

<b>Title:</b> Rejected Postal Votes <b>IA No:</b> Not Applicable  <b>Lead department or agency:</b> Cabinet Office <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 17/12/2014		
	<b>Stage:</b> Final		
	<b>Source of intervention:</b> Domestic		
	<b>Type of measure:</b> Secondary legislation		
	<b>Contact for enquiries:</b> Peter Richardson (020 7271 6433)		

<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> Not Applicable
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
£-0.21m	0.00	0.00	No   NA

**What is the problem under consideration? Why is government intervention necessary?**  
 150,000 postal votes were rejected in 2011 because the signatures and/or date of birth did not match the records held by the Electoral Registration Officer (ERO). From 2014, the law requires EROs to inform postal voters that their ballot has been rejected immediately after a poll. This was an action recommended by the Electoral Commission and helps avoid postal voters repeating errors and losing their vote at subsequent elections. Regulation requiring EROs to provide further information to postal voters at a later date on the requirements for completing postal ballot papers will help to reduce errors further, and strengthen democratic engagement.

**What are the policy objectives and the intended effects?**  
 To drive down the number of rejected postal votes in future elections by making electors better informed about the process so they can avoid mistakes at successive polls.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**  
 0) Base Case- do nothing. Administrators would have informed people that their postal votes have been rejected because of an inadvertent error. Postal voters will not receive a further communication about the requirements for completion of postal ballot papers, following the rejection at the polls in 2014.  
 1) Option 1- require EROs to send further information about the requirements for postal ballot papers to postal voters whose vote was rejected at the 2014 European election, unless fraud is suspected. This will make all those affected better informed about the process so their votes can count at future polls. This is the preferred option.  
 2) Option 2- give EROs the power to send further information to postal voters. Local discretion would determine whether electors were informed. This could result in uneven levels of understanding amongst those affected from region to region.

<b>Will the policy be reviewed?</b> It will be reviewed. <b>If applicable, set review date:</b> 01/2018					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		<b>Micro</b> No	<b>&lt; 20</b> No	<b>Small</b> No	<b>Medium</b> No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)				<b>Traded:</b>	
				<b>Non-traded:</b>	

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

Signed by the responsible Minister: Sam Gyimah Date: 17/12/2014

# Summary: Analysis & Evidence

# Policy Option 1

## Description:

### FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2014	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High: -0.19	Best Estimate: -0.21

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	0.2
High	Optional	Optional	Optional
Best Estimate			0.2

#### Description and scale of key monetised costs by 'main affected groups'

The burden of this regulation will fall on Local Authorities. Electoral administrators will need to devote staff time to compile details about and send letters to the relevant postal voters. This will incur in-house stationery and printing costs. The projected cost in 2015 per local authority is c. £320. The provision will be reviewed and, if deemed to be appropriate, may be applied at future polls.

#### Other key non-monetised costs by 'main affected groups'

Electoral Management System suppliers may wish to update their postal vote identifier-checking products so that the relevant voters can be identified. As many systems already have this capacity, and others may be able to make these modifications as part of routine updates in the coming years, we do not think it proportionate to attempt to monetise these costs.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

#### Description and scale of key monetised benefits by 'main affected groups'

None

#### Other key non-monetised benefits by 'main affected groups'

The key benefit of the proposal is the potential for electors to be better informed about the postal voting process and have their vote count at future polls. At present, around 3% of postal votes (c. 150,000) are rejected at polls across Great Britain because of blank or mismatched postal vote identifiers, and it is hoped that this number can be reduced once those affected are aware of their past errors.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
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1. Inflation to 2015 on Royal Mail prices has been calculated using prices over the last 5 years and is less robust than general inflation estimates. It is assumed that RM prices will rise in line with general inflation.
2. The number of rejected postal votes is assumed to rise in line with population growth over the 10 year period.

### BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	No	NA

## Evidence Base (for summary sheets)

- Problem under consideration and rationale for intervention

The Electoral Administration Act 2006 introduced the requirement for applicants for postal votes to submit their date of birth and signature (postal vote identifiers (PVI)), to be held on record and checked against corresponding PVIs returned on the postal voting statement accompanying the ballot paper. This is to offer assurances that the postal vote has been returned by the proper person. Where these identifiers fail to match, or where one or more of the PVIs has not been provided, the Returning Officer must mark the postal vote as rejected, which means it may not be counted.

In recent years the Electoral Commission (EC) and the Association of Electoral Administrators (AEA) have voiced concerns that a number of postal voters are having their postal votes rejected because of a failure to understand the form, or through an inadvertent error. More than 150,000 postal votes have been rejected because of a PVI mismatch or omission at polls held across Great Britain in each of 2009, 2010 and 2011 (representing around 3% of all postal ballot packs returned in each case). Common reasons for this include: a signature which has changed over time, the reversing of the month and day when supplying a date of birth, supplying the day's date rather than a date of birth, and simply leaving some or all of the form blank. Both the EC and AEA have called for the Government to enable electors to be informed about the mistake they have made so they can avoid similar errors at future polls (through updating their signature or having a better understanding of the system).

In response to these concerns the Government legislated through the Electoral Administration Act 2013 to provide for Electoral Registration Officers (EROs) to send postal vote rejection notifications following an election to postal voters whose postal vote was rejected. This is to help ensure those electors are aware that their postal voting statements were rejected and can participate effectively in future elections and not have their ballot papers rejected at successive polls because of a signature degradation or because they are making inadvertent errors. EROs are not obliged to inform individuals where fraud is suspected.

These "rejected postal vote" provisions took effect at the polls on 22<sup>nd</sup> May 2014, including the European Parliamentary election. The European Parliamentary Elections (Amendment) Regulations 2013 apply these provisions for European Parliamentary elections. After each European election, within three months of the poll, EROs are required to notify postal voters whose postal vote was rejected at the election due to:

- i. one or both of the personal identifiers on the postal voting statement completed by the postal voter being rejected due to a failure to match with the identifiers held on record by the ERO; or
- ii. due to a failure by the voter to provide one or both personal identifiers on the postal voting statement.

The proposed changes are designed to build upon these provisions and to ensure postal voters receive information that reminds them of the requirements for correctly completing their postal ballot papers, following the European election in May 2014. To achieve this, it is proposed that EROs will issue a further notification to postal voters who were notified following the 2014 European election, and who still have a postal vote at the time that the further notification is issued. The further notice will supplement the guidance that postal voters will receive at future polls, for example, information on the postal voting statement, and will help to ensure that postal voters are clear as to the requirements when completing the postal voting statement and, therefore, avoid postal voting statements being incorrectly completed.

- Policy objective

The policy objective is to make those electors who have made errors better-informed about the postal voting process to minimise the likelihood of recurring errors. In particular, the timing of the notice is designed to minimise the likelihood of errors at the General Election.

- Description of options considered

0) Base Case - do nothing. Administrators would have informed people that their postal votes have been rejected because of an inadvertent error. Postal voters will not receive a further communication about the requirements for completion of postal ballot papers, following the rejection at the polls in 2014.

2) Option 2- give EROs the power to send further information to postal voters. Local discretion would determine whether electors were informed. This could result in uneven levels of understanding amongst those affected from region to region.

The costs and benefits of Option 2 have not been shown separately due to the uncertainty of forecasting ERO choices when given discretion. If all electoral administrators chose to exercise this power, then the costs and benefits would be as option 1; if there was no take-up by contrast then costs/ benefits would be as option 0.

### Option 1

This option requires EROs to send further information to postal voters whose vote was rejected at the 2014 European Parliamentary election, unless fraud is suspected. This will make all those affected better informed about the process so their votes can count at future polls. This is the chosen option.

