

Scottish General Election (Coronavirus) Bill

Financial Memorandum

Introduction

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Scottish General Election (Coronavirus) Bill, introduced in the Scottish Parliament on 16 November 2020.
2. The following other accompanying documents are published separately:
 - Explanatory Notes (SP Bill 86-EN);
 - a Policy Memorandum (SP Bill 86-PM);
 - statements on legislative competence by the Presiding Officer and the Scottish Government (SP Bill 86-LC).
3. This Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament. The Financial Memorandum should be read in conjunction with the Policy Memorandum which explains in detail the background to the Bill and the policy intention behind the Bill.

Background

4. The overall costs of a Scottish Parliament general election are estimated to be in the region of £20 million (see table below). This is a general approximation based on the costs of the Scottish Parliament general election in 2016. The Scottish Government met costs of that

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election totalling £11.9 million¹ across the 32 council areas. Published costs for this were listed under the headings of: activity at polling stations; postal voting; poll cards; each Count; Returning Officer (“RO”) services; and other costs. This analysis provided an average total cost per elector for the election of £2.90. In addition, £5.6 million was also required to meet the cost of candidates’ ‘free electoral mailings’ at the election. Adjusted for inflation, these 2016 figures amount to around £13 million and £6.2 million respectively². The following table provides an illustration of approximate costs for an election held in 2021.

Scottish General Election cost³	Approximate cost of a ‘normal’ election in 2021 with no increase in postal voting) (£)	Approximate cost of a physically distanced, one-day election in 2021, with an increase in postal voting (£)	Approximate cost of an all--postal election in 2021 (£)
Polling station costs	5.3 million	6.5 million	0.1 million ⁴
Postal voting costs	2.4 million (18% of electorate)	2.4 million to 6.75 million, depending on the increase in postal voting	6.75 million (100% of electorate)
Poll card costs	1.5 million	1.5 million	1.5 million
Count costs	3 million	6 million	6 million
Returning officers services⁵	0.25 to 0.3 million	0.25 to 0.3 million	0.25 to 0.3 million

¹ As set out at:

https://www.parliament.scot/S5_Local_Gov/Inquiries/20171213_ReturningOfficers_MinPBToConvener.pdf

² This inflation-based adjustment, and others in this Memorandum, have been applied using the latest (2019) prices on <https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>.

³ Based on 2016 figures, adjusted for inflation.

⁴ This reflects some potential additional costs for support to certain voters – e.g. postal vote “drop boxes” to be placed around constituencies to allow votes to be handed in instead of going via post.

⁵ This entry has not been adjusted for inflation but the 2021 figures instead reflect the new structure for Returning Officer services that will be in place in 2021.

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Other costs⁶	0.7 million	1.4 million	1.4 million
Additional ERO costs (increase from 2016)	0	Over 5 million	5.5 to 10 million ⁷
Public awareness costs due to pandemic	0	0.1 million	0.1 million
Free Mailings	6.2 million	6.2 million	6.2 million
Total	19.35-19.4 million	29.35 to 33.75 million	27.8 to 32.35 million

5. The Bill sets out a range of changes in relation to the Scottish Parliament election scheduled for 6 May 2021 considered necessary in the context of the coronavirus. The Bill includes proposed changes to:

- bring forward the deadline for postal vote applications from 11 electoral days before the poll to 21 electoral days before the poll (which, in the case of a poll on 6 May, will be 6 April). This is in order to allow processing of the anticipated increased volume of postal vote applications;
- give a power to the Scottish Ministers so that they may provide, by regulations, for an all-postal election to be held;
- change the dissolution date of the Scottish Parliament to 5 May 2021, or the day immediately before any delayed poll (allowing Parliament to legislate to delay the election if required and ensuring it can continue to meet if the poll is delayed);
- allow the Scottish Ministers to make regulations to hold polling over multiple days;
- make arrangements for the first meeting of the new Parliament and the election of a new Presiding Officer; and
- give a reserve power to the Presiding Officer of the Scottish Parliament to postpone the 2021 election by up to 6 months in certain circumstances; and allow for the same measures as set out above to apply if the election is postponed.

⁶ E.g. payments to staff and travel & subsistence that are not recorded elsewhere.

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6. The purpose of this Financial Memorandum is to set out the best estimates of the administrative and other costs to which provisions of the Bill will give rise, and an indication of the margins of uncertainty in these estimates. It has been developed using the best available evidence, recognising that some of the expense will be incurred through contractual arrangements between external parties and is therefore subject to commercial and contractual considerations.

