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# 'Short Money': Financial Assistance to Opposition Parties

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A motion on the scheme of financial assistance to opposition parties will be debated on Thursday 4 November. This scheme is commonly known as **Short Money**, after Edward Short, the Leader of the House who introduced it in 1975.

This paper provides briefing on the creation and structure of the scheme, including statistics on the levels of assistance to which qualifying parties have been entitled in recent years. It also considers the terms of the proposed scheme as from 1.1.93, as set out in the motion.

The Short Money scheme is a limited one, which should not be confused with any broader proposals for state funding of political parties generally, as considered, for example, by the Houghton Committee in 1976 and a Hansard Society Commission in 1981 and currently being examined by the Home Affairs Select Committee. There also exist other forms of public financing of parliamentary activity, including the salaries and allowances that all Members receive (on which see Research Paper 93/98 and Background Paper 306 respectively); the salaries to which the Leader of the Opposition and two Opposition Whips are entitled, and the general funding of the House of Commons and its facilities.

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**Barry K Winetrobe**  
**Home Affairs Section**

**Robert Clements**  
**Statistical Section**

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## 1. The Creation of the 'Short Money' Scheme

The Queen's Speech of 12 March 1974, setting out the programme of the incoming Labour government, contained the following item:<sup>1</sup>

*My Ministers will consider the provision of financial assistance to enable Opposition parties more effectively to fulfil the Parliamentary functions.*

The Prime Minister, Harold Wilson, referred to the proposal in his speech [c72]:

I hope that we shall make speedy progress also on another proposal in the Gracious Speech which should be of help to non-Government parties; namely, the provision of financial assistance to Opposition parties to help them in fulfilling their parliamentary functions. My right hon. Friend the Leader of the House will be prepared, to discuss this matter as soon as individual parties have considered it, or, if desired, there could be informal discussions through the usual channels. I hope that we may get these facilities into operation in the very near future. No Government have anything to gain, and certainly the country has nothing to gain, from Opposition parties lacking the necessary facilities, financial and otherwise for doing their job in the House.

During a statement to the House on Members' allowances on 29 July 1974, the Leader of the House, Edward Short, further fleshed out the proposal:<sup>2</sup>

A more immediate need is to provide additional support for the Opposition parties in Parliament - support which they certainly require if they are to play their full part here. The then Opposition and, I believe, the whole House benefited greatly from the Rowntree scheme, but more permanent arrangements are now necessary. Following our commitment in the Queen's Speech, I have had very helpful discussions with the parties opposite. I now plan to bring firm proposals before the House in the autumn.

The main areas of support which we believe are needed are in the staffing of the Opposition Leader's and Chief Whip's offices, and in research assistance for shadow Front Bench spokesmen. The smaller parties also need staff support, but, naturally, on a smaller scale. We take the view that the parties should decide their own staffing arrangements, and I shall propose, therefore, that they be allocated funds for this purpose, borne upon the House Vote. These would be calculated by a formula based on the number of seats and votes won, the details of which I should like to discuss further with the parties opposite after the recess.

For the Opposition, James Prior welcomed the principle of the scheme [cc33-4]:

Concerning additional cash for Opposition parties, I suppose that one of the benefits of the change in Government in recent years is that it has brought to the notice of Governments the very great difficulties from which Oppositions suffer, particularly Shadow Ministers. Therefore, I think that the whole House recognises-

**Mr. Russell Kerr:** The right hon. Gentleman will get used to it.

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<sup>1</sup> HC Deb vol 870 c47, 12.3.74

<sup>2</sup> HC Deb vol 878 C32, 29.7.74

**Mr. Prior:** The hon. Gentleman may say that, but others may have to get used to it before long.

But certainly, as far as this proposal goes, I believe that Front Bench spokes-men, with the additional correspondence and additional research work that is now required of them-which is far greater than it was even a few years ago do need the sort of assistance that the right hon. Gentleman has mentioned. Therefore, the Opposition are grateful for this consideration and will wish to co-operate in the talks that take place after the Summer Recess.

Talks were duly held although progress was delayed by the October 1974 General Election. On 19 December, Mr Short was able to make a further announcement giving details of the formula to be used in the allocation of funds:<sup>3</sup>

.Also in my statement in July I told the House that I would bring forward in the autumn firm proposals for the provision of financial assistance to Opposition parties in the House. Any formula on which this is based must take into account both seats in the House and votes at the last election-votes because there is a correlation between votes won and the volume of correspondence to be dealt with in the offices of the Opposition parties. In the case of the main Opposition, I have applied an upper limit which I shall mention shortly-based on the costing of an adequate Parliamentary Office, including research facilities for the Leader of the Opposition. The scheme would be confined to parties having either: two Members elected to the House at the previous General Election; Or one Member elected and a minimum of 150,000 votes cast for it at the previous General Election.

