

POSITION PAPER

**CHEQUES AND BALANCES:
COUNTERING THE
INFLUENCE OF BIG MONEY
IN UK POLITICS**

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Editor: Steve Goodrich (TI-UK)

Researcher: Rose Whiffen (TI-UK)

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KEY FIGURES

Almost 1 in 10 pounds reported by political parties and their members since 2001 has come from unknown or questionable sources²

£48.2 million comes from donors alleged or proven to have bought privileged access, potential influence and/or honours

£42 million comes from donors alleged or proven to have been involved in other corruption, fraud and/or money laundering

£38.6 million comes from unincorporated associations who have not reported the source of their income, despite Parliament introducing new transparency rules in 2010

£13 million comes from donors who are alleged or proven to be intermediaries for foreign funds and/or a hidden source

£10.9 million comes from companies who have not made sufficient profits to support the political contributions they have made

£4.6 million comes from foreign governments, parliaments and regime-linked groups

During the same period, the UK Government has:

- increased the campaign spending limits by 45 per cent, giving the larger parties a *de facto* fundraising target of around £100 million in major election years
- increased the threshold for reporting donations by 136 per cent
- banned the Electoral Commission from prosecuting criminal offences under electoral law
- constrained the independence of the Electoral Commission
- failed to commence laws made by Parliament in 2009 that could help tackle evasion of the rules

KEY FIGURES

2001: £30.6 million in reported donations from private sources, **£17 million (55 per cent)** of which came from nine individuals, companies and trade unions giving £1 million or more in a year

2023: £85 million in reported donations from private sources, **£56.5 million (66 per cent)** of which came from 19 individuals, companies and trade unions giving £1 million or more in a year

£10 million the biggest amount given by a single donor to a political party in just one year (2023)

4,105 years the amount of time it would take the average household to make a political contribution of the same size³

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FOREWORD

Those following US politics lately will know that over there, cash is king. Even before the polls closed, 2024 was poised to be the country's most expensive set of elections on record.⁴ In Ohio alone, Democrats and Republicans spent \$441 million on advertising – an amount that dwarfs the sums spent here.⁵

The pressure on parties and candidates to fundraise and spend big is immense, and inevitably corrupts the political process.⁶ And following the Supreme Court's judgment in *Citizens United v FEC*, which effectively abolished campaign spending limits for corporations and private interest groups, money talks louder than ever.

This insatiable demand for funds puts those with deep pockets at a distinct advantage over any Joe on the street. Their cash, and that of their lobbyists, provides substantial political leverage, giving them ample opportunity to seek favours that would entrench their position at the apex of society. As election expert Daniel Weiner puts bluntly 'a tiny sliver of Americans now wield more power than at any time since Watergate'.⁷

Some may look at this with false comfort, reassuring themselves that our democracy is not plagued by the same disease as in the United States. Yet they would be only half right.

Yes, the expenditure in Ohio this year was more than the UK's 300 plus political parties spent in the past three years combined.⁸ But the 2024 Westminster polls are also being touted as the 'most expensive ever',⁹ in large part caused by the last government's unilateral raising of the spending limits – a decision the Electoral Commission said was without evidence or analysis of its impact.¹⁰ It does not help that the regulator, who is tasked with policing these rules, has been barred from using criminal law to deter wilful non-compliance with law, and whose independence is constrained by government diktat.

We know from history that big money causes big problems in our democracy. The exchange of cash for access, potential influence and honours are widespread – when the price is right. That political parties are increasingly becoming dependent on a small number of very wealthy donors only exacerbates this problem. When you have one person alone accounting for one in every eight pounds of political donations last year, and

leadership candidates charged substantial sums by their party just to throw their hat in the ring, we don't look too different from the US after all.

The incoming government made a welcome manifesto commitment to protect our democracy by strengthening the rules around political contributions. This presents a significant opportunity to reverse recent trends and avoid the oligarchic tendencies from across the Atlantic. It also has a sizeable majority to deliver this pledge, which has the potential to restore trust in politics and avoid scandals from undermining its programme for change.

It will be tempting for many to put substantive reform on the too difficult pile. Limiting how much money one can accept from a single donor will for some, instinctively, feel like making work harder. However, history tells us that ignoring the corrupting influence of big money in politics seldom ends well, and tends to end political careers that parties have invested so much to develop.

While it may take a while for ministers to pluck up the courage to cap donations, there is much that can be done in the meantime.

First, it should reduce the cost of politics. Lowering the maximum amount that can be spent on election campaigns is a no-brainer. Increases to these limits in the last Parliament were made without adequate explanation and blew the lid off an already hard-to-reach ceiling on campaign costs. To dampen the demand for funding effectively, they should be halved. Similarly, parties could do more to reduce the cost of their internal elections, which are spiralling out of control and recently ended a winner's claim on high office.

Second, it should bring dark money out of the shadows. This involves stopping shell companies and unincorporated associations being conduits for funds of unknown provenance, and encouraging parties to know their donors better. The law also needs to be clearer so ministers aren't able to avoid transparency by regulation shopping, and the public knows who funds the candidates seeking their vote.

Third, it should make the law enforceable. Reinstating the independence of the Electoral Commission and its ability to bring forward prosecutions would be a simple

reversal of an undesirable and unjustifiable hobbling of the regulator. Giving it meaningful sanctions, as the Committee on Standards in Public Life (CSPL) and others have recommended for years, would help give the law the teeth it currently lacks. While enacting un-commenced laws left by the last Labour government could deter attempts to evade the rules.

This Parliament is still young and has time to show a new cohort has learned the mistakes of its predecessors. Tackling this issue early on should win these MPs credit in the eyes of a sceptical and increasingly distrustful electorate. If ministers leave it unresolved, it will surely come back to haunt them.

Duncan Hames, *Director of Policy and Programmes,*
Transparency International UK

RECOMMENDATIONS

Recommendation 1: To reduce the cost of politics and the need for big donations, the UK Government should legislate to lower the spending limits at elections.

Recommendation 2: To provide greater assurance over the source of money in politics, the reporting thresholds for donations and loans should be reduced to £500, in line with the threshold for permissibility checks.

Recommendation 3: The UK Government should legislate to remove the corrupting influence of big money in politics by introducing donation caps of £10,000 per year for individuals and organisations.

Recommendation 4: Political parties should limit contributions to candidates standing for internal elections to £10,000 per year from any individual or organisation, and impose meaningful limits on how much these candidates can spend.

Recommendation 5: The UK Parliament should address concerns about politicians accepting inappropriate gifts and hospitality by advising its members to treat them with caution and reject any that could appear to influence or potentially influence their activities, as is the case already for UK Government ministers, and members of the Scottish Parliament and Senedd Cymru.

Recommendation 6: The UK Government should protect parliamentarians' independence when visiting overseas countries by legislating to ensure these trips are only funded by trusted sources.

Recommendation 7: Political parties should protect against the perception they are profiting from others' misfortune by adopting and publishing policies outlining how they manage funds of questionable origin.

Recommendation 8: The UK Government should legislate to clarify beyond doubt that contributions given to someone in their ministerial capacity are covered by the law on political donations and loans.

Recommendation 9: The UK Government should legislate to clarify beyond doubt that any donations towards spending by those standing for election during the pre-candidacy 'long campaign' are regulated and reportable.

Recommendation 10: The UK Government should legislate to ensure that companies and limited liability partnerships are only able to make political contributions from profits made by genuine commercial activity carried out within the UK.

Recommendation 11: The UK Government should legislate to protect against funds of unknown provenance entering the political system by:

- requiring regulated unincorporated associations to undertake permissibility checks on the money they receive
- reducing the level at which regulated unincorporated associations report income to £500

Recommendation 12: The UK Government should protect the Electoral Commission's independence by repealing powers in the Elections Act 2022 allowing ministers to influence its strategic focus and operations.

Recommendation 13: The UK Government should legislate to provide a more effective deterrent against non-compliance with the law by increasing the maximum fine the Electoral Commission can levy to at least £500,000 or 4 per cent of the spending limit (whichever is the greater).

Recommendation 14: The UK Government should legislate to remove the statutory bar that prevents the Electoral Commission from bringing prosecutions for electoral offences.

Recommendation 15: The UK Government should activate laws passed by Parliament in 2009 to tackle attempts to evade electoral law.

INTRODUCTION

This paper sets out a blueprint for how the UK Government can protect our democracy by strengthening political finance laws, and how parties and politicians can better manage the risks associated with money in politics.

This paper includes:

- a summary of the policy and legislative context
- key risks associated with money in UK politics, and their implications
- the reforms needed to strengthen our democracy

We have used three of the most relevant Nolan Principles to guide our thinking:

- integrity
- openness
- accountability

mirroring the approach taken by the Committee on Standards in Public Life (CSPL) in its foundational fifth report, which laid the basis for the UK's approach to regulating money in politics.

We conclude that our democratic system is at significant risk of interference from foreign actors and powerful private interests. Equally, a failure to address longstanding systemic issues leaves politicians vulnerable to damaging scandals, which undermines public trust and disrupts governments' ability to deliver change.

Below we outline these issues in more detail, alongside a range of practical, proportionate and achievable recommendations that political parties and the UK Government could implement.

We recognise that those having to comply with the current rules are often volunteers for political parties, stretched for resources, and/or short of time. Accordingly, we have prescribed reforms that are not overly burdensome, and focusing on those that will contribute most to the strengthening of our democracy.

We also acknowledge that wholesale reform is not a quick process so, alongside systemic shifts in how we fund our politics, we propose incremental solutions that can be implemented relatively quickly and easily pending more substantive change.

POLICY AND LEGISLATIVE CONTEXT

Political parties carry out a range of important activities, including developing public policy, nurturing the next generation of political leaders, and campaigning at elections. Yet fundraising pressures have led them to engage in activity that is, or perceived to be, corrupt and self-serving. These pressures are in large part the product of permissive laws that are proving increasingly inadequate at safeguarding our democracy.

The current framework for regulating political finance, the Political Parties, Elections and Referendums Act 2000 (PPERA), is still based largely upon an inquiry and report by the CSPL back in the late 90s.¹¹ Parliament introduced PERPA in the wake of the cash for questions corruption scandal, in which MPs were found to have asked questions in return for money, and growing concerns about the provenance of funds in our democracy. This law provided:

- greater transparency and controls over the source of funds in politics, albeit without any constraints on how much anyone can give
- a level ceiling on national campaign spending to curb an arms race between the larger parties, which was leading to ever-riskier fundraising behaviour
- an independent body for monitoring and ensuring compliance with the rules

Alongside these sit separate but inter-related and sometimes overlapping rules governing candidates at election,¹² and members of the UK's legislatures and executives.¹³ This patchwork of laws and rules has proven invaluable and remain an integral part of the UK's defences against impropriety. Public knowledge about who funds politics enables journalists, civil society, and the parties themselves to follow the money and question any suspected wrongdoing. Yet despite these and subsequent reforms being necessary to the proper functioning of our democracy, they are no longer sufficient.

