

Reports to Conference Autumn 2008

Bournemouth

Contents	Page
FEDERAL CONFERENCE COMMITTEE	2
FEDERAL POLICY COMMITTEE	7
FEDERAL EXECUTIVE	11
FEDERAL FINANCE AND ADMINISTRATION COMMITTEE	14
FEDERAL PARTY ACCOUNTS 2007.....	BETWEEN PAGES 18 AND 19
THE LIBERAL DEMOCRATS (TRUSTEES) LIMITED.....	19
PARLIAMENTARY PARTY (COMMONS)	21
PARLIAMENTARY PARTY (LORDS)	24
PARLIAMENTARY PARTY (EUROPE)	29
CAMPAIGN FOR GENDER BALANCE.....	33

Federal Conference Committee

The Federal Conference Committee 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, three state party reps, two reps from the FE, two reps from the FPC and twelve members directly elected by conference reps. It elects its own chair (currently Duncan Brack), who must be one of the directly elected or state party reps.

New conference timings at Bournemouth

Following last year's consultation with party members, the Federal Conference Committee has introduced major changes to the timing of the autumn conference, essentially moving it forward by a day from our previous Sunday – Thursday pattern. The consultative sessions will take place on Saturday morning, and the sessions in the hall will start after lunch on Saturday. The conference will finish with the leader's speech at Wednesday lunchtime.

(We had originally intended to run the leader's speech on the Wednesday afternoon, but we were informed that we would lose live television coverage because of broadcaster scheduling clashes. We hope to move to the later finish time next year. I sincerely apologise to anyone who made their travel arrangements in the expectation of the later finish time this year.)

By creating a fuller conference weekend, FCC aims to offer more of conference to party members who cannot attend during the week. A new registration structure has been introduced to reflect this change, enabling party members to register for the weekend, for the rest of the week, or for the whole conference. The changes are on trial for this year and next.

Please do let us know your thoughts on the new timings, as well as on all other aspects of conference. Feedback forms will be available during conference from the Information Desk and the party website and will be handed out to everyone on the last day of conference. As always, your input will be key to helping us improve conference for future years.

Agenda

The main FPC policy paper debates are on Europe, transport and security, together with the 'themes and values' paper, *Make it Happen* – feeding into preparations for the next general election manifesto. The FPC is also organising three consultation sessions on the Saturday morning, on policy papers scheduled for debate at future conferences, and we will also be holding a consultative session, on the floor of conference on the Monday morning, on the report of the Party Reform Commission. This is a major and wide-ranging report, with many implications for the organisation and structure of the party, and I hope party members will take the opportunity to make their views on it known at the session.

In contrast to recent autumn conferences, FCC was faced at our Final Agenda meeting with a significant surplus of decent policy motions from local parties and conference reps, and we have had to remove more than usual from the Preliminary Agenda – though the majority have been transferred to the Final Agenda. We would like to thank all those who worked hard to write and

submit motions, and we hope to see some of those we were not able to take this time resubmitted to future conferences.

Two of the FPC papers, and the four topical motions, are all now open to amendment; the deadline is 12 noon on Tuesday 9th September. This is also the deadline for emergency motions (relating to anything happening after the 9 July deadline for topical motions) and 'urgent issue' discussions, on particularly topical and important issues where the party is not yet ready to settle policy. Further details are included in the Agenda.

In addition to the debates and set-piece speeches, we have our normal range of other sessions, including two presentations (one from our European group and the other from Liberal Democrat-run Newcastle council) and three Q&A sessions (on the economy and on the environment, and one with the party leader). We are also organising a panel discussion on a major political issue – for this conference we have chosen the topic of social mobility, particularly appropriate given the work of Social Mobility Commission chaired by Martin Narey.

At the request of our parliamentary party in the Commons, and with the consent of the Liberal Democrats in the Lords and in the European Parliament, we are trying a new format for the parliamentary report session. This will now take the form of a Q&A session, with questions being submitted shortly in advance (rather than the week before), and answered by a panel drawn from all three parliamentary parties. We hope this will provide a more lively session than we have sometimes managed in recent years. Each of the three parliamentary party reports will still be moved and voted on, as normal.

Policy debates at conference

Earlier this year, FCC conducted a consultation exercise with conference reps to get your views and suggestions on how to improve the number and quality of motions submitted to federal conference. The feedback was very useful, and we will be implementing a series of improvements in the way we provide drafting assistance, discuss potential motions with those interested, and receive submissions.

The major change to our procedures that we suggested was to simplify the motions deadline schedule, reducing it from the current three deadlines (mid-May, mid-July and mid-September) to two (late June and early September). We hope this will make it easier for local parties and conference reps to submit motions and also make the issues we discuss at conference more topical. This is the reason for the rather long series of standing order amendments we will be debating on the Saturday – they are simpler than they look, and will significantly shorten standing orders! There are downsides to the proposal, of course – mainly the fact we will only be able to circulate the text of amendments just before the conference – so I hope you will be able to listen to the debate on the proposed changes. I should add, however, that the consultation revealed extensive support for the proposal.

We continue to provide a motions drafting advisory service, and would encourage all motion and amendment submitters to make use of it – those who have used it in the past have had a higher chance of having their motions accepted. This involves an additional deadline of (usually) two weeks before the normal motions deadline for anyone wanting assistance and advice with drafting their motions; drafts should be sent to motionsadvice@libdems.org.uk.

Rally

The new timing for the conference rally is 18.30 to 19.30 on Saturday 13th September in the Tregonwell Hall in the BIC, following an all-reps welcome drink in the BIC's Windsor foyer from 17.30, kindly sponsored by Climate Clinic. As one of the biggest events of conference, and featuring Nick Clegg and other key party figures, it's a definite must for your conference diary.

Getting the most out of conference

In recognition of how daunting party conference can be, the FCC will be holding a welcome drinks reception with tips on how to get the most out of conference. This reception is targeted especially, but not only, at first-time conference-goers, and will be held at 17.30 on Saturday 13th September in the Tregonwell Bar in the BIC. The reception will offer the opportunity to meet with other newcomers, as well as conference regulars, ask questions and pick up a guide to conference booklet.

Future venues

We always consider a wide range of conference centres for hosting future Liberal Democrat conferences. The current size of the conference and the scale of public interest it draws make it an attractive event for many towns and cities to host, but also restricts the number of venues with adequate facilities.

2009 venues will be:

- Spring: Harrogate, 6–8 March
- Autumn: Bournemouth, 19-23 September

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. This year the group will be holding a forum in Bournemouth to discuss more ways to improve access at conference. The forum will be open to all and will take place on Sunday 14th September at 13.00 in the Westbourne Suite in the BIC.

Communications

We have made slower progress than we would like with the merging of the membership and conference databases (aiming to reduce the duplications and inconsistencies in conference mailings which have unfortunately been a feature in recent years). All being well, however, the project is due to go live towards the end of this year. We will then be looking to improve the efficiency of our conference email communication and online registration functions.

The conference pages of the party website are frequently updated with the latest conference news and deadlines in the run-up to conference, as well as conference highlights during and after the event. This was complemented at the spring conference this year by a successful initiative to increase coverage of conference on Lib Dem Voice. We will be building on this in Bournemouth with more coverage of the debates in the auditorium and fringe meetings, making it easier for party members who do not attend both to feed in to the process and to follow what happens at conference.

The new party website is still under development but we are hopeful the new look www.libdems.org.uk will be with us soon. As always, we welcome any ideas or suggestions you may have for improving the content of the conference section of the website.

Stewards and security

As always, conference can only take place due to the massive contribution and efforts of the volunteer stewards' team. Having been a steward for the last twenty years and Chief Steward for

the last three of those, Chris Jennings has this year resigned from the stewards' team because of the pressures of a new job. We are enormously grateful to Chris for all his hard work and efforts at conference over the last two decades, and hope to see him in Bournemouth as an ordinary conference rep!

The stewards' team, now led by Acting Chief Steward Adrian Beavis, handle security at conference, look after the exhibition, fringe, information desk, stage and auditorium, and ensure that we, the participants, get the most out of Federal conference. As in previous years, they are supported by SIA-qualified security contractors who are conducting the bag searches at the entrances to the Conference Centre.

Due to the high profile of Federal conference, some security checks are necessary. We are making it clearer to conference reps what they can expect in terms of checks in different areas of the conference. Please see the relevant section in the Agenda & Directory.

Conference Office

Most of the hard work of organising conference throughout the year falls on the professional staff in Conference Office in Cowley Street: Emma Harris, Carol Caruana, Sian Jenkins, Emma Price and Katy Pritchard. It is with real regret that we have to announce the departure of our Conference and Events Manager, Emma Harris, for another job. In the two years she's been with us, Emma has improved the organisation of federal conference very significantly, and made my life as FCC Chair immeasurably easier. We will say goodbye to her properly at conference, and wish her all the best in her new post.

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, Q&A sessions, etc. You can identify us by the larger badges we wear, with 'FCC' prominently displayed; there are also pictures of us (to varying degrees of flattery) on the inside front page of the Agenda.

FCC members are also assigned to a state or English regional party to liaise with them during the year, provide advice and assistance on submitting motions or otherwise getting involved in conference, and appear at regional conferences to answer your questions. See the contact details at the end of this report, and don't hesitate to get in touch with the relevant member. For the first time this year, we are also assigning FCC members as liaison to the SAOs; again, see the list at the end of the report.

Thanks

I conclude this report by expressing the Committee's warmest thanks to all who make conference possible: to all my colleagues on the Conference Committee; in Cowley Street, to Ben Stoneham, HQ Director; the staff of the Conference Office, Carol Caruana, Emma Harris, Sian Jenkins, Emma Price and Katy and Robert Pritchard; 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 for their considerable contribution.

I look forward to seeing you in Bournemouth.

Duncan Brack
Chair, Federal Conference Committee
July 2008

FCC Region and State Liaison (2008)

Region/ State	FCC Contact	Email	Phone
Devon and Cornwall	Justine McGuinness	Justine.mcguinness@googlemail.com	07801 099 065
East Midlands	Sue Garden	Sue.garden@blueyonder.co.uk	07778 282 790 020 7435 2796
East Of England	Sal Brinton	Salbrinton@cix.co.uk	07768 821 187
London	Dee Doocey	Deedoocey@blueyonder.co.uk	020 8941 2283 020 7983 4417
North East	Robert Adamson	Robert@robertadamson.info	01845 501 058
North West	Jon Ball	Jonball@cix.co.uk	07860 247 589
South Central	Gareth Epps	Garethpeps@cix.co.uk	07950 035 836
South East	Catherine Bearder	Cbearder@cix.co.uk	07786 170 949 01865 792 960
West Midlands	Arnie Gibbons	Arnie_gibbons2004@yahoo.co.uk	020 8744 9269
Western Counties	Ruth Polling/ Justine McGuinness	Ruthpolling@hotmail.co.uk See above	07949 651 669 see above
Yorkshire and the Humber	Duncan Brack Robert Adamson	Duncan@dbrack.org.uk See above	020 8674 0612 see above
England	Andrew Wiseman	Adwiseman@btinternet.com	07976 258 664
Scotland	Debra Storr	Debra@debrastorr.org.uk	01358 742 048
Wales	Ian Walton	Ian@ianwalton.net	07879 630 595

FCC SAO Liaison (2008)

SAO	FCC Contact	Email	Phone
ALDC	Arnie Gibbons	Arnie_gibbons2004@yahoo.co.uk	020 8744 9269
DELGA	Justine McGuinness	Justine.mcguinness@googlemail.com	07801 099 065
Agents and Organisers	James Gurling	jgurling@btinternet.com	07782 329 250
Liberal Youth	Jon Ball	Jonball@cix.co.uk	07860 247 589
Lib Dem Lawyers	Geoff Payne	gpayne@geoffpayne.org	07956 472 769
EMLD	Ruth Polling	Ruthpolling@hotmail.co.uk	07949 651 669
WLD	Duncan Brack	Duncan@dbrack.org.uk	020 8674 0612
Candidates	Justine McGuinness	Justine.mcguinness@googlemail.com	07801 099 065
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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 the Leader.

