

Debate Pack
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General debate on political finance rules

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1 Background

1.1 Summary

Political finance in the UK is regulated. Legislation sets out rules in two broad areas:

- who is allowed to donate money to candidates, political parties and other campaigners and how this must be reported
- how much can be spent during elections and referendums by candidates, political parties or other campaigners

The rules are principally contained in the [Political Parties, Elections and Referendums Act 2000](#) (PPERA 2000) and the [Representation of the People Act 1983](#) (RPA 1983).

The legislative background and the regulatory regime are complex and can be confusing. Many party workers are volunteers. Candidates from smaller parties and independents candidates, and smaller campaign groups can find compliance challenging because of the complexity.

What are the donations rules for?

The rules on donations are designed to prevent foreign money being given to political parties or being used for election and referendum campaigning. Donations can only be made by permissible donors, which are registered voters in the UK (including overseas voters) or UK-based organisations, such as companies or trade unions. The party or campaigner is responsible for checking permissibility.

Qualifying foreign citizens residing in Scotland and Wales are eligible to register to vote in local council elections and elections to the Scottish Parliament and Senedd Cymru. They [are therefore permissible donors](#) for those elections.

There are slightly different rules in Northern Ireland. Parties in Northern Ireland can also accept donations from voters and organisations in the Republic of Ireland.

The Library Insight, [Foreign political donations in the UK](#), gives an overview of the debate about political donations.

What are spending limits for?

Spending limits help create a leveller playing field so one candidate or party cannot significantly outspend another during an election and 'buy'

the election. Smaller candidates and parties, however, cannot always match the spending of larger parties so the playing field is rarely completely even.

Who regulates political finance?

The main regulator for political finance is [the Electoral Commission](#). However, it does not regulate all aspects of political finance, and this also sometimes causes confusion. For example, campaign finance and spending for individual candidates is not regulated by the commission but is instead a matter for the police and prosecuting authorities.

The [Electoral Commission](#) also monitors public [attitudes to elections](#). Confidence that elections are well run remains high but a third of respondents remained dissatisfied with the functioning of democracy in the UK. In 2024 only 15% of respondents thought spending and funding is transparent.

What has been proposed to change political finance rules?

The issue of political finance has gained more prominence since [press speculation](#) about a large donation from Elon Musk to Reform UK.

Committee on Standards in Public Life recommendations

The Committee on Standards in Public Life [reviewed party and election finance most recently in July 2021](#). It highlighted there remain potential areas of weakness, particularly with unincorporated associations. These are membership groups that can make political donations if they register with the Electoral Commission if they make political donations of more than £37,270. They are required to report any gifts they receive valued over £11,180 but they are not required to carry out the same level of checks on money they receive as political parties and other regulated entities.

The committee made recommendations on tightening rules to ensure foreign money does not enter British political finance and to clarify spending and donation rules. These have yet to be acted on.

The recommendations included:

- Extending permissibility checks to unincorporated associations
- Requiring that company donations should not exceed net profits after tax generated in the UK within the preceding two years
- Requiring all donations over £500 to be done through the banking system and requiring those regulated to have appropriate procedures in place to determine the true source of donations

- Clarify the law and improving guidance about when non-party campaigners become subject to PPERA 2000 controls
- Requiring more detail on campaign expenditure
- Decriminalising administrative offences in PPERA recognising that many involved in political finances are volunteers
- More alignment between the rules administered by the Electoral Commission and those currently covered by police and prosecuting authorities and increasing the investigatory powers of the commission

The then Conservative government [responded to the Committee on Standards in Public Life report](#) and said “rules that apply to political donations are already strong and based on the right principles”. It said it would consider the recommendations saying, “further work must be done to consider the implications and practicalities”.

Other recommendations

The Electoral Commission [has also recommended](#) that the amount it can fine, a maximum of £20,000 for each breach of the rules, is too low. It says when some parties or campaigners can spend millions of pounds on campaigning, they could see a £20,000 fine as a cost it was willing to absorb.

The Committee on Standards in Public Life agrees and suggests the maximum fine should be 4% of a campaign’s total spend or £500,000, whichever is higher.

Other [recommendations identified as a priority](#) by the Electoral Commission mirror those made by the Committee on Standards in Public Life.

The All-Party Parliamentary Group (APPG) on Fair Elections [published a report](#) in November 2024. It also called for better regulation of unincorporated associations and company donations.

Labour Party manifesto for the 2024 general election

In its [2024 manifesto](#), the Labour Party said that it would “protect democracy by strengthening the rules on donations”. The Prime Minister’s spokesman has subsequently suggested that the government will “[protect democracy from threats](#)” of [foreign interference](#) by strengthening the rules around donations to political parties”.

E-petition on political donations

The Labour government has responded to an [e-petition calling for tighter controls on political donations](#). It has said it does not think the rules are strong enough and that it was developing proposals after considering

evidence from a range of stakeholders, including recommendations from parliamentary committees and the Electoral Commission.

1.2 Donations

The rules about donations vary depending on who is accepting the loan and when they are accepting it. Donations over a certain threshold are regulated and must come from UK-based sources.

The rules are principally contained in the [Political Parties, Elections and Referendums Act 2000](#) (PPERA 2000) and the [Representation of the People Act 1983](#) (RPA 1983).

The rules are detailed and can be complex. The [Electoral Commission produces guidance](#) for those who may be captured by the rules.

Donations rules apply to:

- Registered political parties at all times – including constituency associations/branches
- Candidates during an election
- Elected representatives once they have been elected
- Campaign organisations or individuals seeking to influence the way people vote during an election or referendum

There are no upper limits on how much can be received in donations.

Rules for donations to campaigners during a national or regional referendums are specific to the referendum but are generally similar.

Political parties and elected representatives

Donations to political parties, to party members, and elected representatives are regulated if they are valued over £500. To be regulated the donation will be for political activities as a member of a party or an elected representative.