7. The Bill is a dedicated response to the challenges posed by the coronavirus and does not seek to make any permanent changes to electoral law. Its financial implications are expected to apply in relation to preparations for the Scottish Parliament election set for 6 May 2021 – and to any rearranged polling date, if required.

8. The Bill's financial implications for the 2021 election range considerably depending upon the nature of any changes adopted in response to Covid-19. Overall, the virus is likely to make voting and counting over several days more likely and this will increase staff and venue costs in running an election. The Bill is not required in order to apply physical distancing measures at elections or for counts to occur over several days, but does have some potential impact on both matters, as explained below. An increase in postal voting is anticipated as a result of the pandemic, but not as a result of the Bill, which seeks to mitigate the pressures placed upon electoral profession in processing applications. As a result, this memorandum does not address any costs associated with increasing levels of postal voting, other than the scenario of an election conducted entirely by post, as discussed below.

9. The Scottish Government bears the overall cost of administering Scottish Parliament elections. The Scottish Government has worked closely with the Electoral Management Board for Scotland (the "EMB"), the Electoral Commission, the Scottish Assessors Association (the professional body for Electoral Registration Officers ("EROs") in Scotland) and Scottish Parliament officials in developing the proposals contained in the Bill, and the estimates contained in this Financial Memorandum are based on their advice and estimates of likely expenditure. The Scottish Government will continue this engagement to refine costs and ensure that expenditure remains within the estimates as far as possible.

Costs on the Scottish Administration The Scottish Government

10. Costs in administering Scottish Parliament elections are incurred by Returning Officers (“ROs”) and EROs. RO costs are met by the Scottish Government. ERO costs are met by local authorities, but in exceptional circumstances they have received additional funds directly from the Scottish Government, for example in the context of the 2014 independence referendum. This has also occurred when there has been an extension of the franchise, for example when 16 and 17 year olds gained voting rights and more recently when the franchise was extended to include foreign nationals. There are 15 EROs in Scotland.

All-postal election

11. The Bill confers a regulation-making power on Scottish Ministers to make provision for an all-postal vote at the 2021 election. This power is not intended to be used if the election proceeds on 6 May (as set out in the Bill’s Policy Memorandum, it is not considered possible for the poll on 6 May to be conducted on an all-postal basis), but it could be exercised if the election is postponed and voting in person is not assessed as a safe process due to the prevailing virus conditions.

12. The Government’s preferred course is for the 2021 election to be held with both in-person and postal voting available. An all-postal election is considered a contingency measure in the event that it was considered that voting in person could not safely be achieved. It would involve at least 3 million envelopes being opened in the days leading up to the poll with postal vote statements scanned and verified by RO staff.

13. An all-postal election would avoid expenditure in relation to polling station costs (approximately £6.5 million, as discussed at paragraph 19). There would however be significant costs (over £5 million) in processing approximately 3.4 million postal vote applications and at least £4 million additional costs in issuing postal vote packs to 100% of voters. This would be in addition to the £2.4 million cost already involved in supporting the 18% of the electorate who choose to vote by post at present. Because work is underway to increase participation in postal voting to a target of up to 40% of voters (and as explained in paragraph 8, that increase would not be attributable to the Bill), not all of the £9.55 million cost outlined above would be solely the result of an all-postal ballot. But an all-postal vote would require ROs to further increase their capacity to process all votes by

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post, in particular in order to reissue lost or spoilt ballot papers. ERO staff processing costs for an all-postal election are estimated to be in the region of £5.5 to £10 million, depending upon the response rate amongst the public, assuming no increase in premises costs and a long delivery period.

14. The overall cost of an all-postal election would therefore be in the region of £27.8 million to £32.35 million, compared to a projection of £29.35 million to £33.75 million for an election held with in-person voting over one day with physical distancing measures applied. However, in all likelihood an all-postal election would only arise after significant costs have already been outlaid in respect of an in-person election. Calculating the overall financial impact of an all-postal vote would depend upon the point at which any arrangements for a 'normal' election are cancelled. For example, if the election scheduled for 6 May 2021 were cancelled at a late stage (e.g. 30 April), much expenditure (such as on venue hire) for that election would still be incurred. But if the 6 May election were to be cancelled substantially earlier, some costs in relation to the cancelled poll could be avoided or deferred to the new polling day (e.g. by avoiding the need to print materials for the poll on 6 May). Generally, accommodation costs would be the most vulnerable to a change in date, with a lower exposure for staffing costs being 'wasted' in relation to a cancelled poll. Further discussion of the impact of cancelling an election is set out in the next section. Given the uncertainty, the possible costs for an all-postal election have been calculated as ranging from £27.8-£33.25 million (the cost of the all-postal election itself) to £48-£53 million (incorporating a figure of approximately £20 million for a conventional election cancelled at short notice ahead of the all-postal poll. This has been included in the summary table of costs associated with the Bill provided at the end of this memorandum.

