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Review of political party
funding

*Standards in
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Executive summary

Introduction

The Committee on Standards in Public Life commissioned TNS-BMRB to undertake qualitative public opinion research as part of its inquiry into the funding of political parties. The research aimed to explore: attitudes towards the current system of political party funding, including state funding, and their expenditure; and test views towards possible future funding patterns, including a cap on large donations or an increase in state funding.

The research was comprised of two stages: stage one consisted of: a document review to support the development of the guides and stimulus; and a pilot workshop to test out the materials developed for the workshop. Stage two consisted of six deliberative workshops in political constituencies across England. The constituencies selected had strong traditional core votes for each of the respective parties, including wins at the most recent general election: North Wiltshire and Maidenhead – Conservative; Durham North and Birmingham Ladywood – Labour; Norfolk North and Sheffield Hallam – Liberal Democrat.

Contextual factors

Participants' views were affected by a number of contextual factors including:

- The heterogeneity of the groups in terms of age, socio-economic grade and political party-supported led to widely varying characteristics and experiences.
- The importance participants placed on the issue of party funding.
- An underlying mistrust of politicians and political systems.

Awareness of current system of party funding

Awareness and knowledge of the current system and monitoring was limited and there was initial confusion in relation to what 'party funding' constituted. However, the following sources of income were identified: individual donations, business donations and trade union funding.

Individual donations were the most often identified source due to media stories about corruption and strong initial feelings were expressed by participants regarding the unfairness of undue influence resulting from big donations. Furthermore, there was an initial sense that the system lacked transparency.

The link between political parties and the democratic process was not a dominant concern for most and was rarely mentioned spontaneously.

Views on current expenditure

Participants' expressed an initial belief that money spent by parties went towards luxuries and attempts to woo voters. After receiving information on the level of expenditure and areas of spending, reactions towards this varied depending on individual perceptions of what constituted a '*lot of money*'. However, in spite of this variation, there was an overall feeling that parties should be looking for ways to improve efficiency and spend less through managing their budgets more effectively. There was a suggestion that rules should be set either to limit overall expenditure and/or to limit spends on specific tasks, such as advertising or staffing.

Principles underpinning future system of funding

A number of overarching principles were highlighted that participants felt should be included in any future system:

- Fairness – a system free of corruption, and positively fostering equality of opportunity.
- Efficiency and cost cutting – parties being forced to make the best use of available funds and reduce expenditure.
- Responsibility – for generating money, spending wisely and managing finances.
- Accountability – ensuring parties provide detailed records of income and expenditure.
- Openness and transparency – to ensure the effective monitoring of large donations and whether they resulted in future favours for the donor in question.

Views towards introducing a cap on donations

Views towards the introduction of a cap were mixed. Many participants highlighted the potential benefits including: strengthening the opposition - outside of the two biggest parties; minimising the impact of influential donors; and encouraging efficiency and a reduction in expenditure as parties will have less funds available.

However, there was a great deal of scepticism that this would minimise corruption and improve overall fairness, and it was suggested that only increased monitoring

and regulations would achieve this. In addition, participants expressed concern about the unequal impact on political parties and uncertainty about possible unforeseen practical impacts. There was also a view that people have a 'right' to make donations and express their support to the party of their choosing.

It was largely felt that funding from unions should not be treated any differently to other forms of donations. However labour supporters were often less comfortable with the idea of capping funding from unions as a result of the impact this would have on labour party overall funding levels.

Overall, participants expressed a preference to see a system that fostered equality of opportunity in terms of being able to generate income, over a system that resulted in equal outcomes (in terms of funding levels).

Views towards increasing state funding

Despite some initial agreement expressed towards the possibility of increasing state funding to address concerns around large donations; following further reflection and discussion, participants expressed increasing reluctance, towards this option. This reluctance was linked to concerns over: the spending of public funds in the current economic climate; and a lack of trust in politicians and political systems. Participants did generally accept that it was important to maintain some state funding in order to ensure a democratic system of government.

Overall ranking

At the end of the discussions, participants were given four options for future funding and asked to rank these:

- Option 1 - The current system is either working fine or the alternatives on offer are even worse.
- Option 2 - Very large donations (e.g. over £10K or £50K) should not be allowed; even if it means that some parties will suffer a dramatic loss of income and be less competitive.
- Option 3 - Very large donations (e.g. over £10K or £50K) should not be allowed; but some state funding will be necessary to make up the shortfall.
- Option 4 - All state funding should be stopped. Parties should pay for themselves and be allowed to raise whatever they can.

Across the six groups, option one (the current system is either working fine or the alternatives on offer are even worse) came out ahead overall. However, looking across the spread of rankings and taking the discussions into account, there did not appear to be a sense that the current system was 'working fine' or a clear preference expressed for the system to remain unchanged.

Rather, the selection of option one appeared to be a response to the perceived failure of the other options available to address the key concerns and issues raised in the discussions; in this sense, it could be seen as a default option rather than a decisive choice. In particular, issues that participants felt should have been addressed within the options included:

- Increased monitoring and regulations to address issues such as increasing the transparency of donations.
- Reducing party expenditure, particularly if state funding is to be increased.
- Creating a more level playing field by equalising opportunities to succeed.

Key issues

In spite of the inconsistency of views both across the groups and in individual journeys within the workshops, as well as the lack of a clear preference for any of the options discussed, there were a number of key issues raised by respondents for consideration in any reform of political party funding. It was suggested that:

- Parties could take responsibility for managing their budgets more **efficiently and effectively**, irrespective of the source of the income. Failure to do this voluntarily should result in rules being set either to limit overall expenditure or to limit spends on specific tasks, such as advertising or staffing.
- The **regulation and monitoring** of party funding could be increased to improve the transparency of donations and minimise the risk that large donations will result in future influence or favours. In addition, the current level at which donor details must be made public (over £7, 500) could be reduced significantly or even amended to include all donations.
- **Public awareness** of the current system of regulating and monitoring party funding and the availability of donor details could be improved.
- Reform could aim to create a **more level playing field** and promote fairness for the three main parties through the introduction of measures to create a more equitable financial starting point.

- There were a number of **principles** highlighted which participants believed could underpin the system of party funding: fairness, efficiency and cost-cutting, conscientiousness, accountability, openness/transparency.

Background and introduction

1.1 Introduction

The Committee on Standards in Public Life commissioned TNS-BMRB to undertake qualitative public opinion research as part of its inquiry into the funding of political parties.

1.2 Research aims and objectives

The research aimed to explore public views toward political party funding, more specifically:

- Attitudes to state funding of political parties, both current and prospective.
- Underlying reasons for hostility to or support for state funding.
- The role and importance of political parties to the democratic process.
- Party expenditure.
- Current ways in which parties are financed, including current levels of state funding.
- Whether large donations from individuals, corporation or unions should be permitted.
- Whether donations should be capped and at what level.
- How political parties should make up any shortfall in revenues.

1.3 Research methodology

The research comprised two stages:

Stage one

- An initial document review was undertaken to support the development of the topic guides and stimulus materials.
- A pilot workshop was conducted with five participants in London to test and hone materials developed for the workshop.

