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| Title: Individual Electoral Registration IA No: Lead department or agency: Cabinet Office Other departments or agencies: | Impact Assessment (IA) |
| | Date: 04/04/2012 |
| | Stage: Development/Options |
| | Source of intervention: Domestic |
| | Type of measure: Primary legislation |
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| Summary: Intervention and Options | RPC Opinion: RPC Opinion Status |
|--|--|

| 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, Measure qualifies as One-Out? |
| -£154m | NA | NA | No |
| | | | NA |

What is the problem under consideration? Why is government intervention necessary?
 Currently households are registered to vote by a single member of the household with no systematic checks to ensure the accuracy of the information provided. It is a widely held view that the current system for registration is vulnerable to fraud and a public perception that this allows electoral fraud to occur.

What are the policy objectives and the intended effects?
 Individual Electoral Registration will require each elector to register themselves. Every registration will then be checked against public data to ensure that the electoral register is trusted and secure. Individual Electoral Registration (IER) should therefore improve the accuracy of the register and allow people to register in different ways.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 Option 0- Do nothing - the current system of household registration would be maintained.
 Option 1 (preferred)- Confirmation - Pre-populate the electoral register with electors who can be validated against public data sources in 2014/15 and then require the remaining electorate, future house movers, and new voters to register (and have their registration validated) from 2014/15 onwards.
 Option 2- Individual Electoral Registration (IER) - Require the eligible electorate to register individually from 2014/15 and verifying the validity of all registrations against other sources of public data.
 Option 3- IER under the Political Parties and Elections act- Implement IER with a 3 year voluntary period.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 12/2015

| | | | | | |
|--|----------------------|----------------------|--------------------------|---------------------|--------------------|
| Does implementation go beyond minimum EU requirements? | No | | | | |
| Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base. | Micro No | < 20 No | Small No | Medium No | Large No |
| What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent) | Traded: NA | | Non-traded: NA | | |

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: Date:

Summary: Analysis & Evidence

Policy Option 1

Description: Confirmation (preferred option)

FULL ECONOMIC ASSESSMENT

| Price Base Year 2012 | PV Base Year 2012 | Time Period Years 13 | Net Benefit (Present Value (PV)) (£m) | | |
|----------------------|-------------------|----------------------|---------------------------------------|-------------|-----------------------|
| | | | Low: -£187m | High: -£51m | Best Estimate: -£154m |

| COSTS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Cost (Present Value) |
|---------------|---|--|----------------------------|
| Low | -£104m | -£14m | -£237m |
| High | -£88m | -£2m | -£102m |
| Best Estimate | -£102m | -£11m | -£205m |

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

Confirmation has three primary cost drivers: registering citizens individually (£56m in 2014/15; £10m annual cost thereafter (2012/13 price terms)), verifying the identify of electors (£13m in transition; £1m annually thereafter (2012/13 price terms)) and building the IT infrastructure to support registration/ verification (£15.3m in transition). There will also be additional transitional costs for: confirmation testing (£9m); publicity, programme staffing costs and research (£8m).

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

In the worst case scenario the electoral register will become several percentage points less complete in the short term. This drop is expected to be notably less than the 10pp fall following the introduction of IER in N.I. because confirmation is expected to pre-populate the register with 57pp the eligible electorate. In a worst case scenario the accuracy of the register may fall in 2014/15 (only) as more inaccurate entries may be 'carried forward', by exception, into 2014/15.

| BENEFITS (£m) | Total Transition (Constant Price) Years | Average Annual (excl. Transition) (Constant Price) | Total Benefit (Present Value) |
|---------------|---|--|-------------------------------|
| Low | £54m | £0 | £50m |
| High | £55m | £0 | £51m |
| Best Estimate | £55m | £0 | £51m |

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

The household canvass will be displaced in 2014/15 by data matching and an individual canvass saving £55m (in cash terms). Although it would be more costly to canvass every individual than every household, savings from household registration largely offset the cost of registering citizens individually because confirmation is expected to pre-populate the register with 57% of the eligible electorate, requiring EROs to write only to confirm their registration, rather than canvassing them fully.

