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FILE TITLE: <i>POLICY</i>		SERIES <i>ELECTIONS.</i>
PART BEGINS: <i>8 APRIL 2001</i>		PART: <i>4</i>
PART ENDS: <i>4 May</i> <i>7 MAY 2001</i>	CAB ONE:	

LABOUR ADMINISTRATION

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PART

CLOSED

DATE CLOSED	7 JUNE 2001
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Series : ELECTIONS

File Title : Policy

Part : 4

Date	From	To	Subject	Class	Secret
09/04/2001	SS/SO	LP	The Scottish Parliament (Elections etc) (Amendment No2) Order 200	U	0
25/04/2001	HS	CST	Electins Act 2001: Compensation	U	0
04/05/2001	CST	HS	Local elections	C	0

020 7270 5456

RESTRICTED - POLICY

Treasury Chambers, Parliament Street, London, SW1P 3AG

The Rt Hon Jack Straw MP
Home Secretary
Home Office
50, Queen Anne's Gate
London SW1H 9AT

4 May 2001

Dear Home Secretary,

LOCAL ELECTIONS

Thank you for your letter of 25 April on compensation for political parties and local authorities for costs arising from the delay to June 7th.

2. As signalled in my letter of 3 April I do remain sympathetic regarding compensation for local authorities – and recognise the broad political consensus for doing so. However, as also flagged in the same letter I am also concerned that you and John first explore scope for meeting these costs within your DEL. While your letter reiterates that neither you nor he has sufficient cover for these costs, I remain unclear why such a small sum should prove so difficult to absorb.

3. This is particularly true of the figure – at only some £60K - you cite for compensating independent political candidates. I can quite see that the non-party nature reduces the risk of controversy. But it remains the case that many might argue – however erroneously - by extension that there are many other FMD-related costs being incurred by farmers above and beyond the value of livestock being slaughtered which are not

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at present being compensated from the DEL Reserve. And although strictly speaking we can reasonably argue that compensating candidates and LAs relates to moving an election rather than FMD directly we still need to be careful not to create a potentially embarrassing and costly precedent.

4. Copies of this letter go to the Prime Minister, the Chancellor, John Reid, the members of HS and LP committee and to Sir Richard Wilson.

Lewis Neal

pp **ANDREW SMITH**
(Approved by the Chief Secretary
and signed in his absence)



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SP: SJ
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QUEEN ANNE'S GATE LONDON SW1H 9AT

The Rt Hon Andrew Smith MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London
SW1P 3AG

25 APR 2001

Dear Chief Secretary,

ELECTIONS ACT 2001: COMPENSATION

This letter responds to your letter to John Prescott of 2 April and sets out my proposals in respect of compensation for additional expenditure incurred as a result of the deferral of the local elections.

The Elections Act received Royal Assent on 10 April. Despite its brief Parliamentary passage, there was discussion in both Houses on the question of compensation.

Compensation for local authorities

There was agreement from all parties that local authorities should receive compensation for the additional costs arising from the postponement of the local elections. (There were also suggestions, which we were quick to quash, that they should be reimbursed for any additional costs arising as a result of holding elections in areas affected by foot and mouth disease.)

The details of the compensation scheme we propose to put in place for local authorities are set out in annex A to this letter.

In your letter to John, you said you were sympathetic to the case for meeting such costs from the DEL reserve but that you were unable to commit to doing so at that stage. I hope that, given the strong all-party support that exists for compensating local authorities, you are now in a position to agree that making provision from the reserve is appropriate in this case. The amount of money concerned is about £250k more than I had originally envisaged because, at the time of my original letter, we were not aware that a number of local authorities had already sent out poll cards.

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Compensation for candidates

In your letter to John, you also said that you were far from convinced of the case for providing for compensation for political parties from the reserve.

Your view of the undesirability of compensating political parties was shared by others. During the Bill's passage through Parliament, it became clear that there was all-party consensus - which I confirmed in discussions with Ann Widdecombe and Simon Hughes - that no compensation should be paid to candidates of registered political parties and we made a firm commitment in both Houses that such people will not receive any compensation.

However, there was a recognition that the position of independents was somewhat different since they do not have the resources of large political organisations to support them. In the House of Commons, I gave the example of a farmer standing as an independent candidate who was already suffering financially as a consequence of foot and mouth disease and was then, as a result of the postponement of the local elections, required to pulp a large number of leaflets which he had already paid for.

I therefore said that we would be prepared to entertain compensation claims from independent candidates who have suffered a genuine and substantial loss. I do not expect that that there will be many people in this category nor will the sums involved be great (the maximum that a candidate standing in an electoral division of ... 10,000 could have spent is £712). An outline of the scheme we have in mind is at annex B.

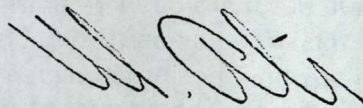
Though the amount of money involved is not great, there is no provision for it in my existing departmental budget. This is a wholly new commitment as the Home Office has no responsibility for local elections. I hope, therefore, that you will be prepared to meet the costs - estimated at £1.1m - from the reserve.