The formula of £500 per seat and £1 for every 200 votes achieves the following results: Conservative Party, £150,000 – which, as I have pointed out, is a cut-off below the figure produced by the formula, a cut-off based on the costing-Liberal Party, £33,250; Scottish National Party, £9,700; United Ulster Unionists, £7,050; Plaid Cymru, £2,300; SDLP,£1,270.

The allocation of funds between the two Houses is a matter for the parties themselves to decide, but I would consider it appropriate for a percentage of these funds to be allocated for the Opposition's work in the House of Lords.

These are maximum amounts, and the parties will be accountable for expenditure within these limits to the Accounting Officer of the House<sup>4</sup>

A motion to approve the proposed scheme appeared on the order paper immediately after the Christmas recess, but it was not until 20 March 1975 that it was debated. On that day the House of Commons approved by 142 votes to 47 the following resolution:<sup>5</sup>

1. That in the opinion of this House it is expedient that as from 1st January 1975 provision shall be made for financial assistance to any Opposition party in this House to assist that party, in carrying out its Parliamentary business:
2. That for the purpose Of determining the annual maxima of such assistance, the following formula shall apply:-  
£500 for each seat won by the party concerned plus £1 for every 200 votes cast for it at the preceding General Election, provided that the maximum payable to any party shall not exceed £150,000:
3. That it shall be a condition of qualification for such assistance that a party must either have at least two Members elected to the House as members of that party at

<sup>3</sup> HC Deb vol 883 cc1823-4, 19.12.74

<sup>4</sup> HC Deb vol 883 cc1823-4, 19.12.74

<sup>5</sup> HC Deb vol 888 cc 1869-70, 20.3.75

the preceding General Election, or that it has one such Member and received at least 150,000 votes at that Election.

4. That any party wishing to claim such assistance shall make to the Accounting Officer of the House a statement of the facts on which this claim is based:

5. That the cost of this provision shall be borne on the House of Commons Vote:

6. That parties making claims under this provision shall be required to certify to the Accounting Officer of the House that the expenses in respect of which assistance is claimed have been incurred exclusively in relation to that party's, Parliamentary business:

7. That claims under these arrangements shall be made quarterly, and that the annual maxima shall be applicable to claims made in respect of expenses incurred during, any one calendar year.

Mr Short explained in his speech the votes/seats basis of the formula "The vote element reflects the fact that two parties with approximately the same number of Members are likely to have different parliamentary burdens if their overall voting support varies widely. There is, I believe, a correlation between the amount of correspondence coming into a party office and the number of votes that the party received at the General Election. That is why voting comes into the formula as well as seats" [c1870]. He went on to set out the thinking behind the funding levels [cc1870-1]:

In divising this formula and deciding what allocations should be made to the Opposition Parties we have had to make a judgement of how much money they require for their various parliamentary duties. I have, of course, discussed this with the Opposition Parties during my consultations with them.

For example, we have taken the view that there should be a maximum which can be paid to any party because the responsibilities of a principal Opposition Party are not necessarily greater because it has, say, 250 rather than 200 Members. We achieved the, figure for this maximum by costing a modest establishment for the Leader of the Opposition's office and estimating the amount required for assistance in the Whip's Office and for research assistance for Front Bench spokesmen. Those three elements have been costed, and that is how we have arrived at the cut-off or maximum figure.

No assessment of this kind can be precise, therefore, but I believe our figures are reasonably biased, and we. Can gain from experience as we go along if the House agrees with this proposal.

The way in which the sums allocated might be spent under these proposals would be a matter for the parties themselves to decide, provided that they were able to certify to the Clerk of the House, as our Accounting Officer, that their allocation had been spent exclusively in relation to their parties' parliamentary business. As I have indicated on a previous occasion, however, I would expect that the principal areas of expenditure would be research assistance for Front Bench spokesmen, assistance in the Opposition Whips' Offices - and Opposition Whips' Offices are becoming extremely expensive to run - and office staff for the Leader of the Opposition.

There was some strong cross-party opposition to the scheme. Robin Maxwell-Hyslop (Con) criticised the lack of any enabling Act to authorise a novel use of public money; Arthur Lewis (Lab), who unsuccessfully moved an amendment seeking to delay the scheme until the next Parliament, said that such a proposal "should have the full-hearted consent of the people before Parliament passes judgement" and Maurice Edelman (Lab) denounced it as a "bad and, indeed, a sinister precedent for a parliamentary system" because of the increase in patronage that funding would bring.

Note that the 20 March 1975 Resolution backdated the scheme to 1 January 1975, and the funding formula therefore rested on the results of the October 1974 election.

The original Resolution in March 1975 set out the criteria for qualifying parties as "any Opposition party in this House" [para 1] which has "at least two Members elected to the House as members of that party at the preceding General Election or ... has one such Member and received at least 150,000 votes at that Election" [para 3]. So, for example, the SDLP qualified in the 1974-1979 Parliament as it had one Member and polled just over 150,000 votes in the October 1974 election but did not qualify in the 1979-1983 Parliament as it did not meet the vote threshold in the May 1979 election.