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

The accuracy of the register is expected to increase from 85% to up to 95% in the long run while the register is expected to remain around 85% complete. Verifying each citizen's identity against other public data sources is expected to cut both electoral fraud and financial fraud by making it significantly harder for fraudsters to use the register fraudulently. The completeness of the register in 2014/15 is expected to rise from 87% to 90% because of 2013/14 entries carried forward.

| | | |
|---|-------------------|------|
| Key assumptions/sensitivities/risks | Discount rate (%) | 3.5% |
| Cost per registration of an individual is the same as registration per household; 66% of electors on the 2013/14 electoral register can be confirmed through data-matching and placed onto the 2014/15 electoral register. Assuming that the 2013/14 register is 87% complete this would pre-populate the register with 57 percentage points of the eligible electorate; 10% of forms returned are returned online in the central estimate. | | |

BUSINESS ASSESSMENT (Option 1)

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

Evidence Base

Problem under consideration

Currently households are registered to vote by a single member of the household with no systematic checks to ensure the accuracy of the information provided. It is a widely held view that the current system for registration is vulnerable to fraud and a public perception that this allows electoral fraud to occur.

Policy objective

Individual Electoral Registration will require each member of the household to register, and be responsible for, their own entry on the register which will be subsequently checked against other sources of public data to ensure that the electoral register is trusted and secure. Individual Electoral Registration should furthermore improve the accuracy of the register, allow people to register in different ways and, whilst registration will not be compulsory, will allow the government to take steps to address the completeness of the register.

Description of options considered

Option 0- do nothing – The Political Parties and Elections (PPE) Act would not be commenced and a single member of the household will continue to register the household as a unit; no systematic checks will be implemented to verify the identity of electors register.

Option 1- Confirmation- Pre-populate the electoral register with electors who can be validated in 2014/15 and then register the remaining electorate individually from 2014/15 onwards. To ensure that no eligible electors are disenfranchised for the May 2015 General Election, all electors on the last 2014 household register will be carried forward, unless the Electoral Registration Officer (ERO) has reason to suspect they are not present at that address, to the 2014/15 individual register (i.e. the same carry forward as option 2).

Option 2- Register the electorate individually from 2014/15 and verify the validity of all registrations against other sources of public data. To ensure that no eligible electors are disenfranchised for the May 2015 General Election all electors on the last 2014/15 household register will be carried forward, unless the Electoral Registration Officer has reason to suspect they are not present at that address, to the 2014/15 register (the carry forward provision).

Option 3- Implementation of IER under the PPE Act- for a (3 year) period of transition electors will still register on a household basis but will be also be able to register individually if they choose to do so. From 2015/16 onwards electors will register individually. All electors registering individually (in transition and post transition) will have their identity verified against other public data sources.

Monetised and non-monetised costs and benefits of each option

Option 1 (the preferred option) – Confirmation- Pre-populate the electoral register with electors who can be validated in 2014/15 and then register the remaining electorate, and future house movers, individually from 2014/15 onwards. To ensure that no eligible electors are disenfranchised for the May 2015 General Election all electors on the last 2014 household register will be carried forward, by exception, to the 2014/15 individual register.

Confirmation is the preferred option because it delivers a more accurate electoral register which is less vulnerable to fraud while maintaining an electoral register of approximately the same completeness as the current system of household registration (option 0). Although it is more expensive than household registration it is the most cost effective way of delivering these benefits as its core costs [i.e. canvass, verification and, for confirmation only, a national roll out and infrastructure trial of up to £9m] are only £78m (cash terms) in transition (2012-2014) whereas IER without a voluntary phase (option 2) costs £129m (cash terms). In

transition (2012-2014) confirmation (option 1) will cost between £100m and £200m less than option 3 which allows for a voluntary phase although after 2014/15 costs of all three options are similar.

Monetised costs:

Central estimate: Total appraisal period cost: £213m (2012/13 price terms). As outlined in the summary sheets the primary cost drivers are: registering citizens individually (£56m in 2014/15; £10m annual cost thereafter (2012/13 price terms)), verifying the identify of electors (£13m in transition; £1m annually thereafter (2012/13 price terms)) and building the IT infrastructure to support registration/ verification (£15.3m in transition). All three options will require publicity, programme staffing and research (£8m) but, uniquely, confirmation also requires a significant (possibly national) test which could cost up to £9m.

