

<b>Title:</b> Parliamentary Constituencies Bill 2020 <b>RPC Reference No:</b> n/a <b>Lead department or agency:</b> Cabinet Office <b>Other departments or agencies:</b> n/a <b>IA No:</b> CO2020	<b>Impact Assessment (IA)</b>
	<b>Date:</b> 04/05/2020
	<b>Stage:</b> Final
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b>
	<b>Contact for enquiries:</b> Constitution Group Analysis, Cabinet Office cg-analysis@cabinetoffice.gov.uk
<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> Not applicable

**Cost of Preferred (or more likely) Option 1 (in 2019 prices)**

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
-£89.4m	n/a	n/a	n/a

**What is the problem under consideration? Why is government action or intervention necessary?**

The next UK parliamentary constituency boundary review will commence in 2021, as prescribed by the amendments made to the Parliamentary Constituencies Act 1986 by the Parliamentary Voting System and Constituencies Act (PVSCA) 2011. Based on the current boundary review rules set out in the 1986 Act as amended, this review will revise the number of parliamentary constituencies down from 650 to 600.

Since the policy of reducing the number of parliamentary constituencies to 600 (which has yet to be implemented) was established by the Coalition Government, the United Kingdom has left the European Union. As a result of regaining our political and economic independence, the UK Parliament will have a greater workload. In light of this, the Government wishes to bring forward primary legislation which will require future boundary reviews to be conducted on the basis of 650 seats. **This will ensure MPs can best represent the country’s growing population and are well-placed to handle additional work previously covered by MEPs.**

Furthermore, the planned legislation provides an opportunity to make improvements to the boundary review process that will help to meet the Government’s 2019 Manifesto commitment<sup>1</sup> to deliver equal and updated boundaries, and that will take account of lessons learnt from previous reviews, as well as of the views of MPs on all sides of the House and the Public Administration and Constitutional Affairs Committee.

**What are the policy objectives of the action or intervention and the intended effects**

The key objective of boundary reviews is to ensure parliamentary constituencies are of roughly equal size and that votes therefore carry, as far as is possible, equal weight. Option 0 would allow the key objective of boundary reviews to occur without any government intervention. Option 1 would also allow the key objective of boundary reviews to occur, but in a way consistent with this Government’s objectives, which is the purpose of this Bill.

Specifically, primary legislation is being made to reflect the problems set out above. The measures contained in the Bill make amendments to the following provisions of the Parliamentary Constituencies Act 1986:

- Rules governing how boundaries are drawn (e.g. maintaining 650 UK parliamentary constituencies)
- Rules governing how boundary reviews are conducted and bringing recommendations into effect (e.g. length of boundary reviews (generally 2 years and 10 months); frequency of boundary reviews (every eight years, instead of every five); the timing of public hearings (to be moved to secondary consultation period so that they can better respond to local concerns); and removing the need for a draft Order in Council which implements boundary review recommendations to be approved by a resolution of each House of Parliament in order to ensure that boundary recommendations come into effect without the possibility of political interference or influence)

<sup>1</sup> The Conservative and Unionist Party Manifesto 2019 says “We will ensure we have **updated and equal Parliamentary boundaries**, making sure that **every vote counts the same** – a cornerstone of democracy.”

The measures contained in the Bill retain the following provisions which were introduced by the PVSCA 2011:

- the tolerance in constituency size of +/- 5% of the UK electoral quota (i.e. the total UK electorate divided by the number of constituencies); and
- the four protected constituencies – the Bill does not propose any additional protected constituencies.

Option 1 brings the 2018 Boundary Review to a close without its recommendations being implemented. These recommendations are based on the changes introduced by the PVSCA 2011, and in particular are based on a reduction in the number of seats to 600. The Government’s position is that 650 constituencies should be maintained.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

Given the timings before the start of the next Boundary Review, there are two possible options, do nothing and intervene now.

Option 0: “Do nothing,” maintain the status quo and no legislative change.

Option 1: Legislative changes using primary legislation (preferred option).

- Option 1 has been created in-line with decisions by Ministers. No other variation of this option would achieve this, therefore, we have not considered other options.
- Bring forward primary legislation, in the form of this Bill (Parliamentary Constituencies Bill 2020). At a high-level this brings the 2018 Boundary Review to a close, enabling the Government to maintain 650 parliamentary constituencies for the future boundary reviews will be based on 650 constituencies.
- This Bill would also bring in rules governing how boundaries are drawn, how boundary reviews are conducted and how recommendations are brought into effect.

Does implementation go beyond minimum EU requirements?					N/a				
Is this measure likely to impact on international trade and investment?					N/a				
Are any of these organisations in scope? <b>No</b>					Micro	Small	Medium	Large	
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)					Traded: n/a		Non-traded: n/a		

**Will the policy be reviewed?** Government will keep the boundary provisions under review.  
**If applicable, set review date:** /

*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 : \_\_\_\_\_ Date: \_\_\_\_\_

# Summary: Analysis & Evidence

Policy Option 0

Description:

## FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2020	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £0

COSTS (£)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	10	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		0	0

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

The main costs for this option relate to winding up and staff redundancy costs associated with moving to 600 MPs. There are also additional costs to maintaining a 5 year boundary review cycle. This option is the baseline scenario against which option 1 will be assessed. As this option can only be compared with itself, the additional costs and benefits will, by definition, be zero, as is the option's Net Present Value. That is to say we set all costs and benefits to zero. We then compare the costs and benefits of option 1 to the normalised cost and benefits of option 0 - this provides the additional impact of option 1 beyond what would have happened had there been no intervention.

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

None.

BENEFITS (£)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	10	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	0		0	0

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

None.

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

There are non-monetised costs incurred by political parties and Electoral Registration Officers that would result from the four Boundary Commissions' recommendations - therefore they are not directly attributable to this policy intervention but change as a result of this policy.

Key assumptions/sensitivities/risks	Discount rate (%)	
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A strategic risk of option 0 is if it is presented back to the House, it may not obtain parliamentary approval. This could mean that recommendations for updated boundaries are not implemented, and parliamentary constituencies based on out of date data are used. There is the further risk that under the current legislation the next boundary review is due to start in early 2021 and report by 1 October 2023 and this would not allow sufficient time for it to be implemented in time for a general election in May 2024.

### BUSINESS ASSESSMENT (Option 0)

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>Score for Business Impact Target (qualifying provisions only) £m:</b>
<b>Costs:</b>	<b>Benefits:</b>	<b>Net:</b>	

## Summary: Analysis & Evidence

## Policy Option 1

Description:

### FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2020	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£89.4m

<b>COSTS (£)</b>	<b>Total Transition (Constant Price) Years</b>	<b>Average Annual (excl. Transition) (Constant Price)</b>	<b>Total Cost (Present Value)</b>
Low	Optional	Optional	<b>Optional</b>
High	Optional	Optional	<b>Optional</b>
<b>Best Estimate</b>	-£8,000	-£12.5 million	<b>-£96.5 million</b>

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

The main costs arising from this intervention arise from maintaining an additional 50 MPs when compared to the baseline scenario. These include salary, accommodation, London-area, office and, parliamentary and constituency staff costs. These are incurred by the Independent Parliamentary Standards Authority (IPSA) but IPSA is funded by HM Treasury so essentially costs are incurred by central government.

There is a small transition cost that the four Boundary Commissions incur when they familiarise themselves with the proposed changes.

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

There are non-monetised costs incurred by political parties and Electoral Registration Officers that would result from the four Boundary Commissions' recommendations - therefore they are not directly attributable to this policy intervention but change as a result of this policy (namely having a boundary review with 650 MPs instead of 600 MPs).

<b>BENEFITS (£)</b>	<b>Total Transition (Constant Price) Years</b>	<b>Average Annual (excl. Transition) (Constant Price)</b>	<b>Total Benefit (Present Value)</b>
Low	Optional	Optional	<b>Optional</b>
High	Optional	Optional	<b>Optional</b>

<b>Best Estimate</b>	+£0		+£0.9 million	<b>+£7.2 million</b>	
<b>Description and scale of key monetised benefits by ‘main affected groups’</b>					
The monetised benefits from this intervention result from winding up and redundancy costs not being incurred due to not moving to 600 MPs following the 2023 Boundary Review and moving to an 8 year boundary review cycle rather than a 5 year cycle.					
<b>Other key non-monetised benefits by ‘main affected groups’</b>					
There are two sets of non-monetised benefits. The first is as a result of cost-savings from not moving to 600 MPs following the boundary review which concludes in 2023 which would be implemented at the General Election in 2024. The second set relates to specific measures that this Bill introduces, which include maintaining the current number of MPs to deal with work that would have fallen to MEPs before the UK left the EU, the boundary review cycle being updated to reflect future policy intention, the recommendations of the independent and impartial Boundary Commissions being implemented automatically and, cost-saving and timing efficiency of the Boundary Commissions’ consultation process.					
<b>Key assumptions/sensitivities/risks</b>				<b>Discount rate (%)</b>	3.5
There are analytical risks around both Bill changes and future policy changes. Amendments to the Bill during passage through the House of Commons may invalidate part or all of this analysis. We have also made the assumption that certain costs and entitlements will rise with inflation and that salary costs will rise with projected earnings growth. If these costs and entitlement changes as well as salary changes differ from our assumption, our analysis will be inaccurate.					

**BUSINESS ASSESSMENT (Option 1)**

<b>Direct impact on business (Equivalent Annual) £m: £0</b>			<b>Score for Business Impact Target (qualifying provisions only) £m:</b>
<b>Costs:</b>	<b>Benefits:</b>	<b>Net:</b>	
n/a	n/a	n/a	

# **Evidence Base (for summary sheets)**

## **Parliamentary Constituencies Bill 2020**

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# Problem under consideration

## Background

1. The Parliamentary Voting System and Constituencies Act (PVSCA) 2011 intended to address three key areas from within the coalition programme – provisions relating to holding a Referendum, the Alternative Vote system, and the review of constituency parliamentary boundaries. This Act provides that the Boundary Commissions (for each of the constituent nations of the United Kingdom) are to submit their reports containing recommendations for parliamentary constituencies before 1 October 2013 and every five years after that.
2. As a result of the reforms, the intention was that votes would be more equal in weight throughout the UK, and each nation would have a share of the seats in the House of Commons that is broadly in proportion to its share of the UK electorate.
3. The Boundary Review (under the boundary reforms) that was due to report in 2013 was cancelled by the Electoral Registration and Administration Act 2013 and therefore the next review concluded in 2018.
4. The Boundary Commissions reports arising from the 2018 Boundary Review were laid before Parliament in September 2018, but the recommendations contained in those reports have not yet been implemented.
5. Therefore, the current boundaries of the 650 constituencies across the UK, were drawn up by the four Boundary Commissions using electoral registers in force at the following dates (with the first time those boundaries were used in brackets):
  - England - February 2000 (boundaries first used at 2010 General Election)
  - Scotland - June 2001 (boundaries first used at 2005 General Election)
  - Wales - December 2002 (boundaries first used at 2010 General Election)
  - Northern Ireland - May 2003 (boundaries first used at 2010 General Election)

## The problem

6. **Constituencies are based on data which is approaching 20 years old** – which disregards significant changes in population and distribution of the electorate - and contains historic variation in electorate size between constituencies.
7. A new boundary review is due to take place in 2021. As things stand, this will review constituency boundaries on the basis of up-to-date electoral data and on the **basis there should be 600 parliamentary seats (as introduced into the PCA 1986 by the PVSCA 2011)**.
8. **Since that policy was established by the Coalition Government, the United Kingdom has left the European Union.** As a result of regaining its political and economic independence, the UK Parliament will have a greater workload. To reflect this (and population increase over the past two decades, amongst other things), the Government wishes not to implement the planned move to 600 parliamentary constituencies. This is supported by representations from MPs on all sides of the House (in Government and in opposition) and from the Public Administration and Constitutional Affairs Committee.

