



House of Commons  
Committee on  
Standards and Privileges

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**Electoral  
Administration Bill:  
Simplification of  
Donation Reporting  
Requirements**

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**Fifth Report of Session 2005–06**

*Report and Appendices,  
together with formal minutes*

*Ordered by The House of Commons  
to be printed 10 January 2006*

## Committee on Standards and Privileges

The Committee on Standards and Privileges is appointed by the House of Commons to oversee the work of the Parliamentary Commissioner for Standards; to examine the arrangements proposed by the Commissioner for the compilation, maintenance and accessibility of the Register of Members' Interests and any other registers of interest established by the House; to review from time to time the form and content of those registers; to consider any specific complaints made in relation to the registering or declaring of interests referred to it by the Commissioner; to consider any matter relating to the conduct of Members, including specific complaints in relation to alleged breaches in the Code of Conduct which have been drawn to the Committee's attention by the Commissioner; and to recommend any modifications to the Code of Conduct as may from time to time appear to be necessary.

### Current membership

Rt Hon Sir George Young Bt MP (*Conservative, North West Hampshire*) (Chairman)  
Rt Hon Kevin Barron MP (*Labour, Rother Valley*)  
Angela Browning MP (*Conservative, Tiverton and Honiton*)  
Ben Chapman MP (*Labour, Wirral South*)  
Mr Andrew Dismore MP (*Labour, Hendon*)  
Nick Harvey MP (*Liberal Democrat, North Devon*)  
Mr Brian Jenkins MP (*Labour, Tamworth*)  
Mr Elfyn Llwyd MP (*Plaid Cymru, Meirionnydd Nant Conwy*)  
Rt Hon Andrew Mackay MP (*Conservative, Bracknell*)  
Dr Alan Whitehead MP (*Labour, Southampton Test*)

### Powers

The constitution and powers of the Committee are set out in Standing Order No. 149. In particular, the Committee has power to order the attendance of any Member of Parliament before the committee and to require that specific documents or records in the possession of a Member relating to its inquiries, or to the inquiries of the Commissioner, be laid before the Committee. The Committee has power to refuse to allow its public proceedings to be broadcast. The Law Officers, if they are Members of Parliament, may attend and take part in the Committee's proceedings, but may not vote.

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: [www.parliament.uk/sandp](http://www.parliament.uk/sandp). A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Dr Christopher Ward (Clerk), Ms Libby Preston (Second Clerk) and Michelle Owens (Secretary).

### Contacts

All correspondence should be addressed to The Clerk of the Committee on Standards and Privileges, Journal Office, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6615.

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# Electoral Administration Bill: Simplification of Donation Reporting Requirements

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1. Members of the House are required, in the interests of transparency and accountability, to make public details of certain financial support they (or in some circumstances their constituency associations) receive. The House requires details of sponsorship above certain thresholds to be reported to the Registrar of Members' Interests for inclusion in the Register of Members' Interests<sup>1</sup>. Members are also one of the categories of holder of 'relevant elective office'<sup>2</sup> for the purposes of the Political Parties, Elections and Referendums Act 2000 (PPERA), and are therefore subject to the separate requirements set out in Schedule 7 of that Act for reporting certain controlled donations (as defined in that Schedule) to the Electoral Commission. While the two sets of reporting requirements have substantial elements in common, there are significant differences of detail.

2. In our Second Report<sup>3</sup> we commented that Members found burdensome the duplication inherent in these arrangements. There is also scope for confusion, arising from the differences between them. We expressed the view that a single system of notification, operating under the authority of the Parliamentary Commissioner for Standards, to enable Members to discharge both the House's and PERA's requirements through a single declaration, would be better. We therefore recommended that the Electoral Commission and the Government work together to bring forward proposals for such a system, and noted that the Electoral Administration Bill might provide a suitable vehicle for required legislative changes.

3. Our proposal is supported by the Electoral Commission<sup>4</sup>, which had already raised the general issue of duplication of donation reporting requirements for holders of elective office. On the basis of four years experience of monitoring compliance with the reporting requirements placed by PERA on holders of elective office, the Commission has concluded that little value has been added to the aims of transparency and accountability through these controls. It also noted that having two similar reporting requirements has caused "notable confusion" for holders of elective office as to when benefits should be reported and under which rules.

4. The Commission told us that it would therefore welcome an amendment to the Electoral Administration Bill to exempt all holders of relevant elective office from the statutory requirement to report donations to it<sup>5</sup>. Should such a change be made, the Commission envisaged maintaining its work monitoring compliance with the statutory controls on the acceptance of donations through access to, and inspection of, the respective registers of

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<sup>1</sup> Guide to the Rules relating to the Conduct of Members, (HC 351) (2005-06), paras. 25 to 27.