The contents of this letter refer, of course, only to England and Wales. John Reed will want to consider what arrangements he wants to make in respect of Northern Ireland. Given that the local elections there were not due to take place until 16 May, it is likely that preparations by both local authorities and candidates would have been less well advanced and the amount of nugatory expenditure insignificant.

I am copying this letter to the Prime Minister, the Chancellor, John Reed, the members of HS and LP Committees and to Sir Richard Wilson.

Yours sincerely,

*(approved by the
Home Secretary
and signed
his absence)*



JACK STRAW

COMPENSATION SCHEME FOR LOCAL AUTHORITIES

Purpose

To provide compensation for local authorities for the additional expenditure incurred as result of the deferral of the local elections. The scheme is not intended to cover additional costs that may incurred as a result of running elections in areas affected by foot and mouth disease.

Administration

Although the costs relate to local government elections, the scheme will be administered by the Home Office Elections Claims Unit which has experience of handling claims from local authorities in respect of Parliamentary elections. As with those claims, any claims made under this compensation scheme will be subject to audit by the National Audit Office.

Publicity

The scheme will be advertised in one of the regular circulars sent to all electoral administrators.

Eligibility

34 county councils and 11 unitary authorities were up for election on 3 May.

Elections to county councils are administered by the district councils within them and all wasted costs will have been incurred by district councils. It therefore makes sense for claims to be made by district councils.

The 34 county councils have 239 district councils between them. Once unitary authorities are taken into account there will be 250 authorities which will be in a position to make claims. In addition, there will be a number of borough councils and district councils which were due to have by-elections to fill casual vacancies which will want to make claims.

Claims

Local authorities will be required to divide their claims into five categories.

a) Staff time

In the run up to an election, electoral administrators put in long hours and are frequently paid overtime. Compensation would be payable in respect of such staff time wasted prior to 10 April 2001 (the date on which the Elections Act 2001 received Royal Assent). The maximum amount that any district council or unitary authority could claim under this subhead would be £400. This facility would not be available to local authorities with by-elections as the additional staff costs are administering a single election are considered de minimis.

b) Printing and publicity costs

Local authorities were required to print and publish the notice of election by 26 March and to print and publish the statement of persons nominated by 5 April. In addition, many local authorities will have spent money on publicity for the elections on 3 May. Compensation will be available for all such wasted expenditure. Claims will need to be supported by documentary evidence.

c) Absent votes

Many local authorities ran publicity campaigns and wrote to voters to inform them of their entitlement to an absent vote. Much of this literature will have given the wrong election date. In addition, local authorities are encouraged to contact those who had applied for an absent vote specifically for 3 May to tell them that they will need to apply again if they still want an absent vote for 7 June. Compensation will be available for all additional expenditure incurred in respect of absent votes. Claims will need to be supported by documentary evidence.

d) Poll cards

A small proportion of local authorities had sent out their poll cards before 2 April (when the announcement of the intention to defer was made) and will need to send out replacements. Where this has happened, the costs will be substantial.

e) Miscellaneous

There will be a number of claims for exceptional items - for example, for sports halls booked as count venues. These will be met in exceptional cases where there is clear evidence that unavoidable expenditure has been incurred. Claims for holidays which have had to be cancelled will not be met.

Cost

The claims under subhead (a) are likely to come to £100,000.

If each local authority claims an average of £500 under subhead (b) the cost of this element will be £125,000.

If each local authority claims an average of £1,000 under subhead (c) the cost of this element will be £250,000.

If local authorities representing one in ten of the electors have sent out poll cards the costs involved would amount to £475,000.

The total costs under subhead (e) are likely to be no more than £50,000.

The total amount of compensation payable to local authorities is therefore estimated at £1,000,000.

Administering the scheme would cost approximately £10,000 so the total cost of the scheme is therefore estimated at £1.01 million.

COMPENSATION SCHEME FOR INDEPENDENT CANDIDATES

Purpose

To provide compensation for independent candidates who have suffered genuine and significant loss as a consequence of the deferral of the local elections.

Publicity

Writing to all independent candidates would be a huge task, even if it were possible to identify them.

Instead, the scheme will be publicised through electoral administrators (who are likely to be the first point of contact for many candidates) and the Local Government Association Independent Group.

Timing

~~Those wishing to claim will be given one month in which to submit their claim.~~
In the interests of speed claims will be by the Home Office handled centrally rather than by the (already overstretched) Elections Claims Unit. The aim will be to settle all claims within six weeks of their receipt.

Amounts of claims

The minimum amount that it will be possible to claim will be £100. The maximum amount will be 75% of the amount that the candidate could have spent (which is determined by the number of electors in the electoral division concerned).

The reason for setting a minimum amount is that this scheme is designed to compensate for substantial losses. Any losses below £100 will be treated as de minimis.

The reason for setting a maximum level is that it is hard to conceive that by 2 April, when the announcement of the postponement was made, any candidate would have already spent up to his or her full expenses limit.

Proof of candidature

It would be very hard for claimants to prove that they were or are properly nominated candidates but the requirement to provide detailed proof of the loss which they have suffered (see below) should obviate the need for this. In cases of real doubt, those scrutinising the claims can check with the appropriate returning officer.