## Rationale for intervention

### Why intervention is justified

9. It is the political will of the democratically-elected Government to maintain 650 parliamentary constituencies instead of 600. Future boundary reviews (including the next one commencing in early 2021) should consider 650 constituencies to support the Government's position.  
**The choice to maintain 650 constituencies is a decision made by Ministers.**
10. In line with above, this will make consideration of the fact the United Kingdom has left the European Union. Some work previously undertaken at the European Parliament will, at the end of the transition period, fall to the UK Parliament. For example, the UK Parliament will be regaining control of reserved matters such as trade and migration policy. These matters will be debated and decided by the people's representatives in Parliament. Without this intervention, the UK will be reducing the number of parliamentarians, at a time when Parliament's workload will increase.
11. Intervention is also necessary to reflect new rules dictating the approach of the Boundary Commissions when considering the views of MPs and Public Administration and Constitutional Affairs Committee.
12. Part of the package of measures being proposed is a move to eight-year boundary review cycle. Currently (since PVSCA 2011), boundary reviews take place every five years; this frequency was put in place to mirror the Fixed-term Parliaments Act 2011 (FTPA). It is this government's manifesto commitment to repeal the FTPA. As a consequence, the rationale for five-yearly boundary reviews will be removed, as there will be no way to ensure that the boundary review recommendations are in place for a particular election whose date cannot currently be predicted. The government proposes moving to an eight-year cycle because this is more cost-efficient and proportionate but still sufficiently frequent to ensure that constituencies boundaries are updated regularly. It is judged that eight years strikes the right balance between achieving updated boundaries and avoiding the disruption to local communities and political parties by boundaries changing for each general election. A further measure included in the policy will improve the efficiency of boundary reviews: public hearings that form part of the consultation element of boundary reviews will be moved later in the boundary review process. This will enable public hearings to be better planned (based on intelligence gained from the early consultation stages) and located in areas where they will make the most difference.
13. A final key measure is to ensure the independent and impartial Boundary Commissions' reports are enacted. This package seeks to change the means of implementing the Boundary Commissions' recommendations so that no Parliamentary procedure applies to the draft Order in Council, i.e. Parliament would not be required to approve the Boundary Commission's recommendations. This follows experiences from countries such as Australia and Canada who use a similar approach.
14. The last reason for intervention is a point of pragmatism. The 2018 Boundary Review was presented to Parliament in September 2018 (19 months ago) and a new boundary review is to begin in early 2021. To ensure that public funds are not wasted, the 2018 Boundary Review, which is based on UK electorate data from the early 2000s and based on 600 MPs, should not be enacted and implemented.

### The proposal for intervention

15. The proposal is to introduce the Parliamentary Constituencies Bill. Some of this framework is continued from previous legislation but other elements are new.
16. This Bill will enable the next boundary review to better reflect current demographics and operate on the principle of equality in constituency size to be delivered in such a way that is consistent with the Government's political will. This Bill will set the framework for future boundary reviews, including the next review due to begin in early 2021 and conclude in spring/summer 2023. The key measures contained in the Bill make amendments to the following provisions of the Parliamentary Constituencies Act 1986:
  - a. Rules governing how boundaries are drawn (e.g. maintaining 650 UK parliamentary constituencies)
  - b. Rules governing how boundary reviews are conducted and bringing recommendations into effect (e.g. length of boundary reviews (generally 2 years and 10 months); frequency of boundary reviews (every eight years, instead of every five); the timing of public hearings (to be moved to secondary consultation period so that they can better respond to local concerns); and, moving to a position whereby boundary recommendations come into effect automatically); and removing the need for a draft Order in Council which implements boundary review recommendations to be approved by a resolution of each House of Parliament in order to ensure that boundary recommendations come into effect without the possibility of political interference or influence).
17. It also brings the 2018 Boundary Review to a close without its recommendations being implemented. These recommendations are based on the changes introduced by the PVSCA 2011, and in particular are based on a reduction in the number of seats to 600 - a change based on the PVSCA 2011, which was implemented by the Coalition Government in 2011. The Government's position is 650 constituencies should be maintained.

## Policy objective of this Bill

18. As a result of demographic change, house building and geographical migration (amongst other things), the size of a constituency electorate can change over time. **The key objective of boundary reviews is to ensure parliamentary constituencies are assessed at regular intervals to ensure they are of roughly equal size and that votes therefore carry equal weight, as far as is possible.**
19. Using the electorate at the 2019 General Election<sup>2</sup>, the average electorate size of UK parliamentary constituencies (excluding the four protected constituencies) in the UK is 73,000, and ranges from 42,215 to 99,253 (-42% to +35%). This is clearly inequitable.
20. **Option 0 would allow the key objective of boundary reviews to occur without any government intervention. Option 1 would also allow the key objective of boundary reviews to occur, but in a different way, which is the objective of this Bill (option 1).** More details about the two options are in the next section.
21. The objective of both Options 0 and 1 is to retain the tolerance in constituency size of +/- 5% of the UK electoral quota when creating boundaries.
22. Specifically, the purpose of this proposed primary legislation is to ensure the conduct and rules governing the process in which the boundary review are undertaken are changed, as listed in the section above.

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<sup>2</sup> House of Commons Library, *General Election 2019: Full Results and Analysis*  
<https://commonslibrary.parliament.uk/research-briefings/cbp-8749/> [last accessed 1st April 2020]

## Description of options considered (including do nothing)

23. Given the timings before the start of the next boundary review, there are two possible options, do nothing and intervene now. **Option 1 has been created in-line with ministerial decisions.** No other variation of this option would achieve this, **therefore, we have not considered other options.**

**Option 0: “Do nothing,” maintain the status quo and no legislative change.**

### The current position

24. Without intervention, future boundary reviews would be on the basis of 600 MPs, not reflecting the current need to at least maintain the existing number of MPs as a result of increased work falling to the UK parliament. They would also continue to operate on a five-yearly cycle - with boundary reviews starting 2021, 2026, 2031 and so on, which would no longer be consistent with the schedule of General Elections when the Fixed-term Parliaments Act 2011 is repealed - one of the core reasons for a five-yearly cycle.

25. Under the current position the boundary reviews are due to begin in early 2021 and the Boundary Commissions would be legally required to submit their reports to Ministers by October 2023. The Government lays the reports of the Boundary Commissions before Parliament. Once the reports have been laid in Parliament, the Government is responsible for laying a single draft Order in Council, to give effect to the Commissions' recommendations. This also has to be done “as soon as may be”. **Once laid, the draft Order must then be approved by both Houses of Parliament, where it can be voted down by Parliament.** At this stage the Government cannot alter the recommendations unless it has been requested to, in writing, by one of the four Boundary Commissions. A Commission would only do so if it became aware of a factual error in its data.

26. If the draft Order is not approved, the Government may then lay an amended draft Order before Parliament for approval. This again would need to be approved by both Houses of Parliament before it can be made. It can be voted down by Parliament.

### Constructing a reasonable baseline for option 0

27. There is an additional factor in that the recommendations of the 2018 Boundary Review (which were based on 600 parliamentary constituencies) have not been implemented. As there is no opportunity to bring the 2018 Boundary Review to a close formally under option 0, the government is under a legal obligation to implement the 2018 Boundary Review “as soon as may be”.<sup>3</sup> At this point one of two reasonable scenarios could play out:

- a. A draft Order in Council which implements the recommendations arising from the 2018 Boundary Review is laid before each House of Parliament and is then approved by each House. The draft Order can then be made by Her Majesty in Council. An implementation process then begins to ensure all the arrangements are made by local authorities and political parties to reflect the changes necessitated by (amongst other things) a reduction to 600 parliamentary constituencies;

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<sup>3</sup> The four Boundary Commissions submitted their final reports in the Boundary Review to Ministers on 5 September 2018. Ministers then laid the four Boundary Commissions' reports before Parliament and made them publicly available on 10 September. Prior to laying a draft Order in Council to implement the 2018 Boundary Review, in accordance with the provisions of the Parliamentary Constituencies Act 1986, in January 2019 a judicial review challenge commenced in the High Court in Northern Ireland against the Boundary Commission for Northern Ireland. Proceedings have progressed to the Northern Ireland Court of Appeal, where judgment is pending.

- b. The draft Order in Council described above is not approved by one or both Houses of Parliament. The recommendations of the 2018 Boundary Review would not then be implemented.
28. In both possible scenarios under option 0, the next scheduled boundary review commences in early 2021 to report in October 2023. This boundary review would proceed on the basis of 600 constituencies and these recommended changes are enacted at the next scheduled General Election in 2024 (once the Order in Council is laid and it is approved by both Houses).
29. In our constructed baseline scenario, we take forward the scenario in sub-bullet a. above. **This is an analytical decision taken in conjunction with policy officials for the purpose of this IA, not a government decision.** This is based on the following logic:
- a. The last Order not to be approved by both Houses was in 1969.
  - b. The government possesses a parliamentary majority in the House of Commons.
  - c. The scenario is more reflective of the Government's position of honouring the independent and impartial recommendations of the Boundary Commissions.
30. Therefore, under option 0, the 2018 Boundary Review is expected to be implemented at the next general election. Given the Fixed-term Parliaments Act (FTPA) 2011 is not repealed at the time of writing and once it is repealed we cannot say with any certainty when a general election may be called, therefore we assume the next general election will be in May 2024.
- a. **Throughout the rest of the IA we will assume the next general election will occur in 2024<sup>4</sup>.**
31. Continuing with our scenario; we assume that there will be an implementation planning phase starting as soon as an Order in Council is approved for the 2018 Boundary Review is approved and is made which concludes six months before the general election. Concurrently, we will have the 2023 Boundary Review commencing in early 2021 to report in October 2023. Its conclusion would be just over six months before the general election in this hypothesised scenario. As such, we assume that there is not enough time for implementation planning and therefore the recommendations of the 2023 Boundary Review would be implemented at the following general election which would be around 2027 or 2028. Then at some point in the future, there is a reconciliation to ensure the latest Boundary Review is enacted at the next general election - but this is not in the appraisal timeframe for this IA. **Again, this is an analytical decision taken in conjunction with policy officials for the purpose of this IA, so we can form a baseline to compare against.**

#### **Option 1: Legislative changes using primary legislation (preferred option).**

32. Bring forward primary legislation, in the form of this Bill (Parliamentary Constituencies Bill 2020). Amongst other changes, this Bill brings the 2018 Boundary Review to a close, enabling the Government to maintain 650 parliamentary seats and ensuring the future boundary reviews will be based on 650 MPs.
33. This Bill would also bring in rules governing how boundaries are drawn and rules governing how boundary reviews are conducted and recommendations come into effect.