We may have more information about where money comes from in our political system, yet this can merely serve to highlight how there remains a wide array of threats to its integrity. We can see that some parties are too reliant on a very small number of wealthy individuals, who buy privileged access and potentially influence with senior politicians. We can see that money of unknown, overseas and possibly criminal provenance is accepted

by political parties and their members, all within the law. And how easy it is to break the rules without meaningful consequence.

The Labour Party rightly acknowledged these risks and has committed to protect our democracy by reforming the UK's political finance laws.¹⁴ Implementing this pledge is crucial to:

Restoring trust in our democratic institutions:

Recent surveys have found dissatisfaction with democracy at their highest levels for over half a century, with a clear increase in the proportion of the public who think that politicians are only out for themselves.¹⁵ Underlying these trends are perceptions that money talks in politics, and that the way parties are funded is corrupt.¹⁶ Addressing voters' concerns about the corrupting influence of big money is crucial to winning back their confidence.

Delivering the Government's agenda for change:

History is littered with examples of cash buying privileged political access and potential influence. Not only does this practice undermine confidence in our democracy, but it disrupts governments' ability to deliver their programme for change. Instead of reacting to scandal, ministers should prevent them from happening in the first place by removing the incentives for this kind of corrupt practice.

Changing the culture at Westminster: With a new Parliament and a new cohort of MPs, there is a real opportunity to reset the culture at Westminster.

This requires strong leadership that not only talks about a government of service but delivers one. Showing early on that this includes tackling vested interests and declining generous gifts and hospitality should provide a clear signal across both sides of Parliament that sleaze and graft have no place in this new politics.

In the following sections we provide fifteen high-impact recommendations as a blueprint for reform, which uphold three of the key Nolan Principles: integrity, openness and accountability.

INTEGRITY

The Nolan principles state that public office holders must not place themselves under any obligation to others who might try inappropriately and influence their work. The same can be said of political parties, who should be vigilant about how much and from whom they accept donations. Yet the current law and practice in our politics does not uphold these ideals. Of particular concern are:

Big money in politics: An increasing dependence on a small number of very wealthy donors for income.

Gifts and hospitality: The giving and acceptance of generous gifts and hospitality.

Overseas trips: The giving and acceptance of all-inclusive trips paid for by foreign governments and lobby groups.

Suspect and criminal funds: The giving and acceptance of contributions from donors implicated in criminality or wrongdoing.

These issues leave political parties and their members exposed to allegations or expectations of quid pro quos, and can seriously damage trust in our democratic system. In some instances, they may even break the law.

1. Big money in politics

Spending

There is a growing and seemingly insatiable demand for big donors in UK politics. This is driven in part by the lax controls on how much can be spent at elections. Only two parties ever come near the national campaign limits for major polls, which were already around £19 million until recently. Despite being intended as a level ceiling to prevent a never-ending arms race for funds, the UK Government raised them further in December 2023, just in time for the General Election in 2024. This was contrary to advice from CSPL, who had recommended that spending limits be decreased, and without the support of the Electoral Commission who did not see any evidence to support these changes.¹⁷

The Commission's research shows a long-term decline in public confidence in the political finance system. Any changes to spending or reporting thresholds must be supported by rigorous analysis, including on the likely impact on public confidence and transparency. We have not seen evidence to support these changes or seen a Government analysis of the potential impact of these changes.

The Electoral Commission¹⁸

Currently, the maximum amount a political party can spend at a UK general election is now around £34.1 million – almost double what it used to be. And this is just generic material intended to promote the party and its leader(s). It does not even apply to material about individual candidates, which are covered by separate rules, and it excludes staff costs – a substantial proportion of parties' outgoings – making them very generous.¹⁹

Combined with the separate legal limits on candidate spending, which were also increased substantially in 2023, we calculate that major elections could cost individual parties between £75 million and £100 million.²⁰ This puts an immense pressure on their finances, and increases significantly the likelihood of dubious fundraising practices.

'This increase [of the spending limits] in the region of £19 million to £36 million is bringing money into our politics like never before. That means a lot of people are spending time fundraising when they should be serving their communities.'

Lord Khan of Burnley²¹

If national spending limits are to provide a level ceiling and temper the otherwise endless demand for funding, they need to be lowered substantially. Previously, the CSPL had proposed that the limits be decreased by at least 15 per cent. However, this was made before the UK Government's substantial uplift in the existing legal maximum. To give effect to CSPL's proposal now, we recommend more than halving the current restrictions to a ceiling of £16.1 million on election expenditure. These rules should also cover campaign staff costs, which are currently excluded from the limits for political parties²² yet not those for non-party campaigns.²³

There are similar arguments to resetting the local constituency spending limits to where they were pre-2023. In theory, these act as a level playing field between candidates, ensuring no one person standing for election can buy a seat through massively outspending their competitors. Raising them by almost a third, and by 80 per cent for by-elections, turns them increasingly into another level ceiling, and one only a relative few can reach. In aggregate across the country, this increase also stokes demand within parties for substantial amounts of new funds, which as we point out above builds pressure towards risky fundraising practices. Government should reverse it at the earliest possible opportunity.

Recommendation 1: To reduce the cost of politics and the need for big donations, the UK Government should legislate to lower the spending limits at elections.

Reporting thresholds

Political parties and their members must report any substantial donations they receive to the Electoral Commission,²⁴ who then publish this information on their website. Originally, the thresholds for party HQs and their local accounting units were £5,000 and £1,000 respectively.²⁵ In 2009, Parliament increased these thresholds by 50 per cent to £7,500 and £1,500. In November 2023, the UK Government uprated them to reflect changes in the cost of money – another 50 per cent increase to £11,180 and £2,230.²⁶

Retaining the current disclosure requirements with a new £10,000 donation cap would be nonsensical, and have the effect of removing all information about donors to central parties from the public record. This would not be conducive to monitoring and enforcing a contribution

limit, and would run counter to the expectation that information about major donors are on the public record. This raises the question at what level the reporting threshold should be under a reformed system.

In the US and Canada, both of which have donation caps, parties must report details of contributions over \$200 they receive from a single source within a year, including aggregations of amounts even lower.²⁷ Previous feedback from political parties to the Electoral Commission stated that from an administrative perspective, not having to aggregate donations before reporting them is administratively easier.²⁸ The US and Canadian approaches have the advantages of providing greater protections against attempts to evade the rules. Conversely, equalising the reporting threshold with the permissibility one would make the law easier to follow. Developments in technology, robust anti-evasion rules, and effective supervision by the Commission have the potential to strike a balance between administrative simplicity and assurance over compliance with the law. Parliament should consider this balanced approach when re-thinking the reporting thresholds as part of substantive political finance reforms.

Recommendation 2: To provide greater assurance over the source of money in politics, the reporting thresholds for donations and loans should be reduced to £500, in line with the threshold for permissibility checks.

Donations

Currently, there are no limits on how much any individual or company can give in politics. Under growing pressure to find money, some parties have become increasingly reliant on a dangerously small number of donors who provide a significant proportion of their income, especially around UK general election years. And the amount of money overall is growing, seemingly exponentially.

In 2001 when records began, parties reported a total of £30.6 million in donations from private sources, £17 million (55 per cent) of which came from nine individuals, companies and trade unions giving £1 million or more in a year. By 2023 this had ballooned to a total of £85 million in reported contributions from private sources, with £56.5 million (66 per cent) coming from just 19 mega donors, and one donor alone accounting for one in every eight pounds reported in donations during the year (see Chart 1 below).²⁹ Notably, the surge in reported donations, particularly those from ‘mega donors’ giving £1 million or more, occurs around the time of major electoral events.

While targeting the super-rich to fund political campaigning is tactically expedient, it risks further damaging an already fragile trust in our democracy. A 2024 YouGov survey found 79 per cent of respondents thought wealthy donors made political contributions to try and gain influence.³⁰ This is but one of many surveys over several years showing how a

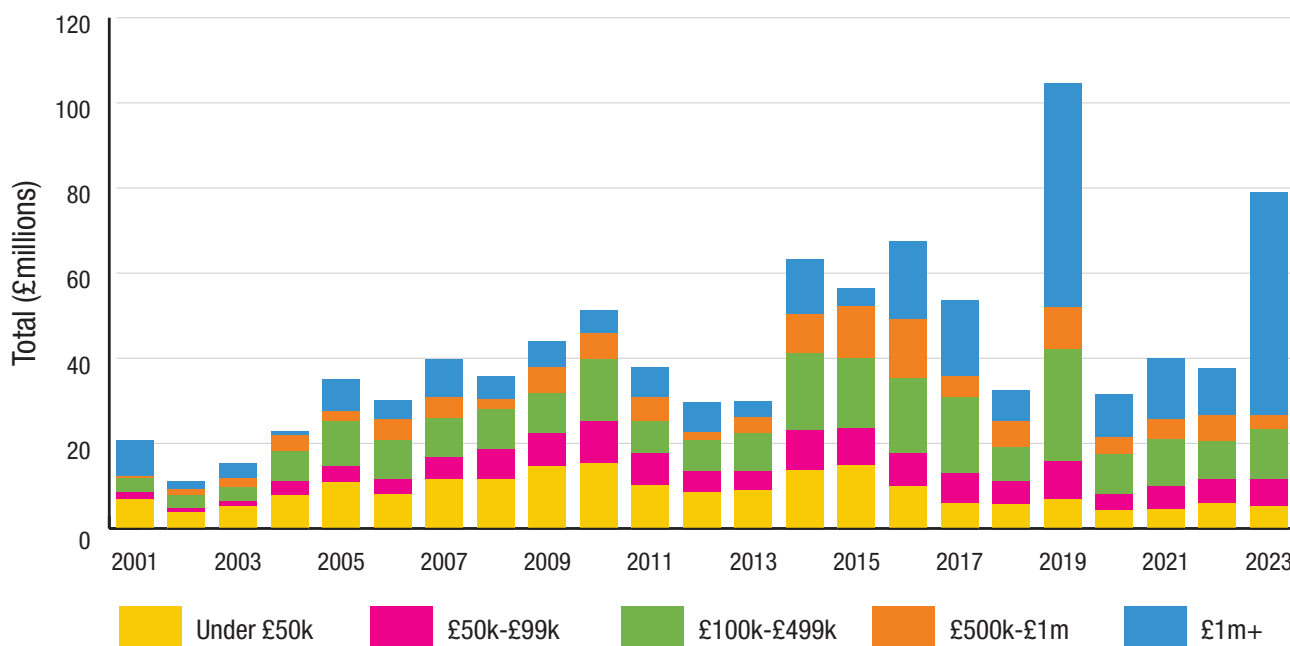


Chart 1: Donations by amount brackets and year, 2001-2023 excl. public funds Source: Electoral Commission political finance database)

substantial proportion of respondents think big donors exert undue influence in our democracy, while normal people are unable to effect decisions at all.³¹

*'We need to have a cap on individual donations... people don't like the idea of the parties...[competing over] who can get the most money from well-off people.'*³²

Baroness Harman

The last few decades are littered with case studies that support this view. Failing to address parties' rising reliance on a tiny minority of high-net-worth individuals will only reinforce the perception, or indeed the reality, that they and their politicians are captured by a small group of plutocratic interests.