Stage two

- Six deliberative workshops were conducted in six constituencies across England with members of the public.
- The constituencies selected had strong traditional core votes for each of the respective parties, including significant wins at the most recent general election. They also provided good coverage between the north and south of England, as well as between affluent and less affluent areas. The workshops consisted of mixed groups in terms of gender, age, socio-economic grade and party voted for in last election.
- All discussions were recorded and transcribed. Following transcription, the data was analysed using the rigorous framework technique of 'matrix-mapping'.

Further information on our research approach is outlined in Appendix A.

1.4 Report outline

The remainder of the report covers the following:

- Chapter two - provides some contextual background to the discussions and explores awareness, knowledge and views towards the current system of political party funding.
- Chapter three - views in relation to future funding options are explored: firstly, the desired principles for underpinning such a system; secondly, the potential impact of changing the current mix of party funding through capping donations or increasing the amount of state funding; and finally, overall preferences for reforms to party funding.
- Chapter four – outlines key issues raised by participants for consideration in any reform of political party funding.

2. Views towards the current system of political party funding and expenditure

This chapter explores views towards the current system of political party funding and expenditure. It considers the broader context within which the findings should be considered; details the level of awareness and knowledge expressed in relation to the current system and outlines views on current party expenditure.

2.1 Context

There was a general lack of consensus regarding key issues in relation to political party funding both within and between the workshops. Importantly, even individual views expressed were found to change during the course of the discussion following consideration and debate. These variations were found to result from a number of factors and these are discussed below:

Views expressed were found to link to the **personal characteristics and experiences of individual participants**, including demographic profiles, such as socio-economic grade and employment, as well as to levels of existing knowledge or interest in current affairs and political issues (which could itself be seen as linked to demographic characteristics). These factors were found to impact on participants' ability to engage with and contextualise complex issues. For example, experiences of employment and exposure to the wider business world were found to impact on participants' ability to understand the financial and logistical issues involved in managing a large business. It was also found to impact on their ability to make linkages, such as the link between party funding and the democratic process.

Views were also affected by the **importance participants placed on the issue of political party funding**. The level of importance ranged across a continuum from those who were 'passionate' about engaging with the issue of funding, those who demonstrated a clear interest and those for whom it was a 'non-issue'. Importantly, for most, political party funding was not an issue they had given much thought to or attached much importance to prior to the research. This meant that the level of engagement was strongly influenced by their reaction to stimulus and the views of other participants.

“We’d never really given it any in-depth thought before” (Norfolk North).

An underlying **mistrust of politicians and political systems** was expressed and it was clear this overarching perception was pervasive and impacted on views in relation to party funding. For the most part, participants expressed a rather cynical and fatalistic attitude towards the system of funding political parties believing the system would be manipulated and regulations circumvented regardless of how it was organised.

“...there’s ways around a lot of these rules” (Sheffield Hallam).

2.2 Awareness and knowledge of the current system of political party funding

Initial confusion was expressed in relation to what ‘party funding’ constituted, for example, what the demarcation was between this and other funding streams, including government budgets for service provision, policy development and parliamentary costs. Despite clarification of these points during the workshop discussion, this confusion continued throughout to a lesser or greater extent - particularly in relation to operational costs. For example, there was a failure to recognise the difference between party spending and MPs expenses.

“...they were saying about all these second homes, and all these things that they get expenses for. They’re getting really, doing their houses up, their second homes with all this taxpayers’ money...TV’s and whatever” (North Wiltshire).

Existing awareness and knowledge of the current system of political party funding and monitoring was limited. However, the following sources of income were spontaneously identified by participants: individual donations, business donations and trade union funding - although this varied across the groups. Individual donations were the most prominent.

“Not that I know a lot on it but...I think more of private donations than anything else” (Sheffield Hallam).

“...we don't know that much about it. It's not a subject we know a lot about”
(Norfolk North).

Awareness of individual donations was linked to media stories, particularly in relation to corruption, such as non-domiciled donations and cash for peerages (). Strong initial feelings were expressed regarding the influence this gave people in the political system and the unfairness of this, particularly for donors who were not residing or paying tax in the United Kingdom.

“...no one gives away a million pounds without there being something in it for them” (North Wiltshire).

“My point of view is if you don't have residency in the country I don't think you should make a donation to any of the parties or anything” (Birmingham Ladywood).

Despite problems of corruption and nepotism being more immediately linked to individual donations, a distinction in views was not generally made according to the type of donation - that is whether donations were made by individuals, businesses or unions - with all forms of donations said to be open to *“buying influence”*. More exceptionally, some participants saw donations from unions as being fairer as a result of the underlying democratic nature of this type of organisation.

Participants' overall initial sense was that the system lacked transparency and that details regarding donations were likely to be *‘swept under the carpet’*. Participants were not generally familiar with current processes or rules in relation to transparency. They were not generally aware of the role played by the Electoral Commission, that information was published on their website¹ and that specific rules applied to donations over £7,500. This was tempered by an acceptance that they (and indeed most members of the public) had not and were unlikely to seek out additional information.

“How would we know.... You presume there is a lot of secrecy around it and something to hide” (North Wiltshire).

¹ <http://www.electoralcommission.org.uk/>

There were also fears that individuals would donate to a particular political party on their own behalf and then to the same party through their company, thereby making the issue of any future influence less clear.

“I think for me it doesn’t shock me because it’s exceptionally blatant if a company gives a donation there is definitely something coming out at the other end for that donation. So what they normally do is the company gives a tiny bit and the chairman of the board gives a big bit, it’s a normal way round it. So Sainsbury’s could say probably give 25 grand a year, and Lord Sainsbury is probably giving 10 million quid” (North Wiltshire).

State funding was generally not raised spontaneously as a source of funding for political parties and when probed it was clear that respondents were mostly unaware that the taxpayer money went into funding political parties. Broadly, it was assumed that parties were fairly self-sufficient and effectively managed their finances through fundraising and maximising assets (rather than receiving state support).

“We’re already paying the government, aren’t we? We’re already paying for whoever’s elected, and now you’re telling us we’re paying for people who aren’t elected” (Sheffield Hallam).

Moreover, as this quotation suggests, it was not uncommon for people to express some anger or irritation on learning that there was state funding.

The link between political parties and the democratic process was not a dominant concern for most and was rarely mentioned spontaneously. Although the link was generally recognised and accepted following the provision of information and discussion, it was not found to have a pronounced influence on decision-making, with respondents often losing site of this once discussions continued.

“So therefore, our voting system is going to be influenced by that rich [unclear] getting money from that party, so basically we’re not going to be a democratic society” (Durham North).

2.3 Views towards current political party expenditure

Spontaneous perceptions about party expenditure generally centred on a view that money received by the parties was misspent be that on luxuries, such as expensive cars, 'Jaguars' and holidays; on attempts to woo voters, for example by hiring expensive 'spin doctors'; or in a bid to progress their careers - "to climb themselves up the ladder" (Sheffield Hallam). This perception linked to a general mistrust of politicians and politics and specifically to the issue of MPs expenses. Moreover, confusion over the difference between party funding and government spending more broadly meant respondents often believed that party spending equated to taking money from the governments' coffers and that government should have a say in terms of allocating the funds.

"And who actually decides to fund what project and whatever... what party or what person actually has the say on where the funding goes to? Surely there should be a good selection across the board of people what can vote for the money to go to certain causes" (Durham North).

