



House of Commons
Committee on
Standards and Privileges

**Conduct of
Mr George Osborne**

Tenth Report of Session 2007-08



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*Report and appendix, together with formal
minutes*

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The 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.

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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. 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), Mr Keith Neary (Second Clerk) and Miss Michelle Owens (Secretary).

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Contents

Report	<i>Page</i>
Conduct of Mr George Osborne	3
Introduction	3
In what circumstances should financial support from the central party organisations to Members in their capacity as Shadow Ministers be registrable?	3
Conclusions	5
<i>The complaint against Mr Osborne</i>	5
Appendix: Memorandum from the Parliamentary Commissioner for Standards	7
Formal minutes	73
Reports from the Committee on Standards and Privileges in the current Parliament	74

Conduct of Mr George Osborne

Introduction

1. The Parliamentary Commissioner for Standards has submitted a memorandum to us on his investigation of a complaint against Mr George Osborne, the Member for Tatton, by Mr Kevan Jones, the Member for North Durham and Mr John Mann, the Member for Bassetlaw. The complaint alleges that Mr Osborne had failed to register certain donations in the Register of Members' Interests.

2. A copy of the memorandum is appended to this Report. In accordance with our usual practice, we have shown a copy to Mr Osborne.

3. The essence of the complaint is that Mr Osborne failed to include in his personal entry in the Register details of donations made to the Conservative Party and used by the Party to support the cost of running his office as Shadow Chancellor of the Exchequer. Each of these donations had been reported to the Electoral Commission as donations to the Conservative Party in accordance with the requirements of the Political Parties, Elections and Referendums Act 2000.

4. In the course of the Commissioner's inquiry, it became clear that a similar policy of not including in their Register entries details of financial support received from Conservative Central Office was followed by most members of the Shadow Cabinet. A decision on this complaint therefore has ramifications well beyond Mr Osborne's own Register entry. In essence, those concerned believed that financial support from the central party organisation for their work as Shadow Ministers fell outside the scope of the House's registration requirements, and those of Category 4(b) in particular.¹

In what circumstances should financial support from the central party organisations to Members in their capacity as Shadow Ministers be registrable?

5. Mr Osborne's central proposition is that donations made through Conservative Central Office in support of a Shadow Ministerial office are not generally registrable in the Register of Members' Interests.² In other words, he asserts that financial support received through the party to support a Members' work as a Shadow Minister does not constitute 'financial or material support as a Member of Parliament'.

1 **Category 4: Sponsorships**

- (a) Any donation received by a Member's constituency association which is linked either to candidacy at an election or to membership of the House; and
- (b) any other form of financial or material support as a Member of Parliament, amounting to more than £1,000 from a single source, whether as a single donation or as multiple donations of more than £200 during the course of a calendar year.

2 Appendix, para. 69.

6. In this context, it is important to bear in mind the overall purpose of the House's Register of Members' Interests, which is:

“To provide information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament.”

7. The key question is in what circumstances financial support received in support of Shadow Ministerial functions falls into this category. It clearly does if it is received by the Member for that purpose direct from a donor. But what if the donation is received indirectly through the Member's political party? As a matter of law, any such donation will be treated by the Electoral Commission as a donation to the party: the underlying question is whether this is decisive when deciding whether such indirect financial support should be included in the Register of Members' Interests.

8. In considering Mr Osborne's proposition as set out above, the Commissioner has addressed three key questions:

- Does the obligation to register donations received as a Member of Parliament extend to donations received to support a Member in a Shadow Ministerial office;
- Does the obligation to register donations apply only if the donation is for the individual by name, and not by virtue of the political office he or she currently holds; and
- Does the obligation to register apply only where the donor identifies specifically the intended recipient of the donation and not where they are content for it to be used for any purpose in support of a political party.

9. On the first question, the Commissioner concludes³ that there is no logical reason to distinguish between the different capacities in which Members of Parliament receive financial support in reaching a decision on whether this is registrable. While this is not the interpretation that has generally been followed hitherto, at least by the Opposition Front Bench, we accept the logic of the Commissioner's argument. It therefore follows that financial support received by Members to support Front-Bench duties is, in principle registrable if it comes from an identifiable donor.

10. On the second question, the Commissioner concludes that it is immaterial for the purpose of registration whether the donation is for the use of an individual Member by name, or is used by him or her by virtue of a Shadow office they are holding.⁴ We accept the logic of this argument too, and agree that as long as the Member holds the office, they should register the donation.

3 Appendix, para. 69.

4 Appendix, paras. 70-71.

11. On the third question, the Commissioner concludes that donations from known sources used to support Shadow Ministers should be registrable by the Shadow Minister irrespective of whether the donor has expressed a wish that the donation be used for that specific purpose.⁵ We accept that there is scope for a perception of influence in these circumstances, and we understand that, in good faith, some Members have come to a different conclusion, but we agree with the Commissioner that registration is appropriate. It will in this context be important for parties to inform their Front-Benchers if donations from a particular donor are supporting them.

12. We agree that, taken together, the approach put forward by the Commissioner will lead to greater transparency in this important area. We consider further below how it might work in practice.

Conclusions

The complaint against Mr Osborne

13. The Commissioner concludes that the complaint against Mr Osborne should be upheld but that, in all the circumstances, it would not be fair or reasonable to criticise him. **We agree with this conclusion for all the reasons set out by the Commissioner.**⁶

14. The Commissioner has made five specific recommendations arising from this case:⁷

- the Registrar of Members' Interests and the Commissioner should always be consulted about points of difficulty and uncertainty in the interpretation of the rules (as the Registrar was in this case);
- those seeking guidance should be as clear and as focused as possible about the question they are asking and the reasons for so asking. Hypothetical questions can easily create confusion;
- Members are often well advised to approach the Registrar direct to confirm their understanding of guidance which they might have received from other sources to ensure that it applies to their particular circumstances;
- in the case of identifiable donations received through a party's central office, it would aid clarification if the fact that the donation was received through that office were recorded in the Register entry;
- in view of the uncertainties which this case has revealed, the Commissioner's office should consider with the Registrar issuing some further advice about the use of Category 4(b) for donations to Shadow party offices.

5 Appendix, paras. 72-74.

6 Appendix, paras. 78-81.

7 Appendix, paras. 82-3.

15. **We welcome these recommendations, and commend them to the parties concerned.**

16. It follows from our conclusions that there will be a need for a number of Members in Shadow Cabinets, and perhaps in more junior shadow posts, to amend their Register entries. **We agree with the Commissioner that, provided they do so within four weeks of the date of publication of this report, he should not entertain any complaints about previous non-registration, in those cases where the donor has expressed a wish as to how that money is to be spent. Members should continue to register donations in these circumstances.**

17. However, the Commissioner's recommendation,⁸ which we accept, goes further. All donations which go to the support of a Member in the course of their Parliamentary duties, including their donations as a holder of a Shadow office, should be recorded in the Register of Members' Interests where they are:

- given direct to that Member; or
- given to a third party, in particular a party central office, and the donation or parts of it are assigned to that Member in circumstances where the name of the donor is linked to the donation and the Member knows, or reasonably could be expected to know, the identity of the donor.

This requires registration where the name of the donor is linked to the donation to the Member, not by the donor but by the Party. We accept, like the Commissioner, that this change of approach may reveal a range of operational practicalities that need to be resolved, a process that is likely to involve not only Members and their political parties, but also the Electoral Commission and others. We look to the Commissioner to initiate the necessary consultations with all the parties concerned. We also welcome his recognition that the process needs to be consistent with the wider context of the 'one stop shop' as a whole for the reporting by Members of permissible donations, to be achieved by the commencement of section 59 of the Electoral Administration Act 2006⁹. **The creation of this 'one stop shop' is something to which we attach high priority.**

18. We invite the Commissioner to report back when these consultations are completed.

8 Appendix, para. 88.

9 Appendix, para. 87.

Appendix: Memorandum from the Parliamentary Commissioner for Standards

Contents

	<i>Page</i>
Complaint against Mr George Osborne	10
Introduction	10
The Complaint	10
Relevant Provisions of the Code	11
My Inquiries	12
Mr Osborne's Account	13
<i>i. The sources and size of funding for Mr Osborne's office</i>	14
<i>ii. The sequence of events which led Mr Osborne to decide not to register the donations to CCHQ</i>	14
<i>iii. Awareness of Mr David Willetts's registered donations.</i>	15
<i>iv. Information Mr Osborne received from his Whips' Office or others in coming to his decision</i>	15
<i>v. How far he was aware of the source of advice on which the Conservative Whips Office was relying and if he was aware of the specific questions they had asked in receiving this advice</i>	15
Mr McLoughlin's Account	16
Commissioning the Registrar's Views	17
Approaches from Other Shadow Ministers	17
The Registrar's Account	19
Subsequent Exchanges	21
Findings of Fact	23
Conclusions	27
Does the obligation to register donations received as a Member of Parliament extend to donations received to support a Member in their Shadow Ministerial office?	28
Does the obligation to register donations apply only if a donation is for the individual by name, and not by virtue of the political office he or she is currently holding?	29
Does the obligation to register apply only when a donor identifies specifically the intended recipient of the donation and not when they are content for it to be used for any purpose in support of a political party?	29
Written evidence received by the Parliamentary Commissioner for Standards	34
1. Article in Mail on Sunday, 13 January 2008	34
2. E-mail to the Commissioner from the office of Mr Kevan Jones MP, 14 January 2008	35
3. Letter to the Commissioner from Mr Kevan Jones MP and Mr John Mann MP, 14 January 2008	35
4. Letter to Mr George Osborne MP from the Commissioner, 15 January 2008	36
5. Letter to Mr Kevan Jones MP and Mr John Mann MP from the Commissioner, 15 January 2008	37
6. Letter to the Commissioner from Mr George Osborne MP, 18 January 2008	37

7. Letter to Mr George Osborne MP from the Opposition Chief Whip, 17 January 2008	40
8. Shadow Ministerial Guidance on the Registration of Interests	41
9. E-mail to the office of the Opposition Chief Whip from the Registrar of Members' Interests, 6 December 2007	42
10. E-mail to the office of the Opposition Chief Whip from the Registrar of Members' Interests, 7 December 2007	43
11. Mr George Osborne's Donors wish Account	44
12. Letter to the Registrar of Members' Interests from the Commissioner, 22 January 2008	46
13. Letter to Mr George Osborne MP from the Commissioner, 22 January 2008	47
14. Letter to the Commissioner from Mr Peter Ainsworth MP, 24 January 2008	47
15. Letter to the Commissioner from Rt Hon David Davis MP, 24 January 2008	48
16. Letter to the Commissioner from Mr Alan Duncan MP, 25 January 2008	49
17. Letter to the Commissioner from Mr Michael Gove MP, 23 January 2008	49
18. Letter to the Commissioner from Rt Hon William Hague MP, 24 January 2008	50
19. Letter to the Commissioner from Mr Jeremy Hunt MP, 22 January 2008	51
20. Letter to the Commissioner from Mr Andrew Lansley MP, 23 January 2008	52
21. Letter to the Commissioner from Rt Hon Francis Maude MP, 24 January 2008	52
22. Letter to the Commissioner from Mr Grant Shapps MP, 23 January 2008	53
23. Letter to the Commissioner from Mrs Theresa Villiers MP, 23 January 2008	54
24. Letter to Mr Peter Ainsworth MP from the Commissioner, 5 February 2008	55
25. Letter to Rt Hon David Davis MP from the Commissioner, 5 February 2008	55
26. Letter to Mr Alan Duncan MP from the Commissioner, 5 February 2008	56
27. Letter to Mr Michael Gove MP from the Commissioner, 5 February 2008	56
28. Letter to Rt Hon William Hague MP from the Commissioner, 5 February 2008	56
29. Letter to Mr Jeremy Hunt MP from the Commissioner, 5 February 2008	57
30. Letter to Mr Andrew Lansley MP from the Commissioner, 5 February 2008	57
31. Letter to Rt Hon Francis Maude MP from the Commissioner, 5 February 2008	57
32. Letter to Mr Grant Shapps MP from the Commissioner, 5 February 2008	58
33. Letter to Mrs Theresa Villiers MP from the Commissioner, 5 February 2008	58
34. Letter to the Commissioner from Mr Peter Ainsworth MP, 11 February 2008	58
35. Letter to the Commissioner from Rt Hon David Davis MP, 6 February 2008	59
36. Note of telephone conversation between the Commissioner and Mr Alan Duncan MP, 6 February 2008	59
37. Note of meeting between the Commissioner and Mr Michael Gove MP, 12 February 2008	59
38. Letter to the Commissioner from Rt Hon William Hague MP, 14 February 2008	60
39. Letter to the Commissioner from Mr Jeremy Hunt MP, 7 February 2008	60
40. Letter to the Commissioner from Mr Andrew Lansley MP, 18 February 2008	60
41. Letter to the Commissioner from Rt Hon Francis Maude MP, 7 February 2008	61
42. E-mail to the Commissioner from Mr Grant Shapps MP, 23 February 2008	61
43. E-mail to the Commissioner from Mrs Theresa Villiers MP, 7 February 2008	61
44. Letter to the Commissioner from the Registrar of Members' Interests, 6 February 2008	61
45. Letter to Mr George Osborne MP from the Commissioner, 12 February 2008	65
46. Letter to the Opposition Chief Whip from the Commissioner, 7 February 2008	65
47. Letter to the Commissioner from the Opposition Chief Whip, 20 February 2008	66

48. Letter to the Opposition Chief Whip from the Commissioner, 12 February 2008	67
49. Letter to the Commissioner from the Opposition Chief Whip, 18 February 2008	68
50. Letter to the Registrar of Members' Interests from the Commissioner, 21 February 2008	69
51. Letter to the Commissioner from Mr George Osborne MP, 26 February 2008	69
52. Letter to the Electoral Commission from Mr George Osborne MP, 22 January 2008	70
53. Letter to Mr George Osborne MP from the Electoral Commission, 22 February 2008	71
54. Letter to the Commissioner from the Registrar of Members' Interests, 3 March 2008	71
55. Letter to the Opposition Chief Whip from the Commissioner, 4 March 2008	72
56. Letter to the Registrar of Member's Interests from the Commissioner, 4 March 2008	72
57. Letter to the Commissioner from the Opposition Chief Whip, 11 March 2008	72

Complaint against Mr George Osborne

Introduction

1. This memorandum reports my conclusions on a complaint I have received from Mr Kevan Jones (the Member for North Durham) and Mr John Mann (the Member for Bassetlaw) in respect of an alleged failure by Mr George Osborne (the Member for Tatton and Shadow Chancellor of the Exchequer) to register donations in the Register of Members' Interests.

2. On Sunday 13 January 2008 the *Mail on Sunday* published an article alleging that Mr George Osborne had failed to include in his personal entry in the Register of Members' Interests donations of some £500,000 which had been paid through the Conservative Party and had been reported to the Electoral Commission, but not to the Registrar, even though some of the donors had requested that the money should go towards the cost of running his Shadow Ministerial office.¹ The following day, 14 January 2008, I received a letter from Mr Kevan Jones with Mr John Mann asking that I investigate whether Mr Osborne had broken the rules of the House in not “*declaring*”² the donations. The e-mail giving me an electronic copy of the letter was headed “*Complaint relating to George Osborne MP*”³: it is clear that they intended their letter to be a formal complaint. This memorandum is my report on that complaint.

The Complaint

3. The letter from Mr Kevan Jones and from Mr John Mann of 14 January 2008 invited me to investigate whether Mr Osborne had broken the rules of the House in not declaring “*nearly £500,000 in donations to his office*”.⁴ Mr Jones and Mr Mann said that they understood that Mr Osborne and the Opposition Chief Whip, Mr Patrick McLoughlin (the Member for West Derbyshire), had contacted the Registrar of Members' Interests for advice regarding the declarations and they invited me to confirm that this was the case. They noted that Mr Osborne had suggested that the reason for “*his failure to declare these donations*” was that the regulations regarding the declaration of donations were not clear. They were concerned that this should be used as a defence because they believed the same justification had been used to explain why House of Commons dining facilities had been used by Conservative Members for party fundraising in the last Parliament.⁵ They noted

1 WE 1.

2 Technically, there is a requirement to register interests in the Register of Members' Interests. The requirement to declare relates to the obligations on Members to declare an interest in a debate or proceeding of the House (see the Guide to the Rules relating to the Conduct of Members). In this report, I refer to registration when that is the issue even though some of those giving evidence refer to declaration in the same context.

3 WE 2.

4 WE 3.

5 Committee on Standards and Privileges; Complaints about alleged misuse of Parliamentary dining facilities; 3rd Report of Session 2006-07, HC 431.

secondly that similar donations through Conservative Central Office had been declared by Mr David Willetts (the Member for Havant) in July 2007.

Relevant Provisions of the Code

4. Paragraph 16 of the Code of Conduct for Members of Parliament provides as follows:⁶

Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Interests and shall always draw attention to any relevant interest in any proceeding of the House or its Committees, or in any communications with Ministers, Government Departments or Executive Agencies.

5. The Guide to the Rules relating to the Conduct of Members sets out in Section 1 rules relating to the Registration of Members' Interests. Paragraph 9 describes the main purpose of the Register as follows:

The main purpose of the Register of Members' Interests is "to provide information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament." The registration form specifies ten Categories of registrable interests which are described below. Apart from the specific rules, there is a more general obligation upon Members to keep the overall definition of the Register's purpose in mind when registering their interests.

6. Category 4 of those rules deals with sponsorships in the following terms:

- (a) *Any donation received by a Member's constituency association which is linked either to candidacy at an election or to membership of the House; and*
- (b) *any other form of financial or material support as a Member of Parliament, amounting to more than £1,000 from a single source, whether as a single donation or as multiple donations of more than £200 during the course of a calendar year.*

7. Category 4 is explained further in paragraphs 25-27 of the Guide in the following terms:

25. This Category deals with sponsorship or other forms of support by companies, trade unions, professional bodies, trade associations, other organisations and individuals. Political donations which Members are required to report to the Electoral Commission should be entered under this Category unless—

⁶ "The Code of Conduct, together with the Guide to the Rules, relating to the Conduct of Members", HC 351.

⁷ Select Committee on Members' Interests, First Report, Session 1991-92, "Registration and Declaration of Financial Interests, HC 236, paragraph 27.