The Unionist parties of Northern Ireland had, at the time, stood for election under the banner of the United Ulster Unionist Council and in PQs on the grants system were always referred to by that title as qualifying for aid (they did not claim it, however, until 1977). In fact although the Members may have chosen to designate themselves UUUC and no doubt used the money jointly, there were in fact all elected on separate party tickets:

October 1974

	<b>Votes</b>	<b>%</b>	<b>Candidates</b>	<b>MPs</b>
DUP	59,451	8.5	2	1
UU	256,065	36.5	7	6
VUPP	92,262	13.1	3	3
(Total UUUC)	(407,778)	(58.1)	(12)	(10)

[FWS Craig *British Electoral Facts 1832-1987*, 1989, p44]

Thus when the Coalition suffered a split the Ulster Unionist Party with six Members and the Vanguard with three were still entitled to the grant. Dr Paisley's DUP with neither two Members nor 150,000 votes was no longer separately entitled to it.

At the May 1979 election the Unionist parties scored as follows:

	<b>Votes</b>	<b>%</b>	<b>Candidates</b>	<b>MPs</b>
UDUP	70,975	10.2	5	3
UPNI	8,021	1.2	3	0
UU	254,578	36.6	11	5
UUUP	39,856	5.7	2	1
Others	36,989	5.3	1	1
(Total 'Loyalist')	(410,419)	(59.0)	(22)	(10)

[*British Electoral Facts*, p45]

Thus only the Ulster Unionists and the DUP were entitled to the grant (Vanguard was wound up in September 1977).

Though puzzling at first glance the case of the UUUC proved perfectly clear cut and in fact did not much affect the position of the Northern Irish parties in practice. Later developments were to throw up a more intractable problem, that of Members elected under one party label but subsequently seceding from that party. There have been two instances of this:

- (1) the case of the Scottish Labour Party set up early in 1976 with two MPs - Jim Sillars and John Robertson who resigned the Labour Whip. The SLP was pronounced ineligible for aid because its two Members had not been elected as such<sup>6</sup>

#### POLITICAL PARTIES (PUBLIC FINANCING)

Mr Canavan asked the Lord President of the Council whether, in view of the decision by the Hon. Members for Paisley (Mr. Robertson) and South Ayrshire (Mr. Sillars) to refuse the Labour Party Whip, the Scottish Labour Party will now qualify for official aid to Opposition parties; and, if so, what will be the cost to the taxpayer.

Mr Foot: Under the terms of paragraph 3 of the Resolution of the House of 20<sup>th</sup> March 1975 the condition of qualification for financial assistance are that a party must have at least two Members elected to the House as members of that party at the preceding General Election of that the party should have one such Member and have received at least 150,000 votes at that election. The hon. Members referred to therefore fulfill neither qualification.

- (2) the case of the Social Democratic Party set up in 1981. A group of sitting Members swiftly joined the new party and by 1982 the SDP had a total membership in the Commons of 29 and two Members elected under that label (Shirley Williams and Roy Jenkins). But it did not qualify for aid because none of its Members was elected under the SDP label at the May 1979 General Election. Following the June 1983 election, the SDP became eligible in its own right to Short Money.

The creation of the Social and Liberal Democrats in 1988 out of the existing Liberal party and part of the existing SDP created further difficulties. Following a review announced in 1987, the then Leader of the House, John Wakeham, announced on 24 May 1988 that "exceptional provision should be made for the allocation of financial assistance to the Social and Liberal Democratic party and the present Social Democrat party, relating to their existing parliamentary membership [HC De vol 134 c105W, 24.5.88]. The Resolution which was debated and passed on 21 June 1988 therefore contains the following provisions:<sup>7</sup>

- (3) No financial assistance is available under this paragraph in respect of –
  - (a) expenses incurred on or after 1<sup>st</sup> January 1988 by the Liberal Alliance or the SDP Alliance; or
  - (b) expenses incurred by the SKD or the DSP at any time before the next General Election after the passing of this Resolution.
- (4) In this Resolution -
  - “the SLD” means the Social and Liberal Democrats;
  - “the SDP” means the party known as the DSP at the date on which this Resolution is passed:

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<sup>6</sup> HC Deb 30.7.76, c442W

<sup>7</sup> HC Deb vol 135 cc1063-4, 21.6.88

“the Liberal Alliance” means the party which contested the 1987 General Election as the “Liberal/Alliance”; and

“the SDP Alliance” means the party which contested that Election as the “SDP/Alliance”.

2 - (1) Financial assistance shall be available under this paragraph to the SLD and the SDP in respect of expenses incurred by them on or after 1st January 1988 and before the next General Election after that date.

(2) The maximum amount of financial assistance which may be given under this paragraph to the SLD in respect of expenses incurred in any year shall be the aggregate of-

(a) an amount calculated in accordance with paragraph 1(2) above by reference to the seats won by and votes cast for the Liberal Alliance's candidates at the 1987 General Election; and

(b) two-fifths of an amount so calculated by reference to the seats won by and votes cast for the SDP Alliance's candidates at that Election.