Following the provision of further information regarding the amount and content of political party expenditure, more reflective views were expressed. Reactions to the level of party expenditure varied and although in a number of cases the amount was perceived to be high, overall the level of spending was thought to be acceptable or for some 'lower than expected'. Importantly a lack of knowledge of government or general business spending meant participants often had no point of reference against which to judge or assess the level of spend. For this reason it was seen as both high and low, depending on individual perceptions of what constituted a 'lot of money'.

"It's like rearranging the deck chairs on the titanic and every day we are paying millions into the EU – we are talking about little sums of money that don't really matter" (Norfolk North).

"It doesn't seem a lot to me. If you look at the campaign costs for a big brand for example that's launching a new product. If you compare it to the amount that a product launch would cost over the course of however long, how much it costs to promote a film for example, it doesn't seem like much money" (Birmingham Ladywood).

Interestingly, parties' campaign costs were more likely to be focused on, in spite of the considerably lower amount, possibly due to greater public exposure to these activities during party campaigning. Concerns were raised in relation to the public benefit of campaigning and whether the campaigning of parties through flyers, media advertising and visits to homes has any impact on the views of the general public. Notwithstanding this, overall £4 million for each of the three main political parties' campaign costs was viewed as an acceptable amount.

"I feel that £12M is wasted on campaigning, and generally say when they are on the TV, when the letters come through the post, I don't read a word and don't listen to a word, when one of them comes on the TV you change the channel because you don't want to listen to what they are saying because it is saying it to get your vote and it doesn't always come through and doesn't always happen 90% of the time I'd say I feel it doesn't happen" (Maidenhead).

"It's just what everybody does in business" (Durham North).

"I thought it would be more than that" (Sheffield Hallam).

There was a call for greater efficiency in the way parties spent their money to ensure that what they have is spent wisely and goes further. There was a belief that in light of the current economic climate and cuts in public spending and need for businesses to be streamlined, parties should be looking for ways to improve efficiency and spend less. There was a sense that parties should take responsibility for managing their budgets more effectively. These views were applied to all party spending, irrespective of the source of the income being spent.

"I don't really have much views on the funding business but I just think that they don't do enough...with the money they do get" (Birmingham Ladywood).

A number of suggestions were offered for how political parties could reduce their expenditure, including:

- Using alternative communication mediums such as websites, emails or texts.
- Reduction of 'negative' campaigning against other parties.
- Stripped back, basic advertising rather than expensive national advertising campaigns.

- Mobilising party members to save on staffing costs.
- One group favoured televised public debates in elections as an alternative to mailings and advertising.

It was further suggested that rules should be set either to limit overall expenditure or to limit spends on specific tasks, for example as money spent on advertising or staffing. Participants viewed this approach as promoting fairness between parties as it meant that all parties would be spending equal amounts and would therefore have more equal opportunities to succeed.

3. Views in relation to future funding options

In this chapter, views in relation to future party funding options are explored: firstly, the desired principles for underpinning such a system; secondly, the potential impact of changing the current mix of party funding through capping donations or increasing the amount of state funding; and finally, overall preferences for reforms to party funding.

3.1 Principles underpinning future system of funding

Much of the discussion in relation to a party funding centred on the need to create a system that reflected the values held by respondents. A number of overarching principles were highlighted and it was thought important to consider these principles when developing a future funding model:

- **Fairness** – the creation of a fair system was seen as essential, both in terms of creating a system that was open and free of corruption, but also a system that positively fostered equality of opportunity. Views about which political parties this should include varied: some focussing on the three main parties, others countenancing all political parties. Suggestions for how to achieve fairness were offered and these included introducing a cap on donations, a cap on the total amount of income a party can receive, a cap on party spending and a cap on spend for specific tasks, such as a cap on TV advertising.

“I see it as an opportunity to treat them all more equally....” (Norfolk North).

- **Efficiency and cost cutting** – a strong desire was expressed throughout the discussions for making the system as efficient as it could be in order to make best use of funds available and save money wherever possible. This was seen as being particularly important given the current economic climate and it was largely felt that the political parties should be introducing such measures voluntarily. The realisation that parties were spending large amounts of money, some of which came from taxation, led to calls for caps to be placed on political party expenditure across the board. The issue of efficiency was re-visited in relation to all elements of the discussion.

“But what about reducing what they spend, so we wouldn't need to put all that in” (Sheffield Hallam).

- **Responsibility** – linked to the previous point of efficiency, it was felt that parties should take responsibility for generating money, spending it wisely and managing their finances in a responsible way. It was felt this should include taking more responsibility for stamping out problems that arise from individual donations.

Accountability - there was a perceived need for increased accountability of parties in terms of providing detailed records of their income and expenditure. This view was the direct result of negativity and mistrust following the media coverage of the MPs expenses and the money for peerages scandal (see chapter two). *“...trust has been broke between the public and MPs and we don't trust they are looking after our interests...”* (North Wiltshire).

- **Openness and transparency** – an open system was said to be vital to ensure the effective monitoring of large donations and whether they resulted in future favours for the donor in question. In line with this, participants voiced a desire for donations over £7,500 to continue to be made public, and possibly an even lower threshold introduced to ensure ‘total’ transparency. It was further thought that public awareness of the availability of this information should be improved as few participants were aware of the availability of such information on the Electoral Commission website.

“The papers aren't going to publish this information because Joe Blogs is not going to be interested” (Norfolk North).

“I don't really know a lot about the government funding, but from what I can gather government funding isn't right and it should be looked at by the everyday people like myself, so we know what is happening with the government funding and where it's coming from, where it's going. The everyday man should have a say with government funding” (Durham North).