<sup>2</sup> This expression is defined in paragraph 1(8) of Schedule 7, PERA.

<sup>3</sup> HC 420. (2005-06)

<sup>4</sup> Appendix 1, pages 6-7.

<sup>5</sup> Appendix 1, pages 6-7.

members' interests maintained by the relevant elected bodies, including the House, and standards boards.

5. Correspondence between the Chairman and Ministers in the Department for Constitutional Affairs revealed that the Government was in principle sympathetic to the removal of duplication in the reporting requirements for holders of relevant elective office generally, and not just for Members. In a letter of 14 October 2005 to the Chairman, the Minister of State indicated that she was minded to introduce a Government amendment on this issue in the course of the passage of the Electoral Administration Bill, which had been presented to the House on 11 October.

6. On 21 November, the Minister of State sent us detailed proposals, which provided for the removal from all holders of relevant elective office of the statutory requirement to report recordable donations<sup>6</sup> to the Electoral Commission. Her letter is reproduced at Appendix 2<sup>7</sup>. In essence, she proposed that, following the change, the Electoral Commission should seek the information it needs as regards Members from the information published in the Register of Members' Interests.

7. She noted that, as the requirements of the House, in relation to the Register, and those of PPERA, did not overlap precisely, adopting this solution would require the House to decide to include in the Register the additional information at present required to be supplied only to the Electoral Commission. In order to maintain the key principles of transparency and accountability, the Government intended to provide that the legislation would only come into effect when the Electoral Commission was satisfied that alternative arrangements had been put in place for it to be able to access the information it needed.

8. In proposing the removal of the reporting requirements of PPERA from holders of elective office generally, and not just Members, the Government's intentions go further than the change we had originally proposed in our Second Report. The Minister of State has now given partial effect to these intentions by tabling a New Clause (NC15), to be considered at the Report Stage of the Electoral Administration Bill, which would remove the requirements in relation to Members of the House only. In a letter of 9 January 2006 to the Chairman, reproduced at Appendix 3<sup>8</sup>, she explains that it has not yet been possible to resolve all the technical issues necessary to put forward an amendment in more general terms, but confirms that it remains the Government's intention to put forward proposals for further amendment of the Bill in relation to other categories of holder of relevant elective office when it has done so.

9. We have already noted that, if enacted, these proposals will not be brought into force by the Government until the scope of the information to be included in the Register of Members' Interests has been extended to cover the full scope of the information at present required to be supplied to the Electoral Commission. Some of the more important areas are mentioned in the Minister of State's letter of 21 November<sup>9</sup>. This would not, however,

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<sup>6</sup> This expression is defined in paragraph 10 of Schedule 7, PPERA.

<sup>7</sup> Pages 8-9.

<sup>8</sup> Page 10.

<sup>9</sup> Appendix 2, pages 8-9.

represent any overall extension of the information Members must already make public, and it would bring them the convenience of only having to make a single return to the Registrar of Members' Interests. There would also be a benefit to the public in that, for the first time, all the information relating to donations received by Members that they are required to make public would be available from a single source<sup>10</sup>.

**10. We are grateful to Government for its swift and positive response to the recommendation in our Second Report. We commend its proposals to the House as an effective means of removing the existing duplication of reporting requirements faced by Members. We also note the Government's support in principle for making a similar change in relation to other categories of holder of relevant elective office. Implementation of these proposals will also remove the scope for confusion on the part of Members that exists in the present arrangements, thus improving their effectiveness.**

**11. We share the Government's view that the key principles of transparency and accountability will be fully maintained, as the proposed changes merely simplify the reporting requirements for Members. The existing underlying statutory controls on Members as regards the acceptance of donations and requirements for the Electoral Commission to make information public will remain unchanged.**

**12. If this provision is enacted, we will bring forward, for approval by the House, proposals for the changes to the registration requirements necessary for it to be brought into effect. We intend to do this as part of our next general review of the House's rules on registering and declaring interests, which we expect to launch later this year.**

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<sup>10</sup> The Register of Members' Interests.

## Appendix 1: Letter to the Chairman from the Chairman of the Electoral Commission

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As you will know, during the Commons second reading of the Electoral Administration Bill the issue of duplicated donation reporting requirements for Members of Parliament was raised. We share the concerns raised on this issue, and are aware that you also have a close interest. I thought it might be useful to let you know our views on how this might be taken forward.

The Commission shares your concerns on the issue of holders of elective office being required to report details of donations both to the Commission and to the relevant body to which they are elected, or to the relevant Standards Boards in respect of local government. This is an issue that the Commission has already raised with a number of relevant institutions responsible for maintaining registers of members' interest.

