

Variation of election expenses limits for candidates at UK Parliamentary and local government elections

Recommendations

January 2005



Translations and other formats

For information on obtaining this publication in another language or in a large-print or Braille version please contact The Electoral Commission:

Tel: 020 7271 0500

Email: publications@electoralcommission.org.uk

We are an independent body that was set up by UK Parliament. We aim to gain public confidence and encourage people to take part in the democratic process within the UK by modernising the electoral process, promoting public awareness of electoral matters and regulating political parties.

Contents

1	Recommendation	1
2	Background	2
	Definition of candidates' election expenses	2
	Powers to vary provisions regarding election expenses	3
	Scope of the recommendations	3
3	Rationale	4
	Consultation	4
	Inflation	9
	Notional costs	10
4	Conclusion	14
	Appendix: Parliamentary Parties Panel	16

1 Recommendation

In November 2004 the Secretary of State wrote to The Electoral Commission asking the Commission to make a recommendation under Section 76A of the Representation of the People Act 1983 (RPA) to vary expenses limits for candidates at a UK Parliamentary election and at local government elections in England and Wales. This paper provides the recommendations of the Commission on this matter.

1.1 In developing its recommendations the Commission has considered both inflationary increases since expenses limits were last varied in 2001, and the impact of including notional expenditure as candidates' election expenses since the definition of election expenses was amended by Section 134 of the Political Parties Elections and Referendums Act 2000 (PPERA). The Commission's recommendations have also been informed by views received from political parties on this matter.

1.2 The Commission recommends that candidates' expenses limits be varied as per Table 1 below.

Table 1: Recommended candidates' expenses limits

Election	Current expenses limit		Recommended expenses limit	
	Basic (£)	Per elector (p)	Basic (£)	Per elector (p)
UK Parliament (borough constituency)	5,483	4.6	7,150	5
UK Parliament (county constituency)	5,483	6.2	7,150	7
Local government*	242	4.7	600	5

Note: *This refers to limits applicable to local government elections in England and Wales. The election expenditure of candidates contesting local government elections in Scotland and Northern Ireland is regulated by separate legislation. While these recommendations do not extend to the variation of limits at local government elections in Scotland or Northern Ireland, the Commission is of the view that parity between limits for candidates contesting local government elections throughout the UK would be desirable.

1.3 These recommendations are submitted for the consideration of the Secretary of State who, in accordance with Section 76A of the RPA, may by Order made by statutory instrument vary the sums of candidates' election expenses limits in order to give effect to a recommendation of the Commission.

2 Background

Under Section 76 of the Representation of the People Act 1983 (RPA) candidates are subject to limits on the expenditure they can incur campaigning at an election. Periodically, these limits have been reviewed and varied in consideration of inflation. Following amendments to controls on candidates' expenses made by Political Parties Elections and Referendums Act 2000 (PPERA), the limits may now be varied other than by inflation on recommendation of the Commission.

2.1 Section 76 of the RPA currently imposes the following limits on the election expenses of candidates contesting the UK Parliamentary election and local government elections in England and Wales:

Table 2: Current candidates' expenses limits

Election	Current expenses limit	
	Basic (£)	Per elector (p)
UK Parliament (borough constituency)	5,483	4.6
UK Parliament (county constituency)	5,483	6.2
Local government	242	4.7

2.2 These limits were inserted by The Representation of the People (Variation of Limits Candidates' Election Expenses) Order 2001 that came into force on 5 March 2001 and were intended to vary the limits in consideration of a change in the value of money since they were last amended in 1997.

Definition of candidates' election expenses

2.3 A number of significant amendments to controls on candidates' election expenses under the RPA were introduced by PERA, including a new definition of election expenses. Within this amended definition the new Section 90C of the RPA introduced a requirement for 'notional expenditure' to be included as candidates' election expenses.

2.4 Notional expenditure is incurred when any goods, services, property or facilities are provided to a candidate or their election agent for free or at a discount of more than 10% of ordinary commercial value for the purpose of a candidate's election. All notional expenditure of over £50 constitutes election expenses and counts against a candidate's limit.

2.5 Where a party provides goods or services, such as election materials or the use of constituency offices, for free or at less than cost price, this constitutes notional expenditure.

2.6 Prior to the introduction of these provisions by PPERA, candidates included the full commercial costs of election materials even where those costs were not met by the candidate or his election agent. The cost of facilities and offices however tended to be included as nominal sums rather than at full commercial value. Under the new definition of election expenses this is no longer permissible and the full commercial value of the use of such facilities must be included as election expenses.