To address this corrosive threat to trust, the CSPL recommended that there should be a cap on donations of £10,000 from any individual or organisation in any year to any political party.³³ The Committee concluded donation caps were *'the only safe way to remove big money from party funding'* – a sentiment shared by the Organisation for Security and Co-operation in Europe (OSCE) a decade later, who deem them to be effective in reducing the likelihood of corruption or the 'purchase of political influence.'³⁴

We agree that capping donations is necessary to address growing public concerns that decisions and favours can be bought from those in high office. While it is over a decade since the CSPL recommended a £10,000 limit on political contributions, the underlying rationale for this amount remains sound, and should present the outer boundaries of what is desirable.³⁵ Given wages have grown little during this period, it also remains a significant amount of money for most households.³⁶

Introducing caps would require re-thinking several parts of the current framework for regulating political donations, including:

- how to treat contributions from companies, LLPs, co-operative and friendly societies, unincorporated associations and trade unions
- whether to apply a universal cap, or have separate ones for donations to candidates, non-party campaigns at elections,³⁷ and other regulated political actors, such as MPs
- transitional arrangements to enable parties to adapt their fundraising strategies
- measures to detect, pursue and deter attempts to avoid and evade the cap

At the time of the CSPL's 2011 report, a key criticism of caps was that this would necessitate additional forms of state funding, which were undesirable and unpalatable in the context of austerity. Little has changed in this critique since then. It relies heavily on the false and misleading assumption that politics is increasingly expensive, someone needs to pay this bill, and in a world of contribution limits this would be the taxpayer. This argument is disingenuous.

It is not beyond the realms of possibility for parties to raise more money from their members in small amounts. Indeed, some do this relatively successfully, which provides them with a stable and secure income. New technologies have also enabled parties and their candidates to target their voter engagement far more efficiently than was the case twenty or even ten years ago, which present a saving that has not yet been realised. Why they have not cashed-in yet on these efficiencies is in part due to the overly generous laws around how much they can spend at elections.

Recommendation 3: The UK Government should legislate to remove the corrupting influence of big money in politics by introducing donation caps of £10,000 per year for individuals and organisations.

Leadership campaigns

As the amounts spent by political parties on campaigning increases over time, so has the expenditure by those seeking to lead them. It is now common for party leadership candidates to raise six figure sums, increasingly over half a million pounds, with no guarantee of success. Many have done so through substantial contributions from a relatively small group of wealthy donors. This fundraising strategy can create the perception that vested interests may buy politicians, and use their generosity to leverage favours if their beneficiaries secure high office. Not only does it damage trust in politics, but it can end political careers.

Case study: Vaughan Gething

In December 2023, Welsh Labour leader and First Minister of Wales, Mark Drakeford, announced his resignation. Between February and March 2024, the Welsh Labour Party held an election to select his replacement, with Vaughan Gething MS and Jeremy Miles MS making the ballot.

During this contest, Mr Gething raised £254,600 in reportable donations – four times as much as his competitor, who only declared contributions totalling £61,800. A waste company, Dauson Environmental Group Ltd, accounted for £200,000 (79 per cent) of Mr Gething’s reported campaign income, made in two tranches of £100,000 during December 2023 and January 2024.

Shortly after his election as Welsh party leader and First Minister of Wales, Mr Gething came under increasing pressure to return the £200,000 from Dauson Environmental Group Ltd.

In March 2024, the BBC reported that a subsidiary of the company, Atlantic Recycling, had pleaded guilty to failing to operate according to a condition of its permit in January 2024.ⁱ At the time, Atlantic Recycling had not been sentenced.

By April 2024, the list of allegations facing Dauson Environmental Group included: Atlantic Recycling and its owner, David Neal, being convicted in 2013ⁱⁱ for dumping waste on the Gwent Levels, and in 2017ⁱⁱⁱ for failing to tidy up the waste

- Atlantic Recycling pleading guilty to breaching rules on health and safety at work over the death of a worker on its site in 2019^{iv}
- Wales’ environmental regulator opening a criminal investigation into serious permit breaches and poor management at a site run by Resources Management UK Limited, part of Dauson Environmental Group^{vii}

In June 2024, emails obtained by Newyddion S4C revealed Mr Gething had tried to stop Natural Resources Wales from disclosing his attempts to persuade the regulator to ease its restrictions on Atlantic Recycling following the company’s 2013 conviction.^{viii}

David Neal claimed donations to Mr Gething’s campaign were unrelated to his business, and he had never requested anything in return from the politician. A Welsh Labour spokesperson denied Mr Gething had tried to cover anything up.

In response to concerns over the donations to Mr Gething’s campaign, the opposition tabled a no confidence vote in his leadership,^{viii} which Mr Gething then lost by a narrow margin.^{ix} A month later he resigned as First Minister after serving just 188 days, ending his decades-long career in Welsh politics.

Most of the larger political parties in Westminster already have leadership election rules, which can vary from contest to contest. Although many set a limit on how much candidates can spend, these are often very generous³⁸ and invariably have no protections against candidates becoming dependent on a few sources for funding.³⁹ The absence of strong safeguards in internal party elections poses a risk to parties’ reputations, and the careers of their leaders.

Fortunately, addressing this risk is well within parties’ powers and does not need legislation. Changing their internal election rules to limit how much any individual or organisation can donate to candidates would help

ⁱ <https://www.bbc.co.uk/news/uk-wales-politics-68563371> [accessed: 19 November 2024]

ⁱⁱ <https://www.bbc.co.uk/news/uk-wales-south-east-wales-22706505> [accessed: 19 November 2024]

ⁱⁱⁱ <https://www.bbc.co.uk/news/uk-wales-south-east-wales-42157077> [accessed: 19 November 2024]

^{iv} <https://www.bbc.co.uk/news/uk-wales-68434937> [accessed: 19 November 2024]

^v <https://www.bbc.co.uk/news/uk-wales-68926369> [accessed: 19 November 2024]

^{vi} <https://www.bbc.co.uk/news/articles/c29949kexyzo> [accessed: 19 November 2024]

^{vii} <https://www.bbc.co.uk/news/articles/clmmdn7dry7o> [accessed: 19 November 2024]

^{viii} <https://record.senedd.wales/Motion/8593> [accessed: 19 November 2024]

^{ix} <https://www.bbc.co.uk/news/live/uk-wales-69091623> [accessed: 19 November 2024]

protect them against the perception, or reality, of their leaders being bought.

Recommendation 4: Political parties should limit contributions to candidates standing for internal elections to £10,000 per year from any individual or organisation, and impose meaningful limits on how much these candidates can spend.

2. Gifts and hospitality

Beyond what the law defines as a political ‘donation’ are an array of other perks and benefits offered to parliamentarians and ministers; for example, free football tickets and food hampers. How these are handled depends in which capacity they are received and who gives them. These are grey and amorphous lines that easily give rise to confusion, obfuscation and regulation shopping.

Gifts to ministers in their ministerial capacity worth over £140 become government property unless the recipient chooses to buy it.⁴⁰ When a gift exceeds £140 it is also published online. Departments publish hospitality above “de minimis” levels.⁴¹

Additionally, the ministerial code is clear that ministers should not accept gifts and hospitality that would, or might reasonably appear to, compromise their judgement or place them under an obligation – a restriction that also extends to their family. Despite this relatively tight restriction on what ministers should accept, until recently the frequency of these disclosures was only quarterly – far less regular than the fortnightly parliamentary publication schedule.⁴²

The rules in the Lords are narrowly defined by who gives the donation. Lords are instructed to ‘decline all but the most insignificant or incidental hospitality, benefit or gift offered by a lobbyist’.⁴³ Yet what constitutes a ‘lobbyist’ is confined to consultants – only around 4 per cent of the industry – allowing others, such as a gambling companies, to entertain them. They must also not initiate proceedings in the House or lobby others to seek benefit for those who have provided them with hospitality within the prior six months.

By contrast, House of Commons’ code of conduct says little explicitly about what MPs can accept in their capacity as a legislator. There are similar rules banning parliamentary and advocacy activities by MPs that could assist foreign governments and others, which covers benefits within the previous 12 months, not six. And they are required to avoid placing themselves under any obligation to people or organisations who might try and inappropriately influence their work. But the Commons could do more to make it explicit that this includes offers of generous gifts and hospitality.

Case study: Sir Keir Starmer

On 15 September 2024, The Sunday Times reported that Sir Keir Starmer had approached parliamentary authorities to make a late declaration about donations he and his wife had received from Lord Alli. Subsequently, weeks of intensive media scrutiny followed about other benefits received by the Labour frontbench, including analysis from the Guardian that Sir Keir Starmer had accepted over £100,000 in gifts and hospitality since being elected as party leader.^x

In response, Sir Keir stated he had reported everything that he was required to, and he had not broken any rules. On 2 October, he stated he was giving back £6,000 worth of gifts and hospitality he received.^{xi} In November 2024, Sir Keir updated the ministerial code^{xii} so that ministers would report gifts and hospitality they received monthly instead quarterly.^{xiii}

As of November 2024, current MPs had reported receiving over £530,000 worth of gifts and hospitality during the course of the year. This includes tickets to football games, the theatre, concerts and other events.⁴⁴

‘Transparency is a critical part of restoring public faith in politics, and the Government recognise that changes [in the rules around gifts and hospitality] are needed.’

Ellie Reeves, Minister without Portfolio⁴⁵

As highlighted by the Committee on Standards in 2022, the distinction between ministerial and parliamentary interests is not always clear cut. Consequently, the current arrangements allow ministers to regulation-shop between the two codes depending on what suits them most at the time.⁴⁶ In November 2024, the UK Government amended the ministerial code so that its reporting schedule more closely aligns with the rules for the Commons, and it provides more guidance to ministers about handling gifts and hospitality.⁴⁷ This is a welcome and much needed step forwards. However, more could be done to avoid ministers choosing which one to follow depending on what suits them.