Donations of £500 or below are not regulated, but parties and regulated individuals or organisations should have systems in place to spot attempts to evade the rules by the same donor making several small donations. Regulated donations cannot be anonymous.

A donation can be cash, or it can be the value of goods and services or discounts given. Non-cash donations totals are sometimes referred to as a notional values.

The rules for loans to political parties (or individual members of parties) and elected representatives are similar to the rules for donations. This briefing refers to donations for brevity and also because loans make up a much smaller proportion of political finance. Only 2.2% of reportable donations and loans since 2010 on the Electoral Commission website database are loans (£26.5 million out of £1.2 billion) .¹

Candidates

When someone is a candidate at an election, a donation to their local campaign is regulated if it is cash, goods or services (or discounts on them) with a notional value over £50.

Other campaigners

Campaign groups or individuals that try to persuade people to vote one way or another (or not vote) during an election or referendum are called 'non-party campaigners' or 'third-party campaigners'. They are regulated nationally in a similar way to political parties. A donation is regulated if it is valued over £500.

Third-party campaigners are not regulated if they are only participating in local campaigning, but the spending limits for third-party campaigners at local level is small. For a UK Parliament general election, spending on campaigning for or against a candidate in a constituency is limited to £700 and it is an offence to exceed this figure.

Donors

Regulated donations can only come from 'permissible sources'. This is designed to prevent foreign donations. A permissible source has to be a UK-based organisation or someone registered to vote in the UK. 'Permissible sources' include:

- an individual registered in a UK electoral register (including overseas electors and those leaving bequests in their wills)
- a UK-registered company which is incorporated in the UK and carries on business in the UK
- a UK-registered trade union
- a UK-based '[unincorporated association](#)' that is based in and carries on business or other activities in the UK

¹ [Electoral Commission donations and loans database](#), accessed 20 February 2025

- a UK-registered [limited liability partnership \(LLP\)](#) that carries on business in the UK

Foreign citizens who are resident in Scotland or Wales are eligible to register to vote for elections to the Scottish and Welsh parliaments and to Scottish and Welsh councils. They are therefore permissible donors for those elections.²

Checks on donors

Parties, campaigners or candidates accepting money are required to undertake checks to ensure the donations are permissible. Donations are not allowed from anonymous sources. Donations from individuals should be checked using copies of the full electoral register. Regulated Recipients of donations, sometimes referred to as regulated donees, have access to the full register for campaigning and donations checking.³

The individual or party/campaigner accepting the donation should be sure of the true source of the donation. If someone is providing money on someone else's behalf the actual donor must be identified as the source. If an event organiser is handing over the proceeds from an event held specifically to raise funds

There is no requirement that the parties undertake anti-money laundering or fraud checks.

Proposals for donation limits

Transparency International has argued that the way to remove undue influence of big donors is to cap donations £10,000 per year for individuals and organisations.⁴

The Committee on Standards in Public Life considered capping donations in its first report on party funding in 1998. The recommendations in that report formed the basis for PPERA 2000. However, the committee concluded that the bureaucracy needed to enforce a donor cap system would not be justified. The committee proposed changes for disclosure of donations and enforcement of campaign spending limits instead, which it said was a better approach.⁵

The current government's response to an [e-petition calling for tighter controls](#) on political donations said:

² [WPQ 25268 \[Political parties: finance\], 23 January 2025](#)

³ Commons Library briefing 1020, [Supply and sale of the electoral register](#)

⁴ Transparency International, [Cheques and Balances: Countering the influence of big money in UK politics](#), December 2024, p6

⁵ CSPL, [Funding of Political Parties in the United Kingdom](#), October 1998, Cm 4057, p80

There are currently no plans to put a cap on donations. Political parties play a vital role in our democracy, and it is important that they are able to fundraise effectively and communicate with the electorate.⁶

Donations in Northern Ireland

There are slightly different rules in Northern Ireland. Parties in Northern Ireland can accept donations from voters and organisations in the Republic of Ireland, which would not be allowed in the rest of the UK.

The rules on party donations were established 2000 based on a report of the Committee on Standards in Public Life from 1998. The committee considered that the permissibility and reporting of donations warranted separate consideration. This recognises the status of citizens on the island of Ireland and historical links highlighted in legislation from the 1940s and the Good Friday Agreement of 1998.

There is more information to the background of this in the Committee on Standards in Public report of 1998.⁷

Reporting

Larger donations must be reported to the Electoral Commission, with these published on the commission's [political finance database](#). Impermissible donations must also be reported.

Political parties and candidates

For national political parties the reporting threshold is £11,180.⁸ This may be a single donation or loan or an amalgamated amount from the same donor in a calendar year. Similar rules apply for regulated individuals who are elected representatives or members of a party.

For a constituency branch/association of a party the reporting level is lower, at £2,230.⁹ This is the same level for regulated individual donees, except for Members of Parliament.¹⁰

Candidates must report all donation over £50 received during an election campaign in their spending return to the Electoral Commission. These are separate from other reportable donations and are not included in the political finance database.

⁶ E-petition 707189, [Tighten the rules on political donations](#)

⁷ As above, paragraphs 5.32-41

⁸ Electoral Commission guidance, [Political party donations and loans in Great Britain](#)

⁹ As above, [Parties with accounting units](#)

¹⁰ Electoral Commission, [Donations and loans: guidance for regulated donees and regulated participants in Great Britain](#) (PDF), p6

Members of Parliament

MPs in the House of Commons must report financial interests according to the Code of Conduct for MPs.¹¹ The amount that must be reported varies depending on the category of the Code of Conduct it is being reported under.

Under the rules of PPERA 2000 that the Electoral Commission regulates, donations for political activity over £500 must be from a permissible source. MPs must report individual donations over £1,500 to the Parliamentary Commissioner for Standards, including multiple donations over £500 from the same source in a calendar year. Donations over £2,230 must also be reported to the Electoral Commission but this is done automatically from data provided to the Parliamentary Commissioner.¹²

Non-party campaigners

Registered non-party campaigners during a general election must report spending and donations if they spend over a certain threshold.