Policy Development

Since the Spring Conference, policy working groups have produced the policy papers *Fast Track Britain* (Transport), *Security and Liberty and in a Globalised World* (Security) and *Shaping Our World through a Stronger Europe: Reforming the EU's Policies* (Europe) which are presented for debate at Bournemouth.

Policy working groups, supported by the Policy and Research Unit (PRU), have also drafted consultation papers on Education 5-19 and the Natural Environment. There will be consultation sessions to discuss these on the morning of Saturday 13th September at Bournemouth. The Education working group will then proceed to develop their final conclusions in a policy paper for debate at the Spring 2009 party conference, and the Environment group for Autumn 2009, taking into account the outcome of the consultation sessions and other input from both within and outside the party.

There will also be a consultation on Childcare at Bournemouth, led by the families spokesperson Susan Kramer MP. It is intended that a policy motion will be submitted to the 2009 Spring Conference.

The FPC has decided to reschedule the Adult Further and Higher Education policy paper so that is also debated in the Spring. This will allow policies on education and childcare across all age ranges to be considered together at the same conference.

As a consequence of this, the Natural Environment and UK Response to Globalisation Working Groups will now bring policy papers to the Autumn 2009 Conference.

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

The FPC has recently set up three new working groups on Women, Youth, and Consumer policy, which will produce policy papers to be debated at the Autumn 2009 Party Conference. These groups will all be producing consultation documents in advance of the next Spring Conference which will be available on the www.consult.libdems.org.uk website.

The table below sets out the latest schedule of policy development work:

Conference	Consultation Papers	Policy Papers
Sept 2008	Schools Natural Environment	Europe Security Transport
March 2009	Women Youth Consumers	Schools Further and Higher Education
Sept 2009	To be advised	UK Response to Globalisation Natural Environment Women Youth Consumers

Make it Happen and the General Election Manifesto

The Manifesto Group is chaired by Danny Alexander MP, and the other members are: myself as Chair of FPC, Sal Brinton (Vice Chair, FPC), Jeremy Hargreaves (Vice Chair, FPC), Steve Webb MP (Shadow Secretary of State for Environment and Rural Affairs), Vince Cable MP (Shadow Chancellor), Susan Kramer MP (Families Spokesperson), Edward Davey MP (Chair of Campaigns and Communications) and David Laws MP (Shadow Secretary of State for Children, Schools and Families).

As the latest stage in its work, the group has produced the *Make It Happen* paper which is presented for debate at Bournemouth. This sets out the overall political narrative on which further development of the manifesto will be based and highlights some of our key policies. It is not however a draft manifesto, and much more policy development work and consultation will take place before a full manifesto can be drawn up. Following the *Make It Happen* debate, the Manifesto Group will be undertaking further extensive consultation within and outside the party. An important part of this process will be a one day conference to be held in January 2009. Further details of this will be available at Bournemouth.

European Parliamentary Election Manifesto

The Europe policy paper *Shaping Our World through a Stronger Europe: Reforming the EU's Policies* will provide the main policy basis for producing the party's Manifesto for next year's European Parliamentary Elections. Following the debate on this paper at Bournemouth, the FPC's European Manifesto Group will start work on writing the Manifesto, in consultation with the wider party including the European Parliamentary party. More details of this process will be announced at Bournemouth.

Improving the Way Working Groups Develop Policy

At the beginning of last year, the FPC made a number of changes to the way policy working groups are organised and conduct their work. The aims of these changes are to: 1) improve consultation and membership involvement; and 2) develop more up to date and politically relevant policy. These changes have been in place for over a year and we would welcome any views from members on how we could make further improvements.

Specific changes include:

Recruitment of working groups – rather than advertise individually for each group, we have moved to a system of having a standing panel of people willing to serve on working groups. This will give the FPC a broader range of possible group members to draw on, and also allow party members to volunteer themselves for future consideration even at times when the FPC is not advertising for specific groups in their own areas of interest. We advertised for applicants in

January this year. Nevertheless party members may put themselves forward at any time during the year - just email policypanel@libdems.org.uk. This approach is also saving time in the initial set-up of working groups.

Developing the policy panel – there are currently nearly 400 people on the policy panel. To improve communication and involve panel members more in policy work, we have recently initiated a regular policy newsletter, *Focus on Policy*. This newsletter keeps members of the panel informed about new publications on the consult website, new working groups and other initiatives, and includes articles from working group chairs, spokespeople, FPC members and the leadership team. It is our hope that, in future, panel members will have a much more active role in policy-making within the Party and that the policy process will benefit from their wealth of knowledge, expertise and experience.

More internet consultation – building on the approach piloted in preparing *Trust in People*, all working groups now have a dedicated area on the www.consult.libdems.org.uk website, where their consultation papers are posted and there are 'bulletin board' facilities for party members and others to input comments. Web consultation will be the first phase of any working group's work. We are retaining the face-to-face consultations sessions at conferences, but these are now generally held at a later stage in group's work, at the conference immediately prior to the one at which the final policy paper is to be debated, so that groups are able to test their provisional conclusions with conference representatives.

Better management of working groups by FPC – we have been giving working groups tighter, more focussed remits concentrating on the most politically salient issues within their overall subject area. We also wish to ensure that FPC is kept better in touch with the development of working groups' thinking, and therefore are scheduling more interim discussions of the progress of groups at FPC meetings before the final report is completed. This helps ensure policy papers are delivered on time and address their original remits. We have also formally instituted meetings of the FPC officers between full meetings of the Committee, to act as a first resort for dealing with issues such as overlap of responsibilities between working groups.

Delivering policy development more quickly – as a result of these changes, the time between the FPC initially commissioning a working group and the policy paper being presented to Party Conference has been reduced from around 18 months to one year.

Regional Links

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

Region	
Devon & Cornwall	Judith Jolly
East of England	Julie Smith
East Midlands	Jeremy Hargreaves
London	Jo Hayes/Geoff Payne
Northern	Robert Adamson
North West	Stan Collins
South Central	Jonathan Marks
South East	Fiyaz Mughal
Western Counties	Theo Butt Phillip
West Midlands	Phil Bennion
Yorkshire & the Humber	William Wallace

The FPC has also decided to appoint in future representatives to Party SAOs – this will be done once the new committee is elected following the Autumn Conference.

Policy and Research Unit Staffing

The Policy and Research Unit (PRU) combining the Adviser team and the Policy Projects Team provides staff support for the FPC and its working groups.

The Head of Policy and Research is Greg Simpson.

The Policy Projects Team consists of Christian Moon (Deputy Head of Policy and Research), Emily Cornborough (Policy Officer), Helen Banks (Policy Officer – Job Share) and Debbie Enever (Policy Officer – Job Share). The Policy Projects Team has also benefited from voluntary work by William Nelson and Simon Garner.

The Adviser team consists of Chris Saunders (Economy & Treasury), James Lloyd (Environment, Food & Rural Affairs), Katie Waring (Work & Pensions), Ben Jones (International Affairs & Defence), Steve Lotinga (Cultural Affairs, Youth and Equalities), Rachel Spring (Health), Alice Douglas (Communities & Transport) and Sam Cannicott (Education). The Adviser team has benefited from voluntary work by: Pamela Mulcahy, Oliver Biggs, David Willcox, and Steve Macauley.

As ever, the FPC is much indebted to the Policy and Research Unit staff and volunteers for all their hard work in support of the FPC.

Nick Clegg MP
Chair of Federal Policy Committee
July 2008

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 (who chairs it) and three Vice Presidents, the Leader, two other MPs, one peer, one MEP, two councillors, three state party reps and fifteen members directly elected by conference reps.

FE Report to Conference

The FE has met three times since Spring Conference (in March, June and July), having cancelled its May meeting to support the by-election campaign in Crewe & Nantwich.

The Party Reform Commission reported on its work at the June meeting. In particular, the Commission recommended changes to the governance structure of the Party to allow better coordination of resources. The appropriate Party bodies and committees are currently discussing the relevant Commission recommendations. The FE took the initial procedural decisions at its July meeting and also established a Working Group to consider the details for application and consultations with other Party bodies.

Scrutiny

The FE continued to fulfil its scrutiny function. At the March meeting it focussed on the Leader's strategy and priorities over the remainder of the year and on membership activity (while recognising that membership is principally a State Party responsibility).

At each meeting it has reviewed a set of key party indicators, tracking the Party's performance during the course of the year and changes over the previous year. As the body of data is accumulated, it is intended that this will help steer the work and priorities of the FE.

Subscription & Federal Levy

As there will be local elections across most of England next year, including 26 county councils, 4 new unitary authorities and 1 existing unitary authority, the Federal Executive has therefore proposed an increase in the Federal levy. The result of this is to ensure that more of the increased subscription income can be spent in the areas most in need of support in these local elections.

Elections

The FE has set the timetable for the Presidential and Committee Elections, so that the timetable is as follows:

Nomination Papers available from	14 th August 2008
Close of Nominations	24 th September 2008
Dispatch of ballot papers	8 th October 2008
Close of ballot	5 th November 2008
Count	8 th November 2008

This year the election cycle will also cover elections to the Peers Panel list, so those first elected to the list in 2004 will fall off, whilst those elected in 2006 will remain on the list.

Reports

The FE received and approved the report from the National Diversity Advisor 'From Barriers to Benefits: Achieving Wider Participation and Representation in the Liberal Democrats'. To assist

the National Diversity Advisor with this work, the FE agreed to establish a Diversity Engagement Group and appointed Vince Cable as its Chair.

The FE approved the Councillor-FE Report Implementation Plan, designed to aid and strengthen the relationship between the Federal Party and councillors. Two experienced councillors who are FE members, David Williams and James Gurling, have taken on the responsibility of overseeing this work.

The Federal Finance & Administration Committee has regularly reported to the Federal Executive (see the FFAC report below), as have the President, International Relations Committee and the Campaign for Gender Balance.

The Federal Executive also agreed that Associate Organisations should have a minimum membership of 30 party members.

Diversity Monitoring

It is important to note that these figures show our progress in approval and selection as of 18th July 2008.

Approved Candidates

Gender

The figures that are currently available from the membership database are as follows. Please note that these may not tally entirely with the Campaign for Gender Balance figures, as there are some candidates with membership status queries who were removed from the figures supplied to the CGB.

State	Approved candidates	Men	Women	% women
England	841	640	201	23.9%
Scotland	96	64	32	33.3%
Wales	69	50	19	27.5%
Total	1006	754	252	25.0%

We have the following monitoring information for approximately 40.2% of approved candidates in England – this information is not currently available for candidates in Scotland and Wales.

Ethnicity

Not supplied	Asian	White British	White other	Other
502	19	292	19	9
% total of the number supplied	5.6%	86.1%	5.6%	2.7%

Religion

Not supplied	Christian	Muslim	None	Other
506	194	14	113	14
% total of the number supplied	57.9%	4.2%	33.7%	4.2%

Selected Candidates

Gender

State	Selected candidates	Men	Women	% women
England	210	151	59	28.1%
Scotland	5	3	2	40.0%
Wales	16	13	3	18.8%
Total	231	167	64	27.7%

We have the following monitoring information for approximately 47.9% of selected candidates in England – this information is not currently available for candidates in Scotland and Wales.