(3) The maximum amount of financial assistance which may be given under this paragraph to the SDP in respect of expenses incurred in any year shall be three-fifths of the amount calculated as mentioned in sub-paragraph (2)(b) above.

(4) The maximum amount of financial assistance available to the SLD apart from this sub-paragraph in respect of expenses incurred in the year beginning 1st January 1988 shall be reduced by the amount of the financial assistance given to the Liberal Alliance before the passing of this Resolution in respect of expenses so incurred.

(5) Financial assistance for the SDP shall be determined as if at all times on and after 1st January 1988 and before the passing of this Resolution its representation in this House had consisted of those Members who are members of that party at the date on which this Resolution is passed.

Mr Wakeham explained the provisions in the following terms [c1068]:

The very complexity of paragraph 2 of the motion dealing with the arrangements for the erstwhile alliance parties is itself an indication of the difficulty that there has been in seeking an equitable conclusion. Under the strict terms of the 1975 resolution, the SLD is not entitled to any financial assistance since it is not a party which stood as such at the preceding general election. There is sufficient doubt about the position of their former alliance colleagues, led by the right hon. Member for Plymouth, Devonport (Dr. Owen), for financial assistance not to have been available to them since the beginning of this year. In the past, hon. Members' changes of party affiliations have not affected the amounts of Short money available to each Opposition party to claim, and the motion would provide for this to be so in the future which is the answer to my hon. Friend the Member for Richmond and Barnes.

However, I believe that it would be inequitable not to make an exceptions this case and for this Parliament only – [Hon. Members: “Why?”] If my hon. Friends will allow me, that is what I am hoping to justify. I will do my best.

The motion provides, essentially, for the SLD to be eligible for the amount to which the Liberal-alliance party would have been entitled under the new formula together with two fifths of the amount to which the SDP-alliance would have been entitled. The remaining three fifths of the SDP-alliance entitlement under the formula goes to the right hon. Member for Devonport and his two colleagues. I hope that the whole House will agree – even if the two parties most closely concerned may not – that what I have proposed is a reasonable compromise.

One of the SDP members, John Cartwright, responded to the proposal [cc1081-2]:

Mr. John Cartwright (Woolwich): In view of the no doubt helpfully intended comments of the hon. Member for Gainsborough and Homeastle (Mr. Leigh), I had better make absolutely clear the attitude of the SDP to the settlement before the House. The Leader of the House clearly had an extremely difficult task in trying to resolve what to do about the money to which the two former alliance parties were entitled. If anybody doubts that he should look at the motion. Three quarters of it is devoted to that issue and that makes it clear that that was the most difficult task to sort out.

I disagree with the hon. Member for Bolsover (Mr. Skinner) on one point. I would argue that the motion clearly recognises that the merger has taken place. Unfortunately for those who wanted there to be only one party after the merger, there are two and they are not exactly the same as the two that were there before the merger. I must say to the hon. Member for Bolsover that I have no idea what my former colleagues in the SLD think about being described in the motion as the Social and Liberal Democrats. I have absolutely no problems about being described as a member of the SDP. I have been an SDP Member of Parliament since 1981, and that is what I shall stay.

Mr Wilson: The hon. Gentleman says that he has been an SDP member of Parliament since 1981. Can he tell us how often in his long career he has been elected on the exclusive ticket of the SDP?

Mr Cartwright: I was elected as an SDP Member of Parliament in two general elections in 1983 and 1987. I am always described in my local papers as SDP and there is no argument about that.

The Leader of the House is logical in going for the distribution of the money in accordance with the division of the former SDP Members of parliament. He is dividing the resources that would have gone to the SDP in the proportion of three to two. That has always seemed to us to be a fair and reasonable solution to the problem. Since the whole purpose of the money is to support Members of Parliament, it seems entirely logical that the money should be divided on the basis of the way in which Members of Parliament divided. We could hardly resile from that approach since it is one that we put forward on many occasions in negotiations with our former colleagues, in discussions with the House authorities and in many other places. It seems to be a fair, reasonable and logical solution to the problem, and we support it.

The present Resolution, that of 21 June 1988, is in the following terms:

That, in the opinion of this House, as from 11th June 1987, the provisions of this Resolution should have effect, instead of those of the Resolution of 20th March 1975 (as amended), in relation to the giving of financial assistance to any Opposition party in this House, to assist that party in carrying out its Parliamentary business:-

1. - (I) Financial assistance shall be available under this paragraph to a party at any time if at that time one of the following conditions is satisfied with respect to the party, that is to say -

- (a) there are at that time at least two Members of this House who are members of the party and who were elected at the previous General Election after contesting it as candidates for the party; or
  - (b) there is at that time one such Member who was so elected and the aggregate of the votes cast in favour of all the party's candidates at that Election was at least 150,000.
- (2) The maximum amount of financial assistance which may be given under this

paragraph to any party in respect of the expenses incurred by it in any year shall be the aggregate of-

- (a) £2,550 for each seat won by its candidates at that Election; and
  - (b) £5.10 for every 200 votes cast for its candidates at that Election.
- (3) No financial assistance is available under this paragraph in respect of -
- (a) expenses incurred on or after 1st January 1988 by the Liberal Alliance or the SDP Alliance; or
  - (b) expenses incurred by the SLD or the SDP at any time before the next

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General Election after the passing of this Resolution.