Worst case estimate: Total appraisal period cost: £248m (2012/13 price terms)

Best case estimate: Total appraisal period cost: £104m (2012/13 price terms)

Costs will be accrued most intensely from 2012/13 to 2014/15 when the new system is being established but Individual Electoral Registration is also expected to create additional costs of around £11m per year (2012/13 price terms) more than the current household registration system. This is because, from 2015/16 onwards, Electoral Registration Officers will need to run a household canvass and then additionally register house movers and new eligible electors individually and verify their identity. Canvassing house movers and attainers individually costs around £11m per year (2012/13 price terms) while verifying their identity will cost around £1m annually (2012/13 price terms). These costs are similar under all three options.

Monetised Benefits:

Central estimate: Total appraisal period benefit: £52m (2012/13 price terms). The usual household canvass will be displaced in 2014/15 by a data-match and an individual canvass. Thus, a full household canvass will not be conducted in 2014/15 saving £55m (cash terms). Although it would be substantially more costly to canvass all eligible electors, the saving from not conducting a household registration in 2014/15 largely offset the cost of registering citizens individually because confirmation is expected to pre-populate the register with 57 percentage points of the eligible electorate, negating the need to canvass them (although these individuals will receive written confirmation that they have been added to the register).

Low estimate: Total appraisal period benefit: £51m (2012/13 price terms). As central case but assumes that online form returns will rise from 10% to 40%.

High estimate: Total appraisal period benefit: £52m (2012/13 price terms). As central case but assumes that no forms are returned online.

Unmonetised benefits:

Accuracy of the electoral register (central, best and worst case scenario)- In Northern Ireland the accuracy of the electoral register increased following the introduction of IER. A similar level of increase in Great Britain would increase the accuracy of the register up to a maximum of 95% (from 85%). It is not yet certain what the short term impact on the accuracy of the electoral register will be because there is no clear evidence on the accuracy of electors that are placed on the 2014/15 electoral roll through data-matching. The government is running a second round of pilots to understand the precise impact on completeness although, in the long run, this is less significant because eligible electors register individually when they move house.

Completeness of the electoral register (central, best and worst case scenario)- Early reports on the completeness of the electoral register following the the transition to IER in Northern Ireland found a 10 percentage point drop in the the completeness of the register (source: Electoral Commission 2002). This is not anticipated in GB following IER however, and completeness is expected to be maintained at around 87% in the medium term because a) confirmation immediately pre-populates the register with 57 percentage points of the eligible electorate, mitigating against any possible decline in completeness and b) a recent electoral report found that the drop was only due to the removal of redundant registrations. In the central scenario therefore actual completeness is not expected to fall although the worst case scenario allows for a drop of a few percentage points based on the initial experiences in Northern Ireland. In contrast, during transition in 2014/15 completeness will be at least maintained because of the strong carry forward provision which places the onus on Electoral Registration Officers to maintain a citizen's entry on the register unless they have reason to suspect that the elector has moved on. As a result the existing 2013/14 register is expected to form a strong base for the electoral register on top of which additional individuals will be registered as part of the 2014/15 IER canvass and data-match.

Financial and electoral fraud (central, best and worst case scenario)- confirmation is expected to reduce both electoral and financial fraud. Both options 1 and 2 will have a significant impact on electoral fraud. By increasing the accuracy of the electoral register IER will also reduce financial fraud by making it harder for fraudsters to both steal identities and register false identities on the electoral register. There is currently little proven electoral fraud recorded, although it is possible that it is significantly under reported. In their 2012 report on electoral malpractice the Electoral Commission and the Association of Chief Police Officers found that there were only 14 cases of registration fraud still under investigation while none that had yet been substantiated. This closely mirrors the findings of the 2011 report and the same report also found that, despite the low number of recorded fraudulent incidences, 36% still perceive fraud to be a problem. Following the introduction of IER in Northern Ireland perceptions of fraud fell considerably and it is likely that the same will occur in the UK because the system will be much harder to defraud. The system is however not impenetrable for the committed fraudster so fraud could re-emerge in the future.