In practice, this will involve:

- 1) Mandating EROs to identify and issue a further notification to postal voters whose PVIs were rejected at the European election. Voters will be notified only if they still have a postal vote at the time that the further notification is issued. EROs will be required to issue further notices in the period from 19<sup>th</sup> to 28<sup>th</sup> March 2015 to those postal voters who received a notice immediately after the European election held on 22<sup>nd</sup> May 2014.
- 2) Requiring EROs to include in the notice:
  - Details of the poll where the rejection occurred,
  - An indication that the ERO previously sent a notification to the voter after the last European Parliamentary election in respect of the postal ballot papers returned by the voter at that poll, and
  - general information on the requirements for completion of the postal voting statement.

EROs will not be obliged to send a notice to electors whose postal vote has been rejected where fraud is suspected.

### Costs

Under option 1, local government will incur both stationery and staff resource costs.

#### Stationery Costs

Sending out a repeat notification will have printing and postage costs as well as the cost of an envelope. The cost of a sheet of paper is considered to be negligible.

Unlike the initial notice, which may have generated further correspondence under some circumstances, this notice will be for information only, and follow up action will not be required from the voter. Only one notice per voter will be sent and there will be no additional correspondence costs.

Due to the relatively small number of notifications per local authority, authorities will be likely to print this correspondence in house, at a higher expense. It is also unlikely that they will be able to secure bulk discounts with Royal Mail and as a result we use the cost of sending a letter 2<sup>nd</sup> class by 'franking' mail. As these costs do not account for discounts that authorities may be able to secure locally, they are a **central/high estimate**.

In 2015 we estimate that stationery costs to be **£0.48** per letter sent.

Table 1 Stationery Costs		
Cost type	2014-15 (£)	2020 (£)
Unit cost of printing A4 letter in-house	£0.07	£0.08
Unit cost of an envelope	£0.03	£0.04
Unit cost of posting an A4 letter (2015)	£0.38	£0.41
Total stationery cost per letter sent	£0.48	£0.53

Staff Resource costs

This regulation will require local authority staff to spend time:

1. Identifying electors whose PVIs were rejected at the European polls.  
We expect this time cost to be small as these electors were contacted directly after the poll.
2. Drafting and sending the notification

The Local Government Association (LGA) Earnings Survey 2013-14 indicates that the average wage of local authority staff is £12.31 per hour. This rate assumes that individuals work 39 hours per week, in line with the ONS ASHE 2013. It is slightly higher than the ONS ASHE rate for administrative and secretarial staff, however, it is more likely to be an accurate representation of staff costs as it is industry specific. An hourly rate of around £12 is also consistent with the results of a questionnaire recently circulated to a representative sample of Local Authorities by the Constitution Group. We therefore take the ASHE rate of **£10.21** as the **low estimate** and the LGA rate of **£12.31** as the **central/high estimate**. With the inclusion of overheads at 28%, our central estimate of the hourly staff resource cost is **£16.01**

We anticipate the time cost to staff to be 2 minutes per letter. This is based on a rate of 30 letters per hour. This rate has been tested with administrators and was used in the Impact Assessment for the primary legislation – titled Revised Process for Rejected Postal Votes – and submitted on 28/03/12.

In 2015 our low estimate for staff resource costs is **£0.45** per letter sent  
The central/high estimate of staff resource costs is **£0.53** per letter sent

Table 2. Labour costs per hour						
Estimate	Hourly Wage	NICS & Overheads	LCH 2013	LCH 2015	LHC 2020	
<b>Low Estimate - ASHE</b>						
Administrative and Secretarial	10.21	0.28	£13.07	<b>£13.50</b>		£14.82
<b>Central/High Estimate -Local Government Association Earnings Survey 2013/14</b>						
	12.31	0.28	£15.76	<b>£16.01</b>		£17.57

### Total cost per letter sent

Our low estimate of the total cost per letter is **£0.93**

Our central/high estimate of the total cost per letter sent is **£1.01**

### Volume of correspondence/Total Costs

#### 1. Estimate using ONS and EC report Data

ONS electoral data puts the size of the eligible electorate in 2013/14 at 47,691,821. According to the EC's 2009 report on the administration of the European Parliamentary elections, 14.2% of the electorate were sent a postal vote, and 61.6% of this number submitted a vote by post. Data from its comparable 2014 report tells us that 168,000 postal vote ballots, roughly 4% of those returned, were spoiled at the 2014 elections.

