

Debate Pack

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Regulation of election campaign finances

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Background

A Westminster Hall Debate has been scheduled for Thursday 8 July on the topic of 'Regulation of election campaign finances', sponsored by Damian Collins MP.

There are rules on campaign spending and on donations to political parties. This background includes a brief overview of the current rules.

Campaign spending

Candidate spending

There is a 'regulated period' prior to each election campaign. The length of the regulated period depends on the election, but it covers the period that someone is formally a candidate. Prior to the 2019 general election, the earliest date someone could become a candidate was 6 November 2019, the day Parliament was dissolved, and the regulated period lasted until polling day, 12 December 2019.

During the regulated period, candidates can only spend a limited amount of money on campaigning, and only on certain activities.

In the regulated period prior to the 2019 General Election, the spending limits for candidates was £8,700, plus 6p per elector in borough constituencies (mostly urban seats) and 9p per elector in county constituencies (mostly rural seats).¹

Money spent on the following activities counts as 'candidate spending' and so must be within the limit. Any money spent on these activities must be declared to the Electoral Commission.

- Advertising of any kind, including posters, television adverts and online adverts
- Leaflets sent to voters
- Public meetings
- Transport, office, staff and administration costs

Spending on other activities does not need to be reported.

¹ Electoral Commission, Candidate and Agent guidance 2019 General Election, [Part 3 spending and donations](#), 2019

Party spending

Political parties have separate rules for campaign spending. Items of spending that support the candidate are likely to count as candidate spending. Spending that supports the party is likely to count as party spending. The Electoral Commission provide detailed guidance on what counts as candidate and what counts as party spending in their [Overview of party campaign spending](#).

The regulated period for party spending is longer. UK general elections usually have a regulated period beginning 365 days prior to the election.²

The list of what counts as party election spending is similar to the list for candidate election spending. But additionally, it includes market research, manifestos and rallies. It does not include party staff costs.

All regulated spending must be reported to the Electoral Commission after the election. If the party spent £250,00 or less then it must be reported within three months. If a party spent above this, then it must be reported within six months.

The full, detailed rules for campaign spending are set out on the Electoral Commissions website: [Election Campaign Spending](#).

Donations to political parties

Donations and loans (including non-cash arrangements) to registered political parties are both regulated in a similar way. This summary only covers donations. Donations can be made to registered political parties and accounting units (sections of a party whose finances aren't managed directly by a party's headquarters).

The rules are slightly different in Northern Ireland because of the unique arrangements in place. This allows Northern Ireland parties to accept money from permissible donors in Ireland.

Anything with a value of £500 or below is not regulated. However, the Electoral Commission warns parties to be alert to situations where it appears that a donor is attempting to evade PPERA by making a series of small donations, for example, if a number of donations of £400 are made from the same source in similar circumstances.

Donations over £500 must be from a permissible donor. Permissible donors in Great Britain are:

² Electoral Commission, [Overview of party campaign spending](#), 2020

- an individual registered on a UK electoral register, including overseas electors and those leaving bequests.
- most UK-registered companies.
- a Great Britain registered political party.
- a UK-registered trade union.
- a UK-registered building society.
- a UK-registered limited liability partnership (LLP) that carries on business in the UK.
- a UK-registered friendly society.
- a UK-based unincorporated association that carries on business or other activities in the UK.

Parties can also accept donations from some types of trust and where someone pays for the reasonable costs of an overseas visit, they are deemed to be a permissible donor.

Anonymous donations over £500 are not permissible.

Parties in Northern Ireland may accept donations from similar individuals and organisations registered in Ireland (and vice versa). Foreign donations are prohibited in Ireland also.

Parties must ensure they know the true source of the money. If money is paid on behalf of someone else, the person handing over the donation (the agent) must tell the party:

- that the donation is on behalf of someone else; and
- the actual donor's details.

An example of someone acting as an agent is where an event organiser is handing over the proceeds from a dinner held specifically to raise funds for a party.

Recent Issues

In an increasingly digital world concerns have been raised about the transparency of election campaigns and the money behind them.

In the Electoral Commission's annual [Public Opinion Tracker](#) 70% of those surveyed agreed that it should be clear how much has been spent promoting online adverts by whom and also know why it has been targeted at them. Almost half also agreed that what could be found online was not trustworthy. The truthfulness or otherwise of campaign claims is not a matter for any regulatory body and voters must make their own choices. The rise of 'fake news' was an issue investigated by the Culture Media and Sport Committee in the last Parliament. Its report, [Disinformation and 'fake news'](#) made a series of recommendations, including on digital campaigning. The Government's

draft [Online Safety Bill](#) includes a clause (number 7) to create an obligation on OFCOM to form an advisory committee on disinformation and misinformation.

