

**CONSERVATIVE**



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**LIBERAL DEMOCRATS**

# Who Pays for the Party?

An opportunity to rejuvenate grassroots politics

**Chris Leslie**

New Local Government Network (NLGN) is an independent think tank that seeks to transform public services, revitalise local political leadership and empower local communities. NLGN is publishing this Policy Brief as part of its innovative policy projects, which we hope will be of use to policy makers and practitioners. The views expressed are however those of the authors and not necessarily those of NLGN.

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### Who pays for the Party?

#### An opportunity to rejuvenate grassroots politics

Every article written about the state of political parties in Britain today usually begins with an observation about their perceived unpopularity, that they are held in widespread contempt by the public, that the fabric of organised political debate is tattier than ever before. Whether the depths of disdain for the main parties and their motives is low, extremely low, or plummeting as we speak, there isn't much doubt about the received wisdom of public opinion. Anecdotal examples of large cash donors apparently rewarded with honours or peerages win salacious headlines, and every instance of a vested interest cosying up to whichever of the three main parties ratchets up the level of cynicism.

“Someone has to pay for election campaigns” is the classic defence of the party chief justifying dodgy practice, and they are right, in part – we severely undervalue the role of organised political parties in British society. Political parties make democracy easy and accessible; imagine the popular confusion and turmoil if electors were forced to delve into the beliefs and values of each individual candidate on every ballot paper at every election! If turnout is wobbly now, the sheer effort involved for the public were political parties to disappear from the face of

the earth would be an even greater turn-off. Parties are an essential ingredient guaranteeing a competitive democratic choice, at local level as much as national level. And the efforts of political parties can clearly make a big difference if the right issue chimes with voters, or if organised campaigning targets certain groups or niche communities.

But reform of political party activities and governance needs to go further and be stronger than a corrective yank of the choke-chain, as more is needed than simply pulling party behaviour back into line with the best existing practice. The 2000 Political Parties, Elections and Referendum Act did much to promote transparency and improved regulation of party behaviour, and the Electoral Commission have been a positive influence. Yet existing practice still isn't good enough. A lump sum cheque for millions of pounds of state funding may abrogate the need for millionaire donors in the short-term, but it won't promote the really positive behaviour we need from these party machines. Political parties, like any organisation, will seek out the maximum income for the minimum effort, as surely as water finds its course trickling down a hill. Why should we give lazy political parties a taxpayer reward without extracting additional benefits for civic society at the same time? The time has come for all political parties to be forced to get out of their

comfort zones, to change behaviour, and be made to refocus on grassroots civic society in neighbourhoods and communities across the whole of the country. If state funding is on the agenda – which it appears to be through the creation of the Phillips’ Inquiry into party political funding – then taxpayers shouldn’t give something for nothing.

With hundreds of studies routinely pointing to the decline of ‘social capital’ in our towns and cities, and as an antidote to apathy and the retreat of individuals away from the public realm, a rejuvenation of widespread political party organisation could be a catalyst driving higher participation and engagement from a greater number of people. A serious shift in party activity levels would be needed in order to make an appreciable difference. How to achieve this? We should motivate the parties to reach out to a far greater number of people, whether recruiting members or small individual donors. A flat-rate system of token funding that rewards a party with £25 each time it gets a donor or recruit giving over £50 (irrespective of the size of that donation, whether £50, £500 or £5000) would have a transformational impact. The party machines would be hungry to chase new recruits, making it worth their while to set up stronger regional and local party units to reach into communities previously ignored because the effort of doing so was not

financially viable. Party membership rolls would increase, not only bringing much needed new blood into the body politic, but also widening the pool of potential candidates for elected office which has evaporated over the past decade in particular. Most importantly, such a system of funding that rewards small individual participation – call it “civic aid” – would force a localisation of political parties who hitherto have gravitated so tightly into central SW1 that Victoria Street rentals have shot through the roof!

A ‘civic aid’ scheme could be simple and easy to administer, with registered political parties claiming the £25 sum for every registered supporter or donor giving £50 or more in any one financial year. With around 600,000 members of political parties in Britain today, at most the scheme would cost £15million, a sum easily paid for from a top-slice of the £500million Government advertising and public relations budget spent annually. A ‘civic aid’ scheme would be more effective than tax relief, as it would apply to all individuals regardless of their taxable or employment status, and it has advantages over an extension of charitable status to parties, as this would have ramifications for the regulation of political activities of other charities. Small sum, one-off annual match-funding is not a new idea – there are many allies for this concept. In 2002, the IPPR argued for ‘Tax Relief Plus’ in their publication by Matt Cain

and Matthew Taylor, a scheme also aimed at encouraging grassroots party activism.

