

# UK Parliamentary General Election 2015: Campaign spending report

**February 2016**

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# 1 Introduction

## Our role

1.1 The Electoral Commission is an independent regulator which reports directly to the UK Parliament. We regulate political party and election finance, and set standards for well-run elections. We publish information to provide transparency about election spending and donations, and work to ensure high levels of compliance by campaigners. We put voters first by working to support a healthy democracy, where elections and referendums are based on our principles of trust, participation and no undue influence.

1.2 Under the Political Parties, Elections and Referendums Act 2000 (PPERA), the Commission regulates a range of groups including political parties and non-party campaigners at elections and referendums.

1.3 Our statutory functions include:

- Receiving, analysing and publishing information about party donations and campaign spending at elections and referendums.
- Advising those we regulate on how to comply with the law and what the rules mean for their campaigning plans.
- Monitoring compliance with the law and dealing with possible breaches of the rules.

1.4 Whilst we have responsibilities to monitor and take all reasonable steps relating to compliance of the candidate expenses and donations rules at elections under the Representation of the People Act 1983 (RPA), investigations into alleged breaches by individual candidates and related prosecutions are the responsibility of respectively the police and public prosecutor bodies.

## About this report on the May 2015 UK Parliamentary General Election

1.5 On 7 May 2015, a UK Parliamentary general election (UKPGE) was held to elect 650 members to the United Kingdom Parliament. This report focuses on spending and donations reported by campaigners in relation to these elections.<sup>1</sup> This is the Commission's second report on the UKPGE held in 2015. We have a statutory duty to report on the administration of certain major electoral events, including UK Parliamentary general elections. We also have a duty to keep under review and report on the law relating to elections,

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<sup>1</sup> The UKPGE was combined with other polls across England, including local government elections, Mayoral elections parish council elections and some local referendums. This report does not cover spending or donations relating to these elections.

including the registration of political parties and the regulation of their income and expenditure. This report forms part of our work under those duties.

1.6 The first part of this report presents an overall picture of the spending and funding of campaigners at the 2015 UKPGE. Chapter 2 outlines the regulatory framework for campaigners. Chapter 3 provides an overview of all reported spending by political parties, candidates and non-party campaigners and our observations about this reported spending. Chapter 4 covers the campaign donations reported by all campaigners during the UKPGE.

Chapter 5 summarises our regulatory work for the 2015 UKPGE. The provision of complete and accurate financial returns from political parties and non-party campaigners is fundamental to the transparency and integrity of election funding and spending, in the interests of voters and legitimate elections. For this election, we registered campaigners, provided guidance to help them understand and follow the rules; and used monitoring information to proactively identify and deal with potential issues or breaches. As we report, the overwhelming majority of political parties and non-party campaigners complied with the requirements of PPERA.

1.7 The second part of this report looks at how effective the current controls were at the 2015 UKPGE. Chapter 6 comments on areas for change and further considerations that we have identified. We also reiterate some of our previous recommendations that are relevant to this recent election, and that, if implemented, would improve the current regulatory framework for future elections.

## The regulatory framework for election campaigners

1.8 We want people to be confident that the law on party and election finance is followed and that those who break the law are dealt with proportionately and effectively. The UK's regulatory framework for party and election finance is recognised internationally as enabling and promoting a high degree of transparency.<sup>2</sup> In turn, this transparency enables high levels of scrutiny and debate about how political parties and non-party campaigners are funded and how they spend their money during elections.

1.9 Political parties, candidates and non-party campaigners are expected to comply with all the rules and controls set out in the relevant legislation. Political parties and non-party campaigners have to comply with rules and regulatory controls on campaign spending and donations that are set out in PPERA. Candidates have to comply with similar rules and obligations set out in RPA. Under PPERA, registered political parties and non-party campaigners have a statutory duty to declare their compliance with these rules and submit

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<sup>2</sup> OECD. (2016), *Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture*, OECD Public Governance Reviews, OECD Publishing, Paris <http://www.oecd.org/gov/financing-democracy-9789264249455-en.htm>

a post-election spending return to the Commission detailing total expenditure for specific kinds of campaign activity, as well as invoices and receipts for that spending. Under RPA, candidates have a duty to submit returns to Returning Officers, who are then charged with forwarding this data on to the Commission.

1.10 Our regulatory remit gives us a duty to monitor and secure compliance with the rules for political parties and non-party campaigners set out in PPERA. Since December 2010, we have had powers to investigate potential breaches of those rules and issue sanctions when we find actual breaches have occurred. The 2015 UKPGE was the first UK parliamentary general election when the Commission could use these powers. We can award a range of penalties, including variable fines up to a maximum of £20,000 to campaigners. We believe there is a strong case for increasing this maximum fine to an amount more in proportion with the spending and donations handled by large campaigners.

1.11 The Commission is not able to enforce the controls on spending and donations of candidates set out in RPA and we have no powers over candidates to sanction breaches of those rules; such breaches are a matter for the police to deal with. In this report, we have restated a recommendation first made in 2013 for Parliament to introduce a single regulatory regime by bringing regulation of candidates at major elections under the powers of the Commission. If a campaigner is alleged to have breached the rules, but it is not considered in the public interest to pursue a criminal investigation, trust in the regulatory system will be affected if there is no other means to investigate the allegation. Essentially, the absence of alternatives to criminal investigation creates a compliance and enforcement gap in the regulation of candidate spending and donations. This is the same kind of enforcement gap which previously existed in relation to the PPERA rules and was addressed by the introduction of our new powers in 2010. As previously recommended, we believe that giving us new powers to enforce the candidate spending rules and sanction breaches would bring fairness and clarity to the framework.

## Previous reports on campaign spending and regulation

1.12 The Commission has already published a series of reports and data on other aspects of the May 2015 UKPGE, including:

- Our statutory report on the administration of the 2015 UKPGE, published in July 2015<sup>3</sup>

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<sup>3</sup> Electoral Commission (2015) [The May 2015 UK elections: Report on the administration of the 7 May 2015 elections, including the UK Parliamentary general election](#)

- Spending returns for political parties and non-party campaigners (also known as recognised third parties) spending £250,000 or less at the 2015 UKPGE, published in September 2015<sup>4</sup>
- Spending returns for political parties spending over £250,000, published in January 2016<sup>5</sup>
- Data about spending by candidates at the 2015 UKPGE, published in February 2016<sup>6</sup>

1.13 While this report provides an overview of regulatory issues arising from the UKPGE relating to compliance with the rules, it does not provide detailed information about specific cases which the Commission may have initiated and which we will report on according to our casework Disclosure Policy.<sup>7</sup>

1.14 This is the fourth report on campaign spending published by the Commission following UK Parliamentary general elections.<sup>8</sup> The Commission also carried out a regulatory review of the UK's party and election finance laws which reported and made recommendations for change in June 2013.<sup>9</sup> While the UK Government has not responded formally to our report, several recommendations have been implemented in legislation which has been introduced to and approved by the UK Parliament and also by the Scottish Parliament in relation to the 2014 Scottish independence referendum. In this report we also reiterate a number of recommendations we have made in previous reports.

1.15 This report concludes the Commission's statutory reporting on the May 2015 UKPGE, although we will continue to review and analyse the substantial and detailed data which has been summarised in this report to identify any further issues which may be relevant for future elections.

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<sup>4</sup> Published on our website via <http://www.electoralcommission.org.uk/i-am-a/journalist/electoral-commission-media-centre/news-releases-donations/electoral-commission-releases-uk-parliamentary-general-election-campaign-expenditure-returns-of-less-than-250,000>

<sup>5</sup> Published on our website via <http://www.electoralcommission.org.uk/i-am-a/journalist/electoral-commission-media-centre/news-releases-donations/electoral-commission-releases-uk-parliamentary-general-election-campaign-expenditure-returns-of-more-than-250,000>. No non-party campaigners reported spending over £250,000 at the 2015 UKPGE.

<sup>6</sup> Published on our website via <http://www.electoralcommission.org.uk/find-information-by-subject/elections-and-referendums/past-elections-and-referendums/uk-general-elections/candidate-election-spending?>

<sup>7</sup> Our disclosure policy is available at <http://www.electoralcommission.org.uk/our-work/roles-and-responsibilities/our-role-as-regulator-of-political-party-finances/making-an-allegation>

<sup>8</sup> Electoral Commission (2002) *Election 2001: Campaign spending*; Electoral Commission (2006) *Election 2005: Campaign spending*; Electoral Commission (2011) *UK general election 2010: Campaign spending report*

<sup>9</sup> Electoral Commission (2013) *A regulatory review of the UK's party and election finance laws: Recommendations for change*

## Recommendations for improving the regulatory framework

1.16 The Electoral Commission's statutory role as the regulator of party and election finance in the UK includes a duty to keep the legal framework under review, and report on our conclusions. Chapter 6 of this report outlines our main recommendations for improving the regulatory framework for political parties, candidates and non-party campaigners. In this section we provide a summary of these recommendations. Some of these recommendations will require the UK Government and Parliament to implement changes. Following the implementation of the Smith Commission and St David's Day Agreement, most of the matters covered in these recommendations will also be within the remit of the Scottish Parliament and Welsh Assembly in relation to elections to the Scottish Parliament and National Assembly for Wales and local government elections.

### **Recommendation 1: Investigation and sanctioning powers for non-compliance with candidate spending and donation rules (page 53 of this report).**

We continue to recommend that the Electoral Commission should be provided with investigative powers and sanctions for offences relating to candidate spending and donations at specified elections.<sup>10</sup> We think these tools should *initially* be available at elections where, from our experience, unsanctioned breaches of those rules are likely to have the most impact. These are elections to the following legislatures:

- UK Parliament
- Scottish Parliament
- National Assembly for Wales
- Northern Ireland Assembly

Any proposed changes would need to consider the costs of setting up a new regulatory framework together with the potential regulatory benefits. We would then consider whether these powers should be extended to other elections in due course.

### **Recommendation 2: Spending in constituencies (see page 55 of this report).**

We recommend that the relationship between the definitions of regulated candidate spending and regulated political party spending that has been in place since 2000\* should be reviewed by Governments, Parliaments and others, with a particular focus on spending in constituencies. We intend to

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<sup>10</sup> Recommendation 43, page 79 of our 2013 Regulatory Review

contribute to this consideration by undertaking further analysis of spending reported at recent elections.

\* Representation of the People Act 1983 and Political Parties, Elections and Referendum Act 2000

### **Recommendation 3: Campaigning using social media (see page 56 of this report).**

We will give further consideration to how campaigners should report spend on social media at future elections. As spend in this area grows, there is the potential for less transparency if expenditure on social media is not easily identifiable within the spending returns because social media is not a specific reporting category\*. This will need to be considered as part of reviewing all of the expenditure reporting categories to ensure that they remain proportionate and relevant to future trends in campaigning. We recommend that Governments and Parliaments should consider the timing needed for implementing changes before the next major elections expected in 2019, 2020 and 2021\*\*.

\* The reporting categories for the spending returns are set out in legislation.

\*\* European Parliament Elections in 2019, UK Parliamentary General Election in 2020 and elections to the Scottish Parliament, Welsh Assembly and Northern Ireland Assembly in 2021.

### **Recommendation 4: Regulation of spending on staff time dedicated to election campaigning (see page 57 of this report).**

We continue to recommend that, in principle, staff costs associated with regulated campaign spending should be included within the regulatory controls for all types of campaigners: candidates, political parties and non-party campaigners. The solutions outlined in our Regulatory Review<sup>11</sup> provide a solid foundation for introducing changes and addressing the anomaly that means that the spending controls for political parties do not cover a potentially large strand of their election campaign spending. The Government should give further consideration to this issue when proposals for wider changes to the rules are developed. We have developed two options that could form the basis for further testing and consultation with political parties and other campaigners.

### **Recommendation 5: Sanctions for non-compliance with obligations placed on political parties and other campaigners under PPERA (see page 59 of this report).**

We think there is a case for reviewing and increasing the present cap of £20,000 on our power to issue sanctions. It is important to keep the cap under review, particularly in light of experience from the initial 5 years of the civil sanctions regime and comparisons with other regulatory and sanctioning systems. As the cap is set in legislation, any increase would need to be implemented by Government and/or Parliament.

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<sup>11</sup> Recommendation 25, page 50 of our 2013 Regulatory Review



**Recommendation 6: Joint campaigning by registered non-party campaigners (see page 61 of this report).**

We continue to recommend that the UK Government amend the recently introduced legal provisions for lead and minor non-party campaigners working in a joint campaign, to require minor campaigners to provide accurate spending information to the appointed registered lead campaigner.

We also recommend that a campaigner in a joint campaign should be required to report the total spending of itself and its partners, not just its own spending, for transparency purposes and for verifying compliance with the spending limits.

**Recommendation 7: Targeted spending by registered non-party campaigners (see page 63 of this report).**

For future elections, we recommend that the UK Government introduce a specific mandatory reporting category for targeted expenditure that non-party campaigners have incurred and spent in relation to an authorisation given by a political party. Without this requirement, the recently introduced targeted spending provision only provides limited transparency and it is difficult to identify in the spending returns how much targeted spend has been incurred.

**Recommendation 8: Expected changes to UK parliamentary constituency boundaries and impact on campaigner spending limits (see page 64 of this report).**

It will be important to consider the implications of the UK Parliamentary constituency boundary review in relation to spending limits for candidates, political parties and non-party campaigners before the next UKPGE expected in 2020\* to ensure that spending limits reflect any changes to the size and number of constituencies and to also ensure that campaigners can adequately communicate messages to voters. We recommend that the UK Government take this into account when planning for the implementation of the boundary review.

\* The regulated period for the expected 2020 UKPGE is expected to commence in May 2019.

**Recommendation 9: Publication of candidate spending returns (see page 65 of this report).**

To improve transparency and accessibility of candidate spending returns, we continue to recommend that Returning Officers should be required to publish spending returns online as well as through the existing methods of public

inspection. We support recommendation 12-5 of the Law Commissions' review<sup>12</sup> of Electoral Law which proposes a method for implementing this change through legislation.

**Recommendation 10: Clearer candidate spending limits (see page 67 of this report).**

To reduce the risk of candidates spending over the limit, and of unintended non-compliance with the rules, we continue to recommend that the spending limits should be made clearer for candidates and their agents. We support the method proposed in recommendation 12-3<sup>13</sup> from the Law Commissions' review of Electoral Law that, when based on formulas set out in legislation, the limits for candidates at elections should be published by the Returning Officer along with the notice of election. This change would need to be implemented through legislation.

**Recommendation 11: Simplifying the rules on pre-candidacy spending and donations (see page 68 of this report).**

At the 2010 and 2015 UKPGE we have observed that having two separate candidate regulated periods and two separate spending limits causes administrative burdens on candidates and agents and adds to the risk of non-compliance with the rules. We provide more details on this in our 2013 regulatory review.<sup>14</sup> We continue to recommend that the UK Government consult campaigners on this matter as part of its next review of candidate regulation.

**Recommendation 12: Pre-election reporting of donations for UK general elections: Political parties and non-party campaigners (see page 70 of this report).**

We continue to recommend that the UK Government implement our proposals to replace weekly pre-election donation reporting for political parties and non-party campaigners with a single report that would cover most of the period between the dissolution of Parliament and polling day<sup>15</sup>. The report should only be required from political parties that are standing candidates in that election and receive a reportable donation or loan during the relevant period. Making these changes would reduce the regulatory burden upon these campaigners while retaining the same level of pre poll transparency as under the current rules.

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<sup>12</sup> Recommendation 12-5, page 165 [http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral\\_law\\_interim\\_report.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral_law_interim_report.pdf) and recommendation 35 of our 2013 Regulatory Review

<sup>13</sup> Recommendation 12-3, page 161 [http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral\\_law\\_interim\\_report.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral_law_interim_report.pdf) and recommendation 37 of our 2013 Regulatory Review

<sup>14</sup> Recommendation 36, page 64 of our 2013 Regulatory Review

<sup>15</sup> Recommendation 10, page 26 of our of our 2013 Regulatory Review

## Recommendations on candidates and campaigners repeated from UKPGE July 2015 report

1.17 We made a number of recommendations for the regulatory framework in our first report on the 2015 UKPGE, published in July 2015. Here, we repeat the four recommendations from that report that specifically relate to political parties, candidates and campaigners. (The numbering of the recommendations in this section mirrors the numbering in the July 2015 report.)

### **Recommendation 10: Registration of party names and descriptions for use on ballot papers** (page 63 of 2015 UKPGE report published July 2015)

We continue to recommend that where a candidate represents a political party on an election ballot paper, it should be clear to voters which party the candidate represents. We are concerned that the legal provisions for registration of party descriptions present risks of confusion for voters and restricts the participation of political parties.

The UK Government should reform or remove the provisions on party descriptions. It will be important to consult political parties, other governments with legislative competence over elections within the UK, and the Commission on the practical considerations of achieving this change.

### **Recommendation 11: Transparency and regulation of open primary party selection contests held close to an election or during a candidate regulated period** (pages 73-74 of 2015 UKPGE report published July 2015)

We recommend that governments with legislative competence over elections within the UK should consider transparency and regulation of open primary party selection contests held during a candidate regulated period.

If an open primary contest takes place **during** a candidate regulated period, the campaign spending that promoted the successful open primary contestant should be transparent and subject to appropriate limits, and relevant donations towards this spending should be subject to appropriate controls. Consideration should also be given to transparency of the costs of unsuccessful primary contestants and the central party in relation to such open primaries. We would be happy to work with political parties and relevant governments to discuss how this could be achieved within the existing regulatory framework.

### **Recommendation 12: Costs relating to an individual's disability** (page 74 of 2015 UKPGE report published July 2015)

Governments with legislative competence over elections within the UK should amend the definitions of political party and candidate spending so that

reasonable expenses that can be attributed to an individual's disability are exempt, (as was recently set out in the revised PPERA rules for non-party campaigners).<sup>16</sup>

**Recommendation 13: Costs relating to translation from Welsh to English and vice versa** (page 74 of 2015 UKPGE report published July 2015)

As the PPERA non-party campaigner rules now exempt the costs associated with translating Welsh to English and vice versa, we recommend that equivalent legal provisions should be introduced into the election rules covering spending by political parties and candidates by the relevant government/s at that time.<sup>17</sup>

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<sup>16</sup> and <sup>17</sup> Some of these matters fall within the competence of the UK Government and UK Parliament to implement changes, and following the implementation of the Smith Commission and St David's Day Agreement, these matters will also be within the remit of the Scottish Parliament and Welsh Assembly in relation to elections to the Scottish Parliament and National Assembly for Wales and relevant local government elections.

## 2 Summary of the rules for campaigners

### Political parties

2.1 Under PPERA, political parties contesting a UK Parliamentary general election (UKPGE) are subject to campaign spending rules during the 365 days that precede the poll (the 'regulated period'). The rules include a spending limit and reporting requirements for expenditure.

2.2 The regulated period for registered political parties at the 2015 UKPGE was slightly shorter than the usual 365 days. It ran from 23 May 2014 to polling day on 07 May 2015 (It began on the day after a separate regulated period ended for the elections to the European Parliament held on 22 May 2014).<sup>18</sup>

2.3 During a regulated period, the spending limit for each political party contesting multiple seats at a UKPGE is based on the number of constituencies the party is contesting in each of England, Scotland, Wales and Northern Ireland.<sup>19</sup> For a party contesting all 650 seats in the United Kingdom the spending limit would be £19.5m. The limits apply to certain types of expenditure set out in PPERA, including party political broadcast production costs, advertising, unsolicited mail, manifestos and party policy publications, market research, press conferences and services, transport, rallies and public meetings.

2.4 All political parties standing two or more candidates at the UKPGE had to submit a campaign spending return to the Commission after the election setting out their campaign spending.<sup>20</sup> Each return had to detail all campaign spending during the regulated period and had to include invoices and/or receipts to support each item of expenditure exceeding £200 in value. The submission deadlines for political parties to submit their spending returns were as follows:

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<sup>18</sup> Unlike the UKPGEs in 2005 and 2010, the regulated period for the 2015 UKPGE was not 'combined' with the regulated period for the European Parliament Elections which directly preceded it. This was because of changes implemented by the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014.