(4) In this Resolution-

"the SLD" means the Social and Liberal Democrats;

"the SDP" means the party known as the SDP at the date on which this Resolution is passed;

"the Liberal Alliance" means the party which contested the 1987 General Election as the "Liberal/Alliance"; and

"the SDP Alliance" means the party which contested that Election as the "SDP/Alliance".

2.-(I) Financial assistance shall be available under this paragraph to the SLD and the SDP in respect of expenses incurred by them on or after 1st January 1988 and before the next General Election after that date.

(2) The maximum amount of financial assistance which may be given under this paragraph to the SLD in respect of expenses incurred in any year shall be the aggregate of-

- (a) an amount calculated in accordance with paragraph 1(2) above by reference to the seats won by and votes cast for the Liberal Alliance's candidates at the 1987 General Election; and
- (b) two-fifths of an amount so calculated by reference to the seats won by and votes cast for the SDP Alliance's candidates at that Election.

(3) The maximum amount of financial assistance which may be given under this paragraph to the SDP in respect of expenses incurred in any year shall be three-fifths of the amount calculated as mentioned in sub-paragraph (2)(b) above.

## 2. The Funding Formula

The formula for the annual maximum allocation of Short Money has been changed a number of times:

- (i) **20 March 1975 Resolution** (from 1.1.75)<sup>8</sup>
- para 2:                   **£500** for each seat won by the party concerned plus **£1** for every **200 votes** cast for it at the preceding General Election, provided that the maximum payable to any party shall not exceed **£150,000**.
- (ii) **13 February 1978 amendment** (from 1.1.78)<sup>9</sup>
- substituted para 2:   **£550** for each seat won by the party concerned plus **£1.10** for every **200 votes** cast for it at the preceding General Election, provided that the maximum payable to any party shall not exceed **£165,000**.
- (iii) **12 November 1980 amendment** (from 1.7.80)<sup>10</sup>
- substituted para 2:   **£962.50** for each seat won by the party concerned plus **£1.925** for every **200 votes** cast for it at the preceding General Election, provided that the maximum payable to any party shall not exceed **£290,000**.
- (iv) **8 March 1983 amendment** (from 1.1.83)<sup>11</sup>
- substituted para 2:   **£1,080** for each seat won by the party concerned plus **£2.16** for every **200 votes** cast for it at the preceding General Election, provided that the maximum payable to any party shall not exceed **£325,000**.
- (v) **23 January 1985 amendment** (from 1.1.85)<sup>12</sup>
- substituted para 2:   **£1,500** for each seat won by the party concerned plus **£3** for every **200 votes** cast for it at the preceding General Election, provided that the maximum payable to any party shall not exceed **£450,000**.
- (vi) **26 November 1987 amendment**<sup>13</sup>

Removal of proviso in para 2 relating to an overall maximum payable to any party.

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<sup>8</sup> HC Deb vol 888, cc1869-1934, 20.3.75, approved 142-47

<sup>9</sup> HC Deb vol 944, cc173-204, 13.2.78, approved 118-15

<sup>10</sup> HC Deb vol 992 cc509-546, 12.11.80, approved 208-54

<sup>11</sup> HC Deb vol 38 cc809-816, 8.3.83, approved without division

<sup>12</sup> HC Deb vol 71 cc1095-1101, 23.1.85, approved without division

<sup>13</sup> HC Deb vol 123 cc481-501, approved without division

(vii) **21 June 1988 Resolution** (from 11.6.87)<sup>14</sup>

- para 2: The aggregate of
- (a) **£2,550** for each seat won by its candidates at [the previous General] Election and
  - (b) **£5.10** for every **200 votes** cast for its candidates at [the previous General] Election

**NB:** The special formula for the SLD and SDP under para 3 of this resolution is set out in pp5-6 above.

(viii) **Proposed 4 November 1993 Resolution** (from 1.1.93)

For any period,

- para 1(2): The aggregate of
- (a) the **first relevant amount** for that period multiplied by the number of seats won by its candidates at the previous General Election and
  - (b) the **second relevant amount** for that period multiplied by **one two-hundredth of the number of votes** cast for its candidates at the previous General Election (rounded down to the nearest whole number).

