



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

FINANCE COMMITTEE

Wednesday 20 March 2013

Session 4

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FINANCE COMMITTEE
10th Meeting 2013, Session 4

CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Gavin Brown (Lothian) (Con)

*Malcolm Chisholm (Edinburgh Northern and Leith) (Lab)

*Jamie Hepburn (Cumbernauld and Kilsyth) (SNP)

*Michael McMahon (Uddingston and Bellshill) (Lab)

*Jean Urquhart (Highlands and Islands) (Ind)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Steve Sadler (Scottish Government)

Heather Wells (Scottish Government)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

Committee Room 6

Scottish Parliament

Finance Committee

Wednesday 20 March 2013

[The Convener *opened the meeting at 09:30*]

Decision on Taking Business in Private

The Convener (Kenneth Gibson): Good morning and welcome to the Finance Committee's 10th meeting in 2013. I remind everyone to switch off their mobile phones, BlackBerrys and other electronic devices.

Our first item of business is to decide whether to take in private items 3 and 4 and further consideration of our draft report. We also need to decide whether to discuss in private at future meetings our approach to the scrutiny of the Scottish independence referendum bill financial memorandum.

Members *indicated agreement.*

Scottish Independence Referendum (Franchise) Bill: Financial Memorandum

09:30

The Convener: Our second item of business is to take evidence from the Scottish Government's bill team as part of our scrutiny of the financial memorandum to the Scottish Independence Referendum (Franchise) Bill. I welcome to the meeting Steve Sadler and Heather Wells—a combination of surnames that I have heard before somewhere. I do not know whether you are going to give us a wee dance or something at the end of your presentation.

I invite one of you to give a brief opening statement to the committee.

Steve Sadler (Scottish Government): Good morning and thank you, convener.

The Scottish Independence Referendum (Franchise) Bill sets out the framework to allow all those who are aged at least 16 on the date of the referendum to be able to register for and vote in the referendum. The costs associated with the bill, which are estimated in the accompanying financial memorandum, centre on the extra expense that will be incurred by registration officers in registering any young person who will be at least 16 by the time of the referendum but who would not be included on the local government electoral register under existing arrangements.

A young voter registration form will be distributed to all households in Scotland later this year at the same time as the standard annual canvass form. Co-ordinating with the existing canvass process in that way, rather than running a separate registration process, is intended to ensure that the process is as simple as possible for the voter, while keeping the administrative burden and cost to registration officers to a minimum.

The process that forms the basis of the proposals in the bill has been developed after consultation with registration officers. Similarly, the estimated costs identified in the financial memorandum have been developed in consultation with those who are involved in the current registration process. Accordingly, we have received information from registration officers, printers and software providers that forms the basis of the estimates for cost in the five broad categories set out in the memorandum. Those categories are testing the young voter registration form, which we have set in train already; changes to the electoral management software; printing and distributing young voter registration forms;

sending reminders to those who failed to complete the forms; and other costs occurring outside the main canvass period. Information on all the categories is set out in the financial memorandum. We are happy to answer any questions from the committee.

The Convener: Thank you. I will open up with some questions and colleagues will come in in due course.

Can you give us a wee bit more detail on how you arrived at the sum of £240,000 for the five software systems?

Heather Wells (Scottish Government): Between them, five different software companies provide the electoral management software for the 15 electoral registration officers in Scotland. They each cover a different number. Three of them are in-house systems that relate to a single registration area. The other two are much larger national companies that cover multiple electoral registration areas.

Before Christmas, we sent each of the software providers a specification setting out what we would need the software to do to ensure that we were able to register and process the details of the additional young people we would need to register. We also sent the software providers a full copy of our proposals and the draft bill to help them to get a fuller sense of what we were looking to do. We received quotes from all the providers on the back of that. Obviously, they are initial quotes based on that initial specification. Those are the quotes that are reflected in the financial memorandum. They vary quite significantly in size but, as I said, some of them cover only one registration area whereas some of them cover multiple areas.

We have put together a revised specification as our proposals have developed to the final versions that you can see in the bill and the policy memorandum. The specification has not changed significantly from the version that we sent around before Christmas so we would not expect any significant changes to the initial quotes that we received.

Once we have the date of the referendum which, as you know, is due to be announced tomorrow, we will send out the revised specification to software suppliers to get revised quotes from them.

The Convener: Thank you very much for that comprehensive answer. The financial memorandum states that

“there are likely to be some other administrative costs for electoral registration officers associated with the changes to the franchise”

but that

“it is difficult to estimate on a national basis how much extra resource might be required by EROs to carry out the responsibilities conferred on them by the bill.”

Why is it difficult to estimate that when you were able to put together an estimate for software costs? What are the broad parameters of the additional costs—are we talking about a few thousand pounds or tens of thousands of pounds?