In 2018 the Electoral Commission published a report on [digital campaigning and increasing transparency for voters](#). It recommended that online campaign material should be required to have an imprint. Printed campaign material already does and it informs the voter who is sending out the material but the law was drafted before the rise of digital campaigning and omitted online material. The Government agreed and it is one of the measures included in the Elections Bill 2020-21 (see below).

Other recommendations were aimed at social media companies and campaigners. Some social media companies now maintain libraries of political ads in the UK to help transparency. These are Facebook, Google and Snapchat.

The Electoral Commission also recommended that the UK, Scottish and Welsh governments should introduce rules for more detailed and meaningful invoices from their digital suppliers to improve transparency on campaign spending.

There are also concerns on the use of people's data during campaigns. Much of this is done legitimately and the Information Commissioner's Office has published [Guidance for the use of personal data in political campaigning](#) on the importance of processing personal data in compliance with data protection law during political campaigning. The ICO has also investigated data analytics in political campaigns and [details of the investigation](#) are on the ICO website.

The All Party Group on Electoral Campaigning Transparency report, [Defending Our Democracy in the Digital Age](#), highlights some of the same issues and also voices its concerns over the possibility for the current rules on campaign finance to be circumvented.

On 7 July 2021 the Committee on Standards in Public Life issued its latest report: [Regulating election finance](#). The report makes 47 recommendations on the following themes:

1. Reducing the complexity of electoral law
2. The role of the Electoral Commission
3. Donations to political campaigns
4. The rules around digital campaigning
5. Campaign expenditure, reporting periods and regulated periods
6. The regulation of non-party campaigning

The Elections Bill 2021

The [Elections Bill 2021](#) was presented to the House of Commons on 5 July 2021. It includes measures which would change some of the rules around campaign financing. These are detailed in Part 4 of the [Explanatory Notes published to accompany the Bill](#), pp 88 to 92.

It also includes measures to implement the requirements for digital campaign material to include an imprint. These are detailed in Part 6 of the Bill and pp98 to 99 of the Explanatory Notes.

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Parliamentary material

Parliamentary Questions

[Political Parties: Finance](#)

26 Oct 2020 | HL 9043

Asked by: Lord Kennedy of Southwark

To ask Her Majesty's Government what plans they have to review the levels at which donations to political parties are recordable and reportable.

Answering member: Lord True | **Department:** Cabinet Office

UK electoral law sets out a stringent regime of donations controls to ensure that only those with a genuine interest in UK electoral events can donate to political parties and to ensure transparency of those donations.

All donations over £500 need to be recorded by political parties and checked for permissibility. Certain donations need to be reported to the Electoral Commission, including all donations from impermissible donors, all donations over £7,500 and donations that are over £1,500 and come from a source that parties have already reported in the same calendar year. To ensure transparency about party funding, donation reports are published by the Electoral Commission on its website.

The Government is committed to upholding the integrity of our electoral system. As part of that, we are taking forward a programme of work that will strengthen and update the UK's electoral regulation to ensure it is fit for the modern age; provides a robust framework for campaign finance; and supports public confidence in our processes.

[General Election 2019: Campaigns](#)

14 Oct 2020 | HL8619

Asked by: Baroness Bennett of Manor Castle

To ask Her Majesty's Government what plans they have to respond to the findings of the Electoral Reform Society's report, Democracy in the Dark: Digital Campaigning in the 2019 General Election and Beyond, published on 24 September, and in particular, the finding that online campaigning spend and non-party campaigning activity increased significantly, although in an undocumented manner, during the 2019 general election campaign.

Answering member: Lord True | **Department:** Cabinet Office

The Government is taking forward a programme of work that will strengthen and update the UK's electoral regulation to ensure it is fit for the modern age; provides a robust framework for campaign finance; and supports public confidence in our processes.

Political parties, registered third parties and candidates are already required to report expenses that qualify as electoral expenditure and this includes digital campaigning. We have launched a consultation on digital imprints which will require political parties, campaigners and others to clearly show who they are when promoting campaign content online.

Across all of this work the intention is to improve transparency to ensure voters can make informed choices, and to enforce spending rules.

[Elections: Campaigns](#)

02 Oct 2020 | HC 95698

Asked by: Thompson, Owen

To ask the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, what plans he has to implement the ten key recommendations of the Electoral Reform Society's Democracy in the Dark: Digital Campaigning in the 2019 General Election and Beyond report.

Answering member: Chloe Smith | **Department:** Cabinet Office

The Government is committed to upholding and protecting the integrity of elections. We are taking forward a programme of work that will strengthen and update the UK's electoral regulation to ensure it is fit for the modern age; provides a robust framework for campaign finance; and supports public confidence in our processes.

