



The Scottish Parliament
Pàrlamaid na h-Alba

FINANCE COMMITTEE

AGENDA

16th Meeting, 2013 (Session 4)

Wednesday 29 May 2013

The Committee will meet at 9.30 am in Committee Room 5.

1. **Decision on taking business in private:** The Committee will decide whether to take item 4 in private.
2. **Scottish Independence Referendum Bill:** The Committee will take evidence on the Financial Memorandum from—

Stephen Sadler, Head of Elections Team, and Louise Unwin, Senior Policy Officer, Scottish Government.
3. **Land and Buildings Transaction Tax (Scotland) Bill:** The Committee will consider the Bill at Stage 2 (Day 1).
4. **Scottish Independence Referendum Bill:** The Committee will consider the evidence from the Bill team and consider its submission to the lead committee on the Financial Memorandum.

James Johnston
Clerk to the Finance Committee
Room T3.60
The Scottish Parliament
Edinburgh
Tel: 0131 348 5215
Email: james.johnston@scottish.parliament.uk

The papers for this meeting are as follows—

Agenda item 2

Paper by the clerk

FI/S4/13/16/1

Agenda item 3

[Land and Buildings Transaction Tax \(Scotland\) Bill](#)

Finance Committee

16th Meeting, 2013 (Session 4), Wednesday 29 May

Scottish Independence Referendum Bill Financial Memorandum

Purpose

1. The [Scottish Independence Referendum Bill](#) was introduced in the Scottish Parliament by the Scottish Government (SG) on 21 March 2013.
2. The purpose of this paper is to provide information for the Committee's oral evidence session with the Scottish Government (SG) Bill Team on the Financial Memorandum (FM) accompanying the Bill. A copy of the FM is attached at Annexe A (page 48 of the [Explanatory Notes](#)).
3. The [Referendum \(Scotland\) Bill Committee](#) is the lead committee. It issued a call for evidence on the general principles of the Bill on 21 March and is taking oral evidence over the coming weeks (session with Deputy First Minister planned for 13 June) with a view to considering its draft Stage 1 report on 27 June.

Written evidence

4. The Committee agreed to seek responses from a number of organisations to specific "standard FM" questions.
5. Responses (attached at Annexe B) were received from—
 - Aberdeen City Council
 - Aberdeenshire Council
 - Comhairle nan Eilean Siar
 - Electoral Management Board for Scotland
 - Glasgow City Council
 - North Ayrshire Council
 - Royal Mail
 - Scottish Borders Council
 - South Lanarkshire Council
 - The Electoral Commission
 - West Dunbartonshire Council

Financial Memorandum

6. The FM states that "the estimated costs and savings in this financial memorandum are based on comparisons with the cost of delivering previous elections and referendums across the UK and advice obtained from relevant stakeholders." (paragraph 8)
7. The FM goes on to state that "current estimates, as set out in this financial memorandum, indicate that the cost of running the referendum will come to around £8.6 million and other costs associated with the referendum, including free campaign mailshots and Electoral Commission costs, will come to around £4.7

million.” (paragraph 10) Tables providing a breakdown of both these figures are provided at paragraphs 65 and 66 of the FM.

8. The FM sets out the expected financial implications of the Bill for the SG, local authorities, the Electoral Commission and “other bodies, individuals and businesses.” A number of issues that the Committee may also wish to consider were raised in the written evidence received.

Postal Charges

9. Paragraphs 13 – 20 of the FM deal with predicted costs of postal services relating to the referendum. In its submission the Royal Mail states that “it was asked by the Scottish Government to provide potential costs for delivery of referendum communications.” It goes on to state that the figures it provided to the SG “are indicative costs, based on current tariff and an estimate of the service required” noting that it is “currently seeking a meeting with the SG to fully understand their requirements” and that “these discussions are likely to result in some, but not significant, adjustment to the costs outlined in the FM.” The submission also makes clear that it “was not asked to provide potential costs for delivery of poll cards [or] ballot pack mailing.”

10. The FM states that the Royal Mail will also “undertake sweeps of post office sorting centres on the day before the poll to identify any postal votes that have not been processed for delivery to ensure that they are delivered to the relevant counting officer in time to be counted.” The FM states that “the Royal Mail has suggested that a rough estimation of the cost of a national final day sweep could be in the region of around £25,000 (£30,000 including VAT).” (paragraph 22)

11. The submission from Aberdeen City Council, however, questions the timing and scope of these sweeps and suggests that “more clarity is required before any commitment to sweeps is given to ensure that what is being paid for will ensure the receipt of all votes in the system.”

Chief Counting Officer’s Costs

12. The FM states that “the Chief Counting Officer (CCO) and counting officers will be entitled to recover their costs and fees in respect of the referendum directly from the SG” and that “the maximum amount that the CCO and counting officers will be entitled to recover for the delivery of the vote and the count will be set out in a separate Fees and Charges Order.” (paragraph 23)

13. The FM notes that “the CCO will also incur costs in the course of planning for the referendum,” which will be met direct by the SG and “will not be covered by the Fees and Charges Order due to the fact that payment will be required before the Order can be made.” (paragraph 23)

14. The FM goes on to state that—

“it is not possible to give precise cost figures at this stage due to the fact that it is not yet known how the CCO will decide to deliver this work, but for the purposes of estimating the cost of the referendum, the CCO’s costs have been estimated to be in the region of around £300,000. This would cover the CCO’s fees and expenses, staffing, project management,

publicity and the costs associated with a national event to declare the referendum result. Officials are in ongoing discussions with the Electoral Management Board to ascertain the precise resource requirements of the CCO.” (paragraph 27)

15. In its submission, the Electoral Management Board states that based on its estimates—

“the total of £340,000 is of the order of the amount that will be needed. However the EMB would be concerned to ensure that there was flexibility here and that sufficient funds were available to allow the CCO to prepare adequately for this major electoral event. An event of this scale and importance to the country needs to be funded appropriately and the EMB would seek an assurance that the work of the CCO would not be limited by a lack of funds.”