Proof of loss

Claimants will need to provide documentary evidence of the loss they have suffered as a result of the deferral of the local elections. In most cases this will be for election literature which is redundant as a result of giving an incorrect election date. Claimants will be required to submit copies of such literature together with receipts from printers etc. All claims will need to be supported by documentary evidence.

Declaration

As well as declaring that their claim is genuine and accurate, claimants will also be required to state that they are not a member of a registered political party. This is designed to deal with those people who stand on an independent ticket but are in fact associated with, and supported by, one of the political parties.

Cost

The cost of the scheme will be determined by the number of claimants and the amount for which they claim.

We estimate, on the basis of what happened in 1997, that about 400 independent candidates were contesting the local elections. A good many of these will not have incurred any expenditure by 2 April.

If 200 candidates submit claims and the average settled claim is for £300, the total cost will be £60,000.



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www.scottishsecretary@scotland.gov.uk

Chief → does it need to
be done

CS
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(8 May date) *

9 April 2001

(*)

Max
Schmidt
(copy to
NATJ)

The Rt Hon Margaret Beckett MP
President of the Council and Leader
of the House of Commons
Privy Council Offices
2 Carlton Gardens
London
SW1Y 5AA

Order → vote on ecc H'
possibly voted down
→ Lord

Dear Margaret,

Could not be done until 1 May

THE SCOTTISH PARLIAMENT (ELECTIONS etc) (AMENDMENT No 2) ORDER 2001

Order Commencement 30 April

This letter, addressed to both HS and LP colleagues, seeks colleagues' agreement to the immediate introduction of an Order to align the timetable for calling Scottish Parliament elections with the timetable for calling elections to the UK Parliament. This is to facilitate any Scottish Parliament by-election being held at the same time as a UK Parliament General Election. I am afraid that because of the very tight timetable I must ask for responses by the end of today, Monday 9 April.

to take

floor

Committee

2. Under the present rules, while a General Election on 7 June can be called any time up to 14 May, notice of an election to the Scottish Parliament would need to be published by 8 May.

3. At present, the Scottish Parliament (Elections etc) Order 1999 provides that publication of notice of election - by the relevant Returning Officer - has to be not sooner than the 28th working day and not later than the 21st working day before the date of the poll. Polling day for a general election to the UK Parliament occurs 17 working days after dissolution of the old Parliament/issuing of the writ.

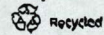
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4. However, in the case of a by-election for a UK Parliament constituency, because of certain flexibility allowed in setting the last day for delivery of nomination papers, polling day can be between 15 and 19 working days after issuing of the writ.

→ no great probs

8th May

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5. During the setting in 1999 of the appropriate timetable to be applied to elections to the Scottish Parliament, consideration was given to the timetable set out in the Parliamentary Elections Rules and that set out in the Local Government Election Rules. As the date of the election was to be set by Section 2 of the Scotland Act, and the date of future elections would be known in advance, it was decided to apply the timetable in the Local Government Election Rules. This allowed a longer lead in time which could be advantageous to the electoral administrators, political parties and the electorate. This also had the advantage that where elections to the Scottish Parliament and for local government are combined (as in 1999, and as recently proposed by the Scottish Executive for future local government elections), there would be an identical lead in time for nominations etc for both elections.

6. The Minister for Parliament at the Scottish Executive and the Presiding Officer at the Scottish Parliament have both been informed of the proposed new Order and are in full agreement. The Scottish Parliament is facing the prospect of 2 vacancies in constituency seats, Strathkelvin and Bearsden (Sam Galbraith) and Banff and Buchan (Alex Salmond), and it would be appropriate to facilitate holding these elections on the same day as a UK Parliament General Election if at all possible.

7. The draft Order applies changes only to elections to fill a vacancy in a Scottish Parliament constituency seat (i.e. a by-election), and not to a general election to the Scottish Parliament, as this would unreasonably break the present significant link with local government elections. Changes to the dates for publication of the election notice will continue to allow the Returning Officer the same earliest date for publication, but the latest date for publication will match the latest date which would be possible for a UK election. Similarly, for the delivery of nomination papers, the same earliest date has been retained within the timetable, but the latest possible date for delivery will now match that within the UK timetable.

Timing

8. In order to have the Draft Order considered by the Joint Committee on Statutory Instruments at the first meeting following the Easter recess, it is necessary to have it laid before Parliament tomorrow, Tuesday 10 April. As the Local Elections (Postponement) Bill is still progressing through its parliamentary stages, the appearance of further electoral legislation has the potential to increase speculative debate/reporting. I would appreciate colleagues' view of whether this draft Order would cause any such difficulties.

9. I would be grateful for colleagues' agreement to proceed with the Scottish Parliament (Elections etc) (Amendment No 2) Order 2001.
10. I am copying this letter to the Prime Minister, the Members of HS and LP Committees, Sir Richard Wilson and First Parliamentary Counsel.

*Jan
Hedd*

HELEN LIDDELL

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