While it is impossible and undesirable to try and legislate for every eventuality in these rules, there are certain points of principle that could and should apply across all of them. At the very least, it would help to have a clause

x <https://www.theguardian.com/politics/2024/sep/18/keir-starmer-100000-in-tickets-and-gifts-more-than-any-other-recent-party-leader> [accessed: 25 October 2024]

xi <https://www.bbc.co.uk/news/articles/cn7yeydd42jo> [accessed: 25 October 2024]

xii <https://www.gov.uk/government/publications/ministerial-code/ministerial-code> [accessed: 21 November 2024]

xiii <https://web.archive.org/web/20240916104452/https://www.gov.uk/government/publications/ministerial-code/ministerial-code> [accessed: 21 November 2024]

in both the Commons' and Lords' codes of conduct reminding parliamentarians to treat offers of generous gifts and hospitality with caution. Even stronger, they should consider aligning more with the ethical rules for UK Government ministers, and members of the Senedd and Holyrood, which prohibit accepting benefits that appear to influence or potentially influence their activities.^{48 49 50}

Recommendation 5: The UK Parliament should address concerns about politicians accepting inappropriate gifts and hospitality by advising its members to treat them with caution and reject any that could appear to influence or potentially influence their activities, as is the case already for UK Government ministers, and members of the Scottish Parliament and Senedd Cymru.

3. Overseas trips

There is a gap in the law that allows foreign governments – including those with hostile or other malign intent – to curry favour with UK politicians through all-expenses-paid overseas visits. This is an anomaly because all other types of donations must come from a UK ‘permissible’ source.⁵¹ It is increasingly clear that this loophole presents a reputational and security risk to our democracy.

It is imperative that when parliamentarians undertake engagements overseas their independence is beyond question. At present, there is a clear risk that overseas trips sponsored either directly or indirectly by corrupt and repressive regimes may present the perception or reality that their judgements and actions are influenced by the malign intent of their hosts. In some instances, this could lead them to break Parliament’s rules on paid advocacy or even constitute bribery.

MPs have accepted over £11.6 million worth of visits abroad funded by outside interests, including £4.5 million from foreign governments, parliaments and regime-linked groups since 2001. This includes:

- over £460,000 worth of visits to Qatar funded by its government and embassy
- over £400,000 worth of trips to Saudi Arabia, paid for by the country’s government and embassy
- over £200,000 worth of visits to Bahrain, funded by the country’s’ government and embassy
- over £140,000 worth of visits to Azerbaijan funded by its government, parliament, and regime-linked groups

Case study: Qatar World Cup

In the run up to the Qatar World Cup the Qatari Government funded 38 visits by British MPs to the country, worth a total of £249,000.^{xiv} Some Conservative MPs went on to speak favourably about the regime in parliamentary debates, despite its poor human rights record.^{xv} Labour MP Chris Bryant, who was one of those to accept a visit paid for by the Qatari Government has since said that he regrets going because he saw the hospitality as part of a campaign to ‘wash their [Qatar’s] reputation’ in the lead-up to the World Cup.^{xvi}

Other comparable democracies also have explicit rules to manage the funding of overseas trips funded by foreign governments. For example, the US does not allow foreign governments to fund US federal employees, including Members of Congress, to travel outside the US unless there is a Mutual Educational and Cultural Exchange Act agreement with the foreign government in place.⁵² The US Department of State approves these agreements upon application by the foreign government.⁵³

In the UK there are controls on the sources of political donations and loans over £500 to prevent foreign interference in our democracy. A similar approach should be applied to those funding overseas visits.

There are already organisations that fall outside the normal list of permissible donors but would be trusted sponsors of foreign visits. This could be a prescribed list set out in secondary legislation, covering sources of funding that:

- are acting in the UK national interest;
- the UK or UK Parliament is a full member, for example the Inter-Parliamentary Union; and/or
- would otherwise be sufficiently regulated to provide this safeguard, for example UK political parties.

The list of trusted organisations could draw from an existing set in the House of Commons code of conduct, whose sponsorship of trips does not need reporting on the register of members’ financial interests. This includes the likes of the UK Government, British American Parliamentary Group, the British Council, the Council of Europe, the Inter-Parliamentary Union, the Organisation for Security and Cooperation in Europe, and the NATO parliamentary assembly.⁵⁴ These rules should be extended to cover the activities of members of the House of Lords, which do not tend to fall within the scope of PPERA currently.

Recommendation 6: The UK Government should protect parliamentarians’ independence when visiting overseas countries by legislating to ensure these trips are only funded by trusted sources.

xiv <https://www.opendemocracy.net/en/qatar-government-spends-hundreds-of-thousands-on-british-mps/> [accessed: 7 November 2024]

xv <https://www.theguardian.com/world/2022/oct/29/qatar-lavished-british-mps-with-250000-worth-of-freebies-ahead-of-world-cup> [accessed: 18 October 2024]

xvi <https://www.politicshome.com/thehouse/article/chris-bryant-interview-chair-committee-on-standards> [accessed: 7 November 2024]

4. Suspect and criminal funds

Currently, there is no clear policy or legal process for how parties and their members handle donations that are proven or suspected to be the proceeds of crime, or of similarly questionable provenance. Despite these being relatively infrequent compared to the scale of overall contributions, they are regular enough to present a major public policy issue, and can have an outsized impact on parties' and their members' reputations. Failing to address this challenge and allowing suspect funds to enter our democracy risks adding to a general perception that politicians are somehow involved in wrongdoing and not to be trusted.

Ideally, parties and their members would identify questionable donations when they were being offered. Some of the larger parties in Westminster claim to have due diligence policies to identify suspect contributions and how to handle them. Yet in practice, these have proven either inadequate or still permit them to accept money they should not have. They are also not a legal requirement, so there is no external means, save for the court of public opinion, to hold them to account for complying with these processes.

Even if the law required these know your donor policies, it would risk treating the problem as a technical issue rather than addressing the fundamental moral decisions at play. There is a similar challenge in enforcing requirements intended to reduce the risk of money laundering. Firms covered by the money laundering regulations are far too often found to be in technical compliance with the rules despite undertaking activity that enables criminality or ethically questionable behaviour. Rules and regulations for conduct are necessary to set out minimum standards but they are not sufficient on their own.

As we say above, removing big money from politics would in the same stroke remove the sting of this problem. It is reasonable to assume that substantial donations from questionable sources are accepted because the benefits of taking them outweigh the risks. Were donations caps to be in place the financial benefit would be significantly smaller, which in turn changes the risk calculus dramatically. Acting on this issue should not depend on these more substantive reforms, however.

Case study: Javad Marandi

During forfeiture proceedings brought by the National Crime Agency, Javad Marandi, a major donor to the Conservative Party, was named as a person of importance in an international money laundering operation.^{xvii}

According to figures from the Electoral Commission, Javad Marandi donated a total of £663,800 to the Conservative Party between May 2014 and November 2020.^{xviii}

Four of Mr Marandi's donations were big enough to secure him access to successive UK Prime Ministers, through the Conservative Party's Leaders Group (now defunct)^{xix} and its 'Advisory Board'.^{xx}

Membership of the Leader's Group was £50,000, and the Financial Times reported the cost of the Advisory Board was £250,000. Citing a source close to Mr Marandi, The Times reported that despite having been invited to the Advisory Board meetings several times, he only attended once.^{xxi}

Mr Marandi strongly denies wrongdoing and is not subject to criminal sanction.

That Mr Marandi was able to buy access to senior political figures, including UK Government ministers, is of itself highly problematic. The practice of selling political access and potential influence damages public confidence in the integrity of our democracy. It is even more problematic that Mr Marandi is recognised in a court judgment to be a person of importance in an industrial scale money laundering scheme. This raises significant questions about the quality of due diligence the Conservative Party carries out on its donors, and how it should handle these funds.

There is a growing consensus among the CSPL, Electoral Commission and civil society that parties, especially the larger ones, should do more to understand where their funding comes from. As a minimum, parties could and should adopt and publish policies and procedures for handling their donations. No party with representation in Westminster does this

^{xvii} National Crime Agency v Orkhan Javanshir, Parvana Feyziyeva, Elman Javanshir [2022] Westminster Magistrates Court

^{xviii} <https://search.electoralcommission.org.uk/?currentPage=1&rows=10&query=javad%20marandi&sort=AcceptedDate&order=desc&tab=1&et=pp&et=tp&et=perpar&et=rd&isIrishSourceYes=true&isIrishSourceNo=true&prePoll=false&postPoll=true®ister=gb®ister=ni®ister=none&optCols=Register&optCols=CampaigningName&optCols=AccountingUnitsAsCentralParty&optCols=IsSponsorship&optCols=IsIrishSource&optCols=RegulatedDoneeType&optCols=CompanyRegistrationNumber&optCols=Postcode&optCols=NatureOfDonation&optCols=PurposeOfVisit&optCols=DonationAction&optCols=ReportedDate&optCols=IsReportedPrePoll&optCols=ReportingPeriodName&optCols=IsRequest&optCols=IsAggregation> [accessed: 21 October 2024]

^{xix} https://web.archive.org/web/20150812233115/https://www.conservatives.com/donate/donor_clubs [accessed: 21 October 2024]

^{xx} <https://www.ft.com/content/f8a48bfd-8902-4667-93a6-1b903ca48e7e> [accessed: 21 October 2024]

^{xxi} <https://www.thetimes.com/uk/politics/article/the-ultra-rich-tory-donors-with-access-to-boris-johnsons-top-team-96bvcwxc1> [accessed: 21 October 2024]

currently except for standard disclaimers about their obligations under PPERA. Spotlight on Corruption has produced a draft policy these political parties could readily adapt from or adopt.⁵⁵ Were they not to do so by the end of this Parliament, there is merit in considering making the adoption and publication of a ‘know your donor’ policy a legal requirement.

Case study: Fifth Avenue Partners Ltd

In the run-up to the 2005 UK Parliamentary general election, the Liberal Democrats received a series of donations totalling £2.4 million from a company called 5th Avenue Partners Limited, who was incorporated only a year earlier.^{xxii} At the time, this was the largest amount the party had reported receiving from a single individual or business since records began. The Electoral Commission began inquiries into the legality of these contributions in May 2005 but suspended them in March 2007 at the request of the City of London Police.^{xxiii}

In April 2006, Michael Brown was arrested under a European arrest warrant as part of a private prosecution brought by his bank, HSBC. He was convicted later that year for lying under oath and making a false declaration to obtain a passport.^{xxiv}

In November 2008, Brown was convicted in absentia of large-scale fraud involving more than £60 million, which was connected to his previous conviction in 2006. During his trial, the court was told that Brown had given the donation to the Liberal Democrats to give himself an air of respectability.^{xxv} Although the party was cleared by the Electoral Commission of any wrongdoing and had long spent the donations, it faced numerous calls to repay the money.

A subsequent report by the Parliamentary and Health Service Ombudsman (PHSO) found the Electoral Commission could have done more to address concerns they had about the party’s compliance checks on the donations,^{xxvi} an allegation the Commission refuted.

When money is found to have come from a questionable source, such as fraud or a tax evader, an instinctive response is to ask for it to be given back. However,

returning the funds to the alleged/convicted perpetrator of an improper or criminal act would be a perverse outcome. Currently, the law is also unhelpful in these situations.

