



## Party funding: background and developments since November 2011

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The Coalition Agreement of 2010 included a commitment to “pursue a detailed agreement on limiting donations and reforming party funding in order to remove big money from politics”.

On 22 November 2011, the Committee on Standards in Public Life (CSPL) published a report on *Political party finance*. On 15 November 2011, shortly before the report was published, Nick Clegg, the Deputy Prime Minister, told the House that he looked forward to the CSPL report; that it would not be right to ask taxpayers to pay more to political parties; and that the Government was determined to reform party funding. Following the report’s publication he issued a written ministerial statement, which concluded by stating that “Reform remains a priority and is best achieved as far as possible by consensus”; and by confirming plans to continue cross-party discussions on political party funding.

In February 2012, the Deputy Prime Minister invited the three main parties to take part in the cross-party talks. Party leaders nominated teams but after seven meetings in 2012 and 2013, on 4 July 2013, Mr Clegg announced that there was no agreement between the parties and that it was “clear that reforms cannot go forward in this Parliament”.

In May 2013, Andrew Tyrie (Con), Alan Whitehead (Lab) and Lord Tyler (Lib Dem) published a draft bill on party funding.

The question of party funding has been a cause of controversy since the 1990s. Legislation has been introduced to regulate donations and loans to political parties, and to limit spending by political parties. In the previous Parliament, a Review of the Funding of Political Parties, chaired by the former senior civil servant Sir Hayden Phillips, was launched in May 2006. Talks were suspended without agreement in October 2007.

This note briefly draws together Library material on party funding issues; provides a chronology of Sir Hayden Phillips’ review of party funding; notes the information that the CSPL published as its inquiry proceeded; notes press coverage the CSPL inquiry and report generated; and notes developments since the publication of the CSPL report.

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**Contents**

- 1 Background 3**
  - 1.1 Review of Party Funding by Sir Hayden Phillips 3
- 2 Coalition Agreement 2010 4**
- 3 Committee on Standards in Public Life inquiry, November 2011 4**
  - 3.1 Government response 5
- 4 Developments since the publication of the CSPL Report 6**
  - 4.1 Political and Constitutional Reform Committee report on Political party finance 6
  - 4.2 Inter-party talks initiated 6
  - 4.3 Sunday Times report on party donations (25 March 2012) 7
  - 4.4 Statement on Party Funding (26 March 2012) 7
  - 4.5 Inter-party talks 8
  - 4.6 Developments after the talks ended 10
- 5 Backbench proposals for reform of party funding 10**
- 6 Third party funding 11**
  - 6.1 Legislation 12
- Appendix: Press coverage of the CSPL inquiry: 13**
  - Before publication of the CSPL’s Report 13
  - Press coverage of the CSPL report 13

# 1 Background

The Library Research Paper *The Funding of Political Parties* (April 2007) provides an overview of the issues surrounding party funding since the 1990s:

Funding political parties in the UK has been a source of controversy for many years. Demand for more transparency grew during the 1990s. The *Political Parties, Elections and Referendums Act 2000* introduced national regulation, but in March 2006 it became clear that further regulation of loans to parties was also necessary, when details emerged of loans made during the general election campaign of 2005. The Electoral Commission reviewed the question of funding in 2003-4 and both the Constitutional Affairs Select Committee and Sir Hayden Phillips have published reports recently. On the publication of Sir Hayden's report on 15 March 2007, the Prime Minister backed his call for inter-party talks, designed to reach a resolution by the summer recess.<sup>1</sup>

The Library Standard Note *Party finance – a chronology* (June 2009), supplements the above paper. It summarises the main party funding controversies to have arisen since March 2006, beginning with the cash for peerages accusations. The Appendix to the June 2009 note sets out Sir Hayden Phillip's draft agreement on the funding of political parties.<sup>2</sup>

If a Parliament lasts beyond 55 months limits apply to the amount that candidates or potential candidates can spend in constituency campaigns. The limits were introduced by the *Political Parties and Elections Act 2009*. The proposals for additional election expenditure limits were discussed in Library Research Papers *The Political Parties and Elections Bill* (September 2008) and *Political Parties and Elections Bill: Committee Stage Report* (December 2008). The Bill did not introduce any system of public finance for political parties.<sup>3</sup> As a result of the passing of the *Fixed-term Parliaments Act 2011*, these limits will apply in most Parliaments that are not dissolved early.<sup>4</sup>

## 1.1 Review of Party Funding by Sir Hayden Phillips

The Review of the Funding of Political Parties, chaired by Sir Hayden Phillips, was launched in May 2006.