- (a) *it would be more appropriate to enter them under another Category, such as Category 5 (Gifts, benefits and hospitality (UK)) or Category 6 (Overseas visits); or*
- (b) *they are exempt from registration.*

26. *Category 4(a) deals with financial contributions to **constituency associations**. Support should be regarded as “linked” directly to a Member’s candidacy or membership of the House if it is expressly tied to the Member by name, e.g. if it is a contribution to the Member’s fighting fund or a donation which has been solicited or encouraged by the Member. Financial contributions to constituency associations which are not linked to a Member’s candidacy or membership of the House do not have to be registered.*

27. *Category 4(b) covers support from which the Member receives any financial or material benefit in support of his or her role as a Member of Parliament. (Any contribution for the **personal benefit** of a Member should be entered under Category 5 (Gifts, benefits and hospitality (UK)).) The types of support which should be registered under this Category include the services of a research assistant or secretary whose salary, in whole or in part, is met by an outside organisation or individual; the provision of free or subsidised accommodation for the Member’s use, other than accommodation provided by a local authority to a Member for the sole purpose of holding constituency surgeries or accommodation provided solely by the constituency party; and financial contributions towards such services or accommodation.*

My Inquiries

8. Having considered the letter of complaint I had received from Mr Jones and Mr Mann, I concluded that there was sufficient evidence that the Code or the rules may have been breached to merit a preliminary inquiry. I wrote, therefore, to Mr Osborne on 15 January to invite his comments on the complaint.⁸ In responding to the complaint, I invited Mr Osborne in particular to:

- *“let me know the sources of funding for your office, i.e. direct donations; donations to you personally channelled through the Conservative Central Office; donations to your office—Shadow Chancellor—channelled through Central Office; sums received from Central Office whose provenance has not been identified; and other provision;*
- *set out the sequence of events that led you to decide not to register the relevant donations;*
- *let me know what information you may have received from your Whips’ Office or others in coming to this decision—it would be helpful to know who gave you any advice and the dates on which it was given;*

- *let me know whether you were aware that Mr David Willetts had registered donations provided through Conservative Central Office and, if so, what consideration you gave to this;*
- let me know how far you were aware at the time of making your decision of the source of advice on which your Whips' Office were relying and whether you were aware of the specific questions that they asked in receiving this advice.”

9. I noted that the Registrar of Members' Interests had been involved in giving advice to the Conservative Whips' Office and that she would not therefore be assisting me with this complaint, although I might invite her to give me her account of what happened.

10. I wrote on the same day to Mr Jones and to Mr Mann to acknowledge their complaint and to undertake that I would be in touch again to let them know the outcome of my inquiries.⁹

Mr Osborne's Account

11. Mr Osborne wrote to me on 18 January with his response to my letter to him of 15 January.¹⁰ He attached to his letter a letter of 17 January from the Opposition Chief Whip, the Rt Hon Patrick McLoughlin MP¹¹ with an extract from the Shadow Ministerial guidance regarding registration of interests,¹² a copy of an e-mail of 6 December 2007 from the Registrar to the special adviser in the Opposition Chief Whip's office¹³ and a further e-mail of 7 December from the Registrar to the same person.¹⁴ There was also a copy of what was described as “*G Osborne's Donors wish Account*”,¹⁵ and a table showing the breakdown of income and expenditure in relation to those reporting to Mr Osborne in his office in respect of his role as Shadow Chancellor of the Exchequer.

12. Mr Osborne's letter said that he had always sought to comply fully with the rules governing the declaration of Members' interests, as he had understood them and as they had been explained to him. He asked me to take into consideration “*the fact that a significant number of my colleagues in the Shadow Cabinet have followed the same practice that I have, and received the same advice that I have*”. He noted that Mr McLoughlin had written to the Clerk of the Committee on Standards and Privileges on 11 January asking for clarification of the general issue of how staff employed by the Conservative Party to support Members in the exercise of their frontbench responsibilities should be registered when donations had been made to the central Party, but donors had expressed a wish as to how that money was spent.

9 WE 5.

10 WE 6.

11 WE 7.

12 WE 8.

13 WE 9.

14 WE 10.

15 WE 11.

13. I summarise Mr Osborne’s responses to my specific questions (see paragraph 8 above) as follows:

i. The sources and size of funding for Mr Osborne’s office

14. There were three sources of funding. First, Mr Osborne used Parliamentary allowances to employ and support three members of staff to assist him in his role as a constituency Member of Parliament. Secondly, there were two sets of donations, the first one received in April 2006 and again in April 2007 and the other received monthly from January 2006 to January 2007, both of which he had registered in the Register of Members’ Interests (as well as with the Electoral Commission) because this money was directly received and controlled by him, although it was used to support his activities as “*Shadow Chancellor and as the Conservative Party’s General Election Co-ordinator*”. Third, there were members of staff employed by the Conservative Party who reported to him in his capacity as “*Shadow Chancellor and General Election Co-ordinator rather than as a Member of Parliament*”. There were at the time of writing six members of such staff on Conservative Party contracts who reported directly to him. As Election Co-ordinator all members of staff at the Conservative Party Headquarters (CCHQ) assisted him at his request and reported to him on specific issues. The staff were paid for by the general resources of the Conservative Party. His understanding was that four donors to the Conservative Party had expressed a wish that their donations be used to support the activities of the Shadow Chancellor’s team. He was aware of the identity of the donors, although the donations were originally solicited by the Treasurer’s department of the Conservative Party. They were declared to the Electoral Commission and there was no guarantee given that the money would be used to employ staff who reported to him. In addition, donations from four other donors to the Conservative Party who had expressed a wish to support the Shadow Cabinet in general were assigned within the internal accounts of the Conservative Party to pay for the members of the CCHQ staff who directly reported to him.

ii. The sequence of events which led Mr Osborne to decide not to register the donations to CCHQ

15. Mr Osborne reported that when he joined the Shadow Cabinet in 2005 he drew a distinction—as did other members of the Shadow Cabinet—between the financial support he received as a Member of Parliament and the staff support from CCHQ he received as a member of the Shadow Cabinet. He believed that under Category 4 of the Members’ Code of Conduct (see paragraphs 6 and 7 above) he did not need to register the staff support he received as Shadow Chancellor from CCHQ or the donations that were made to the Conservative Party linked to employment of those staff. His reasons were as follows:

- (i) *“the donations were received and accepted, and declared to the Electoral Commission, by the Conservative Party, not by me;*
- (ii) *“there was no guarantee given to the donors that their donation would be spent on CCHQ staff who reported to me;*
- (iii) *“the CCHQ staff were not employed by me; and*

(iv) “the CCHQ staff would continue to be employed if I ceased to be Shadow Chancellor or a Member of Parliament.”¹⁶

16. Mr Osborne said that he did not believe that the donations could be said to be “indirectly supporting me in my role as a Member of Parliament, which is what Category 4(b) of the Code covers”. He had felt it right to register the two donations he had registered which were to support his role as Shadow Chancellor because the money had been received by him and was controlled by him—“because the donations were specifically for me and would not be automatically transferred if I ceased to be a member of the frontbench”.

17. Mr Osborne reported in December 2007 that he had sought the specific advice of the Opposition Chief Whip on this matter, who then spoke to the Registrar of Members’ Interests. That exchange is covered later in this summary.¹⁷

18. On 11 January 2008 Mr Osborne was told that the *Mail on Sunday* newspaper had obtained an internal Conservative Party spreadsheet with details about the staff and donations of those who had either expressed a wish to support staff reporting to him or who had expressed a wish to support staff reporting to the Shadow Cabinet. He went to see the Registrar. He showed her the spreadsheet and an e-mail exchange she had had with the special adviser in the Opposition Chief Whip’s office. The Registrar said to Mr Osborne that there was an argument that support received from CCHQ should be registered, but that this was a “grey area” and that the advice she had given had been “unclear”.

iii. Awareness of Mr David Willetts’s registered donations.

19. Mr Osborne was not personally aware until the week before he wrote to me that Mr Willetts had registered donations to CCHQ that were linked to him.

iv. Information Mr Osborne received from his Whips’ Office or others in coming to his decision

20. Mr Osborne’s Chief of Staff had been told by Mr McLoughlin on 10 December that Mr McLoughlin had checked with the Registrar of Members’ Interests about the way CCHQ staff should be registered and that Mr Osborne’s entry in the Register of Members’ Interests was correct.

v. How far he was aware of the source of advice on which the Conservative Whips Office was relying and if he was aware of the specific questions they had asked in receiving this advice

21. Mr Osborne was aware that Mr McLoughlin had spoken to the Registrar of Members’ Interests. He was aware that he had covered a number of issues with her. He believed that

¹⁶ WE 6.

¹⁷ Paragraphs 22-24.

“among those issues was the issue of how to register CCHQ staff who reported to him, and the donations to CCHQ that helped support their employment”.

Mr McLoughlin’s Account

22. I turn now to Mr Patrick McLoughlin’s account of his and his office’s dealing with the Registrar of Members’ Interests. Mr McLoughlin’s letter of 17 January to Mr Osborne¹⁸ noted the advice he issued to every frontbencher which was to the effect that they must ensure that they abide scrupulously by the rules of the House relating to the registration and declaration of outside interests. Under Category 4(b) of the Guide to the Rules, his understanding was that donations which were made to CCHQ and linked to frontbench roles rather than to Members of Parliament were thought to fall outside that category, especially when they funded CCHQ staff on CCHQ contracts who were assigned to support the position rather than a particular Member. He therefore understood that donations to CCHQ did not need to be declared in the Register, but that donations directly to Shadow Cabinet members for their own use and direction had to be declared, and that explained the declaration by Mr David Willetts as well as Mr Osborne’s declared donation.

23. Following a Shadow Cabinet meeting on 4 December, and a series of news stories in late 2007, he decided to check with the Register of Members’ Interests and the Electoral Commission that all arrangements for the Shadow Cabinet were in order. He met informally with the Registrar on 5 December, accompanied by his special adviser. He said they *“discussed the differences between, and requirements of, the Register of Members’ Interests and the Electoral Commission”*. He asked the Registrar to provide a note on where the declarations overlapped. She did so by e-mail on 6 December.¹⁹ The special adviser to the Opposition Chief Whip followed this with a telephone call to the Registrar on 7 December. Mr McLoughlin noted that she asked the Registrar *“whether the distinction the Electoral Commission made of donations to an MP as an office holder rather than to the MP as his or herself, also held for the Register of Members’ Interests”* (Mr McLoughlin’s emphasis). Mr McLoughlin said that his special adviser was told that if a donation to a constituency association was *“linked by name”* it should be declared. When she asked whether the same would apply for a donation made to Conservative Central Office and *“linked”* in any way to a frontbencher, the Registrar said the rules were likely to be the same but it depended on the nature of the donation. Immediately after that the special adviser received an e-mail from the Registrar in the following terms:

“I think I misled you just now. The register deals with donations to a Member’s constituency association and not to central offices. Sorry.”

24. On 10 December Mr McLoughlin met with Mr Osborne’s Chief of Staff (among others). He outlined the advice he had received and confirmed that the way in which the donations had been recorded was correct.

¹⁸ WE 7.

¹⁹ WE 9.

Commissioning the Registrar's Views

25. Having considered Mr Osborne's letter and enclosures, I decided that I needed to have the views of the Registrar of Members' Interests. I wrote to the Registrar on 22 January²⁰ and informed Mr Osborne that I was doing so.²¹

26. I invited the Registrar's comments on the complaint and on the response I had received from Mr Osborne on 18 January, together with its enclosures. Particular questions I put to her were as follows:

- a) *could you let me have your account of any exchanges you had with the Opposition Whips' Office and Mr Osborne on the registration of donations to Opposition spokespersons' offices? I would welcome copies of any contemporaneous notes you may have made, e-mails or other written exchanges;*
- b) *in preparing this account, could you let me know the questions which you believed you were being asked and the relevance of the replies you provided, together with any notes you may have to substantiate your recollection;*
- c) *I would welcome your view on the application of the Code and Rules to the situation described in Mr Osborne's letter in respect of donations to Mr Osborne's office;*
- d) *could you let me know if you are aware of any material supplementary to the Guide—either in advice notes or in documents published by the Committee on Standards and Privileges which address this situation;*
- e) *could you let me know whether you are aware of any previous approaches for advice in a similar situation from any Member of Parliament or party represented in Parliament on the same or similar donation issues. In particular, could you let me know if you were involved in the process which led to Mr David Willetts MP registering donations he received through Conservative Central Office in the Register of Members' Interests and, if so, the sequence of events as they involved you;*
- f) *could you let me know what is your understanding of the application of the current Code and Rules to this issue; what information or exchanges you had which reflect your understanding; whether you believe there are issues which need clarification, and if so, what recommendations you may have for achieving this.*

Approaches from Other Shadow Ministers

27. On 25 January I received ten letters from Members of the Conservative Party's front bench about financial support they had received through Conservative Campaign

20 WE 12.

21 WE 13.

Headquarters in support of their Shadow Ministerial role.²² The letters had some common features—they all referred to the support they received being to help them fulfil their frontbench role and not to support them in their role as a Member of Parliament. They identified the donations which CCHQ applied to support their Shadow office. In all cases the donation provided a member or members of staff to support the Shadow Minister in carrying out their frontbench responsibilities. In one case (Mrs Theresa Villiers) donations had also been used to cover some expenses related to her attendance at the Conservative Party Conference in October 2007 and to staff-related expenses at the Conference. Each letter said that the donations were received and accepted by the Conservative Party, declared to the Electoral Commission as a donation of more than £5,000 and banked in the Party's general bank account.

28. In some cases—Mr Peter Ainsworth, Mr Jeremy Hunt and Mr Grant Shapps—the arrangements were inherited in some form from their predecessor in Shadow office. In others—Rt Hon David Davis, Mr Michael Gove, Rt Hon Francis Maude and Mrs Theresa Villiers—the Shadow Minister had some sort of involvement in the fundraising or engagement with the donor. The Rt Hon William Hague had declared one of the donations to his Shadow office since the money had come to him direct. The dates for the donations ranged from July 2006 (Mr Andrew Lansley) to December 2007 (Mr Michael Gove).

29. I wrote to each of the Shadow Cabinet members who had written to me, letting them know that I was considering the issues raised in their letters in the context of this complaint and that I hoped that my conclusions would help to resolve the problem in respect of registering donations received through Conservative Campaign Headquarters in the Register of Members' Interests.²³ I asked one Member who had not identified dates when the sums were received to do so and I asked each Member to confirm whether they knew the identity of their donor or donors before the complaint against Mr Osborne had become public knowledge on 13 January 2008.

30. I received responses in writing, in person or by telephone from each of those ten Shadow Cabinet Ministers between 7 February and 23 February.²⁴ While individual circumstances varied, broadly six Members knew the identity of all their donors before 13 January this year (Mr Peter Ainsworth, Rt Hon David Davis, Rt Hon William Hague, Mr Jeremy Hunt, Rt Hon Francis Maude and Mrs Theresa Villiers); and four did not, or were not sure of all of them (Mr Alan Duncan, Mr Michael Gove, Mr Andrew Lansley and Mr Grant Shapps).

22 WE 14-23.

23 WE 24-33.

24 WE 34-43.

The Registrar's Account

31. The Registrar of Members' Interests sent me on 6 February her response to my questions about her role in this matter.²⁵ The Registrar had had a meeting on 5 December 2007 with Mr Patrick McLoughlin. She had expected the meeting, which was arranged at very short notice, to discuss the guidance which the Conservative Party had prepared for the Shadow Cabinet about the registration of interests which the special adviser to the Opposition Chief Whip had sent to her that day. In the event, she said that Mr McLoughlin had asked about the areas of overlap in registration between the Electoral Commission and the Register of Members' Interests. She explained that the areas of overlap were principally covered by Categories 4 (sponsorship) and 6 (overseas visits). She did not recall any reference in the discussion to "hypothecated donations"—meaning donations through Conservative Central Office, accompanied by a request that they should be put to a particular use. Nor did she understand at the time that such donations (however binding or otherwise the degree of hypothecation) were a common feature of party funding. Following that meeting she sent a note of the areas of overlap, which was attached to her letter.²⁶

32. The Registrar then had a telephone call from the special adviser on 7 December 2007, which she did not record at the time. She accepted, however, the report of the special adviser as set out in Mr McLoughlin's letter to Mr Osborne of 17 January 2008.²⁷ This was that the special adviser asked whether the distinction the Electoral Commission made of donations to an MP *as an office holder* rather than to the MP as his or herself also held for the Register of Members' Interests. The Registrar accepted that she advised that if a donation to a constituency association was "*linked by name*" this should be declared. When asked whether the same would apply for a donation to Conservative Central Office and "*linked in any way to a frontbencher*", the Registrar said that the rules were likely to be the same, but it depended on the nature of the donation. The Registrar said that she felt uneasy about the telephone conversation and so e-mailed the special adviser as follows:

*"I think I misled you just now. The Register deals with donations to a Members' constituency association and not to central offices. Sorry."*²⁸

33. The Registrar said that in retrospect she was worried that she had given the impression that Members must register donations to Conservative Central Office which had been solicited by them, and that she was thinking in terms of Category 4(a) which deals with donations received by a Member's constituency association rather than of Category 4(b) which relates to any other form of financial or material support to a Member of Parliament. She was not at the time thinking in terms of donations to Conservative Central Office for the use of particular Shadow Cabinet members. In hindsight she recognized that

25 WE 44.

26 WE 9.

27 WE 7.

28 WE 10.

it would have been much preferable for her to have telephoned the special adviser to explain that her reservations applied to Category 4(a) rather than 4(b), or at least sent a fuller e-mail. The Registrar in her letter reiterated that she did not recall being asked at any time specifically about donations made to Conservative Central Office and accompanied by requests that they should be used for the support of a particular frontbench member or team. She said her thinking was centred on Category 4(a), rather than on 4(b).

34. The Registrar said that Mr Osborne, accompanied by the special adviser to the Opposition Chief Whip, came to see her on 12 January 2008. The Registrar said that his visit was prompted by press interest in donations to his office. Mr Osborne showed the Registrar the e-mails she had sent the special adviser on 6 December 2007 and on 7 December 2007. The Registrar confirmed that she did say that her advice might have been unclear, accepting that it veered from addressing the question which the special adviser understood she was putting to the Registrar.

35. In her account to me the Registrar expressed regret that, through not seeking to establish more precisely in December exactly what question was being asked, and through not putting her full and considered advice in writing, she had caused trouble to Members and to the House generally.

