

Committee(s): Policy & Resources Committee – For decision	Date: 22 February 2024
Subject: Election Expenses and Spending Limits	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1-12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Town Clerk, Comptroller & City Solicitor	For Decision
Report author: Greg Moore, Interim Deputy Town Clerk	

Summary

Expenditure by electoral candidates on their campaigning activity is governed by the Representation of the People Act (RPA) 1983. For local government elections generally, spending limits nationally are regulated by section 76(2)(b) of that Act, which provides for amendment by a Statutory Instrument (secondary legislation) and amounts to £960 + 8p for every entry in the register of electors. This figure is updated periodically to reflect changes in the value of money, with the most recent update being made in 2023.¹

Elections in the City of London, similarly, have spending limits prescribed in legislation; however, national updates to the sums for elections elsewhere do not apply to the City. As a result, the spending limit for Ward elections (which is contained in section 197(1) of the RPA 1983)² is a lower figure, and currently amounts to a lump sum of £266 plus an additional 5.2p for every entry in the Ward List. This was most recently updated by Article 3 of the Representation of the People Act (Variation of Limits of Candidates' Election Expenses) (City of London) Order 2005. It is, therefore, objectively fair to say that a review is overdue. Such change can be effected through Statutory Instrument (that is made by a Government Minister).

It is worth noting that the original figures set for the City were not the same as those applied elsewhere (particularly the lump sum element). This reflects the smaller comparative sizes of Wards in the City compared to elsewhere. On this basis, the Chamberlain has, therefore, made an assessment of the change in value from the level last set by legislation, using the same basis as the last time a change was made (i.e., the Gross Domestic Product deflator index) and calculated an updated figure based on the change to the value in money since that time. This equates to a £385.70 sum plus 7.5p per entry in the Ward List. The Remembrancer’s opinion is that this figure is likely to be acceptable to Government.

¹ <https://www.legislation.gov.uk/ukxi/2023/1235/made>

² <https://www.legislation.gov.uk/ukpga/1983/2/section/197>

This report therefore seeks Members' support for seeking an adjustment to the spending limits for City Ward elections, in time for the 2025 City-wide elections. Should Members approve the proposal, the Remembrancer would be instructed to engage with the Department for Housing, Levelling-Up and Communities to request a change by way of Statutory Instrument.

It should be noted that the relevant legislation also sets out separate spending limits associated with elections at Common Hall; uplifts would, therefore, also be sought in respect of those elections (increasing permitted expenditure from 28.3p per voter on the register to 41p).

Recommendation(s)

That:-

1. The Remembrancer be instructed to engage with DLUHC to seek a Statutory Instrument, adjusting the spending limits for City elections in time for the 2025 City-wide elections, to better reflect changes to the value of money since 2005.
2. Members agree that this approach should be made on the basis of changes to the Gross Domestic Product deflator index since the last uplift was made.

Main Report

Background

1. Candidates and their agents at local elections must follow certain rules about how much they can spend, who they can accept donations from, and what they must report after the election.
2. Expenditure by electoral candidates on their campaigning activity nationally is governed by the Representation of the People Act (RPA) 1983. This is supplemented by guidance from the Electoral Commission (e.g. [this document](#) for the recent local government elections in 2023).
3. For local government elections generally, spending limits nationally are regulated by section 76(2)(b) of the RPA 1983, which provides for amendment by Ministerial Order (i.e., Statutory Instrument) and amounts to £960 + 8p for every entry in the register of electors. This figure is updated periodically in response to recommendations from the Electoral Commission. This is often to reflect changes in the value of money, but uplifts can also be recommended for other reasons, should the Commission deem it advisable. The most recent update was made in November 2023.
4. Candidate expenditure is any spending on activities to promote candidacy. It includes but is not limited to the following:-
 - advertising of any kind, e.g., posters, newspaper adverts, websites or videos;
 - unsolicited material sent to voters, e.g., letters, leaflets or emails sent not in response to specific queries;

- transport costs, e.g., hire cars or public transport for the candidate or their campaigners;
 - public meetings, e.g., hustings arranged by candidates;
 - staff costs, e.g., an agent's salary, or staff seconded to by an employer to support a campaign;
 - accommodation, e.g., campaign offices;
 - administrative costs, e.g., telephone bills, stationary, photocopying and the use of databases.
5. Elections in the City of London, similarly, are covered by these rules and have spending limits prescribed in legislation; however, the sums (and the national updates applied to those sums for elections elsewhere) do not apply to the City. As a result, the spending limit for Ward elections (which is contained in section 197(1) of the RPA 1983) is a lower figure, and currently amounts to £266 + 5.2p for every entry in the Ward List.
 6. Unlike the uplifts for local elections nationally, in the City the way in which rates can be uprated can only correspond to a change in the value of money. As mentioned in paragraph 3, the provisions for other types of local election can be uprated as a result of Electoral Commission recommended changes which do not necessarily correlate with changes in the value of money. This is by virtue of a difference in the drafting of the provisions in the Representation of the People Act 1983 that provide for uplifts and so on.
 7. The sums for the City were most recently updated by Article 3 of the Representation of the People Act (Variation of Limits of Candidates' Election Expenses) (City of London) Order 2005. It is, therefore, objectively fair to say that a review is overdue, particularly given the significant inflation over the intervening period.
 8. Changes to these sums can be effected through Statutory Instrument. The specific statutory instrument would need to be drafted and agreed with the Department for Levelling Up, Housing & Communities (DLUHC) well in advance of prospective implementation; hence, approval being sought now in order to engage and seek to achieve implementation in 2025.
 9. It is worth noting that the last Order uprating the City's electoral amounts, the Representation of the People (Variation of Limits of Candidates' Election Expenses)(City of London) Order 2005, was an affirmative statutory instrument (i.e., it had to be debated in each House before it could be made) – but section 197(3) has since been amended by the Electoral Administration Act 2006 which has changed it to the negative procedure.