PPERA only allows for the forfeiture of funds when they are accepted from an impermissible source,⁵⁶ or when those subject to reporting requirements fail to comply with these obligations to hide a donation.⁵⁷

The Proceeds of Crime Act 2002 (POCA) contains a range of offences and law enforcement powers that could apply in some circumstances. For example, if a political party knowingly accepts and conceals criminal funds then they could themselves be committing an offence. However, if they were given the money without knowing its provenance, then both POCA and private litigation – an alternative means of redress – do not provide a clear path for the police or victims to recover the funds.

Case study: Labour’s mystery donor

In May 2004, The Times reported that a contribution given to the Labour Party that was ‘well into six figures’ had sat in a ‘specially-created bank account’ for two years, including five months after the donor had been charged with fraud, before being handed back.^{xxvii} This contribution was made in 1999 before parties were under a legal obligation to report substantial donations they received.^{xxviii}

At no point was the money and its source reported in the Labour Party’s annual accounts, despite the party committing to report donations over £5,000 at the time. The paper knew the identity of the donor but could not publish them due to reporting restrictions. A party spokesperson said it ‘acted in good faith’ and ‘could not have been more prompt’ when it had become aware of the allegations against the donor.

Later in 2004, The Times was able to name the donor as Carl Cushnie, a businessman who was convicted for fraud.^{xxix}

Previous cases show there are a range of scenarios that could be at play, including:

- the recipient was unaware at the time of receipt they were being offered criminal funds
- the recipient had reasonable grounds to question

xxii <https://find-and-update.company-information.service.gov.uk/company/05073942> [accessed: 25 October 2024]

xxiii https://web.archive.org/web/20120320005142/https://www.electoralcommission.org.uk/_media/executive-summary/5th-avenue-statement-case-summary-11-09.pdf [accessed: 25 October 2024]

xxiv http://news.bbc.co.uk/1/hi/uk_politics/5379286.stm [accessed: 25 October 2024]

xxv <https://www.theguardian.com/uk/2012/apr/22/lib-dem-donor-michael-brown-missing-millions> [accessed: 25 October 2024]

xxvi https://assets.publishing.service.gov.uk/media/5a7ed75fed915d74e6226cc0/Complaint_about_the_Electoral_Commission.pdf [accessed: 25 October 2024]

xxvii <https://www.thetimes.com/article/labour-hid-donation-by-tycoon-on-fraud-charge-fw99sxb8d52> [accessed: 22 October 2024]

xxviii <https://www.thetimes.com/article/labour-kept-fraudsters-cash-gift-secret-77j88ds9scg> [accessed: 21 November 2024]

xxix <https://www.independent.co.uk/news/business/analysis-and-features/six-year-sentence-ends-flamboyant-reign-of-versailles-founder-cushnie-731579.html> [accessed: 21 November 2024]

the donor's relationship with a kleptocracy prior to accepting their money, but only subsequently learnt the donor was a person of significance in an industrial scale laundering scheme connected to that kleptocracy, and it is unclear whether the funds they accepted were likely the proceeds of crime

- the party knew the donor was under investigation for fraud when it accepted the funds

Considering any moral or legal case for managing questionable or criminal funds could include a range of aggravating and mitigating factors based on:

- when the recipient knew the donor or the source of their donation was in question
- the nature of the wrongdoing at play – ranging from ethically improper but legal, to breaches of civil professional or ethical codes, to criminal activity
- the status of any relevant proceedings – ranging from allegations through to formal investigations and the conclusion of any judicial/quasi-judicial hearings
- who the victims are, if any, and whether they are identifiable
- how the recipient handled the money – for example, whether it was reported appropriately for the public record or hidden from view

It seems most feasible to define in law how to handle questionable donations if there is a clear judgment from a court or tribunal of wrongdoing. For example, if recipient x received money from donor y who has been convicted of z for activity preceding the donation, then the money should be handled according to a, b and c. Similarly, it could fall within the realms of POCA if the party accepted money they knew or had reason to believe came from criminal activity.⁵⁸

However, ethically questionable yet legal conduct associated with a donation is much harder to legislate for. Similar issues would also likely arise when dealing with funds connected to an individual or company mentioned in civil proceedings, but never convicted of any offence themselves.

As a minimum, parties should adopt policies on how to deal with these ethical grey areas, which should not rely solely on waiting for convictions or judgments in a court of law. Doing so would help protect them against allegations that they are profiting from others' misfortune. This would complement the due diligence policies and procedures we recommend above.

Given the range of different scenarios parties and their members might face, this guidance should be driven by a core set of principles rather than try and cover all eventualities. This should at least include the aggravating and mitigating factors mentioned above. As a basic principle we propose political parties and their members should:

- publish a statement acknowledging money they have received is under question and the steps they are taking to manage the funds appropriately
- not return funds to donors where there are reasonable grounds to suspect the donor's involvement in wrongdoing, especially criminality
- report the matter to the UK's Financial Intelligence Unit if there are reasonable grounds to suspect the money could be the proceeds of crime
- put the money in an holding account where there is / potentially is an investigation and / or legal proceedings that could result in asset recovery or a claim
- identify, as far as reasonably possible, victims of the alleged wrongdoing where a court of investigation has not done so already
- return the money to any identifiable victims where, on the balance of probabilities, the money belongs to them
- give the money to an appropriate cause where there are no identifiable crimes or victims, or insufficient evidence to prove someone's loss

Parties and their members would also be prudent to not rely on substantial contributions from a small pool of donors. History shows that there are plenty of cases where the fortunes of these benefactors may come into question. If even one of them falls subject to criminal investigation or civil claim, that could result in a request to repay their donations, which could put the party in financial jeopardy.

Recommendation 7: Political parties should protect against the perception they are profiting from others' misfortune by adopting and publishing policies outlining how they manage funds of questionable origin.

OPENNESS

The Nolan principles state that public office holders should be open about the decisions and actions they make. This transparency helps to build confidence that decisions are not influenced unduly, and there is a clear rationale for how they advance the public interest.

Likewise, the openness of political donations empowers the public and the media to follow the money, and raise questions about any suspicions they give rise to. Since 2001, these disclosures have been a cornerstone of accountability in our democracy. However, it remains possible to move money of unknown provenance into our politics. Of particular concern are:

Opaque donations: Ambiguity in the law that enables ministers to avoid reporting generous support from patrons, and candidates not to declare their sources of funding before the dissolution of Parliament.

Shell companies: A dangerously low bar in law for allowing companies to make donations, even if they are not generating any profit to support these contributions.

Unincorporated associations: Ineffective disclosure requirements and permissive rules that risk unincorporated associations being used as agents for undue influence.

5. Opaque donations

Donations to politicians in their ministerial capacity

Currently, the rules on donations and loans to individual politicians are too ambiguous. Without clearer direction in law from Parliament, the Electoral Commission risks taking an overly cautious and narrow interpretation of what is and is not regulated. The consequence is porous controls on money in politics, and a lack of transparency over gifts given to some of those occupying the highest public offices.

Lord Brownlow's donation to help refurbish the then Prime Minister's flat at Number 11 Downing Street provides a case in point.

Case study: Lord Brownlow

In late 2020, the then Prime Minister, Boris Johnson, requested help from Lord Brownlow to finance the refurbishment of Number 11 Downing Street, where the PM was living with his family. Subsequently, Lord Brownlow made several payments to the renovators and to the Conservative Party, covering costs the party had already made to the supplier.^{xxx} During exchanges via WhatsApp about finances, Boris Johnson and Lord Brownlow also discussed the peer's proposal for the UK to host a 'Great Exhibition 2.0', an initiative Lord Brownlow later discussed with UK Government ministers, raising allegations of cash being exchanged for favours.^{xxxi}

According to an investigation by the Electoral Commission, the total amount due to the supplier for the renovation was £112,549.12.^{xxxii} It concluded £52,801.72 paid by Lord Brownlow's company, Huntswood Associates, to the Conservative Party was a donation under electoral law – a donation the party had failed to report. Yet the separate balance of £59,747.40, paid directly to the supplier by Lord Brownlow, appears nowhere on the public record. As we outline in our analysis below, this failure to report appears to be a breach of PPERA.

Lord Brownlow was repeatedly approached for comment by media at the time of these revelations, but did not reply.^{xxxiii}

Ministers denied there was any link between the donations and discussions about a Great Exhibition 2.0.^{xxxiv}

The rules govern any gift or benefit given to political parties regardless of their purpose – whether and how it is regulated largely revolves around the size of it, and whether it is repayable, which would make it a loan. Yet, the law on gifts and benefits given to individual politicians is much narrower – they only apply if the contribution was given in connection with their 'political activities' as a party member or holder of a relevant elective office. PPERA provides an indicative and non-exclusive list of what 'political activities' means for donations to party members, which is largely around internal party-political manoeuvres, such as contesting leadership elections or promoting policy positions. It is mute on what this means for holders of elective office, though.

It is through this ambiguity that the remaining £59,747.40 slips.

There is an argument to say this benefit was in connection to the then Prime Minister's political activities as a holder of elective office. The reason he occupied that residence was clearly related to his activities as an MP – how else would he have got there if it were not for his election to Parliament? For some, becoming Prime Minister is the pinnacle of their political activities as an elected officeholder, so how could it not fall within the relatively broad wording of the law?

Since 2010, the House of Commons has had responsibility for monitoring and ensuring compliance with these rules as they affect MPs. However, the then Commissioner for Standards, tasked with investigating potential breaches of the rules, claimed they were blocked from doing so because the flat refurbishment was a 'ministerial benefit' that was beyond their purview.⁵⁹ This is not a concept defined in electoral law, and it remains to be seen whether a court would take a similar view.

There should not be such ambiguity about whether a donation for the benefit of the Prime Minister, which is clearly connected to his position of office, is covered by the law. It is perverse that such contributions are

^{xxx} <https://www.independent.co.uk/news/uk/politics/boris-johnson-flat-refurbishment-timeline-b1988277.html> [accessed: 19 November 2024]

^{xxxi} <https://www.theguardian.com/politics/2022/jan/06/boris-johnson-accused-corruption-great-exhibition-text-flat-refurb> [accessed: 19 November 2024]

^{xxxii} <https://www.electoralcommission.org.uk/political-registration-and-regulation/our-enforcement-work/investigations/report-investigation-conservative-and-unionist-party-recording-and-reporting-payments> [accessed: 1 August 2024]

^{xxxiii} <https://www.bbc.co.uk/news/uk-politics-56878663> ; <https://www.theguardian.com/politics/2022/jan/06/boris-johnson-accused-corruption-great-exhibition-text-flat-refurb> [accessed: 19 November 2024]

^{xxxiv} <https://www.bbc.co.uk/news/uk-politics-56878663> [accessed: 19 November 2024]

de facto subject to lesser regulation than those given to MPs. As we mention above, the narrowness of these rules also means that generous gifts to Lords from foreign governments are not covered by the rules because they do not hold an elective office. In both instances, substantial gifts and benefits can be used by these donors to seek preferential access and influence, and can severely damage trust in our democratic institutions. As a minimum, they should be subject to the normal controls on who can make them, and how they are made public. Given there is some doubt about the scope of the current rules, Parliament should clarify that they do apply to anything received by ministers in their ‘ministerial capacity’.