36. The Registrar noted that while the Guide did not specify how donations to the offices of Opposition frontbenchers should be treated, by practice they were registered in Category 4(b) as being support “in the capacity of a Member of Parliament”. She said that Members receiving direct support for frontbench offices were always advised to register it. Her view on the application of the Code and Rules—which I shall be considering later in this report—was “*if a donation of more than £1,000 is made to Central Office, a wish is expressed that the donation should be used to support the Shadow Chancellor, the donation is used to support the Shadow Chancellor and the Shadow Chancellor is aware of the source of the support, then the donation should be treated in the same way as a direct donation and a Register entry should be made as required by Category 4(b)*”.

37. As a result of my request, the Registrar then identified previous approaches from Members which might be relevant. The first related to Mr David Willetts’s entry in the Register. He had written to the Registrar asking for updates to his entry and referring to an earlier discussion about registration of his research account. Having spoken to the Registrar, he wrote to register support from four donors under Category 4(b) of the Register on 30 March 2006. In May 2006 he clarified this entry and registered under the same category “*through Conservative Central Office, a donation to assist the employment of an education researcher*”. The second case related to a Member who had a member of staff “*paid for by the Business Liaison Unit at Conservative Central Office*”. It was received in March 2006. The Commissioner’s office were told that the person was paid “*from normal Party funds*”, and confirmed that it was not registrable. The third example also arose in March 2006. A Member asked whether a donation to the Conservative Party from a particular individual needed to appear on the Register as well as being registered with the Electoral Commission. He said that although the donation was formally to the Conservative Central Office, it was understood that it would in large part be used to fund

his office. The Registrar had said it would be “*prudent to register it*”. The Member subsequently did so. He did not indicate in his registration that the donation was “*passed through Central Office*” and the Registrar had not addressed that aspect of the entry, although she believed that had she done so she would probably have regarded it as sufficient to identify the ultimate donor.

38. The Registrar concluded that her understanding had been that hypothecated donations in circumstances similar to those of Mr Osborne were registrable under the Code and she considered her exchanges with other Members reported above, in particular with Mr Willetts, reflected this understanding. She believed there was a strong argument for thinking that the knowledge that the Member’s office was being funded in part by a particular donor, even if the donation were mediated through the Party’s central office, might be thought to exert the sort of influence with which the Register was established to deal.

39. The Registrar accepted, however, there was room for argument about whether this interpretation of the Code was correct. She noted also that the Electoral Administration Act 2006 opened the way for a system whereby Members would register once only items which they were currently required to register with both the Electoral Commission and the Registrar. But she could not say with certainty whether or not such a system would have prevented the present complaint from arising.

Subsequent Exchanges

40. Having reviewed the evidence I had received so far, I concluded that this complaint raised some important wider issues which needed to be considered by the Committee on Standards and Privileges. The central issue which emerged from the evidence was whether or not the financial arrangements which supported the offices of Shadow Ministers were subject to the rules on the registration of Members’ interests. I therefore wrote to Mr Osborne on 12 February²⁹ to let him know that I had decided that I should report formally my conclusions to the Committee.

41. I also identified a point I needed to have clarified in the response from the Opposition Chief Whip with regard to the entry in the Register by Mr David Willetts. Mr McLoughlin had noted that it had always been clear that donations directly to Shadow Cabinet Members for their own use and direction must be “*declared*” and that this explained Mr Willetts’s declaration of support in the Register.³⁰ I wrote to Mr McLoughlin on 7 February³¹ and asked for his help in reconciling that with Mr Willetts’s entry where the heading made clear that the donations in question had been provided through Conservative Central Office. I copied that letter to Mr Willetts. Mr McLoughlin replied on

29 WE 45.

30 WE 7.

31 WE 46.

20 February.³² Mr McLoughlin said that he was not aware that Mr Willetts had made that entry at the time he did so, but, having spoken to Mr Willetts, he understood that it was unclear whether the support was directly for Mr Willetts or for the role of Shadow Education Secretary. While Mr Willetts's staff were employed by CCHQ, it was not clear whether they would continue to support Mr Willetts should he cease to be in his existing role. Mr Willetts therefore declared all donations. Following his meeting with the Registrar in December 2007, and his adviser's further exchanges with the Registrar on 6 and 7 December, Mr McLoughlin was content with the approach he had taken, as he was with Mr Osborne's entry in relation to his specific donations.

42. I thought it right also to check with Mr McLoughlin the account which the Registrar had given me of her meeting with him and the special adviser on 5 December and the Registrar's statement that she did not recall being asked at any time specifically about donations made to Central Office accompanied by a request that they should be used for the support of a particular frontbench Member or team. Accordingly, I wrote to Mr McLoughlin on 12 February.³³

43. Mr McLoughlin replied on 18 February.³⁴ He challenged the Registrar's reference to him expressing relief about the one-stop shop for the registration of donations.³⁵ In what he described as a more substantial concern, Mr McLoughlin challenged the Registrar's statement that she had not been asked specifically about donations to Central Office. He referred to his account of the telephone conversation between the Registrar and the special adviser on 7 December where he believed the Registrar was asked whether the distinction the Electoral Commission made of donations to a Member of Parliament **as an office holder** rather than to the Member of Parliament as his or herself, also held for the Register of Members' Interests. He noted that the Registrar was reported to have said that the rules for the registration for a donation made to Conservative Central Office and "linked" in any way to a frontbencher, were likely to be the same as for a donation to a constituency association "linked by name" to a Member, but it depended on the nature of the donation. He believed also the reference in the subsequent e-mail to the Register not dealing with donations to central offices indicated that a conversation about Central Office donations had indeed taken place. He also referred to the Conservative Party press statement issued on 11 January which included the following reference:

"In December last year we sought clarification from Registrar of Members' Interests, regarding direct donations to a Party where donors express a wish as to how their donation is spent. The result of that e-mail discussion was an understanding on our behalf that this kind of support from the Conservative Party did not need to be registered by individual Members...."

32 WE 47.

33 WE 48.

34 WE 49.

35 This is a shorthand reference to the proposals in the Political Parties, Elections and Referendums Act 2000 (PPERA) which would permit Members to register with the Registrar information about donations required both by the House of Commons and by the Electoral Commission.

Mr McLoughlin said that this statement had been gone through in detail with the Registrar and had reflected amendments she suggested.

44. Accordingly, I put these points to the Registrar in my letter of 21 February.³⁶ She replied on 3 March.³⁷ The Registrar was happy to accept that Mr McLoughlin considered that an amendment to the system of dual registration would be helpful and lead to a better system. She also accepted that her statement that she did not recall being asked at any time specifically about donations made to central offices accompanied by a request that they should be used for the support of a particular frontbench Member or team was too narrow in its wording. She accepted the Opposition Chief Whip's account of the question she had been asked in her telephone conversation on 7 December with the special adviser. She confirmed that she had agreed with Mr Osborne on 11 January that her e-mail of 7 December to the special adviser might have been misleading and again apologised.

45. I wrote to both the Registrar and Mr McLoughlin on 4 March,³⁸ showing Mr McLoughlin the Registrar's response, and saying I thought there was now a common understanding of the exchanges. Mr McLoughlin wrote to me on 11 March and agreed with this conclusion.³⁹

46. I received a further letter from Mr Osborne on 26 February.⁴⁰ As well as acknowledging my letter of 12 February⁴¹ about reporting to the Committee, he enclosed an exchange he had had with the Electoral Commission about the distinction between "*the resources that are donated to me as an MP and those that are provided to me by the Party in support for my role as Shadow Chancellor of the Exchequer*".⁴² He noted that the Electoral Commission had now concluded that there was "*no evidence*" of breach of its rules regarding the registration of these donations.

47. Having again reviewed all the evidence I received, I concluded that, with the help of all the parties involved, I had sufficient on which to make my findings of fact. It is to these I now turn.

Findings of Fact

48. The offices of members of the Conservative Party's Shadow Cabinet have for some years been generally supported by donations made by donors to the Conservative Party Central Office, now known as the Conservative Campaign Headquarters (CCHQ). Almost all of these donations, along with others, have been recorded with the Electoral Commission as donations to the Conservative Party not to the individual Member of

36 WE 50.

37 WE 54.

38 WE 55 and 56.

39 WE 57.

40 WE 51.

41 WE 45.

42 WE 52 and 53.

Parliament. The Electoral Commission makes a distinction between the two categories, and donations must be registered in either one or the other.

49. The Shadow Cabinet believed that a similar distinction applied to the Register of Members' Interests. As a general rule, members of the Conservative Shadow Cabinet registered in the Register only donations received by them in support of their role as a constituency MP, or received by them directly and in support of their role as a member of the Shadow Cabinet, or when the donation, even if it came through CCHQ, was clearly for their own use and direction. This understanding has been in place for some years. It was followed by Mr Osborne. Three members of the Shadow Cabinet separately from each other sought the advice of the Registrar of Members' Interests in March 2006 in respect of financial support received through Conservative Central Office in support of their Shadow Ministerial duties and, consistent with her advice, two made registrations of those donors who gave financial support for this purpose: there was no identifiable donor for the third.

50. The formal collective approach to the Registrar on behalf of the Conservative Shadow Cabinet was made by the Opposition Chief Whip following a meeting of the Shadow Cabinet on 4 December 2007. He was asked to check with the Registrar of Members' Interests whether donations made to Conservative Campaign Headquarters (CCHQ) and linked to frontbench roles rather than to Members of Parliament were registerable under Category 4(b) of the Guide to the Rules relating to the conduct of Members. The Opposition Chief Whip, with his special adviser, met the Registrar, at short notice, on 5 December. They had shortly before the meeting sent the Registrar the current version of the Shadow Ministerial guidance relating to the registration of interests. That guidance does not deal with donations made to Shadow Ministers' offices, whether or not through CCHQ. The meeting with the Registrar discussed the overlap of registration requirements between the Register of Members' Interests and the Electoral Commission. The Registrar confirmed the discussion in an e-mail on 6 December, which identified the areas of overlap as relating to Category 4 (sponsorship) in the Register of Members' Interests and to Category 6 (overseas visits).

51. The special adviser to the Opposition Chief Whip telephoned the Registrar on 7 December 2007 to ask whether the distinction that the Electoral Commission made of donations to an MP as an office holder rather than to the MP as his or herself, also held for the Register of Members' Interests. The Registrar advised that if a donation to a Constituency Association were linked to the name of the Member, it should be declared. The special adviser asked whether the same would apply for a donation made to Conservative Central Office and linked in any way to a member of the Opposition frontbench. She was told that the rules were likely to be the same but it depended on the nature of the donation. The Registrar was, however, worried by this advice and so sent the special adviser a follow-up e-mail apologising that she might have misled the special adviser in their telephone conversation. The Registrar then stated in her e-mail that the Register dealt with donations to a Member's constituency association and not to central offices. No record was made of the Registrar's telephone conversation with the special adviser.

52. On the basis of the advice provided by the Registrar, the Opposition Chief Whip told Mr Osborne's Chief of Staff that the way that Mr Osborne's donations had been registered both in the Register and with the Electoral Commission was correct.

53. On 11 January 2008, following approaches from the press, Mr Osborne came to see the Registrar of Members' Interests, accompanied by the Opposition Chief Whip's special adviser. He was being questioned by the press about the registration in the Register of Members' Interests of donations made to his Shadow Chancellor's office. He reminded the Registrar of the exchanges she had had with the Opposition Chief Whip in December, and the e-mail she had sent to the special adviser. The Registrar accepted that her advice might have been unclear since it veered from addressing the question which the special adviser understood she had been putting to the Registrar in the telephone conversation of 7 December. The question she had been asked was whether the distinction the Electoral Commission made of donations to a Member of Parliament as an office holder rather than to the Member of Parliament as his or herself held for the Register of Members' Interests. The Registrar did not answer that question. The special adviser, and the Opposition Chief Whip, understood that she had. They took the terms of her e-mail of 7 December which stated that the Register dealt with donations to a Member's Constituency Association and not to Central Offices to mean that donations to a Party's Central Office which were subsequently allocated to a Member's Shadow Office were not registrable. They discounted the Registrar's advice given in her telephone conversation with the special adviser that, depending on the nature of the donation, donations made to Conservative Central Office and linked by name to a Member were likely to be registrable, since the subsequent e-mail suggested that the Registrar believed she had misled the special adviser with this advice.

54. Mr Osborne has staffing support as a constituency Member of Parliament and in his role as Shadow Chancellor of the Exchequer. As of January 2008, he had three members of staff supporting him in his role as a constituency MP. He had six members of staff who reported to him in his capacity as Shadow Chancellor of the Exchequer. These latter staff assist him in his duties as Shadow Chancellor, developing the economic policy of the Conservative Party, assisting in the development of policy throughout the Party, assisting in the campaigning activities of the Party and advising the Leader of the Opposition and other members of the Opposition frontbench on economic and financial issues. They also work as advisers to, and press officers for, junior Shadow Treasury Ministers.

55. These staff are employed on CCHQ contracts. They would continue to be employed by CCHQ if Mr Osborne were no longer the Shadow Chancellor of the Exchequer.

56. These staff, together with staff in Conservative Central Office, also support Mr Osborne as the Conservative Party's General Election Co-ordinator. The staff who support Mr Osborne as Shadow Chancellor of the Exchequer (and as the Conservative Party's General Election Co-ordinator) report to him. They are funded from donations by identified donors who have given their donations to CCHQ. Four of the donors have expressed a wish that their donations should be used to support the activities of the Shadow Chancellor's team, although, under Conservative Party policy, there is no guarantee that the money would be used in this way. Four other donors have expressed a wish to support

the Shadow Cabinet in general. Mr Osborne is, and has for some time been, aware of who these donors are—their names and the amounts they had donated to his office. In addition Mr Osborne has received two annual donations from one donor and for 2006 a monthly donation from another donor, which the donors had specifically asked should be allocated to Mr Osborne by name, to support his role as Shadow Chancellor. Because Mr Osborne believed that those donations would not automatically be transferred to his successor, he registered those donations in the Register of Members' Interests.

57. A similar policy was followed by most, but not all, other members of the Shadow Cabinet. One member of the Shadow Cabinet, Mr David Willetts, has identified in the Register of Members' Interests donations he received through Conservative Central Office. They were, however, donations which the donor had specifically asked should go to Mr Willetts by name. They were therefore analogous to the donations registered by Mr Osborne, except that Mr Willetts identifies their provenance as coming through Conservative Central Office. One other Member of the Shadow Cabinet had also registered a donation received through Conservative Central Office although its route to him is not reflected in his registration.

58. Mr Osborne, along with other members of the Shadow Cabinet, considers that donations to their Shadow Ministerial offices, when they come through CCHQ, even if they know who their donors are, are not registrable under the terms of the rules relating to the conduct of Members. This is because Category 4(b) relating to sponsorship requires registration of “any other form of financial or material support as a Member of Parliament”. Mr Osborne does not believe that this covers support received for Shadow Ministers. Mr Osborne accepts, however, that registration should nevertheless be made where a donation is received and controlled by the Member even if it is used in support of their Shadow Ministerial office.

59. The Registrar, on the other hand, while accepting that there is room for argument about the interpretation of the Code, believes that a donation should be registered in the following circumstances: where a donation of more than £1,000 is made to Conservative Central Office with the wish expressed that it should be used to support, for example, the Shadow Chancellor and is so used and that Member knows the name of the donor. She believes this is consistent with the principal purpose of the Register set out in the Guide to the Rules (paragraph 9) that:

“The main purpose of the Register of Members' Interests is ‘to provide information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament.’”⁴³

43 Paragraph 9 of the Guide to the Rules relating to the Conduct of Members, HC 351, Session 2005-06.

Conclusions

60. The purpose of the Register of Members' Interests is to provide transparency in the financial and other material benefits which a Member of Parliament may receive and which could be thought by others to influence his or her actions in Parliament or in his or her capacity as a Member of Parliament.⁴⁴ While, perhaps inevitably, this important objective has to be achieved through some complex and careful interpretations and definitions, it is important not to lose sight of the overall purpose of the Register. It is important too that the practice which emerges from the close examination of the rules is sufficiently clear as to be operable by Members; and, above all, that it will be seen as open, transparent and sensible by informed members of the public.

61. I do not believe that anyone involved in the circumstances which this report describes has lost sight of the overriding purpose of the Register or is other than committed to its objectives. This is a story of misunderstandings, of discussions held at cross purposes, of the misinterpretation of conversations and e-mails. This is deeply regrettable, particularly on a matter of such importance, but I am satisfied it was unintended by any of the parties involved.

62. The problem arose initially from a meeting between the Opposition Chief Whip and the Registrar on 5 December, through a telephone conversation between his special adviser and the Registrar on 7 December, to a subsequent e-mail from the Registrar to the special adviser on the same date. The first time the question of donations to party central offices was raised was in the telephone conversation of 7 December. The Registrar came at the issue via a discussion of donations to constituency associations which were "linked" by name to the Member (and which should be registered). She suggested that, depending on the nature of the donation, the same rules would apply to donations to central offices—i.e. they should be registered if linked by name to a Member.

63. Her subsequent e-mail appeared to rescind that advice and replaced it with advice that she has accepted was unclear. The Registrar was thinking about Category 4(a) (donations to constituency associations), and so intended to say—quite correctly—that donations made to party central offices were not registrable (under this category). The Opposition Chief Whip was thinking about donations to party central offices being passed on to Shadow Ministers' offices and, quite understandably, the e-mail appeared to him to say that the register did not deal with them since it did not deal with donations to central offices. The point was intended to be a point about paragraph 4(a) of the Code. It was taken as a point about paragraph 4(b). And that was the principal source of the misunderstanding.

64. The Registrar's advice is widely recognised in the House as well judged, empathic and sound. Members are well advised to seek the advice of the Registrar on any point of difficulty and interpretation at the earliest possible moment, and to take that advice. Those

44 *Ibid.*

who do have considerable assurance in the face of any subsequent complaint alleging that they may not have acted within the rules. And if for any reason a finding of a breach is made, the Commissioner nevertheless gives that advice much weight in drawing his conclusions.

65. On this occasion, the advice which understandably the Opposition Chief Whip's office believed that it had been given did not accord with the advice the Registrar would have given had the confusion about the issue being put to her not arisen.

66. It is necessary therefore to put to one side those exchanges in determining whether these donations were registrable, and to consider the case for non-registration as addressed by Mr Osborne, a situation which had existed for some substantial period before the Opposition Chief Whip sought the Registrar's advice in December 2007.

67. At the heart of Mr Osborne's central proposition is that donations made in support of a Shadow Ministerial office are not generally registrable in the Register of Members' Interests. If this is so, it follows that Mr Osborne had not breached the rules and that any registration of donations in support of a Shadow Office is made for other reasons, such as the personal nature of any particular donation.