Ethnicity

Not supplied	Asian	White	Other
110	12	87	2
% total of the number supplied	11.9%	86.1%	2.0%
% total of the number selected (211)	5.7%	41.2%	1.0%

Religion

Not supplied	Christian	None	Other
115	56	31	9
% total of the number supplied	58.3%	32.3%	9.4%
% total of the number selected (211)	26.5%	14.7%	4.3%

Forthcoming Business

The FE has a busy schedule for the remaining meetings of the year, with a focus on scrutinising key issues in the run-up to next year's elections. Issues identified for its work programme include scrutinising local elections, PR election and identifying non-British EU voters, by-elections and the 2009 Business Plan & Budget.

Simon Hughes
Party President & FE Chair
July 2008

Federal Finance and Administration Committee

The Federal Finance and Administration Committee is responsible for planning and administering the budget and finances of the Federal Party, directing its administration and ensuring its compliance with the provisions of the Political Parties, Elections and Referendums Act 2000. It is responsible to the FE, but normally also reports directly to the Federal Conference.

The FFAC has 14 voting members: the Chair (currently Duncan Greenland), Party Treasurer and five other members (all elected by the FE), the Party President, three state party reps, the Chief Executive and two other members of HQ and Parliamentary staff.

Report of Federal Finance Administration Committee to FC – September 2008

The FFAC committee, elected in January 2007 for the first time to 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).

Environmental Activity

In the past year, energy usage at the Party Headquarters at Cowley Street has been reduced by 15%. CO2 emission offsetting arrangements continue to be in place for travel, office services and energy, conferences and publications resulting in 166.5 tons of carbon being offset in the whole of 2007.

Investors in People Standard

The Investors in People standard three yearly assessment was completed in June 2008. The standard was renewed for the Cowley Street Headquarters and for the first time the Parliamentary Office of the Liberal Democrats (POLD) also applied for the standard at the same time and achieved it.

We were congratulated on doing a good job, particularly considering the recent integration of our Federal Party and POLD operations, and the assessor commented on the good morale and high engagement within the organisation.

Good practice

They highlighted the following good practice:

- 1) Our business planning and quarterly traffic light reviews are of an excellent standard. They involve all staff teams in identifying their objectives, linked to the organisation's objectives.
- 2) Everyone has a clear sense of role and knows how their contribution fits into the bigger picture in an increasingly integrated way.
- 3) The opportunities for staff to learn and develop are numerous, with a lot of detailed learning happening through on the job experience, and mentoring from managers. Staff have high levels of knowledge and skills.
- 4) There is a genuine commitment to equality of opportunity, with everyone, including volunteers, being invited to attend monthly staff meetings, and each having an annual appraisal and six monthly reviews.

- 5) Leadership and management are excellent and highly regarded by staff, who have a great deal of respect for the knowledge and 'wisdom' of senior staff and line managers.
- 6) Managers genuinely value people, who feel inspired and motivated.
- 7) People very much appreciate the range of social events organised by the managers, and the Chief Executive.
- 8) People have a good deal of autonomy and are empowered to improve continuously their services, and offer suggestions and new ideas. There is evident energy and commitment.
- 9) The intern programme is popular and appreciated for the experience that it offers participants.
- 10) People report that the induction support they receive when they are new to the organisation, or change roles, is excellent.
- 11) All learning is followed up with people sharing their new skills or knowledge at meetings, during work or through papers.
- 12) There is a deep understanding of the benefits of learning and development, and a real commitment to continuous improvement.

Areas for improvement

Inevitably, the assessor also identified areas for improvement, such as:

- 1) Continuing the process of integration between the Federal Party and POLD.
- 2) Developing a regular in-house newsletter to ensure everyone is up to date and informed.
- 3) Keeping up efforts to ensure all departments feel equally appreciated and thanked for their work.
- 4) Reviewing how managers could delegate more.
- 5) Examining how our management development programme can be linked to the emergence of the Party's proposed Leadership Academy.
- 6) Ensuring that knowledge management policies are reviewed to ensure that in-depth knowledge (held by a number of individuals) is more widely shared and thereby safeguarded.
- 7) Celebrating successes even more actively and evaluate more fully progress in learning and development.
- 8) Considering how the liP standard can be extended to other parts of the Party when it is next renewed in 2011.

These assessments are useful to improving practice and making sure that the Party's processes are in good order.

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 has risen this year from 74 to 101 sets of accounts. This consisted of 95 sets of accounts in the over £25,000 and six in the £250,000+ band. There were five sets of accounts that were over £25,000 in 2006 that fell below that threshold in 2007.

The Electoral Commission's more rigorous enforcement policy has led to further forfeiture of donations by political parties and fines for late accounts and donation reports for some others. It has also been extended to cover more adverse publicity for elected representatives reporting late.

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 <http://www.electoralcommission.org.uk/regulatory-issues/Regpartydonations.cfm>

Membership and Fundraising Services

The Membership Services team has maintained the improved standard of performance seen last year. In eleven of the last twelve months, the average time taken to dispatch a membership card was under week. The policy of encouraging members to switch to direct debit continues to be successful. The number of members paying their subscription by direct debit has risen from 48%

to 51%. Payment by direct debit is far cheaper for the party to administer, it is faster and it reduces paper-use, as only a single renewal mailing has to be sent out with the membership card.

Work on consolidating databases used at Cowley Street has continued. Functionality for constituency campaign, election and biographical data to be used on the new party website has been added to the main database. This will make maintenance of all this data more accurate and efficient. At the time of writing this report, work on providing on-line access to data for membership secretaries is nearly complete, and subject to testing it will be available in the autumn. This facility will greatly improve communication between the Membership Services team and local parties.

A regular programme of research has been initiated to improve membership renewal and fundraising activity. This will lead to a more sophisticated approach to direct mail, telephone and email communication in the future.

The department supports the Treasurer's work on major gifts, helping to identify new donors and organising fundraising meetings and events throughout the year. The party's legacy material has also been reviewed and revised.

2007 financial results

The accounts show a surplus on the general fund of £69,000 before a loss on the pension scheme of £30,000 due to various changes in the assumptions used to value the scheme at the year-end by its actuary.

Of the adjusted £39,000 surplus £15,000 has been transferred to a separate designated fund to cover the cost of specific election expenses. A further £10,000 has been transferred to a separate designated fund to cover the cost of making good dilapidations to the Cowley Street premises.

Although it is very satisfying that the pension scheme deficit has reduced, it is recognised that this is a valuation as at a specific date (31 December 2007) when bond rates were particularly favourable. The assumptions used as the basis for the valuation result in extremely volatile and unpredictable movements in the deficit and it should not be assumed that there will be a positive result in 2008.

The election campaign fund aims to build funds towards a General Election and reduce the imbalance between the party's election spending and that of its major rivals. The deficit in the year was the result of planned spending on the Scottish Parliament, Welsh Assembly and local elections of funds received in 2006.

Overall the party ended the year with net assets of £1,128,000.

Income

Total income for the year was broadly in line with 2006 i.e. a reduction of just 4.5%. Lower cash donations were partially offset by higher notional income and higher conference income.

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.

In addition the Business Forum and Liberty Network, which were formerly accounting units in their own rights transferring their surpluses to the Campaign Fund, are now part of the Fund itself resulting in an additional £113,000 of 'other income'. Against this the cost of fundraising events has been included in expenditure.

Expenditure

Total expenditure increased by approx. £1.25m (27%) of which 90% was due to an increase in campaign expenditure on the Scottish Parliament, Welsh Assembly, local elections and by-elections and preparations for the general election that didn't happen.

Within general fund expenditure there was a substantial drop in staff costs and a corresponding increase in recharges from other party bodies. This was the result of the transfer of Policy department staff to the Parliamentary Office of the Liberal Democrats (POLD) and the purchasing from POLD of policy development services.

Excluding staff and campaign costs other general fund expenditure reduced by approximately 1% year on year.

Cash

At the end of 2007 the Party had net funds of £1,045,000 compared to £1,410,000 at the end of 2006 and did not need to utilise its overdraft facility during the year. This reduction in net funds broadly reflects the income and expenditure account deficit for the year, as would be expected in an organisation that does not require significant amounts of fixed assets, stock etc.

The overdraft facility is for £500,000 with a provision to increase it to £1,000,000 to fund cash flow for national elections. Although the facility was not required in 2007, and may not be needed in 2008, it will nevertheless be renewed in 2009.

2008 activity

To the end of May income is almost exactly on budget. However, this disguises a small shortfall in both direct mail donations and Federal levy offset by a lower than expected net deficit on the spring conference.

The shortfall in Federal levy is of particular concern as it reflects much lower than expected membership income as the result of local party recruitment and renewal activity.

Expenditure is running 2-2.5% above budget for the first 5 months of the year but as much of this is due to timing differences i.e. SAOs and other party bodies drawing down their grants faster than expected, a lot of this apparent overspend will unwind in the remainder of the year and it is currently expected that there will only be a modest overspend for the year as a whole.

As the expected year-end deficit of around £50,000 includes the additional contributions of £114,000 to fund the pension scheme deficit there will still be a net reduction in the overall deficit on the general fund (subject to any other changes to the pension scheme deficit arising from the actuary's work at the year-end).

To the end of May the campaign fund is showing a deficit of £300,000 reflecting its substantial contribution towards the local elections and by-elections, and its on-going support for key seats. At this stage it is impossible to know what the year-end position will be but this emphasises the importance of raising more funds, not just for the General Election that must be held between now and June 2010, but also for continuous activity in the run-up to that election.

Part of that activity will be the campaign for the European Parliament elections in 2009, though much of this will be funded by the regions.

2009 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 in recent years the approach has been to identify known unavoidable changes from the current year's budget and setting a target for the surplus required to reduce the accumulated deficit on the general fund.

Part of the agreement to eliminate the pension scheme deficit is that the party is making additional contributions of £9,500 a month above the amount needed to meet current service costs. From May 2009 these additional contributions will be reduced to £6,600 a month though there will be an increase in the amount needed to cover the current service costs. All other things being equal it is expected that the deficit will have been totally eliminated by mid-2012.

In 2004 the party completely upgraded its membership systems, which had become obsolete, at a cost of approximately £130,000 to be depreciated over five years. Although development work on the system continues it is not expected that a similar sum will need to be spent in the foreseeable future and that the 2009 budget will benefit from a reduction in the depreciation charge.

The detailed work on the budget will take place in the autumn in consultation with the relevant party bodies with a view to the final budget being agreed by the Federal Executive in December and reported to next spring's conference.

Federal levy

It has become increasingly apparent in recent years that the G8 mechanism, although an effective way of redistributing resources between the different regions according to need, is under resourced. In 2009 there will be local elections across most of England. 26 county councils, four new unitary authorities and one existing unitary authority are up for election.

Short term solutions were found in 2007 and 2008 to increase the resources available but the only realistic long term solution is to increase the amount of the Federal Levy on renewals from 42% to 44%. It is expected that this will generate a further £50,000 to support the poorer areas with key council contests and the most marginal wards elsewhere.

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 2009, adopt the audited accounts for 2007 and to reappoint the Party's auditors, Mazars LLP.

Duncan Greenland
Chair, Finance & Administration Committee
Registered Treasurer
July 2008



The Liberal Democrats (The Federal Party)

Reports and Financial Statements

Year Ended

31 December 2007

"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.