Those spending below £10,000 across the UK do not need submit a report. Those spending above £10,000 up to the spending limit must report individual donations over £7,500 to the commission during an election period.¹³

Sanctions

Sanctions for rule breaking depend on which principal piece of legislation applies.

PPERA 2000 breaches can have civil or criminal sanctions. Civil sanctions are a matter for the Electoral Commission, which can issue fixed monetary penalties and variable fines (up to a maximum of £20,000 per offence), stop notices to prevent unlawful activity and restoration and compliance notices requiring breaches to end to restore compliance. It can also issue forfeiture proceedings: these would enable the commission to apply to a court to compel a regulated recipient to forfeit funds received from impermissible donors.

Criminal sanctions on conviction of an offence in PPERA can only be imposed by the courts on conviction. These can include fines or imprisonment.

¹¹ House of Commons, [The Code of Conduct together with The Guide to the Rules relating to the Conduct of Member](#) (PDF), HC 1083 2023-24, 10 February 202, p10

¹² [Schedule 7](#) of PPERA 20000

¹³ Electoral Commission, Non-party campaigners: UK Parliamentary general elections

RPA 1983 breaches can only be investigated and sanctioned by the police and prosecuting authorities. This includes breaches of rules for individual candidates' spending and donations returns.

Although the Electoral Commission cannot sanction breaches of the RPA 1983, it monitors compliance, produces [guidance on complying with election rules](#) and provides assistance to encourage compliance.

1.3 Spending limits

Although donations can be unlimited, there are spending limits during elections and referendums. Individual candidates have spending limits for their local campaign. Political parties and non-party campaigners have spending limits on how much they can spend nationally. These limits are set out in the [Electoral Commission's guidance](#).

Regulation of local candidate spending dates back to the Corrupt and Illegal Practices Act 1883, which introduced spending limits in parliamentary elections.

National campaigning spending by parties or non-party campaigners was not regulated until the introduction of [Political Parties, Elections and Referendums Act 2000](#). The act was the result of an inquiry conducted by the Committee on Standards in Public Life that reported in 1998 and a promise by the 1997 Labour Government to regulate political party finance, in particular donations.¹

The costs of directly employed staff brought in to work on campaigns by political parties or referendum campaigners are not included in the spending limits.

The [Elections Act 2022](#) made a change to the rules on spending. Individuals and organisations that are not based in the UK or are not on a UK electoral register are not permitted to spend more than £700 on regulated campaign activity during a general election.¹⁴ Previously anyone could spend up to £10,000 before having to register with the Electoral Commission.

Local and national spending

Sometimes national parties campaign specifically in a particular area or mention individual candidates. For example, a national party 'battle bus' might stop in a constituency to promote the party and the local candidate. In these cases, the candidate(s) and the party have to split the

¹⁴ Electoral Commission guidance, [Non-party campaigners: UK Parliamentary general elections](#)

spending and declare the relevant amount to each spending limit. This is based on their own assessment based on the information they have.

Breaches of spending limits

Breaches of national spending limits by parties or non-party campaigners can be sanctioned by the Electoral Commission. Breaches of spending limits by candidates is a matter for the police and prosecuting authorities.

Reporting spending and transparency

Political spending must be reported to the Electoral Commission. National party and non-party campaign spending is published on the commission's [financial database](#). Candidate spending at a general election must be submitted to the commission but it is reported separately to national spending. It is also open for inspection after an election, when it is sent by the candidate to the local returning officer.

Reporting of spending is meant to provide transparency to voters on how much is spent and on what. The rules were largely written in the pre-digital era, and campaigns now are increasingly online. A study on the transparency of election spending after the 2019 general election found that "voters can only reasonably expect to discover a limited amount of information – leaving it to journalists, academics and interested observers to fill in the gaps".¹⁵ Public attitudes surveys by the Electoral Commission have found that only one in five people found it easy to find out how parties are funded, and 15% of respondents thought party spending and funding is transparent.¹⁶

The Electoral Commission and the Committee on Standards in Public Life have recommended that rules around spending should be updated to help with transparency by revising the categories of spending that must be declared and increasing the detail provided.¹⁷

1.4

Unincorporated associations

Unincorporated associations (UAs) that make political donations to other individuals or groups regulated by political finance rules must register with the Electoral Commission.¹⁸

¹⁵ Sam Power et al, [Public understanding of Electoral Spending: Evaluating UK Transparency Mechanisms](#), Journal of Representative Democracy, p345-65 May 2023

¹⁶ Electoral Commission, [Public attitudes 2024](#), May 2024

¹⁷ Electoral Commission, [Report: Digital campaigning - increasing transparency for voters](#), June 2018

¹⁸ Electoral Commission guidance, [Unincorporated associations](#)

The commission guidance explains what an UA is:

In general, an unincorporated association is an association of individuals who have come together to carry out a shared purpose.

An unincorporated association has an identifiable membership which is bound together by identifiable rules or an agreement between the members. These rules set out how the unincorporated association is to be run and managed.

Sometimes the rules might be formalised, for example in a written constitution. However they do not need to be formalised.¹⁹

An unincorporated association is a permissible donor if it has more than one member, has its main office in the UK, and is carrying on business or other activities in the UK.

UAs must register if it makes contributions of more than £37,270 in any calendar year to a political party or campaign group. Donations to candidates are not covered by the rules.

Once registered, the UA has to report gifts it receives from others valued over £11,180. This includes money, property, bequests, subscriptions, or money paid by someone to cover expenses of the association.

UAs do not need to check the permissibility of their gifts unless they are a UA that is a group of party members. Party members are regulated and must check the permissibility of their donations. The Electoral Commission advises that UAs that fall in this category should continue to report donations as they receive them, under the rules for regulated donees.²⁰

1.5

Concerns and proposals for reform

The [latest report on political finance](#) by the Committee on Standards in Public Life (CSPL) was published in 2021. It made several recommendations aimed at tightening perceived weaknesses in the current regime to prevent foreign money from entering British political finance.