Powers to vary provisions regarding election expenses

2.7 Under Section 76A of the RPA, which was introduced by Section 133 of PPERA, the Secretary of State can now vary limits either in consideration of a change in the value of money (i.e. inflation), as has previously been done, or otherwise, in order to give effect to a recommendation of the Commission.

2.8 This power applies to:

- limits on the election expenses of candidates;
- the amount of personal expenses a candidate can legally pay for themselves;
- the level at which payments made in respect of election expenses are required to be verified by an invoice or receipt; and
- the level of expenditure a person can incur independently promoting or disparaging a candidate.

Scope of the recommendations

2.9 The scope of the recommendations made within this paper responds specifically to the request made by the Secretary of State for the Commission to propose variations to the election expenses limits for candidates contesting a UK Parliamentary election and local government elections in England and Wales (excluding elections to the Greater London Assembly or Mayor of London).

2.10 The Commission's intention in developing these recommendations was to consider variations in the specified sums for candidates' expenditure limits rather than to review or recommend amendments to the formulas used for calculating candidates' limits or the methodology by which they are applied. The Commission considers that any broader or more fundamental review of candidates' election expenses limits should be undertaken in line with a review on national campaign spending limits to which political parties are subject under PPERA. These issues are discussed further in paragraph 3.20, and in the Commission's December 2004 report *The funding of political parties*.

3 Rationale

In developing our recommendations we identified those specific factors that we felt most relevant in guiding the Commission's proposals. Consideration of those factors, namely inflation and the effect of the inclusion of notional costs as election expenses, was underpinned by the wider aim of ensuring that any limit proposed would work to facilitate effective campaigns at a local level while also acting to prevent concerns of the 'buying' of an election by well-financed candidates.

3.1 On receipt of the Secretary of State's request we identified a number of steps that we considered would provide a sound basis on which to develop our recommendations. These were:

- to consider the views of political parties and candidates on this matter through consultation as well as documented views previously received by the Commission;
- to identify and calculate any inflationary increase since the limits were last varied; and
- to consider the effect of the inclusion of notional expenditure within the definition of election expenses.

3.2 It should be noted that these recommendations were required to be made within limited timescales and that this as much as any other factor guided the work undertaken to develop our proposals. As such, consultation and analysis, while integral to the development of the Commission's recommendations, have been necessarily limited in scale.

Consultation

3.3 Due to the tight timetable in which to make these recommendations it was not possible to undertake a formal consultation exercise.

3.4 Those eight political parties currently represented on the Westminster Parliamentary Parties Panel¹ were however consulted. Parties were asked to provide views on the possible variation of candidates' expenses limits in respect of inflation, and also in consideration of the effect of the requirement introduced by Political Parties Elections and Referendums Act 2000 (PPERA), to include notional costs as election expenditure.

3.5 Of the eight parties consulted seven responded and those comments received have informed the Commission's final recommendations.

¹ Please see the Appendix for details of the Parliamentary Parties Panel and those parties currently represented on the panel.

Feedback: overview

3.6 Even within the limited scope of our consultation exercise, a range of views were expressed as to how and why expenses limits should be varied. There was however broad agreement that a variation of candidates' expenses limits beyond the rate of inflation was necessary.

3.7 A number of respondents who support a variation in limits beyond the rate of inflation cited both increasing costs since the limits were last varied and the broader set of costs to be included as election expenses due to the amendments made by PPERA, as reasons for an increase:

Our experience is that campaign costs have increased by more than prices in the economy as a whole... . Relevant costs include property costs (rent, rates, utilities), postage, printing, advertising, IT and transport. The changed regulatory environment has also increased the number of items included in returns, in particular notional expenditure.

The Labour Party

The Conservative Party strongly believe that an increase in those limits above the rate of inflation is required if the campaigning that candidates can do to encourage higher turnout is to be effective. Since the introduction of the Political Parties, Elections and Referendums Act will affect the amount available to candidates and require extra items to be included in the return at full value, a substantial increase is required.

The Conservative and Unionist Party

The Ulster Unionist party believes that maximum expenditure limits should be increased to take into account the increased costs for printing etc. since the last rate was set. In addition we believe the need for notional costs to be included in campaign expenditure would be another reason why limits should be raised.

Ulster Unionist Party

3.8 One respondent however outlined the reason for which they did not believe an increase beyond inflation was necessary:

The reduction of the regulated period² for UK Parliamentary candidates leads us to support the view that inflationary increases are all that is required in this case.