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15. Potential cost of an all postal election:

Cost of administering an all-postal election	Approximate overall estimate of cost including £20 million in potential 'lost' expenditure from a conventional election cancelled close to polling day
£27.8 million to £32.35 million	£48 million to £53 million

Postponement of the poll

16. The Bill will mean that Parliament (via a separate emergency Bill) or the Presiding Officer (via the power to arrange postponement set out in section 11 of the Bill) will be able to rearrange polling day in response to virus conditions. In theory, this could happen on multiple occasions if the virus recurs significantly at the time of each scheduled polling day.

17. As such, the Bill raises the prospect of an election being postponed, and while some election expenditure arranged prior to postponement would not have to be repeated for the new polling day (e.g. in voter registration) other costs may have to be incurred anew (e.g. venue hire). The cost of a postponed election is tied to the point at which it is postponed. There could be a requirement to meet any RO expenditure which had been incurred prior to the decision to postpone. These costs could include venue hire, printing and publicity costs etc. depending on the point in the process that a decision to postpone was taken.

18. The later the decision is taken, then the higher the costs are likely to be. An early decision would increase the likelihood of costs being mitigated, but a cancellation directly before the polling day would be likely to involve the lost cost of running an entire election (approximately £20 million, although it is likely that staffing costs and some venue costs at the count could be avoided). This figure has been included in the discussion of the cost of an all-postal election above.

19. It is considered that the most likely scenario for a poll to be re-arranged is via a separate emergency Bill. The power for the Presiding

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Officer to postpone the poll is a contingency measure in the event that Parliament is unable to act. The Financial Memorandum for any Bill postponing the election will set out the costs associated with the rearrangement and will be able to assess the costs incurred at the point of any postponement. As a result, no cost for postponement has been included in the table of costs associated with the Bill provided at the end of this memorandum, other than in the context of an all-postal election.

Physical distancing at polling stations and voting over multiple days

20. The cost of running in-person voting at polling stations in 2016 was approximately £4.8 million. Adjusted for inflation, this would provide a figure for one day of polling without physical distancing measures of approximately £5.3 million. However, the virus means that polling stations will require physical distancing and enhanced hygiene measures. The EMB has issued supplementary guidance to ROs which addresses these issues in preparation for the local government by-elections over October and November 2020. The guidance proposes measures in polling places including one-way flows of traffic, physical distancing, cleaning schedules, queue management and PPE etc for staff. In practice some existing polling places may have insufficient capacity to allow layouts that support physical distancing, requiring alternative venues to be sourced. There are expected to be increased costs on signage, equipment, frequent cleaning of facilities and staff will be required to wear PPE with other measures such as screens in place. In some cases the usual numbers of voters would be difficult to accommodate due to the design of premises. The EMB has estimated that these physical distancing measures are likely to involve an additional cost of at least £1.2 million for a poll held over one day. This cost does not arise as a result of the Bill and has not been included in the table of costs associated with the Bill provided at the end of this memorandum.

21. The Bill will however make two or more days of voting possible, whether in May 2021 or at a subsequent election date. Arranging venues for two days with preparation and subsequent cleaning would require bookings for almost a full week. It is thought that some polling places would not be available on this basis, particularly schools, requiring alternate venues to be sourced, potentially at higher commercial rates. There would also be additional costs in terms of staffing and the security of ballots overnight. In addition other factors such as energy charges and the use of private premises will have a direct impact on costs. The additional cost of a

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second day of voting including physical distancing measures has been estimated by the EMB at approximately £3.6 million. This has been extrapolated from the cost for a single day of voting, taking into account venue hire for an additional day, hire of alternative venues and associated equipment where usual premises are unavailable for extended hire, consequent costs of advertising new venues to voters, cleaning of venues, extra staffing costs for the extra day plus recruitment of alternate staff, and storage and security of ballot boxes overnight. This cost has been included in the table of costs associated with the Bill provided at the end of this memorandum.