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<sup>4</sup> This is not a statement of the intent of the Government, but purely a hypothetical assumption for the purpose of drafting this Impact Assessment.

34. To show the similarities and differences between the two options, we present this in the table below.

<b>Table 1: Summary of key measures under options 0 and 1</b>	
<b>Option 0</b>	<b>Option 1</b>
Retain the tolerance in constituency size of +/- 5% of the UK electoral quota when creating boundaries, as established by the PVSCA 2011.	
Retain the four protected constituencies established by the PVSCA 2011 but not propose any additional protected constituencies.	
Implement the 2018 Boundary Review recommendations, which were based on a reduction of the number of constituencies in the UK to 600.	Bring the 2018 Boundary Review to a close without implementation. Allow the next boundary review (starting in early 2021) to go forward on the basis of 650 UK parliamentary constituencies.
The Government continues to lay the reports of the independent and impartial Boundary Commissions before Parliament. The recommendations contained in the reports are then implemented by an Order in Council that must be approved in draft by each House of Parliament before it can be made.	The Speaker of the House of Commons (who is Chair of the Boundary Commissions) will lay the reports of the independent and impartial Boundary Commissions before Parliament (instead of the Government). The draft Order in Council implementing boundary recommendations would not need to be approved by each House of Parliament before being made.
The Boundary Commissions would be legally obliged to carry out the next boundary review - due to begin in early 2021 - on the basis of 600 seats. The Boundary Commissions would be required to submit their reports to Ministers by October 2023.	The next boundary review would begin in early 2021, and report to the Speaker by spring/summer 2023. This would be on the basis of 650 seats.
The public hearings will continue to be held during the initial consultation period.	The timing of public hearings in future boundary reviews will be moved - from within the initial consultation period to within the secondary consultation period - so that they can better respond to local concerns.
After the next review, boundary reviews will continue to take place every five years.	Boundary reviews will take place every eight years, instead of every five following the conclusion of the next review.

## Monetised and non-monetised costs and benefits of each option (including administrative burden)

35. This impact assessment identifies both monetised and non-monetised impacts domestically (in the UK) with the aim of understanding what the overall impact to society might be from pursuing these two options. The costs and benefits of each approach are compared to the do nothing option, in this case, option 0.
36. Impact assessments place a strong emphasis on valuing cost and benefits in monetary terms (including estimating the value of goods and services that are not traded in a market place). However, there are important aspects that cannot sensibly be monetised. These might include how the proposal impacts differently on different groups in society or changes in equity and fairness, either positive or negative.
37. In undertaking a discussion about costs and benefits for both options, we will not go into detail with what this means at an individual constituency level. We cannot predict what the four Boundary Commissions will suggest, and therefore focus on the macro picture.
38. In undertaking our analysis, we describe our evidence and data used for our calculation. In some cases we need to make assumptions where there is not clear data or evidence to suggest a way forward. Where this is the case, we justify our approach and this is caveated to give an indication about what this means for our analysis. Where we could do more, we describe why we have taken this proportional approach. Two key assumptions which we rely on throughout this section are discussed below.
39. In our calculations, to account for inflation we uplift figures in line with HM Treasury GDP deflators<sup>5</sup> (until 2024/25) and longer term deflators are from the Office for Budget Responsibility's Fiscal Sustainability Report<sup>6</sup> - in line with the HM Treasury Green Book approach.
40. In our calculations to account for future higher staffing costs, we uplift these using the average earnings growth forecast from the Office for Budget Responsibility<sup>7</sup>. This forecast only accounts up to 2023. To cover the remaining period, we average the forecasted earnings growth between 2019 and 2023 and extrapolate this to 2030. To note, the earnings growth forecast is based on calendar years whereas this document operates in financial years. This only relates staffing costs, all other figures are increased in line with GDP deflators, as above.
41. Calculations of costs and benefits in the following sections have been rounded to the nearest pound, ten thousand pounds or hundred thousand pounds as appropriate. Some figures may not sum precisely due to rounding.
42. Before going into the details of our analysis, the following tables provide a high-level demonstration of how both options meet the government's objectives and set out a summary of costs and benefits that are discussed in the remainder of this section.

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<sup>5</sup> HM Treasury, *GDP deflators at market prices, and money GDP March 2020 (Budget)*, available at: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2020-budget> [last accessed 1 April 2020].

<sup>6</sup> Office for Budget Responsibility, *Fiscal sustainability report, July 2018*, available at: <https://cdn.obr.uk/FSR-July-2018-1.pdf> [last accessed 1 April 2020].

<sup>7</sup> Office for Budget Responsibility, *The Economy Forecast, Average Earnings Growth, 2019* <https://obr.uk/forecasts-in-depth/the-economy-forecast/income/#wagessalaries> [last accessed 1 April 2020].

**Table 2: Summary of how each option meets government objectives**

	<b>Under option 0</b>	<b>Under option 1</b>
<p><b>Government objective:</b> Brings to a close the 2018 Boundary Review without its recommendations being implemented</p>	<p>No - the Government will be obliged to implement the 2018 Boundary Review (subject to vote in Parliament) and we assume this passes the Houses and is implemented in time for the next General Election.</p>	<p>Yes</p>
<p><b>Government objective:</b> Number of MPs for future boundary reviews will take account of the fact we have left the European Union, and therefore meets the government's objective of maintaining 650 parliamentary seats and ensures the next boundary review takes place with 650 seats</p>	<p>No</p>	<p>Yes</p>
<p><b>Government objective:</b> Enacts the manifesto commitment to ensure that every constituent nation in the United Kingdom has equal representation in the UK Parliament, and deliver parity of representation across the United Kingdom's constituencies</p>	<p>Yes</p>	<p>Yes</p>
<p><b>Government objective:</b> Future boundary reviews move to an eight-year cycle, striking a cost-effective and proportionate balance between disruption of reviews every five years and regularly updated boundaries</p>	<p>No - boundary reviews will continue to be every five years (mirroring the FTPA which will be repealed)</p>	<p>Yes</p>

<b>Table 3: Summary of costs and benefits, monetised and non-monetised for option 1 *</b>	
	<b>Option 1 when compared to option 0</b>
<b>Costs</b> of the 2023 Boundary Review	Assume same as option 0 - no additional cost
Transition <b>costs</b> for local authorities, Electoral Registration Officers and political parties	Assume same as option 0 - no additional cost
<b>Costs</b> of administering elections	Assume same as option 0 - no additional cost
<b>Benefit</b> of consistent and equal boundaries	Assume same as option 0 - no additional benefit
<b>One-off transition cost</b> of implementing changes - familiarisation costs	-£8,000
<b>On-going cost</b> of maintaining 650 MPs - salary costs	-£42.5 million
<b>On-going cost</b> of maintaining 650 MPs - accommodation costs	-£6.4 million Lower estimate: -£5.6m Upper estimate: -£7.1m
<b>On-going cost</b> of maintaining 650 MPs - London area costs	-£160,000
<b>On-going cost</b> of maintaining 650 MPs - office costs	-£7.9 million Lower estimate: -£6.9m Upper estimate: -£9.0m
<b>On-going cost</b> of maintaining 650 MPs - parliamentary and constituency staff costs	-£65.3 million Lower estimate: -£52.5m Upper estimate: -£78.2m
<b>On-going cost</b> of maintaining 650 MPs - travel and subsistence costs	-£2.8 million Lower estimate: -£2.1m Upper estimate: -£3.4m
<b>One-off transition costs saved</b> from not moving to 600 MPs - winding-up payment	+£510,000
<b>One-off transition costs saved</b> from not moving to 600 MPs - winding-up budget	+£2.7 million Lower estimate: +£2.6m Upper estimate: +£2.9m
<b>One-off transition costs saved</b> from not moving to 600 MPs - staff redundancies	+£880,000
<b>On-going cost savings</b> by conducting boundary reviews on an 8-yearly cycle from a 5-yearly cycle	+£5.0 million Lower estimate: +£4.0m Upper estimate: +£8.0m
<b>One-off transition cost savings</b> from not moving to 600 MPs - foregone earnings and Exchequer costs	Non-monetised
<b>One-off cost saving</b> from not conducting the review of changes for the	Non-monetised

2018 Boundary Review	
<b>Ongoing cost savings</b> from not moving to 600 MPs - increased workload to: some MPs from reduced number of MPs; and, all MPs as a result of the UK leaving the European Union	Non-monetised
<b>Ongoing cost savings</b> from not moving to 600 MPs - increased travel costs saved for the electorate	Non-monetised
<b>Benefit</b> of boundary review cycle being amended to reflect future intended policy	Non-monetised
<b>Benefit</b> of automatic implementation means future boundary reviews by the four independent Boundary Commissions will always be implemented (unless amended by primary legislation in Parliament)	Non-monetised
<b>Benefit</b> of cost-saving and timing efficiency of consultation process	Non-monetised

\*Uses constant prices, where the costs of the policy are displayed after accounting for inflation.

**Table 4: Average undiscounted cost estimate of option 1 across 10 year appraisal period from financial year 2020/21 to 2029/30**

<b>Option 1</b>	<b>£12.5 million</b>
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**Table 5: Average undiscounted benefit estimate of option 1 across 10 year appraisal period from financial year 2020/21 to 2029/30**

<b>Option 1</b>	<b>£0.9 million</b>
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**Table 6: Net Present Value of option 1<sup>8</sup>**

<b>Option 1</b>	<b>-£89.4 million</b>
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### **Costs incurred for both options 0 and 1 - therefore not discussed separately for each option**

#### Estimated costs of the 2023 Boundary Review

43. There are costs that occur under both options, this stems from undertaking the 2023 Boundary Review, which is prescribed in law. As such they are separately referred to in this segment. The difference between the two options is whether the boundary review is undertaken on the basis of 600 parliamentary constituencies, starting in early 2021 and

<sup>8</sup> For Net Present Values (NPV), costs to society are given a negative value and benefits a positive value. After adjusting for inflation and discounting, costs and benefits can be added together to calculate the NPV. In most cases, the costs are easier to measure than benefits, usually resulting in fewer benefits being non-monetised and this is certainly the case here where non-market valuation techniques and generic values for use in appraisal are harder to derive. This figure for option 1 covers the start of financial year 2024/25 to financial year 2029/30, as the costs and benefits are incurred under both option 0 and 1 will be exactly the same from financial year 2020/21 to end of financial year 2023/24 - as they follow the same path.

reporting before 1 October 2023 (as under option 0) or 650 seats and starting in early 2021 and reporting before 1 July 2023 (as under option 1).