We have already launched a consultation on digital imprints which will require political parties, campaigners and others to clearly show who they are when promoting campaign content online. We continue to work closely with social media companies, and welcome steps they have taken to improve transparency.

Across all of this work the intention is to improve transparency to ensure voters can make informed choices, and to enforce spending rules that ensure an even playing field. Policy or political arguments which can be rebutted by rival campaigners or an independent free press as part of the normal course of political debate are not regulated. The Government does not support creating a regime which would seek to police the accuracy or truthfulness of content.

[Vote Leave: Election Offences](#)

15 Apr 2019 | HC 243519

Asked by: McDonald, Stewart Malcolm

To ask the Minister for the Cabinet Office, what discussions he has had with his European counterparts on the (a) recent report of the Electoral Commission into the activities of Vote Leave and (ii) alleged fraud committed by Vote Leave during the 2016 EU referendum.

Answering member: Chloe Smith | **Department:** Cabinet Office

The Electoral Commission is the independent regulatory body responsible for ensuring that elections and referendums are run effectively and in accordance with the law. Where it has reason to believe that electoral law has been breached it has the power to investigate, impose sanctions, or refer to the police. The Government has no involvement with Electoral Commission investigations. The Electoral Commission has produced recommendations on campaign finance which the Government is considering. These are not specific to individual cases but are about the wider system.

The Article 50 notification will not be withdrawn. The Government is committed to finding a way to fulfil the democratic decision of the referendum, deliver Brexit and move our country forward.

[Elections: Finance](#)

13 Nov 2018 | HC 188709

Asked by: Cunningham, Mr Jim

To ask the Minister for the Cabinet Office, what recent assessment he has made of the adequacy of campaign finance legislation in ensuring transparency in campaign donations to political parties and campaigns.

Answering member: Chloe Smith | **Department:** Cabinet Office

The rules about transparency of political donations are clearly set out in the Political Parties, Elections and Referendums Act 2000. Those rules are effective at root because they prevent non-UK nationals living abroad from making large donations to political parties here and provide for transparency by publishing donations and loans on the Electoral Commission website under Donations and Loans.

The Government will continue to work with the Electoral Commission to ensure there is sufficient guidance on donations to political parties and campaigners.

[Elections: Finance](#)

07 Jun 2018 | HC 148882

Asked by: Smith, Cat

To ask the Minister for the Cabinet Office, with reference to A regulatory review of the UK's party and election finance laws: Recommendations for Change, published by the Electoral Commission in June 2013, what assessment he has made of the implications for his policies of the Electoral Commission's recommendation that political parties that receive and spend less than £500 annually should be exempt from submitting a full statement of accounts.

Answering member: Chloe Smith | **Department:** Cabinet Office

The Government has no plans to amend the current legislation.

[General Election 2017](#)

26 Apr 2018 | HC 136941

Asked by: Clarke, Mr Simon

To ask the hon. Member for Houghton and Sunderland South, representing the Speaker's Committee on the Electoral Commission, what the status is of the Electoral Commission investigation into the activities of Momentum during the 2017 General Election campaign.

Answering member: Bridget Phillipson | **Department:** Speaker's Committee on the Electoral Commission

An important part of the Electoral Commission's remit is to investigate whether any offences have been committed in breach of the UK's political finance rules. It is currently investigating whether Momentum, a registered non-party campaigner at the 2017 UK Parliamentary General Election, breached campaign finance rules in relation to spending.

The Commission does not comment on live investigations. The outcome will be published in due course in accordance with the Commission's published Enforcement Policy.

[Subversion: Russia](#)

27 Nov 2017 | HC 113474

Asked by: Saville Roberts, Liz | **Party:** Plaid Cymru

To ask the Minister for the Cabinet Office, what representations he has made to the Electoral Commission on Russian interference in UK elections.

Answering member: Caroline Nokes | **Department:** Cabinet Office

The Electoral Commission has announced that it has opened an investigation into potential breaches of campaign finance rules. The Electoral Commission

is an independent body and we will await the conclusion of their investigations.

[Electoral Reform: Referendums](#)

08 Jul 2010 | HC 5405

Asked by: Jones, Helen | **Party:** Labour Party

To ask the Deputy Prime Minister what plans he has for the reform of regulations on campaign finance and expenditure by political parties in advance of the proposed referendum on electoral reform.

Answering member: Harper, Mark | **Department:** Deputy Prime Minister

The Political Parties, Elections and Referendums Act 2000 sets out a detailed framework for the regulation of campaign finance and expenditure by political parties and other campaigners at a referendum and more generally. The Government are considering whether any additions or changes to this framework are required in preparing to bring forward legislation providing for a referendum on electoral reform. The Coalition's programme for government also makes clear our intention to pursue a detailed agreement on limiting donations and reforming party funding in order to remove big money from politics.