68. In considering this central proposition, I have addressed three key questions, on the answers to which the proposition appears to depend. They are:

- a) Does the obligation to register donations received as a Member of Parliament extend to donations received to support a Member in their Shadow Ministerial office?
- b) Does the obligation to register donations apply only if a donation is for the individual by name, and not by virtue of the political office he or she is currently holding?
- c) Does the obligation to register apply only when a donor identifies specifically the intended recipient of the donation and not when they are content for it to be used for any purpose in support of a political party?

I deal with each of these questions in turn in the following paragraphs.

Does the obligation to register donations received as a Member of Parliament extend to donations received to support a Member in their Shadow Ministerial office?

69. Members of the Shadow Cabinet who sit in the House of Commons are, by definition, Members of Parliament. As leading official party spokesmen, they are recognised in Parliamentary proceedings and are normally given particular hearing and precedence by Mr Speaker. It is a role of some Parliamentary influence. They are also assumed to have influence in the policies relating to their brief which are relevant to Parliamentary debates and which influence the votes of fellow Members of Parliament. I consider it is a proper outworking of the Register's main purpose to include in the information published the financial and other material benefits which a Member of Parliament may receive, even if those benefits are to support them in their work in Parliament—and elsewhere—as a

Member of the Shadow Cabinet or Shadow frontbench team. I consider that the reference in Category 4(b) to financial or material benefit in support of their role as a Member of Parliament should be interpreted in this way. Members of Parliament may in the course of their duties as a Member undertake a variety of activities. Where they receive financial or other material benefit to help carry out these activities—other than benefits from the public purse or from party funds whose provenance is not identifiable—they should be registrable, since Parliamentary colleagues and the public ought to be able to see in one place the Members who are receiving those benefits and from where they ultimately come. It is difficult to see that the public interest would be served by omitting from the Register donations which support a Member in certain aspects of their Parliamentary duties, whatever they may be.

Does the obligation to register donations apply only if a donation is for the individual by name, and not by virtue of the political office he or she is currently holding?

70. At the time when a Member of Parliament is, for example, holding a Shadow office, they benefit from the support which a donation provides, whether or not it is specifically donated to them by name. That benefit helps in policy research, analysis and presentation—among other things—and, where well directed and well delivered, must enhance the standing of the individual office holder as well as his or her office. An individual Member of Parliament benefits personally in terms of their standing and reputation, and benefits in terms of their ability to fulfill their Shadow Office or other responsibilities. That benefit should be registered.

71. I do not think it matters for this purpose whether the donation comes direct to the Member or via a political party's central office. I do not think that it matters whether the donor has made clear in advance—or subsequently—that the donation may be carried over from or to a successor. While he or she holds that office, the Member of Parliament exercising that Shadow function benefits from the donation. A simple and direct requirement to register all such donations avoids also difficult judgements about the intentions of the donor, the degree to which the Member has been involved in soliciting the benefit from the donor and the exact route the donation has taken. The result of such distinctions would be to leave Members open to unnecessary challenge and to confuse those who want reasonably to know who is resourcing a Member's office.

Does the obligation to register apply only when a donor identifies specifically the intended recipient of the donation and not when they are content for it to be used for any purpose in support of a political party?

72. If the conclusion of the previous paragraphs is accepted, it follows that it does not matter what detailed caveats or restrictive provisions the donor has applied to the donation, or what particular policies are pursued by a party's central office receiving any such donation. The key issue is not so much where the donation has come from, but where it goes to. If the Member benefits from the donation, and if the Member might reasonably

be thought to know the source of that donation, then the potential for influence, or perceptions of influence, clearly exists.

73. It is possible, as this inquiry has shown, for some Members to know who are making donations to their offices and some not to know. If a Member does not know the identity of the donor, the name cannot be registered and there can be no question of influence on the Member. But I would advise against artificial attempts at ignorance. This is not an issue which would benefit from the equivalent of a blind trust. The criteria for registration is whether the benefit which a Member receives might reasonably be thought by others to influence their actions, speeches or votes [my emphasis]. People might reasonably expect Members to know the identity of any donors who were specifically supporting their office and, if they did not know, might reasonably expect them to find out at the time when the staff or resources were made over to them.

74. The considerations in respect of donations to constituency associations under category 4(a) of the Guide are different. There, financial contributions to constituency associations are registrable only if they are linked directly to a Member. A donation is regarded as so linked if it is expressly tied to a Member by name, for example because it is a donation to the Member's fighting fund or if it has been solicited or encouraged by the Member. Otherwise, financial contributions to constituency associations are not registrable, even if the Member is aware of them and their source.

75. These distinctions are necessary because a constituency association has an identifiable existence which is clearly separate from the Member of Parliament it may have at the time. Indeed the candidate who becomes a Member of Parliament is selected by the constituency organisation and answerable to them. The constituency body will be undertaking activities and incurring expenditure which is not under the control of the Member and may not be relevant to his or her responsibilities and interests as the Member of Parliament at the time. The requirement under category 4a of the Rules to register donations that are expressly tied to the Member by name reflects the separate identity of the constituency body. The same considerations do not apply to financial support of a Shadow Minister's own office. The Shadow office is there to support the Member holding that office at the time. The appointment of the Member is dependent not on the office, but on the Party or its leader. Donations from identifiable donors given to a Shadow Minister's office benefit that Shadow Minister and could, therefore, be seen by others as having the potential to influence the Member's behaviour.

76. I recognise that where unidentifiable funds come to a party's central office and are used to support a Member of Parliament, then that support is not registrable. This is acceptable because such funding does not engage the purpose of registration, which is to identify benefits which a Member receives which might reasonably be thought by others to influence his or her actions in Parliament or in his or her capacity as a Member of Parliament.

77. It follows that I do not believe that the distinction made by the Electoral Commission between donations made to a Member of Parliament in their capacity as an office holder of

their Party (e.g. a Shadow Minister) and donations made to them in their capacity as a Member of Parliament holds for the Register of Members' Interests. The Registers in this respect meet different purposes. My understanding is that all relevant donations are captured by the Electoral Commission, but they are registered under different statutory provisions and in different systems. There is no separate category in the Register of Members' Interests to identify the support given to Members of Parliament in respect of their Shadow Ministerial duties and, on what I believe to be the correct interpretation of Category 4(b), there is no need for such a category.

78. My conclusion, therefore, is that, on this interpretation of Category 4(b), Mr Osborne should have registered under that category the donations he received from identifiable donors when they were allocated to him from CCHQ. In this respect, therefore, I uphold the complaint that the registration requirements were breached.

79. I do not believe it would be fair or reasonable to criticise Mr Osborne as a result. The position in respect of support for his Shadow Office was similar to that of other Members of the Opposition front bench teams and fully reflected the position as it was generally understood by his party at the time the relevant donations were made. He reasonably followed advice from the Chief Whip's office on whether or not to register, knowing that such advice was based on consultation with the Registrar.

80. The Opposition Chief Whip's office took the right action in consulting the Registrar and acted in good faith in interpreting the guidance which they believed they had received.

81. The Registrar acted entirely professionally in providing the Opposition Chief Whip's office with advice on the matters which she believed they had put to her. Had she appreciated the particular question which affected Mr Osborne's situation, I am confident she would have answered it directly and advised registration.

82. There are some general lessons that might be drawn from this case:

- a) the Registrar of Members' Interests and the Commissioner should always be consulted about points of difficulty and uncertainty in the interpretation of the rules (as the Registrar was in this case);
- b) those seeking guidance should be as clear and as focused as possible about the question they are asking and the reasons for so asking. Hypothetical questions can easily create confusion;
- c) Members are often well advised to approach the Registrar direct to confirm their understanding of guidance which they might have received from other sources to ensure that it applies to their particular circumstances.

83. I also make some more specific recommendations:

- a) in the case of identifiable donations received through a party's central office, it would aid clarification if the fact that the donation was received through that office were recorded in the entry;

b) in view of the uncertainties which this case has shown, the Commissioner's office should consider with the Registrar issuing some further advice about the use of Category 4(b) for donations to Shadow party offices.

84. My conclusions, if accepted, are likely to cause a number of Members in Shadow Cabinets to amend their register entry. They should have a reasonable time to do so—perhaps the normal registration window of 4 weeks. I would not entertain any complaints about non-registration in these circumstances until after that period has elapsed.

85. The principle underlying this approach is that there should be the maximum transparency about the identity of those who donate to the support of a Member of Parliament, including one who has Shadow Cabinet responsibilities.

86. The operation of this principle needs to be clear to donors, to political parties, to Members of Parliament and to the wider public. Equally, its operation needs to be compatible with the proposed operation of the “one stop shop” for reporting Members' interests. If Section 59 of the Electoral Administration Act 2006 is to be brought into effect in relation to Members of Parliament, then Members need to know what is expected of them if their returns are to meet the requirements both of the Members' Register and of the Electoral Commission. Political parties need to know what information they need to report to the Commission about their funding. If there are to be overlaps through using the same information for the different purposes of the Register and the Commission, then the reasons need to be clear and the processes simple to operate. Gaps should be identified and filled.

87. It would not be sensible to seek to resolve these operational practicalities on the basis of this complaint alone. There needs to be wider consultation, not least with the Electoral Commission and the political parties. The process for reporting donations received through party offices and assigned to Members' offices needs, therefore, to be consistent with the wider context of the operation of the one stop shop as a whole.

88. In the meantime, the operation of the principle of transparent registration would suggest that all donations which go to the support of a Member in the course of their Parliamentary duties, including their donations as a holder of a Shadow office, should be recorded in the Register of Members' Interests where they are:

- given direct to that Member; or
- given to a third party, in particular a party central office, and the donation or parts of it are assigned to that Member in circumstances where the name of the donor is linked to the donation and the Member knows, or reasonably could be expected to know, the identity of the donor.

For these purposes, the donor can be an individual or organisation or any other identifiable source of funding other than public funds.

89. The outcome of this inquiry is I hope to increase the clarity and the transparency of the operation of the Register of Members' Interests and in particular to resolve any

uncertainties over the registration requirements in respect of financial support for Members with frontbench responsibilities.

23 April 2008

John Lyon CB

Written evidence received by the Parliamentary Commissioner for Standards

1. Article in Mail on Sunday, 13 January 2008

THE Tories were plunged into a party donors' row last night after it emerged that George Osborne secretly received almost £500,000 last year.

Documents obtained by The Mail on Sunday showed that the Shadow Chancellor was given money by some of Britain's richest people to help pay the costs of running his shadow ministerial office at Westminster.

A section headed 'G. Osborne's Donors wish Account' showed that donors who are worth a total of about £1.6 billion used part of their wealth to bankroll Mr Osborne's activities last year.

The money comes from donations to the Conservatives which have been declared to the Electoral Commission.

The backers have requested that a specific amount is passed on to Mr Osborne.

But none of the donations—channelled from Tory coffers to the Shadow Chancellor's office—have been declared by Mr Osborne in the Register of Members' Interests as being used to pay his staff costs. Last night, Tory officials confirmed that other Shadow Cabinet ministers' offices were funded in this way.

Mr Osborne's secret donors include Lady Serena Rothschild from the famous banking family. She gave £190,000 to the Tory Party, all of which was passed on to Mr Osborne's office.

Hedge-fund entrepreneur Hugh Sloane funded the Shadow Chancellor to the tune of £125,000. Meanwhile, financier Sir John Beckwith—uncle of It girl Tamara Beckwith—provided £30,000.

Harris Ventures, run by carpet magnate and Tory donor Lord Harris of Peckham, gave £100,000 last year.

In an extraordinary development, Mr Osborne last night blamed the senior Commons official in charge of the register for the secrecy.

He said that Commons Registrar told him last month that he did not need to name the seven donors.

Mr Osborne said there were emails to back up his position.

But yesterday, after this newspaper obtained the donors' names, the Shadow Chancellor said that the Registrar had now admitted she could have been wrong. 'I was told that my declarations were in order,' he said in a statement. 'The Registrar has now told us that her initial advice may have been unclear.'

'These donations are to the Conservative Party, they are openly declared and we have followed the rules as they were explained to us.'

'All the donations over £5,000 have been declared to the Electoral Commission and are available for all to see on their website, as the law requires.'

The Registrar declined to comment last night.

In a desperate attempt to resolve the situation, Tory Chief Whip Patrick McLoughlin has now referred the matter to the Commons' sleaze watchdog.

The dispute centres on whether the Shadow Chancellor should have made clear that the money was earmarked for his office by the donors.

Under Commons rules, MPs have to disclose the identities of donors of more than £1,000 if the gift is linked to their membership of the House and 'expressly tied to the Member by name'.

Labour MPs have accused Mr Osborne of exploiting a loophole in this rule.

Durham North MP Kevan Jones said: ‘George Osborne should come clean on who is bankrolling his office.

‘This is yet another example of the hypocrisy of the Tory Party, who lecture others on probity and donations yet have myriad scams disguising the true funders of their party.’

Mr Jones added that he would be writing to the parliamentary standards commissioner to demand an inquiry. The latest controversy erupted after this newspaper obtained a copy of the accounts for Mr Osborne’s office. In a section headed ‘Breakdown of Income and Expenditure’, the seven donors are named with details of the £487,000 in contributions they made last year.

The document also showed that after the £359,000 staff costs of Mr Osborne’s eight party aides were paid, there was a balance last month of £127,123.

Two of the donors listed are Cypriot-born millionaire Tony Yerolemou and his wife Barbara.

Astonishingly, Mr Osborne’s office last night claimed that the couple—listed as having given £2,000—should not have been included. An official said further checks had revealed that the Yerolemou family had not asked for their party donation to be channelled to Mr Osborne.

The timing of the revelations will infuriate David Cameron by drawing attention away from the donations row engulfing Labour minister Peter Hain.

And in November, Mr Osborne led the charge over Labour’s illegal ‘proxy’ donations.

The latest row has distinct echoes of that scandal, involving David Abrahams giving money via third parties, although Mr Osborne yesterday rejected the comparison.

He insisted that ‘all the donations over £5,000’ had been declared to the Electoral Commission by the party.

To add to Mr Osborne’s embarrassment, his colleague David Willetts has listed in the Commons Register both direct gifts and donations made indirectly ‘through Conservative Central Office’.

These include one from the Shadow Chancellor’s secret supporter Sir John Beckwith.

13 January 2008

2. E-mail to the Commissioner from the office of Mr Kevan Jones MP, 14 January 2008

Complaint relating to George Osborne MP

Please find attached a letter relating to the above complaint from Kevan Jones MP and John Mann MP. A hard copy has been sent in the post and Mr Osborne has been informed.

14 January 2008

3. Letter to the Commissioner from Mr Kevan Jones MP and Mr John Mann MP, 14 January 2008

You will be aware of recent articles in the press relating to the alleged failure of George Osborne MP to declare nearly £500,000 in donations to his office in his entry in the Register of Members’ Interests.

We understand that Mr Osborne and the Conservative Chief Whip, Patrick McLoughlin MP, contacted the Registrar of Members’ Interests for advice regarding declarations and we would be grateful if you could confirm that this is the case.

We also understand that Mr Osborne did not feel it was necessary to declare the donations because they were made to Conservative Central Office, despite the fact that it would appear the donations were specifically to meet the costs of running his office.

Mr Osborne has suggested that the reason for his failure to declare these donations is that the regulations regarding the declaration of donations are not clear. We are concerned that this should be used as a defence for two reasons.

Firstly, the same justification was used to explain why House of Commons dining facilities had been used by Conservative Members for party fundraising in the last Parliament. Secondly, we note that similar donations through Conservative Central Office were declared by David Willetts MP in July 2007:

Donations have been provided through [Conservative Central Office](#) from:

Mr Peter Hall, businessman, to assist me with the employment of a senior research assistant. (*Registered 17 July 2007*)

Mr Charles Pugh, businessman, to assist me with the employment of an education researcher. (*Registered 17 July 2007*)

Mr Richard Sharp, businessman, to assist me with the employment of an education researcher. (*Registered 17 July 2007*)

We would therefore be grateful if you would investigate whether Mr Osborne has broken the rules of the House in not declaring nearly £500,000 in donations to his office.

Please do not hesitate to contact us if you require any clarification.

14 January 2008

4. Letter to Mr George Osborne MP from the Commissioner, 15 January 2008

I am writing to invite your comments on a complaint I have received from Mr Kevan Jones MP and Mr John Mann MP that you failed to register financial donations to your office in the Register of Members' Interests.

I attach a copy of the Members' letter of 14 January.

In essence, their complaint is that you failed to register donations to your office contrary to the relevant resolution of the House. Paragraph 16 of the Code of Conduct provides:

Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Interests and shall always draw attention to any relevant interest in any proceeding of the House or its Committees, or in any communication with Ministers, Government Departments or Executive Agencies.

Category 4 of the Guide deals with sponsorships defined as:

- a) *Any donation received by a Member's constituency association which is linked either to candidacy at an election or to membership of the House; and*
- b) *any other form of financial or material support as a Member of Parliament, amounting to more than £1,000 from a single source, whether as a single donation or as multiple donations of more than £200 during the course of a calendar year.*

And paragraph 27 gives more information about what is covered by category 4b.

I should be grateful if in accordance with the procedure set out in the enclosed note, you would send me your response to this complaint from Mr Jones and Mr Mann. It would be helpful if in doing this, you could:

- let me know the sources of funding for your office, i.e. direct donations; donations to you personally channelled through the Conservative Central Office; donations to your office – Shadow Chancellor – channelled through Central Office; sums received from Central Office whose provenance has not been identified; and the provision;
- set out the sequence of events that led you to decide not to register the relevant donations;
- let me know what information you may have received from your Whips Office or others in coming to this decision – it would be helpful to know who gave you any advice and the dates on which it was given;
- let me know whether you were aware that Mr David Willets had registered donations provided through Conservative Central Office and, if so, what consideration you gave to this;
- let me know how far you were aware at the time of making your decision of the source of advice on which your Whips Office were relying and whether you were aware of the specific questions that they asked in receiving this advice.

I would welcome any other comments you may wish to make.

I recognise that the Registrar of Members' Interests has been involved in giving advice to your Whips Office in relation to this matter. I should make clear that she will not be assisting me therefore with this complaint. Although I expect to invite her to give me her account of what happened.

Once I have received your response, I will consider the way forward. In the meantime if you would like to speak about the complaint at any point, please do not hesitate to contact me on the number above. In any event I look forward to receiving your response.