Many of the recommendations mirror recommendations made by the Electoral Commission in its recent reports.²¹

¹⁹ As above

²⁰ Electoral Commission guidance, [Unincorporated associations](#)

²¹ See Electoral Commission, [Improving the health of the UK's democratic process](#), October 2023 and commission's [Committee on Standards in Public Life review of electoral regulation: Response to consultation](#), August 2020

Unincorporated associations

UAs, as noted above, could potentially accept foreign money and are not as strictly regulated as parties, candidates and other campaigners.

The CSPL report notes that there is “nothing inappropriate” in UAs being donors and that most of the major political parties use them as fundraising groups, but it says “establishing their status is difficult as a UA is not a hard-edged legal entity.” It concluded though that rules relating to UAs were inadequate.²²

The Electoral Commission gave evidence to the CSPL and said it had identified two weaknesses with UAs:

- UAs are included in the list of permissible donors, but those who give money to them are not required to be permissible donors.
- UAs are not required to report full details of those who give them funds, but they would not be prevented from receiving it and donating it

The CSPL has recommended PPERA 2000 should be amended to require unincorporated associations that meet the threshold for registration with the Electoral Commission to conduct permissibility checks on donations intended for political activity. It also criticised the complexity of the rules and said that they should be simplified to aid transparency.²³

The Conservative Party argued, in its evidence, that “regulation needs to be proportionate to recognise that most political activism is by local volunteers”. It said, “heavy-handed compliance regimes (that might be suitable for ‘big business’) is not in the public interest and undermines democratic participation”²⁴

The House of Commons Public Administration and Constitutional Affairs Committee’s (PACAC’s) inquiry on the work of the Electoral Commission also identified potential gaps in transparency and weaknesses in the permissibility checks through UAs but said:

However, we also note the important role that UAs play in supporting democracy through fundraising. It is vital that any further reporting requirements or mandatory checks on donations ...do not adversely affect the organisations subject to them.²⁵

The then Conservative government [responded to the Committee on Standards in Public Life report](#) and said “rules that apply to political

²² Committee on Standards in Public Life, [Regulating Election Finance: report, July 2021](#), p51-3

²³ As above, p54

²⁴ Committee on Standards in Public Life, [Regulating Election Finance: report, July 2021](#), p52

²⁵ Public Administration and Constitutional Affairs Committee, [Work of the Electoral Commission](#), HC 462 2022-23, p26

donations are already strong and based on the right principles”. It said it would consider the recommendations but “further work must be done to consider the implications and practicalities”.

Replying to the PACAC report, the government commented that UAs could include a broad range of groups and said:

It is important to avoid potentially discouraging the democratic participation of those groups.

The Government absolutely recognises the risk posed by those who wish to evade the rules on donations. There are already provisions which explicitly prohibit money being funnelled through permissible donors on behalf of impermissible donors and it is an offence for donors and campaigners to purposefully evade the rules.²⁶

Company donations

UK companies are permissible donors as long as they meet the requirements to make a donation under companies’ law.²⁷ The company must be:

- registered with Companies House
- incorporated in the UK
- carrying on business in the UK

This includes UK-based arms of multinational corporations.²⁸

The CSPL report noted that in previous reports it had recommended if a UK subsidiary of a foreign company made a political donation, it should be required that it carries out genuine business in the UK and that it generated enough UK income to cover the donation. While PPERA 2000 as amended requires the subsidiary to be genuinely conducting business, the rules did not require that it generated sufficient income.

The CSPL recommends that company donations should not exceed net profits after tax generated in the UK within the preceding two years.²⁹

Anti-money-laundering measures

The CSPL received evidence that permissibility criteria for party donations are out of date and need to be replaced with more robust

²⁶ Public Administration and Constitutional Affairs Committee, The Work of the Electoral Commission: Government Response to the Committee’s Second Report, HC 1065, 2022-23, p7-8

²⁷ Part 14 of the [Companies Act 2006](#) as amended

²⁸ Library Insight, [Foreign political donations in the UK](#)

²⁹ Committee on Standards in Public Life, [Regulating Election Finance: report, July 2021](#), p51

controls. Some thought anti-money-laundering checks or requiring parties to adopt a risk-based policy for managing donations would help.

Spotlight on Corruption, a registered charity that campaigns for legislative and regulatory prosecuting and sanctioning of corruption and other economic crimes, has produced a draft 'Know Your Donor' policy that it wants parties to adopt based anti-money-laundering policies already used widely across the private sector.³⁰

In evidence to the committee, the Conservative Party said it thought that current regulations for donations were sufficient. It and others also expressed concern that additional administrative burdens for parties would be disproportionate, particularly when most donations were small sums. The Labour Party and Liberal Democrats thought there was merit in the proposal and the SNP said anti-money-laundering-style checks made sense.³¹

The CSPL was mindful of the additional burdens anti-money-laundering checks would involve but noted the Electoral Commission's evidence that charities are required to have a statement of risk management in their accounts and suggested that a similar requirement could apply to parties.