The Liberal Democrats (The Federal Party)

Financial Statements for the year ended 31 December 2007

Contents

	Party Officers
Page:	
2	Report of the Party Officers
5	Statement of Registered Treasurer's responsibilities
6	Report of the independent auditors
7	Income and expenditure account
8	Statement of total recognised gains and losses
9	Balance sheet
10	Cash flow statement
11	Notes forming part of the financial statements

Party Officers

Registered Officers under PPERA

Leader:	Rt Hon. Sir Menzies Campbell MP	to October 2007
Leader:	Rt Hon. Nick Clegg MP	from Dec 2007
Registered Treasurer:	David Griffiths FCA	to January 2007
Registered Treasurer:	Duncan Greenland	from January 2007
Nominating officer:	Lord Rennard	
Campaigns officer:	Lord Rennard	
Deputy campaigns officer:	Derek Barrie	

Other Officers

Party President:	Simon Hughes MP	
Vice President:	Stan Collins	to January 2007
Vice President:	Brian Orrell	from January 2007
Vice President:	Judy Hayman	
Vice President:	Lembit Öpik MP	
Treasurer:	Lord Clement-Jones	
Chief Executive:	Lord Rennard	

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

The Liberal Democrats (The Federal Party)

Report of the Party Officers for the year ended 31 December 2007

1. *Administrative information*

Committees

The following committees operate within 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 – Simon Hughes MP
Campaigns & Communications – Ed Davey MP
Policy – Nick Clegg MP
Finance and Administration – Duncan Greenland
International Relations – Robert Woodthorpe-Browne
Conference – Duncan Brack

Conference is the sovereign representative body of the party with the power to determine the policies of the party. 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 2007. 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 annually by the FE, the Party President, Party Leader, Chief Whip and 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, LDYS, LIBG, ELDR and individuals elected by Conference representatives.

Elected representatives

The party's elected representatives are shown at Annex A. In addition there are 78 Liberal Democrat members of the House of Lords, 16 Liberal Democrat members of the

The Liberal Democrats (The Federal Party)

Report of the Party Officers for the year ended 31 December 2007

Scottish Parliament, 6 Liberal Democrat members of the Welsh Assembly and 3 Liberal Democrat members of the Greater London Authority. As of May 2008 there were approximately 4,500 Liberal Democrat Councillors.

Staffing

The principal permanent members of staff are:

Chief Executive - Lord Rennard
Director of Campaigns – Hilary Stephenson
Director of Finance – Nigel Bliss ACA
HQ Director – Ben Stoneham
Director of Marketing, Fundraising and Members' Services – David Loxton
Director of International Office – Karla Hatrick
Director of Policy and Communications – Jon Oates

Membership

As at 31 December 2007 there were 65,400 members of the party (2006 – 68,743).

Accounting Units

The party now has 510 accounting units registered with the Electoral Commission. There were no changes in the reporting period.

2. *Review of political activities*

Conferences

The party held two conferences during the year:

- Spring
- Autumn

Spring

The 2007 spring conference was again held in March in Harrogate. The key debates in the conference hall focused on the party's proposals for handling crime, the future of Britain's nuclear deterrent, local regeneration in the 21st century and the development of sustainable housing.

Autumn

The autumn conference was held in September in Brighton. Conference devoted a considerable amount of time to discussing issues as diverse as local and regional government, climate change, tax reform, poverty and inequality, and managing the impact and risk of flooding.

Policy development

At the spring conference the party held consultative sessions open to all members on climate change and better local government structures and financing. At the autumn

The Liberal Democrats (The Federal Party) Report of the Party Officers for the year ended 31 December 2007

conference the consultative sessions were on Europe, further and higher education, housing and PFI.

Elections and campaigns

Progress in the May 2007 local, Scottish Parliament and Welsh Assembly elections was mixed but the party generally had very good results in held and possible target constituencies for the next General Elections. Significant gains were made from the Conservatives in places like Taunton (11 gains) and Eastbourne (winning 20 of the 27 seats) and from Labour in places like Hull, Rochdale and Northampton.

In the two by-elections held in July the party comfortably held second place in Ealing Southall with swings from both the Conservatives and Labour. In Sedgefield the party did even better overtaking the Conservatives for second place and cutting the Labour majority to only 7,000.

3. *Financial Review*

The general fund produced a surplus for the year of £69,452. Following an actuarial loss on the closed final salary scheme of £30,000, this resulted in the accumulated deficit being reduced from £169,436 to £154,984 at the end of 2007 after allowing for transfers of £25,000 to specific designated funds.

The significant reduction in the pension scheme deficit is the result of very favourable bond rates at the year-end date used to calculate the scheme's liabilities under FRS17. As the FFAC does not expect these rates to stay as high for the remaining life of the scheme, it does not propose to amend the amount of additional contributions being paid to eliminate the deficit.

The election campaign fund aims to build funds towards a General Election and reduce the imbalance between our election spending and that of our major rivals. The party was well prepared for an autumn general election though the additional costs incurred in these preparations together with funding provided for the Scottish Parliament, Welsh Assembly and local elections resulted in a deficit for the year of £426,129 reducing the accumulated surplus to £1,257,767. This is a reasonable starting point towards raising the funds the party needs to maintain its challenge to the two other parties though they will still be able to outspend us by a considerable margin. For this reason the party needs to maintain and develop its fundraising capacity for a general election that must take place within the next two years.

Duncan Greenland
Registered Treasurer
24 June 2008

The Liberal Democrats (The Federal Party) Statement of Registered Treasurer's responsibilities

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.

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

We have audited the financial statements of the Liberal Democrats (The Federal Party) for the year ended 31 December 2007 which comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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.

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 relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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. 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

In our opinion the financial statements give a true and fair view of the state of the party's affairs as at 31 December 2007 and of its deficit for the year then ended and have been properly prepared in accordance with the accounting policies set out therein and the requirements of the Political Parties, Elections and Referendums Act 2000.

Mazars LLP
Chartered Accountants and Registered Auditors
Tower Bridge House
St Katharine's Way
London
E1W 1DD

24 June 2008

The Liberal Democrats (The Federal Party)
Income and Expenditure Account
For the year ended 31 December 2007

	Note	General fund £	Campaign fund £	Total 2007 £	Total 2006 £
Income					
Donations		673,893	1,251,338	1,925,231	2,516,849
Membership and subscription fees		803,703	-	803,703	832,117
Newspaper income	11	142,985	-	142,985	134,420
Affinity income		46,755	-	46,755	51,458
Grants	5	457,193	-	457,193	484,607
Conference income	10	938,747	-	938,747	886,559
Investment income	6	1,835	69,825	71,660	32,271
Notional income	7	13,658	206,032	219,690	89,013
Recharges to party bodies	12	703,359	12,500	715,859	640,830
Other	8	84,685	113,991	198,676	113,271
		<u>3,866,813</u>	<u>1,653,686</u>	<u>5,520,499</u>	<u>5,781,395</u>
Expenditure					
Conference expenditure	10	524,174	-	524,174	523,437
Newspaper expenditure	11	110,884	-	110,884	105,210
Fund raising expenditure		72,401	58,069	130,470	69,405
Depreciation and amortisation	4	54,985	12,209	67,194	65,810
Campaign expenditure		263,646	1,372,084	1,635,730	820,456
Staff costs	2	1,446,483	91,849	1,538,332	1,584,316
Premises & office costs		609,130	168,130	777,260	704,095
Interest payable and bank charges	9	32,536	258	32,794	30,297
Notional expenditure	7	13,658	206,032	219,690	89,013
Grants to party bodies	13	341,236	157,219	498,455	385,169
Expenditure recharged to other party bodies		98,140	-	98,140	97,808
Charges from other party bodies		188,820	-	188,820	10,000
Audit fees	4	11,490	-	11,490	12,042
Bad debt provision		(15,097)	-	(15,097)	10,399
Other		44,508	-	44,508	91,524
		<u>3,796,994</u>	<u>2,065,850</u>	<u>5,862,841</u>	<u>4,598,981</u>
(Deficit)/surplus before taxation		69,819	(412,164)	(342,345)	1,182,414
Taxation	14	(367)	(13,965)	(14,332)	(5,924)
(Deficit)/surplus for the year		69,452	(426,129)	(356,677)	1,176,490

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

The notes on pages 11 to 25 form part of these financial statements

The Liberal Democrats (The Federal Party)
Statement of total recognised gains and losses
For the year ended 31 December 2007

	Note	2007	2006
		£	£
(Deficit)/surplus for the financial year		(356,677)	1,176,490
Actuarial (loss)/gain on pension scheme		(30,000)	40,000
Total recognised gains and losses for the year		<u>(386,677)</u>	<u>1,216,490</u>

The notes on pages 11 to 25 form part of these financial statements

The Liberal Democrats (The Federal Party)
Balance Sheet as at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	15		57,832		112,527
Current assets					
Debtors	17	624,116		584,791	
Cash at bank and in hand		<u>1,395,456</u>		<u>1,759,733</u>	
		2,019,572		2,343,004	
Creditors: amounts falling due within one year	18	<u>(548,621)</u>		<u>(459,591)</u>	
Net current assets			<u>1,470,951</u>		<u>1,884,933</u>
Total assets less current liabilities			1,528,783		1,997,460
Creditors: amounts falling due after more than one year	19		<u>(350,000)</u>		<u>(350,000)</u>
Net assets excluding pension deficit			1,178,783		1,647,460
Pension deficit	20		(51,000)		(133,000)
Net assets			<u>1,127,783</u>		<u>1,514,460</u>
Reserves					
General Fund	21		(154,984)		(169,436)
Campaign Fund	21		1,257,767		1,683,896
Designated Fund 1	21		15,000		-
Designated Fund 2	21		<u>10,000</u>		-
Total Funds			<u>1,127,783</u>		<u>1,514,460</u>

The financial statements were approved by the Federal Finance & Administration Committee on 24 June 2008

Duncan Greenland
Registered Treasurer

The notes on pages 11 to 25 form part of these financial statements

The Liberal Democrats (The Federal Party)
Cash Flow Statement
For the year ended 31 December 2007

	Note	2007 £	2006 £
Net cash (outflow)/inflow from operating surplus before returns on investments and servicing of finance	24	(417,514)	1,252,122
Returns on investment and servicing of finance			
Interest received		71,660	32,271
UK Tax paid		(5,924)	(5,602)
Capital expenditure and financial investment			
Payment to acquire tangible fixed assets		(12,499)	(24,898)
Financing			
Decrease in loans		-	(175,000)
(Decrease)/increase in cash	25	<u>(364,277)</u>	<u>1,078,893</u>

The notes on pages 11 to 25 form part of these financial statements

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

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

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

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.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

2 Employees

	2007 £	2006 £
Staff costs consist of:		
Wages and salaries	1,112,726	1,198,632
Social security costs	118,534	113,395
Other pension costs	60,265	92,508
Other staff costs	246,807	179,781
	<u>1,538,332</u>	<u>1,584,316</u>

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

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

	2007 Number	2006 Number
	<u>41</u>	<u>41</u>

3 Registered Party Officers

The party is under the direction of its committees who make all strategic decisions.

None of the Registered Officers under PPERA or Committee Chairs received any remuneration in that capacity in 2007 (2006 - £nil).