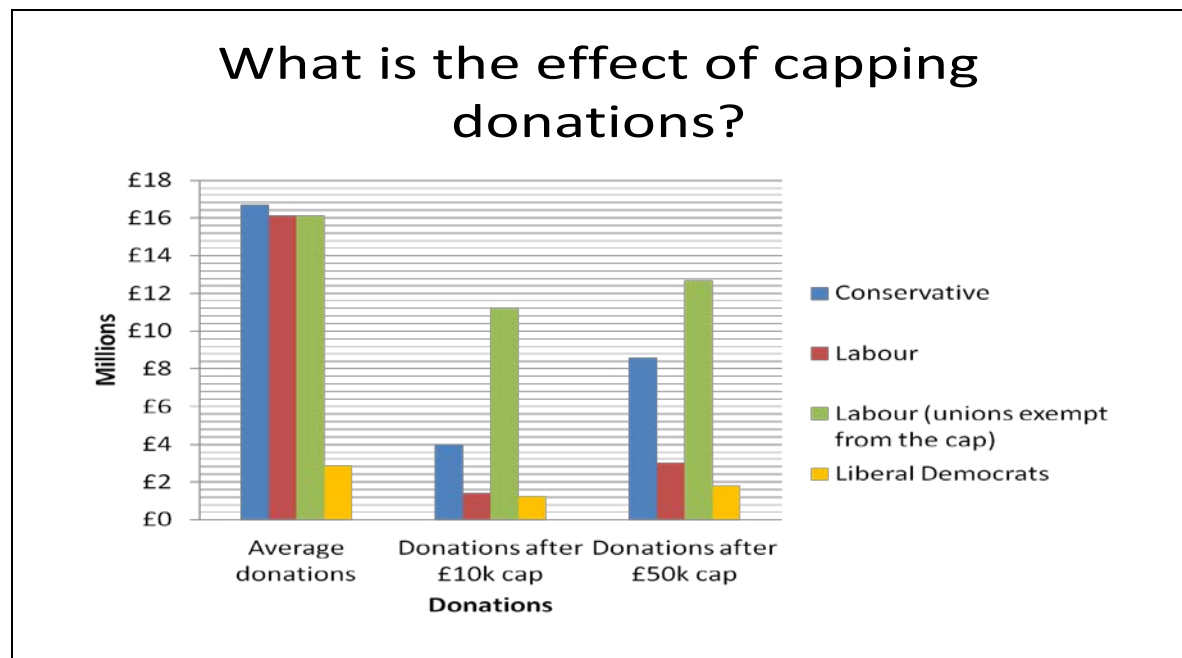
3.2 Future funding streams

Participants were asked to discuss two potential future funding stream options as part of the wider discussion – including introducing a cap on donations and increasing state funding. In order to facilitate more informed discussions, detailed information was provided (in the form of scenarios) in relation to the likely impact of these options on the income of the three main political parties. Details of the information given is outlined below:

Scenarios one: Introducing a cap on donations

In scenario one, participants were asked to consider the possibility of introducing a cap on the annual sum which could be donated to political parties by an individual or organisation. In order to provide more detail on the potential impact of **capping donations** at different amounts, the information in Figure one was provided during discussions. This graph was based on the current average annual income of the parties from donations and did not take into account any other subsequent changes in donations following the introduction of a cap.

Figure one: Impact of capping donations



The graph shows the impact on parties of different levels of funding caps:

- If donations were capped at £10 000:
 - The Conservatives would lose £12.7 million.

- Labour would lose £14.7 million; or £4.9 million if the unions are exempt.
- The Liberal Democrats would lose £1.6 million.
- If donations were capped at £50 000:
 - The Conservatives would lose £8.1 million.
 - Labour would lose £13.1M; or £3.8 million if the unions are exempt.
 - The Liberal Democrats would lose £1.1 million.

Scenario two: Increasing state funding

In scenario two, participants were asked to consider the possibility of state funding being increased to offset the total amount of party funding lost through the introduction of a cap on donations. Respondents were provided with information outlining the total amount of **additional state funding** that would be required, assuming no other changes were introduced (see Table one). These figures were based on current average annual levels of income generated through donations and did not account for any decrease in party expenditure or increased amounts raised through other fundraising efforts.

Table one: Maximum amount required to offset funding loss from a cap on donations

	£10 000 cap	£50 000 cap
Total amount required to make up funding loss	£29 million	£22.3 million
Annual amount per voter required to make up funding loss	Additional 64p on top of current amount	Additional 49p on top of current amount
Total annual amount per voter required to make up funding loss	97p in total	82p in total

3.2.1 Views towards introducing a cap on donations

Views expressed in relation to the introduction of a cap on donations were mixed and ranged from a laissez faire attitude towards the level of money accrued by parties, through to a desire for a completely level playing field. Overall a preference to see a system that fostered equality of opportunity in terms of being able to generate income, was favoured over a system that resulted in equal outcomes (in terms of funding levels). In fact for the most part it was expected and indeed accepted that the income of parties would vary.

"It should be fair, at the end of the day it is a race isn't it, it's a race and everyone should start at the start" (Birmingham Ladywood).

A number of reasons were raised for both having and not having a cap on donations. Reasons given for having a cap included:

- **Strengthening the opposition** outside of the two biggest parties through the creation of a more equitable financial starting point. It was hoped this would provide greater opportunity for smaller parties to compete, although it was recognised that this was unlikely to benefit all parties equally as the larger and more established parties would always be in a better financial position. The practicalities and format of an equitable starting point were not discussed.
- **Minimising the impact of influential donors** by limiting the amount they can donate, creating a situation potentially where you have more donors giving a similar amount and as a result curtailing their influence.

"...if there's a cap and they can only donate as much as the next dodgy business person, then it means they have got less clout..." (Maidenhead).

- **Encouraging efficiency and a reduction in expenditure** as parties will effectively have less money to spend than currently and will therefore be forced to introduce changes. This was felt to be an effective measure as it would create the need for parties to reduce expenditure, without having to introduce additional regulations and spend public money on increased monitoring of the system.

'They do have a big job to do, I agree, but they can do it with less money' (Sheffield Hallam).

Reasons for **not** introducing a cap included:

- **Scepticism that a cap will minimise corruption and improve overall fairness.** Despite initial concerns about individual donations and the possibility of big donors influencing party policy or receiving favours; there was general fatalistic acceptance that donations will form part of the funding

system and that rules will be circumvented and that these will remain open to influence or corruption. Rather than a cap, there was a strong preference for alternative solutions to be introduced such as **increased monitoring and regulations to manage this process as effectively as possible**.

"Politics has always been made to be broken and legal loopholes, so on and so forth. It's always shades of grey" (Birmingham Ladywood).

"It's the way of the world though isn't it...doing favours for each other...you're never going to get a level playing field are you?" (North Wiltshire).

- **Uncertainty over the practical impact of introducing a cap.** Participants voiced concerns about the practical impact that introducing a cap on donations might have and as a result of uncertainty, felt unable to state whether a cap should be put in place or not. For example, it was suggested that introducing a cap might act as a disincentive to donors to give money at all, thus reducing the overall level of funding available.

"Might backfire and they might lose even more money – by capping it some people may not like the idea of being limited in how much they want to give" (Norfolk North).

- **Unequal impact of introducing a cap on political parties.** Having explored the variable impacts of the introduction of a cap on the three main political parties and the possibility of some parties losing large amounts of money as a result, a degree of concern was expressed about the unfair nature of a cap and the potential impact on future elections.
- **Existence of a philosophical view that people have a 'right' to make donations of their choosing.** It was felt that individuals had a democratic right to express their views and support the political party of their choice. An analogy was drawn to charitable giving where individuals have a right to donate to whoever they chose providing they operate within the rules.

"You can't say to someone that you can't donate this money to something you believe very strongly in" (North Wiltshire).

"It should just be zero, shouldn't it? Everything should be declared" (Sheffield Hallam).

- A minority view expressed highlighted the strength **of the current funding system** and the regulations and monitoring in place. This was compared to the perceived less effective systems in place in other countries, such as the United States, which resulted in greater levels of influence by big donors.

"I think we are very lucky to live in the UK, to have so many checks and balances in place. I'd hate to live in America and have their system where it is so manipulated by big money" (Birmingham Ladywood).

For the most part participants did not feel that funding from unions should be treated any differently to other forms of donations and strong feelings were not expressed in relation to the impact this would have on certain parties. However differences in views were noted between labour supporters and supporters of other parties, with labour supporters often being less comfortable with the idea of capping funding from unions as a result of the impact this would have on labour party overall funding levels.

"...if you take the unions out, then the Conservatives get a lot more money..." (Sheffield Hallam).

"How could anyone introduce the capping and then say everyone else is capping except for you [unions]?" (Maidenhead).