<sup>19</sup> The spending limit for each party is calculated by the number of seats it contests multiplied by £30,000, or £810,000 in England, £120,000 in Scotland, and £60,000 in Wales (whichever is higher). In the case of candidates standing on behalf of two parties, the expenditure limit for each party is halved (to £15,000).

<sup>20</sup> Parties that stood only one candidate did not have a party spending limit. Instead the candidate would be subject to the separate candidate spending limit.

- For political parties that spent £250,000 and under, the deadline for submission was 7 August 2015.
- For political parties that spent over £250,000 the deadline for submission was 7 November 2015.

2.5 All political parties that spent in excess of £250,000 during the regulated period also had to submit an independent auditor's report with their spending return. The Commission publishes copies of returns along with the auditor's report on our website as soon as practicable after they are received.<sup>21</sup>

2.6 As well as controls on spending, political parties are also subject to rules on donations and loans. Under PPERA, political parties must report to the Commission every three months the donations and loans they have accepted. Following the dissolution of Parliament prior to a UKPGE, political parties contesting the election are additionally required to submit weekly reports of donations (including public funds) and loans above £7,500 that the central party has received (but not necessarily accepted). At the 2015 UKPGE this weekly reporting requirement applied between 30 March and 7 May. As with spending returns, details of donations and loans received by political parties are published on our website as soon as practicable after they are received.

2.7 For political parties that fail to follow the rules, the Commission has the power to investigate these breaches and to issue sanctions where appropriate. These powers were set out in the Political Parties and Elections Act 2009 (PPEA 2009), but introduced after the 2010 UKPGE. The 2015 UKPGE was the first UK parliamentary general election when the Commission could use these powers.

## Candidates

2.8 During the UKPGE regulated period, separate rules are applied to candidates. The RPA, as amended by PPEA 2009, sets expenditure limits for qualifying expenses and requirements on the treatment and reporting of donations to candidates during this period. This was the second UKPGE to be contested under rules introduced in the PPEA 2009 for a separate 'long' and 'short' regulated period.

2.9 The 'long' period' ran from 19 December 2015 until the dissolution of Parliament on 30 March 2015. During this period the expenditure limit for candidates was based on a formula of a fixed amount of £30,700 plus either 9p per elector for county constituencies (which are predominantly rural) or 6p per elector in borough (burgh in Scotland) constituencies (which are predominantly urban). The 'short' regulated period ran from 30 March to 7 May 2015. The campaign expenditure limit was based on a formula of a fixed

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<sup>21</sup> Copies of the returns can be found here: <http://www.electoralcommission.org.uk/i-am-a/journalist/electoral-commission-media-centre/news-releases-donations/electoral-commission-releases-uk-parliamentary-general-election-campaign-expenditure-returns-of-more-than-250,000?>

amount of £8,700 plus the 6p and 9p per elector figures above. The resulting total limit was around £39,400 depending on the nature of each constituency and its electorate.

2.10 The candidate spending limits were increased ahead of the 2015 elections by Order to take effect in the May elections in 2015. This was the first increase since 2005. In March 2014, based on evidence for change and consultation with political parties, we recommended that the UK Government should increase the 'long' campaign limit for candidates standing in UK Parliamentary general elections. Our assessment of the evidence did not support recommending an increase in the 'short' campaign spending limit. The Secretary of State chose a different approach from our recommendation and instead used powers under the RPA to increase all the above spending limits based on changes in the value of money.<sup>22</sup>

2.11 Candidates' expenses are not included in the spending return provided by the political parties. Under RPA, candidates are required to submit separate expenditure returns which set out qualifying expenses and include details of donations received over £50 to their relevant Returning Officer (RO) (or Chief Electoral Officer in Northern Ireland) within 35 days of the result being announced. The RO must then make these returns available for public inspection and forward copies to the Commission.

2.12 Returning Officers are responsible for making available for public inspection the candidate spending returns. Unlike party returns, which are free to inspect and make copies of, returning officers can charge a nominal fee to those requesting copies of candidate returns to cover costs associated with making those copies available.

2.13 The Commission has a duty to monitor and take all reasonable steps to secure compliance with these rules, but has no power to investigate alleged breaches of the rules or issue sanctions if candidates are found to have breached the rules. Instead, these offences are subject to investigation by the police and prosecuted by the DPP.

## Non-party campaigners

2.14 The law also places spending limits on those people and organisations that are not seeking to be elected but are campaigning to influence the outcome of an election. We refer to them as 'non-party campaigners' and they fall into two categories:

- 'local non-party campaigners'
- 'general non-party campaigners'

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<sup>22</sup> See page 62 for a summary of our recommendations: [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0006/190959/UKPGE-report-May-2015-1.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0006/190959/UKPGE-report-May-2015-1.pdf) Our recommendations took into account the significant rise in the cost of postage since 2005, the extension of the election timetable for UK Parliamentary general elections from 17 to 25 working days<sup>80</sup> and historical data on candidate spending.

2.15 Although these rules were established at the same time as the rules for candidates and political parties, additional rules were introduced for non-party campaigners as a result of the Transparency of Lobbying, Non-party Campaigning and Trade Union Administration Act 2014 (the 2014 Act):

2.16 Local non-party campaigners are not required to register with the Commission but, under the RPA, they are limited to expenditure of £700 towards campaign activity after Parliament has been dissolved.<sup>23</sup> Investigations into potential breaches of the local non-party campaigner rules are a matter for the Police.

2.17 'General non-party campaigners' is the term we use for those campaigning for or against of one or more registered political parties or a particular category of candidates. These non-party campaigners that could reasonably be regarded as intending to spend over £20,000 in England during the regulated period for a UKPGE in support of one or more registered political parties or category of candidates, or more than £10,000 in any of Scotland, Wales and Northern Ireland, are required under PPERA to register with the Commission as a 'recognised third party'. We refer to these as *registered* non-party campaigners. Our investigation and sanctioning powers only apply to general non-party campaigners.

2.18 Registered non-party campaigners must comply with campaign spending rules and donations rules during the 365 day period before an election. However in the 2015 UKGPE, this period was shortened to 7.5 months and began on 19 September 2014. This was to allow campaigners time to familiarise themselves with changes to the rules introduced under the 2014 Act. The new rules included a new duty to report on donations received by these campaigners in the period before the election, and controls on their spending in individual constituencies, and are further discussed in Chapter 6.

2.19 As with political parties, separate spending limits apply in each part of the United Kingdom. For the 2015 UKPGE, the limit in England was £319,800, in Scotland it was £55,400, in Wales it was £44,000 and in Northern Ireland £30,800.

2.20 Also like political parties, registered general non-party campaigners must additionally submit an expenditure return with documentation. The deadline for submission was 7 August 2015 for campaigners that spent up to £250,000 and 7 November 2015 for those which spent more than £250,000 (together with an independent auditor's report). This expenditure return must also include a statement of all relevant donations and loans. The Commission must make copies of the returns available and publishes them on its website as soon as practicable after they are received.

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<sup>23</sup> Although local non-party campaigners are not required to report spend if the total is under £700, they are expected to be able to provide details on their campaigning activity costs if requested.



2.21 At the time of this report's publication, Lord Hodgson of Astley Abbots is conducting a statutory review to consider the operation and effectiveness of the rules for regulating non-party campaigners, including looking at how the new rules worked in practice<sup>24</sup>. His recommendations are expected to be published in 2016. We have engaged closely with this review and provided an in depth response to the review's call for evidence in August 2015.<sup>25</sup>

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<sup>24</sup> Third Party Campaigning Review conducted by Lord Hodgson

<https://www.gov.uk/government/organisations/third-party-campaigning-review>

<sup>25</sup> Electoral Commission submission to Lord Hodgson's review of third party campaigning.

[http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0007/192049/Third-Party-Campaigning-Review-Response.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0007/192049/Third-Party-Campaigning-Review-Response.pdf)

# 3 Summary of trends in reported campaign spending

3.1 PPERA sets out the spending limits for political parties and registered non-party campaigners at elections and requires both to submit spending returns after that election detailing campaign spend against expenditure reporting categories. The Commission uses these returns to ensure that all campaigners have complied with the relevant regulatory controls on spending and to identify any issues that may emerge from the current rules.

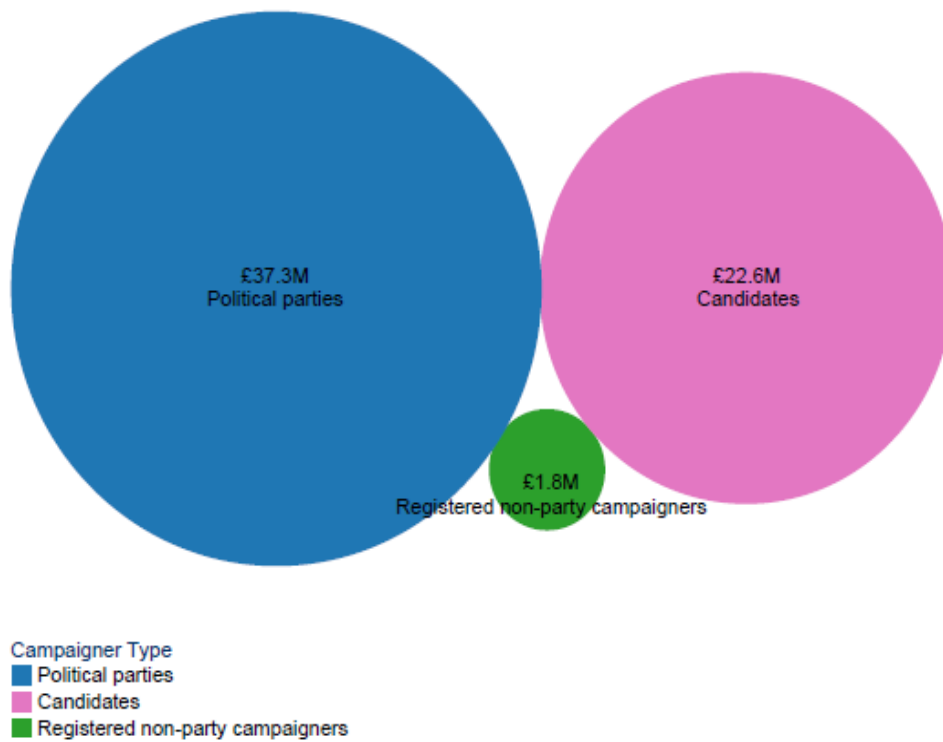
3.2 We also publish these returns to aid transparency for voters and use them as the starting point for launching investigations into any breaches of the limits that may have occurred. Similar provisions for candidates are set out in RPA, but we do not have equivalent investigatory powers. This chapter summarises the levels of spending reported by political parties, non-party campaigners and candidates at the 2015 UKPGE against the expenditure reporting categories that are set out in the legislation.

3.3 It also provides analysis of the expenditure reported for 2015 as well as identifying trends in spending in the 3 UKPGEs that have taken place between 2005 and 2015.

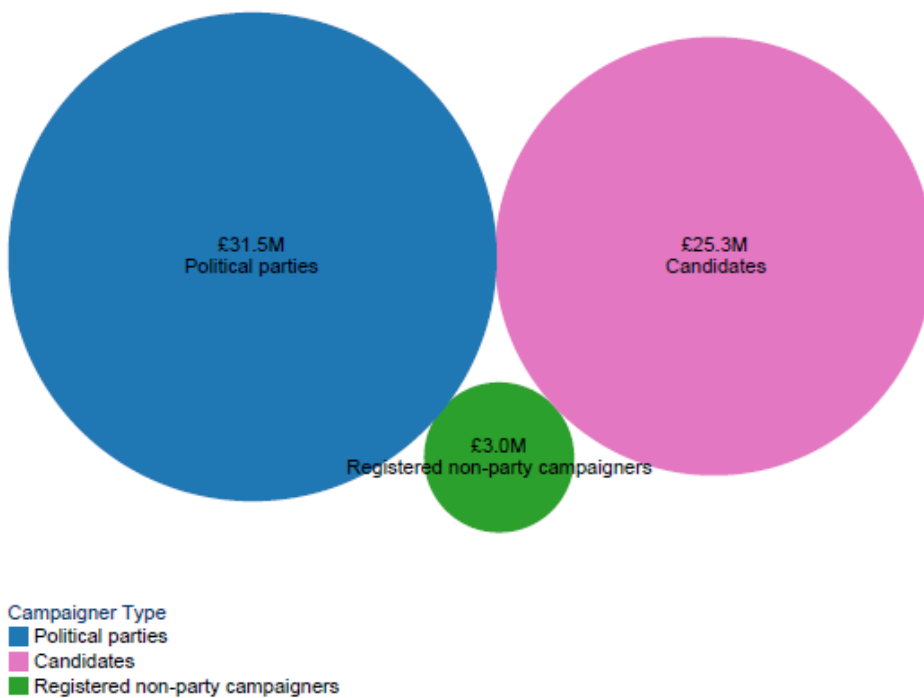
## Headline spending of all election campaigners

3.4 The three campaigner types that reported spending at the 2015 UKPGE were political parties, candidates and non-party campaigners. The total reported expenditure of those that registered as a campaigner and reported spending at the 2015 UKPGE is provided below in Chart 1. For comparative purposes, the total reported spending at the 2010 UKPGE is provided in Chart 2.

**Chart 1: Total reported campaign expenditure by campaigner type 2015**



**Chart 2: Total reported campaign expenditure by campaigner type 2010**



3.5 The returns for political parties, candidates and non-party campaigners are all subject to different rules and are submitted in separate returns, as described in chapter 2. Chart 3 below provides a summary of total reported

expenditure by party candidates during the 'long' and 'short' campaign periods compared with their parties total reported expenditure in the 2015 UKPGE and the 2010 UKPGE.

3.6 A total of 3971 candidates contested the 2015 UKPGE. Of these, 3799 stood as party candidates, representing 134 political parties, and 170 stood as independents. This compares with 4,150 candidates contesting the 2010 UKPGE, when 330 stood as independents, with the remainder representing 138 political parties. Of the 134 registered political parties who stood candidates in 2015, only 11 had candidates elected to the UK Parliament, the same as in 2010.

**Chart 3: Reported candidate and party expenditure in 2010 and 2015**

Party	Part of UK contested seats	Party		Candidate (Short)		Candidate (Long)	
		2015 UKPGE	2010 UKPGE	2015 UKPGE	2010 UKPGE	2015 UKPGE	2010 UKPGE
Alliance - Alliance Party of Northern Ireland	NI	17,047	23,944	34,905	39,636	6,712	534
Conservative Party	GB	15,587,957	16,682,874	3,977,243	4,881,646	4,392,804	4,963,538
Democratic Unionist Party - D.U.P.	NI	58,183	59,086	116,395	113,664	22,041	14,891
Green Party	England/Wales	1,131,018	325,424	285,007	213,616	184,445	117,570
Labour Party	GB	12,099,263	8,016,226	3,353,789	3,595,301	3,221,700	2,881,344
Liberal Democrats	GB	3,529,106	4,787,593	1,447,069	2,713,603	1,379,785	2,364,531
Plaid Cymru - The Party of Wales	Wales	97,140	144,934	117,544	148,511	67,722	101,963
Scottish National Party (SNP)	Scotland	1,475,478	315,777	421,567	292,863	159,180	98,727
SDLP (Social Democratic & Labour Party)	NI	59,448	52,339	77,117	88,827	17,215	11,106
Sinn Féin	NI	35,495	64,078	105,236	68,098	15,106	35,732
UK Independence Party (UKIP)	GB	2,851,465	732,751	1,154,891	571,533	1,086,401	233,001
Ulster Unionist Party	NI	52,976	16,692	74,007	120,381	14,899	13,167
Other	*	255,644	271,965	599,902	1,231,413	221,869	425,101
Grand Total		37,250,219	31,493,685	11,764,672	14,079,093	10,789,880	11,261,204

Parties included had candidates elected to the UK Parliament (2010 or 2015). Expenditure by joint Labour and Co-operative Party candidates has been included under 'Labour Party'. There was a Conservative & UUP alliance in 2010 (joint candidate spending shown). Ulster Unionist Party expenditure does not include Conservative Party (NI).

# Political party spending

3.7 Controls on expenditure at elections for political parties were introduced by PPERA in 2000. Prior to this, political parties were not required to report on what they had spent during a UKPGE. Since their introduction, these controls have had effect in four UKPGEs: 2001, 2005, 2010 and 2015, which has allowed the Commission to gather data on political party spending at each election.

3.8 The six political parties that submitted returns for spending over £250,000 on regulated campaigning were the Conservative Party, the Green Party (contesting elections in England and Wales), the Labour Party, the Liberal Democrats, the Scottish National Party (SNP) and the United Kingdom Independence Party (UKIP). Forty-two political parties reported spending below £250,000 and submitted returns for expenditure totalling £315,090. A further sixty-one political parties submitted nil returns.

3.9 The 2015 UKPGE was closely fought. There was speculation of another hung Parliament and either a minority Government or a Coalition Government, following the Coalition Government led by the Conservative and Liberal Democrat political parties from 2010 to 2015. In the event, the Conservative Party secured a majority with 331 seats, the Labour Party won 232, the SNP increased their number of seats from 6 to 56 and the Liberal Democrats lost 49 seats, winning only 8, the largest reduction in seats for a party at the election. Chart 4 below shows the main political parties' percentage of vote share at the 2015 UKPGE, the change since the 2010 UKPGE and the number of seats each party won. We comment further on the number of seats won by other political parties later in this chapter.

**Chart 4: 2015 UKPGE Party Share of total votes and seats won<sup>26</sup>**

<b>2015 UKPGE Party Share of Total Votes</b>			
<b>Political Party</b>	<b>Seats won</b>	<b>Percentage share of vote UKPGE 2015 %</b>	<b>Change since 2010 UKPGE %</b>
Conservative	331	36.9	0.8
Labour	232	30.4	1.5
UKIP	1	12.6	9.5
Liberal Democrat	8	7.9	-15.2
Scottish National Party	56	4.7	3.1
Green Party	1	3.8	2.8
Democratic Unionist Party	8	0.6	0
Sinn Fein	4	0.6	0
Plaid Cymru	3	0.6	0

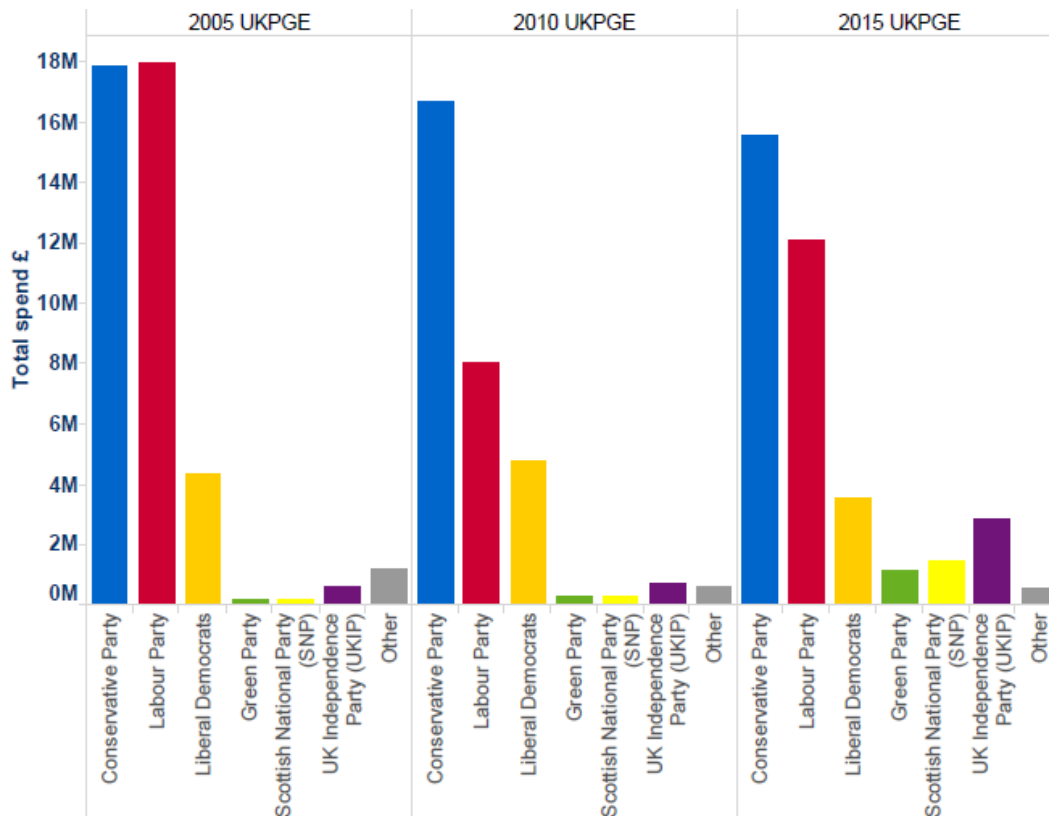
<sup>26</sup> <http://www.bbc.co.uk/news/election/2015/results>

## Summary of levels of reported party spending

3.10 Total reported national campaign expenditure by all political parties across the UK in the 2015 UKPGE was £37.3m (see Chart 1). This was an increase on overall reported party spending of £31.4m in 2010 but less than the £42.2m spent in 2005.