Scottish National Party

² The regulated period for candidates' election expenses runs from the date a person becomes a candidate to the date of the poll. Under Section 118A of the Representation of the People Act 1983 (RPA) a person becomes a candidate on the date of dissolution of Parliament, or at a local government election on the last date for publication of notice of an election, if on or before that date they have been declared a candidate. Otherwise they become a candidate on the first date after that on which they are declared or nominated as such. Prior to the insertion of Section 118A by PPERA a person became a candidate, and triggered their election expenses, as soon as they were declared as such.

The party did however support an increase in local government limits beyond an inflationary increase, noting that ‘it is in our view barely possible to provide a colour leaflet for a local government candidate without breaching the expenses limit’. While these recommendations do not extend to limits applicable at local government in Scotland, which are a devolved matter, the Commission considers that this view reflects the views of other parties and candidates presented to the Commission regarding local government expenses limits throughout the UK.

3.9 In a number of instances respondents qualified their support for an increase in limits beyond inflation by stating that they would not like to see an increase that, in line with the original intention of the legislation, would allow elections to be won by the candidates with the strongest financial backing:

We also believe that any increases should be judicious and reasonable to ensure that elections are not won by whichever candidate can raise the most amount of money.

Ulster Unionist Party

Feedback: proposals

3.10 A range of views were expressed as to the specific factors that should be taken into account in developing new candidates’ expenses limits and in the actual expenses limits that respondents considered would be appropriate.

3.11 Factors respondents considered relevant in developing new limits included the increasing cost of posters and replacing posters where necessary, the salary costs of professional election agents and the inclusion of property costs.

3.12 Three respondents provided proposals for the actual limits that they considered would be appropriate. Each of these proposals were calculated in consideration of inflationary increases and then in respect of specific factors identified by the respondents. In one instance this was the salary costs of professional election agents and in another increases in property costs.

3.13 Those limits proposed ranged between:

- £7,292 + 6.1p³ and £15,000 + 4.9p for borough constituencies at UK Parliamentary elections;
- £7,292 + 8.2p⁴ and £15,000 + 6.7p for county constituencies at UK Parliamentary elections; and
- £321 + 6.26⁵ and £600 + 5p for local government elections.

³ This limit was proposed by the respondent as a minimum 33% increase and has been calculated by the Commission as such. The respondent stated that in their view 33% would be the minimum increase acceptable but further suggested an increase between 35–40% would be desirable.

⁴ As above, this limit was proposed by the respondent as a minimum 33% increase and has been calculated by the Commission as such.

⁵ As above, this limit was proposed by the respondent as a minimum 33% increase and has been calculated by the Commission as such.

Feedback: wider stakeholder views

3.14 In considering the effect of any variation in election expenses limits, we have also taken into account views previously expressed to us by candidates and others while the Commission has been undertaking its statutory role in monitoring compliance with the financial requirements placed on candidates, and in providing guidance on the interpretation and application of those requirements.

3.15 Two main views appear of relevance in consideration of this matter. Firstly concerns raised with the Commission about the calculation and inclusion of notional office costs as election expenses, and secondly the views expressed to the Commission by a number of independent candidates and candidates representing smaller parties regarding the application of current expenses limits.

3.16 Since the introduction of the new definition of election expenses by PPERA the Commission has received numerous enquiries as to the precise definition of notional expenditure and as to whether notional office rental costs must now be included as candidates' election expenses. The Commission has always advised that in accordance with Section 90C of the RPA such costs do constitute an election expense and that a commercial value must now be attributed to them. The Commission has received representations on the basis of this advice, from both Parliamentary and local government candidates, expressing concerns that due to high office rental costs this will effectively stop them from undertaking a full and effective campaign as the majority of their expenses limit will have been 'swallowed up' by notional office costs. This concern, also raised by respondents to our limited consultation exercise, is one that the Commission recognises and shares with parties and candidates.

3.17 Due to the limited nature of the consultation exercise we were aware that the views of independent candidates and candidates representing smaller parties, who may have a different outlook on the application of election expenses limits, had not been formally sought. As such, we referred to previous correspondence and documentation relating to this matter to gain an indication of wider views. From the review of relevant correspondence we were able to identify that those candidates that raised the issue of expenses limits were generally concerned that candidates representing larger parties had significantly more financial resources at their disposal for campaigning and that this could place others at a disadvantage unless spending was controlled by the imposition of appropriate limits. Where expressed, views on the possible variation of limits tended to suggest that limits should be decreased or maintained at their current level rather than increased.