44. The costs may vary between options as a result - but we expect the difference to be minimal. To verify this, we sought a view from the Boundary Commissions, who confirmed that their staffing and cost estimates were approximately the same in both scenarios. For the purpose of the IA, we therefore propose that the cost would be the same under both options. This is discussed in detail below.
45. Boundary reviews in the United Kingdom are undertaken by the relevant Boundary Commission for England, Wales, Scotland & Northern Ireland. These Boundary Commissions would incur conduct costs from undertaking a boundary review, outlined below. These costs include:
- Staffing, accommodation, IT and communication costs;
  - Production of maps: The Boundary Commissions would need to arrange production of highly detailed and specialised A0 and A3 size maps to be made available publicly. This will incur a cost as the service cannot be provided in-house; and,
  - Commissioner costs, which would increase as more meetings are held and work is conducted.
46. To estimate this cost, we use costs from recent historical boundary reviews and verify these using estimates from the Boundary Commissions. We estimate an indicative cost in the region of £7.5 million - £15 million, with a *current* best estimate of £9.4 million, which is informed by the Boundary Commissions.
- a. Our lower bound of this estimate is based on the 2018 Boundary Review which cost approximately £7.1m (in 2018 prices).
  - b. Our upper bound of this estimate is based on the 2013 Boundary Review which cost in total £13.6m (including winding down costs; in 2013 prices) and our hypothesis that the government would not allow costs to increase much further than £15m without further scrutiny of why further costs are incurred.
47. We are not attempting to estimate with more certainty as the four Boundary Commissions will determine the best course of action during their respective reviews to suggest boundaries which best fit - and that caveat applies regardless of whether we consider option 0 or 1. Like in previous years, the Boundary Commissions will also produce annual reports and therefore provide their full cost breakdowns for public scrutiny.

*Estimated implementation costs of the 2023 boundary review - transition costs for local authorities, Electoral Registration Officers and political parties*

48. The cost of implementing the 2023 Boundary Review will occur in both options. As stated above, the difference between the two options is whether the boundary review is undertaken on the basis of 600 parliamentary constituencies, reporting before 1 October 2023 (as under option 0) or 650 seats and reporting before 1 July 2023 (as under option 1). Hence, we believe that the cost of implementation will be approximately the same.
49. The majority of the costs of implementation will fall to local authorities. Local authorities will need to carry out a review of polling districts and the location of polling places following the next boundary review and ahead of the currently scheduled next general election in 2024 (under FTPA). Under the Representation of the People Act 1983 (as amended by the Electoral Registration and Administration Act 2013), local authorities in Great Britain are currently obliged to undertake a review of polling places and districts every five years (within

a specified period of 16 months). The next review is required to take place in the period from October 2023 to January 2025 - the timing of which can be brought forward, if required. We constitute that these costs would be incurred regardless and do not foresee that the boundary review will add any additional costs.

50. Electoral Registration Officers would face transition costs from keeping the electoral register updated to reflect the changes in parliamentary constituency boundaries. This would consist of a time cost and an administrative cost. These costs have not been quantified.
51. Political parties would face transition costs. These would include familiarisation costs and the costs of restructuring constituency organisations. These costs have not been quantified.

#### Estimated election running costs

52. Elections will proceed in both options, the difference being they will be administered in 600 constituencies in Option 0 and 650 constituencies in Option 1. Election costs are modelled on the size of the electorate, so whilst the number of constituencies is different, the overall costs will be the same, just apportioned to constituencies differently in the two scenarios. Likewise, returning officer fees are paid based on the electorate in their constituency, so whilst Option 0 will result in only 600 returning officers being paid, the total payment in both scenarios will remain the same.

#### **Benefits for both options 0 and 1 - therefore not discussed separately for each option**

#### Non-monetised benefit of consistent and equal boundaries

53. The Boundary Commissions in both scenarios would be required to propose constituencies whose electorates vary in size from the average ("the electoral quota") by up to +/- 5%. Both options will retain this tolerance level, which strikes the right balance between achieving equal and fair boundaries, and allowing the Boundary Commissions the flexibility to take account of other factors, such as physical geographical features and local ties, subject to the overriding principle of equality in constituency size. The only difference would be under option 0 there would be 600 seats and under option 1 there would be 650 seats.
54. Currently, under changes introduced by the PVSCA 2011, there is provision in the Parliamentary Constituencies Act 1986 establishing four protected constituencies (where the boundaries cannot be changed irrespective of their variance from the electoral quota): Orkney and Shetland, Na h-Eileanan an Iar, and two seats for the Isle of Wight. Both options will introduce these protected constituencies but will not propose any more. The creation of additional protected constituencies would encourage further requests for such constituencies which would undermine equal parliamentary boundaries and a democracy where every vote counts the same.

#### **Option 0 - Do Nothing**

55. This option, also referred to as the counterfactual, would maintain the status quo, as explained above. The government does not want to proceed with option 0, but for the purposes of this IA we must construct a counterfactual to serve as a comparison for option 1.
56. *This option is the baseline scenario against which option 1 will be assessed. As this option can only be compared with itself, the additional costs and benefits will, by definition, be zero, as is the option's Net Present Value. That is to say we set all costs and benefits to zero. We then compare the costs and benefits of option 1 to the normalised cost and*

*benefits of option 0 - this provides the additional impact of option 1 beyond what would have happened had there been no intervention.*

### **Option 1 (preferred option) - enact change through primary legislation**

57. The Parliamentary Constituencies Bill will enable a boundary review to take place that better reflects current demographics and operate on the principle of equality in constituency size to be delivered in such a way that is consistent with the Government's political will.

58. The key measures are amendments to:

- a. **the rules governing how boundaries are drawn:** the number of constituencies; and, the frequency of boundary reviews ("boundary review cycle"); and,
- b. **the rules governing how boundary reviews are conducted and bringing recommendations come into effect:** moving to an automatic process whereby the recommendations made by the independent Boundary Commissions are brought into effect without the need for parliamentary approval ("automaticity").

59. It also brings the 2018 Boundary Review to a close without its recommendations being implemented, as this review was based on a maximum number of 600 constituencies.

### **Costs of option 1**

60. The primary monetised costs of this option are the familiarisation cost associated with the proposals and cost of maintaining 650 MPs (as opposed to 600 MPs which is the baseline scenario).

### **Estimated one-off transition cost of implementing changes - familiarisation costs**

61. There will be some costs incurred by the four Boundary Commissions familiarising themselves with the new legislation and ensuring that staff are made aware of the changes that would not have happened in option 0. These will be one-off transitional costs incurred in the first year of the policy only (i.e. when the legislation is laid) which will take the form of senior members of staff spending some time understanding the background and impact of the new regulations. We also account for some time for cascading the information to their staff who join the Boundary Review process.

62. The familiarisation costs are incurred by:

- The four Deputy Chairs, one for each of the Boundary Commissions;
  - In England and Wales, the Deputy Chair must be a High Court Judge and is appointed by the Lord Chancellor.
  - In Scotland, the Deputy Chair must be a Judge of the Court of Session and the appointment is made by the Lord President of the Court of Session.
  - In Northern Ireland, the Deputy Chair must be a Judge of the High Court in Northern Ireland and is appointed by the Lord Chief Justice of Northern Ireland.
- Two Members for each Commission (totalling eight); and,
- the Civil Servants who will form the Secretariat (including the Secretary) for each Boundary Commission.

We assume the familiarisation costs are not incurred by<sup>9</sup>:

- Two statutory assessors for each Commission (eight in total). In England, they are the Director General of Ordnance Survey, and the Statistics Authority. Both are represented at Commission meetings by officials whenever the Commission has a need to consult them on their areas of expertise. As they are called on a case-by-case when needed basis, we do not count them in the familiarisation cost.
- Assistant Commissioners (who are appointed by the Secretary of State to assist the Commissions with its work). In the 2017-18 year, the Commission was assisted by 20 Assistant Commissioners from April to September. During this time, Assistant Commissioners assessed the evidence received during the initial and secondary consultation stages of the boundary review, and made recommendations to the Commission on any revisions necessary to the initial proposals. In September 2017, nine of the Assistant Commissioners were reappointed for one year but did not conduct any further work for the Commission. As they are called on upon to support specific requests, we assume they are cascaded the info as a result of these changes at a later stage.

63. Whilst the four Deputy Chairs incur a familiarisation cost, they are not paid any additional remuneration for their duties as a Deputy Chair in addition to being a judge, therefore are not included in the calculations.

64. To estimate this familiarisation cost, we assume it takes 1 day for each of these individuals to understand the changes and add an extra 0.5 day for cascading. We estimate this familiarisation cost by multiplying the day rate or salary (depending on which is applicable) of the individuals above by 1.5/251 (salaries and rates are in financial year 2020/21, when these costs are incurred and there are 251 working days in this financial year):

- Eight Members (2 for each Commission) - £550.50<sup>10</sup> per day
- the senior graded Civil Servants who will form part of the Secretariat for each Boundary Commission<sup>11</sup>:
  - One SCS1 - £70,000 (pay band minima regardless of location - applies only to the Boundary Commission for England)
  - Four Grade 6s - £61,900 (for London, England - applies only to the secretariat based in the Boundary Commission for England) and £57,000 (for national pay scale - applies for other three Boundary Commissions)<sup>12</sup>

65. Therefore we estimate a total one-off undiscounted familiarisation cost of £8,000 to occur in financial year 2020/21.

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<sup>9</sup> Info in these bullets taken from: Boundary Commission for England, *Annual Report 2017/2018*, available at: [https://boundarycommissionforengland.independent.gov.uk/wp-content/uploads/2018/07/2018\\_07\\_17\\_Annual-Report-2017-18-Final-for-web.pdf](https://boundarycommissionforengland.independent.gov.uk/wp-content/uploads/2018/07/2018_07_17_Annual-Report-2017-18-Final-for-web.pdf) [last accessed 29 March 2020].

<sup>10</sup> Day rate sourced via internal communications with confirmation from the Boundary Commission.