The existing state funding of party activity – which does actually exist at present in a quiet and little noticed series of ‘policy development grants’ and monies for Opposition parties and parliamentarians – is relatively small, and has developed incrementally. It has also always funded Westminster-based activity and head office ‘research’ functions, rather than encouraging civic activism elsewhere. Sir Hayden Phillips, a consummate policy broker, adept at extracting commitments from all quarters – including the Treasury – now has a perfect opportunity to persuade the Exchequer to consider new state funding mechanisms if they can deliver demonstrable benefits. He should therefore use his recommendations not just to dispel public cynicism through a reduced reliance on large millionaire party donors, but also to incentivise a dispersal of party activity across the land, securing greater engagement in political discourse and supporting this critical and much maligned function of our democracy. Supporting local party activity will also give a much needed boost to local democracy and local good governance, which is why the New Local Government Network is advocating this reform.

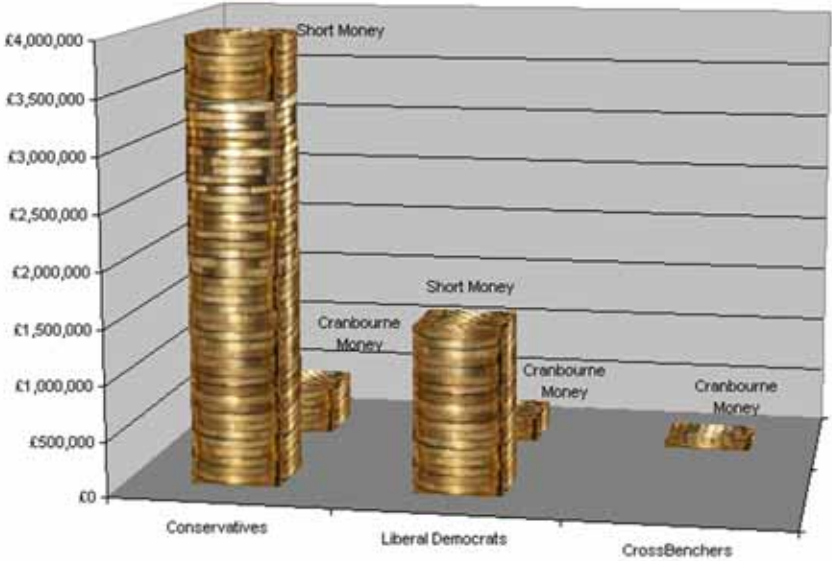
With a strong prospect of change in the air to calm public disquiet and eradicate the appearance of dodgy

party finance activity, now is the time to go further and make positive advances in rebuilding civic engagement. We need to be tough on perceptions of corruption, and tough on the *causes* of perceived corruption – causes which are rooted in the dysfunctional centralisation of UK politics. Dispersing the ownership of parties to more members and supporters nationwide would ground our politics in the real communities and real concerns of Britain today. There is a chance to grasp a radical reform here and rejuvenate our public realm – but only if party leaders can stop licking their lips and pass over the temptation to pour taxpayers’ millions straight into central accounts.

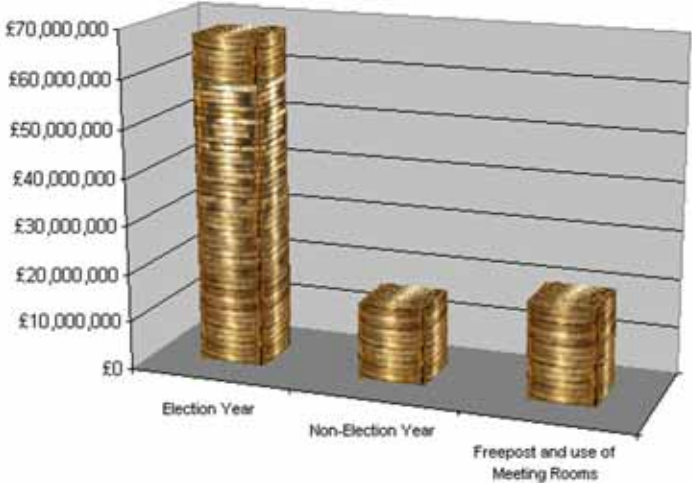
**Chris Leslie is the Director of the New Local Government Network and a former Constitutional Affairs Minister**