In October 2006 the Phillips Review issued an Interim Assessment which set out the main issues, without indicating a preferred solution.

The Phillips Report, *Strengthening Democracy: Fair and Sustainable Funding for Political Parties*, was published on 15 March 2007.

On 15 May 2007, talks between the three main political parties to reach agreement on measures to reform political party funding began under the chairmanship of Sir Hayden Phillips. The talks were suspended without agreement in October 2007.

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<sup>1</sup> House of Commons Library Research Paper, *The Funding of Political Parties*, RP 07/34, April 2007, Summary

<sup>2</sup> House of Commons Library Standard Note SN/PC/4527, *Party finance – a chronology*, 4 June 2009

<sup>3</sup> House of Commons Library Research Paper, *The Political Parties and Elections Bill*, RP 08/74 30 September 2008; House of Commons Library Research Paper, *Political Parties and Elections Bill: Committee Stage Report*, RP 08/91, 16 December 2008; House of Commons Library Standard Note SN/PC/4967, *Progress of the Political Parties and Elections Bill 2008-09*, 27 July 2009

<sup>4</sup> House of Commons Library Standard Note, SN/PC/6111, *Fixed-term Parliaments Act 2011*, 3 November 2011

Details of the Review and a draft agreement prepared by Sir Hayden are available on the Review's archived website:

[http://webarchive.nationalarchives.gov.uk/\\*/http://www.partyfundingreview.gov.uk/](http://webarchive.nationalarchives.gov.uk/*/http://www.partyfundingreview.gov.uk/)

In a lecture delivered at the University of East Anglia in February 2011, Sir Hayden reviewed the negotiations and the obstacles to agreement. His lecture was subsequently published in *Political Quarterly*.<sup>5</sup>

## 2 Coalition Agreement 2010

The Coalition Agreement states that:

We will also pursue a detailed agreement on limiting donations and reforming party funding in order to remove big money from politics.<sup>6</sup>

Nick Clegg the Deputy Prime Minister, who has been given responsibility for "reforming party funding",<sup>7</sup> addressed the issue in his speech during the debate on the Queen's Speech in 2010:

The influence of big money runs much deeper. It is time to finish what was started three years ago in the cross-party talks on party funding. Every party has had its own problems, but we all now have an opportunity to draw a line under them, so we will seize that opportunity. We will pursue a detailed agreement on limiting donations and reforming party funding to remove big money from politics for good.<sup>8</sup>

Whilst the CSPL inquiry into party finance was going on, the Government responded to questions about its review of party funding in the following way:

**Mr Harper:** The Government are committed to work to reform party funding. The Committee on Standards in Public Life is conducting a review into this area and the Government will consider its recommendations, alongside other relevant evidence, before taking this forward.<sup>9</sup>

## 3 Committee on Standards in Public Life inquiry, November 2011

On 20 July 2010, the CSPL launched its Inquiry into Party Political Finance. In a press notice, the CSPL stated that:

The Committee ... held an exploratory hearing earlier this month to hear views on the current state of party finance and following an assessment of the evidence provided at that hearing has decided to undertake a full inquiry into the issue.<sup>10</sup>

On 9 September 2010, the CSPL published an Issues and Questions Paper.<sup>11</sup>

The Committee published both the written and oral evidence it received.<sup>12</sup>

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<sup>5</sup> Hayden Phillips, "The Funding of Political Parties", *Political Quarterly*, Vol 83, No 2, April-June 2012 pp318-324