15 January 2008

5. Letter to Mr Kevan Jones MP and Mr John Mann MP from the Commissioner, 15 January 2008

Thank you for your joint letter of 14 January with your complaint that Mr George Osborne MP failed to register financial donations to his office in the Register of Members' Interests contrary to the relevant resolutions of the House.

I enclose a note which sets out the procedure I follow in these cases. In accordance with the procedures I am writing to Mr Osborne with a copy of your letter and inviting his response.

I will be in touch again to let you know the outcome of my inquiries.

I am copying this letter to each of your offices.

15 January 2008

6. Letter to the Commissioner from Mr George Osborne MP, 18 January 2008

Thank you for your letter of 15 January and for giving me an opportunity to respond to the specific points which you have put to me about my declaration of Members' Interests.

Let me say from the outset that I have always sought to comply fully with the rules governing the declaration of Members' Interests, as I have understood them and as they have been explained to me.

It is, of course, entirely a matter for you to decide whether you wish to proceed with a full inquiry into the complaint against me. I would only ask you to take into consideration the fact that a significant number of my colleagues in Shadow Cabinet have followed the same practice that I have, and received the same advice that I have.

It was precisely because of the more general application of the issue under investigation that Patrick McLoughlin MP, the Opposition Chief Whip, wrote to the Clerk of the Committee on Standards and Privileges on Friday 11th January asking for a clarification of the general issue of how staff employed by the Conservative Party to support Members in the exercise of their frontbench responsibilities should be registered, when donations have been made to the central Party but donors have expressed a wish as to how that money is spent.

Let me now address your specific points you put to me in your letter.

1. the sources and size of funding for my office.

There are three sources of resources for my office.

First, there are the parliamentary allowances. I use these to employ and support three members of staff who assist me in my role as a constituency MP. Ms A and Ms B both work from home. Ms C works in my office in Parliament. She also carries out general office functions such as answering the phone and keeping my diary.

Second, there is the £25,000 which I received both in April 2006 and April 2007 from Mr Simon Robertson. This money goes into a bank account entitled Office of George Osborne MP and I am the sole signatory on the account. This money is used to pay for the expenses I incur in my role as Shadow Chancellor and as the Conservative Party's General Election Co-ordinator, for example foreign travel, external consultants' fees and taxi fares. Although this money is used to support my activities as Shadow Chancellor rather than as a Member of Parliament, this money is directly received by me and controlled by me. It would not automatically be transferred to someone else if I ceased to be Shadow Chancellor. Therefore I felt it was right to declare this money to the Register of Members' Interests and to the Electoral Commission—which I did within the required time limits on both 28th April 2006 and 19th April 2007. From 30th January 2006 until 4th January 2007 I also received a monthly sum of £10,000 from Lord Harris of Peckham into the same bank account for the same purposes. It was not used to employ staff and it would not have been transferred to someone else if I ceased to be Shadow Chancellor. This money was also registered within the required time limits with the Register of Members' Interests and the Electoral Commission by me.

Third, there are the members of staff employed by the Conservative Party (CCHQ) and who report to me in my capacity as Shadow Chancellor and General Election Co-ordinator rather than as a Member of Parliament. There are currently six members of the CCHQ staff, on CCHQ contracts, who report directly to me. A further two staff did report to me last year but are now employed elsewhere in CCHQ.

These members of staff assist me in my duties as Shadow Chancellor, which include developing the economic policy of the Conservative Party. Further, they assist in the development of policy throughout the Party, including in education, welfare, health, and home affairs, and assist in the campaigning activities of the Party. They advise the Leader and other members of the front bench on economic and financial issues, and regularly accompany the Leader on economic and finance-related visits. They also work as advisers to, and press officers for, junior Shadow Treasury Ministers. They would continue to be employed by CCHQ if I ceased to be Shadow Chancellor or a member of the frontbench, or indeed, if I ceased to be a Member of Parliament.

Furthermore, as Election Co-ordinator all members of staff at CCHQ assist me, at my request, and report to me on specific issues. These staff are paid for by the general resources of the Conservative Party, resources provided by all the donations made to the Party.

As I understand it, four donors to the Conservative Party—Lord Harris, Jeremy Isaac, Julian Schild and Sir John Beckwith—expressed a wish that their donations be used to support the activities of the Shadow Chancellor's team. These donations totalled £180,000 in the calendar year 2007. I was aware of this, although the donations were originally solicited by the Treasurers department at CCHQ. These donations were received and accepted by the Conservative Party, declared to the Electoral Commission in a timely way and banked in the party's general bank accounts, and not separated. There was no guarantee given that the money would be used to employ staff who reported to me. Within the internal accounts of the Conservative Party, these donations (along with donations to the Conservative Party from Hugh Sloane, Lady Rothschild and Mr and Mrs Yerolemou who expressed a wish to support the Shadow Cabinet in general) were recorded as being assigned to pay for the members of CCHQ staff who directly reported to me.

2. the sequence of events that led me to decide not to register the donations to CCHQ.

I have always sought to comply with the requirements of the Register of Members' Interests as I understood them and as they were explained to me.

When I joined the Shadow Cabinet in 2005 I drew a distinction—as did other members of the Shadow Cabinet—between the financial support I received as a Member of Parliament and the staff support from CCHQ I received as a member of the Shadow Cabinet. I believed that under the terms of Category 4 of the Members' Code of Conduct I did not need to register the staff support I received as Shadow Chancellor from CCHQ or the donations that were made to the Conservative Party that were linked to the employment of that staff.

That was because:

- a) the donations were received and accepted, and declared to the Electoral Commission, by the Conservative Party, not by me;
- b) there was no guarantee given to the donors that their donation would be spent on CCHQ staff who reported to me;
- c) the CCHQ staff were not employed by me, and
- d) the CCHQ staff would continue to be employed if I ceased to be Shadow Chancellor or a Member of Parliament.

I did not believe, therefore, that the donations could be said to be indirectly supporting me in my role as a Member of Parliament, which is what Category 4(b) of the Code covers.

As I explained above, although the money received from Simon Robertson and (until 4 January 2007) from Lord Harris is used to support my role as Shadow Chancellor, because it was received by me and controlled by me I felt it was right—because the donations were specifically for me and would not be automatically transferred if I ceased to be a member of the frontbench—that these donations should be registered both with the Register of Members' Interests and the Electoral Commission.

In drawing these various distinctions I have been guided by the general practice pursued by a number of members of the Shadow Cabinet. In December 2007 I sought the specific advice of the Opposition Chief Whip, who then spoke to the Registrar of Members' Interests. I elaborate on that advice later in this letter.

On January 11th 2008 I was told that the Mail on Sunday newspaper had obtained an internal Conservative Party spreadsheet with details about the staff who reported to me and the donations of those who had either expressed a wish to support staff reporting to me or who had expressed a wish to support staff reporting to the Shadow Cabinet. Within two hours of receiving this news I went to see the Registrar, accompanied by the Opposition Chief Whip's special adviser. I explained to the Registrar some of the issues set out above, and showed her the spreadsheet in question. I also showed her the email exchange she had had with the special adviser. The Registrar said to me that there was an argument that support received from CCHQ should be registered, but that this was a 'grey area' and that the advice she had given had been 'unclear'.

The Registrar said that she would recommend to you that you raise it with the Committee on Standards and Privileges in order to get clarification of the rules. We discussed whether Patrick McLoughlin should do likewise.

3. awareness of David Willetts's registered donations and consideration I gave to this.

I was not personally aware that David Willetts had registered donations to CCHQ that were linked to him until last week. The issue of how CCHQ staff who reported to Shadow Cabinet Members should be registered, and the donations that supported their employment, was raised at the Shadow Cabinet meeting I attended on 4th December 2007 as part of a general discussion on compliance with the rules.

4. what information I received from my Whips Office or others in coming to this decision.

My Chief of Staff was told by Patrick McLoughlin MP on 10th December that he had checked with the Registrar of Members' Interests about the way CCHQ staff should be registered and that my entry in the Register of Members' Interests was correct.

To help with your preliminary inquiry into the complaint against me I asked Patrick McLoughlin to provide me with a letter setting out his version of events. The account in the letter accords with my understanding at the time.

5. how far I was aware at the time of making my decision of the source of advice on which my Whips Office was relying and if I was aware of the specific questions that they asked in receiving this advice.

Mr McLoughlin's letter sets out the version of events as I also recall them. I was aware that he had spoken to the Registrar of Members' Interests. I was aware that he had covered a number of different issues with her. I believed that among those issues was the issue of how to register CCHQ staff who reported to me, and the donations to CCHQ that helped support their employment.

I enclose a copy of Patrick McLoughlin's letter and a copy of the internal CCHQ spreadsheet that was seen by the Mail on Sunday.

It goes without saying that I wish to co-operate fully with your preliminary inquiry and would be happy to provide any further information you require, or come to see you to clarify any issues you have.

18 January 2008

7. Letter to Mr George Osborne MP from the Opposition Chief Whip, 17 January 2008

You have shown me a copy of John Lyon's letter dated 15th January 2008, and I hope that this will help with the final two bullet points made on the second page.

Let me know what information you may have received from your Whips Office or others in coming to this decision—it would be helpful to know who gave you any advice and the dates on which it was given.

As Chief Whip, I issue advice to every frontbencher which states that “we must ensure that we abide scrupulously by the rules of the House relating to the registration and declaration of outside interests”. Members are also advised to consult the Members' Code of Conduct [See Appendix 1].

My understanding in relation to donations made to Conservative Campaign Headquarters (CCHQ), is that the only possible category which these might fall under has been Category 4 as detailed in the Code of Conduct.

Paragraph 26 of the Code explicitly stated that “Category 4(a) deals with financial contributions to *constituency associations*” [italics as in the Code].

Paragraph 27 states that “Category 4(b) covers support from which the Member receives any financial or material benefit in support of his or her role as a Member of Parliament”. Donations which are made to CCHQ and linked to frontbench roles rather than to Members of Parliament were thought to fall outside of this category, especially when they fund CCHQ staff on CCHQ contracts who are assigned to support the position rather than a particular member.

I therefore understood that donations to CCHQ did not need to be declared in the Register. I have always been clear that donations directly to Shadow Cabinet members for their own use and direction must be declared. This explains, for example, David Willetts declaration of support in the register and indeed your declaration of support from Simon Robertson.

I was confident that all of our arrangements were in order, including yours. However, following a series of news stories in late 2007, at the weekly Shadow Cabinet meeting on Tuesday 4th December I was asked to check that all Shadow Cabinet arrangements with (a) the Register of Members' Interests and (b) the Electoral Commission were indeed in order.

Given the complexity of the rules, it was thought prudent to make sure everyone understood these thoroughly.

I, and my special adviser, therefore met informally with the Registrar for Members' interests, on the afternoon of Wednesday 5th December. We discussed the differences between, and requirements of, the Register of Members' Interests and the Electoral Commission, and I asked the Registrar to provide a note on where the declarations overlapped. She did so by email on Thursday 6th December. [See Appendix 2]

My special adviser followed up this note with a call on the morning of Friday 7th December. She asked the Registrar whether the distinction the Electoral Commission made of donations to an MP as an office holder rather than to the MP as his or herself, also held for the Register of Members' interests. She was informed that if a donation to a constituency association was "linked by name" it should be declared. When asked whether the same would apply for a donation made to Conservative central office and "linked" in any way to a frontbencher, The Registrar said the rules were likely to be the same but it depended on the nature of the donation. Immediately after this conversation, the Registrar emailed my special adviser stating:

"I think I misled you just now. The register deals with donations to a member's constituency association and not to central offices. Sorry." [See Appendix 3]

On Monday 10th December I, and my special adviser, met with George Osborne's Chief of Staff, as well as the Chief of Staff to David Cameron. I outlined the advice I had received, and confirmed that the way in which the donations had been recorded was indeed correct.

Let me know how far you were aware at the time of making your decision of the source of advice on which your Whips' Office were relying and whether you were aware of the specific questions that they asked in receiving this advice.

When I was asked at the weekly Shadow Cabinet meeting on Tuesday 4th December to check what needed to be registered with (a) the Register of Members' Interests and (b) the Electoral Commission, I notified the Shadow Cabinet that I intended to speak to the Registrar of Members' Interests.

Subsequently on Monday 10th December, I was able to tell George Osborne's Chief of Staff and the Chief of Staff to David Cameron that I had met with the Registrar, and that the advice I had received confirmed that the donations were in order.

17 January 2008

8. Shadow Ministerial Guidance on the Registration of Interests

Text from the Shadow Ministerial guidance regarding registration of interests. This advice was cleared by the Office of the Parliamentary Commissioner for Standards some time ago.

REGISTRATION OF INTERESTS

We must ensure that we abide scrupulously by the rules of the House relating to the registration and declaration of outside interests. In particular, no Shadow Minister should profit from, or be capable of being portrayed as profiting from, their Shadow Ministerial position.

Subject to the conditions laid out in, and strict adherence to, the Code of Conduct 2005, the accompanying Guide (HC 351), and the 9th Report of the Committee on Standards and Privileges of Session 2001-02, Shadow Ministers are permitted to have outside interests.

The advice that is given to Members at present is that fees under 1 per cent of a Member's salary (currently £600) do not have to be registered unless the Member believes that not to register would not be upholding the general purpose of the Register. The Committee on Standards and Privileges has deprecated the registration (other than in exceptional circumstances) of interests which are not required to be registered.

Fees from a single source that amount (either individually or cumulatively in the course of a calendar year) to more than 1 per cent of a Member's salary (currently £600) should be registered as soon as they reach that

threshold. The entry in the Register should specify the source of the payment and, if the Member is providing services in their capacity as a Member of Parliament, the amount by £5,000 band.

If a Shadow Minister is providing services in their capacity as a Member of Parliament, an agreement for the provision of services should be deposited with the Registrar for public inspection. This should include the words: 'We do not expect x to engage in any form of advocacy as defined in the Resolution of the House of Commons of 6 November 1995' [or a similar phrase]. This requirement does not apply in respect of work for the media or speaking engagements.

Where a Member is a director of, or employed by, a company and personally provides to clients of that company, either directly or indirectly, services which depend essentially on, or arise out of, the Member's position as a Member of Parliament, the names of those clients, together with the nature of their business, should be listed under Category 3 as being clients of the company. The company itself should be registered under Category 1 or Category 2 as set out above.

Shadow Ministers must take particular care to conform to the expectations and requirements of the House in disclosing interests and must avoid any conflict of interest between their Shadow Ministerial responsibilities and activities outside Parliament.

There are exceptions to this, which include the Shadow Law Officers, but the rules are in place to avoid accusations of advocacy in favour of a personal commercial interest (see Guide to the Rules, paragraphs 71 to 82) and should be regarded seriously. The Shadow Law Officers are, nonetheless, reminded that they should register an interest if they continue to practice at the Bar and they should consider doing so even if they are not currently practicing.

When taking part in debates in the House of Commons, attending meetings or engaging in correspondence with other Members or officials, Shadow Ministers should orally declare any relevant pecuniary interest, whether or not it is required to be registered and whether it is direct or indirect, current, immediately past, or expected.

In addition to complying with the requirements of the House so far as the registration and declaration of interests are concerned, Shadow Ministers should notify the Deputy Chief Whip of any new interest that needs to be registered and, if in doubt, his advice should be sought prior to taking on any new interest.

Shadow Ministers should take particular care to ensure that any relevant interest is declared on any Motion, Amendment, Prayer or Parliamentary Question that you table yourself or that is tabled on your behalf. This includes applications for Urgent Questions, daily or Westminster Hall adjournment debates, or SO24 debates. If your name is to appear on any Motion, Amendment or Prayer to be tabled by the Chief Whip's Office, you will be informed and asked if you have any interest that should be declared.

If in any doubt about the practical application of these rules, the Registrar of Members' Interests is always available to Members for consultation and advice on any point of interpretation of the rules of the House.

Acceptance of fees for broadcasting, speaking engagements and articles

Shadow Ministers should not solicit fees for broadcasting, speaking engagements and articles. Fees should not be accepted if the subject matter relates directly to your Shadow Ministerial responsibilities.

Fees may be accepted for speeches, broadcasts, articles, etc on subjects not related to your Shadow Ministerial responsibility, although the usual conventions about consulting the relevant Shadow Minister and the rules of the House regarding the declaration of interests still apply.

9. E-mail to the office of the Opposition Chief Whip from the Registrar of Members' Interests, 6 December 2007

I promised Mr McLoughlin written confirmation of the areas of interest where Members must register both with me and also, under the Political Parties, Elections and Referendums Act 2000 (PPERA), with the Electoral Commission.

I hope the following brief summary will be helpful, but Mr McLoughlin might also like to consult the Electoral Commission for more detail.

The Electoral Commission is interested in 'political donations'. Benefits personal to the Member (e.g. tickets to sporting events) are not of interest to them.

The areas of overlap are concentrated in Categories 4 (Sponsorship) and 6 (Overseas visits). In the case of the latter, their threshold is higher than ours—they do not require the registration of visits worth £1000 or less.

There are also a few interests which we register under Category 5 (Gifts, benefits and hospitality (UK)) which are regarded by the Commission as political donations which need to be registered with them if they are worth more than £1000—car parking passes or web-site design (if worth more than £1000) are examples of these.

Under PPERA, it is the responsibility of the Member to report appropriately to the Electoral Commission. It has recently become the practice of this office to advise Members to consult the Commission if it appears to us that an interest should be registered with them, but I must emphasise that this is a purely informal arrangement and does not absolve Members from the responsibility for being aware of, and complying with, their obligations under the Act. Nor can this office advise, except in general terms, about the requirements of the Act.

This office and the Committee on Standards and Privileges are aware of some dissatisfaction among Members that they have to register the same interest twice. The Electoral Administration Act 2006 opens up the possibility of a 'one-stop shop' for reporting where the requirements overlap, and it is hoped that the House will, before too long, be given the opportunity to consider the implications of such a system and decide whether it wishes to implement it.

I hope this helps

6 December 2007

10. E-mail to the office of the Opposition Chief Whip from the Registrar of Members' Interests, 7 December 2007

Donations

I think I misled you just now. The register deals with donations to a member's constituency association and not to central offices. Sorry.