<sup>11</sup> We have been provided the approximate structure for each of the four Boundary Commissions, which varies between each Commission. We know the Boundary Commission for England is led by a Senior Civil Servant (SCS) 1, a deputy director, and for simplicity, whilst the remaining Commissions are led by the equivalent of Grade 6s. We could seek the grade structures and pay from the relevant departments that the Boundary Commissions for Wales, Scotland and Northern Ireland sit within/report to, however we deem that this is not proportionate to making this familiarisation cost more accurate, given how minimal this cost is in the wider context of this IA.

<sup>12</sup> These are Cabinet Office salaries taken from the internal intranet pages, minima of the salary bands. In reality there will be some variation in their pay.

### Reminder of our constructed scenarios

At the time of writing, the Fixed-term Parliaments Act (FTPA) 2011 is still in force (although the Government has made a 2019 manifesto commitment to repeal this Act). Once it is repealed we cannot say with any certainty when a general election may be called. Therefore, we assume the next general election where the changes from the relevant boundary review will be enacted would be in May 2024.

To serve as a reminder, in option 0, the 2018 Boundary Review would be enacted at the hypothesised 2024 General Election - including reducing the number of parliamentary constituencies to 600 - and the boundary review which concludes in October 2023 (also undertaken on the basis of 600 constituencies) would be implemented in time for the following general election, expected around 2028 or 2029.

In contrast, option 1 would bring to a close the 2018 Boundary Review without its recommendations being implemented, therefore the boundary review which concludes before July 2023 in this scenario (and maintains 650 parliamentary constituencies) would be implemented in time for the hypothesised 2024 General Election. No further boundary reviews would be enacted in the time horizon in-scope for this IA in option 1, as this option changes the frequency of boundary reviews to every eight years (instead of every five). Therefore, the general election in 2028 or 2029 would use the constituency boundaries recommended in the 2023 Boundary Review in this scenario.

### On-going costs of maintaining 650 MPs (when compared to the baseline of 600 MPs from 2024/25)

66. In this next segment, we look at the on-going costs of maintaining 650 MPs. They are to do with: MPs salaries; accommodation costs; London area costs; office costs; and parliamentary and constituency staff costs.
67. In this IA, we are appraising costs and benefits in the 10-year period from financial year 2020/21 to 2029/30. For option 0, in the period 2020/21 to 2023/24 the costs are incurred for 650 MPs but in the period 2024/25 to 2029/30 those costs are only incurred for 600 MPs. The costs of maintaining an additional 50 MPs in the time period 2024/25 to 2029/30 are directly attributable to and only associated with option 1.
68. To proceed with our analysis, we need to make an assumption about the split of non-London and London Area MPs of the 50 MPs that would be reduced - as the latter have different entitlements and are afforded bigger budgets to reflect prices and cost of living in London. This split therefore impacts our costing. **Throughout the rest of the IA we will assume of the 50 MPs that will be reduced, 5 will be London Area MPs and 45 non-London Area MPs.**
- a. This is based on an assumption informed by the 2018 Boundary Review where the Boundary Commission for England recommended to reduce the number of constituencies in London by five, from 73 to 68.<sup>13</sup> Likewise the cancelled 2013 Boundary Review also suggested the same reduction in London MPs.<sup>14</sup> This is not to

<sup>13</sup> Paragraph 270, Page 59. Boundary Commission for England, *The 2018 Review of Parliamentary Constituency Boundaries, Volume One: Report*, available at: <https://boundarycommissionforengland.independent.gov.uk/wp-content/uploads/2018/09/Final-recommendations-report.pdf> [last accessed 28 March 2020]

<sup>14</sup> House of Commons Library, Feb 2013, *Constituency boundaries: the Sixth General Review in England*, available at: <https://commonslibrary.parliament.uk/research-briefings/sn06229/> [last accessed 28 March 2020]

say the 2023 Boundary Review would recommend the same outcome, however, in absence of anything else to suggest any other split of reductions, we maintain this assumption.

### Estimated on-going cost of maintaining 650 MPs - salary costs

69. A key cost resulting from option 1 is the salary cost from maintaining 50 MPs more than the baseline. An MP's basic annual salary in financial year 2020/21 is £81,932<sup>15</sup>. In addition to this, employer pension contributions of 28.7%<sup>16</sup> are paid, as are employer National Insurance contributions at 13.8% (in financial year 2020/21<sup>17</sup>). Therefore the total salary related expenditure for a Member of Parliament is £120,000.
70. We then uplift this figure for each year in the remaining time horizon in scope for this IA - that is the years 2024 to 2030 - by estimated earnings growth<sup>18</sup>, then multiply by 50 for each year (the number of MPs more than the baseline scenario), **this represents a total undiscounted estimated cost of £42.5 million in total across the six financial years between 2024/25 and 2029/30.**

- a. While MPs' salaries are set by the Independent Parliamentary Standards Authority in line with changes in public sector earnings<sup>19</sup>, in the absence of forecasted public sector earnings we have uplifted MPs' salaries by estimated earnings growth.

### Estimated on-going cost of maintaining 650 MPs - accommodation costs

71. MPs are entitled to an accommodation costs budget which is designed to meet costs incurred by MPs as a result of working from two permanent locations. Accommodation costs are not payable to MPs who are London Area MPs; or, by virtue of any particular office held, those who occupy 'grace and favour' accommodation in London. We do not know how many qualify for the latter in total, but we know there are 96 London MPs<sup>20</sup> who would be ineligible for this budget.
72. For MPs claiming for rental costs in the London Area, the annual accommodation costs budget is £23,010 in the financial year 2020/21. Likewise, For MPs claiming for rental costs in their constituencies outside the London Area, the annual accommodation costs budget is £16,120.<sup>21</sup> Uplifting these figures to the financial year 2024/25 they become £25,000 for the London Area and £18,000 for outside the London Area. Uplifting these values for the six

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<sup>15</sup> IPSA, 2020, *MPs' Pay and Pensions*, available at: <https://www.theipsa.org.uk/mp-costs/mps-pay-and-pensions/> [last accessed 30 March 2020]

<sup>16</sup> House of Commons Library, May 2016, Briefing Paper Number SN06283: *MPs' Pension Scheme*, available at: <https://commonslibrary.parliament.uk/research-briefings/sn06283/> [last accessed 1st April 2020]

<sup>17</sup> HM Revenue and Customs, *Rates and thresholds for employers 2020 to 2021*, available at: <https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2020-to-2021> [last accessed 30 March 2020].

<sup>18</sup> Office for Budget Responsibility, *The Economy Forecast, Average Earnings Growth*, 2019 <https://obr.uk/forecasts-in-depth/the-economy-forecast/income/#wagessalaries> [last accessed 1st April 2020].

<sup>19</sup> IPSA, 2019, *MP's pay for 2019-20*, available at: <https://www.theipsa.org.uk/news/press-releases-2019/28-february-2019-mps-pay-for-2019-20/> [last accessed 9th April 2020]

<sup>20</sup> Page 53, Schedule 1. List of Constituencies in the London Area, Independent Parliamentary Standards Authority (IPSA), March 2020, *The Scheme of MPs' Business Costs and Expenses 2020-21*, available at: <https://www.theipsa.org.uk/media/185642/scheme-of-mps-business-costs-and-expenses-2020-21.pdf> [last accessed 30 March 2020]

<sup>21</sup> Page 20, Part C. Working from two locations, Chapter four. Accommodation Costs. Independent Parliamentary Standards Authority (IPSA), March 2020, *The Scheme of MPs' Business Costs and Expenses 2020-21*, available at: <https://www.theipsa.org.uk/media/185642/scheme-of-mps-business-costs-and-expenses-2020-21.pdf> [last accessed 27 March 2020]

financial years from 2024/25 to 2029/30 and multiplying by 45, for each year, which represents the number of MPs renting in London, we find a total of £7.1 million.

- a. For this calculation, we ignore the 5 London MPs who are ineligible for accommodation costs and assume the remaining 45 non-London Area MPs all rent in London. We could check the proportion of MPs claiming for rental properties within and outside the London Area. However, this is not proportionate to this analysis. Therefore, we assume they all rent within London and therefore this is an upper bound.
- b. Furthermore, these figures are not indicative of true costs. In creating this cost estimation we use the maximum recoverable budget for London accommodation. It is highly unlikely that all MPs who are in-scope of their seats being removed as a result of the boundary changes would have used the whole budget in every year between 2024 and 2030 and we do not know what proportion rent within and outside the London Area. **Therefore, the estimated total of £7.1 million is an upper limit.**

73. For a lower limit, we examine the published MP expenses<sup>22</sup> for the financial years 17/18 and 18/19 and find the average expenditure on accommodation was £16,646 and £17,962 respectively. We uplift these figures using earnings growth forecasts for each of the financial years between 2024/25 and 2029/30, and multiply by our 45 non-London MPs who are eligible to claim for accommodation costs in each of those years. Taking the average of the two calculations we obtain a total of £5.6 million, which is the additional cost of maintaining 650 MPs over the time period of 2024/25-2029/30, as opposed to reducing to 600 in Option 0.

- a. To calculate an average expenditure on accommodation per MP, we divide the total amount claimed for accommodation in MPs' expenses returns, by the number of MPs who made a claim. This is not an average over the total population of MPs, because we exclude those who do not claim, so this may result in a slight overestimation when creating this average. Note this methodology means all 50 MPs will claim and claim the same amount when, in reality, some MPs might not claim so this approach may result in a slight overestimation when creating this costing.
- b. The expenses for both 2017/18 and 2018/19 contain data for more than 650 MPs due to the general election in 2017 and any by-elections that occurred in the following year. For the 2017/18 dataset we omitted all MPs who were in receipt of the winding-up budget as a proxy for those who had lost their seat, leaving us with a dataset of 650 MPs. However, this methodology means a portion of the 650 constituencies in the returned expenses only cover the 11 months after the May election, instead of the whole 12 months from April 2017 to April 2018. We could have attempted to combine this with the one month of expenses the previous MP presumably filed but this was not proportionate to the analysis required. This approach may result in a slight under-estimation in the cost. For the 2018/19 dataset the additional MPs were removed by hand but a similar underestimation may have occurred.