4 (Deficit)/surplus before tax

	2007 £	2006 £
This has been arrived at after charging:		
Auditors' remuneration		
- audit services	11,490	10,892
- non-audit services	-	1,150
Operating lease charge	232,080	233,714
- property	34,966	49,340
- equipment	67,194	65,810
Depreciation	<u>67,194</u>	<u>65,810</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

5	Grants received		
		2007	2006
		£	£
	Policy development grant	457,193	484,607
		<u> </u>	<u> </u>
6	Investment income		
		2007	2006
		£	£
	Interest receivable	71,660	32,271
		<u> </u>	<u> </u>
7	Notional income and expenditure		
		2007	2006
		£	£
	This comprises:		
	Services	219,690	68,057
	Interest receivable	-	20,956
		<u> </u>	<u> </u>
		219,690	89,013
		<u> </u>	<u> </u>
8	Other income		
		2007	2006
		£	£
	Westminster Foundation for Democracy management fee	39,461	39,441
	Treasurer's Unit income	113,991	-
	Miscellaneous income	45,224	73,830
		<u> </u>	<u> </u>
		198,676	113,271
		<u> </u>	<u> </u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

9 Interest payable and similar charges

	2007	2006
	£	£
Bank charges	32,794	30,297
	<u> </u>	<u> </u>

10 Surplus on conferences

	2007	2006
	£	£
Income	938,747	886,559
Expenditure		
Direct costs	524,174	523,437
Premises & office costs	24,955	33,803
Staff costs	139,734	149,396
(Decrease)/increase in bad debt provision	(19,500)	10,058
	<u> </u>	<u> </u>
Total expenditure	669,363	716,694
Surplus for the year	269,384	169,865
	<u> </u>	<u> </u>

11 Deficit on Liberal Democrat News

	2007	2006
	£	£
Income	142,985	134,420
Expenditure		
Direct costs	110,884	105,210
Premises & office costs	2,776	2,226
Staff costs	37,510	36,637
Bad debt provision	4,403	341
	<u> </u>	<u> </u>
Total expenditure	155,573	144,414
Deficit for the year	(12,588)	(9,994)
	<u> </u>	<u> </u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

12 Recharges to party bodies

	2007	2006
	£	£
Fixed cross charge to State Parties	414,296	383,254
Variable cross charge to State Parties	80,768	80,100
Charges to other party bodies	220,795	177,476
	<u>715,859</u>	<u>640,830</u>

13 Grants to party bodies

	2007	2006
	£	£
Grants to SAOs	115,872	135,082
Grants to other party bodies	382,583	250,087
	<u>498,455</u>	<u>385,169</u>

14 Taxation on (deficit)/surplus from ordinary activities

	2007	2006
	£	£
Taxation on party's investment income	14,332	5,924
	<u>14,332</u>	<u>5,924</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

15 Tangible assets

	Computer Hardware £	Computer Software £	Office Equipment £	Motor Vehicles £	Total £
<i>Cost</i>					
At 1 January 2007	81,750	176,289	167,110	21,120	446,269
Additions	-	-	12,499	-	12,499
At 31 December 2007	81,750	176,289	179,609	21,120	458,769
<i>Depreciation</i>					
At 1 January 2007	62,929	116,097	133,596	21,120	333,742
Charge for the year	11,372	40,036	15,786	-	67,194
At 31 December 2007	74,301	156,133	149,382	21,120	400,936
<i>Net book value</i>					
At 31 December 2007	7,449	20,156	30,227	-	57,832
At 31 December 2006	18,821	60,192	33,514	-	112,527

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

17 Debtors

	2007 £	2006 £
Trade debtors	23,831	24,314
Amounts owed by Liberal Democrat related entities	234,236	259,452
Other debtors	29,460	77,569
Other taxation and social security	-	1,520
Prepayments and accrued income	336,589	221,936
	624,116	584,791

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

18 Creditors: amounts falling due within one year

	2007	2006
	£	£
Amounts owed to Liberal Democrat related entities	135,301	105,543
Trade creditors	1,131	54,383
Other taxation and social security	5	-
Corporation tax	14,332	5,924
Other creditors	32,049	57,503
Accruals and deferred income	365,803	236,238
	548,621	459,591
	<u>548,621</u>	<u>459,591</u>

19 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Other loans	350,000	350,000
	<u>350,000</u>	<u>350,000</u>

These loans are interest free and repayable on 30 June 2009 at the earliest.

20 Pension deficit

	Pension deficit
	£
Balance at 1 January 2007	(133,000)
Movement in pension deficit	82,000
Balance at 31 December 2007	<u>(51,000)</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

21 Reconciliation of movements in funds

	General Fund £	Campaign Fund £	Designated Fund 1 £	Designated Fund 2 £	Total £
At 1 January 2007	(169,436)	1,683,896	-	-	1,514,460
Surplus/(deficit) for the year	39,452	(426,129)	-	-	(386,677)
Transfers between funds	(25,000)	-	15,000	10,000	-
At 31 December 2007	(154,984)	1,257,767	15,000	10,000	1,127,783

The Designated 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 (2006: £nil).

23 Lease commitments

Operating lease payments that the party is committed to making in the year ending 31 December 2008 are:

	2007 £	2006 £	2007 £	2006 £
Operating leases which expire:				
	Land & Buildings	Land & Buildings	Other	Other
Within 1 year	-	-	8,118	19,815
Within 2 to 5 years	-	-	22,353	16,549
After 5 years	225,000	218,314	-	-
	225,000	218,314	30,471	36,364

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

24 Net cash (outflow)/inflow from operating (deficit)/surplus before tax, returns on investment and servicing of finance

	2007 £	2006 £
Operating (deficit)/surplus before taxation	(372,345)	1,222,414
Depreciation	67,194	65,810
Increase in debtors	(39,325)	(18,587)
Increase in creditors	80,622	150,756
(Decrease)/increase in provisions	(82,000)	(136,000)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating (deficit)/surplus before tax	(345,854)	1,284,393
Investment income	(71,660)	(32,271)
	(417,514)	1,252,122
	<hr/> <hr/>	<hr/> <hr/>

25 Reconciliation of net cash (outflow)/inflow to movement in net funds

	2007 £	2006 £
(Decrease)/increase in cash in the year	(364,277)	1,078,893
Cash inflow from loans	-	175,000
	<hr/>	<hr/>
Change in net debt resulting from cash flows	(364,277)	1,253,893
Opening net funds	1,409,733	155,840
Closing net funds	1,045,456	1,409,733
	<hr/> <hr/>	<hr/> <hr/>

26 Analysis of net funds

	At 1 January 2007 £	Cash flow £	At 31 December 2007 £
Cash	1,759,733	(364,277)	1,395,456
Loans	(350,000)	-	(350,000)
Net funds	1,409,733	(364,277)	1,045,456
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

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 2007.

The total contributions made by the employer over the period have been £130,280, equivalent to approximately 41% of pensionable pay plus the expenses of administration and special contributions of £9,500 payable monthly. This level of contribution is to continue until reviewed following completion of the triennial valuation as at 1 April 2007.

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2007 is £132,000.

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

	31/12/07	31/12/06	31/12/05
	£'000s	£'000s	£'000s
Fair value of scheme assets	916	821	1,090
Present value of scheme liabilities	967	954	1,359
Surplus/(deficit) in scheme	(51)	(133)	(269)

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

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

	Period ending	Period ending
	31/12/07	31/12/06
	£'000s	£'000s
Scheme liabilities at start of period	954	1,359
Current service cost	18	27
Interest cost	49	54
Actuarial losses/(gains)	12	4
Benefits paid, death in service insurance premiums and expenses	(66)	(490)
Scheme liabilities at end of period	<u>967</u>	<u>954</u>

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

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

	Period ending 31/12/07 £'000s	Period ending 31/12/06 £'000s
Fair value of scheme assets at start of period	821	1,090
Expected return on scheme assets	49	60
Actuarial gains/(losses)	(18)	44
Contributions by employer	130	117
Benefits paid, death in service insurance premiums and expenses	(66)	(490)
Fair value of scheme assets at end of period	<u>916</u>	<u>821</u>

The actual return on the scheme assets over the period ending 31 December 2007 was £31,334.

Total expense recognised in income and expenditure account

	Period ending 31/12/07 £'000s	Period ending 31/12/06 £'000s
Current service cost	18	27
Interest cost	49	54
Expected return on scheme assets	<u>(49)</u>	<u>(60)</u>
Total expense recognised in income and expenditure account	<u>18</u>	<u>21</u>

Statement of total recognised gains and losses

	Period ending 31/12/07 £'000s	Period ending 31/12/06 £'000s
Difference between expected and actual return on scheme assets: gain/(loss)	(18)	44
Experience gains and losses arising on the scheme liabilities: gain/(loss)	(45)	(82)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: gain/(loss)	33	78
Total amount recognised in statement of total recognised gains and losses: gain/(loss)	<u>30</u>	<u>40</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains since 1 January 2004 is £45,000.

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

Assets

	31/12/07 £'000s	31/12/06 £'000s	31/12/05 £'000s
With profit policy	<u>916</u>	<u>821</u>	<u>1,090</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

	31/12/07 % per annum	31/12/06 % per annum	31/12/05 % per annum
Inflation	3.20	3.10	3.00
Salary increases	5.20	5.00	5.00
Rate of discount	5.90	5.23	4.80
Allowance for pension in payment increases	5.00	5.00	5.00
Allowance for revaluation of deferred pensions	5.00	5.00	5.00
Allowance for commutation of pension for cash at retirement	Nil	Nil	Nil

The mortality assumptions adopted at 31 December 2007 imply the following life expectancies at age 65

Male currently age 40	23.2 years
Female currently age 40	26.0 years
Male currently age 65	21.9 years
Female currently age 65	24.8 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:

	01/01/07 % per annum	01/01/06 % per annum
With profit policy	5.70	6.60
Overall for scheme	5.70	6.60

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

Amounts for the current and previous four periods

	31/12/07 £'000s	31/12/06 £'000s	31/12/05 £'000s	31/12/04 £'000s	31/12/03 £'000s
Fair value of assets	916	821	1,090	1,008	839
Present value of scheme liabilities	967	954	1,359	1,401	1,249
Deficit in scheme	(51)	(133)	(269)	(393)	(410)
Experience adjustment on scheme assets	(18)	44	106	27	(28)
Experience adjustment on scheme liabilities	(45)	(82)	63	(17)	4
Effect of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	33	78	(101)	(43)	(1)

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 £60,673 (2006: £92,508). At 31 December 2007, contributions amounting to £11,550 (2006: £19,958) 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 and the Party's lawyers have both subsequently confirmed that it was reasonable for the Party to have treated these in this manner.

In March 2006 the Party received notice of possible claims relating to the 5th Avenue donations. No provision has been made in the Party's financial statements in relation to these donations, which have since been expended, as the Party has continued to receive legal advice that any such claim, if made, would not succeed.

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 £5,000 (2006: £4,983). Grants and other expenditure were also paid to the Leader's office in the year amounting to £12,000 (2006: £3,412).

The Liberal Democrats (The Federal Party)
Notes forming part of the Financial Statements
For the year ended 31 December 2007

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 £803,703 (2006: £832,117) and recharged expenditure totalling £715,859 (2006: £640,830). Expenditure includes grants to party bodies, expenditure recharged to other party bodies and charges from other party bodies totalling £785,415 (2006 - £492,977).

The amount owed by related entities at 31 December 2007 was £234,236 (2006: £259,452) and amount owed to related entities was £135,301 (2006: £105,543).