By contrast, there is evidence of a significant amount of financial fraud which is based partly on the electoral register. Intelligence shows that individual criminals and organised crime groups exploit electoral registration to increase the apparent robustness of false identities, which in turn enable a range of criminal activities. These activities include, but are not limited to, mortgage fraud, fraudulently applying for banking products and/or passing credit checks, and fraudulently gaining access to state benefits. Metropolitan Police Service (MPS) and National Fraud Initiative data match analysis of 29,000 strands of identity data found on forged and counterfeit documents collated under Operation AMBERHILL (such as names, addresses) showed that 13,214 (45.6%) of these were positive matches on electoral roll entries and could potentially be used to facilitate fraud. The lack of robust verification processes for electoral registration, make it an area of activity for criminals of high reward and low risk.

According to CIFAS (2010), the UK's fraud prevention service 217,385 frauds were recorded to the National Fraud Database by CIFAS member organisations, 47% of which were identity fraud. The estimated value associated with these 217,385 frauds is £707m, with £191m associated with those where checking against the electoral roll helped to confirm the fraud. While this is not in any way an indication of fraud within the electoral roll, it is evidence of the reliance that is placed on the accuracy of the electoral register. Illustratively, if the amount of fraud detected and prevented is a linear function of the electoral register then increasing the accuracy of the electoral register under confirmation would lead to a drop in financial fraud of £1.5m 2015/16, rising to a fall of £17.5m in 2029/30. This figures should be considered to be indicative only however because the mathematical relationship between the accuracy of the electoral register and fraud is imperfectly understood.

This reduction in fraud may not occur until 2014/15 however because the strong carry-forward provision will stop Electoral Registration Officers from removing entries unless they have evidence to do so.

Un-monetised costs

Accuracy of the electoral register in 2014/15 (central and worst case scenario)- In transition, in 2014/15, the register could, in the worst case scenario, become less accurate because the carry-forward provision may encourage Electoral Registration Officers to carry forward more than they otherwise would. It is hard to forecast behaviours however and in the best case scenario Electoral Registration Officers are assumed to be equally vigilant and thus maintain accuracy at 85%. In all scenarios accuracy rises above 85% from 2015/16

onwards when Electoral Registration Officers are required to drop entries from the register which have not been confirmed.

Fraud in 2014/15 (worst case scenario)- In the worst case scenario confirmation may lead to an increase in fraud in 2014/15 because the strong carry forward provision (which will stop electors falling off the electoral register prior to the May 2015 General Election) may lead to fraudulent entries remaining on the register.

Assumptions:

Assumes that there will be no household canvass in 2014/15. It will instead be replaced by a late 2013/14 canvass ending in March 2014 and an IER 'canvass' in 2014/15. Assumes a household canvass in every other financial year.

Central scenario assumes 66% of the current electoral register can be data-matched and placed onto the electoral register (57 percentage points of the eligible electorate). This assumption is derived from the 2012 Electoral Commission report *Data matching schemes to improve accuracy and completeness of the electoral register* which found that the average match in the pilot areas using Department for Work and Pensions data was 66%. Low cost estimates assume that 76% can be data-matched and the high cost assume that 65% based on further evidence from the pilot areas.

Option 2- Register the electorate individually from 2014/15 and verify the validity of all registrations against other sources of public data. To ensure that no eligible electors are disenfranchised for the May 2015 general election all electors on the last 2014/15 household register will be carried forward, by exception, to the 2014/15 register.

Individually registering eligible electors is less preferred than confirmation (option 1) because it ultimately achieves a similar increase in accuracy and reduction in fraud with significantly higher transitional costs and, in the worst case scenario, cause a notable drop in the completeness of the electoral register from 2015/16. In the central scenario this canvass is expected to cost £129m (cash terms) in 2014/15, compared to £78m (cash terms) for option 1 while completeness could, in the worst case scenario, drop by 7 percentage points of the eligible electorate. It may deliver a more accurate electoral register more quickly than confirmation however, although this will only be determined robustly in the second round of data-matching pilots.

Monetised costs

Central estimate: Total appraisal period cost: £262m (2012/13 price terms). The cost drivers are similar to confirmation except that the write out costs significantly more because option 2 requires Electoral Registration Officers to write to every eligible member of the electorate at notable cost whereas confirmation pre-populates the register with 57 percentage points of the electorate immediately.

Worst case scenario estimate: Total appraisal period cost: £299m (2012/13 price terms).