3.11 Five of the political parties that submitted returns for spend over £250,000 reported an increase in spending since 2010, with the Labour Party reporting the highest spend increase from slightly over £8m in 2010 to slightly over £12m in 2015 (see chart 5). The SNP reported spending of £1.476m compared with £0.3m in 2010. UKIP reported spending over £2.8m, an increase from the £0.7m spent in 2010.

**Chart 5: Total expenditure by political parties who reported spending over £250,000 at the 2005, 2010 and 2015 UKPGEs**



3.12 The Conservative Party was the only party to report a reduction in its overall spending from £16.6m in 2010 to £15.5m in 2015. Overall, the Labour and Conservative Political parties were still the biggest spenders, spending over two thirds of the total reported spend. The Conservative Party accounted for 41% of the entire amount spent by political parties across Great Britain during the campaign compared to 52% in 2010. The Labour Party spent 32%

of all party expenditure compared with 25% in 2010. The Liberal Democrats reduced their share from 15% in 2010 to 9.4% in 2015.

3.13 Together, these three political parties together accounted for 94% of all party expenditure in Great Britain at the election, at £37m. Between them, these three political parties accounted for 98% of the seats won in Great Britain.

3.14 In England, reported spend by the five political parties<sup>27</sup> contesting the 533 constituencies totalled £35.1m, forming 82 % of all UK wide reported political party expenditure. This was higher than the reported spend of £30.5m in 2010. There was some variation in the levels that these parties individually reported for the 2015 UKPGE compared with the 2010 UKPGE (see chart 6).

3.15 Spend in Northern Ireland by the five main political parties totalled £221,143, a slight increase on the £210,139 spent in 2010. The political parties broadly spent similar amounts in 2015 as they did to 2010, except for Sinn Féin who nearly halved their total spend from £64,078 to £35,495 compared with the Ulster Unionist party who increased their spend significantly from £10,692 in 2010 to £52,970 in 2015 (see chart 3).<sup>28</sup>

3.16 In Northern Ireland, the Social Democratic and Labour party (SDLP) spent £59,500 and retained its three seats. The Democratic Unionist Party (DUP) spent £58,000 and won eight seats, whilst the Ulster Unionist Party spent £53,000 and won two seats. Sinn Fein spent £35,500 and won 4 seats, which was one fewer than in 2010. The Conservative and Unionist Party spent £18,000 but did not win any seats in Northern Ireland. The Alliance Party spent £17,000 but did not retain the seat that it had won for the first time in 2010. Lady Sylvia Hermon, standing as an independent was also elected in North Down. Chart 6 provides a breakdown of party and candidate spend for the main political parties in 2010 and 2015, including the main Northern Ireland political parties.

3.17 In Scotland, total reported spend by all political parties was £4.7m forming 12.8% of all UK party expenditure, with the SNP winning 56 of the available 59 seats (see chart 7), an increase of 50 seats from the 2010 election result. The Labour Party spent the largest amount at £1.6m or 34.3% of all reported spend in Scotland. The SNP reported the second largest spend in Scotland at £1.47m, or 30.9% of all political party expenditure in Scotland (see chart 6 below). Labour, the Liberal Democrats and the Conservatives won one seat each.

3.18 In Wales, £2.01m was reported as being spent by the main political parties, with the Conservative Party spending the majority at £844,000, or 42% of the total reported spend. Plaid Cymru spent a reported £97,140

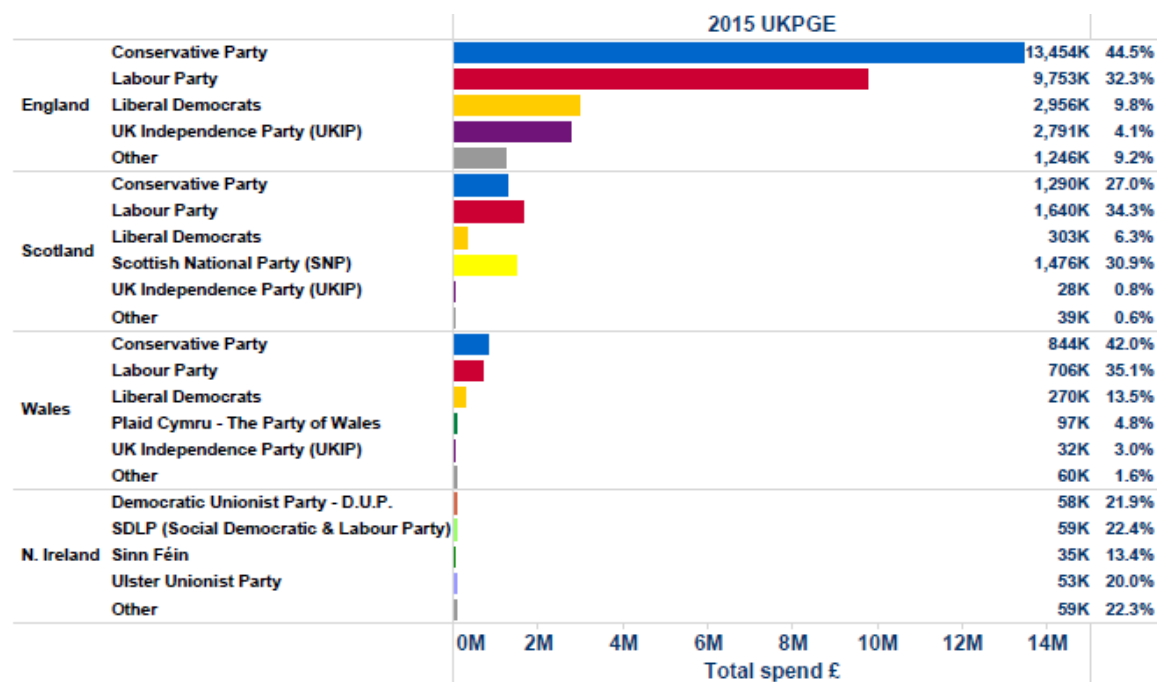
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<sup>27</sup> These parties were the Labour Party, the Conservative Party, the Green Party, the Liberal Democrats and UKIP.

<sup>28</sup> In 2015 the UUP stood combined candidates with the Conservative party under UCUNF which explains the increase in their reported spend.

compared with £144,934 in 2010. The Labour Party reported spending £706,000, forming 35.1% of all reported party expenditure in Wales. Of the 40 seats in Wales, the Conservative Party gained 3 seats to take them from 8 in 2010 to 11 in 2015; the Labour Party lost one seat taking them to 25. Plaid retained their 3 seats won in 2010.

**Chart 6: Reported political party election expenditure by part of the UK for the 2015 UKPGE**



Note: The final column depicts the percentage of reported spending for that area of the UK by each listed political party

## Observations about party spending

### Geographical spread of spending

3.19 The geographical spread of party expenditure reported across the United Kingdom was broadly in proportion to the number of constituencies in each part of the country, with 81.1% of party expenditure incurred in England, similar to the 82.2 % in 2010. There was an increase in Scotland from 9.8% in 2010 to 12.8% of UK expenditure in 2015 and a slight reduction in Wales from 6.9% in 2010 to 4.5% in 2015. Spending by political parties in Northern Ireland was proportionally lower, accounting for just over 0.7% of all party spending across the United Kingdom, broadly similar to spend in Northern Ireland in 2010. Chart 7 below shows the available number of seats in each part of the UK and the proportion of spending reported by political parties for each part of the UK.



**Chart 7: Total reported party expenditure by part of the UK 2015**

<b>Total reported party expenditure and seats won</b>				
<b>Part of UK</b>	<b>Total expenditure (£000)</b>	<b>Total expenditure %</b>	<b>Seats</b>	<b>% of seats</b>
England	30,192	81.1	533	82
Scotland	4,775	12.8	59	9.1
Wales	2,010	5.4	40	6.2
Northern Ireland	265	0.7	18	2.8
<b>Grand Total</b>	<b>37,243</b>	<b>100</b>	<b>650</b>	<b>100</b>

### **Reported spending in relation to spending limits**

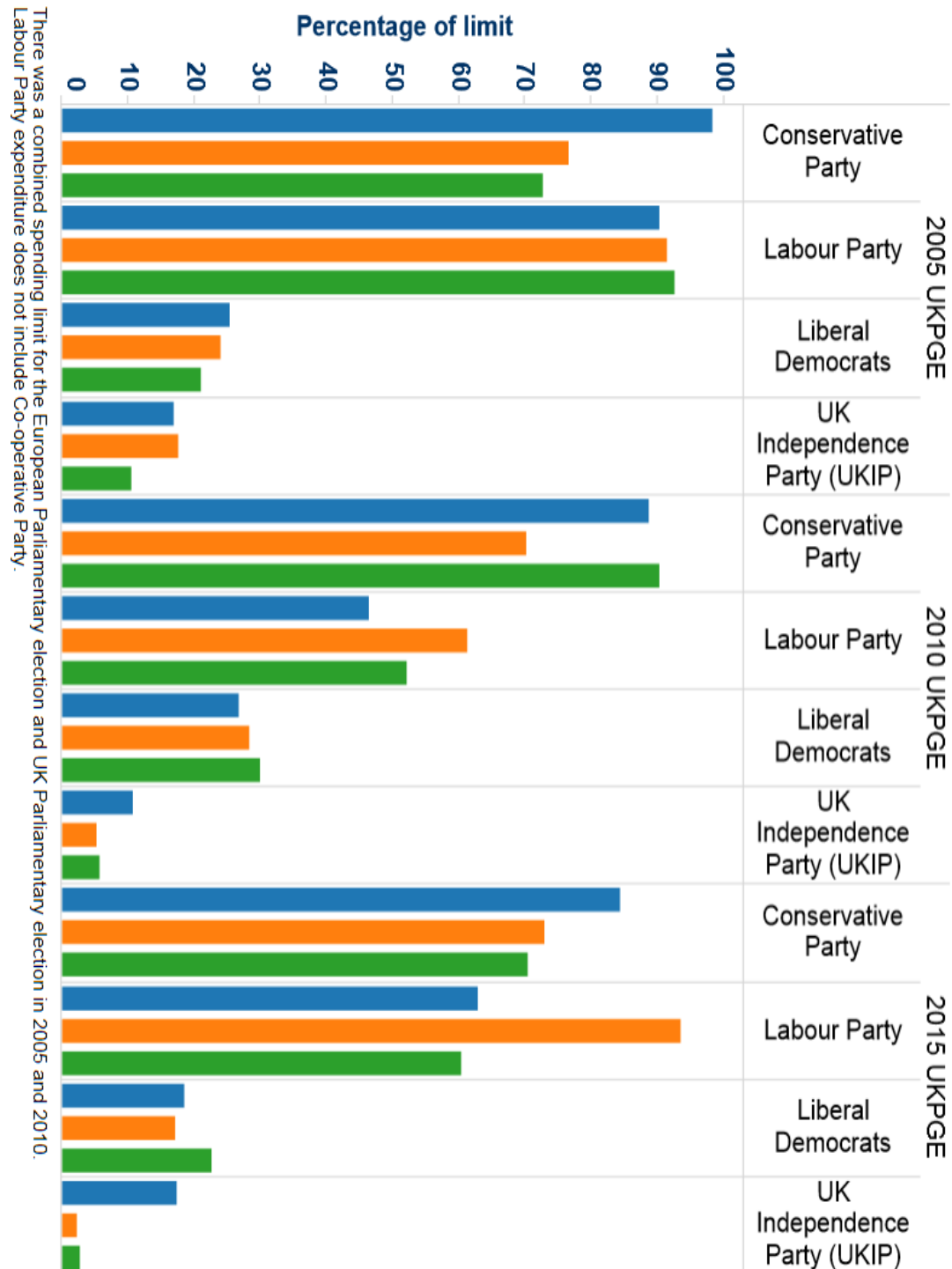
3.20 The spending returns indicate that all of the political parties' reported and regulated national campaign spending was within the applicable spending limits. The maximum amount political parties contesting seats across Great Britain can spend is based upon a formula set out in PPERA which limits spend to £30,000 per constituency. At the 2015 UKPGE, all 632 constituencies were contested in Great Britain<sup>29</sup> and the applicable total maximum spending limit per party was £18.96m.

3.21 Chart 5 shows the spending by the four political parties that contested elections across Great Britain (Labour, Conservative, Liberal Democrat, and UKIP) as a percentage of the national expenditure limits in Great Britain for the last three UK general elections. The only one of these political parties that spent a higher proportion of the limits in all parts of the UK in 2015 than in 2010 was the Labour Party, whose largest increase against the spending limits occurred in England, rising from 61% to 93%. The Conservative Party spend was lower in 2015 in England and Wales compared with 2010 but they reported a 3% increase in spend in Scotland and a drop in spend in Wales from 90% of the limit in 2010 to 70% in 2015.

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<sup>29</sup> This figure excludes the 18 constituencies contested in Northern Ireland.

**Chart 8: GB wide reported political party expenditure as a percentage of national limits in 2010 and 2015**



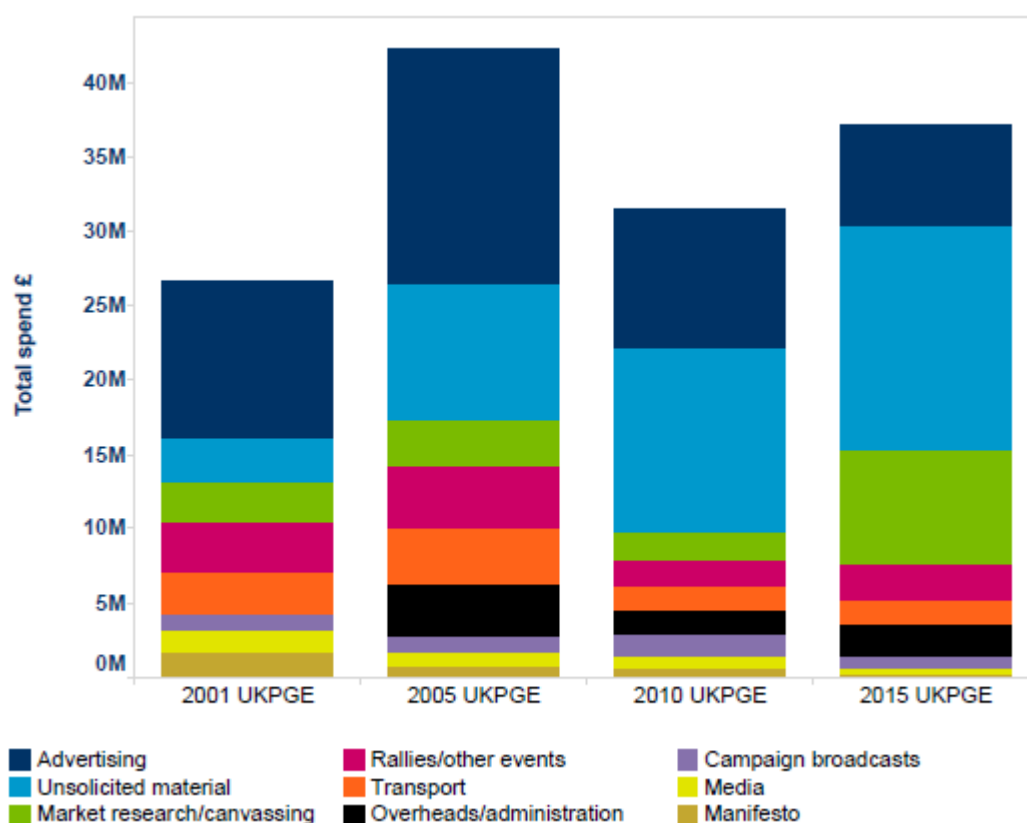
■ England  
■ Scotland  
■ Wales

3.22 Of the political parties who contested seats only in Scotland, Wales or Northern Ireland, the SNP reported spending £1.476m, forming 31% of all reported party expenditure in Scotland, a considerable increase in spend from their reported spend of £442,000 in 2010. In Wales, Plaid Cymru reported spending £97,000, or 4.8% of all reported party spend in Wales. In Northern Ireland, the largest reported party spend was by the SDLP, at £59,000 or 22.4% of all reported spend in Northern Ireland (chart 6).

### Party spending on regulated categories of campaigning

3.23 The spending limits apply to certain types of expenditure as detailed in PPERA, including party political broadcast production costs, advertising, unsolicited mail, manifestos and party policy publications, market research, press conferences and services, transport, rallies and public meetings. Chart 9 shows the levels of spending that political parties reported spending on the different categories of regulated campaigning.

**Chart 9: All political party reported expenditure by category, 2001 to 2015**



3.24 One of the main trends in reported party spending is a pattern of decline in advertising as a percentage of total expenditure, from 37.4% in 2005, 29.3% in 2010 and 18.4% in 2015. This represents a drop in spend from £15.8m in 2005, to £9.2m in 2010 and £6.9m in 2015. Expenditure on unsolicited material followed the trend in 2005 and 2010 and increased as a

percentage of the total, to make up 40.4% of expenditure or £15m in 2015 (see chart 9), up from the reported £12.4m in 2010 (39%).

3.25 Another noticeable increase in spend was the use of market research which increased from 5.9% in 2010 to 20.5% in 2015 of the total reported expenditure (from £1.8m to £7.6m in 2015). Spending on campaign broadcasts fell from £1.5m or by 4.8% in 2010 to £806,000 in 2015. This change in campaigning activity expenditure may be indicative of a move away from traditional campaigning techniques to online ones that are more targeted.

## Spending on social media

3.26 The use of social media has grown within the UK since the 2005 and 2010 UKPGEs. Accordingly, there is increasing interest about campaigners' use of social media during the 2015 election and its overall cost as a campaign activity.

3.27 Online campaigning can vary from low cost informal activity to spending through social media providers such as YouTube, Facebook and Twitter, or staff costs associated with updating these communication channels. Some campaigners advertised on social media such as Facebook and YouTube, or placed election campaign adverts on websites and these costs will typically have been greater than informal use of social media.

3.28 Although there are no specific controls in the PPERA or RPA rules on the use of social media or digital campaign methods any such regulated spending by political parties would be subject to existing spending limits and reportable after the election. It is likely to be reportable as advertising or unsolicited campaign material and this applies whether it is conducted online, via social media or in another format (The same applies in the rules for non-party campaigners and/or candidates).

3.29 As use of social media evolves, it will be important to monitor and understand changing campaigning techniques. The ability to fully identify spend by campaigners on online campaigning at the 2015 UKPGE is limited. Social media is not a separate reporting category, therefore we can only conduct analysis of spending that is reported and categorised under the existing categories, such as 'advertising' or 'unsolicited material sent to voters'.

3.30 This means we have only been able to identify limited examples of some spend on social media in the invoices and receipts that political parties and non-party campaigners have submitted as part of their spending returns. Our available data on social media spend is limited to identifiable social media providers (Twitter, YouTube, Facebook) where the spending was directly incurred with that provider, and does not take into account spending on social media from less recognisable providers or through consultancies or intermediary agencies.

3.31 We can therefore provide an indicative picture of how much was spent by campaigners on social media during the 2015 UKPGE but it will not fully reflect the full costs or role that it played during the election.