Heather Wells: Before Christmas, we asked EROs to give us a sense of the different costs that they might expect to incur, as we did with the software companies. The financial memorandum reflects their feedback on those different areas of cost. It was not possible to specifically quantify some of those areas. Many are linked to staffing and resources, and depend on how much staffing pressure there is at that moment and whether additional staff resources would be required to do those activities.

The electoral registration cycle is normally subject to peaks and troughs. There are peaks around the canvass period and around individual electoral events but, over the course of any given year, it depends on when different events fall. It can be difficult to quantify too far in advance whether things will be met through existing staff resources, especially as timings will be different because the 2013-14 canvass is being delayed and we also have individual electoral registration. At particularly busy periods, for example at the canvass, EROs tend to take on additional temporary staff. If EROs were experiencing particularly busy periods, they might need to do that for this, but then that would be in line with the additional staffing that they had taken on. Perhaps Steve Sadler would like to add to that.

Steve Sadler: No, I do not think that I can. That is great.

Heather Wells: The financial memorandum is split between in-canvass costs and outwith-canvass costs, and the 40 per cent outwith-canvass cost is partly designed to help absorb any fluctuations in the staffing and resources that might not be possible to precisely predict too far in advance.

The Convener: The financial memorandum notes that the United Kingdom Government intends to introduce a new registration system—individual electoral registration—under the Electoral Registration and Administration Act 2013, which it states

“is likely to place an additional burden on EROs if it is introduced in Scotland in the lead up to the referendum.”

Although the UK Government will reimburse EROs, could you tell us more about the additional costs, which the financial memorandum states

“the interaction between the concurrent demands on registration administrators could give rise to”?

Steve Sadler: We have been speaking to the Cabinet Office at official level for a couple of years in the run-up to the introduction of individual electoral registration. At the official and ministerial levels of the Scottish and UK Governments, we have agreed that in effect neither Government will do anything to get in the way of the referendum or the introduction of IER.

The UK Government has repeatedly pointed out that in the Westminster legislation there is the option of staggering the introduction of IER in the different parts of the UK. The UK Government has said that as soon as the date of the referendum is announced we will start detailed conversations at official level to map out the timing of the implementation of IER alongside the timing of registration for the referendum, to ensure that any overlap or additional burden is kept to a minimum.

As Heather Wells said, we are very close to knowing the date of the referendum and in expectation of that we are due to meet Cabinet Office officials very shortly to ensure that we put into practice the idea that the two processes will not run to the detriment of each other.

The Convener: My final question is about the cost of sending out what has been assessed as 40,000 reminders. Paragraph 14 of the financial memorandum, which considers the cost of printing and postage, states that the return postage to send and receive 40,000 letters to random addresses across Scotland would cost £4,800, which is only 12p per household. How can that figure be accurate?

Heather Wells: We can give you a breakdown of how the figures for printing and distributing reminders were arrived at.

The Convener: I have the printing costs here; I am not arguing about that, nor about the cost of the envelopes. I am wondering how postage could cost £4,800 for sending out 40,000 letters and getting 40,000 back. If you sent them second class, that would be £1 a household: 50p there and 50p back. That would be £40,000. The difference seems massive, unless you have an incredibly special deal with the Post Office, which I doubt. If you were delivering 40,000 letters in Edinburgh, you might get a good deal, but that figure for delivering 40,000 letters randomly across Scotland seems cheap.

Heather Wells: The figure is arrived at partly because of what you have just identified—that we are not individually sticking second-class stamps on to those letters. The printing companies have postage licences, and at least one of them is principally a postage company and so would pay very different rates from those that you or I would pay to stick stamps individually on to letters. The postage rates that we have reflected in the

financial memorandum are based on the rates we have been given by the printing companies.

The Convener: The figure of 12p for postage there and back still seems pretty cheap.

Michael McMahon (Uddingston and Bellshill) (Lab): I want to go into another issue—the delegated powers provisions. We know that such provisions get added to lots of bills, but I do not think that I have ever seen one that says, “We don’t intend to use it, nor do we think that we will, but if we are going to use it, it won’t cost any more because the people involved will just be doing their ordinary jobs.” Can you give us an example of a precedent for this type of delegated powers provision?

Steve Sadler: The wording is partly based on the fact that we need to allow registration officers to conduct the registration of 16-year-olds for the first time. We have to ensure as best we can, and subject to the agreement of Parliament, that that is through by June—certainly by the summer recess. As we have said in the memorandum, we need to provide for possibly needing to work outside that timescale, so it is almost an insurance policy.

Michael McMahon: Is that all it is—a precaution?

