have been sent to all new women members** who joined the Party over the last year to encourage them to get more involved in the Party. As a result we had 45 new women who subscribed to our mailing list and 20 requests for more information about CGB work and the approval process.
- In March, we chased up **179 women who had not returned their requested application forms for approval** in order to offer help and encouragement.
- A successful **fundraising dinner event with Miriam Gonzalez Durantez** took place on 6<sup>th</sup> July in order to raise money to support our Future Women MP Weekends.
- The next annual **Future Women MPs Weekend** will be taking place in November, providing targeted training for potential women candidates. Further information will be available shortly.
- **The Campaign will be running a full training programme** at the 2011 Autumn Conference. Due to the stage of the electoral cycle, these sessions will predominantly focus on key information and skills that help potential candidates to win target/winnable Parliamentary seat selections.
- **A CGB networking drinks reception** will be taking place at the Conference on Sunday, 18<sup>th</sup> September, 20:00 – 21:15, Room 105, Jurys Inn, aimed at our women members who are interested in standing as candidates in order for them to meet each other and those who can help them achieve their goals including mentors and those who are interested in helping CGB. Our keynote speaker will be Lynne Featherstone MP
- Another fringe event will be held at Conference with the Fawcett Society and Working Families, on Sunday, 18<sup>th</sup> September, 18:15 – 19:30, Room 112, Jurys Inn, looking at the potential for **job-sharing** as a way of attracting and retaining talented women in politics (as has been successfully achieved in business)
- Members of the committee will also be continuing to lobby internal Party

spokespeople on **women's representation in the reformed House of Lords**. This is an important opportunity to achieve gender balance in at least one elected House.

- One of our key aims in 2011 is to **increase our pool of mentors** (both men and women) within the Party who can assist women with approval and selection. Mentoring registration forms and mentoring scheme overview information has been emailed to all mentors, and we will be following up with all candidates who stood in the 2010 General Election who have said that they are willing to do this.
- **An e-mail newsletter** is sent out every month to over 1000 subscribers, including details of training events, relevant news items and seat adverts. The CGB website has also recently been revised and updated.
- The Campaign continues to closely **monitor information regarding approval and selection figures** to gain an accurate picture of the gender balance within the Party.

Personal thanks goes to Vice Chairs, Dinti Batstone and Tamora Langley, and newly-joined member Jo Shaw, who have all been excelling themselves in the time and commitment they have provided to CGB so far this year.

Sincere thanks also goes to Candy Piercy who is Head of Training for the Campaign, and all our mentors, trainers, and volunteers who generously give their time in support of the Campaign.

And last but not least, many thanks to Roxana Cimpeanu, the Diversity Projects Co-ordinator who joined us this year, and Vicky Booth, National Diversity Officer, without whom we would not be in a position to help as many women as we do.

**Rosalyn Gordon**

Chair, Campaign for Gender Balance

July 2011

## Diversity Engagement Group (DEG) Report

The Diversity Engagement Group (DEG) was established to oversee the achievement of the Party's equality and diversity priorities. The group brings together nominated 'Champions' from all sections of the Party in leading the strategic and accountable body responsible for delivering our diversity agenda and reporting back to every Federal Conference. DEG acts as a steering group for a dedicated Diversity Unit based at Liberal Democrat HQ, and is chaired by Baroness Sal Brinton.

### Current areas of work

#### Regional Diversity Champions

- **The Diversity Unit supports a network of Regional Diversity Champions** to deliver activities at a regional and local party level.
- Regional Diversity Champions and their teams are responsible for driving through **strategic action plans** within each region, to promote and support the diversity of the local parties and candidates. Example plans have been circulated to all Regional Diversity Champions and Regional Chairs, though every region has the option of drafting its own plan according to its regional makeup and priorities.
- The Diversity Unit continues to provide **advice, mentoring, training and on-going support** for all Diversity Champions.
- Champions **report back on progress** on the action plans in each region at the quarterly Diversity Engagement Group meetings.
- **A number of regional presentations and meetings** have taken place in the North East, Yorkshire & Humber, South Central and the Western Counties and were attended by either the DEG chair, Baroness Sal Brinton, or a representative from the Diversity Unit.

## Candidate initiatives

- Following the Conference motion in Spring 2011, the Diversity Unit has designed the **Candidate Leadership Programme** for individuals from groups that are currently under-represented\* in the Parliamentary Party. The Programme has been approved by the Diversity Engagement Group and the Joint States Candidates Committee and (at the time of writing this report in July) has been recommended to the Federal Executive.
- Recruitment for the Programme opened at the beginning of July with applications for the first group being accepted until 30<sup>th</sup> September. The Leadership Programme will be officially launched at the Leader's Reception at the Autumn Conference.
- The Unit continues to run the **New Generation initiative** and **Campaign for Gender Balance**, which provides targeted training, mentoring and support for potential BAME and women candidates.
- An **MP Shadowing Day** was organised in May to give 15 potential Parliamentary candidates from under-represented groups a taste of day-to-day life as MP, and inspire them to continue their political career.

\* For the purposes of this scheme, under-represented groups include women, individuals from black, Asian or ethnic minority communities, disabled people, lesbian, gay, bisexual and transgender people and those of low socio-economic status. Eligibility will be on the basis of self-definition within these categories, though further information may be required to support the application at the interview stage.

## Increasing awareness within the Party

- **Written guidance** regarding increasing diversity and targeted campaigning at particular groups will be published at Autumn Conference.
- **Training sessions** are being offered for local parties on widening participation and talent-spotting in their area

## Diversity monitoring

- **Approval and selection data is regularly** monitored and analysed in

order to gain an accurate picture of candidate diversity within the Party.

- A **new diversity monitoring form** has been designed in line with the Equality Act 2010. This will be used to monitor candidates going through the parliamentary approval process. In addition, a **pilot scheme is being launched by the Membership Services Department** in order to begin diversity monitoring with the Party membership. This will enable the party to understand what the profile of its membership is, and will improve our capacity to support those from under-represented groups more effectively.

### **SAOs**

- Three sessions have been held to provide **strategic planning support** for SAOs representing particular diversity strands (ie. Women Liberal Democrats, DELGA, Liberal Youth, Ethnic Minority Liberal Democrats, Liberal Democrat Disability Association).
- The **SAO Forum** meetings have given the opportunity for party SAOs to exchange best practice and work together on areas of common interest and/or concern.
- **Training sessions at Conference will be provided for SAO committees**, focusing on selling their organisation inside and outside the Party.

**Two DEG meetings** have already taken place this year and the next one will be held at Autumn Conference.

**Baroness Sal Brinton**

**Chair – Diversity Engagement Group**

**July 2011**