The CSPL recommended that parties and non-party campaigners should be required to have appropriate procedures in place to determine the true source of donations and that PPERA should be updated to require political parties to include a statement of risk management in their annual accounts. It also said the Electoral Commission should provide detailed guidance to parties and non-party campaigners.³²

The CSPL also recommended PPERA should be updated to require all donations over £500 to be donated only through the banking system. The committee said:

This measure benefits from the identity checks built into the banking system and allows money to be tracked. It increases accountability by placing the onus on political parties to take responsibility for the donations they receive.³³

Permissibility thresholds

The CSPL also considered the threshold for permissibility checks. Some had called for the level to be reduced from £500 to £20 for cash donations, but smaller parties highlighted the difficulties they experience on existing checks at the £500 level. Transparency International argues

³⁰ Spotlight on Corruption, [Time for a 'Know Your Donor' policy](#), May 2023

³¹ As above, p56

³² As above, p56-8

³³ As above, p56

the higher thresholds for reporting thresholds should be reduced to £500 to match the level of permissibility checks.³⁴

Both the Green Party and Plaid Cymru said it was challenging for local parties to complete checks, particularly where requests for the electoral register from local authorities were met with variable service.³⁵

The CSPL was mindful that regulation had to be proportionate:

Rather than lowering the threshold for permissibility checks, or indeed, proposing changes to the definition of a donation itself, the recommendations in our review focus on the categories of permissible donors. We are content that this strikes the right balance in the regulation of donations in the UK.³⁶

Non-party campaigners

The CSPL made several recommendations on the regulation of non-party campaigners.

The committee was clear that “third-party campaigning is a good thing, because it encourages people to vote and injects a range of different agendas – as well as those represented by the parties – into elections” but that improvements were needed.³⁷

Rules on political issues in non-party campaigns

One suggested improvement was that the government should clarify in legislation the scope of the law on issues-based campaigns (that is, non-party campaigns). It said this would provide campaigners with greater confidence that campaign activity not related to a political campaign, such as from before an election is called, is unlikely to be covered by non-party campaign rules in PPERA 2000 as amended.

The committee noted that several of its recommendations drew on recommendations made by Lord Hodgson in his 2016 report, [Third party election campaigning: review](#). Lord Hodgson’s review examined the operation of non-party campaigning rules after legislative changes from the [Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014](#). The 2014 act had made some changes to the existing operation of non-party campaigning rules under PPERA 2000. The reforms of the 2014 act had been controversial as organisations, particularly charities, were concerned if they made comments on political issues they would get caught by the rules. Charities cannot undertake

³⁴ Transparency International, [Cheques and Balances: Countering the influence of big money in UK politics](#), December 2024, p6

³⁵ Committee on Standards in Public Life, [Regulating Election Finance: report, July 2021](#), p59

³⁶ As above, p60

³⁷ As above

political campaigning under charities law. For example, Age UK said of the 2015 general election:

At Age UK we felt the impact of the Act ourselves during the last General Election campaign when social care became a topic of national discussion but we felt unable to make virtually any public comment at all, however factually based and apolitical, for fear of inadvertently infringing the legislation.³⁸

Lord Hodgson's report said regulation of non-party campaigners was essential but that his package of reforms would strike a better balance:

In this Review I describe what the legislation should be regulating as electoral campaigning – that is activity focused on influencing the choice of the voting public at an election. The regulation should not capture the advocacy of an issue that an organisation may carry out on a day-to-day basis – its business as usual – nor the political campaigning it carries out directly trying to influence political parties and individual politicians.³⁹

The government at the time did not take the recommendations forward.⁴⁰

Elections Act 2022

The [Elections Act 2022](#) made some changes to the regulation of non-party campaigners. The bill was published at a similar time to the CSPL report, but the Elections Bill did not address the proposed reforms in the CSPL report.⁴¹

The 2022 act prevented non-party campaigners from also registering as a political party. The then government's view was that preventing dual registration would prevent campaigners attempting to bypass their spending limits by registering as both a party and a non-party campaigner and being able to incur spending under both registrations.

The 2022 act altered the rules around joint spending declarations. Joint campaigning between non-party campaigners was regulated. However, the same rules did not apply if a third-party campaigns jointly with a political party. The act extended the rules to non-party campaigners campaigning jointly with a political party.

The 2022 act also reduced the limit on spending before having to register with the Electoral Commission. Previously any non-party campaigner (including a foreign national or group) could spend up to £10,000 before

³⁸ Age UK, [Response to Government's rejection of Lord Hodgson's recommendations on Lobbying Act](#), 15 September 2017

³⁹ Lord Hodgson, [Third party election campaigning: review](#), March 2016, p6

⁴⁰ Third Sector, [Government to reject Lord Hodgson's proposals to reform the lobbying act](#), 15 September 2017

⁴¹ Commons Library briefing 9304, [Elections Bill 2021-22](#), p77

needing to register and coming under regulation. This was reduced to £700 unless it was UK based.⁴²

Other recommendations

The CSPL report made recommendations on various aspects of political finance, not just on donations. In total [there were 47 recommendations](#) (PDF). Key areas included:

- The costs of directly employed staff working on election and referendum campaigns should be included in the spending limits for political parties and referendum campaigners (as they are for Scottish Parliament and Senedd elections)
- More detailed information should be required on spending returns, including which medium the campaigning was in (for example, digital) to increase transparency of spending and to reflect the increase in digital campaigning in recent years.
- Foreign organisations and individuals should be banned from buying campaign advertising in the UK.
- Deadlines for reporting spending should be brought forward.
- Administrative offences in PPERA 2000 should be decriminalised to address concern about the legal risk carried by volunteers in the political system and to create a more coherent balance between the criminal and civil sides of the regime.
- The Electoral Commission's regulatory powers should be expanded to include the enforcement of civil sanctions for candidates.
- The Electoral Commission should begin an investigation into an offence within one year of the offence and investigations should be completed within one year to improve timeliness of investigations.
- The maximum fining capability of the Electoral Commission should be increased to 4% of a campaign's total spend or £500,000, whichever is higher.

The Electoral Commission has said that it needs more powers to effectively regulate political finance:

Campaigners spend millions of pounds at UK elections and referendums, including on digital campaign activities. We are worried that a maximum fine of £20,000 risks becoming a cost of doing business for some campaigners.