High estimate: Total appraisal period cost: £148m (2012/13 price terms).

Monetised benefits:

Central estimate: Total appraisal period benefit: £53m (2012/13 price terms). As with confirmation (option 1) the cost of the annual canvass is displaced.

Un-monetised benefits:

Accuracy of the electoral register from 2015/16 (central best and worst case scenario)- The accuracy of the electoral register is expected to reach a maximum of 95% from 2015/16 onwards under this option. It is not clear from available evidence whether it will reach this level of accuracy faster than with confirmation.

Fraud from 2015/16 (central best and worst case scenario)- Individual Electoral Registration is expected to significantly reduce both electoral and financial fraud. If the second round of pilots shows that accuracy is initially lower under confirmation (option 1) then this option is likely to reduce fraud more in the short run.

Un-monetised costs:

Completeness of the electoral register (worst case scenario)- As this option is most similar to the system of IER in Northern Ireland the worst case scenario predicts a fall of around 7 percentage points in

2015/16 following the early findings from Northern Ireland (Electoral Commission 2002). This is expected to slowly rise as more of the 2014/15 cohort of non-respondents are registered each year following repeated attempts to canvass them. As noted in the Electoral Commission's 2011 report *Great Britain's electoral register 2011* this may however have been due to the removal of redundant registration rather than eligible electors actually falling off the register. On this basis our central scenario predicts no real fall in the completeness of the electoral register.

Accuracy of the electoral register in 2014/15 (central and worst case scenario)- Similarly to confirmation the accuracy of the register could fall in 2014/15 as more inaccurate entries are carried forward. This effect could be more pronounced under this option because more entries would be carried forward (because the new IER register is less complete). As with confirmation however the accuracy of the register will rise from 2015/16 onwards.

Fraud in 2014/15 only (worst case scenario)- Similarly to confirmation (option 1), Individual Electoral Registration may increase the risk of fraud in 2014/15 because of greater number of electors that will be carried forward where an ERO has no reason to suspect that an entry is no longer resident or is fraudulent. This effect may however be more exaggerated under this option because the number of eligible electors who have been fully verified will be lower. Even in the worst case scenario however it is expected to decrease fraud from 2015/16 onwards.

Assumptions:

Assumes that there will be no household canvass in 2014/15. Household canvass will instead be replaced by a late 2013/14 canvass ending in March 2014 and an IER 'canvass' in 2014/15. Assumes a household canvass in every other financial year.

Option 3- Implementation of IER under the PPE Act- for a (3 year) period of transition electors will still register on a household basis but will also be able to register individually if they choose to do so. Post transition electors will register individually. All electors registering individually (in transition and post transition) will have their identity verified against other public data sources.

Option 3 is also less preferred because although it could, in the best case scenario, create a more accurate register sooner, it is the most costly option and offers no additional long term benefits.

Monetised costs

Worst case scenario estimate: Total appraisal period cost: £407m (2012/13 price terms).

Best case estimate: Total appraisal period cost: £182m (2012/13 price terms). The costs of a voluntary phase add considerably to the cost. Even in the best case scenario where every eligible elector registers individually in 2012/13 there is still an annual cost of £11m (2012/13 price terms) of re-registering movers. If individuals do not volunteer to register individually however they will need to be written to annually, driving up the cost considerably.

Monetised benefits:

Central estimate/ best and worst case scenario: Unlike options 1 and 2 the annual canvass will not be displaced in 2014/15 under this option and there would consequently be no monetised savings.

Un-monetised Costs:

Completeness of the electoral register (worst case scenario)- In the worst case scenario the completeness of the register will fall when the voluntary phase ends in 2015/16.

Fraud from 2015/16 (central best and worst case scenario)- Individual Electoral Registration is expected to significantly reduce both electoral and financial fraud. If it is more accurate than the current register however it is likely to reduce fraud more in the short term than confirmation.

Un-monetised benefits:

Completeness of the electoral register (central and best case scenario)- Recent evidence from the electoral Commission (2011) indicates that completeness did not significantly fall in Northern Ireland as the perceived

fall was due to the removal of redundant registrations rather than eligible electors actually falling off the register. On this basis our central scenario predicts no real fall in the completeness of the electoral register.