**74. This leaves us with a lower bound of £5.6 million and an upper bound of £7.1 million for the cost of maintaining 650 MPs' accommodation costs over six financial years between 2024/25 and 2029/30, when compared to reducing to 600 in option 0. For our best estimate we take the midpoint of the two estimates, £6.4 million.**

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<sup>22</sup> MP Expenses - Annual Publication, Independent Parliamentary Standards Authority (IPSA), available at: <https://www.theipsa.org.uk/mp-costs/annual-publication/> [last accessed 30 March 2020]

### Estimated on-going cost of maintaining 650 MPs - London area costs

75. London Area MPs are eligible for the London Area Living Payment (LALP) which is intended to contribute towards the additional cost of living and travel in the London Area. The LALP is £4,090 per financial year. MPs representing the outer London Area constituencies may also claim an additional £1,450 per financial year.<sup>23</sup> We assume that all London Area MPs notify the Independent Parliamentary Standards Authority (IPSA) to claim this additional payment when they first become MPs. We are assuming 5 more London Area MPs would be maintained compared to the baseline and we estimate that 2 will be Outer London Area MPs and 3 will be London Area MPs.
76. Uplifting these figures for each year in-scope by estimated inflation and multiplying by the combination of those Outer London Area and London Area MPs above, the estimated undiscounted cost of having to pay the LALP to these 5 London based MPs (which no longer happens in the baseline scenario) would be £160,000 in total, between 2024/25 - 2029/30.
- a. **Note this estimated cost is likely to be a slight overestimation.** In creating this cost estimation we assume all 5 London Area MPs claim. We could check the proportion of London Area MPs claiming the LALP by individually checking the expenses of each London Area MP, however this is not proportionate to the amount of work to undertake this for what is a small cost in the context of this IA. Therefore we assume all London Area MPs do and this is justified given these MPs are to incur greater costs due to the cost of living in London.

### Estimated on-going cost of maintaining 650 MPs - office costs

77. All MPs are eligible to claim for office costs, whether or not they rent actual office premises. MPs can claim for the costs of more than one office provided that they stay within budget. If they can demonstrate exceptional circumstances, they may be eligible for contingency funding to allow for the operation of more than one office. MPs and their staff may claim for the costs of a home office, if that is where they routinely work from. IPSA will only pay claims for costs which are additional to the normal cost of living in the home. For London Area MPs, the annual office costs budget is £28,800 in financial year 2020/21. Likewise, for non-London Area MPs, the annual office costs budget is £25,910.<sup>24</sup>
78. Uplifting these figures for each year by estimated inflation and assuming an additional 45 non-London MPs and 5 London Area MPs are maintained when compared to the baseline scenario, the estimated undiscounted cost from paying for these additional office costs is £9.0 million, in total, between 2024/25 - 2029/30.
- a. **However, these figures are not indicative of true costs** because in creating this cost estimation we use the maximum recoverable budget for non-London and London MPs. It is highly unlikely that all MPs would use the whole budget in every year between 2024/25 and 2029/30. **Therefore, we set this total as an upper limit.**

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<sup>23</sup> Page 25, Chapter five. The London Area Living Payment. Independent Parliamentary Standards Authority (IPSA), March 2020, *The Scheme of MPs' Business Costs and Expenses 2020-21*, available at: <https://www.theipsa.org.uk/media/185642/scheme-of-mps-business-costs-and-expenses-2020-21.pdf> [last accessed 27 March 2020]

<sup>24</sup> Page 26-27, Part D. Office support, Chapter six. Office costs. Independent Parliamentary Standards Authority (IPSA), March 2020, *The Scheme of MPs' Business Costs and Expenses 2020-21*, available at: <https://www.theipsa.org.uk/media/185642/scheme-of-mps-business-costs-and-expenses-2020-21.pdf> [last accessed 27 March 2020]

79. For a lower limit, we examine the published MP expenses for the financial years 17/18 and 18/19 and construct an average office expenditure. We uplift this to the financial years 2024-2030 and multiply this by our 50 MPs which totals £6.9 million.
80. **This leaves us with a lower bound of £6.9 million and an upper bound of £9.0 million for the cost of maintaining 650 MPs' office costs over the time period of 2024/25 - 2029/30, as opposed to reducing to 600 in Option 0. For our best estimate we take the midpoint of £7.9 million.**
- a. It is possible that MPs may have requested higher office budgets in the 600 constituencies scenario, to cover the additional workload associated with a slightly higher electorate. This would mean the cost presented here is an overestimate because a portion of it would still have been paid in Option 0. However, we have no way of knowing if IPSA would have increased the budgets or to what extent and it is not proportionate to this analysis to investigate so we do not consider it here.

*Estimated on-going cost of maintaining 650 MPs - parliamentary and constituency staff costs*

81. Maintaining an additional 50 MPs would mean maintaining their parliamentary and constituency staff. Under the Independent Parliamentary Standards Authority's (IPSA) expenses rules, MPs are entitled to £177,550 and £188,860 for annual staffing costs for non-London and London employees respectively in financial year 2020/21.
82. In March 2020, MPs were afforded an almost £20.0 million increase in staffing budgets "to cope with complex and challenging constituency cases"<sup>25</sup>. This is broken down into an additional £25,900 for London MPs and £25,600 for non-London MPs. Each MP will decide whether they need those additional resources and how best to deploy them but in the absence of any evidence it will not be used we include it, meaning the staffing expenses the MPs are entitled to become £210,000 and £200,000 respectively.
83. We presume all 50 MPs locate their offices in London and uplift the London staffing costs to the time period 24/25-29/30 by estimated earnings growth<sup>26</sup>. This gives a total of £78.2 million.
- a. **Note this figure may not be indicative of true costs** because we assume all 50 MPs have the entirety of their staff in London. It is likely they would have, at a minimum, one parliamentary clerk based in London but the majority of their constituency staff would be based in their constituency. We could check the proportion of MPs' staff in London and elsewhere, however this is not proportionate to the amount of work to undertake this. Therefore, **we take this as an upper bound** and calculate a lower bound below.
84. For a lower bound we examine the published MP expenses for the financial years 17/18 and 18/19 and find the average expenditure on staff costs to be £129,685 and £140,603 respectively. Uplifting these figures for the financial years between 2024/25 and 2029/30, by estimated earnings growth, multiplying by our 50 MPs and taking the average gives £52.5 million.
85. **This leaves us with a lower bound of £52.5 million and an upper bound of £78.2 million for the cost of maintaining 650 MPs' staff over the time period 2024/25 and**

<sup>25</sup> BBC News, 3 March 2020, *Parliament: MPs to get an extra £20m for staffing costs*, available at: <https://www.bbc.co.uk/news/uk-politics-51727638> [last accessed 27 March 2020].

<sup>26</sup> Office for Budget Responsibility, *The Economy Forecast, Average Earnings Growth*, 2019 <https://obr.uk/forecasts-in-depth/the-economy-forecast/income/#wagessalaries> [last accessed 1st April 2020].

**2029/30, as opposed to reducing to 600 in option 0. For our best estimate we take the midpoint of £65.3 million.**

- a. It is possible that MPs may have requested higher staff budgets in the 600 constituencies scenario, to cover the additional workload associated with a slightly higher electorate. This would mean the cost presented here is an overestimate because a portion of it would still have been paid in Option 0. However, we have no way of knowing if IPSA would have increased the budgets or to what extent and it is not proportionate to this analysis to investigate so we do not consider it here.

*Estimated on-going cost of maintaining 650 MPs - travel and subsistence costs*

86. Travel and Subsistence claims may be made for the costs of travel, and travel-related subsistence incurred by MPs or others, which are in support of the MP's parliamentary functions. The Scheme allows MPs to claim for journeys by public transport, private transport, taxis and hire cars; and that IPSA will pay claims for travel and subsistence for the following categories of journey:
  - journeys between Westminster and anywhere in MPs' constituencies, except, in the case of London Area MPs, their residences;
  - journeys anywhere in MPs' constituencies, except between their residences and constituency offices;
  - extended UK travel; and,
  - journeys to and from other states in Europe. (No other international travel may be claimed, except under the circumstances described in paragraph 10.12, when Parliament is recalled<sup>27</sup>).
87. The IPSA Scheme makes provision for travel by Members' staff and family members. Staff can "claim for the same travel costs as MPs, with the exception of journeys to and from other states in Europe.
88. Previous restrictions, up to and including the Eighth Edition (2016/17), on travel by dependants and those who share caring responsibilities have been lifted. The Scheme makes the following provisions:
  - Where MPs have caring responsibilities as described in paragraph 3.17 in the IPSA guidance, they may claim for journeys by their dependants between their constituency and London.
  - MPs may also claim for journeys by their spouse or partner between their constituency and London.
  - Where a dependant needs assistance from a carer other than an MP's spouse or partner while travelling, the cost of the carer's journey may also be claimed.
  - MPs' dependants and spouses or partners, and other carers must be registered with IPSA before travel can be claimed for them.
89. The Scheme also provides for subsistence expenses in certain circumstances, for Members, for carers and for staff. When travelling and staying away from either home or the

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<sup>27</sup> Recalls of Parliament. In the event of a recall of Parliament during recess, IPSA will pay claims for any reasonable travel by MPs and their spouses, partners or dependants to Westminster or their London Area residence. This includes international travel back to the UK and, if necessary, return travel to the foreign location, from which they were recalled. MPs will be expected to claim for standard class or equivalent fares unless they have no alternative, or there is a more cost-effective option available.

London Area as a result of parliamentary functions, expenses for meals (within limits) can be claimed

90. Specific provision was previously made for late sittings of the House of Commons. Now (since 2017/18) the Scheme provides for taxi travel or hotel accommodation as a result of “working late on parliamentary matters”.
91. The IPSA Scheme does not set a maximum amount that may be claimed by an MP. Therefore, to monetise this cost we refer to the MPs’ returned expenses from 2017/18 and 2018/19.
92. In the 17/18 financial year, 618 MPs claimed a total of £4.0 million which equates to £6,502 on average per MP. In the 18/19 financial year, 616 MPs claimed a total of £5.8 million which equates to £9,408 on average per MP. When these figures are uplifted to the period 2024/25 - 2029/30 and multiplied by either 45 MPs (discounting 5 London Area MPs) or 50 MPs, gives us a variance of approximately £1.0 million between the two approaches.
  - a. As such we take the lower bound to be the result from the 17/18 expenses, assuming 45 MPs and the upper bound to be the result from the 18/19 expenses, assuming 50 MPs.
  - b. This results in a lower bound of £2.1 million and an upper bound of £3.4 million. For our best estimate we take the midpoint of £2.8 million.**

## Benefits of option 1

93. **The Bill brings the 2018 Boundary Review to a close without its recommendations being implemented.** This retains the House of Commons at its current size of 650 seats rather than drop to 600.
94. When comparing to the baseline scenario, there are three cost aspects that would not occur in option 1 that relate to MPs' winding-up payments and winding-up budget, MP staff redundancies and by conducting boundary reviews on an 8-yearly cycle rather than a 5-yearly cycle. These are the monetised benefits of option 1.