⁴² Commons Library, [Elections Bill 2021-22](#), section 10.6

This penalty does not provide an effective deterrent to stop campaigners committing offences. Where offences have already taken place, this penalty is not proportionate to the impact that many of the offences could have.⁴³

The Public Administration and Constitutional Affairs Committee (PACAC) agreed that the level of fines should be higher but also said:

Equally, we believe that regulated individuals, parties, and campaigners should have the opportunity to amend minor, administrative reporting errors before civil sanctions are imposed, and that there should be consistency in making and a clear explanation for sanctioning decisions.⁴⁴

There had been calls for year-round regulation of expenditure on campaigning by parties and campaigners. The CSPL acknowledged that this would simplify some aspects of the system and ensure that all campaign expenditure is captured but concluded:

However, the evidence we have heard is that this would create an administrative burden for parties and campaigners, especially for campaigners for whom elections are not their core focus and it would act as a barrier to entry.⁴⁵

PACAC recognised the rationale for expanding the Electoral Commission's role as well as the voluntary nature of many involved in political finance:

we believe more evidence is needed to ensure that any expanded powers for the Electoral Commission, such as powers to monitor and investigate in real-time and impose civil sanctions for breaches of candidate finance law, would not place disproportionate burdens on the largely voluntary workforce that support political campaigns.⁴⁶

1.6 Further reading

Committee on Standards in Public Life, [Regulating Election Finance](#), July 2021

Electoral Commission, [Improving the health of the UK's democratic process](#), October 2023

House of Commons Library, [Foreign political donations in the UK](#), January 2025

⁴³ Electoral Commission, [Digital campaigning - increasing transparency for voters](#), June 2018

⁴⁴ Public Administration and Constitutional Affairs Committee, [Work of the Electoral Commission](#), HC 462 2022-23, p27

⁴⁵ As above, p64

⁴⁶ Public Administration and Constitutional Affairs Committee, [Work of the Electoral Commission](#), HC 462 2022-23, p27-8

House of Commons Public Administration and Constitutional Affairs Committee, [The Work of the Electoral Commission](#), HC 462 2022-23

Institute for Government, [Rules for funding for political parties](#), February 2020

Justin Fisher, [The regulation of political finance Choppier waters ahead?](#), May 2023

Transparency International, [Cheques and Balances: Countering the influence of big money in UK politics](#), December 2024

The All Party Parliamentary Group (APPG) for Fair Elections, [Free but not fair: British elections and how to restore trust in politics](#) (PDF), November 2024

2

Press articles

[Elections watchdog warns UK rules are 'out of date' and 'inconsistent](#)

Financial Times

9 February 2025

[Will Labour cap political donations?](#)

Prospect

23 January 2025

[Cheques and Balances: Countering the influence of big money in UK politics](#)

Transparency International UK

2 December 2024

[We must stop the corrosive effects of big money on our political system](#)

Transparency International UK

2 December 2024

[Revealed: UK politics infiltrated by 'dark money' with 10% of donations from dubious sources](#)

The Guardian

30 November 2024

[Party campaign financing needs reform](#)

LSE

3 July 2024

[Political spending and donations: what are the rules in the UK?](#)

Guardian

6 June 2024

[How is election spending regulated in the UK?](#)

Institute for Government

22 May 2024

[Reforming Party Funding: No Silver Bullets](#)

The Constitution Society

8 May 2024

[Britain's political parties are quietly raking in millions. No one will say where it's coming from](#)

Politico

8 June 2023

3

Parliamentary material

Parliamentary Questions

Political Parties: Finance

07 Jan 2025 | HL3699

Asked by: Lord Rennard

To ask His Majesty's Government whether they plan to use their powers under section 109 of the Political Parties and Elections Act 2009 to require donors to political parties to certify the original sources of donated funds, and whether they consider that this may help to address concerns about potential foreign funding influencing elections in the UK.

Answering member: Baroness Taylor of Stevenage | Department: Ministry of Housing, Communities and Local Government

Effective regulation of political finance is crucial for maintaining public trust in our electoral systems and combatting the threat of foreign interference in our democracy. The Government is committed to strengthening our democracy and upholding the integrity of elections. As stated in our manifesto, we intend to strengthen the rules around donations to political parties to protect our democracy. My department is developing proposals to give effect to these commitments and will provide details to Parliament in due course.

Lobbying

16 Dec 2024 | 18385

Asked by: Dan Carden

To ask the Secretary of State for Housing, Communities and Local Government, if she will have discussions with the Electoral Commission on the potential implications for (a) her and (b) the Commission's policies of Transparency International's position paper entitled Cheques and balances: Countering the influence of big money in UK politics, published in December 2024.

Answering member: Rushanara Ali | Department: Ministry of Housing, Communities and Local Government

Effective regulation and enforcement of political finance are crucial for maintaining public trust in our electoral systems. The Government is

committed to strengthening our democracy and upholding the integrity of elections and, as stated in our manifesto, we intend to strengthen the rules around donations to political parties to protect our democracy. My department is working closely with the Electoral Commission on developing proposals to give effect to this commitment. We are also seeking, and remaining open to, evidence from key stakeholders, particularly in relation to threats to our democracy.

National Security

09 Sep 2024 | 3408

Asked by: Phil Brickell

To ask the Secretary of State for Housing, Communities and Local Government, whether (a) the sprint review of security threats and (b) the Defending Democracy Task Force will consider risks created by weaknesses in (i) the UK's laws on political finance laws and (ii) their enforcement.

Answering member: Alex Norris | Department: Ministry of Housing, Communities and Local Government

Effective regulation and enforcement of political finance are crucial for maintaining public trust in our electoral systems and combatting the threat of foreign interference in our democracy. Which is why, as set out in our manifesto, the Government is committed to strengthening our democracy and upholding the integrity of elections. As part of this, the Government intends to strengthen the rules around donations to political parties to protect our democracy. My department is developing proposals to give effect to this commitment, and we will continue to work closely with the Defending Democracy Taskforce, of which MHCLG is a member, and the national security community on this.