3.32 From the returns submitted by political parties that reported spend over £250,000 it would appear that social media spend on identifiable social media platforms (Facebook, YouTube, Twitter) varied greatly between political parties. The Conservative Party reported identifiable spend of £1.21m, the Labour Party, £160,000, the Liberal Democrats £22,245, UKIP £91,000, the Green Party £20,000 and SNP £5,466. The vast majority of reported spend on identifiable social media by the political parties was with Facebook, accounting for over 99 % of all spend. The majority of spend on social media was reported in England, at £1,247,817 with no party reporting spend directly with the three above named social media suppliers in Northern Ireland.

## Candidate spending

3.33 As described in chapter 2, the spending and donations of election candidates standing at a UKPGE is regulated under rules in the RPA. Candidate spending returns must be submitted to the Returning Officer (or Chief Electoral Officer in Northern Ireland). These returns must be made available for inspection and a copy provided to the Commission as soon as is reasonably practicable. The Commission collects and reviews the returns to monitor compliance with the rules on election finance. We have published a summary of the expenses incurred by candidates on our [website](#). These figures are representative of all of the returns forwarded by Returning Officers to the Commission by 31 January 2016, rather than returns delivered to the RO.

3.34 We comment in chapter 6 on the fact that we have unfortunately received and been able to collate less information about candidate spending in 2015 compared to the 2010 and 2005 UKPGEs. The information described in this section represents spending reported by 86.5% of candidates, which means that the analysis about total levels of spending has some limitations. On our website, we are publishing additional information about reported candidate spending, including interactive charts that can be adjusted to show individual constituencies.<sup>30</sup>

## Summary of spending by political party candidates

3.35 Based on the candidate returns we have received from Returning Officers, as of 31 January 2016, candidates reported a total of £10.8m in

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<sup>30</sup> Data and charts on candidate spending is available on our website via <http://www.electoralcommission.org.uk/find-information-by-subject/elections-and-referendums/past-elections-and-referendums/uk-general-elections/candidate-election-spending>

expenditure during the long campaign.<sup>31</sup> In the same period, £11.8m was reported as candidate spending in 2010. For the short campaign<sup>32</sup> the period between the dissolution of Parliament and polling day, candidates reported expenditure totalling £11.8m, down from £14.1m in 2010. As with national party spending, a large majority of the candidate expenditure was incurred in England (84.3%), followed by Scotland (8%), Wales (5.3%) and Northern Ireland (2.4%).

3.36 The trend in reported and centrally collated candidate spending broadly reflects changes at national level (see Chart 3), with Labour Party<sup>33</sup> candidates spending down by almost £634,138 and Liberal Democrat candidate spending decreasing significantly by £2.4m. The Conservative party spend increased by £2.4m. The SNP also increased spend by £159,349. As in 2010, most campaign spending in Northern Ireland was incurred by candidates rather than their political parties. In some cases aggregate spending by a party's candidates was over four times that of the total party spend. Northern Ireland also saw the greatest concentration of candidate spending in the period after the dissolution of Parliament, with 87% of reported expenditure incurred during this period. For the rest of the UK, on average candidates spent about 40% of their total costs before dissolution and 60% afterwards.

## Summary of spending by independent candidates

3.37 There was a decrease in the number of independent candidates standing at the election, from 330 in 2010 to 170 in 2015. In line with this, total spend by independent candidates fell from £634,577 in 2010 to £316,388 in 2015. Average spending per independent candidate fell slightly from £1,973 in 2010 to £1,861 in 2015. The highest number of independent candidates standing in a constituency was South Basildon and East Thurrock and Uxbridge and South Ruislip, with 3 each.

## Observations about reported candidate spending

### Comparisons of spending by political party candidates compared to political parties

3.38 In Great Britain, the balance between reported national party spending and reported combined spending by party candidates (both before and after the dissolution of Parliament) was varied across the political parties (see chart 3). The Conservative Party spent more than the other political parties nationally as did candidates standing for the Conservatives, but its national spending was significantly higher than its total candidate spending. The

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<sup>31</sup> The Long Campaign period ran from 19 December 2014 until the dissolution of Parliament on 30 March 2015.

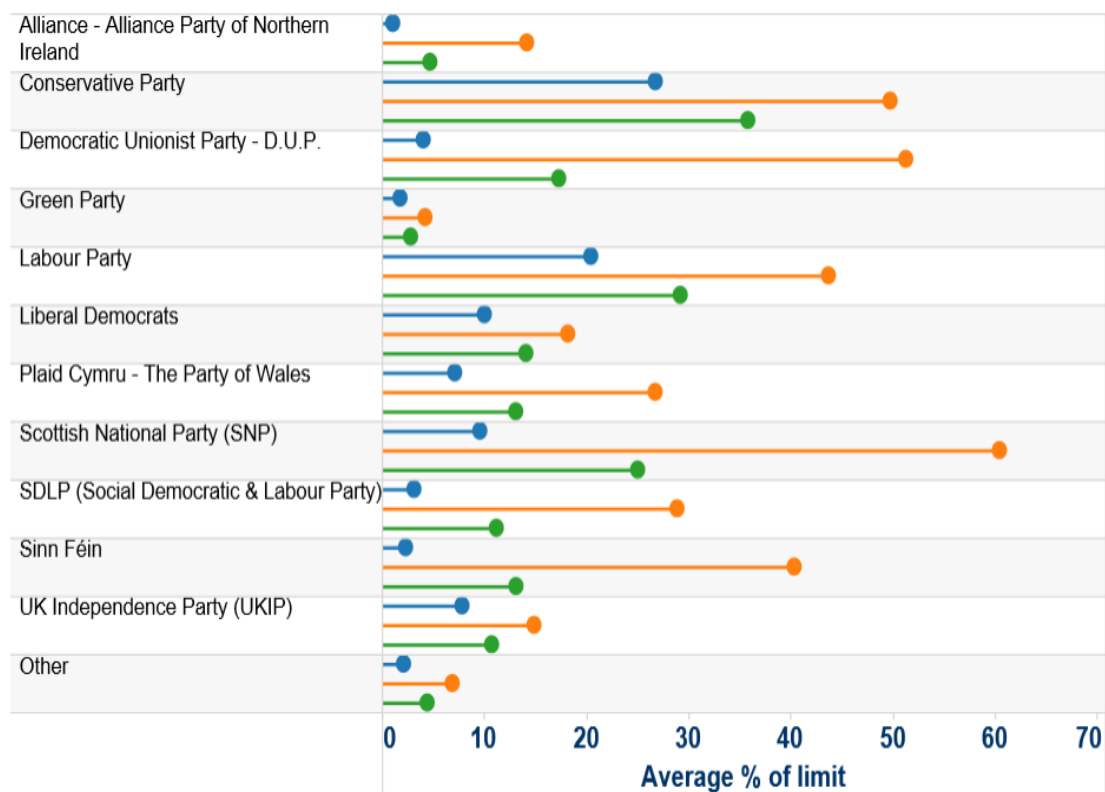
<sup>32</sup> The Short Campaign ran from 31 March 2015 until polling day, 7 May 2015.

<sup>33</sup> This includes expenditure by joint Labour and Co-operative Party candidates.

Labour Party also spent more at national level than the combined total of all Labour Party candidate spend, whereas Liberal Democrat candidates spent slightly more than their central party. Plaid Cymru and the SNP candidates also spent more in total than their political parties did nationally. In Northern Ireland, the pattern of party spend compared with candidate spend was similar to Plaid Cymru and the SNP, with candidates spending more than their parties, with the majority spent during the short campaign period (see chart 10 below).

3.39 In our election report published in July 2015 we commented on political party campaigning that was targeted at specific constituencies. Although material specifically targeted at constituencies or regions may contribute to local candidates' electoral prospects, the costs are not clearly attributable to the candidate's spending limit if it does not refer to them as the candidate. The spending and reporting rules do not require political parties to report whether their spending has been focused in a particular constituency or region, so we are not able to comment on the levels of such spending here. In chapter 6, we comment on the need to review the spending rules and the levels of transparency provided on constituency spending.

**Chart 10: Reported average political party candidate spending as a percentage of the spending limit during the 'long' and 'short' campaign period 2015**



■ Long  
 ■ Short  
 ■ Total

## Candidate spending limits

3.40 As mentioned in Chapter 2, in March 2014, based on evidence for change and consultation with political parties, we recommended that the UK Government should increase the spending limits for candidates in the ‘long’ campaign period for candidates standing in UKPGEs to reflect increase in postage costs and historical data on candidate spending. Our assessment of the evidence did not support recommending an increase in the ‘short’ campaign spending limit.

3.41 Instead, using powers under the RPA, the Secretary of State increased spending limits for both the long and short campaign periods based on changes in the value of money. The resulting spending limits are set out in our guidance.<sup>34</sup> The candidate spending limits for UKPGEs were increased by Order in July 2014 and took effect at the 2015 UKPGE.

3.42 Candidates of the following political parties spent the highest percentage of their expenditure limits: Conservative Party (35.8), Labour (29.2%), Liberal democrats (29.2%) and SNP (25%). At the time of writing, we are continuing our analysis of levels of candidate spending in relation to the newly increased spending limits.

3.43 As Chart 10 highlights, spend was concentrated in the ‘short’ period compared with the ‘long’ period’, with the SNP reaching the highest percentage of expenditure at 60.4% of the limit in the short period compared with 9.6 % in their ‘long’ period. This imbalance in spend in the short period verses long period trend was reflected across all political parties and reflects an increased amount of a campaign activity directly in the few months preceding the poll day.

## Candidate spending on regulated categories of campaigning

3.44 Over the ‘long’ and the ‘short’ regulated periods, the overwhelming majority of reported candidate expenditure was on unsolicited materials (e.g. leaflets) to voters. This is a higher proportion than the amount spent at the national level.<sup>35</sup> After this, the next biggest areas of expenditure were on accommodation, staff costs and advertising (see chart 11).

3.45 There has been a drop in the reported expenditure by candidates on unsolicited material to voters between 2010 and 2015, from £17.2m to £13.4m. This represents a slight decrease from 68% to 66.5% on all total expenditure. This decrease may partly be explained by a move away by campaigners from traditional campaigning technique towards new campaigning methods online or through social media. However, as noted

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<sup>34</sup> Page 7

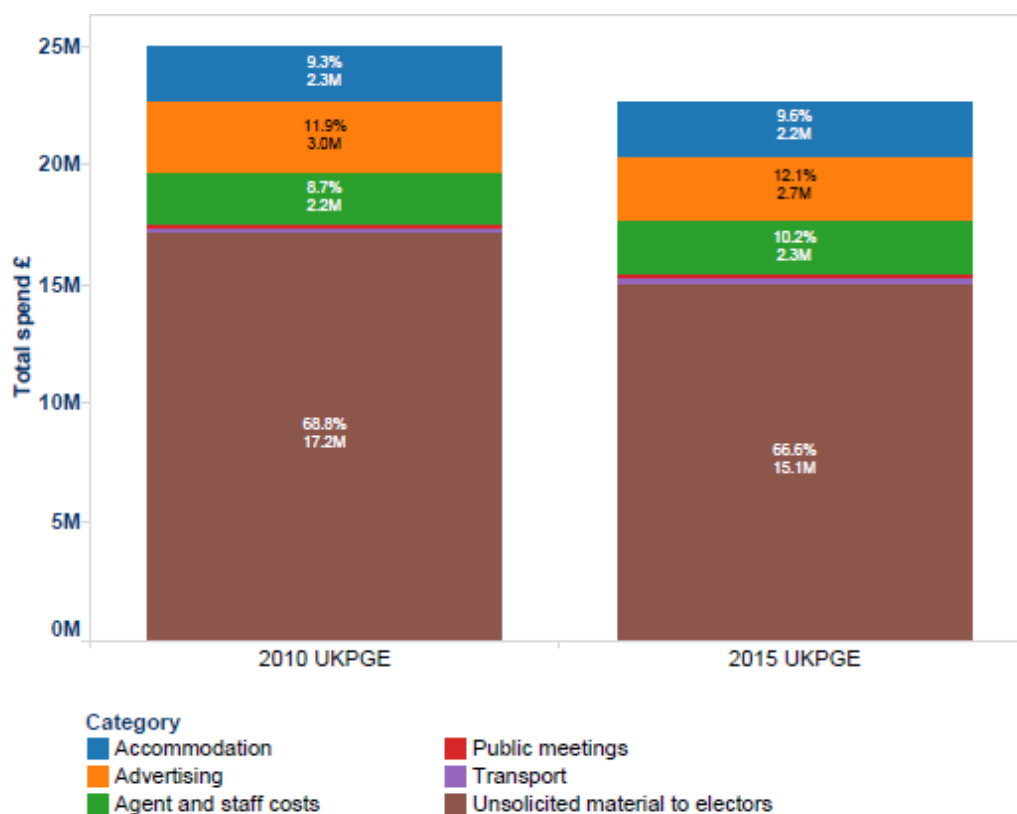
[http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0004/173074/UKPGE-Part-3-Spending-and-donations.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0004/173074/UKPGE-Part-3-Spending-and-donations.pdf)

<sup>35</sup> These numbers are not completely comparable as, unlike candidates, parties are not required to include expenditure on accommodation or staff costs in their return.



earlier in this section, since social media is not a defined reporting expenditure category, it is difficult to determine exactly what percentage of expenditure such activity comprises. Spending on other categories was broadly similar to the 2010 UKPGE, with a slight increase in spend on advertising (see Chart 11).

**Chart 11: Total reported candidate expenditure by category (long and short campaign) 2010 and 2015**



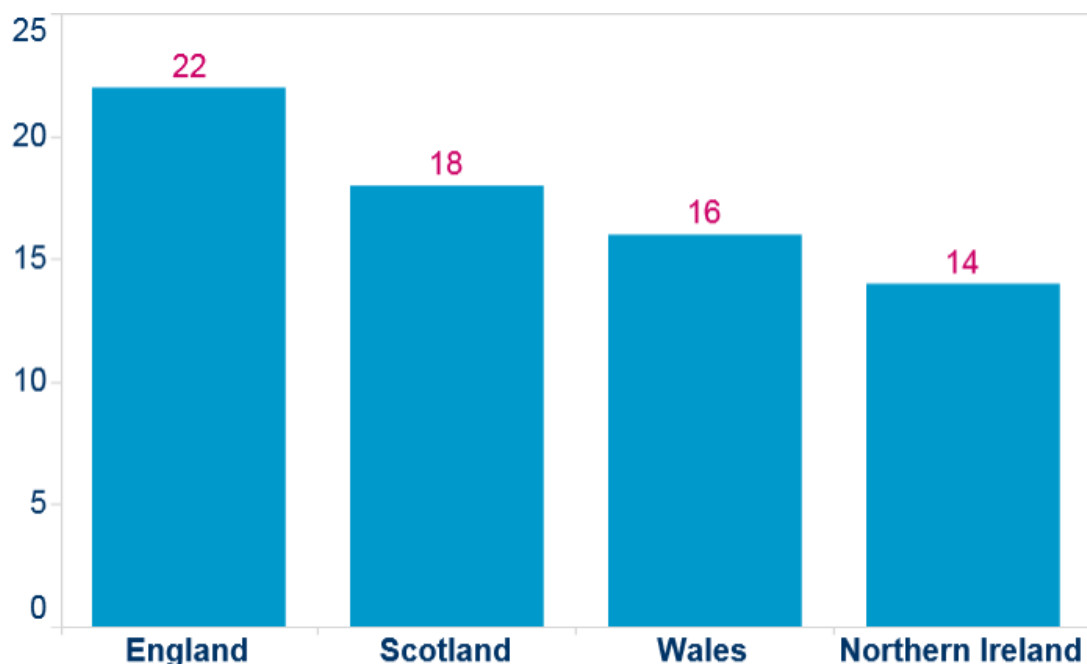
## Non Party Campaigner spending

### Summary of reported spending by registered non party campaigners

3.46 There were 68 registered non-party campaigners before the 2015 UKPGE. Under PPERA, registered non-party campaigners are required to submit a campaign expenditure return to the Commission if their regulated campaign spending exceeds the thresholds set out in PPERA.

3.47 Twenty-three registered non-party campaigners from across the UK reported spending over the reporting threshold of £20,000 in England, or £10,000 in Scotland, Wales or Northern Ireland and submitted returns to the Commission totalling £1.78m. No registered non-party campaigners reported spending over £250,000.

**Chart 12: Number of non-party campaigners that reported spending in each part of the UK 2015**



3.48 This compares with 33 non-party campaigners who reported spending over the threshold in in 2010 and 25 campaigners at the 2005 UKPGE. Chart 13 below provides a breakdown of the highest spending non-party campaigners at the 2015 UKPGE.

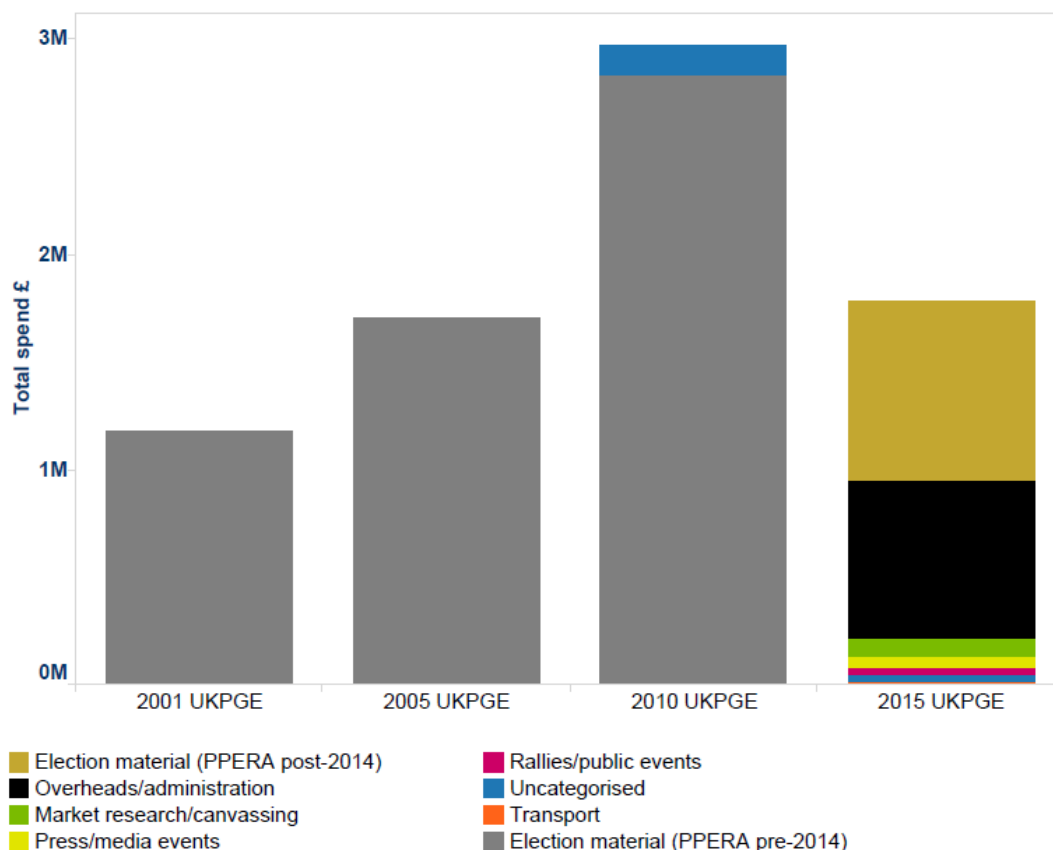
3.49 This reported spend of £1.8m in 2015 was less than the £2.8m spent in 2010 but broadly similar to the £1.7m spent in 2005. As chart 1 and 2 illustrate, non-party campaigning forms a relatively small proportion of overall campaign expenditure in the UKPGE context.