Significant balances owed by related entities are as follows:

The Liberal Democrats in England	£54,673
Parliamentary Office of the Liberal Democrats	£53,186
Yorkshire & the Humber Liberal Democrats	£23,960
North Dorset Liberal Democrats	£20,000
North West Liberal Democrats	£10,000

Elected Representatives

Annex A

As of 2 May 2008 the party had the following elected representatives

Westminster Parliament	
Danny Alexander	Michael Moore
Norman Baker	Greg Mulholland
John Barrett	Mark Oaten
Alan Beith	Lembit Öpik
Tom Brake	John Pugh
Colin Breed	Alan Reid
Annette Brooke	Willie Rennie
Jeremy Browne	Dan Rogerson
Malcolm Bruce	Paul Rowen
Paul Burstow	Bob Russell
Lorely Burt	Adrian Sanders
Vincent Cable	Robert Smith
Menzies Campbell	Andrew Stunell
Alistair Carmichael	Jo Swinson
Nick Clegg	Matthew Taylor
Edward Davey	Sarah Teather
Tim Farron	John Thurso
Lynne Featherstone	Steve Webb
Don Foster	Mark Williams
Andrew George	Stephen Williams
Sandra Gidley	Roger Williams
Julia Goldsworthy	Phil Willis
Mike Hancock	Jenny Willott
Evan Harris	Richard Younger-Ross
Nick Harvey	
David Heath	European Parliament
John Hemming	Elsbeth Attwooll
Paul Holmes	Sharon Bowles
Martin Horwood	Chris Davies
David Howarth	Andrew Duff
Simon Hughes	Bill Newton Dunn
Chris Huhne	Fiona Hall
Mark Hunter	Liz Lynne
Paul Keetch	Sarah Ludford
Charles Kennedy	Emma Nicholson
Susan Kramer	Diana Wallis
Norman Lamb	Graham Watson
David Laws	
John Leech	

The Liberal Democrats (Trustees) Ltd

Directors' Report to the Members for the year ended 31 December 2007

The Directors submit their report for the year ended 31 December 2007, 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 2007 were:

Lord Clement-Jones

Lord Dholakia

Duncan Taylor Greenland (appointed 19 March 2007)

David Brandon Griffiths (resigned 19 March 2007)

Eric Hamilton Lowry (Irish)

Baroness Neuberger

Lord Sharman

Lord Vallance

Sir Ian William Wrigglesworth

Signed on behalf of the Board



Secretary

Dated: 16 July 2007

Registered in England

No. 2231620

Registered Office

4 Cowley Street

London SW1P 3NB

The Liberal Democrats (Trustees) Ltd

Balance Sheet as at 31 December 2007

	£
Assets	NIL
Liabilities	NIL

Throughout the year ended 31 December 2007, the Company was dormant, and accordingly entitled under Section 249AA(1) of the Companies Act 1985 ("the Act") to exemption from audit.

Members have not required the Company to obtain an audit in accordance with Section 249B(2) of the Act.

The Directors acknowledge their responsibility for:

- (a) ensuring that the Company keeps accounting records which comply with Section 221 of the Act; and*
- (b) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year, in accordance with Section 226 of the Act, and which otherwise comply with the requirements of the Act relating to accounts so far as applicable to the Company.*

Approved by the Board on 16 July 2007



IAN WRIGGLESWORTH
Director

Parliamentary Party (Commons)

Introduction

Writing with the recess fast approaching, the few short months since our Spring conference have been a political rollercoaster ride. A prime minister floundering in the polls, a slew of by-elections and allegations of parliamentary sleaze prompt recollections of the dying days of the last Conservative Government. The death of Gwyneth Dunwoody and the election of Boris Johnson as mayor for London meant by-elections were necessary in both the Crewe and Nantwich constituency and Henley constituency. Parliamentary party colleagues threw themselves into both campaigns, recognising the need for every effort to be made to maintain the Liberal Democrat share of the vote. We have also had Haltemprice and Howden, with David Davis resigning and fighting a by-election on the issue of 42 days. Before the end of the week we will have also had the result in the Glasgow East by-election and the fate of the Prime Minister should become a little clearer.

Against that backdrop, the Liberal Democrats have remained vocal critics of the Government's policies at home and abroad, whilst driving home the point that the Conservative Party simply wants to change the people in charge – not the system itself.

Speaking up for the British People

As you will have noticed, the conduct of Labour and Conservative MPs has plunged the politics of Westminster into turmoil, the media happily fuelling the public's disillusionment with Parliament with torrid tales of MPs living lavishly at the expense of the taxpayer. Whilst the picture painted is somewhat removed from the reality for most MPs, it is absolutely the case that Parliament cannot continue to operate at a standard that would be unrecognisable in boardrooms across the country. This long-running debate, held both in the media and in the Commons, culminated on the 3rd of July with a series of votes being held on proposals put forward by our own Nick Harvey on behalf of the Members Estimates Committee – proposals designed to make the system of allowances more transparent and properly audited. I am proud to report that every single Liberal Democrat MP who voted, voted to reform our antiquated system. The reform proposals were only lost because of the votes of Conservative MPs who voted with Labour backbenchers determined to protect their interests.

Having correctly anticipated increasing public frustration at the conduct of MPs, Nick Clegg instructed the Shadow Cabinet to publish full details of their expenses on the internet, in a way that would satisfy the requirements of the report of the Members Estimates Committee, had they been passed. I am pleased to inform you that, as I write, virtually all members have put together their expenses information for publication, with all members signalling their intent to do so. They can be found on the websites of Shadow Cabinet members.

Since I last wrote, we have had only a single Opposition Day. We used that as an opportunity to press home two issues: the concerns over the Government's handling of Heathrow expansion, with all the attendant worries about increases in noise and pollution and, secondly, the very real difficulties faced by those struggling with repossessions and the falling value of their homes.

The other major piece of legislation which prompted concerned representations from the public was the Human Fertilisation and Embryology Bill. After much discussion and careful consideration of the wide range of issues involved, the Parliamentary Party agreed that the bill should be a free vote in all its stages.

At Prime Minister's questions, Nick Clegg has raised numerous issues, including pressing the case for tougher action against Mugabe in Zimbabwe, challenging the Government's

failure to properly implement its plans for troop withdrawal from Iraq, highlighting the appalling treatment of loyal Ghurkha soldiers, condemning the abolition of the 10p tax rate, and speaking up for the role of Post Offices in our communities.

Organisation of the Parliamentary Party

Chris Bones, as chair of the Party Reform Commission, presented his proposals to a joint meeting of the parliamentary parties in the Commons and Lords. The work of the Party Reform Commission has occupied a large part of my time and it afforded me the chance to get a deeper understanding of the wider party's perspectives on the role and work of the parliamentary party. My sincere thanks to all who assisted me in that process with useful input and comment, all of which was carefully considered when drawing up the final documentation.

Once again, the Parliamentary Party took itself away from the confines of Westminster to provide an opportunity for the extended discussion of political and strategic direction. The experience of residential has been a positive one in terms of the chance for colleagues to get to know one another better and to share best practice ideas.

As mentioned in my introduction, MPs and their staff volunteered their time to help with the Crewe and Henley by-elections. Their input was very much appreciated and was a significant factor in achieving such a successful result.

In terms of parliamentary responsibilities, Nick Clegg has appointed Jenny Willott to the Shadow Cabinet to take over responsibility for the Work and Pensions portfolio, allowing Danny Alexander, who remains in the Shadow Cabinet, to concentrate on his responsibilities as Chief of Staff.

Finally, it was a pleasure to see Alan Beith's considerable and lengthy service properly rewarded: he is now Sir Alan Beith.

Parliamentary Office of the Liberal Democrats (POLD)

There have been relatively few staff changes since Conference. However, it is with considerable sadness that we bid farewell to Jon Oates, who leaves his post as Director of Policy and Communications at the end of September. He has made an immeasurable contribution to the continuing professionalisation of our party's approach to handling communications and ensuring that we think clearly about the effective presentation of policy. He has been an outstanding colleague and we wish him well for the future. We have also bid farewell to Euan Roddin, speechwriter to Sir Menzies Campbell and subsequently Nick Clegg, who has taken up a new position in Brussels. Zena Elmahrouki has replaced Euan in the Leader's Office.

This year will be the first year that POLD engages in a joint business planning process with the Federal Party which should ensure that the resources of both organisations are used to maximum effect.

POLD's statement of accounts can be found on the Electoral Commission's website at <http://www.electoralcommission.org.uk/regulatory-issues/soalibdemau2002.cfm>, listed as Parliamentary Office of the Liberal Democrats.

Conclusion

With a General Election possible next year, alongside County Council elections and elections to the European Parliament, the Parliamentary Party understands that it has a vital role to play in supporting and leading the efforts of the party at large. Crucially, we understand that we need to be as prepared as possible to battle with both a tired, visionless Labour Government and a Conservative Party that lacks substance and solutions to the challenges facing the country.

Under Nick Clegg's leadership, the Liberal Democrats are more than a match for our opponents on the ground, in the TV and radio studios and in Westminster. We have the vision, the policies and the energy to make change happen.

Paul Burstow MP
Chief Whip (Commons)
July 2008

Parliamentary Party (Lords)

Tom McNally, Leader, **Navnit Dholakia** and **William Wallace** (Deputy Leaders) continue to front the Lords team. We are ably supported by our designated party spokespeople, willing backbenchers and, not least, a splendid Whips' team of **Dominic Addington** (Deputy), **Angie Harris**, **John Lee**, **Roger Roberts** and **Robin Teverson**. We were saddened by the deaths of two excellent colleagues, **Richard Holme** and **Ray Michie**, but are pleased to have two new recruits, **Sue Garden** and **Jim Wallace**. Our team in the Lords plays their full part in all the business of the House, but their main focus is on scrutiny of the legislation, details of which are below.

Banking (Special Provisions) Bill

Dick Newby, **Matthew Oakeshott** and **Willie Goodhart** all participated in the Lords stage of this piece of emergency legislation which nationalised the Northern Rock Bank following its widely publicised financial problems. The Government were defeated four times and obliged to make significant changes in order to get the bill through, which is now law.

Channel Tunnel Rail Link Bill

Bill Bradshaw and **Jamie Mar** and **Kellie** handled this bill, which clarified the legislation and regulations on the Channel Tunnel Rail Link. The principle of independent regulation, as already enshrined in the Regulatory Enforcement and Sanctions Bill, was successfully achieved as a result of our efforts on this bill, which has now become law.

Child Maintenance and Other Payments Bill

Archy Kirkwood and **Dominic Addington** led for the Libdems on this bill, which replaces the Child Support Agency with a new body, the Child Maintenance and Enforcement Commission and where significant concessions were also won. This bill is now law.

Climate Change Bill

Robin Teverson, **Rupert Redesdale**, **Sue Miller**, **Lindsay Northover**, **Tony Greaves**, **Eric Avebury** and **Hugh Dykes** participated in the Climate Change Bill - a flagship Government bill, introducing the concept of targets for the reduction in carbon emissions as well as the Committee on Climate Change. The Libdems have been consistent in criticising the bill for not going nearly far enough in addressing the real issues that are needed for a substantive reduction in carbon emissions. However there were four notable Government defeats: that no more than 30% of the effort undertaken to reduce the UK carbon account should come from overseas sources, the creation of a sub-committee of the Committee on Climate Change that would focus on preparing, contributing and assessing programmes and proposals for adapting to climate change, on establishing a principal aim for the Climate Change Bill, and on ensuring emissions caused by international passenger travel and imports or exports of goods were brought into the scope of the legislation within five years. However, we were disappointed by the Conservatives failure to support measures to change the 2050 target for a UK reduction in carbon emissions from "60%" to "80%" as well as ensuring that emissions caused by international aviation contributed towards the UK carbon account and that emissions caused by international shipping were brought in within three years. The Government also made some notable concessions, in particular their acceptance of an amendment from **Lindsay Northover** requiring companies to report greenhouse emissions in their annual reports. This bill is still going through the Commons.