Feedback: wider concerns

3.18 Through the consultation process and review of previously received views on candidates' expenses limits we have identified a number of issues raised that, while outside the scope of these recommendations, we consider notable points for future consideration.

Engaging the electorate

3.19 A number of consultation responses highlighted the issue that parties believe there are ever-increasing demands in respect of campaigning at a local level, and that parties are facing ever-increasing challenges to engage the electorate:

In addition, the Liberal Democrats believe an allowance should be made for the additional pressures on campaigns by the increasing expectation amongst electors that they will be approached on an individualised basis.

Liberal Democrats

The Commission should also bear in mind that reversing declining turnout will require more vigorous and more personalised local campaigning by candidates and political parties, and that such campaigning will cost substantially more.

The Labour Party

We live in a society which takes its messages from the media through blanket advertising. We are competing against the big companies who spend millions of pounds annually on advertising... . Political parties and candidates therefore have had to re-examine the way in which we deliver our message as the electorate expects us to communicate with them in the same way as any company selling a product or service.

SDLP (Social Democratic and Labour Party)

3.20 The Commission is aware of the pressures placed on parties at both the national and local levels to deliver effective and engaging campaigns, and the impact that election expenses limits have on choices about campaigning. To fully address the concerns outlined by parties regarding the changing face of campaigning at both the local and national level, however, we consider that a wider review of campaign spending limits would be required. In our December 2004 report, *The funding of political parties*, we recommend the financial limits on political parties' campaign expenditure, together with those applying to individual candidates, be reviewed for all relevant elections, starting with a review of the spending limits for a general election. In particular, we recommend that candidates' spending limits should be raised to enable more activity at the local level.

Notional expenditure threshold

3.21 Review of representations previously made to the Commission on the issue of candidates' expenses limits and notional expenditure have also highlighted another area of concern for a number of individuals and parties.

3.22 Under the RPA all notional expenditure of more than £50 constitutes the election expenses of the candidate. Controlled donations made to candidates are subject to the same *de minimis* limit. Comments have been received that having such a low threshold causes a great deal of confusion for candidates and their election agents in attempting to ascertain commercial values for notional costs incurred and also raises questions as to whether costs such as the petrol paid for and used by supporters in assisting campaigns constitutes a notional election

expense. Some suggested the *de minimis* threshold should be set at £200, parallel to those controls applicable to party campaign expenditure and donations.

3.23 Others, however, have questioned the appropriateness of having a *de minimis* limit at all, arguing that if candidates are receiving benefits in kind, whatever the value, this should be reported as notional election expenses as is done with actual election expenses.

3.24 The Commission is of the view that this is an area appropriate for review following the next general election. Any review of the notional expenditure thresholds would need to be undertaken in parallel with a review of candidates' donation thresholds to ensure parity.

Inflation

3.25 In developing its recommendations the Commission considered that the first step in calculating variations in election expenses limits should be to bring the limits into line with current rates of inflation.

3.26 Consistent with the Office of the Deputy Prime Minister's (ODPM) recent consultation on candidates' election expenses limits at City of London elections,⁶ the Commission has used the Gross Domestic Product Deflator (GDP deflator) figures prepared by HM Treasury in order to establish any change in the value of money:

2000-2001 GDP Deflator ⁷	91.783
2004-2005 GDP Deflator ⁸	102.138
Percentage increase in the GDP deflator	11.280

3.27 In consideration of these figures the Commission is of the view that there has been a change in the value of money since expenses limits were last varied in 2001, and as such consider that any variation in the statutory limits for candidates' election expenses should take this change into account.

3.28 The Commission's calculation for increasing candidates' election expenses in line with inflation is outlined in Table 3.

⁶ ODPM (2005) The Representation of the People (Variation of Limits of Candidates' Election Expenses) Order 2005: A consultation paper.

⁷ Taken from the HM Treasury website (updated 2 December 2004).

⁸ Taken from the HM Treasury website. For year 2004-05 GDP figures derived from HM Treasury forecasts for GDP deflator increases at the Pre-Budget Report 2004.

Table 3: Proposed inflationary increases

Election	2001 limits		% increase in GDP deflator	11.280% of 2001 limit		Proposed increase on basis of inflation from 2005	
	Basic (£)	Per elector (p)		Basic (£)	Per elector (p)	Basic (£)	Per elector (p)
	UK Parliament (borough constituency)	5,483		4.6	11.280	618	0.5
UK Parliament (county constituency)	5,483	6.2	11.280	618	0.7	6,101	6.9
Local government	242	4.7	11.280	27	0.5	269	5.2

3.29 In line with our proposals these figures have been incorporated into the Commission's recommendation for the variation of candidates' expenditure limits.

