

**EXPLANATORY MEMORANDUM TO**  
**THE ELECTIONS (POLICY DEVELOPMENT GRANTS SCHEME)**  
**(AMENDMENT) ORDER 2016**

**2016 No. 164**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by Cabinet Office and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

- 2.1 The instrument amends the Elections (Policy Development Grants Scheme) Order 2006 following recommendations from the Electoral Commission. The Order makes changes to the parties eligible under the Policy Development Grants Scheme (“the Scheme”).

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None

*Other matters of interest to the House of Commons*

- 3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

**4. Legislative Context**

- 4.1 The Policy Development Grants Scheme is provided for in section 12 of the Political Parties, Elections and Referendums Act 2000 (the 2000 Act). Section 12(2) requires the Electoral Commission to submit recommendations to the Secretary of State for the terms of a Scheme for the making of policy development grants. Section 12(3) requires the Secretary of State or Chancellor of the Duchy of Lancaster to make an order setting out such recommendations with any modifications he considers appropriate.
- 4.2 The administration of the Scheme is set out under the Elections (Policy Development Grants Scheme) Order 2006 (the 2006 Order). This Order has been amended by the Elections (Policy Development Grant Scheme) (Amendment) Order 2014<sup>1</sup>; the Elections (Policy Development Grant Scheme) (Amendment) Order 2015<sup>2</sup>; the Elections (Policy Development Grant Scheme) (Amendment) (No.2) Order 2015<sup>3</sup>;
- 4.3 Section 12(5) of the 2000 Act requires the Electoral Commission to keep the Scheme under review and make recommendations to the Secretary of State or Chancellor of the Duchy of Lancaster for any variations to the Scheme that they consider

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<sup>1</sup> S.I. 2014/556.

<sup>2</sup> S.I. 2015/128.

<sup>3</sup> S.I. 2015/302.

appropriate. On receiving recommendations from the Electoral Commission to vary the Scheme, under section 12(6) the Secretary of State or Chancellor of the Duchy of Lancaster must make an order giving effect, with any modifications he considers appropriate, to the recommendations. Any modifications that the Chancellor of the Duchy of Lancaster considers appropriate must have the agreement of the Electoral Commission in accordance with section 12(7) of the 2000 Act.

## **5. Extent and Territorial Application**

- 5.1 This instrument extends to the whole of the United Kingdom.
- 5.2 The territorial application of this instrument is all of the United Kingdom.

## **6. European Convention on Human Rights**

- 6.1 As this instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *What is being done and why*

- 7.1 Policy development grants were established by the 2000 Act. They are awarded to help parties in developing policies to include in manifestos for elections. The total grant is distributed via a formula based on representation and performance at European, national and devolved legislature elections.
- 7.2 Section 12 of the 2000 Act provides for the Policy Development Grants Scheme. The administration of the Scheme is set out under the Elections (Policy Development Grants Scheme) Order 2006 (the 2006 Order), as amended in 2014 and twice in 2015.
- 7.3 The 2006 Order as amended prescribes the eligible parties for the Policy Development Grants Scheme. This Order amends the Scheme to reflect the change in eligible parties following the 2015 general election.
- 7.4 Following the by-election in Rochester and Strood, held on 20 November 2014, the UK Independence Party returned its second member to Parliament and became eligible for a policy development grant under section 12 of the 2000 Act. The Electoral Commission accordingly reviewed the Scheme and recommended that the Scheme be varied to include the UK Independence Party as an eligible party to the Scheme. That recommendation was implemented by the Elections (Policy Development Grants) (Amendment) (No. 2) Order 2015.
- 7.5 As a consequence of the general election held in the United Kingdom on 7th May 2015, the UK Independence Party is no longer eligible for a policy development grant under section 12 of the 2000 Act, as they do not have two or more MPs represented in the House of Commons; whilst the Ulster Unionist Party (“UUP”) became eligible for such a grant following the general election as they now have two MPs represented in the House of Commons. The Electoral Commission accordingly reviewed the Scheme and recommended that the Scheme be varied to remove the UK Independence Party as an eligible party to the Scheme and include the UUP, with the allocation of the UUP being determined on the same basis as the Democratic Unionist party and the Social Democratic and Labour party. This Order implements that recommendation.
- 7.6 At the Spending Review and Autumn Statement, the Government said that, subject to confirmation by Parliament (which would be by means of a resolution of the House of

Commons), Short Money allocations would be reduced by 19 per cent, in line with the average savings asked of non-protected Whitehall departments over this Spending Review. The Government intends to reduce Policy Development Grant allocations by the same proportion, ensuring that political parties in receipt of taxpayer-funding contribute to the savings being asked of local and central government.

- 7.7 The Government intends to seek the views of political parties on how the Short Money allocations should be reduced within the set financial allocations. The Government will consider the implementation of the reductions to Policy Development Grant allocations in parallel.

### ***Consolidation***

- 7.8 It is the intention of the Cabinet Office to provide a consolidated text to the Electoral Commission and eligible political parties. The Cabinet Office will consider consolidating the Statutory Instrument for any subsequent amendments that implement recommendations of the Electoral Commission.

## **8. Consultation outcome**

- 8.1 The Electoral Commission consulted with the political parties when reviewing the Scheme in summer 2015.
- 8.2 This Order gives effect to a recommendation of the Electoral Commission.

## **9. Guidance**

- 9.1 The Electoral Commission issues guidance to eligible political parties on the Policy Development Grants Scheme.

## **10. Impact**

- 10.1 There is no impact on business, charities or voluntary bodies.
- 10.2 The impact on the public sector is that the Electoral Commission will have to make minor changes to the way it administers the Policy Development Grants Scheme.
- 10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

- 11.1 The legislation does not apply to activities that are undertaken by small businesses.

## **12. Monitoring & review**

- 12.1 As set out above, under section 12 of the 2000 Act, the Electoral Commission is required to keep under review the terms of the Scheme and is required to make recommendations to the Secretary of State or Chancellor of the Duchy of Lancaster for any variations to the Scheme which they consider appropriate.

## **13. Contact**

- 13.1 Catherine Webster at the Cabinet Office, Telephone: 020 7271 6441 or email: [Catherine.Webster@cabinet.office.gov.uk](mailto:Catherine.Webster@cabinet.office.gov.uk) can answer any queries regarding this instrument.