In two of the workshops with the highest Labour party support (Birmingham Ladywood and Durham North), donations made by unions were identified as being intrinsically 'fairer' as a result of their underlying democratic nature and as a result it was felt they should be treated differently. It was felt that any influence from the unions was more representative as it was based on the needs and desires of large numbers of members rather than a lone individual representing their own personal interests.

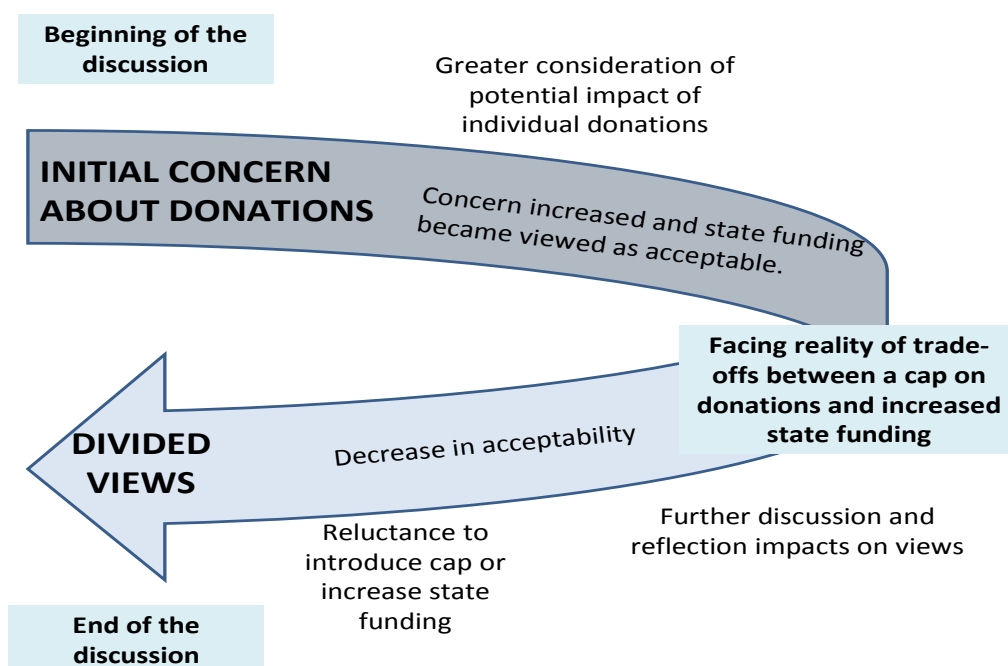
"I hate the way the right wing press slag off the unions when they donate to the Labour Party because unions represent hundreds of thousands of people"

whereas some rich person...Colonel Puppington on much snobbery, could afford to give masses of money and therefore influence a party" (Birmingham Ladywood).

3.2.2 Views towards increasing state funding

Despite some initially positive views expressed towards the possibility of increasing state funding to address concerns around large donations; overall participants expressed reluctance towards this option. We noted that respondents generally followed through a particular journey when reaching their decision on this issue and this journey is outlined in figure two:

Figure two: Views towards state funding



1. A strong negative reaction to the issue of large donations – viewed as open to corruption, “People paying to have laws and peerages” (Maidenhead).
2. State funding generally viewed as low or reasonable - “I thought it would be more than that” (Sheffield Hallam).
3. Initial acceptance of the issues of increasing state funding – especially in light of amounts paid in other countries.

“I would rather give an extra pound to offset [fewer donations] rather than live in a corrupt society” (Durham North).

4. However, rather than this resulting in a clear desire to embrace a new system that tackled the issue of donations or an acceptance of the idea of increased state funding, views were far more disparate and divided.

The reasons behind this increasing reluctance to increase state funding were complex and challenging to break down. They were closely tied into the flow of the discussion as well as the contextual factors discussed in Chapter two and centred predominantly on two issues: 1) the spending of public funds in the current economic climate; and 2) a lack of trust in politicians.

There were many concerns expressed regarding the **spending of public funds in the current economic climate**; in particular there were suggestions that it would be better spent on the provision of vital public services, many of which have suffered budget and staffing cuts. For the most part, participants voiced unwillingness for the taxpayer to take on the burden of any additional costs, especially if this resulted in further tax increases. There were also increasing doubts about whether it should be the responsibility of the taxpayer to fund parties.

"I was against large personal donations, but if I thought that [capping] meant more state funding then there's less money for all the things that are going down the pan anyway, like a good NHS and support for people where they really need it" (Durham North).

"If you cap it, it means that more funding will have to come from the state and it will then be taken away from schools and policing and that kind of thing." (Birmingham Ladywood).

Strongly linked to this were concerns regarding how effectively and efficiently the money would be spent and this linked directly to a **lack of trust in politicians and political systems**. There was a fear that the cap would have a minimal impact on corruption resulting in the wastage of any additional state funding.

"It will be like money just down the drain...you would never see any difference for your extra money" (Durham North).

"I don't want to fund something that I believe should be managed more effectively" (Sheffield Hallam).

In relation to the **potential impact on democracy**, participants accepted that it was important to maintain funding in some form in order to ensure a democratic system of government. In particular some state funding of parties at Westminster was seen as important to creating an effective opposition.

“We still want the system to work” (Norfolk North).

“Can I just say I think it is important that as taxpayers we do continue that small amount because if that stops then the right wing parties stand to become even richer because they won’t lose out, it will be the parties who care for the poor who lose out” (Birmingham Ladywood).

It should be noted that the link between the funding of political parties and the democratic process was difficult for certain participants to hold onto throughout the discussion and was not foremost in respondents’ thoughts. Despite acknowledging this link, this was not an effective argument for change, primarily because participants thought there were other ways to ensure this within the existing system or because they were not convinced that alternative options would significantly improve this.

The possibility of **funding fringe parties** was highlighted as an issue and there was a general unwillingness to provide funding to parties such as the BNP or to independent candidates at elections. Therefore the recipients of state funding would need to be considered carefully.

“Well, let’s say some of that 97 or 60... what is it? 64p difference. Some of that will go to the BNP whether you liked it or not, wouldn’t it?” (Durham North).

3.3 Overall ranking

After discussing the scenarios, participants were given four options for future funding and asked to rank these. The overall results are outlined in table two below². These

² Due to the difficulty of choosing between the options, some participants did not vote for every option or placed a number of options in a tied place. We have given 0.5 points to tied options. This means that the numbers in the table are slightly out of sync with the total number of participants.

results should not be viewed in isolation as they were strongly tied to underlying beliefs, ability to engage in the issues and the flow of the discussions.

Table two: Overall ranking of options for future funding

	1 st	2 nd	3 rd	4 th
Option 1 - The current system is either working fine or the alternatives on offer are even worse.	28	18	10	8
Option 2 - Very large donations (e.g. over £10K or £50K) should not be allowed; even if it means that some parties will suffer a dramatic loss of income and be less competitive.	13	16	23	17
Option 3 - Very large donations (e.g. over £10K or £50K) should not be allowed; but we have to recognise that some state funding will be necessary to make up the shortfall.	22	7	24	11
Option 4 - All state funding should be stopped. Parties should pay for themselves and be allowed to raise whatever they can.	8	23	7	25

Although option one was ranked first overall, looking across the spread of other rankings and taking the discussions into account, there did not appear to be a clear preference expressed for the system to remain unchanged. Rather, the selection of option one was often a response to the perceived failure of the other options available to address the key concerns and issues raised in the discussions; in this sense, it was a default option rather than a decisive choice, “...*the alternatives are worse*” (Sheffield Hallam).