<sup>6</sup> HM Government, *The Coalition: our programme for government*, May 2010, p21

<sup>7</sup> [HC Deb 2 June 2010 c22WS-24WS](#)

<sup>8</sup> [HC Deb 7 June 2010 c42](#)

<sup>9</sup> [HC Deb 11 October 2011 c341W](#)

<sup>10</sup> Committee on Standards in Public Life press notice, *Committee on Standards in Public Life announces full Inquiry into Party Political Finance*, PN225, 20 July 2010

<sup>11</sup> Committee on Standards in Public Life, *Review of Party Funding – Issues and Questions*, September 2010

The CSPL's report, *Political party finance: Ending the big donor culture*, was published on 22 November 2011.<sup>13</sup> Neither Margaret Beckett nor Oliver Heald felt able to support the CSPL report in full. They set out their reservations in notes of dissent which were appended to the report.<sup>14</sup>

### 3.1 Government response

Before the report was published, on 15 November 2011, Nick Clegg, the Deputy Prime Minister, made the following response to the question "What plans he has to reform the funding of political parties":

I consider reform of party funding to be very important in and of itself, and we made a clear commitment to it in the coalition agreement. I look forward to the contribution of the Committee on Standards in Public Life to the debate when it publishes its report shortly. It is immensely important for us to clear this up, because it has affected all political parties negatively, but it would not be right to ask our hard-pressed taxpayers to pay more to political parties at a time when they are having to deal with so many cuts and savings elsewhere. I should like to proceed with as much cross-party consensus as possible, and I am keen to work towards that aim, but I repeat that no one should doubt the determination of this coalition Government to deliver reform in this area.<sup>15</sup>

Then on 23 November 2011, the Deputy Prime Minister issued a written ministerial statement in response to the CSPL report:

**The Deputy Prime Minister (Mr Nick Clegg):** The Government are grateful for the Committee on Standards in Public Life report which was published yesterday, and will study it carefully.

Some key principles can be drawn from the report. Properly funded, vibrant political parties are vital to a healthy democracy and a key part of the UK's constitutional framework. The amount any one individual, organisation or institution can give in political donations should be limited. Fairness between parties with different types of funding is crucial. So too is fairness for the taxpayer. Like the Committee, the Government accept that the state has some role to play in ensuring these principles apply in reality.

The Government believe that the case cannot be made for greater state funding of political parties at a time when budgets are being squeezed and economic recovery remains the highest priority. But there is a case for looking carefully at whether existing levels of support could be used more effectively.

We remain committed to limiting donations and reforming party funding. So the Government accept in principle the Committee's recommendation that donations to political parties should be capped. But the level of a cap will need to be considered with reference to other elements of a reform package, in particular the impact on the ability of parties to continue to raise sufficient funds and the absence of any additional support from the state.

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<sup>12</sup> Committee on Standards in Public Life, *Party Political Finance – Evidence* [written evidence]; Committee on Standards in Public Life, *Party Political Finance – Public Hearings*

<sup>13</sup> Committee on Standards in public Life, *Political party finance: Ending the big donor culture*, November 2011, Cm 8208

<sup>14</sup> Committee on Standards in public Life, *Political party finance: Ending the big donor culture*, November 2011, Cm 8208, Appendix 8

<sup>15</sup> [HC Deb 15 November 2011 c683](#)

We are also of the view that the report is right to recognise a new party funding settlement must include genuine reform in respect of trade union donations.

Reform remains a priority and is best achieved as far as possible by consensus. To that end we plan to continue cross-party discussions based on the principles identified by the Committee and the Government's reform commitments.<sup>16</sup>

The Appendix includes a selection of press coverage on the CSPL Inquiry. It points to articles published before and after publication of the CSPL's Report.