### Estimated one-off transition costs saved from not moving to 600 MPs - winding-up payment

95. When MPs leave Parliament they are eligible to receive payments, known as 'winding-up payments'.<sup>28</sup>
96. The 'winding-up payment' may be claimed by members who fail to be re-elected or who do not stand at a general election. MPs who leave the House during a Parliament are not eligible to receive the grant. This payment is to assist former MPs with the costs of adjusting to non-parliamentary life. The amount is worth the sum of two months' salary, net of tax and National Insurance contributions.
97. Given an MP's basic annual salary in financial year 2020/21 is £81,932<sup>29</sup>, their take home pay every month is £4,614<sup>30</sup>, and doubling that means two months salary is £9,229. Uplifting that figure to 2024 for the next scheduled General Election where the changes of the Boundary Review changes would be enacted, this is an estimated as approximately £10,000 per MP. As a result of this boundary review, it is estimated that there would be 50 fewer parliamentary seats at the next general election. The estimated saving from not having to pay winding-up payments would be approximately £510,000.

### Estimated one-off transition costs saved from not moving to 600 MPs - winding-up budget

98. When MPs leave Parliament they are eligible to claim costs against a 'winding-up budget'.<sup>31</sup>
99. The 'winding-up budget' is designed to meet the cost of completing the outstanding parliamentary duties of a person who ceases to be an MP. The allowance is available to MPs who fail to be re-elected or who do not stand at a General election or who leave the House during a Parliament. Winding-Up Budget is based on MP's annual expenses and it is capped at £53,950 for non-London MPs and £57,150 for London MPs.
100. Uplifting those figures to 2024/25 in line with expected inflation would bring that cost up to approximately £57,000 and £61,000, respectively. The estimated cost-savings from 45 non-London and 5 London MPs not incurring this cost would be £2.9 million.

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<sup>28</sup> Page 38-40, Chapter eight. winding-up costs and payments upon losing office. Independent Parliamentary Standards Authority (IPSA), March 2020, *The Scheme of MPs' Business Costs and Expenses 2020-21*, available at: <https://www.theipsa.org.uk/media/185642/scheme-of-mps-business-costs-and-expenses-2020-21.pdf> [last accessed 27 March 2020]

<sup>29</sup> IPSA, 2020, *MPs' Pay and Pensions*, available at: <https://www.theipsa.org.uk/mp-costs/mps-pay-and-pensions/> [last accessed 30 March 2020]

<sup>30</sup> Calculated using an online salary calculator for the financial year 2020/21 with auto-enrolment at 3% and no other additional salary deductions.

<sup>31</sup> Page 38-40, Chapter eight. winding-up costs and payments upon losing office. Independent Parliamentary Standards Authority (IPSA), March 2020, *The Scheme of MPs' Business Costs and Expenses 2020-21*, available at: <https://www.theipsa.org.uk/media/185642/scheme-of-mps-business-costs-and-expenses-2020-21.pdf> [last accessed 27 March 2020]

101. The 17/18 expenses contain winding-up expenditure for 100 MPs who stepped down or lost their seat at the election. The total expenditure was approximately £4.6 million, equating to an average of approximately £46,000 per person. Uplifting this figure to 2024 in line with expected inflation brings this to £53,000 per person for winding up expenditure in 2024. The estimated cost-savings from 50 MPs not incurring this cost would be £2.6 million.

102. At present, it is not possible to identify which MPs would be affected by the boundary review, so it is not possible to give a precise estimate for additional expenditure that would be incurred in terms of their winding-up budgets. Hence we take £2.6 million as a lower bound and £2.9 million as an upper bound. **For our best estimate we take the midpoint of £2.7 million.**

- a. This is likely to be an overestimate because a portion of these costs may have already occurred if MPs lost their seats in the election - irrespective of the boundary changes. However, constructing a method to calculate this is not proportionate to this analysis.

Estimated one-off transition costs saved from not moving to 600 MPs - staff redundancies

103. Not having to reduce the number of MPs by 50 would result in redundancies for their parliamentary and constituency staff being saved. All MPs are eligible to claim staffing costs for their parliamentary and constituency offices. These staff would be entitled to receive redundancy payments, depending on the length of their service and individual terms of employment.

- a. Staff who have been employed for at least two consecutive years are eligible for statutory redundancy pay. Those eligible are entitled to:
  - o 0.5 weeks pay for each full year they were employed whilst aged under 22,
  - o 1 weeks pay for each full year they were employed whilst aged between 22 and 41, and
  - o 1.5 weeks pay for each full year they were employed whilst aged 41 or older.

104. This cost would be incurred by IPSA (though IPSA is funded by HM Treasury so essentially costs are incurred by central government). Given it cannot be known with any certainty how many of these MPs would have chosen to stand down at the next general election, it is not possible to know how much of this expenditure would have been incurred anyway.

105. In the financial year 17/18 which captured the 2017 General Election, there were 98 MPs who claimed expenses<sup>32</sup> for staff redundancy payments. Using this data, we calculate an average redundancy cost for the staff of London and non-London MPs then uplift the costs to the financial year 2023/24. The estimated cost-savings from staff of 45 non-London and 5 London MPs not being made redundant in the financial year 2023/24 is then £880,000.

- a. This is likely to be an overestimate because a portion of these costs may have already occurred if MPs lost their seats in the election - irrespective of the boundary changes. However, constructing a method to calculate this is not proportionate to this analysis.

Estimated on-going cost savings by conducting boundary reviews on an 8-yearly cycle from a 5-yearly cycle

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<sup>32</sup> IPSA, 2020, *MPs' Expenses*, available at: <https://www.theipsa.org.uk/mp-costs/annual-publication/> [last accessed 30 March 2020]

106. Conducting boundary reviews on an 8 year cycle rather than a 5 year cycle from the next boundary review which concludes in 2023 results in a cost-saving during the ten year time period of this IA, when compared to option 0.
107. Both option 0 and option 1 include the 2023 Boundary Review and these costs are addressed in an earlier section of this IA. However, whilst option 0 contains a full second boundary review within this time period in 2028; option 1 only incurs a proportion of the costs of a boundary review, which would report in 2031, because on an 8 year cycle it is not completed within the 10-year time appraisal period in-scope for this IA.
108. Therefore, we now calculate the cost saving of only having a portion of a second boundary review in option 1 rather than the full costs of a boundary review as per option 0.
109. We use the estimated cost of the 2023 Boundary Review, as calculated earlier, which was £9.4 million as the best estimate, with a lower and upper estimate of £7.5 million and £15.0 million, respectively. In option 1 the boundary review to follow the 2023 Boundary Review will begin in October 2028, with the commission reporting by July 2031. As such, 18 months out of 34 fall within the scope of this IA, meaning there is a cost-saving of the remaining 16 months which are a cost in Option 0 but not in Option 1. Taking this fraction of the cost and uplifting to the year 29/30, where the majority of the costs fall, gives us a cost estimate of £5.0 million, with an upper bound of £8.0 million and a lower bound of £4.0 million.
- a. We presume that the costs of a boundary review fall equally over the duration of the boundary review. This may not be the case but we have deemed it not proportionate to further understand and determine how costs would arise given there is little evidence regarding how a course of a boundary review so far in the future may occur.

**110. In this next segment, we look at the non-monetised benefits associated with option 1. They follow the order of one-off costs saved, on-going cost savings and then on-going benefits as a result of option 1.**

*Non-monetised one-off transition costs saved from not moving to 600 MPs - foregone earnings and Exchequer costs*

111. MP's parliamentary and constituency staff would not face costs of foregone earnings (MPs staff are not on fixed term contracts). We could follow the same logic above to create an estimation about how many MPs' staff would be redundant but we would not know how long they remain unemployed, therefore these cost-savings have not been quantified. A hypothetical scenario could be modelled but it is not considered proportional.
112. MPs parliamentary and constituency staff would be eligible to receive unemployment and other associated benefits if they are made redundant. This would be a cost to central government. Since it cannot be known with any certainty how long they would remain unemployed, these cost-savings have not been quantified.
113. We make no assessment of the earnings of MPs and their staff in other jobs and how this might affect the economy.

*Non-monetised one-off costs saved from not conducting the review of changes for the 2018 Boundary Review*

114. Section 14 of the Parliamentary Voting System and Constituencies Act (PVSCA) 2011 requires arrangements to be made for a committee to carry out a review of the effects of the reduction in the number of constituencies from 650 to 600. These arrangements are required to be made between 1 June and 30 November 2020. We assume a small team of

civil servants would engage with the Public Administration and Constitutional Affairs Committee (PACAC) to make arrangements for this committee to carry out this review, and would have to be agreed by 30th November 2020. Option 1 does not incur the costs associated with this review as the Bill causes section 14 PVSCA 2011 to cease to have effect, given that under that scenario there is not a reduction in the number of parliamentary constituencies. We assume these costs will be minimal in the context of this IA so it is not proportional to monetise them here.

*Non-monetised cost saving from not moving to 600 MPs - increased workload to: some MPs from reduced number of MPs; and, all MPs as a result of the UK leaving the European Union*

115. As a result of maintaining 650 MPs, it is expected that some MPs do not face an increase in the number of constituents coming to them which would have resulted in a greater workload. This is before any considerations of any queries that would have previously been dealt with by Members of the European Parliament.
116. Vital work previously undertaken by Members of the European Parliament (MEPs) would otherwise officially fall to MPs at the end of the transition period in 2020. The UK had 73 MEPs that represented 12 electoral regions of the UK.
117. To give an indication of some of the work that was done at that level, MEPs would head to Strasbourg for a week or so every month to meet with other MEPs for four days intensive discussions and votes - on a range of issues from finance, the environment, agriculture, transport, alongside this they would be back in their constituencies in the UK much like MPs.
118. As a result of maintaining 650 MPs, there is less of an impact in the short- to medium-term from additional work falling to fewer MPs. Option 0 will result in overstretched MPs unable to give sufficient voice to the concerns of a growing UK population or to fully shoulder the work previously covered by MEPs.<sup>33</sup> This increases the opportunities and likelihood for legislation to pass without due diligence and attention, and keeping check on the executive.
119. To provide context around this non-monetised cost, we have considered the reduction in UK contributions to the EU as a result of not participating in the European Parliament. Taking the European Parliament's expenditure budgets for 2020<sup>34</sup>, and the UK percentage share to the EU budget after rebates in 2018,<sup>35</sup> this represents an estimated £210 million a year that will no longer be paid by the taxpayer. Note that this reduction in UK contributions to the European Parliament would be the same for both options.

*Non-monetised cost saving from not moving to 600 MPs - increased travel costs saved for the electorate*

120. If the number of seats were reduced to 600, this would result in constituencies covering larger geographic areas. The electorate may therefore face costs in terms of having to travel to/from remote areas to visit their constituency MP. This does not necessarily happen under option 1 so this would be considered a cost-saving. Until the Boundary Commissions make

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<sup>33</sup> Data on UK MEPs has been pulled from the European Parliament Liaison Office in the UK website - therefore we are unable to provide a scale of work previously done by MEPs that will fall to MPs.