Accuracy of the electoral register from 2012/13 (central, worst and best case scenario)- In the best and central scenario the accuracy of the electoral register will start to improve from the start of the transition in 2012/13 and is expected reach a peak of up to 95% in 2015/16. In the worst case scenario however there could be little appetite to register individually and accuracy would not increase until the end of transition.

Fraud (central, worst and best case scenario)- if accuracy of the register increases from 2012 (as in the central and best case scenario) then fraud will correspondingly fall although the full benefit is not likely to be realised until transition ends in 2015/16.

Assumptions:

Assumes that the eligible electors are allowed to register to vote as either a household or an individual in 2012/13 to 2014/15.

Assumes that a household canvass is held every year.

Impact of creating a new civil penalty for not returning an IER form on the Justice system (all options)

Creating a civil penalty is expected to encourage compliance and thus help maintain completeness of the register but non-compliance will also create an additional workload for the justice system. Confirmation, option 1, will probably have the smallest impact on the justice system because 57 percentage points of the eligible electorate will have been data-matched and moved immediately onto the 2014/15 electoral register. They cannot be issued a fine because they will not be sent an IER form in the usual way. Option 3 will be slightly cheaper for the justice system if a large number of electors register individually in the voluntary phase in 2012/13 and 2013/14 negating the need to issue them with an IER form in 2014/15. If electors do not choose to register individually in the voluntary phase the cost to the justice system will be similar to option 2 because, all electors would need to be canvassed in 2014/15 in a similar way to option 2.

Table 1.1- Net cost to the justice system of three options in transition (2012/13- 2014/15; £m; cash terms)

| | Confirmation- option 1 | IER- option 2 | Phased IER- option 3 | |
|-------------------------|---------------------------|---------------|--|---------------------------------------|
| | | | high IER take up in voluntary phase | low IER take up in voluntary phase |
| Central estimate | £0.4 | £1.1 | £0.3 | £1.1 |

Assumes that there will be no reduction in the number of criminal prosecutions for not returning a household form. Further assumes that option 3 would not be implemented with penalties in the voluntary phase but would after the dual system of registration ends.

Post transition, from 2015/16 onwards, all three options will cost around £0.1m annually (2012/13 price terms). Currently the criminal offence of not responding to a household registration form is used to encourage compliance and thus maintain the completeness of the electoral register. It is sparsely applied in practice and 150 prosecutions are actually initiated annually. It is intended that the new civil penalty will be used in the same way thus the propensity to issue fines should not increase.

To create a conservative estimate of the costs however the propensity to issue fines is assumed to rise slightly in line with the experience of creating a civil penalty for parking fines. This is then uplifted/ downlifted to reflect a greater/ or lesser volume of unreturned IER forms (compared to household registration forms). It similarly assumes that the split between fines paid, taken to tribunal and won at tribunal are the same as for parking fines. The costs are calculated by Her Majesty's Courts and Tribunal services based on these volumes.

Assumes that there will be no reduction in the number of criminal prosecutions for not returning a household form. Further assumes that option 3 would not be implemented with penalties in the voluntary phase but would after the dual system of registration ends.

Cost –benefit core methodology note

Monetised costs and benefits:

To facilitate accurate comparisons all costs and benefits have been calculated on the same 'core' basis for all options and thus all three options are calculated on the basis of the assumptions outlined below under 'risks and assumptions'. Where different assumptions have been used this is highlighted under the relevant option. All costs have been calculated with reference to the actual cost of registering households in 2009/10. From this a cost per household was derived for 2014/15 by uprating for inflation in line with the Office for Budget Responsibility's March 2012 inflation forecasts. The cost of registering an (equally responsive) individual is conservatively assumed to be the same as the cost of registering a household. This value is then split into printing, postage, door step canvassing and processing as assigned in the Electoral Commission's data. Printing, postage and doorstep canvassing costs are then adjusted to reflect a lower marginal response rate anticipated under IER and thus more 'chaser letters'. To ensure that no costs are unaccounted for all outstanding costs incurred in the canvass period were incorporated into 'processing'.

The cost of registering every eligible elector (option 2) for example is expected to be roughly double that of registering households therefore because there are almost two eligible electors per household. Confirmation (option 1) by contrast is expected to cost roughly the same as the current system because the electoral register has already been pre-populated with 57 percentage points of the eligible electorate.