Counter-Terrorism Bill

Sue Miller and **Martin Thomas** are leading on this Bill, which received its Second Reading in the Lords before the summer recess. Voting on many issues, not least on 42 days, will take place in the autumn. **Kishwer Falkner**, **Jim Wallace**, **Navnit Dholakia**, **Willie Goodhart** and **Anthony Lester** also spoke during the debate.

Crossrail Bill

Bill Bradshaw led on this bill - Crossrail is the plan to integrate the mainline railways to the east and west of London through the construction of two tunnels beneath central London from Paddington to Liverpool Street. The main purpose of the bill is to secure the powers necessary to build Crossrail, and as there has been a joint parliamentary committee assessing this bill, most of the most contentious areas had already been ironed out. This bill is now law.

Criminal Evidence (Witness Anonymity) Bill

Martin Thomas and **Anthony Lester** handled this piece of emergency legislation, which was rushed through the Lords in two days. The bill provides for a judge to grant a witness anonymity order to protect the safety of a witness in criminal cases. Despite one vote (which was lost) on the proposal that, as in New Zealand, a judge could appoint an independent counsel to assist the court in determining whether or not a witness anonymity order was required, we were on the whole supportive of the bill as amended following consultation.

Criminal Justice and Immigration Bill

Martin Thomas led a large team consisting of **Sue Miller, Kishwer Falkner, Veronica Linklater, Jim Wallace, Eric Avebury** and **Angie Harris**. The bill, which included some 200 clauses and 38 schedules, covered a variety of issues ranging from youth justice, sentencing and anti-social behaviour, to the introduction of new Violent Offender Orders and a new Special Immigration Status. The Government was defeated a number of times: on retaining the right of magistrates' courts to use suspended sentences, on ensuring the proper regulation of designated caseworkers. **Sue Miller** won an important victory to ensure that reckless loss of data by Government departments would be an offence under the Data Protection Act. The Government also made a number of significant concessions, including removing major parts of the bill in order to expedite its progress. This was necessary to ensure that the no-strike provisions for prisons officers remained in place following the expiration of the previous agreement. This bill is now law.

Dormant Banks and Building Society Accounts Bill

Dick Newby, Graham Tope and I contributed to debates on this bill, which enables banks and building societies to redistribute, via the Big Lottery Fund, money from accounts that have laid dormant for fifteen years or more to social and community projects.

Although supporting the concept of this bill, we were instrumental in defeating the Government four times: on enabling the larger building societies to redistribute their money to the bill's smaller scheme so that their own community and social projects would benefit; on increasing the Parliamentary accountability scheme in respect of the reclaim fund, on clarification as to whether an account was dormant; and finally, on ensuring there is a report to Parliament every three years on the operation of the scheme. This bill has yet to go to the Commons.

Education and Skills Bill

Joan Walmsley, Margaret Sharp and **Sue Garden** are leading on this bill which at the time of writing is in its committee stage. The bill raises to 18 the leaving age for compulsory education and training. While recognising the importance of post 16 education and training we have a range of concerns about the mechanisms that will be put in place to compel and punish young people, also that potential employers will be put off by the bureaucratic requirements set down by the bill. We will be seeking to amend the bill to widen the ways in which young people can undertake such education and training, and to reform the proposals for enforcement mechanisms.

Employment Bill

Tim Razzall, Anthony Lester and **Brian Cotter** participated in this bill, which addressed key areas of employment law - replacing statutory dispute resolution procedures with a new non-regulatory system, clarifying the enforcement of the national minimum wage and employment agency standards. Finally, and most contentiously, the bill implemented an EU judgment that

enabled Trade Unions to prevent people from being members of a union on the grounds of their political party membership, if the aims of that political party were incompatible with the value base of the union. The Government finally conceded on this last point thanks to **Anthony's** arguments. This bill is still in the Commons.

Energy Bill

Rupert Redesdale and **Robin Teverson** are leading on this bill, which is to do with offshore gas infrastructure, carbon dioxide storage, the Renewables Obligation and the decommissioning of energy installations, all of which we welcome. However, the bill does not go far enough in addressing the key issues – and we have tabled amendments on the cutting down of fuel bills and on a reduction in carbon emissions. The bill continues.

European Union (Amendment) Bill

Tom McNally, William Wallace, Hugh Dykes, John Roper, Bob Maclennan, Willie Goodhart, Anthony Lester, Sarah Ludford, John Lee, Shirley Williams, Paddy Ashdown and **Robin Teverson** all spoke in this bill, which paves the way for UK ratification of the Treaty of Lisbon, streamlines EU institutions and decision-making, renders the EU more transparent and accountable and extends our opt-in rights for justice and home affairs issues. Furthermore, it strengthens the framework for cooperation without undermining the independence of member states. Several votes were called by the Conservatives throughout Committee Stage, which we were instrumental in defeating. Most notably, during the Third Reading of the bill, we assisted the Government in defeating the Conservative motion recommending that the Third Reading of the bill be delayed until October on account of the results of the Irish referendum. This bill has now become law.

Health and Social Care Bill

Liz Barker, Jenny Tonge and **Alex Carlile** took part in this bill, which covers a range of health related matters. The key reform introduced is the creation of the Care Quality Commission (CQC) that will merge the regulation of health and adult social care. The bill also changes the regulation of healthcare professionals, introduces the health in pregnancy grant and changes some public health protection measures. Our central concern that the CQC would pay insufficient attention to the social care side of its work has been addressed thanks to our work with a large range of outside organisations. This bill is now in the Commons.

Local Transport Bill

Bill Bradshaw and **Jamie Mar** and **Kellie** handled this bill, which we broadly supported, which looks at important areas of public transport like local bus services and advocates a more consistent approach to local transport planning. The bill is waiting for report stage in the Commons.

National Insurance Contributions Bill

Dick Newby led for us on this bill, which defines the upper earnings limit for national insurance contributions, in particular the upper accrual point. The Libdems supported the Conservatives in their attempt to limit the extent to which the Government can raise the upper earnings limit for National Insurance purposes by secondary legislation to the increase in the previous tax year of the retail prices index. This bill is now law.

Pensions Bill

Matthew Oakeshott, Celia Thomas and **Archy Kirkwood** are leading for us on this bill, which is still in committee stage, and which further implements the recommendations of Adair Turner's Pensions Commission. It is principally concerned with the establishment of the new Personal Accounts system which would enable all jobholders to receive a level of employer contribution to their pension and which encourages the need for private saving for retirement. Although being mainly supportive of the bill, we have tabled a number of key amendments, notably one to reinstate the earnings link with pensions.

Planning Bill

Sally Hamwee and **Tony Greaves** are leading a large team of Peers working on this bill, which has just started in the Lords. They include **Bill Bradshaw, Sue Miller, John Burnett, Richard Livsey, Robin Teverson, Paul Tyler** and me. The bill contains a large range of reforms to the planning system, only a few of which we support. We will continue to advance the concerns made in the Commons about a lack of democratic oversight of national policy statements and the Infrastructure Planning Commission, that local concerns can be overridden and the need to ensure that the environment is placed at the heart of planning.

Regulatory Enforcement and Sanctions Bill

Tim Razzall, Sally Hamwee and **Bill Bradshaw** led for us on this bill, which creates the Local Better Regulation Office, makes provision for administrative sanctions to be applied for various criminal breaches and provides a power to require regulators not to impose or maintain unnecessary regulatory burdens on businesses or individuals. We received a major concession that within three years of receiving Royal Assent the Act will be reviewed. This bill is now law.

Sale of Student Loans Bill

Margaret Sharp led on this bill that paves the way for the Government to sell £6 billion of the £18.1 billion in the student loans portfolio, but which will make no difference to the terms and conditions for individual borrowers. We sought and achieved concessions on data protection and on ensuring the buyer could not change the terms and conditions of the loan. We also warned the Government against too hasty a sale in the present financial climate when their desire to plug the deficit and meet their own 'golden rule' might override making a good sale. This bill is now law.

Debates introduced by Liberal Democrats in order to air specific subjects and get a serious ministerial reply have been:

Margaret Sharp – adult skills and learning

Matthew Oakeshott – Kenya

Bill Rodgers – archives

Lucius Falkland – IT training for the disabled

Robin Teverson – rail and air travel

Ros Scott – fly-tipping

Navnit Dholakia – the migrant policy index

John Burnett – inheritance tax and capital gains tax

Tony Greaves – maps of rights of way

Julia Neuberger - mental illness at work

Anthony Lester – legislation on discrimination on grounds of colour

William Wallace – Parliament Square

David Chidgey – the work of the all-party group on Africa

Dominic Addington – 'Go Play Rugby'

Sue Miller – protection of personal data

Martin Thomas – youth justice

Dick Taverne – world food prices

Liberal Democrat Private Members Bills

David Steel – House of Lords Bill

Eric Avebury – House of Lords Reform Bill

Brian Cotter – Retail Development Bill

Matthew Oakeshott – House of Lords (members' taxation status) Bill

John Lee – Immigration (discharged Ghurkas) Bill

Tom McNally – Iraq War Inquiry Bill

We have in addition played our part, day in, day out, put questions to ministers, written and oral, and taken part in virtually every debate at the daily question time.

Carolyn Rampton runs the Whips Office and is aide to Tom McNally and David Shutt. Elizabeth Hanna, Tom Kiehl and Tim Oliver are Legislative Advisors, who principally do work on the bills, as does Anne-Marie Christoffersen-Deb; she also provides assistance to Tom McNally and in the office. Our capacity has been greatly enhanced by two new staff members – Jake Holland, who provides help with press and campaigning and in raising the profile of our group in the Lords (<http://blogs.libdems.org.uk/lords>). Nick Queree was with us for six months doing a discrete research project on the issue of data protection, which has provided us with the subject matter for a Libdem debate, a motion for conference and a spokesperson's paper.

Our thanks go to all our professional staff for their diligent work in assisting us all. Well done.

David Shutt
Chief Whip (Lords)
July 2008

Parliamentary Party (Europe)

Andrew Duff continues to be much involved in the effort to ratify the Treaty of Lisbon in all 27 member states. In the field of foreign affairs, he has been central to Parliament's debate about the future of the Union's enlargement policy. Andrew has led the fight in the Parliament to stop the suppression of minority parties and is rapporteur for electoral reform of the Parliament (for 2014).

As LDEPP leader, Andrew has overseen the creation of a new and better website for the delegation at www.libdemmeeps.eu, which will be a useful tool in next year's election campaign. He has also managed the row over MEPs' expenses and allowances and a new code of conduct has been agreed for all Lib Dem MEPs.

As Vice-President of the European Parliament, **Diana Wallis** has been involved in negotiating new rules which will apply to MEPs and their assistants from 2009. Charged with dealing with transparency issues, she has ensured that the Parliament remains the most open of all EU institutions, and continues to challenge any undue secrecy on the part of the Commission or the Council.

Diana remains party Spokesperson on the Legal Affairs Committee of the European Parliament, which has recently adopted her report concerning the role of the national judges when they deal with EU law. She has initiated a report on e-justice, which aims to improve access to justice for Europe's citizens through the use of modern technology.

Diana's opinion on future EU consumer policy also focused on better access to justice, as well as greater coherence for EU consumer laws, and these formed key elements of the final report adopted by Parliament in May. Diana continues to work hard on a diverse range of issues including European Contract Law, Arctic governance and Palestine.

Sharon Bowles leads on the Economic Committee, covering related topics and intellectual property on the Legal Affairs Committee.

Work on the Solvency II insurance directive has continued all year. Amongst many technical amendments, Sharon has followed up recommendations of the European Parliament's committee of enquiry into Equitable Life relating to consumer protection and equal treatment in cross border scenarios.