para 1(3) - (i) **Period 1.1.93 - 31.3.93**

**first relevant amount** = **£4,080**  
**second relevant amount** = **£8.16**

para 1(4) - (ii) **year beginning 1.4.94**

**first relevant amount** = **£3,442.50** increased by the **'appropriate percentage'** for that period  
**second relevant amount** = **£6.89** increased by the **'appropriate percentage'** for that period

<sup>14</sup> HC Deb vol 135 cc1063-1086, 21.6.88, approved without division, following defeat of a proposed amendment 11-284

para 1(5) - (iii) any subsequent year beginning 1 April

- first relevant amount** = that amount for the previous period increased by the **'appropriate percentage'** for the subsequent period
- second relevant amount** = that amount for the previous period increased by the **'appropriate percentage'** for the subsequent period

The **'appropriate percentage'** is defined in paras 1(6) and (7):

NB. The maximum amount payable in the fifteen month period between January 1993 and March 1994 is based on the amount payable in 1994-95 (before allowance is made for inflation) plus one quarter of the annual amount payable in 1992.

The full terms of the proposed Resolution are as follows:

That, in the opinion of this House, the provisions of this Resolution should have effect in relation to the giving of financial assistance to opposition parties in this House: -

1.-(1) Financial assistance to assist an opposition party in carrying out its Parliamentary business shall be available under this paragraph at any time on or after 1st January 1993 if at that time one of the following conditions is satisfied with respect to the party, that is to say -

- (a) there are at that time at least two Members of this House who are members of the party and who were elected at the previous General Election after contesting it as candidates for the party; or
- (b) there is at that time one such Member who was so elected and the aggregate of the votes cast in favour of all the party's candidates at that Election was at least 150,000.

(2) The maximum amount of financial assistance which may be given under this paragraph to any party in respect of the expenses incurred by it in any period shall be the aggregate of-

- (a) the first relevant amount for that period multiplied by the number of seats won by its candidates at that Election; and
- (b) the second relevant amount for that period multiplied by one-two hundredth of the number of votes cast for its candidates at that Election (rounded down to the nearest whole number).

(3) For the period beginning with 1st January 1993 and ending with 31st March

1994 -

- (a) the first relevant amount shall be £4,080; and
- (b) the second relevant amount shall be £8.16.

(4) For the period of one year beginning with 1st April 1994 -

- (a) the first relevant amount shall be the sum of £3,442.50 but increased by the appropriate percentage for that period; and
- (b) the second relevant amount shall be the sum of £6.89 but increased by the appropriate percentage for that period;

but if either of the resulting amounts is not a whole number of pounds and pence it shall be rounded to the nearest penny.

(5) For any subsequent period of one year beginning with 1st April-

- (a) the first relevant amount shall be that amount for the previous period but increased by the appropriate percentage for the subsequent period;

and

- (b) the second relevant amount shall be that amount for the previous period but increased by the appropriate percentage for the subsequent period;

but if either of the resulting amounts is not a whole number of pounds and pence it shall be rounded to the nearest penny.

(6) The appropriate percentage for any period is the percentage by which the retail prices index for the month of March immediately preceding that period has increased compared with the retail prices index for the previous March.

(7) The references in sub-paragraph (6) above to the retail prices index are references to the general index of retail prices (for all items) published by the Central Statistical Office of the Chancellor of the Exchequer; and if that index is not published for a month which is relevant for the purposes of this paragraph those references in that sub-paragraph shall be construed as references to any substituted index or index figure published by that Office.

(8) This paragraph has effect in place of paragraphs I and 2 of the Resolution of 21st June 1988.

2.-(I) Without prejudice to the generality of paragraph I above, financial assistance towards travelling and associated expenses necessarily incurred by an opposition party's spokesmen in relation to the party's Parliamentary business shall be available under this paragraph at any time on or after 27th April 1992 if at that time one of the conditions specified in sub-paragraph (1) of paragraph I above is satisfied with respect to the party.

(2) The maximum amount of financial assistance which may be given under this paragraph to any party in respect of the expenses incurred in any period shall be such of the available amount for that period as may be allocated to the party in accordance with any apportionment under sub-paragraph (3) below.

(3) The available amount for any period shall be apportioned between each of the opposition parties in the same proportions as the maximum amount of financial assistance which may be given to each of them under paragraph I above for that period or for any period forming part of that period; and any such apportionment shall be made to the nearest pound.

(4) Any reference in this paragraph to the available amount for a period is a reference-

- (a) in the case of the period beginning with 27th April 1992 and ending with 31st March 1994, to £ 1 00,000;
- (b) in the case of the period of one year beginning with 1st April 1994, to the sum of £100,000 but increased by the appropriate percentage for that period and (if the resulting amount is not a whole number of pounds) rounded to the nearest pound; and
- (c) in the case of each subsequent period of one year beginning with 1st April, to the available amount for the previous period but increased by the appropriate percentage for the subsequent period and (if the resulting amount is not a whole number of pounds) rounded to the nearest pound.