## **4 Developments since the publication of the CSPL Report**

### **4.1 Political and Constitutional Reform Committee report on Political party finance**

On 29 January 2012, the Political and Constitutional Reform Committee's short report on *Political party finance* was published. After reviewing the background to its report, including the CSPL's inquiry and the Government's initial response, the Committee made the following recommendations:

1. The Government and political parties should consider the CSPL report seriously as a basis for future negotiations. (Paragraph 14)
2. No party should be perceived as having gained disproportionately from reform in this area. A solution perceived as partisan would undermine any positive impact on public opinion which would otherwise be achieved by resolving the issue. (Paragraph 15)
3. A cross-party solution will not be easy to achieve. But public confidence in politics risks being further undermined if some future scandal intervenes before a solution is in place. The Government and political parties must seize the opportunity presented by the CSPL to find such a solution. The Government has a particular duty to pursue an agreement, and should set out how it intends to take this commitment forward before the summer. (Paragraph 16)<sup>17</sup>

### **4.2 Inter-party talks initiated**

In response to questions on 7 February 2012, the Deputy Prime Minister announced that:

The Government are committed to limiting donations and reforming party funding. This is best achieved, as far as possible, by consensus. To this end, I will write to the Prime Minister and the Leader of the Opposition later this week, asking them to nominate representatives to take part in preliminary cross-party discussions.

[...]

Last year, when Christopher Kelly's committee published a report containing its ideas for a package of reforms of party funding, all parties made clear that it was inconceivable that any of us would advocate an increase in overall state funding at this time. I will therefore stipulate in my letter to the leaders of the other main parties that such an increase is not on the agenda for now. However, that does not mean we could not make progress on many other areas of party funding reform on what I hope would be a cross-party basis.<sup>18</sup>

He outlined progress on establishing cross-party discussions on 20 March 2012:

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<sup>16</sup> [HC Deb 23 November 2011 c25WS-26WS](#)

<sup>17</sup> Political and Constitutional Reform Committee, *Political party finance*, 29 January 2012, HC 1763 2010-12

<sup>18</sup> [HC Deb 7 February 2012 c145](#)

**The Deputy Prime Minister (Mr Nick Clegg):** The Government are committed to reform of party funding and believe that this is best achieved, where possible, through consensus. I recently wrote to party leaders asking them to nominate representatives for cross-party discussions. Arrangements for those discussions are being finalised, and I hope that they will commence shortly.<sup>19</sup>

On 20 March 2012, Nick Clegg also responded to a question about the level of any cap on donations to political parties:

**Dr Alan Whitehead (Southampton, Test) (Lab):** On the emerging proposals for the reform of party finance, does the Deputy Prime Minister favour a £10,000 cap on contributions from wealthy donors, as proposed by the Committee on Standards in Public Life, or no cap at all, as proposed by the Prime Minister?

**The Deputy Prime Minister:** I strongly support a cap. We need to put a limit on the arms race in party funding. That, of course, must include a cap on donations. There is a range of opinions on where that cap should lie, and I think it should lie as low as possible. This issue is best addressed on a cross-party basis, which is why I hope the cross-party talks I have called for will now proceed in earnest.<sup>20</sup>

#### 4.3 Sunday Times report on party donations (25 March 2012)

The question of party political funding returned to the headlines on 25 March 2012 following the resignation of Conservative Party co-treasurer Peter Cruddas who was apparently filmed offering access to potential donors by the *Sunday Times*. The BBC reported:

Conservative Party co-treasurer Peter Cruddas has resigned after secretly filmed footage showed him apparently offering access to the prime minister for a donation of £250,000 a year.