22. The cost of multiple days of polling at a re-arranged polling date have not been included in the table of costs associated with the Bill as those are considered most likely to instead arise as a result of any emergency legislation seeking to postpone polling day.

Physical distancing at election counts

23. Physical distancing is likely to result in the counting of votes occurring over more than one day, with cost implications for staffing and venue hire. Count costs are projected by the EMB to double as a result of the need to apply physical distancing measures, increasing from approximately £3 million for an election held in normal circumstances to around £6 million for any election in which social distancing is employed⁸. The figure would be expected to increase further - perhaps by a factor of 4 - if some or all counting were to occur over Saturday and Sunday (with greater costs due to weekend working). The largest counts, i.e. Glasgow and Edinburgh, may have significantly higher hire costs for venues over two days or at the weekend. It should be noted that unlike the position with voting over multiple days, it is already possible for a count to take longer than a day. Whilst the Bill does make adjustments to the arrangements for first convening the new Parliament in case of a prolonged count, it does not make a prolonged count more likely – the longer period is instead expected to occur as a result of the pandemic and its public health effects. The main potential impact of the Bill in relation to the costs of the count would be as a result of a move to voting being held over two or more days. If a decision to adopt voting over two days was made shortly before the election, it is likely that would have an impact on the cost of the count, because it would require last minute adjustments to venue hire. But if a decision to adopt voting over two or more days is made several months in advance, no

⁸ This is based upon the count cost in 2016 of £2.7 million, adjusted for inflation.

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significant separate cost impact is anticipated. As noted in paragraph 40 of the Bill's Policy Memorandum any use of the power in the Bill to provide for more than one polling day is intended to be made at early stage.

24. The cost of physical distancing at election counts has therefore not been included in the table of costs associated with the Bill provided at the end of this memorandum.

The Scottish Parliament

Delay to dissolution

25. An MSP's salary will normally cease to be paid at dissolution if he or she is not standing for re-election. As of 23 September 2020, 27 MSPs⁹ were expected to stand down. Modifying the dissolution period will mean continued payroll costs for those MSPs not standing for re-election, and their staff, from 25 March to 5 May 2021 (this will be longer if polling day is delayed, but it is anticipated that Parliament will resume sitting in the event of a lengthy delay).

26. Based on the current MSP salary of £64,470¹⁰, six weeks would equate to an additional cost of roughly £7,439 per member. For 27 MSPs, this provides an estimated total cost excluding pension and ERNIC of £200,853. Including costs for pensions and ERNIC would add an estimated additional 31.7%, providing an additional figure of £63,670. The estimated overall cost for this is a maximum of £264,523.

27. The cost in relation to Members' staff has been based on the current annual capped limit of £93,900 for 6 weeks. This would equate to roughly a maximum of £10,835 per member. The estimated cost excluding pension and ERNIC for staff for the 27 members standing down is £292,545. Costs for pensions and ERNIC would add an estimated additional 17.5% and a total of £51,195. The estimated overall cost for this is a maximum of £343,740.

⁹ As at 23 September 2020:

https://www.parliament.scot/ResearchBriefingsAndFactsheets/MSPs_Not_Standing_or_Not_Returned_in_the_2021_Election.pdf

¹⁰ See <https://www.parliament.scot/msps/msp-salaries.aspx>

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28. There would also be an increase in the costs of the Members' resettlement grants as they would be based on the 2021/22 salary levels which have not yet been determined.

29. A summary of Scottish Parliament costs is as follows:

	MSPS	Staff	Total
Total estimated salary costs, excluding pension and ERNIC	£200,853	£292,545	£493,398
Total estimate salary costs including estimated pensions and ERNIC	£264,523	£343,740	£608,263

Summary table of estimated costs arising due to Bill

Organisation	Category	Resource or Capital	Recurring or One off Cost/Saving	2020/21	Notes	Paragraph
Scottish Government	All postal election	Resource	One-off	£27,800,000 - £32,350,000 to £48,000,000 - £53,000,000	This is a contingency measure in the event in person could not safely be achieved	11-14
Scottish Government	Voting over multiple days	Resource	One-off	£3,600,000	Potential cost, contingent on a decision for voting to occur on	19-21

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					more than 1 day	
Scottish Parliament	MSP and staff costs as a result of the change to dissolution	Resource	One-off	£608,263	Based on the election taking place on 6 May	24-28

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