Written Statements

[Report on the administration of the 7 May 2015 elections, including the UK Parliamentary General Election](#)

15 Jul 2015 | HCWS109

The Electoral Commission has today published its statutory report on the administration of the 7 May 2015 elections, including the UK Parliamentary General Election. The Commission's report indicates that, overall, the elections were well run.

The Commission's research with the public demonstrates that the UK continues to enjoy well-run elections with high levels of voter satisfaction and confidence. Nine in ten (91%) people surveyed said the elections were well-run. Within this, nearly all (94%) of those who voted in person at a polling station were satisfied with the process, and nearly all (97%) of those who voted by post were satisfied with voting this way.

The Commission notes that this success is due to the dedication of all those who had a role in these elections: the Returning Officers (ROs) and their staff in election offices, polling stations and count centres across the UK; the candidates, political party volunteers and campaigners; and the millions of

voters who participated. Any problems that did occur were confined to a small number of local areas and the Commission has also today published a paper alongside its statutory report which addresses in more detail the performance of Returning Officers at the May 2015 polls and where there were failures against the Commission's performance standards.

The Commission's view at present is that there were high levels of compliance with the rules by parties and candidates. Later this year, the Commission will publish campaigners' spending returns which will give voters transparency in how they financed their election campaigns.

The May 2015 elections involved several important new changes for voters, campaigners and electoral administrators: there was a new individual electoral registration system for England, Scotland and Wales, which also allowed people to apply to register to vote online for the first time; and there were additional transparency rules for non-party campaigners in place for the first time at a UK Parliamentary General election. The 2015 UK Parliamentary General election was also the first held under the Fixed-term Parliaments Act, which meant that the date of the elections was known since autumn 2011.

The General Election alone was contested by 134 political parties and 3,971 candidates. In addition, in several hundred local authority areas in England, the poll for the UK Parliamentary election was combined with other polls including parish council elections, elections for local mayors and local referendums.

2.6 million applications to register to vote were submitted during the Electoral Commission's public awareness campaign, and contributed to over 1.5 million new additions to the electoral registers. The elections staff adapted to the level of demand and on the whole coped well, and 85% of voters surveyed were satisfied with the procedure for registering to vote. The May parliamentary electoral registers contained 46.4 million entries, an increase of 1% since February/March 2014, when the last registers were published under the household registration system.

The Commission makes a number of recommendations to further improve voters' experience and sustain trust in our democracy at future polls, based on lessons from the experiences of these most recent elections and long-standing policy recommendations.

Key recommendations include that: the new online electoral registration service should now be extended to electors in Northern Ireland; people should be able to check whether they are already correctly registered to vote, using an additional online system, before submitting a new application to register to vote; all Returning Officers should include the correct postage on postal ballot packs for overseas electors so that they can be delivered to voters and returned as quickly as possible before polling day, with funding made available by the UK Government for ROs to deliver this.

The Commission has also reiterated its 2014 recommendation that voters at polling stations in England, Scotland and Wales should be required to provide proof of their identity before being issued with a ballot paper. The Commission will publish further information on proposals for a proportionate and accessible scheme for verifying the identity of electors at polling stations by the end of 2015, and recommends that the UK Government should legislate to introduce this requirement in time for elections in 2019.

The Commission also recommends in its report that all UK governments should ensure that any legislation relating to elections for which they are responsible is clear at least six months before it is required to be implemented or complied with by campaigners or electoral administrators, and suggests that if this cannot be achieved, statements should be tabled in the relevant legislature to explain the reasons.

Copies of the Commission's reports have been placed in the Library and it is also available on its website at: www.electoralcommission.org.uk.

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Press / Blog Articles

[It's the money, stupid — let's fix the way we regulate election finance](#)

The Times

07 July 2021

[Sleaze watchdog calls for crackdown on 'shadowy' funding of British politics](#)

The Independent

07 July 2021

[New rules needed for digital campaigns, says watchdog](#)

BBC

07 July 2021

[Explained: Why Britain's 'struggling' campaign finance laws are being reviewed amid anger at the Electoral Commission](#)

Politics Home

08 June 2020

[British election spending laws explained – and why they need updating](#)

The Conversation

27 March 2018

[The election fraud allegations – and how they expose our broken campaign spending rules](#)

New Statesman

09 June 2016

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Further reading

Committee Inquiries

[The Work of the Electoral Commission](#)

Public Administration and Constitutional Affairs Committee

The Electoral Commission is an independent body set up under statute to oversee elections, regulate political finance in the UK and who work to promote public confidence in the democratic process.

The Committee's predecessor recommended that it "should carry out an inquiry into the role and effectiveness of the Electoral Commission."

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