He made the claim to [Sunday Times](#) reporters posing as potential donors.<sup>21</sup>

Mr Cruddas has won a libel action against the *Sunday Times* in relation to this story.<sup>22</sup>

#### 4.4 Statement on Party Funding (26 March 2012)

On 26 March 2012, Francis Maude, the Minister for the Cabinet Office and Paymaster General, confirmed that the Deputy Prime Minister had written to other party leaders and was making arrangements for cross-party talks on party funding based on the CSPL report but excluding discussion of arrangements for further state funding. In response to a later question, he confirmed that:

**Mr Maude:** The Deputy Prime Minister ... has said on behalf of the Government that we think it is inappropriate at this stage, in this age of austerity, to contemplate another call on taxpayers' funds being made to fill the pockets of political parties.<sup>23</sup>

In his statement, Francis Maude confirmed that "nominations have been received from all three parties" and that "the talks will begin shortly".<sup>24</sup> He also outlined the issues for the talks:

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<sup>19</sup> [HC Deb 20 March 2012 cc632-633](#)

<sup>20</sup> [HC Deb 20 March 2012 c637](#)

<sup>21</sup> BBC News, *Tory Peter Cruddas quits after donor access claims*, 25 March 2012

<sup>22</sup> Josh Halliday and Rajeev Syal, "[Former Tory co-treasurer Peter Cruddas wins Sunday Times libel case](#)", *Guardian online*, 5 June 2013

<sup>23</sup> [HC Deb 26 March 2012 cc1164-1165](#)

Let me return to the forthcoming party funding talks. There is a way of solving this problem. Across the House, we broadly know the issues we need to address. We need to look at donations and how to limit them, and we need to look at affiliate bodies. The Prime Minister has once again said that he is ready to cap donations, but only if it is agreed that the cap applies to all donations, whatever their source. We could also look at how to boost small donations and broaden the support base for parties, at the way in which existing state funding works, and at how we might further increase transparency around fundraising activities. The challenge for us all across the House is to make this process work, to reach agreement across all sides, and to deal with the problem of party funding once and for all. I look forward to the enthusiastic support of all parties for this course.<sup>25</sup>

In responding to the statement, the Leader of the Opposition, Ed Miliband, commented on the progress to start cross-party talks:

... on the issue of party funding, I am somewhat surprised by the Minister suddenly now saying that he wants to restart talks. Let me provide the House with some background. The Deputy Prime Minister wrote to me and the Prime Minister on 8 February, seeking cross-party talks with heads of terms to be decided by Easter—very soon. I replied with my suggested nominees 12 days later. Such was the Government's enthusiasm for reform, that in the five weeks since then I have heard precisely nothing about those talks, and neither has either of my nominees.<sup>26</sup>

#### 4.5 Inter-party talks

Following Francis Maude's statement, the *Guardian online* reported who the party leaders had nominated to take part in the talks:

[Nick Clegg] has appointed David Laws and his party's new chief executive, Tim Gordon, to represent his party at the talks. The Tories late last week appointed Maude, a veteran of previous inter-party talks, and Lord Feldman, who gave evidence to the Kelly inquiry, to represent them.

Ed Miliband has appointed his parliamentary aide John Denham and a former party general secretary, Ray Collins.<sup>27</sup>

On 16 October 2012, Chloe Smith, Parliamentary Secretary, Cabinet Office, confirmed that six meetings had taken place and that "the Government hopes consensus will be reached swiftly".<sup>28</sup> Then in February 2013, she reported that "Discussions between the main political parties at Westminster are ongoing—I understand they are close to a conclusion after seven meetings".<sup>29</sup>

In November 2012, when asked whether the Government had received representations on the role of trade unions in funding political parties, Chloe Smith responded that "Cross-party talks on the reform of party political funding are ongoing. Reform is best achieved as far as possible by consensus, and the Government hopes agreement will be reached swiftly".<sup>30</sup> The Deputy Prime Minister, Nick Clegg, also expressed hope that a consensus could be found:

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<sup>24</sup> [HC Deb 26 March 2012 cc1157-1158](#)

<sup>25</sup> [HC Deb 26 March 2012 c1158](#)

<sup>26</sup> [HC Deb 26 March 2012 c1160](#)

<sup>27</sup> Patrick Wintour, "Donor inquiry can break status quo", *Guardian online*, 26 March 2012

<sup>28</sup> [HC Deb 16 October 2012 c273W](#)

<sup>29</sup> [HC Deb 12 February 2013 c692W](#)

<sup>30</sup> [HC Deb 20 November 2012 c458W](#)