[NB: The EMB has confirmed that the figure of £340,000 was the result of a typographical error and that its submission should have stated “the total of £300,000”. It has confirmed, however, that this error does not affect the context of the quote]

Fees and Charges Order

16. The FM explains that, with regard to the costs of running the vote, whilst “local authority officers will incur the upfront expenditure, it will be the Government that ultimately bears these costs.” (paragraph 29)

17. Counting officers will be entitled to recover certain costs up to a specified maximum amount, as set out in a separate Fees and Charges Order applicable to each local authority area. The FM states that “Scottish Government officials will work with the Electoral Management Board and counting officers to determine robust figures for inclusion in the Order so that the Order can be made as soon as possible after the Bill is enacted.” (paragraph 33)

18. Several respondents express approval of this assurance, including the Electoral Commission, which states—

“We welcome the commitment of Scottish Government officials to work closely with the Electoral Management Board and Counting Officers in developing the Fees and Charges Order. This will help to ensure that the provisions in the Order are based on robust evidence that encapsulate the different challenges in delivering a consistently high-quality referendum to electors in every part of Scotland.”

19. However, a number of submissions seek assurances that specific issues will be considered during the drafting of the Order, including—

- the fact that local costs, particularly for the hire of count venues and the transportation of ballot boxes, are likely to vary dramatically;
- the expectation of a significant increase in turnout;
- suggestions of a likely increase in postal votes;

- increased costs for overnight counts as opposed to daytime ones (as the PVS count was);
- costs relating to the storage of documents, equipment and stationery; and
- any local costs relating to awareness raising campaigns.

Comparison with other elections/referenda

20. The FM states that “the closest comparator to help determine the likely cost of running the referendum is the Parliamentary Voting System (PVS) referendum, particularly since the Electoral Commission published a comprehensive report on the costs of this referendum.” (paragraph 44)

21. The FM notes, however, that the PVS referendum in 2011 “was held on the same day as other polls, including the Scottish Parliament elections, which meant that some costs, such as the hire of polling stations, could be shared. This meant that the overall costs were lower than they would have been for a ‘stand-alone’ referendum, which the Scottish independence referendum will be.” (paragraph 46)

22. Some of the submissions question the reliability of figures based on the PVS referendum. South Lanarkshire Council, for example, produced its own estimates based on its experience of running a number of different elections/referenda in recent years and arrived at significantly higher total costs than those based on the PVS referendum alone.

23. West Dunbartonshire Council also states that—

“As a result of the combination of the extended electorate and the likely higher turnout, at a very rough estimate for West Dunbartonshire, around 6 additional polling stations will be required meaning 12 additional staff compared to the comparator referendum.”

24. The FM goes on to state however, that the estimated cost has the potential to increase or decrease depending on a number of factors including—

“changes in the size of the electorate; the effect of inflation on the costs of transport, equipment and postage; the effect of any specific directions made by the CCO as to how the poll or count should be run; and the implications of approaches to deal with specific local circumstances, such as the use of helicopters to fly the ballot papers from remote islands to a central count centre or the higher costs of hiring suitable count venues for larger voting areas.” (paragraph 50)

25. The FM also states that “the poll and count for the referendum will be more straightforward than in the Scottish Parliament elections due to the fact that voters will be asked to make a choice between two options rather than between a number of candidates. It is, therefore, likely that some savings can be made on the above costs.” (paragraph 51)

26. Comhairle nan Eilean Siar however, suggests “that these savings are marginal rather than significant” whilst West Dunbartonshire Council, points out that—

“the comparator costs (as described at the table at para 49) are the estimates by the Electoral Commission for a stand-alone referendum i.e. an election with a yes/no vote like the PVS referendum. It would appear therefore that, on the face of it, the assumption of a saving is flawed and it is therefore very unlikely there will be savings from an estimate based on the 2011 referendum costs.”

27. Similarly, the Electoral Management Board states that—

“Much of the memorandum is based on the assumption that the costs of the 2011 UK Referendum, which were estimated by the Electoral Commission, could be extrapolated to a national stand-alone Referendum despite the 2011 poll being combined with the Scottish Parliamentary elections. There were economies of scale associated with the combined poll in some respects and additional costs in others. There has been some concern expressed that such an extrapolation is not appropriate. While it may give a general overall cost it may underestimate in some classes of cost and in some areas and the only appropriate model would be one in which costs are built up from first principles.”

28. The FM states that “savings could be made in the printing of ballot papers” as it will be possible for “orders to be placed with printers far in advance” in comparison to those for elections which cannot be printed until nominations have closed. (paragraph 51)

29. Aberdeen City Council, however, notes that this will “necessitate the papers being warehoused in secure conditions for a period of weeks or months” and asks whether the cost of this has been factored in.

Conclusion

30. The Committee is invited to consider the above issues in its evidence session with the Bill Team.

Alan Hunter
Assistant Clerk to the Committee

ANNEXE A

Scottish Independence Referendum Bill: Financial Memorandum

The document can be accessed via the link below—

http://www.scottish.parliament.uk/S4_Bills/Scottish%20Independence%20Referendum%20Bill/b25s4-introd-en.pdf

ANNEXE B

Written Submissions on Scottish Independence Referendum Bill's Financial Memorandum

The written submissions can be accessed via the link below—

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/63265.aspx>