Recommendation 8: The UK Government should legislate to clarify beyond doubt that contributions given to someone in their ministerial capacity are covered by the law on political donations and loans.

Donations to prospective parliamentary candidates

When Parliament sits for more than 55 months, there are extra rules on campaigning by prospective parliamentary candidates i.e. those seeking election but not yet formally nominated as a candidate. Known as the ‘long campaign’ these controls on spending and donations apply between the 55th month of Parliament sitting and its dissolution, which signifies the start of what is called the ‘short campaign’ from dissolution to polling day. Government proposed these pre-candidacy controls in response to concerns that there were significant amounts of unregulated campaigning being channelled through candidates that was getting out of control.⁶⁰

At the 2010 general election, candidates reported a total of £10.3 million in donations towards their long campaigns,⁶¹ with this figure rising to £11 million in 2015.⁶² These donations accounted for just under one in every five pounds spent by parties and their candidates at these polls.

However, due to a succession of early elections, these rules have not applied for almost a decade. Their absence in recent electoral contests alongside confusion about their scope shows they need revisiting.

In early 2024, we became aware that the Electoral Commission was considering taking a different interpretation of the law on long campaign donations than at the 2010 and 2015 UK parliamentary general elections. Ahead of the Prime Minister announcing the 2024 poll, we contacted the Electoral Commission to clarify the position they were going to communicate to candidates. During this correspondence, the Commission confirmed that it did not think donations towards campaigning by candidates during the long campaign were subject to regulation. Moreover, it also stated that it did not think these contributions were regulated by PPERA either because they were outside the scope of the rules on donations to members of political parties and holders of elective office.⁶³

As noted by the Law Commissions for England and Scotland back in 2020, electoral law is ‘complex, voluminous and fragmented’,⁶⁴ which creates ambiguity and risks creating competing interpretations of what it says. While the policy intent of the pre-candidate rules is clear – that there is regulation of candidates’ pre-dissolution campaigning – the law should be clearer, especially on how it controls political donations. In particular, it should clarify that donations towards pre-candidacy expenses are regulated under the RPA 1983 and reportable in candidates’ post-election spending returns. Any donations towards pre-candidacy election campaigning prior to the long campaign should then fall within the scope of the rules for regulated individuals under PPERA.

These should not require substantial changes to the existing statutes, and provide greater certainty to campaigners and the regulator about the scope of the law. Making these changes early in this Parliament would provide ample time for prospective candidates and their agents to prepare for the next general election, due before August 2029.

Recommendation 9: The UK Government should legislate to clarify beyond doubt that any donations towards spending by those standing for election during the pre-candidacy ‘long campaign’ are regulated and reportable.

6. Shell companies

The law allows companies to make political donations if they are:

- registered with Companies House,
- incorporated in the UK, and
- ‘carrying on business’ in the UK.⁶⁵

However, this is a low bar that enables businesses to make contributions even if the money comes from elsewhere, including sources that would not themselves be permissible. In 2009, an investigation by the Electoral Commission concluded the law allows donations to be funded by intra-company transfers from offshore parts of a business.⁶⁶ Its current guidance states that to determine if a company is ‘carrying on business in the UK’, political parties should look out for things like whether it is dormant or about to be struck off. But the law does not go as far as banning donations from companies or LLPs in these states of inactivity.⁶⁷

Indeed, it is possible for companies to have no website or online presence and never turn a profit yet make substantial political donations. In these circumstances, it is hard to identify where the money comes from. The laxness of the law enables individuals and companies from overseas to skirt the restrictions on foreign donations.

Our research has found that ten companies have made £10.9 million worth of political donations since 2001 where the source of the funding is unclear.

Case study: Aquind Ltd

Aquind Ltd provides a prime case study in how it is possible to donate substantial amounts through a company generating no actual profit from its activities.

Aquind Ltd is a UK registered company which is wholly owned by a Luxembourg business called Aquind Energy Sarl. According to its company accounts it made a loss of £4.9 million in 2023,^{xxxv} and has not generated any profit since its incorporation in August 2008. Despite this, Aquind has donated £539,692 to the Conservative party and its members since 2018.^{xxxvi} The company’s

financing is largely via loans, with Aquind borrowing over £23 million from an overseas company, OGN Enterprises, registered in the British Virgin Islands – a secrecy jurisdiction where the finances and ownership of companies are withheld from public view.^{xxxvii}

Before March 2019, the ultimate ownership of Aquind Limited had been shrouded in secrecy, with Companies House granting an exemption that this information be withheld from public view for security reasons. The Times, who helped uncover Viktor Fedotov’s control of Aquind, understood neither UK law enforcement nor security agencies thought his safety was at risk.^{xxxviii} We identified Viktor Fedotov’s ownership of Aquind through checking the beneficial ownership register of its holding company, which is registered in Luxembourg. Aquind officially disclosed his control of the company in the UK in March 2019^{xxxix} after numerous parliamentarians expressed concerns over its opaque ownership.

These financial and ownership arrangements raise questions about the true source of Aquind’s political donations, and whether the recipients knew.

The UK Ministry of Defence (MoD) is opposing the Aquind interconnector project on national security grounds. The detailed reasons for this objection are private because it argues they would not be in the public interest to disclose. However, what it has said publicly is that the project would ‘unacceptably impede and compromise’ the safe use of military assets in the area, which ‘represents a clear risk to UK defence and national security.’^{xl}

Aquind has stated in media reports that it is ‘As a UK-registered company, Aquind strictly adheres to all relevant laws and regulations of the UK, France, and the EU.’^{xli}

The CSPL and the Electoral Commission both back measures to require company donations to come from income generated in the UK through genuine commercial activity.

xxxv <https://find-and-update.company-information.service.gov.uk/company/06681477/filing-history/MzQxNjY4MzgxNWFKaXF6a2N4/document?format=pdf&download=0> [accessed: 12 November 2024]

xxxvi <https://search.electoralcommission.org.uk/?currentPage=1&rows=10&query=uind&sort=DonorName&order=asc&tab=1&open=filter&et=pp&et=ppm&et=tp&et=perpar&et=rd&isIrishSourceYes=true&isIrishSourceNo=true&prePoll=false&postPoll=true®ister=gb®ister=ni®ister=none&optCols=Register&optCols=CampaigningName&optCols=AccountingUnitsAsCentralParty&optCols=IsSponsorship&optCols=IsIrishSource&optCols=RegulatedDoneeType&optCols=CompanyRegistrationNumber&optCols=Postcode&optCols=NatureOfDonation&optCols=PurposeOfVisit&optCols=DonationAction&optCols=ReportedDate&optCols=IsReportedPrePoll&optCols=ReportingPeriodName&optCols=IsRequest&optCols=IsAggregation> [accessed: 12 November]

xxxvii <https://www.theguardian.com/business/2021/mar/10/tory-donor-uk-approval-cross-channel-cable-portsmouth-alexander-temerko> [accessed: 12 November 2024]

xxxviii <https://www.thetimes.com/article/revealed-viktor-fedotov-is-tycoon-behind-aquind-energy-project-pq0868vmj> [accessed: 19 November 2024]

xxxix <https://find-and-update.company-information.service.gov.uk/company/06681477/persons-with-significant-control> [accessed: 19 November 2024]

xl Ministry of Defence, *Application for a Development Consent Order by AQUIND Limited: OPEN statement on behalf of the Ministry of Defence* (24 August 2024) paragraph 21 <https://infrastructure.planninginspectorate.gov.uk/wp-content/uploads/projects/EN020022/EN020022-005270-Ministry%20of%20Defence.pdf>

xli <https://www.portsmouth.co.uk/news/politics/conservative-mps-receive-donations-from-the-company-behind-the-controversial-aquind-interconnector-scheme-4618302> [accessed: 12 November 2024]

'...the current rules [on company donations] are insufficient to guard against foreign interference in UK elections.'

Committee on Standards in Public Life⁶⁸

When CSPL first proposed the framework for permissible donations in 1998 they foresaw the risks of foreign interference through company donations, particularly the use of UK subsidiaries of foreign companies. In response, they recommended that the subsidiary would have to be able to demonstrate that it was generating enough income to donate, yet this has never made it into law. Since then the Electoral Commission,⁶⁹ a cross-party caucus of MPs and Lords,⁷⁰ and the CSPL⁷¹ have recommended to change the law so that only donations funded by genuine commercial activity in the UK be permissible. Amendments laid during the passage of the Elections Bill in 2022 provide a strong starting point for closing this vulnerability, and finally delivering what CSPL proposed over two decades ago.

Recommendation 10: The UK Government should legislate to ensure that companies and limited liability partnerships are only able to make political contributions from profits made by genuine commercial activity carried out within the UK.

7. Unincorporated associations

Despite reforms over a decade ago, there is insufficient transparency over where unincorporated associations making political donations derive their funds, and no safeguards against them being conduits for otherwise impermissible funds. Both factors put them at risk of being abused for malign purposes, and undermining public confidence in the integrity of our democracy.

An unincorporated association is a loose group of two or more individuals who have come together to carry out a shared purpose. They are often used for sports clubs and local political groups, but do not have a separate legal identity and do not have to file annual accounts with Companies House.

Under electoral law, unincorporated associations can make political donations if they have two or more members, a main office in the UK, and they are carrying on business or other activities wholly or mainly in the UK. Any unincorporated association that is wholly or mainly made up of members of a single political party must also report any contributions they receive over £11,180 to the Electoral Commission, and check any amounts they receive over £500 comes from permissible sources.

In response to concerns about the opacity their funds, Parliament legislated in 2009 to require unincorporated associations that were not members associations to register with the Electoral Commission if they made political contributions of more than £25,000 in a year. When first enacted, these rules required regulated unincorporated associations to report any gifts they received over £7,500 in value to the Commission.⁷² Subsequently, the UK Government increased these reporting thresholds via secondary legislation in 2023, so they now stand at £37,270 and £11,180, respectively.⁷³

Despite disclosure requirements, there are two key issues with the law.

Firstly, since the 2010, unincorporated associations have given £40.4 million in political contributions. However, only £127,500 has been declared in the unincorporated associations gifts register and £1.7 million reported to the Electoral Commission by membership associations that are also unincorporated.⁷⁴ This leaves a transparency gap of £38.6 million that is unaccounted for – a gap made worse by the recent uprating of the reporting thresholds in 2023. Given some unincorporated associations are used as

political networking groups, soliciting funds in return for privileged access to senior politicians, the public should at least be able to know their patrons to identify any potential impropriety.

Case study: The West Midlands Breakfast Club

In February 2024, an unincorporated association called the West Midlands Breakfast Club donated over £130,000 to the Labour Party. It has no website and is not required to publish its accounts with Companies House. In July 2024, the Telegraph reported it was associated with a businessman called Stephen Goldstein CBE, who said it was intended to support Labour's candidate for West Midlands Mayor, and he could not disclose members of the club without their consent. Subsequent statutory reports submitted by the Club to the Electoral Commission show £100,000 of its income came from four real estate companies operating in the Birmingham area.