I strongly agree with my hon. Friend. I do not think that anybody, on either side of the House, would want to see our politics being hollowed out by big money as has clearly happened in the United States. That is why cross-party talks are going on at the moment, although agreement has not yet been reached. We are all familiar with the difficulties involved. It will require a bit of political will and a bit of political courage to reach cross-party agreement, but I hope that we will be able to do that as soon as possible.<sup>31</sup>

However, on 4 June 2013, in responding to a question from John Stevenson (quoted in section 6), Mr Clegg indicated that the talks had not yet concluded.<sup>32</sup>

On 4 July 2013, Mr Clegg issued a written statement announcing that the three main parties had not reached an agreement on party funding and that it was “clear that reforms cannot go forward in this Parliament”:

**The Deputy Prime Minister (Mr Nick Clegg):** Following the publication of the 13th report from the Committee on Standards in Public Life (CSPL) in November 2011, I convened discussions between the three main political parties to discuss possible reforms to party funding.

Representatives met seven times during 2012 and 2013. Discussions were based on the principles identified by the CSPL, including reform of donations and spending, how to deal with affiliate bodies and the efficiency and balance of existing state funding.

I am disappointed that, as on previous occasions, there has been no agreement between the three parties on beginning party funding reform.

Although it is now clear that reforms cannot go forward in this Parliament, I hope that the principles explored can inform further discussions on this topic and that the parties will then return to this issue after the next election.

The Government have decided to proceed with sensible and necessary improvements to the controls on third parties which campaign at general elections to ensure that they are fully transparent and not allowed to distort the political process. These proposals will go ahead as part of a package of measures in a Bill which will include provisions for a lobbying register. We will introduce the Bill before the summer recess.<sup>33</sup>

Also on 4 July, David Prince, interim Chair of the Committee on Standards in Public Life, issued a statement regarding the postponement of talks on party funding until after the 2015 election:

The Committee is deeply disappointed by the failure to make progress on reform of party funding. Removing the big money from politics was a manifesto commitment by all three parties and was in the coalition agreement. The current party funding arrangements foster suspicion and distrust among the public. It is essential that political parties obtain funding in ways free of suspicion that donors receive favours or improper influence in return. Sustainable reform requires all three main parties to swallow some difficult pills in the national interest – rather than act in narrow party interest. We await the detail of the draft Bill.<sup>34</sup>

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<sup>31</sup> [HC Deb 20 November 2012 c422](#)

<sup>32</sup> [HC Deb 4 June 2013 c1373](#)

<sup>33</sup> [HC Deb 4 July 2013 c62WS](#)

<sup>34</sup> Committee on Standards in Public Life, [Welcome](#) [Latest News, 4 July 2013]

## 4.6 Developments after the talks ended

In a speech on 9 July 2013, Ed Miliband, the Leader of the Labour Party, outlined plans to change the way in which individual union members are affiliated to the Labour Party.<sup>35</sup>

Later on the same day, Nick Clegg referred to Ed Miliband's speech, indicating that the bill that would be introduced to amend the regulation of third party funding of election campaigns (see section 6) could be a vehicle to change the rules on how trade union members' affiliation fees were collected:

If Labour Members want to turn their leader's words today into action, we are prepared to work with them and use the forthcoming party funding Bill—*[Interruption.]* That is a serious suggestion and offer to turn the principle of an opt-in on the political levy into law, and indeed to give trade union members the right to support other parties, if that is what they wish. I hope Labour Members will take that opportunity, because it is time to turn words into actions.

[...]