(5) Sub-paragraphs (6) and (7) of paragraph I above shall apply for the purposes of this paragraph as they apply for the purposes of that paragraph.

3. Any claims for financial assistance under this Resolution are to be made to

the Accounting Officer of the House; and a party claiming such assistance shall-

- (a) furnish that Officer with a statement of the facts on which the claim is based;
- (b) certify to that Officer that the expenses in respect of which the assistance is claimed have been incurred exclusively in relation to the party's Parliamentary business; and
- (c) as soon as practicable after each 31st March following the passing of this Resolution, furnish that Officer with the certificate of an independent professional auditor to the effect that all expenses in respect of which the

Party claimed financial assistance during the period ending with that day were incurred as mentioned in paragraph (b) above.

4.-(I) In the case of any year in which there is a General Election-

- (a) the period ending immediately before the date of the Election, and
- (b) the period beginning with that date,

shall be treated for the purposes of paragraphs 1(1) and (2), 2(1) to (3) and 3 above as separate periods.

(2) In relation to any such separate period-

- (a) the first relevant amount and the second relevant amount for that period shall be a proportionate part (rounded to the nearest penny) of the first relevant amount and the second relevant amount for the year in question; and
- (b) the available amount for that period shall be a proportionate part (rounded to the nearest pound) of the available amount for the year in question.

(3) In relation to any such separate period ending immediately before the date of the Election, paragraph 3(c) above shall have effect as if the 31st March referred to were a reference to the day immediately before the date of the Election.

(4) In this paragraph "year" means a year beginning with 1st April.

(5) The cost of providing financial assistance shall be borne on the House of Commons: Members; Salaries etc. Vote.

The changes made by the new Resolution include

- (1) the rewording of the 'votes' factor in the formula
- (2) the shift of years from January to April
- (3) the annual uprating for inflation from April 1994
- (4) the new provision for travelling and associated expenses of Opposition frontbenchers (para 1(2)), on which see p13 of this paper.

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### 3. What is the Money Used For?

Paragraph 1 of the original Resolution in 1975 provided that financial assistance to qualifying parties was available "to assist that party in carrying out its Parliamentary business", and paragraph 6 required parties to certify "that the expenses in respect of which assistance is claimed have been incurred exclusively in relation to that party's Parliamentary business". These provisions are substantially reproduced in the preamble and paragraph 3(1)(b) of the current Resolution, that of 21 June 1988, and paras 1(1) and 3(b) of the proposed Resolution of 4 November 1993.

During the review before the 1988 revisions, the question of financial assistance in the House of Lords was examined. On 24 May 1988, the then Leader of the House, John Wakeham, when announcing the outcome of the review, made the following proposal:<sup>15</sup>

The review has also taken account of the recommendation made by the Top Salaries Review Body (report No. 24) for a similar 'Short-type' scheme to be introduced in the House of Lords. The Government agree, in principle, that such assistance should be provided. Whilst, therefore, it is not proposed to establish a separate scheme for the House of Lords, it will be recommended that the amounts made available under this scheme to Opposition parties should in future be on the understanding that a substantial part of that assistance will be allocated to their work in that House.

He also announced the absorption into the 'Short Money' scheme of some existing forms of assistance to the official Opposition [c104W]:

In Particular, it is proposed that the existing separate arrangements, which pre-date the introduction of 'Short' money, whereby certain office equipment, Postal facilities and stationery, are Provided for the official Opposition out of departmental Votes shall be brought to an end. The current arrangements for the employment of four officially paid staff in the official Opposition Whips' Office would however, remain unaltered.

Note that under paragraph 2 of the current proposal, **separate** provision is made for the first time for "financial assistance towards travelling and associated expenses necessarily incurred by an opposition party's spokesmen in relation to the party's Parliamentary business". The total amount of assistance available under this new provision ("the available amount") is as prescribed in para 2(4):

(4) Any reference in this paragraph to the available amount for a period is a

reference-

(a) in the case of the period beginning with 27th April 1992 and ending with

31st March 1994, to £100,000;

(b) in the case of the period of one year beginning with 1st April 1994, to the sum of £100,000 but increased by the appropriate percentage for that period and (if the resulting amount is not a whole number of pounds) rounded to the nearest pound; and

(c) in the case of each subsequent period of one year beginning with 1st April, to the available amount for the previous period but increased by the appropriate percentage for the subsequent period and (if the resulting amount is not a whole number of pounds) rounded to the nearest pound.

<sup>15</sup> HC Deb vol 134 c104W, 24.5.88

This is apportioned among the qualifying parties in the same proportions as their maximum entitlement to Short Money under paragraph 1. The scheme is backdated to 27 April 1992. It is understood that assistance for travelling expenses has been the subject of representations by the Opposition parties and others, but this paragraph of the proposed Resolution is apparently the first 'official' appearance of the idea.

Very little information is published about the qualifying parties' use of their Short Money allocation in carrying out their parliamentary business. The following information about the Official Opposition and the Liberal Democrats has been provided by the Labour Party and Liberal Democrats respectively.