Current Position and Proposal

10. It having been noted that the sum applicable to City election spending is overdue for update, the Chamberlain has been asked to calculate changes to the value of money since the last adjustment.

11. The calculation has been undertaken on the basis of changes to the gross domestic product deflator figures since the last Order was made, in January 2005. This mirrors the calculation undertaken previously, with consistency in approach likely to be an expectation from Government.
12. However, calculations have also been undertaken on the basis of Consumer Price Index (CPI), which is the official rate of inflation and is a recognised international standard statistic, and Retail Price Index (RPI) inflation which, although no longer a UK official statistic, continues to be calculated and is often used by people for comparative purposes.
13. The GDP deflator allows for the effects of changes in price (inflation) to be removed from a time series, i.e. it allows the change in the volume of goods and services to be measured. The resultant series can be used to express a given time series or data set in real terms, i.e. by removing price changes. The GDP deflator includes the prices of all domestically produced goods and services in the economy in addition to the prices of investment goods, government services and exports, and excludes the price of UK imports, and is accordingly a much broader price index than the CPI and RPI, although arguably not an optimal basis for simply applying inflation.
14. For the period 2005 to 2023 (18 full years), since the last uplift, the following indices could apply:
 - CPI: 67.1%
 - RPI: 94.4%
15. The GDP Deflator for the calendar year 2023 is not yet available; however, the figure for 2005 - 2022 (17 whole years) is 45.0%.
16. An indication of its likely increase can be gauged from the period financial year 2005/06 – financial year 2022/23 = 46.9%
17. The indices each use a slightly different, albeit overlapping “basket” of goods/services. The GDP deflator as mentioned above covers a broader spectrum of activities. It is not used in our everyday activities for e.g. inflating estimates or adjusting prices and costs.
18. If we were to apply the above for the period calendar year 2005 – calendar year 2023 to the relevant election expense amounts then we would have the following results:

Expense Category	GDP deflator 45.0% *	CPI 67.1%	RPI 94.4%
£266 lump sum	£385.70	£444.49	£517.10
5.2p per ward list elector	7.5p	8.7p	10.1p
28.3p per common hall elector	41.0p	47.3p	55.0p

**2005-2022 as explained above*

19. Whilst these increases may appear significant at first glance, it should be borne in mind that some considerable length of time has elapsed since the last uplift and the economic impact of regional and global events on inflation generally has also been marked.
20. It is a matter of policy as to whether and when an uplift should be sought; however, it is not within the gift of the City Corporation to adjust the figures itself. This power rests with the Secretary of State, as specified by the RPA 1983. Therefore, should Members support the recommendation to seek an uplift, it will be necessary to instruct the Remembrancer to engage with Government to pursue this.
21. It would be desirable for any change to be implemented in advance of the March 2025 City-wide elections. The Remembrancer has indicated that this timescale is realistic, should Members be so minded to progress the proposal, albeit clearly this will be subject to Government agreeing to the proposition and progressing it to a timetable to meet that date.
22. Given the likelihood that a consistent approach is more likely to be welcomed by Government, it is recommended that the uplifts sought be based on the GDP deflator index as set out above.
23. It should be noted that, prior to the last uplift in 2005, there was a consultation on the proposed uplifts, even though it is not required by section 197. It is, therefore, possible that DLUHC may expect a consultation process to be undertaken before any Statutory Instrument is made, on the basis of past practice and the potential for there being a legitimate expectation of consultation. Should that be the case, there would be an associated implication in respect of time and resource to prepare said consultation, analyse responses, and make any changes necessary as a result.

Implications

24. Financial implications – The costs of campaigning are borne by candidates and there is, therefore, no direct financial implication to the City Corporation associated with this increase.
25. Resource implications – There are no immediate additional resource implications for staff in implementing this, beyond the Remembrancer's engagement with Government, work to prepare a draft SI to propose to DLUHC and subsequent administrative activity to update relevant documentation. However, should DLUHC determine that consultation is necessary, clearly there will also be additional resource considerations that will need to be taken into account.
26. Legal implications – The proposed change would be effected through Statutory Instrument.
27. Risk implications – None.
28. Equalities implications – None.

29. Climate implications – none.
30. Security implications – none.

Conclusion

31. The expenditure limits for electoral candidates for Ward elections have not been updated for a considerable period and would benefit from update to reflect changes to the value of money. This would be commensurate with the national position, where such figures were updated most recently in 2023. A change can be sought via Statutory Instrument and Members' approval to seek to progress this, through an uplift based on a calculation of inflationary changes since the sums were last fixed, is sought.

Appendices

- None

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