Of these, 32.4% were rejected because either the postal vote statement or ballot paper was missing. This proposal does not require EROs to contact those who failed to include their voting papers, which means that only 67.6% of the 168,000 – 113,568 – will need to be contacted.

Whilst one notice has already been sent to these electors, and we would expect that some will have responded and corrected their details, EROs will nonetheless write to all those who were contacted after the European polls. Some electors may have cancelled their postal vote, or moved address, however as we do not have a clear idea of the extent to which this will reduce the numbers contacted, we will conservatively assume that all **113,568** electors are sent a reminder.

#### 2. Estimate using data collected from local authorities

Information obtained from Local Authorities suggests that approximately **114,000** electors will need to be contacted.

We use the volume estimated using EC report data as our low estimate, and the volume estimated using our own data as the high estimate.

Our **low estimate** for the total monetised cost for this proposal in 2015 is therefore **£105,511.86**.

Our **central/high estimate** for the total monetised cost of this proposal in 2015 is **£115,547.71**

The NPV of this proposal is **£-0.21m**

### Direct costs and benefits to business

As the cost burden of this regulation falls on Local Authorities, the legislation will have no direct impact on business.

### Non-monetised costs

Electoral Management Software suppliers may wish to update their postal vote identifier-checking products so that the relevant postal voters can be readily identified. However, we understand many systems already have this capacity, and it may be possible for others to make small modifications when making other routine updates over the coming years. Additionally, this regulation follows earlier legislation which similarly requires EROs to identify these postal voters. As such, these software updates are not a direct cost of this regulation and it is not considered proportionate to monetise them.

### Non-monetised benefits

The key benefit of the proposal is the potential for electors to be better informed about the postal voting process and have their vote count at future polls. At present, 3-4% of postal votes are rejected at polls across Great Britain because of blank or mismatched PVI and it is hoped that this number can be reduced once those affected are aware of their past errors.

Whilst this proposal will not incur immediate cost savings for the administration of elections, it is likely that by making postal voters better informed about the process, the frequency of rejections should reduce over time. This may, for example, result in cost-savings in terms of staff resource and processing time when checking PVI. The cost of the proposal may also decrease as the number of electors to be contacted falls.

We do not have sufficient data to estimate the reduction in PVI errors as a result of notices being sent and therefore we are unable to robustly estimate the benefits - in reduced staff processing time - of this proposal. As we will be unable to do so robustly, we do not attempt to monetise this benefit.

## Annex A – Assumptions

Table 3. Assumptions and evidence	
Assumptions	Evidence
1. Hourly Labour costs	ONS ASHE 2013 & Local Government Association Earnings Survey 2013/14
2. Labour cost inflation	2013-2014 - ONS Labour Market Statistics May 2014: <a href="http://www.ons.gov.uk/ons/dcp171778_335027.pdf">http://www.ons.gov.uk/ons/dcp171778_335027.pdf</a> 2014 - 2015 - Wages are assumed to rise in line with inflation
3. NICs+ Overheads	<a href="https://www.gov.uk/rates-and-thresholds-for-employers-2014-to-2015">https://www.gov.uk/rates-and-thresholds-for-employers-2014-to-2015</a>
4. Inflation	ONS Quarterly National Accounts- Last updated June 2014
5. Royal Mail Prices/Inflation	Royal Mail Business Price Guides
6. Stationery Costs	Local Authority questionnaire responses & Royal Mail Business Shop Online <10/11/14>
7. Number of rejected postal votes	ONS & EC data / Data collected from local authorities
8. Population increase 2015-2020	ONS 2012-based Subnational Population Projections for England - updated May 2014