<sup>34</sup> Page 9, Budget Online, *Section I - European Parliament - Expenditure*, available at: <https://eur-lex.europa.eu/budget/data/LBL/2020/en/SEC01.pdf> [last accessed 24 April 2020].

<sup>35</sup> Page 13, HM Treasury, *European Union Finances 2018: statement on the 2018 EU Budget and measures to counter fraud and financial mismanagement*, available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/814387/190618\\_HMT\\_2018\\_Annual\\_Statement\\_on\\_European\\_Finances\\_print.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/814387/190618_HMT_2018_Annual_Statement_on_European_Finances_print.pdf) [last accessed 24 April 2020].

their recommendations, it will not be possible to calculate any resulting cost-savings - any costings would be hypothetical.

*Non-monetised benefit of boundary review cycle being amended to reflect future intended policy*

121. Under current legislation, in order to align with the frequency of general elections under the Fixed-term Parliaments Act (FTPA) 2011, boundary reviews must take place every five years. As the Government intends to repeal the FTPA, future boundary reviews will inevitably be decoupled from general elections. There is a balance to be struck between the regular updating of parliamentary constituency boundaries to ensure equity and the disruption caused to local communities and their MPs by constituencies changing at every general election. We consider that conducting boundary reviews every eight years strikes the right balance. An eight-year review cycle would generally allow for updated constituencies to be in place for two general elections before being reviewed in time for the third general election. This approach reduces the disruption caused to local communities and their MPs by boundaries changing at every general election, reducing confusion for the citizen.

- a. After engagement with stakeholders, the policy is future boundary reviews will also take 2 years and 10 months - the same as reviews now. The cost of boundary reviews will broadly be the same as now, albeit they will take place every 8 years. Therefore, we have not discussed these costs in the section above.

*Non-monetised benefit of automatic implementation means future Boundary Reviews by the four independent Boundary Commissions will always be implemented (unless amended by primary legislation in Parliament)*

122. Currently, the Boundary Commissions' reports are laid before Parliament by the relevant Secretary of State for Northern Ireland, Scotland and Wales and Minister for the Cabinet Office for England, before their recommendations are implemented by way of an Order in Council. The draft Order is debated by both Houses and, if approved, Her Majesty in Council makes an Order in Council in terms of that draft.
123. Option 1 would continue to provide that the reports are laid before Parliament (although by the Speaker who is Chair of the Boundary Commissions) but would change the means of implementing the Boundary Commissions' recommendations so that Parliament would not be required to approve the draft Order in Council which implements the Boundary Commission's recommendations. Countries such as Australia and Canada use a similar approach.
124. There is a strong argument that, once made, the recommendations of the independent Boundary Commissions should not be open to political influence. Continuing to require the draft Order in Council which implements the recommendations of the Boundary Commissions to be approved by both Houses has the potential to create circumstances under which the draft Order could be voted against, preventing the associated recommendations from not being implemented. Importantly, Parliament would remain sovereign and can amend primary legislation as it sees fit.

*Non-monetised benefit of cost-saving and timing efficiency of consultation process*

125. The current consultation process is as follows:

- Initial consultation period (12 weeks) is to allow written representations on initial proposals. Public hearings also held and views invited within this consultation period.

At the end of this period, Boundary Commissions must publish all consultation responses and records of public hearings.

- Secondary consultation period (4 weeks) is to allow written representations in response to the material published at the end of the initial consultation period.
- Third consultation period (8 weeks) to allow consultation on revised proposals (if revision is considered necessary).

126. The public hearings will continue to be held during the initial consultation period. The proposal is to streamline the consultation process for the next boundary review due to begin in early 2021. Currently, the second consultation period is designed for voters to comment on matters raised in the first (initial) consultation period. These comments could be made and taken into account more dynamically during the first consultation period and make the consultation process more efficient and cost effective. The timing of public hearings in future boundary reviews will be moved - from within the initial consultation period to within the secondary consultation period - better responding to local concerns.
127. As these are technical measures relating to how the boundary reviews would operate, the government has engaged with relevant stakeholders to seek their views on their effectiveness and how they can be improved. The stakeholders consulted included the Parliamentary Parties Panel and electoral administration representatives. The policy in the Bill has been adjusted to reflect this engagement work.

## Key risks, assumptions and sensitivities

128. There are some strategic risks associated with the options and also analytical risks. These are discussed in turn.

### Strategic risks associated with both options

129. A strategic risk for both options is associated with the Coronavirus (Covid-19) outbreak as it will prove challenging to deliver either should a high number of people be unable to work due to the virus, and due to the possible impact on staffing, recruitment and suppliers.

### Strategic risks associated with option 0

130. **A strategic risk of option 0 is if it is presented back to the House, it may not obtain parliamentary approval.** Under this option, the outcome of future boundary reviews will continue to be subject to approval by Parliament and its political composition, which undermines the independence and implementation of the outcome of the boundary review process. The Public Administration and Constitutional Affairs Committee (PACAC) *February 2018 Report on boundaries: Parliamentary Boundary Reviews: What Next?* comments “The Government cannot be confident that the House of Commons will support the implementation of the Boundary Commissions’ recommendations in the autumn.”<sup>36</sup>

131. This could mean that recommendations for updated boundaries are not implemented, and parliamentary constituencies based on out of date data are used. There is the further risk that under the current legislation the next boundary review is due to start in early 2021 and report by 1 October 2023 and this would not allow sufficient time for it to be implemented in time for a general election in May 2024. This would mean there is a risk that the next general election will be run on the outcome of the 2018 review - if Parliament agrees that review - and the data for that will be quite old by that point (it dates from December 2015) which could undermine confidence in the constituencies used at that poll.

### Key analytical risk associated with analysis in option 1 - Bill changes shape during passage through Houses of Parliament

132. A key risk with our analysis is that it may not reflect the final Act as the Bill passes through the Houses of Parliament. Going by the last law that sought to change parliamentary constituencies, the Parliamentary Voting System and Constituencies Act (PVSCA) 2011, this was heavily debated and faced many attempted amendments. This *may* face a similar level of interest and attempted amendments. We cannot account for this.

### Key analytical risk associated with analysis in option 1 - our analysis cannot take account of future policy

133. Our analysis uses the current Independent Parliamentary Standards Authority (IPSA) policies and assumes they are carried forward for the whole appraisal period. If those policies change, for example, new entitlements or existing entitlements being rescinded, our analysis cannot reflect that and our analysis will no longer be accurate. As time goes by, the chances of that increase.

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<sup>36</sup> Page 11, House of Commons, Public Administration and Constitutional Affairs Committee, *Parliamentary Boundary Reviews: What Next?*, available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmpublicadm/559/559.pdf> [last accessed 3 April 2020].

134. Our analysis is based on an option of maintaining 650 MPs - a decision made by Ministers. Whilst this is the Government's choice and objective to maintain that number, this may change in the future, possibly within the time horizon of this IA. If that figure does change, our analysis cannot account for that and our analysis will no longer be accurate.

Analytical risks associated with analysis in option 1 - the assumptions we use don't reflect how policies change

135. There exists a risk that figures that we uplift for, grow at a rate greater than or less than inflation, therefore some of the figures we have uplifted are under- or over-estimates of what will happen in reality.

136. In a similar vein, if those entitlements do grow by inflation but future inflation takes a different course to current forecasts, some of those figures we have uplifted will become under- or over-estimates of what happens in reality.

137. There exists a risk that salary figures that we uplift for, grow at a rate greater than or less than forecasted earnings growth, therefore some of the figures we have uplifted are under- or over-estimates of what will happen in reality.

138. In a similar vein, if those salaries do grow by average earnings growth but future earnings growth takes a different course to current forecasts, some of those salaries figures we have uplifted will become under- or over-estimates of what happens in reality.

Analytical risks associated with analysis in option 1 - no efficiency metrics

139. The analysis in this impact assessment does not include any efficiency metrics for MP work, the development of these could allow us to understand the drivers on how a new bill could improve efficiency when maintaining or reducing the number of MPs, but this analysis was not thought to be proportionate to the IA.

Analytical risks associated with analysis in option 1 - no analysis of inequity distribution

140. The analysis does not capture current inequity distribution, meaning it is not possible to assess if the new bill will have a beneficial distributional impact. However, the boundary reviews in both Options 0 and Option 1 aim to improve inequity and it is outside the scope of this impact assessment.

Analytical risks associated with analysis in option 1 - representation

141. We have not assessed the potential benefits or risks of the representation or governance of the number of boundaries (e.g. fewer boundaries could increase the competitive selection process for each constituency), but it is outside the scope of this impact assessment to analyse this.

## Direct costs and benefits to business calculations

142. The impact on business, voluntary and community bodies, and charities has been assessed as **minimal**.
143. The impact on the public sector of this proposed legislation is also **minimal**. In current constituencies some may cross more than one local authority area (approximately a third) which creates complexities for electoral administrators in running elections. New constituencies are also likely in some cases to cross local authority boundaries. Whether or not to divide wards is an issue for the Boundary Commissions when conducting boundary reviews and the Commissions will wish to take into account any views expressed in their public consultation on their proposals.

## Delivery timetable

144. We have established the following timetable with the aim of laying the primary legislation in time for implementation in **January 2021**.

**Table 7: The estimated delivery timetable for bringing option 1, primary legislation into force**

24 March 2020	Written Ministerial Statement by Minister for Constitution and Devolution, <i>Legislation to set the framework and rules for future Parliamentary constituency boundary reviews</i> , setting out the intention of this Bill
To be determined by the Whips Office and business managers. Estimated spring 2020	The Parliamentary Constituencies Bill 2020 is introduced in Parliament
To be determined by the Whips Office and business managers. Estimated spring 2020 - winter 2020	Parliamentary Stages of Bill in House of Commons and House of Lords
January 2021	Royal Assent for Bill and becomes Parliamentary Constituencies Act 2020

145. The next phase, following Royal Assent, would involve the four independent Boundary Commissions conducting a boundary review in line with the provisions in the new legislation.

## Monitoring and Evaluation

146. The government will keep the boundary provisions under review.
147. The Parliamentary Constituencies Bill sets the framework for future boundary reviews. The statutory independent Boundary Commissions conduct the boundary reviews. As part of the boundary review process, the Commissions undertake public consultations on their proposals. Commissions will wish to take into account any views expressed in their public consultation on their proposals.
148. In addition the Public Administration and Constitutional Affairs Committee (PACAC), appointed by the House of Commons, examines constitutional issues, most recently reporting in February 2018.<sup>37</sup>

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<sup>37</sup> House of Commons, Public Administration and Constitutional Affairs Committee, *Parliamentary Boundary Reviews: What Next?*, available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubadm/559/559.pdf> [last accessed 3 April 2020].