Under Parliamentary Labour Party arrangements, distribution of Short Money to the **Labour Party** is controlled by trustees, who are the Chair of the PLP, the Leader and two others elected by the PLP for the duration of a Parliament. The trustees present audited accounts to the PLP as soon as possible after the end of each session [PLP standing order P]. Allocations can vary from time to time, and the current position is approximately as follows:

Shadow Cabinet:	36.5%
PLP staff:	33.3%
Leader:	21.2%
House of Lords:	5.5%
Deputy Leader:	3.5%

Short Money allocated to the **Liberal Democrats** is administered by a 'board' called the **Parliamentary Office of the Liberal Democrats**. This is chaired by the Chief Whip, and includes a number of MPs and the Lords Chief Whip. The Chief Whip is responsible for the accounting of the money to the appropriate House authorities under the terms of the Resolution. The current distribution is along the following lines:

Whips' Office:	60-65%
Leader's Office:	25-30%
House of Lords:	10-15%

It should be noted that because of the size of the Liberal Democrat parliamentary party, policy research assistance is coordinated centrally through the Whips' Office, and no Short Money as such is distributed to individual MPs in their 'front-bench' capacities.

### Maximum amounts of Short Money payable

Note: the sums shown under the proposed new system are based on the actual votes cast in the 1992 general election. The amounts that are currently being paid are based on provisional voting figures available immediately after the election. The use of the revised data increases Labour's annual maximum (before allowance Js made for inflation) by £177 and the Liberal Democrats' by £41. Other parties' entitlements are not affected.

	Present system		Proposed new formula						Shares of total		
	Annual 1988 to 1991	Annual 1992	Excluding assistance towards travelling expenses			Including assistance towards travelling expenses			Annual 1988 to 1991	Annual 1992	Proposed new formula
			15 months ending March 1994	Annual 1994-95 (a)	Annual 1994-95 (b)	15 months ending March 1994	Annual 1994-95 (a)	Annual 1994-95 (b)			
Labour	839,709	946,250	1,577,344	1,331,173	1,377,764	1,654,197	1,408,022	1,454,613	72.2%	75.7%	76.8%
Liberal Democrat	187,176	199,420	326,384	275,536	285,180	342,286	291,443	301,087	16.1%	15.9%	15.9%
Plaid Cymru	10,797	13,275	22,709	19,165	19,836	23,816	20,271	20,942	0.9%	1.1%	1.1%
SNP	18,278	22,233	37,920	32,010	33,131	39,767	33,858	34,979	1.6%	1.8%	1.8%
Ulster Unionist	29,993	29,896	47,777	40,318	41,730	50,105	42,646	44,057	2.6%	2.4%	2.3%
Democratic Unionist	9,833	10,156	16,442	13,876	14,362	17,244	14,677	15,163	0.8%	0.8%	0.8%
SDLP	11,577	14,003	23,844	20,123	20,827	25,005	21,284	21,989	1.0%	1.1%	1.2%
Social Democrats	56,114	15,178	-	-	-	-	-	-	4.8%	1.2%	-
<b>TOTAL</b>	<b>1,163,477</b>	<b>1,250,411</b>	<b>2,052,420</b>	<b>1,732,202</b>	<b>1,792,829</b>	<b>2,152,420</b>	<b>1,832,202</b>	<b>1,892,829</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

(a) With no allowance for inflation in March 1994. The figures represent, therefore, the "baseline" maxima under the proposed new system.

(b) Assuming Inflation rate of 3.5 per cent in March 1994.

## Government and Parliament

### Background Paper

306	Members' Office Costs Allowance	19.11.92
301	Electoral Procedures and Practices	17.11.92
300	Parliament and the Royal Finances	30.09.92
299	Voting Systems	07.09.92
298	Select Committees	07.09.92
297	The Other Place: Second Chambers and the House of Lords	07.09.92

### Research Note

92/94	Civil Service (Management Functions) Bill [HL] [Bill 73 of 1992/93]	03.11.92
92/69	Sittings of the House - The Jopling Report	06.07.92
92/61	The Parliamentary Boundary Commissions and the Boundary Commissions Bill [Bill 11 of 1992-93]	10.06.92
92/56	The Referendum in the United Kingdom	08.06.92

## Research Paper

93/82	The English Parliamentary Boundary Commission Review: A Progress Report	21.07.93
93/80	Referendum	20.07.93
93/70	UK Elections to the European Parliament	24.06.93
93/51	The Maastricht Debate: Referendum	19.04.93
93/24	The Maastricht debate: Further developments in the argument over ratification	03.03.93
		17.02.93
93/17	The Right to Know Bill [Bill 18 of 1992-93] and the current open government debate	
93/13	Electoral Registration	10.02.93
93/10	The Honours System	29.01.93
93/87	The Honours System	01.09.93
93/98	Members' Pay	02.11.93