3.30 Were the Commission's recommendations to be accepted by the Secretary of State, these figures should be subject to any further change in the value of money prior to the proposed laying of a draft Order before Parliament.

Notional expenditure

3.31 As discussed above concerns have been raised by candidates and parties as to the effect that the inclusion of notional expenditure, particularly in view of notional office rental costs, has on their ability to undertake an effective campaign.

3.32 Given that limits have not been varied since the new definition of election expenditure was introduced by PPERA, and the opinions and experiences of candidates and parties, the Commission is of the view that any variation of candidates' expenses limits should include an increase to allow for additional notional expenditure now constituting election expenses.

Common notional expenditure

3.33 Undertaking a limited analysis of returns submitted by candidates that contested the 2003 elections to the Scottish Parliament and National Assembly of Wales, all notional expenditure reported within those returns was identified and then analysed by expenditure type.

3.34 Of those returns sampled the two most common types of notional expenditure to be reported related to the cost of leaflets and election materials and the use of office or other commercial premises. On average the highest notional costs were

those reported in respect of leaflets and election addresses – notional property costs were on average the second highest type of notional expenditure to be reported.

3.35 In considering the effect of the inclusion of notional expenditure on candidates' election expenses limits it is important to note that prior to the introduction of a new definition of election expenses, candidates have historically included the full commercial cost of leaflets and election materials as election expenses regardless of who met the actual costs of those materials. As a result changes in the definition of election expenses do not appear to have led to candidates being required to include higher costs for leaflets and election materials than previously.

3.36 On the basis of previous experience, responses to the consultation exercise and the limited analysis undertaken, the Commission considers that the most significant quantifiable effect of the inclusion of notional expenditure as election expenses is the requirement to include commercial office rental costs. Any variation in the election expenses limits of candidates should therefore take into account the requirement to include notional office rental costs.

Methodology for ascertaining average office rental costs

3.37 Average costs for the rental of office space vary significantly throughout the UK. Consequently the inclusion of notional property costs will have a more significant impact on candidates in some areas of the UK than others. The formula used to calculate election expenses limits is, however, applied across the UK.

3.38 In deciding on a methodology to ascertain an estimated average cost for the rental of office space, consideration was given to whether such an estimate should be derived from rental values in areas where property costs are highest or on the basis of some form of national average. On balance we took the view that as limits apply across the UK, an indicator of appropriate sums to vary limits by should be based on a figure representative of rental values across the UK rather than in specific areas.

3.39 It was also recognised in formulating a methodology that due to the limited timescales in which the Commission has undertaken to provide its recommendations and the resources available to undertake this task, only limited analysis or interpretation of any large data sets would be possible. As such it is important to note that our intention was to ascertain an indicator of average office rental costs rather than a definitive or statistically accurate national average office rental value.

3.40 Following enquiries made with both the Royal Institution of Chartered Surveyors and the ODPM Planning Directorate as to the most appropriate data to be used in order to derive an estimated national average of office rental costs, the Commission decided to use the *Property Market Report July 2004* (PMR) produced by the Valuation Office Agency (VOA).

3.41 The PMR covers all the major sectors of the property market and is based on valuations prepared by local offices of the VOA of typical property types. The core data for the report are completed property transactions, and the intention of the

report is to allow readers to identify trends in value of readily recognisable types of property in discrete locations across the country.⁹

3.42 The report includes tables indicating headline rental values for three types of office accommodation in 106 locations across the UK. In locations where an office type is not typical no value is provided for that office type in that location. For each location in which an office type is typical a figure is provided to show the average annual rental value per square metre in that location.

3.43 Of the three types of office accommodation included within the report we selected the type that we considered most representative of the type of office likely to be used by candidates as a campaign office and worked from the data provided in respect of that office type. The office type we selected was the smallest of the three types included in the report with a size range of 50sq.m – 150sq.m.

3.44 On advice from the VOA, we were aware that it would not be possible to derive an accurate national average office rental value from the data within the PMR. However, using the PMR data we were able to ascertain an indicator of an average annual rental value of a 100sq.m office derived from average values throughout the UK. This indicator was obtained by calculating the rental value of a 100sq.m office (the median size of the office type selected) in each of the locations in which such an office type was typical¹⁰ and deriving an average from the sum of those figures.