General Elections: Expenditure

26 Apr 2024 | 23650

Asked by: Alexander Stafford

To ask the hon. Member for Lancaster and Fleetwood, representing the Speaker's Committee on the Electoral Commission, with reference to the Electoral Commission's guidance, Reporting candidate spending in the long campaign for a UK Parliamentary general election, what the evidential basis is for the assertion that an item of candidate spending provided by a party counts towards both (a) the long campaign spending limit for a candidate and (b) the party spending limit; how the treatment

of notional expenditure and agent-authorised expenditure differs; and whether the Commission has made an assessment of the potential impact on party spending limits.

Answering member: Cat Smith | Department: Speaker's Committee on the Electoral Commission

The Electoral Commission's guidance aims to support campaigners to meet their obligations which are set by the UK's complex political finance laws. It develops guidance based on legal advice and interpretation of these laws.

The Commission sought additional external legal advice on reporting of spending during the long campaign and is in the process of reflecting that legal advice in guidance.

The guidance will provide clarity on the parts of the candidate spending laws that impact how a candidate should report spending in the long campaign.

It will also clarify that there is a requirement for a candidate return for spending during the long campaign and therefore spending is not reportable in a party return.

Elections: Finance

19 Dec 2023 | 6390

Asked by: Mr Ben Bradshaw

To ask the Secretary of State for Levelling Up, Housing and Communities, if he will make an assessment of the adequacy of enforcement of electoral finance laws.

Answering member: Simon Hoare | Department: Department for Levelling Up, Housing and Communities

The Electoral Commission are the independent body which oversees elections and regulates political finance in the UK. In accordance with the Political Parties, Elections and Referendums Act 2000, the Commission have a range of supervisory and investigatory powers which enable them to monitor compliance with electoral finance laws proactively and enforce suspected offences.

The Government considers the existing enforcement framework suitable to ensure that the regime is effective but does not cause a chilling effect on electoral participation and campaigning.

General Elections: Party-political Spending

29 Nov 2023 | HL Deb 834 c1076

Asked by: Baroness Taylor of Stevenage

My Lords, the Government's rejection of amendments to the National Security Act means that foreign donations can still be made to political parties here in the UK. If the department is going to consider reviewing political financing, does the Minister agree that it is time to end this security loophole to prevent covert foreign donations to political parties?

Answered by: Baroness Penn

My Lords, I believe that as a result of the debates on that Act the Government took forward a commitment to ensure information sharing between the police and other relevant authorities with a view to finding a way to improve that process. The sharing of information could improve the ability of relevant authorities to identify any individuals making or facilitating donations from foreign powers and sanction them. We have a commitment to report back to Parliament next year on that work.

Subversion

26 Oct 2023 | 203720

Asked by: Matt Vickers

To ask the Minister for the Cabinet Office, what steps his Department is taking to ensure that UK elections are not affected by political interference by (a) China and (b) other countries.

Answering member: Alex Burghart | Department: Cabinet Office

It is, and always will be, an absolute priority for this government to protect our democratic and electoral processes against foreign interference.

Last year, the Prime Minister established the Defending Democracy Taskforce to protect the democratic integrity of the UK from threats of foreign influence. Its mission is to reduce the risk to the UK's democratic processes, institutions and society, and ensure that these are secure and resilient to threats of foreign interference.

In addition, the National Security Act 2023 creates a new offence of foreign interference. This will make it an offence to illegitimately influence the UK's democratic processes and elected officials on behalf of a foreign power. The offence will also significantly increase sentences for electoral offences if they are carried out on behalf of a foreign power.

Related measures in the Online Safety Bill will require digital platforms to proactively take action against a wide range of state-sponsored disinformation and state-linked online interference, including digitally manipulated content, where this has the aim of interfering with UK elections.

The Elections Act 2022 strengthened three important components of the political finance framework: fairness, transparency and controls against foreign spending. Since its introduction, the Government has restricted foreign campaign spending at elections and introduced a new requirement on political parties to declare their assets and liabilities over £500 upon registration. Foreign donations (and channelling foreign money) are already illegal. The Act also ensures greater transparency on digital campaigning, through the introduction of digital imprints.

Political Donations from Overseas

20 Jul 2023 | HC Deb 736 c1008

Asked by: Chris Stephens

The executive director of Spotlight on Corruption, Susan Hawley, says that the Tory UK Government's "abject failure" to take decisive action on overseas donations is concerning our allies. She also says that elections are at risk of interference from Russia and other hostile states after the Government opposed the move to require political parties to verify and disclose the source of political donations. What steps is the commission taking to prevent overseas donations from hostile states that undermine electoral law? Has the commission asked the security services to undertake a review of political finance?

Answered by: Owen Thompson | Department: Electoral Commission Committee

Speaking as a representative of the Speaker's Committee on the Electoral Commission, it would be a matter for the security services to make a full assessment of whether unlawful foreign money has been used to campaign in UK elections. However, political parties must report when they are given an unlawful donation and return it to the donor. In addition, the commission carries out checks on permissibility on a sample of donations and has the power to sanction

political parties that accept impermissible foreign donations. The commission has said that it takes all possible steps within the current regulatory framework to prevent unlawful foreign money from entering UK politics, and it publishes information about donations to ensure transparency. It has the powers to sanction, but it cannot take enforcement actions against organisations based outside the UK. The

commission will continue to recommend changes to ensure that voters can have greater confidence in political finance in the UK.

Political Finance Regulation and Electoral Law

01 Dec 2022 | HC Deb 723 cc999-1000

Asked by: Alan Brown

To ask the hon. Member for Lancaster and Fleetwood, representing the Speaker's Committee on the Electoral Commission, whether the Committee has made a recent assessment of the effectiveness of the Commission's oversight of political finance regulation and electoral law in the UK.

Answered by: Cat Smith | Department: Electoral Commission Committee

The Speaker's Committee has not made a recent assessment of the matters raised. The Public Administration and Constitutional Affairs Committee recently concluded an inquiry on the work of the Electoral Commission. It recognised the complexity of electoral law, recommending that it is rationalised and improved. It also noted a "strong record" of the Electoral Commission's monitoring, investigation and enforcement work, and made a range of recommendations to support that.