This is a rare example of the law working as intended, revealing the names of those contributing to the unincorporated association who then went on to make substantial political donations to the Labour Party.

Prior to this report from the West Midlands Breakfast Club, unincorporated associations had only reported a total of £22,500 in income under disclosure rules introduced in 2010.^{xiii}

Secondly, there are no rules on who can fund unincorporated associations that are not members associations, even if they are making political donations. This leaves them open to abuse as conduits of otherwise impermissible funds, and presents a real vulnerability in our political financing regime.

'Unincorporated associations are not required to ensure that those who donate to them are permissible donors. This means that they could legitimately make donations using funding from otherwise impermissible sources, including from overseas.'

The Electoral Commission⁷⁵

Within the context of the current legal framework, more openness over the real source of unincorporated association income and basic checks on who their

xiii https://www.electoralcommission.org.uk/sites/default/files/2024-09/Register-of-gifts-to-unincorporated-associations%201_0.xlsx [accessed: 6 November 2024]

donors are would go a long way to closing the current loophole. Were donation caps introduced, unincorporated associations would present an obvious method for circumventing these restrictions, making closing this loophole essential.

Recommendation 11: The UK Government should legislate to protect against funds of unknown provenance entering the political system by:

- **requiring regulated unincorporated associations to undertake permissibility checks on the money they receive**
- **reducing the level at which regulated unincorporated associations report income to £500**

Case study: Carlton Club

The Carlton Club is an unincorporated association that has received over £200,000 worth of donations since 2020 from companies run by wealthy Swiss, German and Russian nationals.^{xliii} These individuals are not permitted to make contributions directly to political parties. Over the same period the Carlton Club has donated £312,950 to the Conservative Party and its MPs.^{xliiv} We cannot know for certain if this £200,000 was part of the money donated to the Conservative Party because a lack of transparency over their finances prevents the public from establishing these facts. Even if it was, this is completely lawful under UK law so long as the decision to make the donations to the Conservative Party were the Carlton Club's alone, and they were not just acting as an agent for those giving it funds.

^{xliii} Electoral Commission records and reporting from Open Democracy <https://www.opendemocracy.net/en/dark-money-investigations/carlton-club-donations-london-property-firm-henning-conle-strandbrook/>
^{xliiv} Including only donations from the unincorporated association, the Carlton Club, not the registered company, 2020 – May 2024.

ACCOUNTABILITY

Key to ensuring accountability in the democratic process is effective and independent enforcement of the rules when they are broken.

International, expert organisations stress the importance of having a non-partisan oversight body endowed with this responsibility and adequate resources for policing political finance rules.⁷⁶⁷⁷ Unfortunately, the current arrangements for enforcing electoral law are inadequate and in need of reform.

Previous governments have undermined the independence of the Electoral Commission.

Its powers and sanctions are not fit for purpose and do not pose a sufficient deterrent against wrongdoing.

And some of the rules are almost unenforceable in practice.

Below we expand on these three areas.

8. Political capture

Crucial to the effective working of an electoral management body (EMB) like the Electoral Commission is its independence. International standards expect EMBs to be operationally, strategically and functionally separate from the executive.^{78 79}

When the Electoral Commission was created, it was clearly separated from the Government, being instead accountable to Parliament and the Speaker's Committee of the Commons and structured as a non-departmental public body.

Changes made by the Elections Act 2022 undermined this independence, with the UK Government now able to set the Commission's strategic and policy priorities. Ministers can now issue a 'Strategy and Policy Statement', which not only duplicates the strategic function of the Commission's board, but also amounts to undue interference in its operations by the government. This is inconsistent with international good practice, unnecessary, and compromises the Commission's independence.

When the UK Government initially proposed the statement in 2022, the Electoral Commission noted that:

*'If made law, these provisions will enable a government in the future to influence the commission's operational functions and decision-making. ... The Statement has no precedent in the accountability arrangements of electoral commissions in other comparable democracies, such as Canada, Australia or New Zealand.'*⁸⁰

The House of Commons Levelling Up, Housing and Communities Committee, whose corresponding department was responsible for implementing the Elections Act, concluded that there was no need for the statement and 'no evidence' to justify its introduction.⁸¹ The Speaker's Committee on the Electoral Commission issued a withering critique of the Government's approach, stating:

*'[the] draft Statement remains not fit for purpose and inconsistent with the Commission's role as an independent regulator. The Government still has not offered a cogent explanation of what it is seeking to resolve through the Statement. What little it has added in the consultation response to its previous statements betrays a misguided perception that the Commission is – or ought to be – to some extent, under Government control.'*⁸²

And the independent and cross-party UK Governance Project concluded that '[to] underline and protect the independence of the EC, the provisions of the Elections Act 2022 which provide for a Strategy and Policy Statement from the Government should be repealed.'⁸³ We agree.

To restore the Commission's independence, the UK Government should legislate to repeal Sections 16 and 17 of the Elections Act 2022.

Recommendation 12: The UK Government should protect the Electoral Commission's independence by repealing powers in the Elections Act 2022 allowing ministers to influence its strategic focus and operations.

9. Insufficient powers and sanctions

Civil sanctions

While the Electoral Commission has the power to hand out monetary penalties, these fines are too low to deter non-compliance with the law.

In 2009, Parliament granted the Electoral Commission civil sanctions that it could impose if it found, on the balance of probabilities, there had been a breach of the law. These were in addition to the existing criminal offences in PPERA, which could still be pursued by the police and relevant prosecuting authorities. The aim was to create a more proportionate and effective enforcement regime, ending an over-reliance on under-used criminal law.⁸⁴

These new sanctions included:

- fixed monetary penalties of £200 and variable monetary penalties ranging from £250 to £20,000
- compliance and restoration notices where a regulated organisation or individual are required to take rectifying action to prevent a future breach
- enforcement undertakings where a regulated organisation or individual may offer to rectify a breach and/or take remedial action as if the offence had not occurred

While the Commission has used these tools extensively since 2010, the results remain patchy with clear evidence that the maximum fines it can levy are insufficient in deterring egregious breaches of the law.

Case study: 2015 UK general election

At the 2015 general election, the Conservative Party failed to report a six-figure sum as part of their spending return. Despite this significant contravention, cumulatively the Electoral Commission was only able to impose a fine of £70,000. In the Commission's statement at the time, its then Chair Sir John Holmes noted the risk that 'some political parties might come to view the payment of these fines as a cost of doing business.'^{xiv}

At the same general election, the Liberal Democrats under-reported spend by around 5 per cent, which only incurred a penalty of £20,000.^{xvi} These sanctions are not large enough to be dissuasive against similar behaviour in the future.

Parties should not be able to write-off fines for breaking the law as the cost of doing business. Increasing the available fines this should deter wrongdoing and incentivise good accounting practices within political parties.

The CSPL,⁸⁵ the House of Lords Select Committee on Digital Technology⁸⁶ and the UK Governance Project – an independent cross-party commission, Chaired by Dominic Grieve KC –⁸⁷ have all recommended that the maximum fine the Electoral Commission can impose should be at least £500,000 or 4% of a campaign's spend whichever is the greatest. We support this recommendation.

Recommendation 13: The UK Government should legislate to provide a more effective deterrent against non-compliance with the law by increasing the maximum fine the Electoral Commission can levy to at least £500,000 or 4 per cent of the spending limit (whichever is the greater).

Criminal prosecutions

Despite electoral law containing a wide array of criminal offences, it has no designated national policing lead. This means when there are egregious suspected breaches of political finance rules, it is up to local forces to deal with matters that are often far beyond their wheelhouse and transcend policing authority borders. Invariably, these authorities are stretched for resources, unfamiliar with this area of law, and unused to the associated political pressures these cases can bring with them. Similar issues apply to prosecutors across the UK.

Consequently, it is extremely rare for criminal investigations into breaches of political finance laws to make it into court. In 2021, the Mayor of London confirmed that despite the Electoral Commission referring eight cases to the Metropolitan Police between 2011 and 2021, none were brought forward as

^{xiv} <https://www.electoralcommission.org.uk/media-centre/conservative-party-fined-ps70000-following-investigation-election-campaign-expenses> [accessed: 22 October 2024]

^{xvi} <https://www.electoralcommission.org.uk/political-registration-and-regulation/our-enforcement-work/investigations/investigation-liberal-democrats-2015-uk-parliamentary-general-election-campaign-spending-return> [accessed: 22 October 2024]

prosecutions.⁸⁸ As we outline below, prosecutors have only once brought charges for breaches of the anti-evasion rules, which was following an investigation by the Northamptonshire Police Force.

As far as the [criminal prosecution]... is concerned, the police and prosecutors frankly do not have the resources or expertise to tackle offending under the RPA or PPERA, and I am absolutely certain that much goes uninvestigated and unprosecuted at the moment.

Gavin Millar KC⁸⁹

In other areas of regulatory law where there are criminal offences for the most serious breaches of the rules, it is the regulator who takes a lead in criminal matters. However, this is not the case for political finance regulation. Whereas the likes of the Environment Agency, the Financial Conduct Authority and OFCOM are empowered to bring forward criminal prosecutions, the Electoral Commission was barred by law from doing so in 2022. The UK Government neither consulted on its proposals nor set out a persuasive rationale for this prohibition.

Civil society,⁹⁰ the UK Governance Project,⁹¹ and legal specialists in electoral law⁹² agree that the Commission should not be prevented from bringing criminal prosecutions under electoral law. The current restriction on its regulatory options contributes towards a situation whereby the law may say one thing, yet those intent on breaking them for their political advantage can ignore it without consequence. If the UK Government wishes to strengthen the rules around political donations to protect democracy, it must also empower those tasked with enforcing them lest these reforms remain mere lines of text on pieces of paper.

Recommendation 14: The UK Government should legislate to remove the statutory bar that prevents the Electoral Commission from bringing prosecutions for electoral offences.

10. Unenforceable anti-evasion rules

There are serious questions about the source of a significant amount of money in UK politics, and examples where there are suspicions that the reported donor is not the true source of funds. Despite it being a criminal offence to conspire to hide the identity of a donor or facilitate a contribution from someone who is not permissible under law, these rules are almost impossible to enforce in practice. This is in part caused by the loopholes we mention above, allowing those intent on moving money into our democracy from foreign sources or for dubious means to do so legally; for example, under cover of a shell company. But it is also an inherent challenge in how the anti-evasion criminal offences work in practice.