7 December 2007

11. Mr George Osborne's Donors wish Account

G. Osborne's Donors wish Account

Donors wish income raised as at Dec 07		487,000.00
Less		
Staff Cost as at Dec 07		-359,876.49
		<hr/>
Bal as at Dec 07		127,123.51
		<hr/> <hr/>
<u>Forecast 2008</u>		
Funds b/fwd to 2008		127,123.51
<u>Add</u>		
Harris Venture DD 4 mnths		40,000.00
		<hr/>
		167,123.51
Less Staff cost in 2008 Jan – Apr 08		
Jan-08	-	28,388.74
Feb-08	-	28,388.74
Mar-08	-	28,388.74
Apr-08	-	28,388.74
May-08	-	28,388.74
		<hr/>
	-	141,943.70
		<hr/>
Funds left as at May 08		25,179.81
		<hr/> <hr/>

Extract from breakdown of Income and Expenditure

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	TOTAL	
Cabinet Office														
G Osborne	-	-	-	-	-	-	-	-	-	-	-	-	-	
Donors														
Harris		10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	100,000.00	
Venture														
Hugo Sloane	25,000.00	25,000.00									75,000.00		125,000.00	
John Beckwith				30,000.00									30,000.00	
Mr Isaac					20,000.00								20,000.00	
Mr J Schild			20,000.00										20,000.00	
S Rothschild									190,000.00				190,000.00	
AP & Mrs B Yerdelmon			2,000.00										2,000.00	
Staff														
													359,876.49	
Total	65,704.73	12,619.04	7,619.04	1,522.04	16,199.34	8,853.61	10,872.24	11,260.33	11,062.53	171,006.17	26,973.66	56,611.26	18,388.74	127,123.51

12. Letter to the Registrar of Members' Interests from the Commissioner, 22 January 2008

I am writing to invite your comments on a complaint I have received from Mr Kevan Jones MP and Mr John Mann MP that Mr George Osborne MP failed to register financial donations to his office in the Register of Members' Interests.

The essence of the complaint against Mr Osborne is that he failed to register donations made by identifiable donors to Conservative Central Office which were used specifically to meet the costs of running his Shadow Chancellor's office. The question is whether such a failure is contrary to paragraph 4b of the Rules. I attach a copy of the letter.

I sought a response from Mr Osborne. I enclose a copy of his reply together with the attachments he sent me.

In essence, Mr Osborne believes the donations in question were not registrable under the rules because:

- a) the donations were received and accepted, and declared to the Electoral Commission, by the Conservative Party, not by him;
- b) there was no guarantee given to the donors that their donation would be spent on CCHQ staff who reported to him;
- c) the CCHQ staff were not employed by him; and
- d) the CCHQ staff would continue to be employed if he ceased to be Shadow Chancellor or a Member of Parliament.

He does not consider that the donations could be said to be indirectly supporting his role as a Member of Parliament and so were not registrable under Category 4b of the Code.

He notes that the Opposition Chief Whip's office had consulted you in December which concluded with your e-mail of 7 December 2007 and that in a meeting on 11 January 2008 you accepted that the advice you had given had been unclear.

I would be grateful if in accordance with the procedures set out in the enclosed note, you could assist me in my consideration of this complaint. In particular:

- a) could you let me have your account of any exchanges you had with the Opposition Whips' Office and Mr Osborne on the registration of donations to Opposition spokespersons' offices? I would welcome copies of any contemporaneous notes you may have made, e-mails or other written exchanges;
- b) in preparing this account, could you let me know the questions which you believed you were being asked and the relevance of the replies you provided, together with any notes you may have to substantiate your recollection;
- c) I would welcome your view on the application of the Code and Rules to the situation described in Mr Osborne's letter in respect of donations to Mr Osborne's office;
- d) could you let me know if you are aware of any material supplementary to the Guide – either in advice notes or in documents published by the Committee on Standards and Privileges which address this situation;
- e) could you let me know whether you are aware of any previous approaches for advice in a similar situation from any Member of Parliament or party represented in Parliament on the same or similar donation issues. In particular, could you let me know if you were involved in the process which led to Mr David Willetts MP registering donations he received through Conservative Central Office in the Register of Members' Interests and, if so, the sequence of events as they involved you.

- f) could you let me know what is your understanding of the application of the current Code and Rules to this issue; what information or exchanges you had which reflect your understanding; whether you believe there are issues which need clarification, and if so, what recommendations you may have for achieving this.

I would welcome any other comments you may wish to make.

22 January 2008

13. Letter to Mr George Osborne MP from the Commissioner, 22 January 2008

Thank you for your letter of 18 January with your response to my letter to you of 15 January following up the complaint from Mr Kevan Jones and Mr John Mann. I was grateful to you for sending me this response and for doing it so speedily.

Before coming to a view on the way forward, I have decided that I would like to take the view of the Registrar of Members' Interest as intimated in my letter to you of 15 January. In particular, I would like her advice on her understanding of the current policy and her perception of the nature of the exchanges she had with you and with the Chief Whip's office.

I will be back in touch when I have received and considered her reply.

22 January 2008

14. Letter to the Commissioner from Mr Peter Ainsworth MP, 24 January 2008

I understand that you are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office, when donations have been made to the central party but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from Conservative Campaign Headquarters for their Shadow Cabinet work on a similar basis.

I thought it might therefore be helpful if I made you aware of the position with regard to my own office.

In my capacity as Shadow Secretary of State for Environment, Food and Rural Affairs, my Opposition team receives financial support from Conservative Campaign Headquarters. In my case, CCHQ has informed me that it has received donations of more than £1,000 intended for this purpose from Mr Peter Hall, a businessman. These have helped to provide staff who support the Shadow Defra team in carrying out our Frontbench responsibilities.

The funds concerned would continue to be deployed on the Defra portfolio if I left the Frontbench. To illustrate this point, Peter Hall was introduced by my predecessor in the Defra role (although he made no payment until after I had taken up my present responsibilities).

The donations were received and accepted by the Conservative Party, declared to the Electoral Commission as a donation to the Party if more than £5,000, and banked in the Party's general bank account. This support helps my team fulfil their Frontbench roles, and does not support me in my role as a Member of Parliament.

I should make clear that I have always endeavoured to comply with the rules governing the registration of Members' Interests as I have understood them. But should you decide that further declarations are necessary, I would of course fully comply with your guidance.

I would be very happy to talk to you about the support my team receives from CCHQ if this would be helpful, and to provide further information or clarification if you need it.

24 January 2008

15. Letter to the Commissioner from Rt Hon David Davis MP, 24 January 2008

I understand that you are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office, when donations have been made to the Central Party, but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from Conservative Campaign Headquarters for their Shadow Cabinet offices on a similar basis.

I thought it might, therefore, be helpful if I made you aware of the position with regard to my own office.

In my capacity as Shadow Home Secretary my office receives financial support from Conservative Campaign Headquarters. In my case, CCHQ has informed me that it has applied the following donations of more than one thousand pounds (£1000.00) for this purpose:

Harris Ventures Limited, Philip Harris House, IA Spur Road, Orpington, Kent
BR6 OPH (November 2006, December 2006, January - November 2007)

Midlands Industrial Council, 3 High Street, Bassingham, Lincs LN5 9JZ
(November 2007)

These donations help provide staff who support me in carrying out my Front Bench responsibilities. These staff would continue to be employed on that Portfolio if I left the Front Bench or moved to another responsibility. They provide support to the Party more generally on Home Office matters, including the Leader's office and other members of the Home Office team.

The first of these donations, from Harris Ventures Limited, was raised by the Party Treasurer's Department in order to help fund my office. I was not party to the raising of this money, my involvement being confined to writing a letter of thanks after the money had been raised.

It was my understanding that such donations, and the staff support that they paid for, did not require declaration under the Members' Code of Conduct, but were properly included in the amounts declared by the Party to the Electoral Commission. The donation received from the Midlands Industrial Council in November 2007 will be included in the Conservative Party's next quarterly report to the Electoral Commission, which is due by 30 January 2008.

In autumn 2007, I was asked by the Party Treasurer's Department to approach the Midlands Industrial Council to provide financial support to fund staff in my office. This I did, which led to the donation of forty thousand pounds (£40,000.00).

However, since I had myself been involved in raising the money, I decided to enter this donation with the Members' Register—above and beyond the normal requirement, as I understood it.

I should make clear that I have always endeavoured to comply with the rules governing the registration of Members' interests as I have understood them, but should you decide that further declarations are necessary, it goes without saying that I would fully comply with your guidance.

I would be happy to talk to you about the support my office receives from CCHQ if this would be helpful and to provide further information or clarification if you need it.

24 January 2008

16. Letter to the Commissioner from Mr Alan Duncan MP, 25 January 2008

I understand that you are looking at the question of how George Osborne should declare the financial support he has received through Conservative Campaign Headquarters for the Shadow Chancellor's office, where donations have been made to the central party but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from Conservative Campaign Headquarters for their Shadow Cabinet offices.

I thought it might therefore be helpful if I made you aware of the position in my own office.

In my capacity as Shadow Secretary of State for Business my office receives financial support from Conservative Campaign Headquarters. In my case CCHQ has informed me that it has allocated part of a donation of more than £1,000 for this purpose. It was a donation from:

Mr Ian Taylor [...]

This donation helps provide one member of staff who supports me in carrying out my frontbench responsibilities. The donation was received and accepted by the Conservative Party, declared to the Electoral Commission as a donation to the Party as it was more than £5,000, and banked in the Party's general bank account. This support helps me fulfil my frontbench role, and does not support me in my role as a Member of Parliament.

I should make clear that I have always endeavoured to comply with the rules governing the registration of Members' Interests as I have understood them. But should you decide that further declarations are necessary, I would of course fully comply with your guidance.

I would be very happy to talk to you about the support my office receives from CCHQ if this would be helpful, and to provide further information or clarification if you need it.

25 January 2008

17. Letter to the Commissioner from Mr Michael Gove MP, 23 January 2008

I understand that you are looking at the question of how George Osborne MP should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office, when donations have been made to the central party but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from Conservative Campaign Headquarters for their Shadow Cabinet offices on a similar basis.

I thought it might therefore be helpful if I made you aware of the position with regard to my own office.

In my capacity as Shadow Secretary of State for Children, Schools and Families my office receives financial support from Conservative Campaign Headquarters. In my case, CCHQ has informed me that it has applied the following donations of more than £1,000 for this purpose:

Mr. Hilton Nathanson

[...]

13th November 2007

Mr George E.S. Robinson

[...]

28th November 2007

Mr. Edmund Lazarus
[...]
4th December 2007

Mr. Mark Florman
[...]
17th December 2007

Mr. Romie Tager QC
[...]
18th December 2007

Mr. Alan Jacobs
[...]
18th December 2007

Mr. Adrian Beecroft [...]
[...]
21st December 2007

These donations help provide staff who support me in carrying out my Frontbench responsibilities. The donations were received and accepted by the Conservative Party, declared to the Electoral Commission as a donation to the Party if more than £5,000, and banked in the Party's general bank account. This support helps me fulfil my Frontbench role, and does not support me in my role as a Member of Parliament.

The donors listed above were kind enough to give money to the Party following two events which were organised to discuss the Party's education policy at which I spoke. Following the events the individuals concerned contacted the Party's Treasurers' Department expressing a wish to support the Party with donations which they hoped would help the work of policy development in education. I have listed the days on which the cheques were received which all fell within the last six weeks of last year.

I should add that in my previous role as Shadow Housing Spokesman, I talked to a variety of individuals about Conservative housing policy. Some of them expressed an interest in supporting policy development in this area. I understand they were kind enough to donate to the Party following my move from the Housing portfolio to shadow the Department of Children, Schools and Families. I do not know the identities of all those who did donate but it is my understanding that this was another example of individuals expressing a wish which was not tied to a specific personality but rather to a broader policy development goal.

I should make clear that I have always endeavoured to comply with the rules governing the Registration of Members' Interests as I have understood them. But should you decide that further declarations are necessary, I would of course fully comply with your guidance.

I would be very happy to talk to you about the support my office receives from CCHQ if this would be helpful, and to provide further information or clarification if you need it.

23 January 2008

18. Letter to the Commissioner from Rt Hon William Hague MP, 24 January 2008

I know you are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office, when donations have been made to the central party but donors have expressed a wish as to how that money is spent.

I would like to inform you of the position with regard to my own office.

In my capacity as Shadow Foreign Secretary my office receives financial support from Conservative Campaign Headquarters. In my case, CCHQ has informed me that it has applied the following donation of more than £1,000 for this purpose:

Mr Alan Morgan [...]

This donation helps provide one member of staff who supports me in carrying out my Frontbench responsibilities. That member of staff would continue to be employed on foreign affairs if I left the Frontbench. The donation was received and accepted by the Conservative Party, declared to the Electoral Commission as a donation to the Party of more than £5,000, and banked in the Party's general bank account. This support helps me fulfil my Frontbench role, and does not support me in my role as a Member of Parliament

I have always declared other donations when they have come directly to my office. Should you decide that further declarations are necessary, I would of course comply fully with your guidance.

Please let me know of any guidance on the matter, or if you need any further information.

24 January 2008

19. Letter to the Commissioner from Mr Jeremy Hunt MP, 22 January 2008

I understand that you are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office, when donations have been made to the central party but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from Conservative Campaign Headquarters for their Shadow Cabinet offices on a similar basis.

I thought it might therefore be helpful if I made you aware of the position with regard to my own office.

In my capacity as Shadow Secretary of State for Culture, Media and Sport, my office receives support from Conservative Campaign Headquarters. In my case, CCHQ has informed me that it has applied the following donations of more than £1,000 for this purpose:

- Mr John Lewis [...];
- Mr Peter Hall [...].

Additionally I receive support from CCHQ through the provision of a press officer and a research officer.

The donations were raised by Hugo Swire MP, who previously held the post of Shadow Secretary of State for Culture, Media and Sport, in order to help support his role as a Shadow Cabinet member. I inherited that support when I took over as Shadow Secretary of State in July 2007, which I trust makes it clear that it was always intended and used as support for a frontbench role rather than support for the parliamentary work of a particular individual.

The donations are not for use in my role as a constituency MP.

The donations were received and accepted by the Conservative Party, declared to the Electoral Commission as a donation to the Party if more than £5,000, and banked in the Party's general bank account.

I should make clear that I have always endeavoured to comply with the rules governing the registration of Members' Interests as I have understood them. But should you decide that further declarations are necessary, I would of course fully comply with your guidance.

I would be very happy to talk to you about the support my office receives from CCHQ if this would be helpful, and to provide further information or clarification if you need it.

22 January 2007

20. Letter to the Commissioner from Mr Andrew Lansley MP, 23 January 2008

You are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters (CCHQ) towards the Shadow Chancellor's office, when donations have been made to the central party but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from CCHQ for their Shadow Cabinet offices on a similar basis.

I thought it might therefore be helpful if I made you aware of the position with regard to my own office. In my capacity as Shadow Secretary of State for Health, my office receives financial support from CCHQ. In my case, CCHQ has informed me that it has applied the following donations of more than £1,000 for this purpose:

- Mr Andrew Scott, [...] November 2007.
- London Secure Services Limited (Kenwood House, 1 Upper Grosvenor Road, Tunbridge Wells, Kent, TN1 2EL) September 2006–December 2007.
- Mr Julian Schild, [...] July 2006–November 2007.

These donations help provide staff who support me in carrying out my Frontbench responsibilities. These staff would continue to be employed on that portfolio if I left the Frontbench. The donations were received and accepted by the Conservative Party and banked in the Party's general bank account. This support helps me fulfil my Frontbench role, and does not support me in my role as Member of Parliament.

I would like to add that I did not solicit money, and I did not receive it. Except for two lunches organised by the Treasurer's Department at CCHQ, I have neither had a conversation with a donor nor have I received any correspondence from them. At neither lunch, when I was present, was the issue of donations discussed with me, nor was I involved in the follow-up work which is managed by the Treasurer's Department.

I should make clear that I have always endeavoured to comply with the rules governing the registration of Members' Interests as I have understood them. But should you decide that further declarations are necessary, I would of course fully comply with your guidance.

I would be very happy to talk to you about the support my office receives from CCHQ if this would be helpful, and to provide further information or clarification if you need it.

23 January 2008

21. Letter to the Commissioner from Rt Hon Francis Maude MP, 24 January 2008

I understand that you are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office, when donations have been made to the central party but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from Conservative Campaign Headquarters for their Shadow Cabinet offices on a similar basis.

I thought it might therefore be helpful if I made you aware of the position with regard to my own office.

In my capacity as Shadow Minister for the Cabinet Office my office receives financial support from Conservative Campaign Headquarters. In my case, CCHQ has informed me that it has applied a donation by John Coldman of more than £1,000 for this purpose. This donation was made in December 2007. I have known John Coldman for many years, and have been involved with soliciting donations from him previously, which have previously been donations to the party without any expressed wish for the funds to be applied in any particular way. In this instance he made a donation similar in size to his last donation, but in this instance we agreed that he would ask for half the donation to be used to support my office.

This donation helps provide a member of staff who supports me in carrying out my Frontbench responsibilities. The donation was received and accepted by the Conservative Party, declared to the Electoral Commission as a donation to the Party, and banked in the Party's general bank account. This support helps me fulfil my Frontbench role, and does not support me in my role as a Member of Parliament.

It is worth pointing out that in 1998 when I was Shadow Chancellor CCHQ employed several members of staff who were attached to my office, whose costs were supported by donors who had expressed a wish that the funds should be applied in this way. This of course predated PPERA and the Electoral Commission, so there was no statutory requirement to declare general donations. My recollection is that we were advised at the time that it was not necessary to register these donations in the House of Commons Register as they were donations to the party centrally in order to support staff employed by the party centrally.

I should make clear that I have always endeavoured to comply with the rules governing the registration of Members' Interests as I have understood them. But should you decide that further declarations are necessary, I would of course fully comply with your guidance.

I would be very happy to talk to you about the support my office receives from CCHQ if this would be helpful, and to provide further information or clarification if you need it.

24 January 2008

22. Letter to the Commissioner from Mr Grant Shapps MP, 23 January 2008

I understand that you are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office, when donations have been made to the central party but donors have expressed a wish as to how that money is spent.

As you are aware, a number of other members of the Shadow Cabinet receive funding from Conservative Campaign Headquarters for their Shadow Cabinet offices on a similar basis.

I thought it might therefore be helpful if I made you aware of the position with regard to my own office.