Steve Sadler: Yes. At the moment, we have no intention of using the power. However, when the Government announced last October that it was looking to allow all 16-year-olds to have the vote, that meant a very short timetable. The first thing we did was to have initial discussions with registration officers, to work back from when they would want to start the canvass period in the autumn or winter of this year and when they would need legislative provision to allow them to capture the details of younger people for the first time. That is why we had to put together a parliamentary timetable that is quite tight. That is the context of the wording in the memorandum.

Michael McMahon: Is it uncommon to do it this way, or are there other examples of these types of delegated powers?

Steve Sadler: I cannot think of one off the top of my head. In the context of the bill, it is because the timing is short. We are not going outside any standing orders of Parliament. However, as the Referendum (Scotland) Bill Committee has identified, there is little scope for slippage in the timetable.

Gavin Brown (Lothian) (Con): I have a couple of brief points. Is it fair to say that £25,000 for testing the young voter registration form is a concrete cost, as opposed to an estimate?

Steve Sadler: Yes.

Gavin Brown: The convener touched on the software adaptation costs of £240,000. I am no information technology expert and do not have access to the detail, but that figure seems to me to be on the low side—are you sure that that will be enough to cover the development of five software systems? How confident are you that the figure is fair?

Steve Sadler: We are as confident as we can be at this stage. As Heather Wells has said, we went to the software providers, which are both commercial companies and in-house teams within the registration units of local authorities, to ask how much it would cost to make that small change to the registration system on the basis of the specification we had. Those are the figures we were given. Although the bill's provisions have changed slightly since December in some technical areas, we do not think that the specification has changed to the extent that the estimates are no longer valid.

09:45

Heather Wells: The financial memorandum acknowledges that these are contractual arrangements between two parties, neither of which is us. Moreover, as with the printing companies, each of the companies the contract is held with might theoretically change in time. The financial memorandum acknowledges that there are margins of uncertainty in that respect but, as Steve Sadler has said, these are our closest estimates based on the information that we have or have sought. The quite detailed specification that we have given the companies to work with has, I hope, helped us to pin down as concrete a figure as we can get at the moment.

Gavin Brown: The convener also asked a couple of questions on the costs of sending out reminders for return of young voter registration forms. I understand that, as with every other voter form, you will be sending the initial young registration form out to every household. However, the financial memorandum says that a household

“will only be sent a reminder if the ERO has reason to believe the form should have been returned”.

Given that, presumably, we do not know where all the 15, 16 and 17-year-olds actually are—after all, that is why you are sending the forms to every household—how in practice will EROs have “reason to believe” that a household should have returned a form?

Heather Wells: In the bill we make provision for EROs to be able to access education records as a means of cross-checking information. They can use the information from the education records to prepopulate the young voter registration forms before they are sent out and, in the event that they

do not receive a form, to check whether they should have expected to have received one, in which case they should chase the matter up. The provision provides a level of verification that will allow them to focus their attention on chasing non-returns where they should have had a return instead of non-returns from people from whom they would never have expected a return anyway.

Gavin Brown: Thank you.

John Mason (Glasgow Shettleston) (SNP): On the same theme, I understand that a special form for young voters will be sent out with the usual envelope; the form will—one hopes—be returned; and then, as Mr Brown has been exploring, there will be some targeting. Am I right in thinking that some councils such as Glasgow City Council have done extra work, including going round doors, to try to push up electoral registration numbers? After all, there are certain parts of the country—the poorer parts, I would suggest—where registration is low.

Steve Sadler: That is right. In the process of looking closely at and developing the bill's proposals, it has been confirmed to us that the 15 electoral registration officers all operate independently and have different means of targeting local difficulties or, as you say, areas of non-registration. There is no one registration system or application of such a system across the country.

John Mason: But we are not planning to do any extra work on targeting younger people—or, indeed, anyone. Would that be entirely up to the local authority?

Steve Sadler: I am sorry—I missed the point. In the main Scottish independence referendum bill, which will be introduced soon, the Electoral Commission will have a statutory responsibility for public awareness of the referendum campaign, which will include a registration component. Last year, the commission ran a public awareness campaign ahead of the local elections, the first part of which was to encourage people to register and the second part of which was to inform people how and when to vote.

Our initial discussions with the commission have confirmed that it is planning to do the same thing again. There will be a drive to encourage people to register to vote, including work with groups involved with young people and young people's interests to find out whether specific aspects of the public awareness campaign can be targeted on young people to encourage them to vote.

John Mason: But, given that we are examining the bill's financial aspects, I take it that we are not putting any extra resources into local authorities to help them to knock on more doors.

Steve Sadler: Not into local authorities. However, the financial memorandum to the main bill will set out the estimated provision for the Electoral Commission, which will be a fairly sizable amount of money, including, based on the figures that it has given us, an element for public awareness in general.