3.45 Using this figure, we were able to estimate how much the commercial rental value may be for the use of an office by a candidate in the regulated period prior to an election. In respect of a UK Parliamentary candidate, estimates were calculated for use of an office for a month reflecting the approximate length of the relevant regulated period. In respect of a local government candidate we considered that it was more likely that non-campaigning work would continue to take place during a local government election and that there may be more than one seat being contested in an electoral area, such as in multi-member wards where three seats are contested in the same ward. In view of both these factors estimates for local government were calculated for use of an office for a third of a month.

3.46 The Commission has therefore identified the following figures (rounded to the nearest pound) as appropriate estimates of the average office rental costs of a candidate during the regulated period prior to an election:

UK Parliamentary election	£1,027
Local government election	£342

3.47 We appreciate that by taking a national average rather than deriving rental values from the areas where property costs are highest, increases in limits may not prove equivalent to the total office costs of candidates in certain areas. We are of the view, however, that the sums proposed will assist all candidates in covering a significant proportion of their office costs while still enabling them to undertake an

⁹ Valuation Office Agency (2004) 'Methodology and production of the Property Market Report', *Property Market Report July 2004*.

¹⁰ This includes locations in Scotland, England and Wales, and Belfast in Northern Ireland.

active campaign. In any future review of expenditure limits the Commission will further consider the effect of regional variations in costs.

3.48 In line with our proposals, these figures are added to the basic rate element of the formula (as proposed in line with inflation), providing a proposed variation of expenditure limits as outlined in the conclusion to these recommendations.

4 Conclusion

4.1 The Commission recommends that candidates' expenses limits be varied as per Table 4 below. The recommended variations incorporate considerations of inflation and notional costs, and have been rounded up to the nearest £50 for the basic rate element of the formula and the nearest pence for the per elector element, in order to ensure that limits are based on figures that are both easy to calculate and remember.

Table 4: Recommended variation in candidates' election expenses limits

Election	Proposed increase on basis of inflation from 2005		Proposed increase inclusive of notional office costs		Recommended candidates' election expenses limits	
	Basic (£)	Per elector (p)	Basic (£)	Per elector (p)	Basic (£)	Per elector (p)
UK Parliament (borough constituency)	6,101	5.1	7,128	5.1	7,150	5
UK Parliament (county constituency)	6,101	6.9	7,128	6.9	7,150	7
Local government	269	5.2	611	5.2	600	5

4.2 The variation in limits recommended by the Commission has been developed with the intention of increasing limits in line with inflation and further to take into account the effect of the requirement introduced by PPERA to include notional costs as election expenses. In quantifying this effect the Commission took the view that notional office rental costs were the most appropriate costs to be considered in the calculation of a suitable variation in limits.

4.3 The Commission is of the view that the limits recommended here, if enacted, will allow for effective campaigns to be undertaken by candidates at the local level while still acting to prevent those candidates with more limited financial resources from being at a significant disadvantage.

4.4 In developing these recommendations the Commission has also had the opportunity to note and consider wider issues and concerns relating to expenditure limits at national and local levels, and notional expenditure thresholds. While a more fundamental review of election expenditure limits and notional expenditure thresholds is outside the scope of these recommendations these are important issues for further consideration. The Commission intends that expenditure limits and notional expenditure thresholds should be reviewed following the next UK Parliamentary election. In undertaking any review of expenditure limits the Commission would include consideration of the appropriate levels of national and local limits, the formula by which candidates' limits are currently applied and whether

a single set limit should be applied to all candidates or limits should be specific to each electoral area.

Appendix: Parliamentary Parties Panel

A1.1 In accordance with Section 4 of the Political Parties Elections and Referendums Act 2000 (PPERA) a panel of political parties was set up following the creation of the Commission with the intention of submitting information or representations to the Commission about such matters affecting political parties as the panel see fit.

A1.2 The panel consists of representatives of 'qualifying parties', which in accordance with Section 4(9) of PERA means a registered party:

- to which two or more Members of the House of Commons for the time being belong, who have made and subscribed to the oath required by the Parliamentary Oaths Act 1866 and are not disqualified from sitting or voting in the House; or
- to which two or more such Members belonged immediately after the most recent Parliamentary general election.

A1.3 Representatives of the following parties currently sit on the Parliamentary Parties Panel:

Democratic Unionist Party – D.U.P
Liberal Democrats
Plaid Cymru
Scottish National Party
SDLP (Social Democratic & Labour Party)
The Conservative and Unionist Party
The Labour Party
Ulster Unionist Party