An agreement to donate money on behalf of another can be as simple as a verbal arrangement made between two parties in private. The task for prosecutors is to prove beyond reasonable doubt that this conspiracy existed. Yet to do so they might have to rely entirely on circumstantial evidence unless one of the parties admits to engaging in a conspiracy, or the even more unlikely scenario that there was forewarning of an offence and the relevant policing authority was able to secure warrants to capture these discussions through surveillance or interception of communications. Consequently, this area of criminal law remains largely unused despite the relative frequency in which there arises questions about the use of agency arrangements. This does not bode well for the effectiveness of the National Security Act 2023, which relies on these anti-evasion offences to tackle foreign interference in UK elections.⁹³

Case study: David Mackintosh

In 2023, the Crown Prosecution Service charged former MP, David Mackintosh, and six others of concealing the true source of donations worth tens of thousands of pounds given to the Northampton South Conservative Association in 2014.

This was the first ever prosecution of PPERA's anti-evasion rules.^{xlvii}

The prosecution alleged that local businessman, Howard Grossman, donated £39,000 in 2014 to Mr Mackintosh's local Conservative association through

intermediaries, and both men had failed to provide these details to the party.

During proceedings, the court heard how this money came from a company owned by Mr Grossman, 1st Land Ltd, which had been set up to redevelop the local football club's stadium, a project funded by a loan from Northampton Borough Council, then led by David Mackintosh.^{xlviii}

All five of those charged for withholding the source of the donation were subsequently convicted. However, Mr Grossman and Mr Mackintosh, who were charged with conspiracy to deceive the local party association about the true source of the donation, were found not guilty by the jury.^{xlix}

To address concerns that intermediaries were being used to conceal the ultimate source of donations, Parliament introduced a new legal requirement that donors sign a declaration that they are the ultimate source of funds and were not acting on someone else's behalf.⁹⁴ Despite this sitting on the statute book for a decade and a half, no minister since has commenced these rules. While this is not a silver bullet, it provides an extra level of jeopardy for those thinking about hiding the source of a donation and could make them think twice.

Recommendation 15: The UK Government should activate laws passed by Parliament in 2009 to tackle attempts to evade electoral law.

^{xlvii} Section 54(7) PPERA criminalises failing to report the true source of a donation if it is given through an intermediary. Section 61 PPERA criminalises knowingly entering into or furthering an arrangement to donate from an impermissible source, or giving false information about a donation with intent to deceive.

^{xlviii} <https://www.judiciary.uk/wp-content/uploads/2024/01/R-v-Bhimjiyani-sentencing-remarks.pdf> [accessed: 5 November 2024]

^{xlix} <https://www.bbc.co.uk/news/uk-england-northamptonshire-67340330> [accessed: 7 November 2024]

ENDNOTES

- 1 Analysis of political donations, spending and annual accounts in this paper is based on disclosures published by the Electoral Commission <http://search.electoralcommission.org.uk/> unless elsewhere specified. The data includes all reported contributions to political parties and regulated individuals up until July 2024.
- 2 £115 million from a total of £1.2 billion reported as accepted from private sources. Note that the disaggregated figures below include cases that span multiple categories, and therefore count some donations more than once.
- 3 Based on average savings per month reported in NatWest's Savings Index 2024 <https://www.natwest.com/savings/savings-guides/savings-index.html> [accessed: 7 November 2024]
- 4 <https://www.ft.com/content/c3613e1b-c15d-47b8-a502-400c4114c09e> [accessed: 20 November 2024]
- 5 <https://www.news5cleveland.com/news/local-news/ohio-race-for-u-s-senate-this-year-rated-as-most-expensive-in-the-country> [accessed: 20 November 2024]
- 6 <https://www.brennancenter.org/our-work/analysis-opinion/how-money-shapes-pathways-power-congress> [accessed: 20 November 2024]
- 7 <https://www.brennancenter.org/our-work/research-reports/citizens-united-five-years-later> [accessed: 20 November 2024]
- 8 Analysis based on statement of accounts submitted to the Electoral Commission and published on its online database <https://search.electoralcommission.org.uk/> [accessed: 21 November 2024]
- 9 <https://www.thetimes.com/article/next-general-election-uk-parties-spend-pay-offx7mw0n> [accessed: 21 November 2024]
- 10 <https://hansard.parliament.uk/Commons/2023-11-16/debates/DD74DF1D-D08C-4858-B4D9-A461DB7C9B98/PartySpendingLimits> [accessed: 21 November 2024]
- 11 CSPL, *The Funding of Political Parties in the United Kingdom* (October 1998) https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/336870/5thInquiry_FullReport.pdf
- 12 Principally the Representation of the People Act 1983 (RPA 1983), which provides the blueprint for devolved and regional elections.
- 13 For example the ministerial codes for the UK, Scottish and Welsh governments, and codes of conduct for members of the UK Parliament, Scottish Parliament and Senedd Cymru.
- 14 Labour Party, *Change: Labour Party manifesto 2024* (June 2024) p.109 <https://labour.org.uk/wp-content/uploads/2024/06/Labour-Party-manifesto-2024.pdf>
- 15 IPPR, *Talking politics: Building support for democratic reform* (June 2023) pp.8-12 <https://ippr-org.files.svdcn.com/production/Downloads/talking-politics-june23.pdf>
- 16 IPPR, *Talking politics* pp.12-14
- 17 <https://hansard.parliament.uk/Commons/2023-11-16/debates/DD74DF1D-D08C-4858-B4D9-A461DB7C9B98/PartySpendingLimits> [accessed: 16 October 2024]
- 18 <https://hansard.parliament.uk/Commons/2023-11-16/debates/DD74DF1D-D08C-4858-B4D9-A461DB7C9B98/PartySpendingLimits> [accessed: 21 November 2024]
- 19 Schedule 8, Political Parties, Elections and Referendums Act 2000 (PPERA) <https://www.legislation.gov.uk/ukpga/2000/41/schedule/8> [accessed: 15 October 2024]
- 20 According to annual accounts and candidate spending data reported to the Electoral Commission, spending by some of the larger parties was already reaching over £80 million in 2010 and 2019.
- 21 [https://hansard.parliament.uk/Lords/2024-03-19/debates/7BCA715B-EB18-4705-A888-6BA3DD4BE5B0/RepresentationOfThePeople\(VariationOfElectionExpensesAndExclusions\)Regulations2024?highlight=spending%20limits#](https://hansard.parliament.uk/Lords/2024-03-19/debates/7BCA715B-EB18-4705-A888-6BA3DD4BE5B0/RepresentationOfThePeople(VariationOfElectionExpensesAndExclusions)Regulations2024?highlight=spending%20limits#) [accessed: 22 October 2024]
- 22 Paragraph 2(d) of Schedule 8, PERA <https://www.legislation.gov.uk/ukpga/2000/41/schedule/8>
- 23 Schedule 8A, PERA <https://www.legislation.gov.uk/ukpga/2000/41/schedule/8A>
- 24 MPs and MSPs must report this information to their relevant parliamentary authorities, who then pass on the details to the Electoral Commission.
- 25 Groups wholly or mainly made up of party members also had to report donations over £5,000 to the Electoral Commission, while the lower threshold of £1,000 applied to holders of elective office and party members.
- 26 Article 4, The Representation of the People (Variation of Election Expenses, Expenditure Limits and Donation etc. Thresholds) Order 2023 <https://www.legislation.gov.uk/uksi/2023/1235/made>
- 27 In Canada, donations over \$20 aggregate towards the reporting threshold while in the US they aggregate from over \$50.
- 28 Electoral Commission, *A regulatory review of the UK's party and election finance laws Recommendations for change* (June 2013) p.27 https://www.electoralcommission.org.uk/sites/default/files/pdf_file/PEF-Regulatory-Review-2013.pdf
- 29 We have not adjusted these figures for inflation because we have not seen sufficient evidence to show that changes to campaign costs for candidates and parties are reflective of general measures of inflation. For example, the advent of new communication technologies, such as social media, has increased the efficiency and reduced the costs of voter engagement, not increased them.
- 30 <https://yougov.co.uk/topics/politics/survey-results/daily/2024/09/23/a132c/1> [accessed: 15 October 2024]
- 31 For example see <https://www.transparency.org.uk/big-money-undermining-public-faith-uk-democracy>; https://assets.publishing.service.gov.uk/media/5a8151c1e5274a2e8ab53555/Dee_Goddard_CSPL_Party_Funding_Report.pdf; https://d1ssu070p2y9i.cloudfront.net/pex/carnegie_uk_trust/2024/10/25110030/LiUK-2024-FINAL.pdf; <https://ippr-org.files.svdcn.com/production/Downloads/road-to-renewal-april22.pdf> [accessed: 19 November 2024]
- 32 <https://x.com/skynews/status/184184578719999606?s=46&t=03gulOyhhZmMf1F4yakhw> [accessed: 22 October 2024]
- 33 <https://www.gov.uk/government/publications/political-party-finance-ending-the-big-donor-culture>
- 34 OSCE, *Guidelines on political party regulation, second edition* (April 2023) <https://www.osce.org/odihr/538473>
- 35 CSPL, *Political party finance: Ending the big donor culture, Cm 8208* (November 2011) pp.63-64 https://assets.publishing.service.gov.uk/media/5a7e3c4ae5274a2e87db06c5/13th_Report_Political_party_finance_FINAL_PDF_VERSION_18_11_11.pdf
- 36 Resolution Foundation, *Job done? Assessing the labour market since 2010 and the challenges for the next government* (June 2024) pp.17-20 <https://www.resolutionfoundation.org/app/uploads/2024/06/Job-done-final.pdf>
- 37 Those who can reasonably be seen as campaigning to influence the outcome of an election but who is not standing candidates themselves.
- 38 <https://labour.org.uk/wp-content/uploads/2020/01/LE20-Candidate-Code-of-Conduct.pdf>; <https://researchbriefings.files.parliament.uk/documents/SN01366/SN01366.pdf> [accessed: 19 November 2024]
- 39 A notable exception being the Scottish National Party, who for their 2023 leadership election imposed a £50 cap on the amount an individual could donate to a candidate https://s3-eu-west-2.amazonaws.com/www.snp.org/uploads/2023/03/2023_02_16_Party_Leader_Election_Rules_2023.pdf
- 40 <https://www.gov.uk/government/publications/ministerial-code/ministerial-code> [accessed: 3 October 2024]
- 41 De minimis would be the cost of a tea or coffee and a sandwich.
- 42 As of November 2024, details of gifts and hospitality given to ministers are now published monthly.
- 43 House of Lords, *Guide to the House of Lords Code of Conduct*, HL Paper 255 (September 2023) Paragraph 34, p.15 <https://www.parliament.uk/globalassets/documents/lords-commissioner-for-standards/hl-code-of-conduct.pdf>
- 44 Data downloaded from parliament.uk as of 11 November 2024: <https://publications.parliament.uk/pa/cm/cmregmem/contents2425.htm>
- 45 <https://hansard.parliament.uk/Commons/2024-10-14/debates/B17837CC-77E4-4C14-9B12-B0DC6D80D80F/ReportingMinisterialGiftsAndHospitality?highlight=gifts%20hospitality#> [accessed: 22 October 2024]
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