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# Surge in membership set to hand Labour a £4m financial lifeline

Jim Pickard, Chief Political Correspondent



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Labour is set to receive close to £4m a year from a surge in grassroots support since the May general election which has given the party more full members than the Conservatives, Liberal Democrats and the SNP combined.

The additional income from the new members, assuming they stay, is likely to more than offset a lack of big donations from business figures as the party lurches to the left.

Assem Allam, owner of Hull City football club — and a former donor — turned his back on Labour last week and said he would [give money to moderate MPs](#) wanting to break away from the party. Mr Allam also gave £25,000 to the Conservatives in the spring.

John Mills, who gave £1.65m under Ed Miliband, has denied he would stop donating. He told the FT that he would “probably” donate ahead of a future election despite Mr Corbyn being at the “different end of the political spectrum.” In the meantime he would fund centre-left think tanks, he said.

But an upswing of 150,000 new members since May, including 40,000 since [Jeremy Corbyn won the leadership](#) a week ago, means the party now has a big new potential source of income.

The new joiners pay up to £45 a year each; officials estimate that with annual payments averaging £25, these full members will contribute £3.75m a year.

The current membership figure of 352,000 excludes 260,000 “affiliated members” and “registered supporters” who took part in the summer leadership race for a £3 one-off fee.

This is helping to transform Labour’s finances. In 2006, the party had debts of £24m with some commentators forecasting financial disaster. But by next year officials in Brewers Green, the Labour party’s headquarters, expect the party to be in the black for the first time in over a decade.

This is despite the fact that rich individuals, who gave generously to Labour under Tony Blair’s leadership, have become [increasingly reluctant to donate](#) as the party shifted further to the left under Gordon Brown and Mr Miliband.

The arrival of Mr Corbyn as leader, with a shadow chancellor who wants to “end capitalism”, will almost certainly cause this income stream to dry up.

But even during New Labour’s heyday, donations from big business were dwarfed by those from the unions, most of which strongly backed Mr Corbyn’s leadership campaign and were delighted to see him win.

Labour received an average of £1.7m a year [in large donations](#) from individuals — at £7,500 or above — during the last five-year Parliament. One single union, Unite, gave £16.3m between 2010 and 2015.

Since 2010, the party has received about £6m a year in public funding paid to opposition parties. That has shrunk slightly because the party had a net loss of 26 MPs in May.

However, the sharp rise in membership is changing the financial picture. Labour entered the general election with just under 200,000 full members, a figure that has shot up to around 352,000 in the last four months. That is a higher membership than the Conservatives (150,000), Lib Dems (61,000) and the SNP (110,000) combined.

Ukip has 42,000 members and the Greens have 61,000, according to recent research by the House of Commons library.

Labour's new enlarged membership, if sustained, should deliver a total of more than £8m annually. Officials are meanwhile drawing up plans to convert the 123,799 "registered supporters" — who paid only £3 to vote in the leadership contest — into paying members, perhaps through a discounted scheme.

Likewise they want to lure some of the new 148,182 "affiliated members" from the unions, who did not pay anything, to sign up. "I hope they can come with us on the journey to the election in 2020," said Tom Watson, deputy leader of the party.