# Existing Levels of "State Funding":

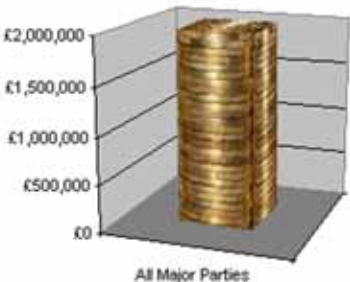
## Short and Cranbourne Money Funding



## Party Political Broadcasts

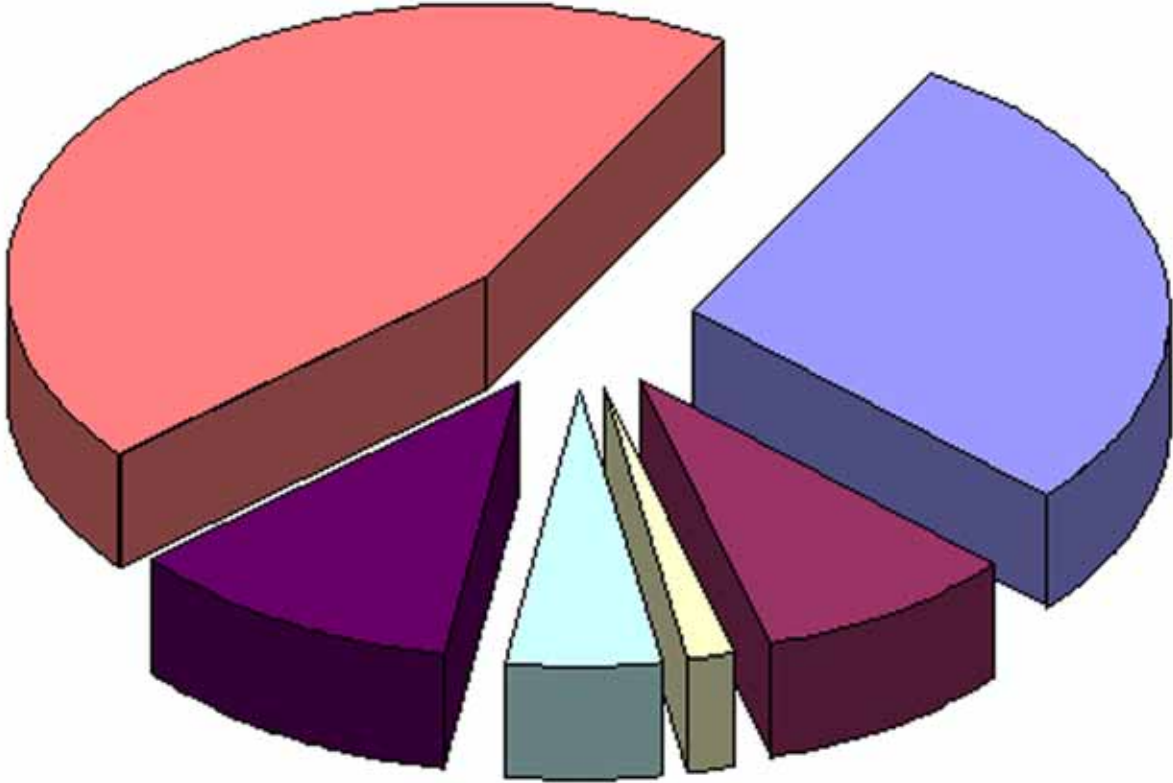


## Policy Development Grants



# Big money is crowding out grassroots donations...

Scale of donation as a percentage of total donated (2005)



£0 - 25 000
£25 001-50 000
£50 001 - 75 000
£75 001 - 100 000
£100 000 - 250 000
£250 000 +

# Civic Aid Charter

A Charter of Democratic Practice proposed for all registered political parties in receipt of Civic Aid financial support, as administered by the Electoral Commission.

All recipients of Civic Aid are obliged to sign up to a Charter for Democratic Practice.

**The terms of the Charter are:**

*As a political party we agree to abide by the laws and regulations of best electoral practice in the UK,*

*As a recipient of civic aid we agree to promote open access membership to any member of society, we agree to advocate equal opportunities regardless of race, gender, disability or sexual orientation.*

*As a recipient of civic aid we agree to advocate policies in the context of parliamentary democracy and we renounce violence and intimidatory behaviour.*