3.50 The highest spending registered third party campaigners are listed in the following chart:

**Chart 13: Highest reported spending non-party campaigners 2015**

Non-Party Campaigner Name	Reported expenditure (£)
38 Degrees	241,254
London First	225,942
NASUWT The Teachers' Union	197,019
Hope Not Hate Ltd	132,278
Union of Shop, Distributive and Allied Workers (USDAW)	92,825
Campaign for Nuclear Disarmament	91,382
Centre for Labour & Social Studies (CLASS)	87,514
UNISON: The Public Service Union	86,346
The Campaign for British Influence in Europe Limited	79,738
Unite the Union	73,432

**Chart 14: Non-party campaigners reported spend by expenditure category 2001-2015**



## Observations about reported spending by non-party campaigners

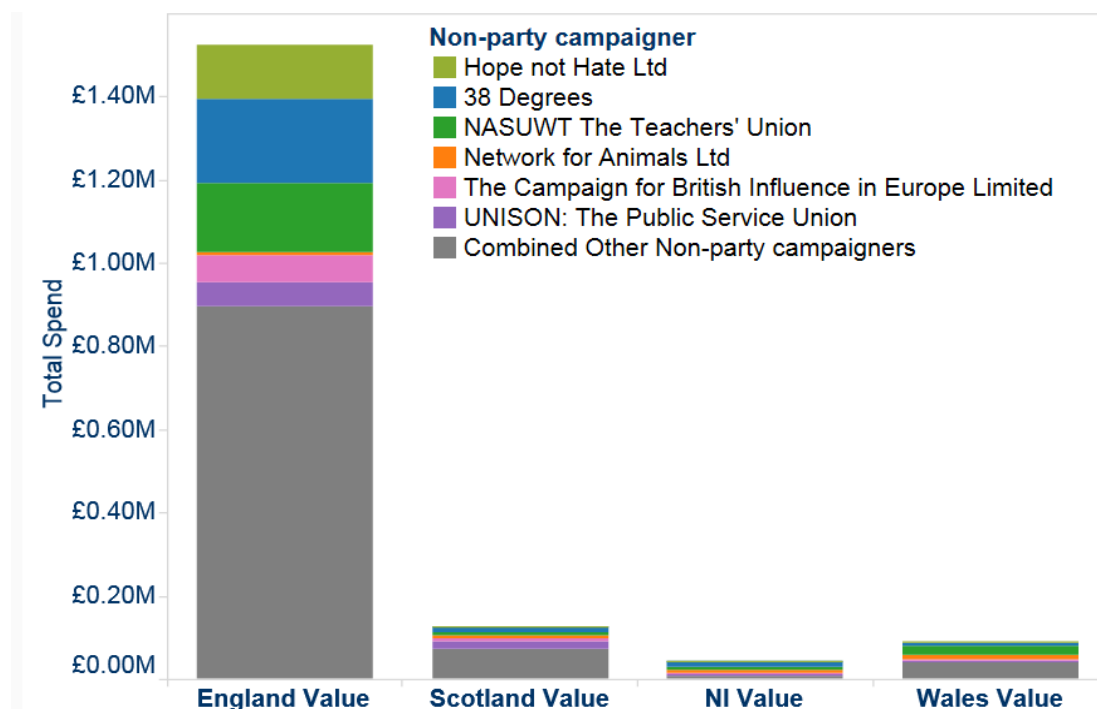
### Levels of spending

3.51 At the 2015 UKPGE, there was a considerable reduction in the amount of overall reported expenditure spent by non-party campaigners to £1.8m compared with £2.9m in 2010. As with political party and candidate expenditure, the overwhelming majority of reported non-party campaigner expenditure was concentrated in England (91%), with the remaining 9% incurred in Scotland (4%), Wales (4%) and Northern Ireland (1%). The variations in the proportions of spend reported across the UK can be attributed to the population distributions and size of electorates in each part of the UK.

3.52 23 registered non-party campaigners reported spending over the registration thresholds during the 2015 UKPGE out of 68 who registered. Of that 23, 22 non-party campaigners reported a combined spend in England of £1,523m.

3.53 In Scotland, 18 reported spending £126,417. In Wales 16 non-party campaigners reported spending £89,154 and in Northern Ireland a total of 14 non-party campaigners reported spending £42,144.<sup>36</sup>

**Chart 15: Highest reported spending by non-party campaigners in parts of the UK 2015**



### Non-party campaigner spending on regulated categories of campaigning

3.54 Non-party campaigners were required to report their spending on the production or publication of election material, press conferences or other media events organised by them, public rallies and events, canvassing and market research and transport for publicising a campaign. Spending on these categories counted against each non-party campaigner's spending limit. The majority of reporting categories for non-party campaigners were introduced by the 2014 Act. Prior to this change, the rules only covered spending on material, such as leaflets, adverts and websites.

3.55 In the run-up to the 2015 UKPGE we updated our guidance for campaigners to explain as clearly as possible when we regard activity as falling into the category of regulated spending and how that should be allocated in the spending return. Chart 14 provides a breakdown of reported spend by category by non-party campaigners between the 2001 and 2015 UKPGEs.

<sup>36</sup> Paragraphs 3.52, 3.53 and Chart 16 have been updated since the report was first published at 11.30am on 29 February 2016.

3.56 The spending returns show that that registered non-party campaigners reported spending least on transport and rallies and other events as an overall percentage of total expenditure at the 2015 UKPGE (see chart 16).

3.57 Registered non-party campaigners reported spending most on manifesto or referendum material, at £829,810 and on over heads and general administration, at £734,467, than any other category (see chart 16). The returns submitted by non-party campaigners indicate that the largest reported spend on identifiable social media was with Facebook. A total of £30,566 was reported by all non-party campaigners, with £25,127 of this spend taking place in England.

3.58 The aggregate spending by registered non-party campaigners was significantly lower in 2015 than 2010 and was a small proportion of total overall campaign spending at the election, despite the addition of new reporting categories introduced by the 2014 Act.

**Chart 16: Total reported non-party campaigner expenditure by reporting category 2015**

Category of expenditure	Total value (£)
Uncategorised	39,537
Press/media	54,812
Transport	10,783
Overheads and general administration	734,478
Rallies and other events	30,602
Market research/canvassing	80,937
Election material	829,879
<b>Total sum</b>	<b>1,781,028</b>

3.59 Some non-party campaigners have said that they found the new rules introduced under the 2014 Act difficult to understand, for example, the rules and spending limits placed on focused constituency spending limits. Non-party campaigners also commented on the time required for record-keeping and reporting. We comment on some of these matters in chapter 6 and also in our submission to the Lord Hodgson review<sup>37</sup>.

### **New reporting requirements for non-party campaigner spending**

3.60 For the 2015 UKPGE, additional reporting requirements were introduced for registered non-party campaigners under the 2014 Act. These included requirements for non-party campaigners to report on focused constituency spend; non-party campaigners having a duty to inform us when they became

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<sup>37</sup> Electoral Commission submission to Lord Hodgson's review of third party campaigning [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0007/192049/Third-Party-Campaigning-Review-Response.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0007/192049/Third-Party-Campaigning-Review-Response.pdf)

a lead/minor campaigner in a joint campaign and notifying us when political parties had authorised non-party campaigners to spend targeted spend on their behalf and solely in support of that party.

3.61 For the 2015 UKPGE, we did not receive any itemised reporting from registered non-party campaigners of constituency spend in the returns. Further, we did not receive any notifications from non-party campaigners that they were a lead joint campaigner working with minor campaigners. This places limitations on the lessons that we and others can draw from these new provisions. We received 6 targeted spending notifications, all on behalf of the Labour Party (see graph 6.50). We comment further on these new provisions in Chapter 6.

# 4 Summary of trends in reported donations

## Political parties: reported donations

4.1 Certain donations given to political parties must be reported to the Electoral Commission and then published. Political parties must report all permissible donations accepted over £7,500, all permissible donations and loans that add up to over £7,500 from the same source in the same calendar year, and also all permissible donations and loans that are over £1,500 and come from a source that the party has already reported to the Commission in the same calendar year. These are reported on a quarterly basis. In addition, in the run-up to a UKPGE following the dissolution of the UK Parliament, political parties must report details of donations received from donors on a weekly basis<sup>38</sup>.

4.2 We publish details of the donations reported by political parties registered in Great Britain on our website. Currently, the law prohibits publication of details of any donations reported by registered political parties in Northern Ireland.<sup>39</sup>

4.3 In the four quarters leading up to and including the UKPGE<sup>40</sup>, political parties in Great Britain reported a total of £96.1m. This is £15.4m (19%) more than the total amount reported in the four quarters prior to the 2010 election. Some of this increase may be reflected in donations given for electoral spending purposes and some may have been received for other purposes. The donation reports do not require political parties to specify the purpose of the donation so it is not possible to determine the purpose of each donation.

### Donations reported in the year prior to the election

4.4 The Conservative Party accepted the highest amount of donations reported in the four quarters leading up to the 2015 UKPGE. However the total amount reported was almost £5m less than the donations reported in the

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<sup>38</sup> Weekly pre-election reports do not include information about permissibility of donations because the donations have been 'received', but not necessarily verified and 'accepted' by the political party at that point.

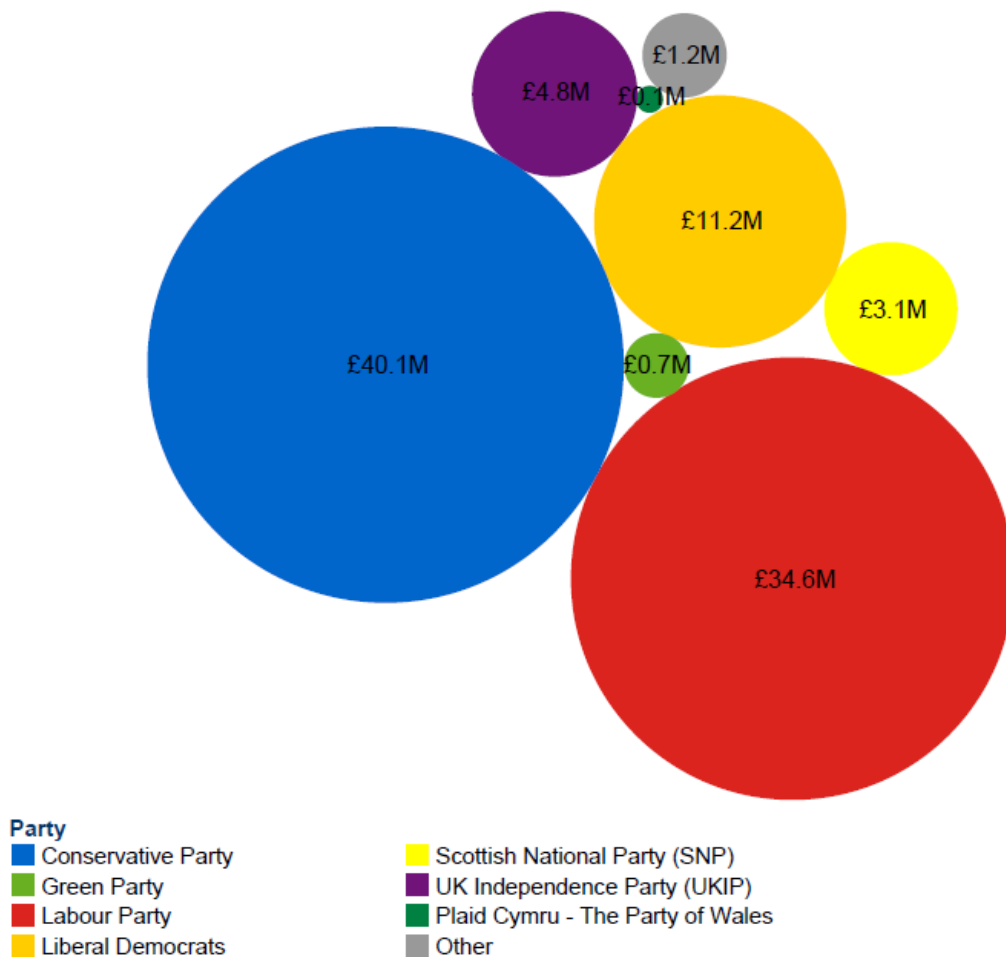
<sup>39</sup> The Northern Ireland (Miscellaneous Provisions) Act 2014 provides for more transparency on party funding in Northern Ireland. The Act enables the Secretary of State for Northern Ireland to make changes to the confidentiality rules via secondary legislation which will allow the Electoral Commission to publish more information about donations and loans reported by political parties, but not the names of donors or lenders. The Government is currently drafting regulations to allow Commission to publish this information.

<sup>40</sup> The four quarters for political party donation reporting leading up to the 2015 UKPGE covered the period July 2014 to June 2015.

four quarters leading up to the 2010 UKPGE. The Labour Party reported an increase of £10m, which was 44% more than in the same period leading up to the 2010 UKPGE.

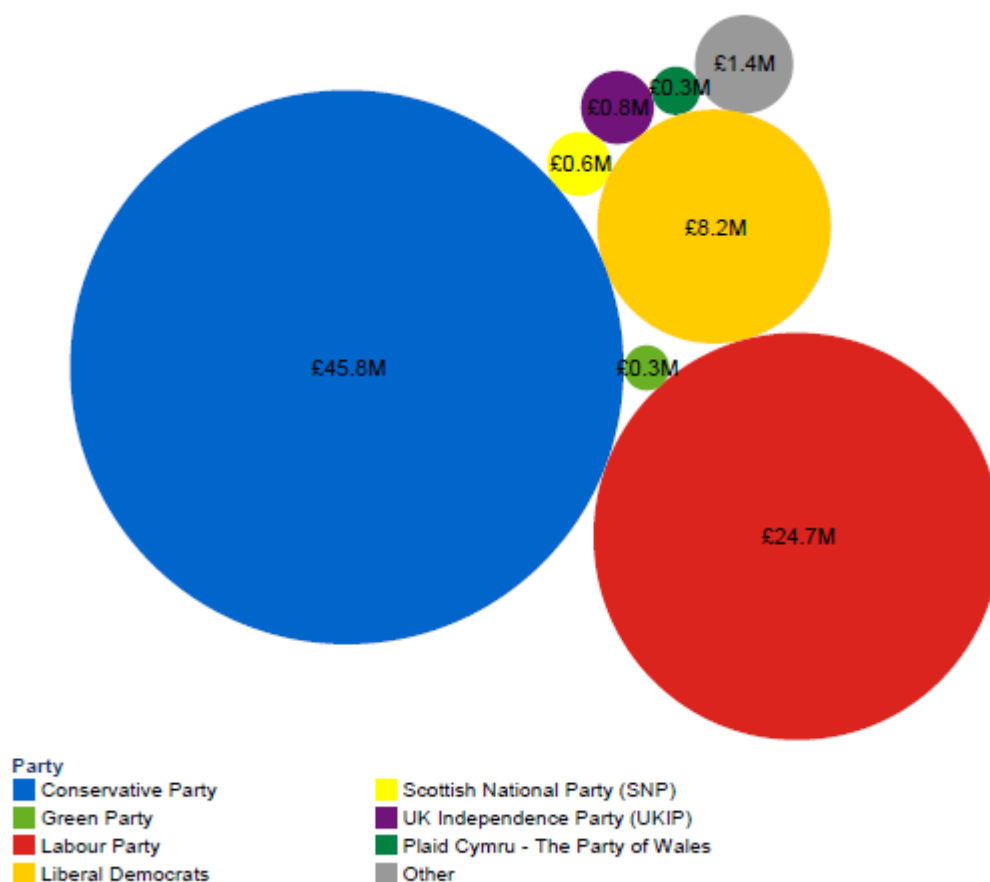
4.5 There was a noticeable increase in donations to the SNP and UKIP ahead of the 2015 UKPGE compared to the same period prior to the 2010 UKPGE. The SNP received £3.1m in donations in the four quarters leading up to the 2015 UKPGE compared with £611,882 in the same period in 2010. The SNP also increased its number of MPs by 50 seats to 56 seats. UKIP reported accepting £4.8m worth of donations in the same four quarters prior to the 2015 UKPGE compared with £792,440 in 2010. UKIP won its first ever parliamentary seat at the 2015 UKPGE.

**Chart 17: Donations reported by GB political parties Q3 2014 – Q2 2015**





**Chart 18: All reported donations to GB political parties by donor type Q3 2009 to Q2 2010<sup>41</sup>**



### Sources of donations to political parties

4.6 Registered political parties are only permitted to accept donations and loans from specified ‘permissible sources’.<sup>42</sup> Political parties must report the sources of their donations according to the categories of donors set out in PPERA.

4.7 The following charts show the sources of donations to political parties at the 2015 UKPGE. In the four quarters leading up to the 2015 UKPGE, there was little variance in the pattern of donations from different types of donors compared to the same period before the 2010 UKPGE. There were variances in the value of those donations.

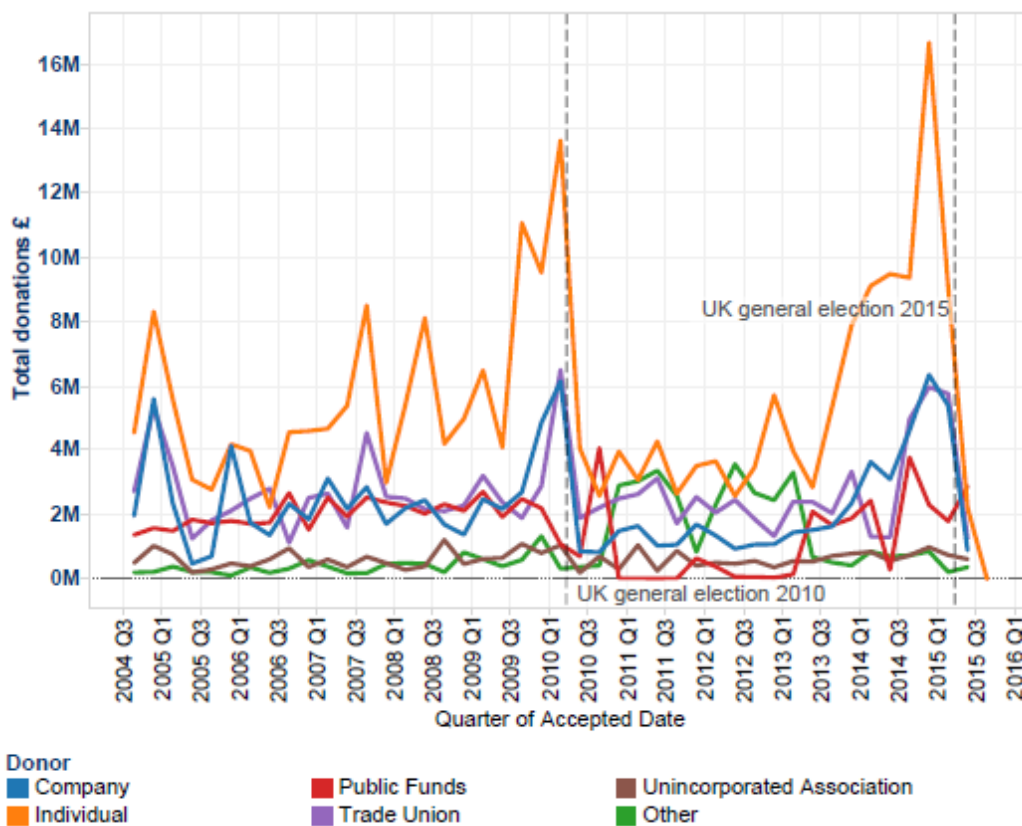
<sup>41</sup> This chart has been updated since the report was first published at 11.30am on 29<sup>th</sup> February 2016.

<sup>42</sup> Examples of permissible sources include UK based individual or organisations, such as individuals on a UK electoral register, UK-registered companies and UK-registered trade unions.