Key issues that participants felt should have been addressed within the options included:

- Increased monitoring and regulations to address issues such as increasing the transparency of donations.
- Reducing party expenditure, particularly if state funding is to be increased.

“...*they've got to decrease the expenditure if we're going to be putting more money in*” (Maidenhead).

- Creating a more level playing field for parties in terms of equalising opportunities to succeed.

As discussed previously, participants often felt insufficiently informed to make a definitive decision about whether the current system of party funding should be reformed. The more engaged highlighted the difficulty of ensuring that all possible repercussions were considered, while those who were less engaged found it challenging to understand the issues fully.

"I don't understand how that affects us, if these individuals buy influence that is to do with their own business surely, not to do with who we vote for" (North Wiltshire).

"If nothing changes then it is not going to use up parliamentary time. I don't know whether that is a good thing or not" (Birmingham Ladywood).

The number of participants in each group who selected option 3, which included increasing state funding, as their first choice was:

- Norfolk North - 6
- Birmingham Ladywood - 4
- Durham North - 0
- Maidenhead - 7
- North Wiltshire - 0
- Sheffield Hallam – 5

Those voting in favour of option 3 did so because *'the bigger individuals making these contributions are effectively getting what they want'* and because they felt *'it narrowed the gap'* in terms of financial resources between parties (Sheffield Hallam). These participants expressed their desire to see the implementation of a 'fairer' system and they were prepared to utilise public funding to achieve this. However, despite voting for option 3, this group held similar concerns about the need for increased regulations and monitoring in addition to a cap.

4. Summary of findings

Views expressed in relation to the introduction of a **cap on donations** were mixed and ranged from a laissez faire attitude towards the level of money accrued by parties, through to a desire for a completely level playing field. Overall a preference to see a system that fostered equality of opportunity in terms of being able to generate income, was favoured over a system that resulted in equal outcomes (in terms of funding levels).

Despite some initially positive views expressed towards the possibility of **increasing state funding** to address concerns around large donations; overall participants expressed increasing reluctance towards this option. The reasons behind this centred predominantly on two issues: 1) the spending of public funds in the current economic climate; and 2) a lack of trust in politicians.

In spite of the inconsistency of views both across the groups and in individual journeys within the workshops, as well as the lack of a clear preference for any of the options discussed, there were a number of key issues raised by respondents for consideration in any reform of political party funding. It was suggested that:

- Parties could take responsibility for managing their budgets more **efficiently and effectively**, irrespective of the source of the income. Failure to do this voluntarily should result in rules being set either to limit overall expenditure or to limit spends on specific tasks, such as advertising or staffing.
- The **regulation and monitoring** of party funding could be increased to improve the transparency of donations and minimise the risk that large donations will result in future influence or favours. In addition, the current level at which donor details must be made public (over £7, 500) could be reduced significantly or even amended to include all donations.
- **Public awareness** of the current system of regulating and monitoring party funding and the availability of donor details on donations over £7,500 could be improved.
- Reform could aim to create a **more level playing field** and promote fairness for the three main parties through the introduction of measures to create a more equitable financial starting point. There was less concern about differences in terms of outcome.

- There were a number of **principles** highlighted which participants believed could underpin the system of party funding and be adhered to by parties, namely: fairness, efficiency and cost-cutting, conscientiousness, accountability, openness/transparency.

Appendix A: Methodology

Research

Deliberative research

Given the complexity and sensitivity of the subject matter and the need to generate ‘informed’ and ‘meaningful’ discussion, a deliberative approach was adopted for this research. Essentially, deliberative research is an in-depth process that moves people beyond their initial and unreflective reactions by providing evidence to promote informed debate. Overall this approach enabled us to:

- Elicit people’s initial concerns about party funding.
- Understand how participants frame the issues.
- Provide participants with the evidence, facts and figures on the subject.
- Promote an informed debate.
- Support participants to make trade-offs around options
- Understand the reasons why people choose certain options.

The research comprised two stages:

Stage one

An initial document review was undertaken to support the development of the topic guides and stimulus materials. This review focused on:

- The Committee’s Review of party funding: issues and questions document
- A research paper by Oonagh Gay and co-workers on the funding of political parties³
- Evidence submitted to the Committee on party funding⁴
- Other relevant documents suggested by the Committee secretariat

In addition, a pilot workshop was conducted with five participants in London to test and hone materials developed for the workshop.

Stage two

A total six deliberative workshops were conducted across England (lasting for two and a half hours) with members of the public in order to explore views on party

³ <http://www.parliament.uk/briefing-papers/RP07-34>

⁴ http://www.public-standards.gov.uk/OurWork/Party_Political_Finance___Evidence.html

funding in depth. A total sample of 66 was achieved with each workshop comprising 11 participants. Research was conducted in the following political constituencies:

- North Wiltshire - Conservative
- Maidenhead - Conservative
- Durham North – Labour
- Birmingham Ladywood - Labour
- Norfolk North – Liberal Democrat
- Sheffield Hallam – Liberal Democrat

The constituencies selected had strong traditional core votes for each of the respective parties, including significant wins at the most recent general election. They also provide good coverage between the north and south of England, as well as between affluent and less affluent areas. The workshops consisted of mixed groups in terms of gender, age, socio-economic grade and party voted for in last election.

Discussions

A range of stimulus materials were utilised in order to engage and enable discussions, these included:

- A **Quiz** – to test existing knowledge and communicate information.
- **Verbal presentations** – to provide information on the role of political parties, present arrangements and rules for funding and party income and expenditure.
- **Scenarios** – to bring issues to life and generate debate in relation to options for future funding option.
- **Trade-off tools and priority setting** – to appraise options and understand reasons underpinning views.

All discussions were recorded and transcribed.

Analysis

Following transcription, the data was analysed using the rigorous framework technique of 'matrix-mapping'.

Matrix Mapping begins with a familiarisation stage which includes an executive researcher's initial review of the data. Based on the coverage of the topic guide, the researchers' experiences of conducting the fieldwork and their preliminary review of

the data a thematic framework is constructed. The analysis then proceeds by summarising and synthesising all the verbatim transcripts according to this thematic framework. When all the data have been sifted the analyst begins to map the data and identify features within the data: defining concepts, mapping the range and nature of phenomenon, finding associations, and providing explanations. The analyst reviews the summarised data; compares and contrasts the perceptions, accounts, or experiences; searches for patterns or connections within the data and seeks explanations internally within the data set. Piecing together the overall picture is not simply a case of seeking a multiplicity of evidence, but of searching for structures within the data that have explanatory power.

Appendix B: Sampling and recruitment

Respondents were recruited using ‘free-find’ methods, which essentially means members of the public were approached ‘on the street’ and their eligibility to take part ascertained. After providing details of the research, individuals were asked to undertake a short screening questionnaire to assess eligibility and ensure that the designated quotas are accurately filled. Only eligible candidates were invited to participate in the research.

Following recruitment, a confirmation letter was sent out to respondents, providing details of the group, such as the nature of the study, the voluntary nature of participation, the date/time/venue and the confidentiality principles. In the days leading up to the event, participants were given a telephonic reminder.