Electoral Commission: Powers

05 Jul 2021 | 24291

Asked by: Dr Rupa Huq

To ask the Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, what assessment he has made of the potential effect of the proposed removal of prosecutorial powers from the Electoral Commission on the (a) accountability of the executive, (b) integrity of elections and (c) transparency of political party funding.

Answering member: Chloe Smith | Department: Cabinet Office

The Electoral Commission does not currently, and has never in over 20 years, brought criminal prosecutions. The Government intends to maintain the status quo by providing clarity in law that the Commission should not bring criminal prosecutions in England, Wales and Northern Ireland. The proper place for criminal investigations and prosecutions relating to electoral law is with the police and the Crown Prosecution Service (and the Public Prosecution Service in Northern Ireland) who are

experts in this domain. Having the Commission step into this space would risk wasting public money. The Electoral Commission will continue to have a wide range of investigatory and civil sanctioning powers available to it and, as is currently the case, is able to refer more serious matters to the police.

The Government is committed to protecting our democracy and ensuring that it remains secure, modern, transparent and fair. The Elections Bill will further strengthen the integrity of UK elections by updating electoral law, including the rules on the transparency of digital campaigning and political finance, the introduction of voter identification and measures improving the integrity of postal and proxy voting.

Electoral Systems

10 Jun 2021 | 12346

Asked by: Dr Kieran Mullan

To ask the hon. Member for City of Chester, representing the Speaker's Committee on the Electoral Commission, what steps the Electoral Commission is taking to maintain public trust and confidence in the electoral system.

Answering member: Christian Matheson | Department: Speaker's Committee on the Electoral Commission

The interests of the public, and particularly their trust and confidence in the democratic process, are central to the work of the Commission.

It supports electoral administrators to deliver high quality electoral registration and administration services to voters, and by providing detailed guidance to ensure they can undertake their responsibilities. It also provides direct information to voters - such as on voter registration and on preventing voter fraud - to support them in participating with confidence in the democratic process.

It oversees the regulation of political finance and compliance with Parliament's rules. This includes; supporting parties and campaigners to understand and comply with the rules; and taking proportionate enforcement action where breaches occur; and providing voters with transparency over the money spent and received by campaigners and parties.

The Commission's research shows that there are high levels of public confidence that elections in the UK are well-run.

Debates

[Representation of the People \(Variation of Election Expenses and Exclusions\) Regulations 2024](#)

19 Mar 2024 | House of Lords | 837 cc158-69

That the draft Regulations laid before the House on 29 January be approved.

[Draft Representation of the People \(Variation of Election Expenses and Exclusions\) Regulations 2024](#)

5 Mar 2024 | House of Commons

I beg to move,

That the Committee has considered the draft Representation of the People (Variation of Election Expenses and Exclusions) Regulations 2024

[Political Parties, Elections and Referendums](#)

31 Jan 2024 | House of Commons | 744 cc903-28

I beg to move,

That the draft Electoral Commission Strategy and Policy Statement, which was laid before this House on 14 December 2023, be approved.

[Elections Act 2022](#)

House of Commons: [First Reading](#), [Second Reading](#), [Committee Stage](#), [Report Stage](#), [Third Reading](#)

House of Lords: [First Reading](#), [Second Reading](#), [Committee Stage](#), [Report Stage](#), [Third Reading](#)

Statements

[Government response to the Electoral Commission's reports on the 2024 elections](#)

12 Feb 2025 | HCWS442

Member: Rushanara Ali | Department: Ministry of Housing, Communities and Local Government

[Introduction of the HM Armed Forces Veteran Card for use as voter identification](#)

15 Oct 2024 | HCWS139

Member: Alex Norris | Department: Ministry of Housing, Communities and Local Government

[Elections Act: Implementation and Evaluation](#)

13 Sep 2023 | HLWS1000

Member: Baroness Scott of Bybrook | Department: Department for Levelling Up, Housing and Communities

[Election Finance and Policy](#)

15 Sep 2021 | HCWS290

Member: Chloe Smith | Department: Cabinet Office

[Role of the Speaker's Committee in Holding the Electoral Commission to Account](#)

07 Sep 2021 | | HCWS269

Member: Chloe Smith | Department: Cabinet Office

Increasing Parliamentary Accountability in Electoral Policy

17 Jun 2021 | | HCWS100

Member: Chloe Smith | Department: Cabinet Office

Strengthening Transparency and Fairness in Elections

15 Jun 2021 | HCWS92

Member: Chloe Smith | Department: Cabinet Office

Early Day Motions (EDMs)

Reform of electoral law

EDM 585 (session 2024-25)

18 Dec 2024

Sorcha Eastwood

That this House notes with serious concern recent reports of high-profile individuals and international entities exploring avenues to influence UK political parties and elections, raising questions about the robustness of current electoral laws in preventing foreign interference; recognises the essential role of transparent and accountable political financing in preserving public trust in democracy and ensuring that elections remain free from undue external influence; believes that current electoral laws are outdated and inadequate in addressing the threats posed by modern financial and digital technologies, including cryptocurrency, which can facilitate anonymous or foreign donations; highlights the particular, imminent risks posed by wealthy international figures, who, while engaging in lawful activities, may inadvertently or deliberately influence domestic politics contrary to the principle of self-determination; urges the Government to urgently bring forward legislative reforms to strengthen electoral law, including the introduction of a cap on political donations, stricter limitations on overseas donations, mandatory transparency in the origin of political funds, and robust enforcement mechanisms; calls on the Government to work with the Electoral Commission and other relevant bodies to adapt regulatory frameworks to address emerging challenges to democratic integrity in the digital age; and affirms the UK's commitment to safeguarding democracy by ensuring that elections are free, fair, and reflective of the will of the people without interference from foreign entities.

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