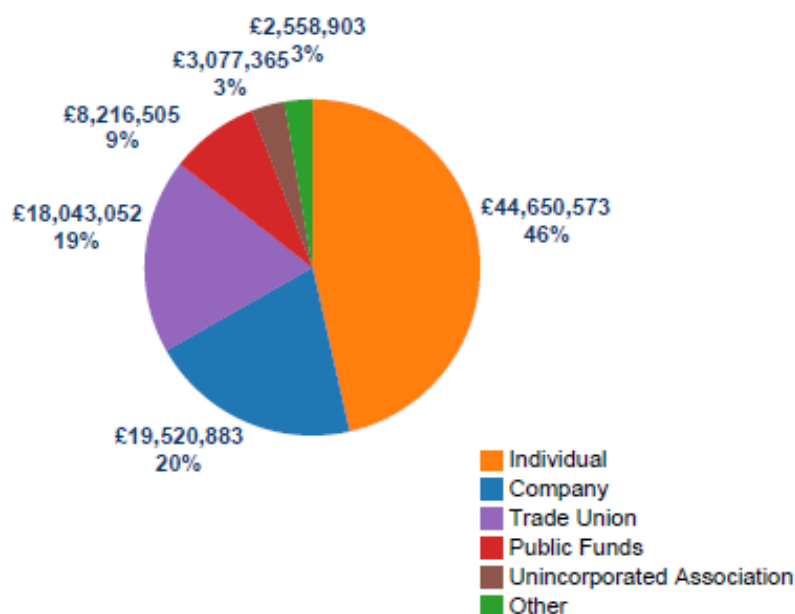
4.8 Almost half of the total value of donations (46%) made to political parties between Q3 transparency and Q2 2015 came from donations made by individuals (see Chart 17), as was the case prior to the 2010 UKPGE 47%). The value of those donations increased from £38m in 2010 to £44.6m in 2015.

4.9 In comparison, 20% of reported donations during this period were made by companies (£19.5m) and 19% by trade unions (£18m). The proportion of donations given by trade unions as a percentage of all sources increased by 3 % between 2010 and 2015, with a reported value of over £18m prior to the 2015 UKPGE compared with £13.7m prior to the 2010 UKPGE.

**Chart 19: All reported donations to GB political parties by donor type Q3 2004 to Q3 2015**



**Chart 20: Total reported donations to political parties by donor type Q3 2014 - Q2 2015**



**Donations reported by political parties in the weeks prior to the election, following the dissolution of Parliament**

4.10 For the 2015 UKPGE the donation pre poll reporting period ran from 30 March 2015 to 7 May 2015. During this period, almost £3.4 million (m) was reported as being received in donations by 4 political parties; the Conservative Party, the Labour Party, UKIP and the Liberal Democrats.<sup>43</sup>

**Loans reported prior to the election**

4.11 In the four quarters leading up to the 2015 UKPGE, 69 loans totalling £1.73m were opened by 9 political parties. This is less than the £8.8m amount reported for the similar period prior to the 2010 election. The two largest loans opened were loaned to the SNP and totalled slightly over £500,000 each, accounting for more than half of all the £ 1.73m reported.

4.12 The next largest total was reported by UKIP, who took out loans totalling £465,152, followed by the Liberal Democrats with £137,785. The total value of loans to the Conservative Party was £58,087 and the Labour party £19,852. During the weekly reporting period in the run-up to the election there were 12

<sup>43</sup> [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0008/189755/6th-Weekly-Pre-poll-donations-and-loans-summary-document.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0008/189755/6th-Weekly-Pre-poll-donations-and-loans-summary-document.pdf)

new loan agreements totalling £444,000 (compared with 15 in 2010, totalling £72,000).

4.13 While donations, loans and expenditure reported under PPERA provide an indication of the political parties' income during the election year, we will have a fuller picture of the political parties' finances during the election period when the political parties submit their 2015 accounts to us for publication in late summer 2016.

## Candidates: reported donations

4.14 Like political parties, candidates must check all donations and loans are from a permissible source before accepting them, and must report them in their election spending return. The threshold for checking permissibility and for reporting donations is £50. Information that must be reported in the return includes the number of permissible and impermissible donations received, the dates of receipt and acceptance of donations, their value and the donor's identity.

4.15 According to our centrally collated records, as of 31 January, over the 'long' and 'short' regulated periods, candidates reported a total of £18.7m of donations over £50, £9.5m during the long campaign and £9.1m in the short. This includes all donations received from others and, in some cases, can include the amount that candidates themselves contributed towards their own campaign. Candidates are not required under the law to declare the amount personally contributed to a campaign. This is why the total value of donations reported by some candidates is lower than their expenditure (see the section on candidate spending).

4.16 Further information about reported candidate donations is available on our website [here](#).

## Non-party Campaigners: reported donations

4.17 Following an election, recognised non-party campaigners are required to compile details of donations that they have accepted towards campaign spending, and submit this with their spending return. Donations received for regulated spending activities undertaken before the regulated period and fundraising that is not specifically used towards regulated campaign spending are not reportable. In the year preceding the 2015 UKPGE, 12 registered non-party campaigners reported accepting £667,000. This compares to £1.7m of donations in 2010. Donations were accepted from trade unions, individuals and companies.

4.18 The 2014 Act introduced a new pre poll reporting requirement for non-party campaigners, requiring them to:

- report to us donations received during the regulated period and also after the election,

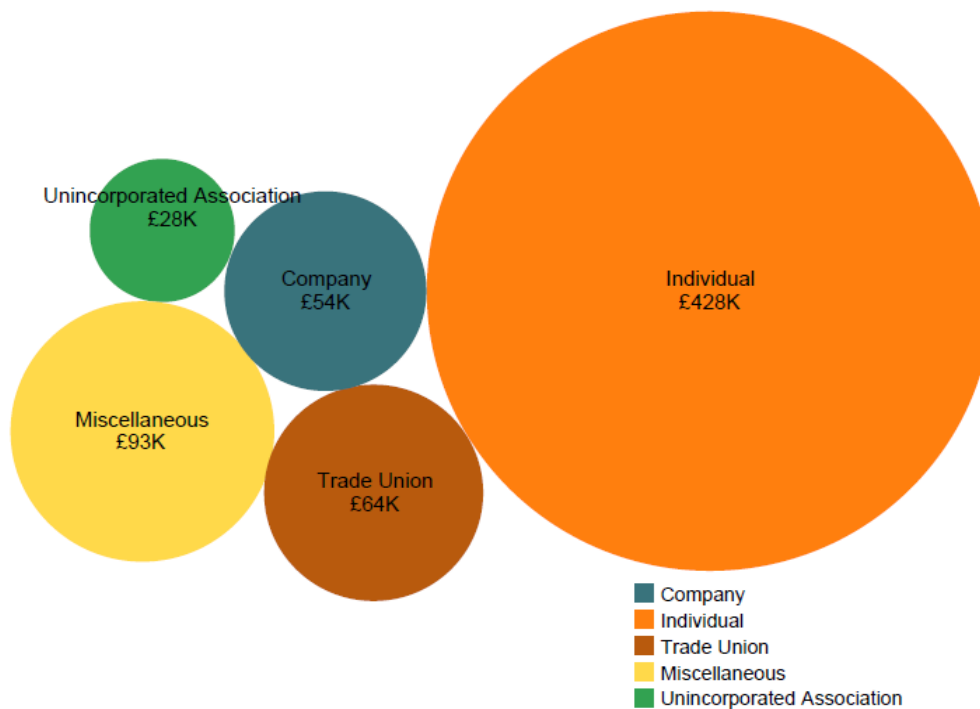
- report on donations received on a quarterly basis until Parliament is dissolved, and once dissolved on a weekly basis, up until poll day.

4.19 We make further comments on the pre poll reporting requirements in chapter 6 of the report.

4.20 We received 10 weekly and 17 quarterly reports from non-party campaigners in the pre poll period for the 2015 UKPGE. These reflect donations *received* before the election and the details are available to view on our website<sup>44</sup>.

4.21 Chart 21 shows the total of donations reported as *accepted* by registered non-party campaigners at the 2015 UKPGE. These were reported in the returns submitted after the election and further details are available to view on our website.

**Chart 21: Donations reported by non-party campaigners accepted during the 2015 UKPGE regulated period (19 September 2014 to 7 May 2015)**



\* Miscellaneous- Total value of reported donations between £500 and £7,500. Registered non-party campaigners are required to report the value of these donations but not the sources.

<sup>44</sup> [Non-party campaigners: register of donations.](#)

# 5 Compliance with PPERA: Our role as a regulator at the 2015 UKPGE

5.1 In addition to receiving and publishing the spending returns for political parties and registered non-party campaigners and publishing a summary of candidate spending at the 2015 UKPGE, the Commission's regulatory work in respect of the election included:

- conducting campaign monitoring to ensure political parties and campaigners were complying with the regulatory controls,
- registering political parties and non-party campaigners and providing advice and guidance on the regulatory controls,
- offering proactive advice and guidance where appropriate to prevent issues arising,
- monitoring and taking all reasonable steps to secure campaigner compliance with the PPERA rules on campaign spending and donations, and;
- investigating potential breaches of PPERA and imposing sanctions where breaches have been found to occur.

## Registration

5.2 Between 1 January 2015 and the close of the register<sup>45</sup> on 9 April 2015, we registered a total of 83 new political parties in Great Britain and Northern Ireland. This is comparable with 82 newly registered political parties in the equivalent period prior to the 2010 UKPGE. During this time, we also processed 78 applications by existing political parties to amend their registered details, adding 195 new descriptions and 81 emblems to the register. At the close of nominations on 9 April 2015, there were a total of 461 registered political parties in Great Britain and 36 in Northern Ireland. Non-party campaigners and political parties were able to apply to register (including applications to make changes to their descriptions and emblems) using a straightforward online process or by completing paper forms and sending them to us.

5.3 Between 19 September 2014 and 7 May 2015 (the regulated period for non-party campaigners), we registered a total of 43 non-party campaigners.

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<sup>45</sup> The register closed at close of candidate nominations on 09 April 2015.

## Campaign monitoring

5.4 Campaign monitoring informs the regulatory work of the Commission's Party and Election Finance Directorate. The purpose of campaign monitoring for the 2015 UKPGE was to monitor compliance with the rules on campaign spending and political donations; to create an evidence base for post-election analysis; to help us understand the effectiveness of the rules on campaign spending and donations, and how they affected trust and participation in the democratic process.

5.5 Our monitoring focused on political parties, non-party campaigners and candidates who were likely to undertake significant levels of campaigning. The monitoring enabled us to identify a significant number of potential issues, including non-party campaigners who might be unaware of the potential need to register with the Commission, campaign material without imprints, regulatory issues around political blogs and crowdfunding, and matters that we wanted to verify were included in spending reports in due course. We were able to identify and quickly contact a number of campaigners as a result of our monitoring to discuss their plans and ensure they were aware of the rules, and prevent non-compliance. We published a briefing note on our website before the 2015 UKPGE outlining our campaign monitoring plans<sup>46</sup>.

## Guidance

5.6 We published written guidance to help candidates, political parties and non-party campaigners understand the rules on spending and donations. This included guidance covering the new rules for non-party campaigners introduced by Part 2 of the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014. In order to inform the development of our guidance, we held a number of roundtable events and meetings with a variety of individuals and organisations. This helped us to understand the practical implications of the new rules for potential campaigners.

5.7 To support our written guidance and advice service, we held webinars to explain the new rules for non-party campaigners, attended briefings organised by representative bodies and arranged individual meetings with a number of campaigners to discuss the rules. Between 1 January 2015 and 7 May 2015, we answered 3,422 enquiries from political parties (during the regulated period from 3 May 2014 to 07 May 2015), candidates and non-party campaigners. This compares with 1934 queries after the election between 8 May 2015 and 7 August 2015. Our principal focus during this period was to provide advice and information to campaigners on how to submit their

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<sup>46</sup> Electoral Commission, May 2014, Briefing note: Campaign monitoring for the 2015 UK Parliamentary general election.  
[http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0010/168058/2015-UK-Parliamentary-general-election-campaign-monitoring-briefing-note.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0010/168058/2015-UK-Parliamentary-general-election-campaign-monitoring-briefing-note.pdf)

spending returns following the election and to provide guidance on how to comply with the regulatory framework.

## Campaigner compliance

5.8 The provision of financial returns from political parties and non-party campaigners is fundamental to the transparency and integrity of election funding and spending. These include weekly pre-poll reporting on donations and loans, and a full campaign expenditure return after the poll. All of the spending returns from the 2015 UKPGE have been published on our website.

5.9 The overwhelming majority of political parties and non-party campaigners complied with the requirements of PPERA to submit financial returns relating to the 2015 UKPGE on time. 11 out of 42 political parties that spent under £250,000 campaigning at the election failed to submit a campaign expenditure return. No non-party campaigners reported spending over £250,000. Of the non-party campaigners that did report spending under £250,000, all submitted their spending returns within the deadline. All of the political parties spending over £250,000 met the deadline.

5.10 All political parties standing two or more candidates at the UKPGE had to submit a campaign spending return to the Commission after the election setting out their campaign spending.<sup>47</sup> Registered non-party campaigners only have to submit a spending and donation return after the election if they spent over £10,000 in Scotland, Wales or Northern Ireland, or over £20,000 in England.

## Donations

5.11 In order to check compliance with the rules we undertook permissibility checks on all of reported party and non-party campaigner donations. None of the donations we checked were found to be impermissible.

5.12 For the 2015 UKPGE, the pre-poll donation reporting by political parties required submitting six weekly returns to the Commission showing the source and value of donations and loans received in that week. Compliance rates for these returns were 91%. Of the 96 returns submitted by political parties who received donations, 87 were on time. Nine parties submitted late returns outside of the weekly deadlines, but all reports were submitted within the close of the weekly reporting period. There are a number of reasons why not all political parties met these requirements, including a lack of understanding that returns are required even if no reportable donations and loans are received. It is notable that many of the political parties who failed to deliver these returns on time had previously good compliance records in other areas of the regulatory controls.

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<sup>47</sup> Parties that stood only one candidate did not have a party spending limit. Instead the candidate would be subject to the separate candidate spending limit.



5.13 95 political parties that did not stand candidates failed to notify the Commission of this, and were therefore required to deliver the weekly returns despite standing no candidates. In our June 2013 regulatory review we recommended that political parties should only have to provide a pre-election donation report if they were standing candidates for election and receive a reportable donation or loan (worth over £7,500) during the pre-election reporting period. We remain of this view (see recommendation 12 in Chapter 6).

5.14 Failing to meet these reporting requirements can be a criminal offence. Where the requirements were not met, we considered whether to investigate. Further details on this approach are given in the section on Enforcement Casework below.

## Enforcement Casework

5.15 We are responsible under PPERA for monitoring and taking all reasonable steps to secure compliance with the PPERA rules on political parties' and registered non-party campaigners' spending and donations. During the 2015 UKPGE the majority of political parties and non-party campaigners adhered to the rules set out in PPERA.

5.16 We used monitoring information to identify and deal with potential issues or potential breaches of the PPERA rules and offer proactive advice and guidance where appropriate to prevent breaches arising. We can also be alerted to potential breaches of PPERA by an external complaint or allegation or through an internal referral, usually by the Commission's Compliance or Advice and Guidance teams. Where potential breaches or offences of PPERA are identified, we consider whether to conduct an investigation. When appropriate, and in line with our Enforcement Policy<sup>48</sup>, we will sanction those who fail to comply with PPERA.

5.17 The rules for the UKPGE include issues for consideration that only occur at these elections, for example, the requirement for political parties to submit weekly donation and loan reports in the immediate run up to the election. Between the dissolution of Parliament on 30 March 2015 and the end of that year, we conducted 25 assessments into potential breaches of the PPERA rules relating to the 2015 UKPGE. Of those, three related to non-party campaigners and the rest related to political parties. Twenty-one assessments resulted in investigations, of which four are on-going.

5.18 The seventeen closed investigations were primarily concerned with non- or late delivery of financial returns, notably campaign expenditure reports and weekly pre-poll donation and loan reports. Where the political parties concerned had good compliance histories and took prompt action to rectify the breach, we did not impose a sanction. However, in six instances sanctions

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<sup>48</sup> <http://www.electoralcommission.org.uk/our-work/roles-and-responsibilities/our-role-as-regulator-of-political-party-finances/making-an-allegation>

were imposed. These included occasions where the party had failed to deliver financial returns on time in the past, or the scale or number of the offences warranted a sanction. We will publish the outcome of the four ongoing investigations on our website in due course.

5.19 Most of our casework and investigations occur after the election once potential breaches come to light during the submission and scrutiny of post-election reports. However, prior to polling day we considered several complaints from across the country regarding the imprint rules on campaign material. The team also received a number of enquiries from Police Officers about the application of the rules to non-party campaigners. There was some confusion as to the application of PPERA to non-party campaigners, particularly in regards to the legal obligations for imprints on non-party campaigner campaign material, which required us to give advice and guidance to Police Officers on a case by case basis.

5.20 Several complainants contacted us regarding matters which did not fall under PPERA but which related to possible breaches of the RPA which fall to the Police to investigate. Much of this contact was in regards to lack of an imprint on candidate election material. It is an offence under both PPERA and RPA to distribute election material without an imprint containing details of the promoter of the material, but there is some confusion outside the Commission as to which piece of legislation applies the requirement to which material. In our June 2013 regulatory review we recommended that Parliament consider a single regulatory framework by bringing regulation of candidates at UKPGEs under the powers of the Commission and we comment further on this in chapter 6.

5.21 The existence of two regulatory frameworks for similar offences under PPERA (for political parties and non-party campaigners) and RPA (for candidates) can cause confusion amongst voters about who is responsible for campaigners' breaches of the rules. The dual regulatory system also creates different approaches to enforcement between the Police and the Commission in dealing with similar offences resulting in differences in sanctions for breaches of the PPERA and RPA rules for similar offences.

5.22 The majority of queries we received were about potential breaches of the rules relating to candidates' and agents' compliance. As the Commission has no ability to enforce the controls on candidates, because only criminal sanctions are available for such offences, we advised that these queries be redirected to the police. We would recommend giving the Commission new powers to investigate and sanction candidates for breaches, although this would need to be considered in conjunction with the associated resource implications. Importantly, this change would reduce the confusion around the different frameworks and also ensure consistency of approach for breaches of the rules. We comment further on this in chapter 6.

# 6 Recommendations for improving the regulatory framework

6.1 As mentioned in Chapter 1, the Commission has a statutory role as the regulator of party and election finance to keep the legal framework and regulatory controls under review, and report on our conclusions.

6.2 This chapter focuses on:

- Potential limitations in the current regulation of political party spending, which we believe need further consideration in the light of the election spending returns
- Commentary on how new rules introduced for non-party campaigners under the 2014 Act worked in practice
- Reiterating our previous recommendations for change that continue to be relevant following the 2015 UKPGE and which would improve transparency or streamline regulatory burdens.

6.3 In June 2013 we published our Regulatory Review of the UK's party and election finance laws which made a number of recommendations for changing the regulatory rules. The UK Government has not responded to those recommendations to date. We repeat some of those recommendations where relevant in this report, and also in our other 2015 Election Report published in July 2015. We also comment on how our recommendations link to the Law Commissions' review of electoral law<sup>49</sup>. It has recently published its interim report and endorses some of our 2013 recommendations. We hope that this report will provide further evidence of how these changes would benefit the regulatory controls and provide further transparency over party and electoral finance.

6.4 Some of these recommendations will require the UK Government and Parliament to implement changes. Following the implementation of the Smith Commission and St David's Day Agreement, most of the matters covered in these recommendations will also be within the remit of the Scottish Parliament and Welsh Assembly in relation to elections to the Scottish Parliament and National Assembly for Wales and local government elections.

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<sup>49</sup> The Law Commissions of England and Wales, Scotland and Northern Ireland are currently reviewing electoral law. The project aims to consolidate the many existing sources of electoral law, and modernise and simplify the law, making it fit for elections in the 21st century. Further information is available at <http://www.electoralcommission.org.uk/our-work/our-views/law-commission-review-of-electoral-law>

# Regulation of campaign spending

## Investigation and sanctioning powers for non-compliance with candidate spending and donation rules

6.5 As described in section 2, we have a duty to monitor and take all reasonable steps to secure compliance with the rules on election candidates' spending and donations under the RPA 1983, as well as the PPERA rules on the funding and spending of political parties and other campaigners. Since December 2010 we have had stronger investigative and sanctioning powers for most breaches of the PPERA rules, including the ability to use a range of flexible civil sanctions to encourage compliance. However, these powers and sanctions do not apply to the rules on candidates. This means that, where we have grounds to suspect there has been a breach of these rules, we do not have the tools to investigate or impose sanctions. In most cases our only options are to refer suspected breaches for criminal investigation, or to offer further guidance to reduce the risk of future breaches.