Over the past four years, the Commission has monitored compliance with the reporting requirements placed on holders of elective office by the Political Parties Elections and Referendums Act 2000 (PPERA). Based on this experience, our view is that little value has been added to the aims of transparency and accountability through these controls.

The Commission is keen that holders of elective office are subject to proportionate, effective and clear controls that will ensure transparency and accountability. However, having two sets of similar reporting requirements has caused notable confusion for holders of elective office as to when benefits should be reported and under which rules.

The Commission would therefore welcome an amendment to the Electoral Administration Bill in order to exempt holders of elective office from requirements to report donations in accordance with Part III of Schedule 7 of PERA. Holders of elective office would then be subject to only one set of reporting requirements, those regulated by the relevant body to which holders of elective office are elected or to the relevant Standards Board.

However, members of registered parties and members associations, also regulated under Schedule 7, should not be exempt from donation reporting requirements. These individuals and bodies are not subject to duplicated controls and properly fall under the controls of the PERA. Further, the Commission is not of the view that holders of elective office should be exempt from PERA controls on the sources from which they can accept donations. Controls prohibiting parties, candidates, holders of elective office and others from accepting donations from anonymous or overseas sources remain an essential element of the PERA regime.

Were reporting requirements to be removed for holders of elective office, the Commission could maintain its work monitoring compliance with the controls on the acceptance of donations through access to, and inspection of, the registers of members' interests maintained by the relevant elected bodies and standards boards. The Commission stands ready to work closely with the relevant institutions to ensure that suitable processes can be put in place to enable such compliance work to be undertaken.

Staff of the Commission have raised these points with officials at the Department for Constitutional Affairs and I am hopeful that the Government will bring an amendment forward in response to the points made at Second Reading. In the meanwhile, do let me know if you would like any further information from the Commission on this matter.

*8 November 2005*

*Sam Younger*

## Appendix 2: Letter of 21 November 2005 to the Chairman from the Minister of State, Department for Constitutional Affairs

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Further to my letter to you of the 14 October, we have been making progress on drafting an amendment to Schedule 7 of the Political Parties, Elections and Referendums Act 2000 (PPERA) to remove the current duplication of reporting requirements in respect of political donations. My officials have been working with both the Registrar of Members' Interests and the Electoral Commission in developing our proposals to ensure that, while providing a welcome practical reform for Members, the key principles of transparency and accountability underlying the current regulatory regime are maintained. They have also been considering the details of how the new system will need to work in order to maintain these principles.

Having considered a range of options, the Government intends to bring forward an amendment which will remove the requirement for Members of Parliament to report recordable donations to the Electoral Commission. Similar amendments will also be made to the regulatory system for other holders of elective office as set out in PERA. These are MEPs, Members of devolved administrations and local councillors. For technical reasons, it will be necessary to retain the requirement for the Electoral Commission to record details of such donations on its register, and the Commission will continue to monitor compliance with the regulatory system as set out in PERA.

Removal of the requirement for Members to report recordable donations themselves to the Electoral Commission raises the question as to how best the Commission would in future obtain the information it needs to discharge its statutory obligations in this respect. Much of this is already required to be provided to the Registrar of Members' Interests, and is published in the Register. However, there are a small number of circumstances in which information relating to activities which constitute 'donations' for the purposes of PERA is not required at present to be reported to the Registrar for inclusion in the Register. There are also some respects in which the reporting requirements the House has set for the Register of Members' Interests are more stringent than those currently in place under PERA. For example, the threshold for reporting gifts, benefits and overseas visits to the Register of Members' interests is set at 1% of the Parliamentary salary, currently £590, whereas the threshold set out in PERA for recordable donations is £1,000.

I believe the best way forward is to build on the House's existing registration arrangements, and for the Electoral Commission to gather the information it needs through these. This would meet the 'one stop shop' objective. The simplest way forward, in administrative terms, would be for the House to decide to include henceforth in the Register the additional information at present required to be supplied to the Electoral Commission. The Commission could then simply meet their obligations by drawing on the information in it.

Such a solution would maintain transparency and accountability, and also end the potential for confusion caused by the differing requirements of the House, on the one

hand, and PPERA, on the other. It is important to stress, though, that it would mean no overall increase in the information that Members were required to make public.

Discussions between my officials, the Registrar of Members' Interests and the Electoral Commission suggest that the areas in which additional information would be required include:

- the precise amount of cash donations exceeding the £1,000 threshold that would need to be declared, and the date on which they were received; and
- certain non-cash donations currently reportable to Electoral Commission but not required to be included in Register entries that would need to be declared, the dates they were received, and their actual or notional value.