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I want to look at the area in the financial memorandum that relates to registration appeals and offences. Paragraph 21 sets out that the bill

“applies standard provisions for electoral registration appeals to be made in relation to the Register of Young Voters.”

It goes on to say:

“Registration appeals are not common”.

Electoral registration officers have said that that should not give rise to much work for them and you say that registration appeals are not common. Can you tell us how common they are?

Heather Wells: The short answer is no. Off the top of our heads, we could not put a figure to that. We could certainly ask electoral registration officers for information specific to each area if that would be helpful.

Jamie Hepburn: Although you have discussed it with electoral registration officers and you say that they are relaxed about it, it would probably be useful to have it quantified.

Steve Sadler: I take your point that it would be helpful to the committee to have specific details. However, electoral registration officers and the Scottish Assessors Association, which we have been dealing with on this, have been happy with the description and with the general impression that registration appeals are quite rare.

Jamie Hepburn: I wonder whether the answer will be the same to my next question. You set out that the bill contains offence provisions relating to the registration of young voters and say:

“The Scottish Government does not expect any significant level of prosecutions ... and therefore the cost implications for the criminal justice system will be minimal.”

What is the number of prosecutions for electoral registration offences in recent years?

Steve Sadler: Can we give you the same answer and say that we will come back to you soon on that?

Jamie Hepburn: I thought that you might.

Steve Sadler: This time it was not electoral registration officers but the Crown Office that was happy with our description. It is very rare for electoral offences to be proceeded with in that way. However, we can certainly get some figures for the committee.

The Convener: The financial memorandum states:

“The costs associated with the provisions of the Bill can be separated into the following broad categories—

- Testing the Young Voter Registration form
- Changes to electoral management software
- Printing and distributing Young Voter Registration forms
- Sending reminders to those who fail to complete Young Voter Registration forms
- ‘Outwith-canvass costs’ such as rolling registration.”

What about the cost of inputting the information that is received? There must be some kind of cost to that.

Heather Wells: That takes us back to an earlier question. The cost of that is part of the general processing and administrative costs, which are really staffing and resourcing. As we said earlier, it depends on the other burdens on staff at the time whether that work can be carried out by existing staff or whether additional resource is needed to make that happen.

The Convener: But unless the staff are unproductive and have time on their hands at the moment, surely there must be some kind of cost to it.

Heather Wells: Even if we got 100 per cent registration among 16 and 17-year-olds, which would be fantastic and which obviously we hope for, they would still comprise less than 3 per cent—I think that it is something like 2.7 per cent—of the number of voters. The numbers that we are talking about are not that high. In any individual electoral registration area, the numbers will be fairly small. It is additional work but not on an enormous scale.

The Convener: In Glasgow, for example, if it is 2.7 per cent, that is still about 15,000 people. That is quite a lot on top of existing work.

Steve Sadler: It is. To go back to a previous answer, we have spoken to registration officers about that and, by and large, they have taken the view that 2 to 3 per cent of additional inputting of data will not create a significant burden on them. In paragraph 18 of the financial memorandum, we say that there is an amount of money within that provision that in effect provides a contingency for other anticipated costs, including basic administration costs. The registration officers to whom we have spoken were reasonably happy—I will not say that they were delighted—with the way that we have covered that cost in the estimate.

The Convener: I raised the issue of the cost of posting reminder letters, which is about £60 for 1,000. Royal Mail will blanket an area for about £70 for 1,000. However, you are sending letters

out to specific addresses and there is the cost of the replies as well. I know that Gavin Brown has got excited about this, and I am sure that other colleagues would be keen to know who these companies are that deliver to specific random addresses for that kind of cost. We are talking about a tenth of the cost of a first-class stamp. Apparently there are no costs for stuffing envelopes and so on—I am sure that that is done mechanically. Could we get further information on that? We must all be paying over the odds when we are circulating our parliamentary newsletters.

I am not trying to make a sarky comment; I just doubt that that £4,800 is a realistic figure, even if you are blanketing a whole area, or saying, “Do every house on a council estate.” Specific addresses, when the guy has to read the address to deliver the letter, is much more time consuming for the Royal Mail or whoever the delivery agent is. Even if you have just joined the Royal Mail and it does a sweetener deal to get you on board, you cannot get as cheap as that.

Steve Sadler: We can certainly get back to you quickly with some additional information on that.

The Convener: That would be appreciated. If that figure is genuine, we want to know who is able to do that.

John Mason: As long as it is not commercially sensitive.

The Convener: Indeed.

Those are all the questions, so I thank both witnesses for their detailed answers.

09:56

Meeting continued in private until 10:26.

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