6.6 We commented in our 2013 Regulatory Review that we have seen some high-profile alleged breaches of the candidate rules, mostly at national elections, where referral for criminal prosecution was not considered in the public interest, but where it may well have been appropriate to issue a civil sanction or to investigate the allegation further if the powers to do so were available.

6.7 Following our adoption over the past 5 years of our investigatory powers and sanctions in relation to political parties and campaigners regulated under PPERA, we recommend further improvements to the enforcement of election law. We continue to believe that extending our investigative and sanctioning powers at major elections for offences relating to candidate spending and donations would help ensure compliance with the rules at national elections and strengthen voters' trust in the regulatory system.

6.8 We recognise that there would be an ongoing cost to setting up and maintaining the appropriate structures, including within the Commission, to make an enhanced framework work effectively. As with any significant reform to the regulatory framework, these kinds of changes would require a lead-in time to allow Government and Parliament to restructure the law, and then allow sufficient time for campaigners, the Commission and law enforcement authorities to adjust prior to implementation. We also propose that there be a staged approach to introducing the Commission's new powers for different

sets of elections to support a smooth transition to a joined up system of regulation and enforcement.<sup>50</sup>

**Recommendation 1: Investigation and sanctioning powers for non-compliance with candidate spending and donation rules (page 58 of this report).**

We continue to recommend that the Electoral Commission should be provided with investigative powers and sanctions for offences relating to candidate spending and donations at specified elections.<sup>51</sup> We think these tools should *initially* be available at elections where, from our experience, unsanctioned breaches of those rules are likely to have the most impact. These are elections to the following legislatures:

- UK Parliament
- Scottish Parliament
- National Assembly for Wales
- Northern Ireland Assembly

Any proposed changes would need to consider the costs of setting up a new regulatory framework together with the potential regulatory benefits. We would then consider whether these powers should be extended to other elections in due course.

## Spending in constituencies

6.9 As explained in Chapter 3, the election regulatory framework comprises of:

- the PPERA spending limits, which are intended to cover regional and national campaigning either by a party, or for or against a party, political parties or a group or category of candidates, and;
- the RPA spending limits, which cover campaigning by, or for or against a particular candidate/s in a particular constituency or constituencies.

6.10 The 2015 UKPGE has highlighted questions around this difference in how the spending limits are designed to limit campaigning by candidates and political parties, and how it relates to new rules on spending in constituencies by non-party campaigners.

6.11 Prior to the 2015 UKPGE, new constituency spending limits for non-party campaigners were introduced. The 2014 Act created a spending limit for non-party campaigning that promoted the electoral success of political parties or

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<sup>50</sup> Further information on our recommendation and relevant considerations for implementing the change can be found on pages 78-80 of our 2013 Regulatory Review [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0008/157499/PEF-Regulatory-Review-2013.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0008/157499/PEF-Regulatory-Review-2013.pdf)

<sup>51</sup> Recommendation 43, page 79 of our 2013 Regulatory Review.

groups of candidates and that was targeted at a constituency or constituencies. Non-party campaigners were not permitted to spend more than £9,750 in a UK constituency, and were required to submit itemised reports if this spending was over £7,800. The 2015 UKPGE was the first where these constituency-level controls applied. There were no equivalent provisions for political parties.

6.12 In our post-election report published in July 2015, we commented on practical challenges raised by the legislative definition and attribution rules for the new constituency limits for non-party campaigners<sup>52</sup> and how we addressed them in our guidance. We also noted our intention to assess the operation of these new constituency spending rules once spending returns had been submitted by registered non-party campaigners. We did not receive any itemised reports of constituency spending in the returns from registered non-party campaigners. This limits the lessons that we and others can draw from these new provisions.

6.13 In our July 2015 report we also commented on political party campaigning in constituencies. Our campaign monitoring observed examples of political party campaign literature that was targeted at specific constituencies. The intended effect of this material appears to have been to influence voters in the specific constituency that is described; however, as the material does not name the party's candidate, it is not clearly attributable to the candidate's spending limit. As such, campaign material of this kind is generally reportable under national party spending limits rather than candidate limits, but the final position on this will always depend on the specific facts and context. The spending and reporting rules do not require political parties to report whether their spending has been focused in a particular constituency or region. We therefore commented that the legal position in relation to political party spending focused on constituencies would benefit from clarification.

6.14 In January 2016 we published the spending returns of political parties that reported spending over £250,000. Shortly afterwards, a journalist raised queries about invoices for hotel accommodation that were attributed to the Conservative Party's national spending return. It was alleged that the accommodation was used solely for campaigners supporting the Conservative Party candidate standing in Thanet South and should have been included in that candidate's spending return. At the time of writing, this matter is under investigation<sup>53</sup>.

6.15 These experiences from the 2015 UKPGE reinforce our view that the relationship between regulation of candidate spending and political party

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<sup>52</sup> Electoral Commission (2015) [The May 2015 UK elections: Report on the administration of the 7 May 2015 elections, including the UK Parliamentary general election](#) Page 71

<sup>53</sup> We do not comment further on this matter in this publication because it does not provide information about specific casework which the Commission has initiated and which we will report on according to our casework disclosure Policy.  
<http://www.electoralcommission.org.uk/our-work/roles-and-responsibilities/our-role-as-regulator-of-political-party-finances/making-an-allegation>

spending that has been in place since PPERA was passed in 2000 needs closer examination. The law currently only requires political parties to report spending against separate limits for England, Scotland, Wales and Northern Ireland, which means it is difficult to assess whether and where political parties are choosing to target their spend their campaign funds on a regional or constituency basis.

6.16 We think it is important that these matters are addressed before the next UK Parliamentary General Election expected in 2020. As the regulator, we will have views and analysis to contribute. We would expect others, including Government, Parliamentarians and the Committee on Standards in Public Life to actively work to implement this recommendation, either separately to or in connection with other potential reforms to the party funding system.

**Recommendation 2: Spending in constituencies (see page 60 of this report).**

We recommend that the relationship between the definitions of regulated candidate spending and regulated political party spending that has been in place since 2000\* should be reviewed by Governments, Parliaments and others, with a particular focus on spending in constituencies. We intend to contribute to this consideration by undertaking further analysis of spending reported at recent elections.

\* Representation of the People Act 1983 and Political Parties, Elections and Referendum Act 2000

## Campaigning using social media

6.17 As mentioned in paragraphs 3.25-3.32, the 2015 UKPGE saw an increase in use of social media as a campaigning technique. Political parties, candidates and non-party campaigners are required to report spending on regulated campaigning activity as part of their post-election spending return. At the 2015 UKPGE, political parties and candidates reported their spending on social media under the relevant reporting categories of 'advertising' or 'unsolicited material to voters'.

6.18 As noted at paragraph 3.28, the limitations of the current reporting expenditure categories means our available data on social media spend is limited to identifiable social media providers (Twitter, YouTube, Facebook) where the spending was directly incurred with that provider, and does not take into account spending on social media from less recognisable providers or through consultancies or intermediary agencies. We can therefore provide an indicative picture of how much was spent by campaigners on social media during the 2015 UKPGE but it will not fully reflect the full costs or role that it played during the election.

6.19 For future elections, consideration should be given to the merits of extending the current reporting categories to include one specifically for spending on social media. This would have the benefit of providing greater transparency on campaigner's activity and provide a fuller understanding of how technology is changing traditional campaign activities. However the

benefits of increased transparency would also need to be balanced with the potential regulatory burdens placed on campaigners by creating a separate category to record spending that is already covered by the existing spending limits. It would also be important to consider exactly how a new reporting category should be defined and future-proofed to keep up with changing technology.

**Recommendation 3: Campaigning using social media (see page 62 of this report).**

We will give further consideration to how campaigners should report spend on social media at future elections. As spend in this area grows, there is the potential for less transparency if expenditure on social media is not easily identifiable within the spending returns because social media is not a specific reporting category\*. This will need to be considered as part of reviewing all of the expenditure reporting categories to ensure that they remain proportionate and relevant to future trends in campaigning. We recommend that Governments and Parliaments should consider the timing needed for implementing changes before the next major elections expected in 2019, 2020 and 2021\*\*.

\* The reporting categories for the spending returns are set out in legislation.

\*\* European Parliament Elections in 2019, UK Parliamentary General Election in 2020 and elections to the Scottish Parliament, Welsh Assembly and Northern Ireland Assembly in 2021.

## Regulation of spending on staff time dedicated to election campaigning

6.20 The regulatory controls in PPERA and RPA are intended to limit the amount of money that campaigners can spend on election campaigns and provide transparency about that spending. The rules regulate money spent on campaign activities such as producing and distributing campaign material, holding public events or rallies and canvassing or market research. However, there is not a consistent approach to regulating the costs of staff time associated with these activities. The staffing costs of candidates and non-party campaigners are clearly covered by the controls, but the rules for political parties contain exemptions in relation to directly employed staff. This means that the spending controls for political parties do not cover a potentially large strand of election campaign spending.

6.21 This inconsistency in the rules has existed since 2000, when PPERA was passed and created the regulatory controls for both political parties and non-party campaigners. The original draft of the Bill proposed to regulate the staff costs of both kinds of campaigners but there were debates during the passage of the Bill as to whether directly employed staff costs, and a number of other items of regulated spending, should count against political parties' spending limits.

6.22 Objections to their inclusion included concerns that the list of items covered was too long, complex and burdensome, and that the provisions would be disproportionately burdensome on smaller political parties. As a



result, directly employed staff costs were explicitly excluded from the definition of campaign spending by political parties in PPERA, but not for non-party campaigners.

6.23 In our Regulatory Review of 2013<sup>54</sup> we commented on this inconsistency, and the fact that the spending controls for political parties do not cover a potentially large strand of election campaign spending. We recommended that campaign-related staff costs should be controlled by the limits on political party spending.<sup>55</sup> We acknowledged the practical challenges that were previously raised and proposed two possible solutions to Government that could be discussed and agreed in consultation with political parties, candidates and non-party campaigners.

6.24 As mentioned at paragraph 2.15, the 2014 Act made changes to the rules for non-party campaigners. The Act required new kinds of non-party campaigner spending to be regulated compared to previous elections, for example, rallies or public events held by non-party campaigners. It did not change the rules on regulation of non-party campaigners' staff costs which date back to 2000, but questions were raised about the practicalities of recording staff time associated with the newly regulated types of campaign spending. In the context of this parliamentary debate, we highlighted the inconsistency between the treatment of staff costs in the controls for political parties and non-party campaigners.

6.25 During the 2015 UKPGE, we advised non-party campaigners about recording and reporting of staff costs. We advised them to make an honest and reasonable assessment of the proportion of time that staff spent on regulated campaigning. We also emphasised that itemised time recording was not expected or required under the legislation. However we know that some non-party campaigners said they found it difficult to summarise their staff costs and decide whether these would be reportable or not. For the elections in 2016, we are adding more explanation to our forms and we will continue to consider how this area could be made clearer for non-party campaigners.

**Recommendation 4: Regulation of spending on staff time dedicated to election campaigning (see page 63 of this report).**

We continue to recommend that, in principle, staff costs associated with regulated campaign spending should be included within the regulatory controls for all types of campaigners: candidates, political parties and non-party campaigners. The solutions outlined in our Regulatory Review<sup>56</sup> provide a solid foundation for introducing changes and addressing the anomaly that means that the spending controls for political parties do not cover a potentially large strand of their election campaign spending. The Government should give further consideration to this issue when proposals for wider changes to

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<sup>54</sup> Recommendation 25 of our 2013 Regulatory Review.

<sup>55</sup> Page 48 of our 2013 Regulatory Review.

<sup>56</sup> Recommendation 25, page 50 of our 2013 Regulatory Review.

the rules are developed. We have developed two options that could form the basis for further testing and consultation with political parties and other campaigners.

## Sanctions for non-compliance with obligations placed on political parties and under campaigners under PPERA

6.26 Since 2010 we have had investigatory powers and sanctions relating to most of the obligations set out in PPERA for political parties and other campaigners. The civil sanctions introduced a broader toolkit of measures that could be used for addressing non-compliance, with criminal prosecution remaining as the sole remedy for the most serious breaches. Our sanctions include compliance notices, fixed monetary penalties of £200 and variable monetary penalties up to a maximum value of £20,000. We think it is time for us to review the level of this cap with relevant Governments<sup>57</sup>, in view of developments during the past five years.

6.27 The approach used for creating civil sanctions for PPERA offences drew on principles used in other regulatory and judicial frameworks at that time. The model was developed by the UK Government and agreed by the UK Parliament in the PPEA 2009. We understand that it was designed to strike a balance between providing flexibility to apply a proportionate sanction on a case by case basis, whilst providing reassurance that the penalty imposed would not be disproportionately punitive. It was also intended to strengthen the PPERA system and our regulatory powers, after just under a decade in place.

6.28 During the past five years, we have bedded-in our investigatory and sanctioning powers, in line with our statutory enforcement policy. We have also used complementary approaches to provide support and guidance to political parties and other regulated bodies, and observed improving compliance trends. Where breaches occur, our sanctioning decisions encompass a range of factors, such as aggravating and mitigating circumstances, the level of money involved, whether it is a repeat offence and public interest.

6.29 We now think that the maximum available sanction should be reviewed and updated following the successful introduction of the civil sanctions regime, and in the light of changes to other regulatory and judicial frameworks

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<sup>57</sup> This recommendation would require the UK Government and UK Parliament to implement changes. Following the implementation of the Smith Commission and St David's Day Agreement, this will also come within the remit of the Scottish Parliament and Welsh Assembly in relation to elections to the Scottish Parliament and National Assembly for Wales.

in the intervening years.<sup>58</sup> As the first step, we have just held a public consultation on changes to our statutory enforcement policy.

6.30 As the next phase of this work, it will also be important to consider whether the current penalties under the sanctioning framework allow enough flexibility for fines to be proportionate to the circumstances. For example, with election spending limits in the millions of pounds for political parties contesting all constituencies, there is a risk that the capped £20,000 penalty will offer little future incentive for campaigners to ensure that spending limits are respected. Equally, such fines could seem inadequate and affect public confidence, especially if imposed on a high spending campaigner following a closely contested poll. This consideration is an important part of keeping our remit and powers under review in a timely manner, rather than in reaction to events.

**Recommendation 5: Sanctions for non-compliance with obligations placed on political parties and other campaigners under PPERA (see page 64 of this report).**

We think there is a case for reviewing and increasing the present cap of £20,000 on our power to issue sanctions. It is important to keep the cap under review, particularly in light of experience from the initial 5 years of the civil sanctions regime and comparisons with other regulatory and sanctioning systems. As the cap is set in legislation, any increase would need to be implemented by Government and/or Parliament.

## Changes to the rules on regulating non party campaigning (the 2014 Act)

6.31 As described at paragraph 2.15, prior to the UKPGE 2015, significant changes were made to the rules regulating non-party campaigning by the 2014 Act. The changes in Part 2 of the 2014 Act directly amended Part 6 of PPERA, which sets out the overall framework to regulate non-party campaigners. The 2015 UKPGE was the first general election that non-party campaigners were subject to these new rules since they were introduced.

6.32 These changes were:

- Expanding the range of activities covered by the rules to include spending on public events, media events, transport in connection with a campaign and canvassing or market research (prior to this change, these rules only covered spending on 'election material', such as leaflets, adverts and websites).

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<sup>58</sup> In 2015 the maximum £20k fine available to Magistrates in England and Wales was removed. We understand that the original rationale for same cap being placed on the Commission's maximum fine was based on similar principles and should therefore be reviewed.

- Reducing the spending limits for the amount that non-party campaigners can spend on these activities at UKPGEs by approximately 50%.
- Increasing the registration threshold up to which non-party campaigners can spend before they have to register with us.
- Introducing new constituency spending limits.
- Introducing new 'targeted' spending limits for non-party campaigning which only supports one particular party.
- Introducing new common plan reporting provisions for small ('minor') non-party campaigners working with a 'lead' campaigner as part of a joint campaign.
- Introducing new pre-poll donation reporting requirements.
- Introducing new requirements to produce a Statement of Accounts for those non-party campaigners that had not been required to produce one under existing legislation.

6.33 Here (and above in paragraphs 6.11-12) we comment on our initial conclusions about some of those changes.

### **Joint Campaigning**

6.34 PPERA requires non-party campaigners taking part in joint campaigns to attribute the total spending on that campaign to the spending limit of every campaigner involved in the activity. This is to prevent non-party campaigners from evading the spending limits by setting up separate organisations or campaign banners.

6.35 We publish guidance on what joint campaigning is and the rules for campaigners working together. To be part of a joint campaign, we advise that non-party campaigners must be working together with one or more other non-party campaigners and spending money on regulated campaign activities as part of a common plan. Examples of joint campaigning activities may include:

- joint advertising campaigns, leaflets or events,
- co-ordinated regulated campaign activity with another campaigner, or
- if another campaigner can approve or has significant influence over your leaflets, websites, or other campaign activity.

6.36 We do not consider it to be a joint campaign if campaigners:

- have informal discussions with other campaigners that do not involve decision-making or coordination of plans,
- speak at an event organised by another campaigner, but do not participate in any other way
- do not consult with other campaigners about what a campaign should say how it should be organised.

6.37 Non-party campaigners can be engaged a joint campaign as equal partners with no obvious lead campaigner. In these situations, there is no requirement for joint campaigners to notify us that they are working together in

this way, but the joint campaigners are required to take each other's spending into account when observing the spending limits.

6.38 The 2014 Act introduced a new common plan reporting provision for small ('minor') non-party campaigners working with a 'lead' campaigner as part of a joint campaign. This was created through a Government amendment during the passage of the 2014 Bill. It was intended to create a more straightforward way for joint campaigns to be regulated when there is one organisation that has a leadership role within the joint campaign or is spending a higher sum of money than other partners and is willing to take on responsibility for reporting the total spending under the PPERA obligations.

6.39 During the 2015 UKPGE, the most common areas of queries from campaigners about the non-party campaigning rules were about how the PPERA rules on joint campaigning and joint spending limits would apply to campaigners' plans or existing partnerships. We gave bespoke advice to campaigners based on the principles outlined in our guidance. We also intended to monitor how the new lead/minor campaigner provision worked in practice at the election.

6.40 We did not receive any formal notification of joint campaigns established under the new lead/minor campaigner provision at the 2015 UKPGE. If campaigners are in a campaign with a lead/minor structure, the lead campaigner has no legal basis to require spending records from a minor campaigner. This was not provided for under the new provision introduced by the 2014, although we highlighted the need for it during development of the Government amendment. It means that a lead campaigner is formally agreeing to submit information that a minor campaigner is not legally required to provide to it. The disparity in the relationship could deter a campaigner from becoming the lead campaigner in a coordinated joint campaign. This may have deterred some campaigners from campaigning, and no campaigners applied to be a lead campaigner, with the lack of control over a partner's spending being cited to us as a concern for some organisations.

6.41 In our submission to Lord Hodgson's review we commented that regulatory obligations should be applied to both the lead and minor campaigners if they register with us under that provision in the legislation. Placing obligations on all campaigners would make the rules and obligations for campaigners clearer and fairer on both sides and may encourage more campaigners to use this potentially useful structure.

**Recommendation 6: Joint campaigning by registered non-party campaigners (see page 67 of this report).**

We continue to recommend that the UK Government amend the recently introduced legal provisions for lead and minor non-party campaigners working in a joint campaign, to require minor campaigners to provide accurate spending information to the appointed registered lead campaigner.

We also recommend that a campaigner in a joint campaign should be required to report the total spending of itself and its partners, not just its own

spending, for transparency purposes and for verifying compliance with the spending limits.

6.42 We also recognise that some campaigners may not register in a lead/minor campaigner relationship because their campaign could be structured as an equal relationship between partners without any lead body or an overall coordinating structure.

6.43 PPERA does not require registered campaigners that are not registered in a lead/minor campaigner relationship to declare the sum total of any joint campaigning. These facts make it difficult to ascertain which organisations were in joint campaigns and how much was spent. In practice, a campaigner must know how much their joint campaign partners have spent, in order to know whether they have breached a spending limit.