The achieved sample for the six workshops is outlined in Table three.

Table three: Achieved sample

Area	Gender	Age group	Social grade	Ethnicity	Urban/ rural	Party	Total
North Wiltshire	M: 6 F: 5	18-34: 3 35-54: 4 55+: 4	AB: 4 C1C2: 4 DE: 3	White: 11 BME: 0	Rural: 11	Con: 6 Other: 5	11
Durham North	M: 4 F: 7	18-34: 2 35-54: 3 55+: 6	AB: 3 C1C2: 4 DE: 4	White: 10 BME: 1	Urban: 11	Lab: 7 Other: 4	11
Maidenhead	M: 4 F: 7	18-34: 4 35-54: 4 55+: 3	AB: 4 C1C2: 5 DE: 2	White: 9 BME: 2	Rural: 11	Con: 6 Other: 5	11
Birmingham Ladywood	M: 6 F: 5	18-34: 4 35-54: 5 55+: 2	AB: 3 C1C2: 4 DE: 4	White: 5 BME: 6	Urban: 11	Lab: 8 Other: 3	11
Norfolk North	M: 6 F: 5	18-34: 3 35-54: 3 55+: 5	AB: 4 C1C2: 4 DE: 3	White: 11 BME: 0	Rural: 11	Lib Dem: 7 Other: 4	11
Sheffield Hallam	M: 5 F: 6	18-34: 2 35-54: 6 55+: 3	AB: 2 C1C2: 5 DE: 4	White: 6 BME: 5	Urban: 11	Lib Dem: 4 Other: 7	11
Total	M: 31 F: 35	18-34: 18 35-54: 25 55+: 23	AB: 20 C1C2: 26 DE: 20	White: 52 BME: 14	Urban: 33 Rural: 33	Con: 12 Lab: 15 Lib Dem: 11 Other: 28	66

Appendix C: Topic guides

Version 4 11 July 2011

18.30-18.35 Welcome and introductions

- About TNS-BMRB
- About CSPL; introduce CSPL rep

About study

- Coalition committed to ‘an agreement on limiting donations and reforming party funding in order to remove big money from party politics’.
- CSPL initiate an independent inquiry.
- Call for evidence; programme of research with the public.
- This evening will explore your views about the potential to reform party funding and whether the state should play a larger role in funding.

- Permission to record/confidentiality.
- Ground rules for discussion.
- Housekeeping (phones/fire/toilets).

Group introductions

- Name.
- Where come from.
- First thing you think of when mention political party funding.

18.35-18.50 Unprompted views on party funding (including quiz)

- What do people know about the current way in which political parties are funded?
 - Probe sources of funding
 - Difference between parties
- What sorts of things do you think parties spend their money on?
- Are people aware of any significant issues that have impacted on their views on party funding over the past decade or so?

- Do you have any concerns about the current way in which parties are funded? [NOTE ON FLIP CHART]?
 - Probe:
 - Large donations leading to concerns around influence or access

Quiz [SEE STIMULUS SESSION ONE – QUIZ PRESENTATION DECK]

- We are now going to do a quick quiz about party funding. We are not expecting you to know the answers – it is just for fun. You have 4 cards with A, B, C and D on them. Please hold up the card with what you think is the right answer.

Q1: The combined spending of the 3 main parties (Conservatives, Labour and the Liberal Democrats) between 2005-2009 was:

A: £100M

B: £350M

C: £500M

Answer B – £350M was spent by all the parties. This refers to money spent on running a party, such as campaigning; and not the provision of things like schools and hospitals.

Q2: These are the range of donors for the parties, which do you think is the biggest source of funds:

A: Individual donations (40%)

B: Donations from companies (17%)

C: Taxpayer funding (15%)

D: Trade Unions (23%)

Answer A – Individual donations: they accounted for around 40% of total funding. Individual donations have traditionally been a major source of funds for the Conservatives and Lib-Dems and the trade Unions for Labour.

Q3. Typically, much does the taxpayer on average spend on party funding per year?

A: under 40p per registered voter

B: under £1 per registered voter

C: just under £10 per registered voter

Answer A – the UK spends around 33p per voter every year - mainly on postage for individual candidates

Q4: What is the maximum cap on donations to political parties?

- A: £25,000
- B: £50,000
- C: There is no cap

Answer C – There is no cap on the amount of money people or organisations can donate to a party.

- Thinking about the quiz, was there anything that stood out or surprised you
- On the basis on what you have heard, have your initial concerns about party funding stayed the same or changed? [NOTE ON FLIP CHART]

18.50-19.40

Presentation, Q&A and debate sessions [SEE STIMULUS SESSION ONE FUNDING AND COSTS PRESENTATION DECK]

SLIDE 1: Review of party funding slide [Intro slide]

- We are now going to show you some slides which build on the quiz – and will give you a bit more information about party funding.
- There is quite a lot of information to get through, so we are to show a slide at a time and have time for discussion after each one, as well as at the end.
- Before we get into the detail of party funding, we want to quickly highlight the roles that people generally think political parties play in a democracy.

SLIDE 2: Purpose of political parties [NB for background only - not for discussion]

Political parties help to:

- Help to put issues on the political agenda e.g. the relationship between the press and politicians
- Help to frame choices for voters e.g. between parties with different 'tax and spend' policies
- Help to hold the government accountable e.g. whether economic policy is helping the UK to grow

- Staff government and organize the opposition by selecting the PM, Ministers and the shadow cabinet
- Enable people to influence policy e.g. the recent public debate around changes to NHS reform bill

SLIDE 3: Costs of political parties

- The slide shows the average running costs of the 3 main parties between 2006-2010.
- The parties have various costs – administrative costs and campaign costs. These costs will vary depending on whether it is a campaign year and whether the party is in power or part of the opposition.
- They spent 15 per cent of their average annual expenditure between 2006 and 2010 on campaigns and 85 per cent on routine operational costs and staffing including Parliamentary work.
- Specifically, combined campaign costs are on average around £12M per year for the three main parties; compared to a total spend of just over £75M per year.
- There is a cap on campaign costs for 365 days before an election; however there is no cap on campaign costs outside of that time period.
- Does anyone have any questions about this?
- Are the costs higher or lower than you would expect?

We are now going to look at expenditure in more depth:

SLIDE 4: So what do parties spend their money on? [READ ACTIVITIES FROM SLIDE]

- Does anyone have any questions about this?
- Are the levels of expenditure higher or lower than you would expect?
- Do people feel these are legitimate areas of expenditure for parties?
- Do the campaign costs of around £12M per year for the three main parties and £63M per year operational costs seem acceptable?
- There are currently limits on what each party can spend at elections:
 - £30K per seat contested up to a max of £19M per party if they are contesting all seats

- Should there be further limits on party expenditure? *[Note for moderator: in real terms spending at general elections has decreased since 2001 but the increase in the number of elections and the growth of “professional politics” has increased parties’ expenditure]*

SLIDE 5: SO HOW ARE PARTIES FUNDED?

Parties are currently funded through two main sources.