Non-monetised costs and benefits:

Benefits: Forecasts for completeness and accuracy are derived from the actual impact of Individual Electoral Registration (IER) in Northern Ireland. Accuracy in Northern Ireland for example could have risen by up to 10 percentage points and the central scenario thus predicts that that accuracy will similarly rise in Great Britain. The central scenario for completeness is based on the Electoral Commission's 2011 report *Great Britain's Electoral Register* which noted that actual completeness may have not fallen in Northern Ireland because most of the decline could have resulted from omitting redundant registrations. The worst case scenario is based on earlier findings (Electoral Commission 2002) which seemed to indicate that completeness had fallen by 10 percentage points.

A thirteen year assessment period has been used to reflect a three year transition plus the usual ten year assessment period. The cost and benefits of completeness, accuracy and fraud have not been fully monetised due to the absence of a robust methodology to link their cost or benefit to a monetary value.

Risks and assumptions

The key assumption is that the cost of registering an (equally responsive) individual is the same as the actual 2009/10 cost of registering a household uprated to 2014/15 prices in line with the OBRs March 2011 assumptions. The marginal response rate of the 'other' members of the household is half as responsive as the first (current response rates sourced from Electoral Commission data).

Best case, worst case and central scenarios:

The central scenario assumes that there is a 10% online registration rate and, for confirmation (option 1), that 66% of existing electors can be 'confirmed' immediately onto the new register. This assumption is derived from the 2012 Electoral Commission report *Data matching schemes to improve accuracy and completeness of the electoral register* which found that the average match in the pilot areas using Department for Work and Pensions data was 66%.

The best case scenario assumes that there is a 40% online registration rate and, for confirmation (option 1), that 76% of existing electors can be 'confirmed' immediately onto the register (based on the findings of the data-matching pilots which suggested that incorporating DVLA data could increase the proportion of electors confirmed by 10 percentage points). For option 3 the best case scenario assumes that all eligible electors who could register individually in the voluntary phase register immediately in 2012/13.

The worst case scenario assumes that there is a 0% online registration rate and, for confirmation (option 1), that 65% of existing electors can be 'confirmed' immediately onto the new register (based on findings

from the data-matching pilots suggesting a 1% inaccuracy rate). For option 3 the worst case scenario assumes that no eligible electors register until it becomes compulsory at the end of the voluntary period.

Other assumptions:

10% of citizens registered under IER fail verification first time (i.e. 7 percentage points of the eligible electorate);

30% of citizens who fail verification choose not to produce an alternative form of ID and are thus struck off the register from 2015/16 onwards (i.e. 2 percentage points of the eligible electorate)

Post transition the electoral register will continue to see, in a 12 month period, new additions of roughly 12% of the total size, predominantly from house moves. Assumes that 3 percentage points will continue to be captured through the process of rolling registration and that, under all options approximately 9 percentage points will be made, and verified, during the annual canvass process. Source: Electoral Commission consultation response to the Individual Electoral Registration White Paper.

0.7% of houses are newly built annually (average of new dwellings as a proportion of the existing stock of houses 2005-2010; source: Net additional dwellings by local authority district, England 2004-05 to 2010-11, DCLG);

IT costs are assumed to be £15.3m throughout all options;

Completeness and accuracy of the 2013/14 household register is 87% and 85% respectively.

Processing and door-step canvassing costs are uplifted in line with wage inflation 2009/10- 2014/15 (source: ONS and OBR) as wages are the primary component of these cost. Postage and printing costs are uplifted in line with CPI inflation (source: ONS and OBR). Note that postage is uplifted in line with general inflation thus not explicitly accounting for Royal Mail's recent above inflation price increases. Although the government is seeking to establish the precise impact of these changes on ERO's costs, this does not significantly affect the net costs in this impact assessment because the baseline cost (option 0) would similarly rise.

Note:

This impact assessment appraises the policy options contained within the IER provisions of the Electoral Registration and Administration Bill. It is not therefore intended to appraise all possible options for transforming the register nor does it explore all options which may be taken through secondary legislation. The IA does thus not appraise the government's entire programme of electoral reform nor should be seen as a continuation of the impact assessment previously laid.