Sharon led presentations at Commission consultations on insurance guarantee schemes and copyright levies.

The financial turmoil of the last 18 months has given greater urgency to revision of legislation relating to banking and supervision. Leading on this, Sharon has been one of the most influential MEPs tackling the issues of capital adequacy, complex securitised products and credit rating agencies as well as reports on hedge funds, private equity and transparency of institutional investors.

Sharon's report on fiscal fraud, which suggests tackling carousel fraud by levying VAT at 15% on cross border sales, has recently been voted through the Economic Committee and awaits approval in Plenary.

Bill Newton Dunn works in four parliamentary committees – on Internal Market, on Budgetary Control, on Climate Change, and on Justice & Home Affairs.

Bill has two major concerns. He continues to warn about the rapidly rising tide of internationally-organised crime which is feeding off western society. Bill argues that both the

UK and the EU do too little about it, preferring not to reveal the increasingly alarming picture to the public. He is concerned that UK and EU border controls do not work and cites the flood of hard drugs, illegal immigrants, fraud (such as VAT carousel) and counterfeit goods. Bill warns that, one day, this will become a huge issue and the public will demand to know why the politicians did little about it until it was too late.

Secondly, Bill continues to call for much better liaison and working together between the European and Westminster parliamentary parties.

As our environment spokesman **Chris Davies** has led for the Group on the climate change package of legislation which it is hoped will be adopted by the end of the year. While leading ALDE on the proposed revisions to the EU Emissions Trading System, and pressing for tough long term requirements for the reduction of CO2 emissions from new cars, he has been immersed in the issue of carbon capture and storage (CCS).

As Parliament's Rapporteur he is negotiating the final shape of framework legislation for the geological storage of CO2, and has used his position to bring together the various partners with the aim of accelerating CCS development and securing major reductions in emissions, particularly from coal-fired power stations.

Fiona Hall is currently leading for ALDE on the Renewables Directive. This text sets the framework for sourcing 20% of EU energy from renewables by 2020. It is part of a package of EU measures to fight climate change which MEPs are hoping to agree by the end of the year, in order to set the agenda for global climate change negotiations in Poznan in December.

In the Industry, Research and Energy Committee, Fiona was the Parliament's Rapporteur on the Mobile Satellite Services Decision, which lays down the framework for selecting pan-European operators of Mobile Satellites Services such as satellite broadband and mobile TV. Fiona secured better consideration for rural and remote areas and helped the divided Member States come to an agreement.

Fiona has co-authored a Written Declaration on illegal logging as part of mounting pressure on the Commission to come forward with its promised EU ban on illegally logged timber and timber products. Deforestation and illegal logging are responsible for one-fifth of global greenhouse emissions.

Liz Lynne recently secured the adoption of her European Parliament report on antidiscrimination, which called for an EU Directive to outlaw discrimination in access to goods and services covering all areas presently excluded, including disability, age, religion or belief and sexual orientation. The European Commission has since agreed to bring forward legislation to this end.

As Employment and Social Affairs Spokesperson, Liz has continued to lead the ALDE party's response to the revision of the EU's Working Time Directive and the proposed Temporary Workers Agency Directive.

As Agriculture spokesperson for England and Wales, Liz helped feed into the CAP health check, in particular the need to reform the rules on set aside and has led campaigns on fairer prices for farmers and better recognition for British products. Liz has continued to campaign on issues such as Gaza, Kashmir, trafficking in human beings and elder abuse, as well as health issues including healthcare acquired infections, cancer and asthma.

As ALDE Co-ordinator and a Vice-Chair of the Fisheries Committee, **Elspeth Attwooll** has been directly involved in formulating the Parliament's response to the fuel crisis in the fisheries sector, having negotiated for ALDE a cross party resolution calling on the Commission and Council to envisage measures to resolve the present situation.

Elspeth's report on Rights Based Management Tools in fisheries, which looked at the various different fisheries management systems across the union, was adopted overwhelmingly by the Parliament in April this year. She also took part in Fisheries Committee delegations to Norway and Ireland in order to gain a better understanding of the countries' fisheries management systems.

In the Regional Development Committee Elspeth held a joint ALDE and Committee of the Regions seminar to initiate a European discussion on reconciling Natura 2000 sites with economic development. This focused on case studies across the EU, including the controversial Lewis Wind farm proposals in Scotland. She also co-hosted a workshop with the Law Society offices in Brussels on key issues on the European agenda in relation to justice, including current priorities and future developments under the Treaty of Lisbon.

Sarah Ludford is continuing her work on conditions for collection of fingerprints from visa applicants and against fingerprinting under-12s. She has continued to campaign against discrimination especially towards Muslims in counter-terrorism and towards the Roma in Italy, and is running a petition for fair treatment of HIV sufferers in US visa policy. She is drafting a report on 'profiling', based on ethnicity and religious conviction in particular, as a basis for suspicion in policing, anti-terrorism and border control. Sarah played a strong role in preventing the expulsion of gay Iranian Mehdi Kazemi from the UK to Iran.

Sarah has continued to work on the issue of Guantanamo Bay and CIA extraordinary renditions. Following her role as vice-chair of the EP temporary committee which investigated EU Member State complicity, she is now a member of a European Parliament working group tasked with pursuing accountability. Sarah is also campaigning against the extension of Heathrow and used her membership of the House of Lords to help ensure the passage of the Lisbon treaty.

Emma Nicholson has worked with colleagues from across political groups to ensure that EU external relations policy is forward-looking. Representing the Liberals on the drafting of the politically sensitive Iraq report, she helped to produce a resolution commanding support across the political spectrum while setting the foundations for stronger EU engagement with Iraq.

Emma also initiated a report on gender equality in EU external relations, focusing on peace-building and nation-building. Her work to promote women's rights in Europe's neighbourhood extends to the Euro-Mediterranean Parliamentary Assembly, where she now sits as Vice President of the Committee on Women's Rights.

As President of the newly formed delegation for relations with Iraq, Emma organised successful delegation meetings with the Iraqi Prime Minister and Foreign Minister, UN and World Bank Representatives for Iraq, and the UNHCR and non-governmental organisations dealing with refugees and displaced persons.

Emma took part in the EU mission that was the only large-scale contribution of international observers to Pakistan's elections following the assassination of Benazir Bhutto. The team's report described the elections as competitive, while highlighting disenfranchisement of minorities as a factor preventing the vote from being free and fair.

Graham Watson continues to lead the largest ever Liberal Democrat group in the European Parliament. With over 100 members, the ALDE group commands two Vice Presidencies of Parliament and three Committee chairs: Justice and Home Affairs; Transport and Tourism, and Fisheries.

Graham has put much effort into developing co-operation with networks of Liberal parties in Asia and Africa: he hosted in Brussels a conference for parliamentarians from both

continents. He continues to serve on the European Parliament's delegations to China and to the Korean peninsula, and has led Liberal Democrat delegations this year to Taiwan and Hong Kong, to Kosovo and to Togo.

Graham has recently published three pamphlets with MEPs from across the party spectrum: 'Global Democracy', 'Making migration work for Europe' and 'The Lisbon Strategy - mode d'emploi'.

Sharon Bowles MEP
Chief Whip (European Parliament)
July 2008

Campaign for Gender Balance

The Campaign for Gender Balance was established by the Federal Executive in October 2001, in response to the conference debate on gender balance among parliamentary candidates in September 2001. Its role is to achieve the targets agreed by conference for increases both in the number of women on the list of approved candidates, and in the number of women candidates fighting target seats. It implements a range of training, mentoring and support activities for women standing, and considering standing, for parliament. It is currently chaired by Jo Swinson MP.

Current Situation (at 11th July 2008):

Approved list – 25% women (252 women out of 1005 approved)

Selected PPCs – 28% women (64 out of 228 seats – *MP reselections not included*)

The Campaign closely monitors information regarding approval and selection figures, to gain an accurate picture of the gender balance within the Party. As predicted in the CGB report to Conference in Spring 2007, there has been a drop in the percentage of selected PPCs (from 39% in Jan 2007) due to the still relatively low numbers of female approved candidates. **Increasing the number of women on the list of approved parliamentary candidates therefore continues to be a key focus for the Campaign** in order to increase the number of women selected as PPCs and, subsequently, the numbers of female MPs in future elections.

Objective 1: 150 extra approved women candidates by the next GE

- 60 new women on approved list since 2005 General Election; 90 more needed (new candidate approvals process should dramatically increase numbers).
- CGB 'Inspiration and Training Days' provide training and encouragement for those women who would like to get more involved in the Party. The Campaign has run five regional days so far this year, in the East of England, Western Counties, North East Scotland, Wales, and the West Midlands. Further events are planned for later in the year.
- The mentoring scheme continues to be popular, with 17 women interested in approval linked with CGB mentors in 2008.
- 1301 new female party members were mailed in May to encourage them to think about approval, attracting 18 requests for approval application packs.
- 25 interested women attended an informal drinks reception on July 7th to encourage Parliamentary, constituency and Cowley Street staff to stand as candidates. Speakers included Nick Clegg, Shirley Williams and Jenny Willott, and many other MPs attended to show their support.
- Mailing sent out to 8000 women members in held seats, encouraging them to think about approval.
- We have contacted all women who have requested application forms to offer help and encouragement.

Objective 2: 40% of our new MPs to be women after the next GE

- Approximately 40% of our most winnable seats (according to 'swing to win' figures) have women PPCs.
- From the six held seats that have MPs standing down in the next General Election, four have selected women (all of whom received support from the Campaign)
- Eleven approved women interested in selection have been linked with CGB mentors in 2008 – six have gone on to be selected as PPCs.

- All women going for selection in recent by-elections have been offered full support by CGB.
- The 'Future Women MPs' intensive training weekend was held in London in February for women who are serious about becoming MPs, and received extremely positive feedback from the twelve participants - *'Re-invigorating, empowering, and inspiring...many thanks to the trainers and organisers for such a great weekend. I'm so glad I came!'* Arwen Folkes
- The CGB online 'Resource Centre' provides an additional source of advice and support, containing downloadable documents that may be useful to candidates, such as sample manifestos, hustings speeches and tips on becoming a PPC.
- A recent report by the Electoral Reform Commission predicts that the Liberal Democrats will improve their gender balance in the next General Election (<http://www.electoral-reform.org.uk/downloads/genderrepnextGE.pdf>)

Additional projects/activity

- Full training programme at Federal Conferences in support of both above objectives (please see training booklet for details)
- The CGB mailing list currently has 440 subscribers who receive monthly updates on training, events and current PPC adverts (increased by 90 since January 2008).
- The first CGB Blog Awards were announced at an event at Spring Conference to celebrate and promote women bloggers, both within and outside the Party.
- Fundraising events include the CGB Auction at Autumn Conference (please come along!)
- The Campaign has successfully applied for a grant from the Joseph Rowntree Reform Trust Ltd to expand our programme of regional 'Inspiration and Training Days', and assist with the costs of publicity for the training events.
- We regularly submit articles and features to various Lib Dem publications to encourage women to attend our events and consider candidacy.
- The Campaign website (www.genderbalance.org.uk) and Facebook site are also regularly updated with relevant news and features.

Many thanks to: Vice-Chairs, Jane Bonham-Carter and Ros Harper; Candy Piercy, who is Head of Training for the Campaign; all our mentors, trainers and volunteers who generously give their time in support of the Campaign; and to Vicky Booth, our Campaign Organiser, whose dynamism, hard work, and approachable manner have proved a fantastic asset since she joined us last September.

Jo Swinson
Chair, Campaign for Gender Balance
July 2008