- Public or taxpayer funds which is the green line in the diagram. This constitutes a relative small amount of the overall funds for parties. The amount has remained pretty constant.
- Donated funds. These comprise
 - Individual donations – which is the red line and makes up most of the funding; and have increase a lot over the past 10 years
 - Income from Trade Unions – which is the purple line. This is obviously an important source of funding for the Labour Party
 - Donations from Companies – the blue line.
- It should be noted that Party membership fees, whilst once a significant contributor to the party coffers, have been in decline. They averaged 8% of total funds across all 3 parties, 2001-2009.
- Does anyone have any questions about this slide?
- Do the figures surprise you?
- How do you feel about the amount of money that is donated by
 - Individuals
 - Companies
 - Unions
- What do you feel about the level of state (taxpayer) funding?
 - Is it appropriate that there is some level of state funding for parties?

SLIDE 6: RULES AROUND DONATIONS

- Donation rules are based on transparency – with parties made to declare any person or organisation who pays them:
 - over £7500 for donations to a party
 - over £1500 for donations to a constituency party
- There are also strict rules to keep foreign money out of UK politics.

- However, there is **no** cap the amount an individual or organisation can give to a party.
- Rules also do not aim to create a level playing field with regard to party funding.
- Does anyone have any questions about this slide?
- What do you like about the rules?
- Are there any areas you have concerns about?
 - Probe uncapped donations

SLIDE 7: STATE FUNDING

- State funding comprises around £5.5M per year for the 3 main parties, just under 9% of their total funding per year.
This equates to around 33p per registered voter. The UK is relatively low compared to other countries such as Canada or Germany where state funding constitutes over 35% of parties' income.

SLIDE 8: WHAT IS STATE FUNDING FOR?

State funding has very specific allocations

1. Helping opposition parties to hold government accountable, through funding salaries for party staff etc.
 2. Policy development grants for writing policies and manifestos.
 3. For those parliamentary candidates, money to post a piece of literature to every voter in their constituency.
- Does anyone have any questions about this slide?
 - How do you feel about the role of state funding in this wider context?

Summary of views and concerns around current system for funding and expenditure
[ON FLIPCHART]

19.40-19.45

TEA BREAK

19.45-19.50

How should parties be funded in the future? [SEE STIMULUS SESSION 2 – SCENARIOS PRESENTATION DECK]

We now want to begin to consider how parties may be funded in the future

SLIDE 2: FUNDING MIX

- Number of ways in which the current mix of political party funding can be adjusted.
- This will have varying impacts on the different political parties.

SLIDE 3: CURRENT AND FUTURE FUNDING - WHAT ARE THE MAIN OPTIONS

- Currently annual state funding consists of 33p per registered voter
- A much larger proportion of funding is made up of donations from individuals and companies; including some very large donations.
- If a cap on large donations was introduced, this would have an impact on the amount of money political parties could raise through this method.
- This may lead to a need for state funding to be increased to offset some of the donations lost.

- What are your views on introducing a cap on donations
- What are your views on introducing a cap on expenditure?

19.50-20.00 – Scenario 1. The status quo

SLIDE 5: RETAINING STATUS QUO

- No cap on donations
- No increase in state funding
- No further limits on party expenditure
- Reporting of donations over current levels
- In 2001 - 2009:
 - Conservatives had an income of £25.5M, of which £16M was from donations
 - On the night we need to explain that the rest of the income comes from a variety of sources such as membership fees, state funding and income generated at conferences etc, and what roughly the proportions are.

- Labour had an income of £29.6M, of which £10.6M was from donations
- Lib Dems had an income of £5.5M, of which £2.4M was from donations
- The remainder of the funding comes from the state, companies, trade unions, and other smaller sources.
- Are people happy with the current system?
- What are the benefits of maintaining the current system
- What are the drawbacks?
- Do you think there is a need for change? Why?

20.00-20.20 – Scenario 2 – A cap on donations

SLIDE 7: INTRODUCING A CAP ON DONATIONS

- Cap on donations
- No increase in State funding
- Massive fall in income of donations and therefore a major impact on the ability of the parties to operate

SLIDE 8: IMPACT OF CAPPING DONATIONS

The graph shows the impact on parties of different levels of funding caps.

If we were to cap donations at £10K

- the Conservatives lose £12.7M;
- Labour lose £14.7M; or £4.9M if the unions are exempt
- LibDems lose £1.6M

At £50K

- the Conservatives lose £8.1M;
- Labour lose £13.1M; or £3.8M if the unions are exempt
- LibDems lose £1.1M

- Should large donations from individuals, corporation or unions be permitted
- What are the benefits of capping donations
- What are the drawbacks?
- Would your views on a cap on expenditure stay the same in this scenario?

If a recommendation was made to cap donations

- Do people have any view as to the appropriate level?
- Should the cap donations relate equally to all donor groups – individuals, corporations and unions?

20.20-20.40 – Scenario 3 – Increasing state funding

SHOW SLIDE 10: INCREASING STATE FUNDING

- Any party funding lost through a cap on donations could be offset by a number of measures including
 - Table shows the maximum amount needed to offset caps on donations.
 - It does not account for any:
 - decrease in party expenditure
 - increase in other fundraising
 - The bottom line shows the maximum contribution per voter if this were funded by the state.

READ OUT

- The slide shows how much money would be needed to plug the shortfall in private donations, if there were to be capped

At £10K

- The total amount needed would be £29M. If this was funded by the state, it would be the equivalent of 64p per registered voter.

At £50K

- The total amount needed would be £22.3M. If this was funded by the state, it would be the equivalent of 49p per registered voter.
- What are your views on these options?
- Would you be willing to pay the equivalent of a lottery ticket for state funding to make up the costs?
- Would your views on a cap on expenditure stay the same in this scenario?

Given the above:

- How do you feel about future changes to state funding
- What are the benefits of increased state funding?
- What are the drawbacks of increased state funding?
 - Probe
 - Other spending priorities
 - Parties already receive significant revenues
 - Should reduce expenditure instead
- Is any increase in state funding acceptable or not
 - Probe How it relates to the spend in other countries
 - Does it matter if certain parties suffer a dramatic fall income without state funding
- What sorts of levels should be appropriate

20.45-20.55 Summary of funding options

Repeat of SLIDE 3: CURRENT AND FUTURE FUNDING

- In the next section we will be asking you to rank different options for funding. We are just going to repeat the slide to make sure everyone is clear about the main tradeoffs [confirm group happy].
- Before we do the ranking, we would like to confirm your views on capping expenditure.
- Given what you have discussed tonight, do the campaign costs of around £12M per year for the three main parties and £63M per year operational costs seem acceptable?
- Do you think that either of these should be capped?

CARD HANDOUTS

In front of you are four cards highlighting funding options. We want to write 1, 2, 3 or 4 on them depending on your order of preference – 1 being the most preferred and 4 the least. The options are:

- Option 1: The current system is either working fine or the alternatives on offer are even worse

- Option 2: Very large donations (e.g. over £10K or £50K) should not be allowed; even if it means that some parties will suffer a dramatic loss of income and be less competitive
- Option 3: Very large donations (e.g. over £10K or £50K) should not be allowed; but we have to recognise that some state funding will be necessary to make up the shortfall
- Option 4: All state funding should be stopped. Parties should pay for themselves and be allowed to raise whatever they can

We are going to quickly go around the group. Thinking about all the arguments you have heard this evening, can you give me the main reason why you voted the way you did.

20.55-21.00 – Feedback

- Any final points to raise
- Feedback from CSPL, including next steps
- Thank and close