All parties in this House, if we are candid with each other, have had problems with the way in which big money circulates in politics. That is why I remain a keen advocate of a cross-party approach to getting big money out of political donations and why I am disappointed that the recent cross-party talks did not lead to fruition. We can make progress, which is why we are about to table a Bill on third party funding to limit the influence of non-political parties in the democratic process. I repeat what I said earlier: given that the Labour party finally seems to have had a change of heart over the way in which it organises its dysfunctional relationship with its financial backers, I hope that it will work with us to reflect that in law.<sup>36</sup>

## 5 Backbench proposals for reform of party funding

In May 2013, Andrew Tyrie (Con), Alan Whitehead (Lab) and Lord Tyler (Lib Dem) published a draft bill on party funding for consideration. They established a website:

<http://fundingukdemocracy.org/>

In the foreword to the draft bill they wrote:

The draft Bill, for phased reform of political funding, is based on the scheme recommended by Sir Christopher Kelly and his Committee on Standards in Public Life. It also draws on the best of the Hayden Philips review, together with work by the Commons Select Committee, and seeks to deal with new regulatory challenges presented by third party campaigning organisations.

**It is very much a draft for discussion, not the final word. The signatories do not agree with every word of it. However, they are all agreed in the need to stimulate renewed commitment to reform.**<sup>37</sup>

The draft bill suggests that savings from replacing freepost election addresses sent to electors by individual candidates with a system of election address booklets could be used to fund other forms of funding to political parties. The draft bill includes provisions for an

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<sup>35</sup> Politics.co.uk, *Ed Miliband union funding speech in full*, 9 July 2013

<sup>36</sup> [HC Deb 9 July 2013 cc159-160](#)

<sup>37</sup> Andrew Tyrie, Alan Whitehead, Lord Tyler, *Funding Democracy: Breaking the deadlock – A Draft Bill for consultation*, May 2013, Foreword

amount per vote scheme; a matched funding for registered supporters; and for gift-aid to be available to represented registered parties.

## 6 Third party funding

In its *UK General Election 2010 – Campaign spending report*, the Electoral Commission defined third party funding and noted its importance:

Non-party campaigners who intend to spend significant amounts [PPERA requires non-party campaigners intending to spend over £10,000 in England, £5,000 in Scotland, £5,000 in Wales and £5,000 in Northern Ireland at a UK general election to register with the Commission as a ‘recognised third party’] on campaigning to influence the outcome of an election are required to register with the Commission as a ‘recognised third party’. There were 33 campaigners registered before the UK general election in 2010, compared with 25 at the 2005 UK general election. Thirteen of these campaigners registered for the first time, many after being contacted by us. After the election, 23 of these campaigners reported total expenditure of £2.8 million, more than £1 million more than that reported in 2005 and around 9% of the £31.5 million spent by political parties on national campaigning. ... non-party campaigning forms a relatively small proportion of overall campaign expenditure in the UK general election context.<sup>38</sup>

At the beginning of June 2013, the Government indicated that any legislation on lobbying would also address the issue of third party funding. In questions to the Deputy Prime Minister on 4 June 2013, Nick Clegg confirmed that the Government would bring forward proposals to address third party funding:

**John Stevenson (Carlisle) (Con):** Does the Deputy Prime Minister agree that the political fee paid by trade union members should not automatically go to one party, and that trade union members should have the opportunity to decide for themselves which party that fee should go to?

**The Deputy Prime Minister:** The whole issue of opt-in and opt-out for trade union members and of donations from the trade union movement, which is now pretty well single-handedly bankrolling the Labour party, has of course come up in the cross-party talks on party funding, which unfortunately have proved somewhat elusive. One of the measures that we want to bring forward—it does not apply to trade unions alone—relates to the way in which a number of campaign groups, be they trade unions, animal welfare groups, tactical voting groups, rural campaign groups, religious groups or individuals, spend money to determine the outcome of campaigns in particular constituencies. At the last election, those major groups and individuals spent £3 million—a full 10% of what the major parties spent. We want to make sure that this increasingly important type of campaigning is fully transparent and is not allowed to distort the political process. That is what proposals that we will come forward with soon will do.<sup>39</sup>

At Prime Minister’s Questions on 5 June 2013, the Prime Minister confirmed that “the Bill on lobbying will ... make sure that we look at the impact of all third parties, including the trade unions, on our politics”.<sup>40</sup>