In my capacity as Shadow Housing Minister, my office receives financial support from Conservative Campaign Headquarters. In my case, CCHQ has informed me that it has applied the following donations of more than £1,000 for this purpose:

- Charcol Ltd (2nd Floor, Chancery House, 53-64 Chancery Ln, London, WC2A 1QU) June 2007.
- Goldsmith Williams Ltd (Mersey Chambers, 5 Old Churchyard, Liverpool, L2 8TX) June 2007.
- Douglas & Gordon Ltd (67-68 Warwick Sq, London, SW1V 2AR) June 2007.
- The Carling Partnership Ltd (35 Paul St, London, EC2A 4UQ) July 2007.
- Sapcote Group plc (87 Camden St, Birmingham, W Midlands, B1 3DE) July 2007.
- Edeus Creators Ltd (2 Charter Ct, Wolverhampton Business Pk, Wolverhampton, WV10 6TB) July 2007.

These donations help provide staff who support me in carrying out my Frontbench responsibilities.

In my case the arrangement commenced with Michael Gove, as the previous incumbent in my role and the funding from CCHQ followed the portfolio when I became Shadow Minister.

The donations were received and accepted by the Conservative Party and declared to the Electoral Commission as a donation to the Party if more than £5,000, and banked in the Party's general bank account. This support helps me fulfil my Frontbench role, rather than my role as a Member of Parliament.

I should make it clear that I have always endeavoured to comply with the rules governing the registration of Members' Interests as I have understood them. But should you decide that further declarations are necessary, I would of course fully comply with your guidance.

I would be very happy to talk to you about the support my office receives from CCHQ if this would be helpful, and to provide further information or clarification if you need it.

23 January 2008

23. Letter to the Commissioner from Mrs Theresa Villiers MP, 23 January 2008

I understand that you are looking at the question of how George Osborne should declare financial support he has received through Conservative Campaign Headquarters towards the Shadow Chancellor's office when donations have been made to the central party but donors have expressed a wish as to how the money is spent.

As you are aware, a number of Shadow Cabinet Members receive funding from Conservative Campaign Headquarters on a similar basis.

I thought it might therefore be helpful if I made you aware of the position with regard to my own office.

In my capacity as Shadow Secretary of State for Transport, my office receives financial support from Conservative Campaign Headquarters. In my case, CCHQ has confirmed that it has applied the following donations of more than £1000 for this purpose:

Molyneux Management Services Ltd
(Catherine House, 76 Gloucester Place, London, W1U 6HJ)
May 2006 and March 2007

Patrick Evershed
[...]
October 2006

Edward Lee
[...]
December 2006

David Macmillan
[...]
September 2007

Hilton Nathanson
[...]
October 2007

These donations help provide staff who support me in carrying out my front bench responsibilities and who moved with me from my previous role as Shadow Chief Secretary to the Treasury. They have also been used to cover some other expenses related to my attendance at the Conservative Party Conference October in 2007 (and staff related expenses at the conference). The donations were received and accepted by Conservative Campaign Headquarters (though in a number of instances, cheques payable to the Conservative Party were

sent first to me and I forwarded them on to CCHQ). These donations were declared to the Electoral Commission as a donation to the Party if more than £5000 and banked in the Party's general bank account. This support helps me fulfil my frontbench role and does not support me in my role as Member of Parliament.

In most instances, I assisted in raising the money, in particular by attending and helping to organize a number of dinner discussions.

I should make clear that I have always endeavoured to comply with the rules governing the register of Members' Interests as I have understood them. But should you decide further declarations are necessary, I would of course fully comply with your guidance.

I would be happy to talk to you about the support my office receives from CCHQ if this would be helpful and to provide further information or clarification if you need it.

23 January 2008

24. Letter to Mr Peter Ainsworth MP from the Commissioner, 5 February 2008

Thank you for your letter of 24 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

For completeness, it would be helpful to know the date or dates of the contributions made for the benefit of your Shadow Office by Mr Peter Hall.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donor before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

25. Letter to Rt Hon David Davis MP from the Commissioner, 5 February 2008

Thank you for your letter of 24 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donors before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

26. Letter to Mr Alan Duncan MP from the Commissioner, 5 February 2008

Thank you for your letter of 25 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donor before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

27. Letter to Mr Michael Gove MP from the Commissioner, 5 February 2008

Thank you for your letter of 23 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donors before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

28. Letter to Rt Hon William Hague MP from the Commissioner, 5 February 2008

Thank you for your letter of 24 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donor before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

29. Letter to Mr Jeremy Hunt MP from the Commissioner, 5 February 2008

Thank you for your letter of 22 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

For completeness, it would be helpful to know the date or dates of the contributions made for the benefit of your Shadow Office by Mr John Lewis and Mr Peter Hall.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donors before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

30. Letter to Mr Andrew Lansley MP from the Commissioner, 5 February 2008

Thank you for your letter of 23 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donors before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

31. Letter to Rt Hon Francis Maude MP from the Commissioner, 5 February 2008

Thank you for your letter of 24 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donor before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

32. Letter to Mr Grant Shapps MP from the Commissioner, 5 February 2008

Thank you for your letter of 23 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donors before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

33. Letter to Mrs Theresa Villiers MP from the Commissioner, 5 February 2008

Thank you for your letter of 23 January informing me of the donations you have received through Conservative campaign headquarters towards the running of your office in respect of your Shadow Ministerial responsibilities.

I was grateful to receive this. As you know, I am considering this issue in the context of a complaint I have received about Mr George Osborne's registration of such donations. My conclusions on that complaint will, I hope, help to resolve the position in respect of registering such donations in the Register of Members' Interests.

Finally, it might be helpful for my current inquiries if you could confirm whether you knew the identity of your donors before the complaint against Mr Osborne became public knowledge on 13 January this year.

Should you wish to have a word about any of this at this stage, please do not hesitate to contact me or to give me a telephone call.

5 February 2008

34. Letter to the Commissioner from Mr Peter Ainsworth MP, 11 February 2008

Thank you for your letter of 5 February, and please forgive the delay in this response.

Peter Hall has made two donations: the first was made in March 2006 and the second in May 2007.

I was aware of the donor's identity before 13 January this year. As mentioned in my previous letter, Mr Hall made his intention to donate to the Conservative Party known to my predecessor as Shadow Secretary of State for Defra.

I hope that this information is helpful.

11 February 2008

35. Letter to the Commissioner from Rt Hon David Davis MP, 6 February 2008

Thank you for your letter of 5 February 2008.

I thought I had explained this in my previous letter. For the avoidance of doubt, I can confirm that I knew the identities of the donors before the complaint was made against Mr Osborne and, in the case of the MIC, the donation was declared before the complaint.

6 February 2008

36. Note of telephone conversation between the Commissioner and Mr Alan Duncan MP, 6 February 2008

I thought it would be helpful to set down the main points you made when we spoke on the telephone on 6 February in response to my letter to you of 5 February.

I asked whether you knew the identity of your donor. You said that the position was:

- you had known the donor for over 30 years;
- you had encouraged him to donate to Conservative Central Office;
- you had asked Conservative Campaign Headquarters for some financial support for your office, and that had been provided;
- until the current inquiries in respect of Mr George Osborne, you had no knowledge that Mr Ian Taylor was seen by CCHQ as providing the donation for your Shadow office;
- CCHQ only so identified it because Mr Taylor had at some stage in a handwritten letter said (unbeknown to you) that he was very glad to see that you were receiving support;
- once you had been informed of this—subsequent to the complaint against Mr Osborne—you thought it important that its existence should be properly known.

I am most grateful for your help.

12 February 2008

37. Note of meeting between the Commissioner and Mr Michael Gove MP, 12 February 2008

Further to our meeting on 7 February, I thought it would be helpful to set down the main points you made in relation to our recent correspondence.

I asked whether you knew the identities of your donors before the complaint against George Osborne became public knowledge on 13 January this year. You said that the position was:

1. Your newly established Shadow Office did not have any financial support from donations before your arrival.
2. You spoke at 2 fund-raising dinners about education policy. After the dinners you wrote to those who had indicated their interest in providing financial support, not knowing if, when, how much or whether any resulting donations would be made to you personally, to the Party or not at all.

3. CCHQ provided you with resources from donations to help run your Shadow Office.
4. Before Christmas 2007 you asked CCHQ for a list of the donors who had contributed to your Shadow Office – whether or not as a result of the fundraising activities. CCHQ provided this after 13 January 2008.
5. You have received further donations this year and will write to me with the details.
6. For the avoidance of doubt you would like to register with both the Electoral Commission's register and the Register of Members Interests all donations of over £1000 made to you since 2005.

Please let me know if this captures your main points or if you would like to add to or amend it. I am most grateful for your help.

12 February 2008

38. Letter to the Commissioner from Rt Hon William Hague MP, 14 February 2008

Thank you for your letter of 5 February concerning the registration of donations received through Conservative Campaign Headquarters.

I can confirm that I knew the identity of the donor whose donation has helped to provide one member of staff who supports me in carrying out my Frontbench responsibilities.

14 February 2008

39. Letter to the Commissioner from Mr Jeremy Hunt MP, 7 February 2008

Thank you very much for your letter dated 5th February regarding my correspondence informing you of the donations I receive through Conservative campaign headquarters towards the running of my office in respect of my Shadow Ministerial responsibilities.

You ask for the date of the contributions made for the benefit of my Shadow Office. John Lewis donated £25,000 on 19 May 2006 and 24 May 2007, and Peter Hall donated £50,000 on 24 February 2006.

I can confirm that I did know the identity of the donors prior to 13th January 2008.

I hope that this is helpful to you, but please do not hesitate to let me know if you require any further information.

7 February 2008

40. Letter to the Commissioner from Mr Andrew Lansley MP, 18 February 2008

Thank you for your letter of 5 February. Prior to the discussion with Conservative Campaign Headquarters on 21 January, I was aware that Mr Julian Schild was probably a donor to CCHQ. I was not personally aware of the names of the other donors. As I met them at a previous lunch it could be argued that I might have inferred they were donors although I have met many other people at CCHQ's request, who are not recorded as donor's wishes.

18 February 2008

41. Letter to the Commissioner from Rt Hon Francis Maude MP, 7 February 2008

Thank you for your letter of 5th February 2008 in response to mine of 24th January regarding registration of donations.

In answer to your question, I can confirm that I did know the identity of my donor before the complaint against Mr Osborne became public knowledge on 13th January this year.

7 February 2008

42. E-mail to the Commissioner from Mr Grant Shapps MP, 23 February 2008

I didn't generally know the donors because they had donated before my time in this role when Michael Gove held my position and direct to CCHQ, who had vetted and declared their donations to the Party as appropriate. However, over a period of time, some of the individuals belatedly introduced themselves at dinners or industry functions.

To clarify, when I wrote my original note to you, I specifically asked CCHQ to supply me with a list of names and companies of those behind CCHQ's funding of my Housing Researcher and this was the first time I had ever viewed a complete listing.

The money was already donated to CCHQ by the time I was in the Shadow Housing Minister role and they simply let me know that there was a budget available to employ a Housing Researcher through the Parliamentary 'Other Payroll' system.

23 February 2008

43. E-mail to the Commissioner from Mrs Theresa Villiers MP, 7 February 2008

Thank you for your letter of 5 February. In response to your question, yes I knew the identity of all donors who had expressed a wish that their donation to the Conservative Party be devoted to assisting my work on the Opposition front bench from the point at which they gave their donations, i.e. before the debate emerged on this issue in relation to George Osborne's office.

Please let me know if I can assist in any other way.

44. Letter to the Commissioner from the Registrar of Members' Interests, 6 February 2008

I write in response to your letter of 22 January about the complaint that Mr George Osborne has failed to enter in the Register of Members' Interests donations made by identifiable donors to Conservative Central Office which were used to support his office as Shadow Chancellor.

The answers to your questions are set out below.

Exchanges with Opposition Whips' Office and Mr Osborne.

The first discussion I had with Mr Osborne himself about the registration of donations made to his office through the Conservative Party took place on the afternoon of Friday 12 January this year (2008). He was accompanied by a Special adviser to the Opposition Chief Whip, and he said that his visit was prompted by press interest in donations to his office.

I had had a meeting with Mr McLoughlin, Opposition Chief Whip, on the afternoon of Wednesday 5th December 2007, arranged through the special adviser. It is not in my diary, I believe because it was arranged at almost immediate notice. In the morning of that day, the special adviser e-mailed me a further copy of the

existing guidance provided by the party to the Shadow Cabinet about outside interests. I had been shown this guidance in March 2004 and had been asked whether it complied with the rules of the House, which it did. The rules of the House make no distinction between shadow ministers and other Members who are not Ministers, but parties may impose restrictions of their own. There seemed no need on 5 December to make any further comment on the advice given, no relevant changes in any rules of the House having intervened.

The guidance to shadow ministers makes no mention of donations made through Central Office, whether or not accompanied by a request that they should be put to a particular use ('hypothecated'). A copy of this guidance, as e-mailed to me on 5th December, is appended as A.¹

Either because of the press coverage to which Mr McLoughlin refers in his letter or because of the further copy of the guidance to shadow ministers I had been sent, I expected Mr McLoughlin to wish to discuss further whether there were any special requirements placed by the House on shadow Ministers in respect either of the interests they may hold or in respect of the registration and declaration of such interests; indeed I told the then Commissioner as much before I left the office. I recall being slightly surprised when, in the event, Mr McLoughlin asked about the areas of overlap in registration between the Electoral Commission and the Register of Members' Interests. I was, of course, aware that the question of a 'one-stop shop' for the declaration of interests, whereby Members would no longer be expected to register interests with the Electoral Commission as well as with myself, is an issue of considerable current concern to Members, so it seemed entirely natural that Mr McLoughlin should wish to discuss it. I explained the areas of overlap, which are principally covered by Categories 4 (Sponsorship) and 6 (Overseas visits) and said that I expected the House soon to be in a position to decide whether a 'one-stop shop' could be implemented so that dual registration would no longer be required (at which he expressed relief).

I do not recall any reference in my conversation with Mr McLoughlin to hypothecated donations. Nor did I understand at the time that such donations (however binding or otherwise the degree of hypothecation) were a common feature of party funding.

Mr McLoughlin and I agreed that I would send him a note of the areas of overlap, and that I provided on December 6.² A copy is appended.

On my return to the office I told the Commissioner that the subject of the discussion had been overlap with the Electoral Commission.

On Friday 7th December the special adviser telephoned me to clarify a point arising from the meeting with Mr McLoughlin. Somewhat unusually, I do not have a note of the conversation. On Friday 12th January when accompanying Mr Osborne, the Adviser reminded me it was about "linked donations".

According to Mr McLoughlin's letter to Mr Osborne the special adviser reports that she asked me 'whether the distinction the Electoral Commission made of donations to an MP *as an office holder* rather than to the MP as his or herself, also held for the Register of Members' Interests. She was informed that if a donation to a constituency association was 'linked by name' it should be declared. When asked whether the same would apply for a donation made to Conservative Central Office and "linked" in any way to a front-bencher, The Registrar said that the rules were likely to be the same but it depended on the nature of the donation'. I do not challenge this account of the conversation, but obviously something left me uneasy because immediately afterwards I had second thoughts and e-mailed the special adviser 'I think I misled you just now. The Register deals with donations to a Member's constituency association and not to central offices. Sorry'. A copy of this e-mail is appended as C.³

I think I sent the e-mail because I was worried that I had left the special adviser with the impression that Members must register with us donations to Central Office which had been solicited by them. My reference to constituency associations shows that I was thinking in terms of Category 4a ('any donation received by a

1 WE 8.
2 WE 9.
3 WE 10.

Member's constituency association which is linked either to candidacy at an election or to membership of the House') rather than to Category 4b ('any other form of financial or material support as a Member of Parliament'), that is, I was thinking of donations into rather than out of, or through, central funds. I was certainly not at the time thinking in terms of donations to Central Office for the use of particular shadow cabinet members (I note that in his letter to Mr Osborne of 17th January, Mr McLoughlin also addresses Category 4a and not 4b). I can, however, see how misleading the Adviser, and through her Members, may have found my second e-mail. With hindsight it would have been much preferable that I telephoned the special adviser to explain that my reservations applied to Category 4a rather than 4b, or at least sent a fuller e-mail. I should have re-emphasised that part of my advice which ran 'it depends on the nature of the individual donation' and added that I was always available to advise individual Members. I should also have offered to look at a copy of any guidance being issued in the same way as I had seen the earlier advice.

To re-iterate, I do not recall being asked at any time, either by Mr McLoughlin or by the special adviser, specifically about donations made to Central Office accompanied by a request that they should be used for the support of a particular front bench Member or team. My thinking was centred on Category 4a (always the most difficult category to interpret) rather than on 4b.

When Mr Osborne came to see me on 12 January he showed me copies of my two e-mails to the special adviser. I did indeed say that my advice might have been unclear. I can see that it veered from addressing the question which the special adviser understood she was putting to me. Obviously I much regret that, through not seeking to establish more precisely in December exactly what question was being asked, and through not putting my full and considered advice in writing, I have caused trouble to Members, and to the House generally.

Treatment of hypothecated donations

The Guide to the Rules does not specify how donations to the offices of opposition front-benchers should be treated, but by practice they are registered by virtue of Category 4b as being 'support in the capacity of a Member of Parliament'. This view has never, to my knowledge, been questioned by, or in, the Committee on Standards and Privileges, and Members receiving direct support for front-bench offices are always advised to register it. My view on the application of the Code and Rules to the situation described by Mr Osborne in his letter is that if a donation of more than £1000 is made to Central Office, a wish is expressed that the donation should be used to support the Shadow Chancellor, the donation is used to support the Shadow Chancellor and the Shadow Chancellor is aware of the source of the support, then the donation should be treated in the same way as a direct donation and a Register entry should be made as required by Category 4b.

Supplementary information

I do not know of any material supplementary to the Guide to the Rules which addresses the situation. The written guidance in respect of registration of sponsorship (Advice Note 5) concentrates on Category 4a.

Advice to other Members

I am aware of three approaches by Members seeking advice on the donation of donations received by Central Office which are used to support the offices of shadow ministers, those of Mr Willetts and of two others.

You ask in particular about the case of Mr Willetts. There was fairly extensive communication between Mr Willetts and this office in the early months of 2006. On 28th March he wrote requesting a number of updates to his entry and referring to a discussion we had earlier held about registration of a his research account. We spoke on the telephone on 30 March and he wrote that day to register under Category 4b 'support received from Mr Ian Armitage, Lord Ashcroft, Sir John Beckwith and Mr David Lloyd'. On 23 May, Mr Willetts wrote to me 'I should clarify my current entry under item 4. Mr Armitage and Mr David Lloyd provided donations of £5000 and £10,000 respectively to my research account. Sir John Beckwith is providing a donation to the Conservative Party of approximately £30,000 which will help to finance the employment of an education researcher'. An entry subsequently appeared as 'Sir John Beckwith is providing, through Conservative Central Office, a donation to assist the employment of an education researcher (*Registered 23 May 2006*). Documentation is attached at D.