As I said earlier, the Government would wish the key principles of transparency and accountability to be retained. We therefore intend to provide for the removal of the requirement for Members to report donations to the Electoral Commission only to come into effect when the Electoral Commission is satisfied that alternative arrangements have been put in place for it to be able to access the information it needs.

I will share the draft amendment with you as soon as we have a suitable text. The intention is to table it in time for it be considered at Committee. However, there are still technical issues which need resolving, including a devolution issue with Scotland which we are still exploring.

I would like to thank you once again for your Committee's work on this and indeed many other important issues, and underline our commitment to the governing principles underlying the regulatory system.

*21 November 2005*

*Rt Hon Harriet Harman QC MP*

## Appendix 3: Letter of 9 January 2006 to the Chairman from the Minister of State, Department for Constitutional Affairs

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Following my letter to you of 21 November, and with apologies for the short notice, I am pleased to be able to enclose the amendment that we have tabled for debate at Report on the Electoral Administration Bill due to take place on 11 January.

Unfortunately the technical issues regarding devolution that I referred to in my previous letter have not been resolved satisfactorily in time for an amendment covering all holders of relevant elective office—Members of Parliament, Members of the European Parliament, members of devolved administrations, and local councillors—to be tabled. The amendment therefore only covers Members of Parliament.

We are tabling this amendment at this stage as we believe that it is right and proper that Members of the House have an opportunity to debate this matter, which once again we thank you for bringing to our attention. I look forward to the debate on this matter, which will allow Members to fully consider the implications of any such change.

We are still committed to resolving this issue for all holders of relevant elective office, and will bring forward an amendment to this effect later in the Parliamentary passage of the Electoral Administration Bill, dependent on the resolution of the technical issues surrounding devolution.

I would like to thank you once again for your Committee's work on this and indeed many other important issues, and underline our commitment to the governing principles underlying the regulatory system.

*9 January 2006*

*Rt Hon Harriet Harman QC MP*

## Electoral Administration Bill, New Clause 15

### *Reporting donations to members of the House of Commons*

Ms Harriet Harman

NC15

To move the following Clause:—

- (1) Schedule 7 (control of donations to individuals and member associations) to the 2000 Act is amended as follows.
- (2) In paragraph 10, after sub-paragraph (7) insert—
  - “(8) This paragraph does not apply to a donation received by a member of the House of Commons.
  - (9) For the purposes of sub-paragraph (8), it is immaterial whether the donation is made to the member of the House of Commons in that capacity or in his capacity as a member of a registered party.”
- (3) In part 5 of the Schedule, after paragraph 15 insert—
 

*“Donations to members of the House of Commons*

15A (1) This paragraph applies in relation to donations received by a member of the House of Commons if—

  - (a) the House of Commons has in place arrangements requiring the member to report such donations, and
  - (b) the Commission think that the arrangements correspond to the requirements of paragraph 10.

(2) The Commission must make such arrangements as they think appropriate corresponding to section 69 as modified in pursuance of paragraph 15(3) to maintain a register of such information as they receive relating to such donations.”
- (4) The Secretary of State must not make an order under section 69 for the purposes of this section as it applies to members of the House of Commons unless he is informed by the Commission that they are satisfied that they will receive the information mentioned in paragraph 15A(2) of that Schedule (as inserted by subsection (3) above) in relation to such members.’.

## Formal minutes

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**Tuesday 10 January 2006**

Members present:

Sir George Young, in the Chair

Mr Kevin Barron

Angela Browning

Mr Andrew Dismore

Nick Harvey

Mr Brian Jenkins

Mr Elfyn Llwyd

Dr Alan Whitehead

The Committee deliberated.

Draft Report [Electoral Administration Bill: Simplification of Donation Reporting Requirements], proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 7 read and agreed to.

Paragraph 8 read, amended and agreed to.

Paragraphs 9 to 12 read and agreed to.

*Resolved*, That the Report, as amended, be the Fifth Report of the Committee to the House.

*Ordered*, That the Chairman do make the Report to the House.

*Ordered*, That the provisions of Standing Order No. 134 (Select committees (reports)) be applied to the Report.

Several Papers were ordered to be appended to the Report.

*Ordered*, That the Appendices to the Report be reported to the House.—(*The Chairman.*)

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[Adjourned till Tuesday 24 January at 10.30 am

# Reports from the Committee on Standards and Privileges in the current Parliament

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**Session 2005–06**

First Report	Conduct of Mr Jonathan Sayeed	HC 419
Second Report	Conduct of Mr John Horam	HC 420
Third Report	Conduct of Mr Tony Baldry	HC 421
Fourth Report	Pay for Standing Committee Chairmen	HC 568
Fifth Report	Electoral Administration Bill: Simplification of Donation Reporting Requirements	HC 807