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The Business of Elections: Transparency and UK Election spending
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What do we really know about the business of elections? Whilst the UK has long been held up as a bastion of electoral transparency, scratch beneath the surface of publically reported information and a range of questions emerge. What exactly is the money reported at elections being spent on, who are the businesses supplying these services, and are political parties investing in the same kind of campaigning activity? These questions, whilst seemingly simple, are incredibly difficult to answer. A combination of out-dated reporting requirements and the provision of information which - either by accident or by design - is unclear means that much remains obscured. In short, there is far less that we know about the kinds of suppliers political parties spend money on in elections than might be assumed. Over the past year we have coded the invoices political parties are legally required to submit to the Electoral Commission after a general election to try and gain more insight. In this piece we reflect on three questions that have been raised by this research, to make the case for a review of electoral transparency requirements:

1- What are the problems with the current system?
2- Why do these matter?
3- What could be done differently?

Setting the scene: the rules of electoral transparency

The current system of electoral transparency in the UK is largely set out in Political Parties, Elections and Referendums Act 2000 (PPERA) - and has been periodically updated through second order legislation such as the Political Parties and Elections Act 2009 (PPEA). PPERA was passed during the New Labour government's (somewhat truncated) legislative programme of constitutional reform which encompassed large-scale devolution and, the slightly less extensive than promised, reform to the House of Lords. It aimed to reverse years of perceived (or actual) malfeasance and help to restore public confidence in the UK's democratic institutions by throwing light onto the shade. These stated aims were made clear in Jack Straw's introduction of the Bill at its second reading in 1998, where he said:

> 'At the heart of the Bill's provisions is the need to ensure that the funding of political parties is open and transparent...the secrecy that has hitherto been permitted to political parties in their funding, and the scandals to which such secrecy has given rise in recent years, have undoubtedly left a sour taste...all political parties - and the reputation of our political system as a whole - will benefit from this bill.'

The transparency regime PPERA created has been described, not inaccurately, as 'effectively world leading to this point'. One of the more novel elements of this regime is that political parties (and non-party campaigners) are required to declare any spending over £200 to the Electoral Commission. Acting as one part of a wider regime of spending regulations, the spending declarations made by

parties - and disaggregated by pre-existing categories - are reported by the Commission who then provide a total spend. The categories in 2019 are below, and provide an overview of the distribution of party activity:

- Unsolicited material to electors: £20,529,917.19
- Advertising: £13,983,659.43
- Market research/canvassing: £6,409,703.82
- Overheads and general administration: £3,079,155.39
- Rallies and other events: £2,313,383.90
- Transport: £1,573,459.87
- Media: £972,223.16
- Campaign broadcasts: £760,925.58
- Manifesto or referendum material: £434,683.90

Using this information, we can see that 'unsolicited material to electors' dominated election spending in 2019, standing at around £20.5 million. This is well over a third of the total spend (which was just over £50 million). Advertising (£14 million) and market research/canvassing (£6.4 million) were the other primary forms of spending. These three categories together make up over 80 per cent of total spending at the 2019 General Election.

What are the problems with the current system?

This data provides an important overview of the nature of election spending. And yet, the categories are incredibly broad and – as the Electoral Commission themselves have acknowledged – out-dated. It is unclear, for example, where spending on digital campaigning activity would be categorised, or what exact forms of unsolicited material are being distributed to electors. Many questions about the business of elections are therefore difficult to answer.

The nature of the UK's electoral spending regime does, however, provide a way to dig a little deeper using the invoices that parties are legally required to upload. By systematically analysing and coding the invoices submitted to the Electoral Commission, it is possible to gather more information. Our study set out to do this, however, as quickly became apparent, this approach encountered a range of problems.

Our analysis looked at the invoices provided by parties, where the amount spent with a single supplier was over £1,000. In total, we looked at 13,202 invoices, which made up £49.9m of the election spend in 2019. We conducted our research by opening each invoice and assigning an inductively determined (and subsequently verified) code to the activity declared. In theory, this activity was designed to build up a richer picture of activity, but we encountered a number of different barriers to executing our task.

Invoices submitted by 32.2 per cent—or just under a third—of suppliers were coded in some way as 'completely unclear' because for at least one invoice it was not possible to determine what service had been provided. This could occur for several reasons.

The most prominent was that invoices were not provided. In particular, we found that Conservative Party Constituency Associations did not provide any invoices, with 219 cases where this occurred. In addition, there were 50 other suppliers (who were not Conservative Party Constituency Associations) where spending was over £200, but an invoice was not uploaded.

Other reasons for a 'completely unclear' designation were where a blank invoice was provided. There were a number that were blurry and, in one instance a post-it note was placed over the description of the service. There were some where the wrong invoice had been submitted, likely as a result of human error. Finally, there were a few which provided such broad information, that nothing could reasonably be gleaned about the service provided. A good example of this is the invoice that was uploaded for 'persuasive and shareable content for the general elections'.