Then in the House of Lords on 6 June, Lord Wallace of Saltaire was asked to agree that “the regulation of lobbying is a separate issue from reforming funding of political parties” and to

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<sup>38</sup> Electoral Commission, *UK General Election 2010 – Campaign spending report*, February 2011

<sup>39</sup> [HC Deb 4 June 2013 c1373](#)

<sup>40</sup> [HC Deb 5 June 2013 c1513](#)

confirm that “the Government will not conflate these two matters in any legislation they now bring forward”. He replied that:

**Lord Wallace of Saltaire:** The Government do not intend to conflate these matters although there is a degree of overlap between the two. The Government intend to look at the question of third-party funding of political activities, including the issue of campaign groups which are not affiliated with political parties spending money during election campaigns. The Electoral Commission has annotated that some £3 million was spent during the last election by a number of organisations with the intention to influence the election.<sup>41</sup>

## 6.1 Legislation

The *Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Bill 2013-14* was introduced in the House of Commons on 17 July 2013.<sup>42</sup> The Bill was given a Second Reading on 3 September 2013.<sup>43</sup> Part 2 of the Bill which relates to Non-Party Campaigning was considered by a Committee of the whole House on 10 September 2013.<sup>44</sup>

Details of the Bill (as introduced) and issues raised by its provisions are set out in the Library Research Paper 13/51, [Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Bill](#) and a Standard Note [Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Bill: Progress of the Bill](#) summarises the proceedings on the Bill during its Commons stages and outlines the views of parliamentary committees and others that have considered the Bill since it was introduced. Further material and links to the proceedings on the Bill can be found on its pages on the Parliamentary website.<sup>45</sup>

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<sup>41</sup> [HC Deb 6 June 2013 c1280](#)

<sup>42</sup> [HC Deb 17 July 2013 c1127](#)

<sup>43</sup> [HC Deb 3 September 2013 cc169-286](#)

<sup>44</sup> [HC Deb 10 September 2013 cc854-950](#)

<sup>45</sup> House of Commons, *Bills and Legislation: Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Bill*

## **Appendix: Press coverage of the CSPL inquiry:**

### ***Before publication of the CSPL's Report***

Before the CSPL announced that its report was to be published, a number of press stories included speculation about the CSPL's recommendations:

- James Chapman, "[Cost of funding political parties could be £3 a vote](#)", *Daily Mail*, 7 November 2011
- Patrick Wintour, "£3 for every vote: state funding plan for political parties", *Guardian*, 29 October 2011
- "[Parties 'should get £3 per vote from taxpayers'](#)", *Daily Telegraph*, 29 October 2011
- Helen Warrell, "Plans to give parties state funding of £3 for every vote", *Financial Times*, 29 October 2011
- Andrew Grice, "Cameron's fury at plan to curb rich bankers", *Independent*, 22 October 2011

Following the CSPL's publication announcement, a number of papers reported that some of the party political members intended to add notes of dissent to the final report:

- Roland Watson, "Funds squabbling continues as parties fail to find cap that fits", *Times*, 10 November 2011
- Andrew Grice, "[Cameron kills off reform of party funding](#)", *Independent*, 10 November 2011
- Patrick Wintour, "Tories oppose pounds 10,000 cap on political donations", *Guardian*, 10 November 2011

### ***Press coverage of the CSPL report***

On the day of publication, there was further press coverage of the notes of dissent and indications that the political parties would reject the CSPL's proposals:

- Andrew Grice, "Party row may halt donations reform", *Independent*, 22 November 2011
- Patrick Wintour, "Parties urged to keep to their election pledges as funding shakeup rejected", *Guardian*, 22 November 2011

Following publication, press reports suggested that there would be no agreement between the parties:

- Christopher Hope, "Publish reasons for peerages, sleaze watchdog urges parties" *Daily Telegraph*, 23 November 2011
- Andrew Grice, "Reform party funding or politics will sink in sleaze, says watchdog", *Independent*, 23 November 2011
- Patrick Wintour, "MPs reject rise in state funding for politicians", *Guardian*, 23 November 2011