6.44 We therefore ask campaigners to declare the total regulated expenditure incurred independently and with partners, on a voluntary basis in their spending returns. We were informed about one instance of joint campaigning in the 2015 UKPGE by two registered non-party campaigners, who declared joint spending with each other totalling almost £100,000. One other non-party campaigner declared that they had entered into a joint campaign with an unregistered campaigner.

6.45 Requiring all campaigners who campaigned as part of a joint campaign to report, as part of their own spending return, the overall total spend of the joint campaign they enter into would enable us to check that spending limits have not been exceeded. For the EU membership referendum, permitted participants who do enter into a joint campaign will be equally required to report the total spend of all partners and we believe that this provision should also be extended to cover elections.

6.46 We are aware that Lord Hodgson's review is considering whether the joint campaigner rules could be clarified or improved, and note that the Commission on Civil Society and Democratic Engagement has also made recommendations on this theme. Following the publication of Lord Hodgson's review, we will consider these recommendations, and consider whether we think administrative or legal changes would be desirable.

### **Targeted Spending**

6.47 Targeted Spending was a new concept introduced under the 2014 Act and designed to place additional regulation on non-party campaigning that is undertaken in support of a single political party. Non-party campaigners can undertake targeted spending on regulated campaign activity for a single political party without any kind of authorisation from that political party up to the spending limits set out in PPERA. At the 2015 UKPGE, these limits were £31,980 in England, £3,540 in Scotland, £2,400 in Wales and £1,080 in Northern Ireland.

6.48 Targeted spending incurred in a particular part of the UK will count towards the overall spending limit for regulated campaign activity for that non-

party campaigner. If a political party has authorised targeted spending above the spending limits this spend will count towards both the spending limit of the non-party campaigner and the political party. The political party concerned needs to notify us that they have authorised a non-party campaigner to incur an amount of targeted spending. The targeted spend by the non-party campaigner will then count towards both the non-party campaigner's spending limit and the spending limit of the party.

6.49 We received notification of five non-party campaigners authorised by the Labour party, under the targeted spending provisions at the UK general election.

**Chart 22: Targeted spend authorisations by the Labour Party 2015**

Campaigner	Amount authorised to spend in England	Amount authorised to spend in Wales	Amount authorised to spend in Scotland
CWU	£287,000	£39,500	£49,000
GMB	£287,000	£39,500	£49,000
UNISON	£287,000	£39,500	£49,000
Unite the Union	£287,000	£39,500	£49,000
USDAW	£287,000	£39,500	£49,000

6.50 The GMB and CWU did not submit a spending return, and are not required to do so if their spending did not exceed the relevant thresholds across the UK. UNISON, Unite the Union and USDAW submitted spending returns after the election. However, it is not possible to ascertain how much, if any, money was spent by each of these registered non-party campaigners on targeted spending. This is because the legislation does not require it to be reported separately. This limits our ability to review the information required under this new provision. To make this new provision more meaningful, we recommend that a separate category for targeted spending be introduced to the requirements for the contents of the spending return so that greater transparency can be provided on how much campaigners are actually spending on targeted spend.

**Recommendation 7: Targeted spending by registered non-party campaigners (see page 69 of this report).**

For future elections, we recommend that the UK Government introduce a specific mandatory reporting category for targeted expenditure that non-party campaigners have incurred and spent in relation to an authorisation given by a political party. Without this requirement, the recently introduced targeted spending provision only provides limited transparency and it is difficult to identify in the spending returns how much targeted spend has been incurred.

## Expected changes to parliamentary constituency boundaries and impact on spending limits

6.51 The Parliamentary Voting System and Constituencies Act 2011 has the effect of reducing the number of MPs and sets the future number of constituencies at 600, down from the 650 in the 2015 UKPGE. The Electoral Registration and Administration Act 2013 later delayed implementation of this change to the number of constituencies until the expected 2020 UKPGE. This reduction in the number of constituencies will have an impact on party, candidate and non-party campaigner spending and the spending limits for both will need to be reviewed in light of this change.

6.52 The next UKPGE is expected to be held on Thursday 7 May 2020. The regulated period for political parties would start 365 days before that in May 2019. It will be important to consider the implications of the constituency boundary review in relation to campaigner spending limits before that regulated period begins.

### **Recommendation 8: Expected changes to UK parliamentary constituency boundaries and impact on campaigner spending limits (see page 69 of this report).**

It will be important to consider the implications of the UK Parliamentary constituency boundary review in relation to spending limits for candidates, political parties and non-party campaigners before the next UKPGE expected in 2020\* to ensure that spending limits reflect any changes to the size and number of constituencies and to also ensure that campaigners can adequately communicate messages to voters. We recommend that the UK Government take this into account when planning for the implementation of the boundary review.

\* The regulated period for the expected 2020 UKPGE is expected to commence in May 2019.

## Publication of candidate spending returns

6.53 Under the RPA legislation, Returning Officers must fulfil their duty to notify the public that spending returns are available for publishing a notice in two newspapers. Given changes in technology since the introduction of the RPA, and the move away from traditional media platforms to electronic news, we recommended in 2013 that this requirement for Returning Officers be changed to include publishing a notice online, as well as or instead of two newspapers.<sup>59</sup>

6.54 We recommended that there should be an Order-making power added to the RPA to allow the Secretary of State to determine how candidate spending returns are made available for inspection or published at each election.

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<sup>59</sup> Recommendation 34 in our 2013 Regulatory Review.



6.55 We continue to recommend that such a change would improve transparency locally and nationally by making information about spending and donations for election candidates more widely accessible. In their published report in February 2016, the Law Commissions also recommended that Returning Officers should continue to publicise and make available spending returns for inspections but that secondary legislation should be introduced to proscribe a process for being able to do this online, where such facilities exist. (Recommendation 12-5).<sup>60</sup>

**Recommendation 9: Publication of candidate spending returns (see page 70 of this report).**

To improve transparency and accessibility of candidate spending returns, we continue to recommend that Returning Officers should be required to publish spending returns online as well as through the existing methods of public inspection. We support recommendation 12-5 of the Law Commissions' review<sup>61</sup> of Electoral Law which proposes a method for implementing this change through legislation.

## Central collation of candidate spending data

6.56 As mentioned at paragraph 3.34, there has been a fall in the numbers of (Returning Officers (ROs) delivering returns to the Commission over the last three UKPGEs (and a significant fall following the most recent elections). At the 2005 elections, we received 99% of returns, at the 2010 elections this fell to 97%, and at these elections we received 86.5% of candidate returns. This means that our ability to effectively monitor compliance with the rules is diminished, both in terms of whether returns delivered are compliant, and in terms of whether returns have been delivered at all. The RPA does not place any duty on ROs or the Commission to chase candidates and agents for missing returns.

6.57 At the 2015 UKPGE there were 3971 candidates standing for election. Following the election, we received compliant copies of candidate spending returns for 3,436 candidates from 587 constituencies. ROs for 63 constituencies did not deliver any returns to us, despite reminders. This represented a total of 404 returns.

6.58 Of the 587 constituencies where ROs did deliver returns to us, we did not receive compliant returns for 131 candidates. According to our checks, none of those returns related to successful candidates and two related to second place candidates. Chart 21 below outlines the various reasons for the 131 candidate returns not being compliant.

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<sup>60</sup> Recommendation 12-5 [http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral\\_law\\_interim\\_report.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral_law_interim_report.pdf)

<sup>61</sup> Recommendation 12-5, page 165 [http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral\\_law\\_interim\\_report.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral_law_interim_report.pdf) and recommendation 35 of our 2013 Regulatory Review.

**Chart 23: Reasons for candidate returns not being received from Returning Officers**

<b>Non-compliant or missing candidate returns (from the 587 constituencies we received returns for)</b>	
<b>Reason for the return being missing or non-compliant</b>	<b>Number of returns</b>
Missing: Returning Officer confirmed no return submitted	47
Missing: Not amongst returns provided by Returning Officer	37
Incorrect form used – not all required information provided	29
Incomplete submission e.g. declarations or invoices only	11
Unclear whether return was for long or short campaign	4
Returning Officer referred Commission to secure website to access returns, but unable to access	2
Candidate deceased	1
<b>Total</b>	<b>131</b>

6.59 We recognise that local authorities are under increasing resource pressures, but the delivery of the returns is a statutory duty and our publication of all returns data in one place aids transparency and is a useful resource for voters. The number of entire constituencies which failed to deliver copies of returns to us is a concern, although we recognise that there should still be some transparency because those returns are also required to be available to view at each authority.

6.60 We will continue to seek to improve our guidance and work with parties and through ROs to improve compliance by candidates and agents. We also intend to work with ROs to establish the reasons for this fall in their delivery of candidate returns to us. We will consider how we can improve the guidance and support we provide to ROs, including through reminders and improving and simplifying the process for delivering returns to us. We will also seek to establish agreement with ROs as to how missing returns will be dealt with to ensure there is an effective and proportionate overall framework for ensuring candidates and agents deliver returns to ROs, and ROs deliver those returns to us.

6.61 It remains our view however, as expressed in our 2010 spending report, that it would not be practical without significant additional resources, for the Commission to become the repository of these returns, rather than ROs. As long as improved delivery of returns by ROs can be achieved, creating a central repository of returns would not provide a tangible improvement in our ability to monitor compliance by candidates and agents under the current legal framework. Separately, we have recommended above that the Commission should be provided with investigative powers and sanctions for offences relating to candidate spending and donations at specified elections. The arrangements for submission of candidate returns would need to be considered as part of that proposal.

## Clearer candidate spending limits

6.62 At most elections, candidates and their agents have to calculate their spending limits themselves using a formula set out in legislation and approved by Parliament. We publish this formula in our guidance. The limits are based on a fixed amount plus a certain amount for each registered elector in the relevant area at a given point in time.

6.63 At elections above local government level, the limit also takes into account the type of electoral area. The amount per voter in rural (county) constituencies is larger than the one for urban (borough/burgh) areas. The per voter calculation is based on the number of registered voters on the last date for publication of the notice of election; this is between 15 and 25 working days before the day of poll, depending on the election.

6.64 For the majority of elections, candidates and agents have to calculate their spending limits on the basis of the number of voters on the register weeks before the date of the poll. Our experience has shown that this causes problems for both campaigners and electoral administrators. We reported some of these practical issues in our spending reports for the 2001, 2005 and 2010 UKPGEs and summarised them in our Regulatory Review 2013. In that report we recommended that candidate spending limits should be defined in such a way that candidates and agents can work out their spending limit easily, in good time for them to plan their election campaign<sup>62</sup>. We highlighted this issue with the Law Commissions for their review into Electoral Law.

6.65 In their published report in February 2016, the Law Commissions stated that for those elections where spending limits are expressed using formulas, these limits should be declared by the Returning Officer along with the notice of election (Recommendation 12-3).<sup>63</sup> We welcome the Law Commissions' recommendation and believe it will address the problems associated with candidates calculating their own spending limits. Our observations of the 2015 UKPGE candidate spending returns indicate that similar practical issues arose at these elections.

### **Recommendation 10: Clearer candidate spending limits (see page 73 of this report).**

To reduce the risk of candidates spending over the limit, and of unintended non-compliance with the rules, we continue to recommend that the spending limits should be made clearer for candidates and their agents. We support the method proposed in recommendation 12-3<sup>64</sup> from the Law Commissions' review of Electoral Law that, when based on formulas set out in legislation,

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<sup>62</sup> Recommendation 37 in our 2013 Regulatory Review

<sup>63</sup> [http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral\\_law\\_interim\\_report.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral_law_interim_report.pdf)

<sup>64</sup> Recommendation 12-3, page 161 [http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral\\_law\\_interim\\_report.pdf](http://www.lawcom.gov.uk/wp-content/uploads/2016/02/electoral_law_interim_report.pdf) and recommendation 37 of our 2013 Regulatory Review.

the limits for candidates at elections should be published by the Returning Officer along with the notice of election. This change would need to be implemented through legislation.

## Simplifying the rules on pre candidacy spending and donations

6.66 As noted at para 2.9, prior to UKPGEs there are two separate periods and spending limits to control the spending of election candidates. These are known as the 'long' and the 'short period'. The long period was created prior to the 2010 UKPGE. In response to continuing concerns about levels of campaigning before people officially became a candidate, the PPEA introduced these new controls on pre-candidate spending and donations for UKPGEs. A similar 'long' period for candidate spending was introduced for the Scottish Parliament elections in 2011.

6.67 Our experience from the 2010 UKPGE and the 2011 Scottish Parliament elections showed that having two separate regulated periods confuses candidates and agents. In our 2013 Regulatory Review we commented on our analysis of candidate spending returns, and recommended replacing the current arrangements with a single regulated period and spending limit. We also noted some associated risks, because the change would allow significantly higher levels of spending close to polling day and could disadvantage candidates with relatively limited funds.

### **Recommendation 11: Simplifying the rules on pre-candidacy spending and donations (see page 73 of this report).**

At the 2010 and 2015 UKPGE we have observed that having two separate candidate regulated periods and two separate spending limits causes administrative burdens on candidates and agents and adds to the risk of non-compliance with the rules. We provide more details on this in our 2013 regulatory review.<sup>65</sup> We continue to recommend that the UK Government consult campaigners on this matter as part of its next review of candidate regulation.

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<sup>65</sup> Recommendation 36, page 64 of our 2013 Regulatory Review.

# Donations

## Pre-election reporting of donations for UK general elections

### Political Parties

6.68 The current rules require political parties to make weekly reports of donations and loans above £7,500 received in the final weeks before a UK general election. Political parties can obtain an exemption from the weekly reporting requirement if they are not standing candidates at the election.

6.69 However, if a party does not seek an exemption and receives no reportable donations or loans, it must still submit a nil return for each weekly report. These 'weekly' reports are published on our website.

6.70 At the 2015 UKPGE one loan totalling £12,500, was opened by UKIP during this 'weekly' reporting period. We comment on the donations reported in paragraph 4.1 of chapter 4.

6.71 Many political parties however, fail to submit weekly pre-poll donation reports, usually because they have not received a reportable donation. The resource involved in chasing these statutory reports is therefore of limited regulatory value. The current model of reporting would be appropriate if most registered political parties stood candidates and received at least some reportable donations in the weeks before the poll. However, in practice many political parties do not fall into this category. The current reporting requirements are therefore disproportionately burdensome both for these political parties and for us.

6.72 In our 2013 Regulatory Review, we commented the pre-election donation and loan reports should only be required from parties that are standing candidates in that election and receive a reportable donation or loan during the relevant period. We also commented on the benefits of streamlining these reporting requirements. We proposed an alternative method of requiring only one report rather than the four to six weekly reports required at present. Further details are set out in that report<sup>66</sup>.

### Non-party campaigners

6.73 The 2015 UKPGE was the first time that non-party campaigners had to report regulated donations to us before polling day. As with the pre-existing rules on donations to non-party campaigners, the new pre poll rules introduced by the 2014 Act covered only contributions given for the purpose of

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<sup>66</sup> Recommendation 10, page 26 in our 2013 Regulatory Review.

meeting regulated spending. Non-party campaigners had to comply with two new types of pre poll reporting: quarterly and weekly reports.

6.74 The total reported value of donations reported as accepted by registered non-party campaigners in their returns after the 2015 UKPGE was £667,000 (see chart 19). We comment on the donations reported under these provisions in paragraph 4.17-19 in chapter 4.

**Recommendation 12: Pre-election reporting of donations for UK general elections: Political parties and non-party campaigners (see page 75 of this report).**

We continue to recommend that the UK Government implement our proposals to replace weekly pre-election donation reporting for political parties and non-party campaigners with a single report that would cover most of the period between the dissolution of Parliament and polling day.<sup>67</sup> The report should only be required from political parties that are standing candidates in that election and receive a reportable donation or loan during the relevant period. Making these changes would reduce the regulatory burden upon these campaigners while retaining the same level of pre poll transparency as under the current rules.

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<sup>67</sup> Recommendation 10, page 26 in our 2013 Regulatory Review.

# Appendix A

Political parties have to report spending in relation to the following expenditure categories:

- Party Political Broadcasts
- Advertising
- Unsolicited Material to Electors
- Manifesto/Party Political Documents
- Market Research/Canvassing
- Media
- Transport
- Rallies and Other Events
- Overheads and General Administration associated with the above

Candidates have to report spending in relation to the following expenditure categories:

- Advertising
- Unsolicited material to electors
- Transport
- Public meetings
- Agents and staff costs
- Accommodation and administration

Non-party campaigners have to report spending in relation to the following expenditure categories:

- Press conferences or other media events organised by them
- Transport in connection with publicising their campaign
- The production or publication of election material
- Canvassing and market research (including the use of phone banks)
- Public rallies and public events
- Overheads and General Administration associated with the above

Campaigners are also required to report:

- Unpaid claims
- Disputed claims
- Value of notional expenditure
- Payments made

# Appendix B

Registered political parties that fielded candidates at the 2015 UKPGE

<b>Party Name</b>
Above and Beyond
Apolitical Democrats
Alliance for Green Socialism
Alter Change
Animal Welfare Party
Alliance Party
All People's Party
Al-Zebabist Nation of Ooog
British Democrats
Beer, Baccy and Scratchings
British Independents
Bournemouth Independent Alliance
British National Party
Campaign
Citizens for Uttlesford
Christian Movement for Great Britain
Christian Party
Common Sense Party
Communities United Party
Communist League
Communist Party
Conservative Party
Children of the Atom
Christian Peoples Alliance
Cannabis is Safer than Alcohol
Class War
Digital Democracy
Democratic Party
Democratic Reform Party
Democratic Unionist Party
English Democrats
Eccentric Party of Great Britain
Europeans Party
Free Public Transport Party
Free United Kingdom Party
Guildford Greenbelt Group
Green Party



Hoi Polloi
Humanity
Independent Community and Health Concern
Independents for Bristol
Independence from Europe
Independent Political Alliance Party
Islam Zinda Baad Platform
Justice & Anti-Corruption Party
Justice for Men and Boys
Let's Keep it Real
Labour Party
Let Every Child Have Both Parents
Liberal Democrat
Locally Informed Health and Social Care
Liberal
Liberty GB
Lincolnshire Independents
Land Party
Left Unity
Movement for Active Democracy
Mainstream
Manston Airport Independent Party
Magna Carter Conservation Party
Magna Carta Party
Mebyon Kernow
Monster Raving Loony Party
North East Party
National Front
National Health Action Party
New Independent Centralists
National Liberal Party
Northern Party
New Society of Worth
Patria
People Before Profit
Plaid Cymru
Putting Croydon First
UK Progressive Democracy Party
People First
Pilgrim Party
Pirate Party UK
Pluralist Party

Poole People
Principles of Politics Party
Peace Party, non-violence, justice, environment
Population Party UK
Patriotic Socialist Party
Party for a United Thanet
Rebooting Democracy
Respect Party
Red Flag – Anti-Corruption
Rochdale First
Republican Socialist
Reduce VAT in Sport
Social Democratic & Labour Party
Social Democratic Party
Stop Emotional Child Abuse, Vote Elmo
Socialist Equality Party
Sinn Fein
Your Vote Could Save Our Hospital
Socialist Labour Party
Something New
Scottish National Party
Socialist Party
Sustainable Population Party
30-50 Coalition
Birthday Party
Evolution Party
Realists' Party
Roman Party
Southport Party
Ubuntu Party
Trade Unionist and Socialist Coalition
Traditional Unionist Voice
United Kingdom Independence Party
U Party
Ulster Unionist Party
Vapers in Power
We Are The Reality Party
Wigan Independent
Whig Party
Workers' Party
World Peace Through Song
Wessex Regionalist

Workers' Revolutionary Party
War Veteran's Pro-Traditional Family Party
Yorkshire First
Young People's Party

For more information on reported campaign expenditure and donations at the UK Parliamentary general election in 2015 and previous elections, click on the links below.

[Political parties: register of campaign expenditure](#)

[Political parties: register of donations](#)

[Political parties: register of loans](#)

[Candidates: expenses returns data \(includes headline info on donation\)](#)

[Non-party campaigners: register of controlled expenditure](#)

[Non-party campaigners: register of donations](#)