The significance of these problems with the invoices provided to the Electoral Commission can perhaps best be understood by looking at the amount of money they account for. Just under £6.9m of party spend was classified as unclear. This is 13.8% of the spend that we analysed. Put differently, we can't be sure of how over 1 in every 10 pounds was spent at the 2019 general election.

If we break this down by party we have many examples that encompass worst practice in terms of the returns submitted. Almost every invoice that Plaid Cymru submitted was blank, meaning that their unclear spend sat at an astonishing 98% of all spending (just over £169,000). No other party performed as poorly as this, but many spent much more. The Conservatives - as a result of their constituency association reporting - had 23% unclear spending (a whopping £3.7m) and the Brexit Party were similarly lax, with 26% of their spending uncategorisable (£1.3m). The best performers were the Liberal Democrats, just 3% of their spending was unclear (or just over £404,000). Finally, the Labour Party were broadly mid-table, 10% of their spending was coded as unclear (which accounted for just under £1.2m overall spend).

What is money spent on at elections?

In spite of these problems with the Electoral Commission data, our coding exercise confirmed what many had gleaned using other methods (and frankly simply assumed), which is that in terms of advertising, the internet is the new battleground. We calculated that advertising spend totalled just under £10.5m. Of this £7.6m, was spent on either online advertising or social media advertising as per our advertising subcategories. In other words, 72.9% of all advertising was conducted on the internet.

And yet, old realities are still apparent. By far and away the biggest spend political parties engage in is through campaign material printing and paid leaflet delivery. So, the printing of posters and leaflets, and the money spent to get them out to potential voters accounts for £19.7m. So, 39.5% of all spending at the 2019 general election was via these traditional methods. Interestingly, spending on consultants - the use of which can cause much navel gazing amongst campaign watchers - totalled under £1.2m (or 2.3% overall).

Why do these problems with the spending returns matter?

The way that election campaigns are fought has long concerned democracy watchers the world over. Anxieties about certain developments - particularly in the online world - were particularly prevalent after the surprise victories of Donald Trump and the Brexit campaign in 2016, and the subsequent Cambridge Analytica Scandal. However, without a good idea about who is spending money and on what at elections, we have very little notion of how prevalent (or troubling) these trends are (either in the UK or elsewhere).

Increasing analysis outlines the development of an 'influence industry', whereby shadowy corporations harvest data, conduct large-scale misinformation campaigns and mercilessly micro-target political messages at vulnerable citizens. All this, so the argument goes, has a destabilising effect on liberal democracies the world over. When thinking about the companies that operate at elections we prefer to speak in terms of an influence ecosystem (which may or may not be malign), of which we know very little. Often when we talk about money in politics, we think about the supply-side, about rich donors and what they might get in return for their patronage. But there are many ways to gain influence in a political system, and too little attention is paid to those companies that operate at elections and shape messages and campaign tactics. Our project is one of the first that attempts to map this in a country with a transparency system which is approaching the gold standard.

And yet, even here there is much that we do not know. If we are to make a genuine judgment about whether certain trends are problematic, and how they might be fixed if they are, we need good information from which to draw conclusions. In its absence we rely on either guesswork, or glorified folktales from those who may benefit from either talking up threats which don't exist, talking down malign developments or snake oil peddlers promising a product that can deliver the world.

What could be done differently?

Our analysis shows that, despite being apparently world-leading, the UK's system of electoral finance transparency has a number of flaws. In thinking about how to improve the current state of affairs, there are many actions that the Electoral Commission could take including:

- Create a standard template for invoices for election expenses to ensure consistency in reporting and formatting.
- Produce standard guidance for the uploading of invoice images to ensure that they are clear and consistently formatted.
- Update existing guidance for parties on the detail required for spending returns, to ensure that specific items of expenditure are included.
- Consider having a greater number of categories provided to political parties, to more accurately reflect the range of modern campaign activity. These categories should be reviewed regularly in consultation with parties.

- Configure transparency databases to ensure that researchers can easily access and analyse invoices, particularly looking to enable mass download and text extraction.
- Create standardized records of 'suppliers' in election campaigns to ensure consistency in reporting and to aid future research.

As Jack Straw outlined over 20 years ago, there is a longstanding desire to "ensure that the funding of political parties is open and transparent". Whilst the UK has undoubtedly signed up to the principle of transparency, our analysis suggests that there is still significant ground to make up in practice. Indeed, our analysis shows that to become truly world-leading in this space there is a need to rethink not only what, but also how information is made available. Only with such insight can we truly begin to understand the business of election campaigns.