While I have no record of any discussion with Mr Willetts as to whether it was appropriate to make clear on the Register that Sir John Beckwith's donation came through Conservative Central Office, the office records show two earlier cases in which we pursued with Members the question of hypothecated donations.

One Member told us that he was receiving funding from the Business Liaison Unit at Conservative Central Office. Thinking that this body might draw funds from outside, the office asked the Member's office to check the source of the funding. Getting the response 'The staffer is paid from normal CCO funds. I understand that support provided by central party funds is not registrable', the Commissioner's office told the Member's office that the funding was not registrable (see e-mails E).

The second Member contacted the office to ask whether a donation to the Conservative Party from a particular individual needed to appear on the Register as well as being registered with the Electoral Commission. My note records that I contacted the Member, who told me that 'although the donation was formally to Conservative Central Office it was understood that it would in large part be used to fund his office'. The note further records that 'I said that it would be prudent to register it'. The entry duly appeared as a donation from the individual concerned without any indication that it was passed through Central Office (see e-mails F). I do not recall addressing the question of whether it would be appropriate to specify that the donation was made in this way; the Member did not ask me to, and I would probably have regarded it as sufficient that the ultimate donor was identified.

It looks from the above exchanges that the office was clear in early 2006 that donations to individual front bench officers through the party were registrable by the individual Member, and were advising Members accordingly, but that practice in respect of whether the party was mentioned as well as the ultimate source of the donation was not then fixed.

Application of the Code

You ask for my understanding of the application of the Code in circumstances similar to those of Mr Osborne. It is my understanding, as I said above in respect of the particular case, that the Code requires the registration of such hypothecated donations; my exchanges with other Members, and in particular Mr Willetts reflect this understanding. The purpose of the Register is 'to provide information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches or votes in Parliament or actions taken in his or her capacity as a Member of Parliament', and I think that there is a strong argument for thinking that the knowledge that his or her office is being funded in part by a particular donor, even if the donation is mediated through the party's central office, might be thought to exert such an influence.

Nonetheless, there is clearly room for argument about whether this interpretation of the Code is correct. Mr Osborne sets out the arguments against in his letter to you, and it appears from his letter of 17th January to Mr Osborne that Mr McLoughlin also believed, up to late 2007, that such hypothecated donations need not be entered on the Register. Since the matter has been raised, it would be helpful to have clarification from you and the Committee as to whether support provided to shadow offices is indeed to continue to be regarded as 'support in the capacity of a Member of Parliament' or whether the influence of the donation should be thought to be on the officer rather than the individual and the necessary transparency provided by the existence of the Electoral Commission and its own Register.

Other matters

The current requirement on Members to register certain donations twice, once with the House and again with the Electoral Commission, is irksome to Members and has the capacity to confuse both them and the public. I am aware that the Electoral Administration Act 2006 opens the way for a system whereby Members would register items which they are currently required to register with both authorities once only on the Register of Members' Interests, the Commission gathering the information it needed from that Register. There has been consultation on the possibility of implementing such a 'one-stop' system. I cannot say with certainty whether or not such a system would have prevented the present complaint from arising. I do, however, believe that the

implementation of such a system would require the House authorities and the Electoral Commission to reach and promulgate a clearer understanding of the demarcation between donations to a Member and donations to a party, whether at national or local level.

6 February 2008

45. Letter to Mr George Osborne MP from the Commissioner, 12 February 2008

As you know, I have been making inquiries into the complaint from Mr Kevan Jones MP and Mr John Mann MP that you failed to enter in the Register of Members' Interests donations made by identifiable donors through Conservative Campaign Headquarters to support your Shadow Chancellor's office.

I am writing to let you know at this stage that I have decided that I should report formally my conclusions to the Committee on Standards and Privileges. You should not draw from this any assumptions about what my conclusions might be, and since my inquiries are continuing, I am not yet in a position to put the matter before the Committee.

I have not identified at this stage any particular matters which I need to put to you, but I will, of course, be in touch if any arise as my work continues. If you wished to put any additional points to me or to come and see me, I would be very happy to make the necessary arrangements. In any event, I will show you the factual sections of my draft report when it is prepared and you will have a full opportunity to comment on the factual accuracy of the events as I will describe them. I will, therefore, be back in touch then.

12 February 2008

46. Letter to the Opposition Chief Whip from the Commissioner, 7 February 2008

I would be grateful for your help—or Mr Willetts's help—on an issue relating to Mr David Willetts's entry in the Register of Members' Interests. This is relevant in the context of my inquiries into the complaint against Mr George Osborne about an alleged failure to register donations received through Conservative Campaign Headquarters to support his Shadow office.

In your letter of 17 January to Mr Osborne, which Mr Osborne has passed to me, you have written as follows:

"I therefore understood that donations to CCHQ did not need to be declared in the Register. I have always been clear that donations directly to Shadow Cabinet members for their own use and direction must be declared. This explains, for example, David Willetts declaration of support in the register and indeed your [Mr Osborne's] declaration of support from Simon Robertson."

I am having a little difficulty in reconciling that with the entry which Mr Willetts has made. I attach a copy of his current entry in which he has three donations with the heading: "Donations have been provided through Conservative Central Office from:".

My difficulty is understanding Mr Willetts's entry in terms other than that the three donations he refers to were donations initially to CCHQ (the first category in the paragraph in your letter), rather than being a donation directly to Mr Willetts for his own use (the second category in your letter). I would be very grateful for any help you can give me in clearing this up. I am copying this letter to Mr Willetts so that he is aware of this inquiry. Alternatively, if he were able to clarify the nature of his entry in the Register, that would be most helpful.

7 February 2008

47. Letter to the Commissioner from the Opposition Chief Whip, 20 February 2008

In your letter of 7th February 2008 regarding David Willetts' entry in the Register of Members' interests you wrote that you had difficulty reconciling my advice to Shadow Cabinet members with Mr Willetts' entry in the Register.

If I understand you correctly, you were confused that Mr Willetts had registered donations made initially to CCHQ despite general advice to frontbenchers that "donations to CCHQ did not need to be declared in the Register".

Firstly, let me clarify when these events took place I understand that David Willetts' registered the three donations provided through Conservative Central Office on 17th July 2007, just before Parliament rose for the summer recess. I was not made aware of Mr Willetts' amendments to his entry in the Register.

This is not unusual. As Chief Whip I issue advice to our frontbenchers, but it is their responsibility to update their entries in the Register of Members' Interests and my office is not usually notified of any changes or amendments, nor should it be.

Under the terms of Category 4 of the Members' Code of Conduct, Members do not need to register the staff support received in Party roles, such as Shadow Chancellor, from CCHQ or the donations that were made to the Conservative Party that were linked to the employment of that staff.

This is because such CCHQ staff are not employed by the Shadow Cabinet Members, and because the CCHQ staff would continue to be employed if the Member left the Shadow Cabinet or indeed ceased to be a Member of Parliament.

In the case of Mr Osborne, as you know, the donations were declared by the Conservative Party, and the staff work for CCHQ and would continue to support the Shadow Chancellor should Mr Osborne cease to occupy that role.

However, where resources are received by a Member from CCHQ to support them directly, the advice as we understood it was that they should be declared by that Member.

Having spoken to David Willetts, I understand that it was unclear whether the support was directly for Mr Willetts, or for the role of Shadow Education Secretary.

Although the staff employed by Mr Willetts were employed by CCHQ, it was not clear whether they would continue to support Mr Willetts should he cease to be in his existing role.

Mr Willetts therefore declared all donations. He had not sought clarification from my office or anyone else in the Shadow Cabinet.

After the House returned there was a lot of media attention focussed on the general issue of donations, and I was asked in early December to check that all Shadow Cabinet arrangements with (a) the Register of Members' interests and (b) the Electoral Commission were indeed in order. It was at this stage that I was made aware of the differences between David Willett's entry and that of other Shadow Cabinet members.

Subsequently my special adviser followed up the Registrar's email of Thursday 6th December⁴ with a further call on the morning of Friday 7th December. As I stated in my letter of 7th February.

She asked the Registrar whether the distinction the Electoral Commission made of donations to an MP as an office holder rather than to the MP as his or herself, also held for the Register of Members' Interests. She was informed that if a donation to a constituency association was "linked by name" it should be declared. When asked whether the same would apply for a donation made to Conservative

central office and “linked” in any way to a frontbencher, the Registrar said the rules were likely to be the same but it depended on the nature of the donation. Immediately after this conversation, the Registrar emailed the special adviser stating:

“I think I misled you just now. The register deals with donations to a member’s constituency association and not to central offices. Sorry.”⁵

Having sought clarification I was content with the approach taken by David Willetts and George Osborne.

20 February 2008

48. Letter to the Opposition Chief Whip from the Commissioner, 12 February 2008

I am writing to check with you the account I have received from the Registrar of her meeting with you and your special adviser on 5 December 2007.⁶ The Registrar has described the meeting as follows:

“I had had a meeting with Mr McLoughlin, Opposition Chief Whip, on the afternoon of Wednesday 5th December 2007, arranged through the special adviser. It is not in my diary, I believe because it was arranged at almost immediate notice. In the morning of that day, the special adviser e-mailed me a further copy of the existing guidance provided by the party to the Shadow Cabinet about outside interests. I had been shown this guidance in March 2004 and had been asked whether it complied with the rules of the House, which it did. The rules of the House make no distinction between shadow ministers and other Members who are not Ministers, but parties may impose restrictions of their own. There seemed no need on 5 December to make any further comment on the advice given, no relevant changes in any rules of the House having intervened.

The guidance to shadow ministers makes no mention of donations made through Central Office, whether or not accompanied by a request that they should be put to a particular use (‘hypothecated’). A copy of this guidance, as e-mailed to me on 5th December, is appended as A.⁷

Either because of the press coverage to which Mr McLoughlin refers in his letter or because of the further copy of the guidance to shadow ministers I had been sent, I expected Mr McLoughlin to wish to discuss further whether there were any special requirements placed by the House on shadow Ministers in respect either of the interests they may hold or in respect of the registration and declaration of such interests; indeed I told the then Commissioner as much before I left the office. I recall being slightly surprised when, in the event, Mr McLoughlin asked about the areas of overlap in registration between the Electoral Commission and the Register of Members’ Interests. I was, of course, aware that the question of a ‘one-stop shop’ for the declaration of interests, whereby Members would no longer be expected to register interests with the Electoral Commission as well as with myself, is an issue of considerable current concern to Members, so it seemed entirely natural that Mr McLoughlin should wish to discuss it. I explained the areas of overlap, which are principally covered by Categories 4 (Sponsorship) and 6 (Overseas visits) and said that I expected the House soon to be in a position to decide whether a ‘one-stop shop’ could be implemented so that dual registration would no longer be required (at which he expressed relief).

I do not recall any reference in my conversation with Mr McLoughlin to hypothecated donations. Nor did I understand at the time that such donations (however binding or otherwise the degree of hypothecation) were a common feature of party funding.

Mr McLoughlin and I agreed that I would send him a note of the areas of overlap, and that I provided on December 6. A copy is appended as B.⁸

5 WE 10.

6 WE 44.

7 WE 8.

The Registrar has also informed me as follows:

“To re-iterate, I do not recall being asked at any time, either by Mr McLoughlin or by the special adviser, specifically about donations made to Central Office accompanied by a request that they should be used for the support of a particular front bench Member or team. My thinking was centred on Category 4a (always the most difficult category to interpret) rather than on 4b.”

I would be very grateful to know whether you are content from your perspective with the Registrar’s report of your conversations. I have not attached copies of her appendices.

12 February 2008

49. Letter to the Commissioner from the Opposition Chief Whip, 18 February 2008

Further to your letter of 12th February 2008, and the Registrar’s account of her meeting with me and my special adviser on 5th December 2007, I must challenge some aspects of her account.

In the fourth paragraph of her account the Registrar states:

“I ... said that I expected the House soon to be in a position to decide whether a ‘one-stop shop’ could be implemented so that dual registration would no longer be required (at which he expressed relief).”

I am somewhat puzzled by her use of the word “relief”. She did inform me that discussions were currently ongoing regarding a ‘one-stop shop’ for the registration of donations, but my reaction was not one of “relief”. I felt that such a change would be sensible and lead to a simpler and better system, and I told her that I thought it would be a good idea.

My other concern with her account is more substantial. In your penultimate paragraph you quote the Registrar as saying:

“I do not recall being asked at any time, either by Mr McLoughlin or by the special adviser, specifically about donations made to Central Office accompanied by a request that they should be used for the support of a particular front bench Member or team. My thinking was centred on Category 4a (always the most difficult category to interpret) rather than on 4b”.

As I stated in my letter of 17th January, my special adviser spoke to the Registrar on Friday 7th December. She asked the Registrar whether the distinction the Electoral Commission made of donations to an MP as an office holder rather than to the MP as his or herself, also held for the Register of Members’ Interests. She was informed that if a donation to a constituency association was “linked by name” it should be declared. When asked whether the same would apply for a donation made to Conservative central office and “linked” in any way to a frontbencher, the Registrar said the rules were likely to be the same but it depended on the nature of the donation. Immediately after this conversation, the Registrar emailed my special adviser stating

“I think I misled you just now. The register deals with donations to a member’s constituency association and not to central offices Sorry”. [See Appendix 3]⁹

While I admit there is no record of the telephone conversation the email does indicate that a conversation about Central Office donations did indeed take place.

Moreover, when the Registrar met with George Osborne and my special adviser on Friday 11th January, she said she could not clearly remember what the preceding conversation was about—she checked her notes and admitted that she had failed to make a record—but that her subsequent email, which explicitly referred to Central Office donations, may have been misleading.

8 WE 9.

9 WE 10.

George Osborne's office then drafted a statement which was issued to the press. This statement was checked by the Registrar and she went through in detail her concerns with my special adviser, and those amendments she suggested were made. That statement is at odds with her subsequent account. It states:

“In December last year we sought clarification from Registrar of Members' Interests, regarding direct donations to a Party where donors express a wish as to how their donation is spent. The result of that email discussion was an understanding on our behalf that this kind of support from the Conservative Party did not need to be registered by individual Members.

I went to see the Registrar on Friday to seek further clarification. She said that her initial advice may have been unclear and we agreed that the general issue of exactly how these central Party donations ought to be registered could be raised with the Standards and Privileges Committee. I have done that, and I hope that her office will do too.”

It may indeed be that the Registrar does not clearly recall the conversation, but I must challenge her account of events.

18 February 2008

50. Letter to the Registrar of Members' Interests from the Commissioner, 21 February 2008

I would be grateful for your comments on a response I have received from the Rt Hon Patrick McLoughlin MP in respect of your account of the exchanges you had with him about the registration of donations to the Conservative Campaign Headquarters. I enclose a copy of Mr McLoughlin's letter. I would be grateful if you could consider each of the points on which he takes issue and let me know whether, in the light of what he says, you would wish to amend your recollection of the events in question, and if so, how.

The particular points are:

- a) the reference to Mr McLoughlin expressing at his meeting with you on 5 December relief at the prospect of ending dual registration;
- b) your statement that you were not asked specifically at any time about donations made to Central Office for the support of a particular frontbench Member or team. Mr McLoughlin considers that his account of your meeting with the special adviser on 7 December – which you say in your letter of 6 December you do not challenge – plus the reference to Central Office in your e-mail of 7 December to the special adviser, suggests that the question of donations to Conservative Campaign Headquarters (or Central Office) as opposed to donations to Conservative Party Constituency Associations was indeed raised and discussed. Mr McLoughlin believes this is borne out in the press statement, which you accepted, which notes that they sought clarification from you at the December meeting about direct donations to a Party where donors expressed a wish as to how their donation was spent.

I have informed Mr McLoughlin that I am showing you his letter and inviting your comments. I appreciate that, in the absence of a written record, you need to rely on recollection. My aim at this stage is to see how far it is possible to have agreement on the facts relating to your meeting with the Opposition Chief Whip on 5 December and your telephone discussion with the special adviser on 7 December.

21 February 2008

51. Letter to the Commissioner from Mr George Osborne MP, 26 February 2008

Thank you for your letter of 12 February regarding the complaint that has been lodged against me by Mr Kevan Jones MP and Mr John Mann MP.

I am very grateful to you for keeping me updated on the progress of this issue and I have carefully taken note of the points that you raise.

I thought it might be useful if you saw a copy of the letter I sent to Doug Stewart at the Electoral Commission in which I explain the distinction I drew between the resources that are donated to me as an MP and those that are provided to me by the Party in support for my role as Shadow Chancellor of the Exchequer.

As you may be aware, the Electoral Commission have now concluded that there is “no evidence” of breach of its rules regarding the registration of these donations. I enclose the letter I have received from them.

26 February 2008

52. Letter to the Electoral Commission from Mr George Osborne MP, 22 January 2008

Ian McLssac copied to me his letter to you concerning donations relating to my office as Shadow Chancellor.

I agree with his letter, which sets out the position as I understand it. I would like to add two further points.

First, I can confirm that donations made were to the central Party, and that staff who support me as Shadow Chancellor work for the Conservative Party (CCHQ) on CCHQ contracts.

These members of staff assist me in my duties in my specified post as Shadow Chancellor, which include developing the economic policy of the Conservative Party. Further, they assist in the development of policy throughout the Party, including in education, welfare, health, and home affairs, and assist in the campaigning activities of the Party. They advise the Leader of the Opposition and other members of the front bench on economic and financial issues, and regularly accompany the Leader on economic and finance-related visits. They also work as advisers to, and press officers for, junior Shadow Treasury Ministers. They would continue to be employed by CCHQ advising the Shadow Chancellor if I ceased to be Shadow Chancellor or a member of the frontbench, or indeed, if I ceased to be a Member of Parliament.

Furthermore, as Election Co-ordinator all members of staff at CCHQ assist me, at my request, and report to me on specific issues. These staff are paid for by the general resources of the Conservative Party.

Second, in making my decision on declarations to the Electoral Commission, I followed your document “Donations and Loans: guidance for Members of Parliament” published in November 2006. In particular, I followed the guidance set out in section 5.8, which I believe made clear how support for an MP in a senior Party position should declare support as an office holder of that Party:

5.8 In some circumstances, an MP who holds a senior position in their party will need to determine whether a donation is being made to them as an MP or as an office holder of that party. It may be the case, for example, that an individual MP benefits from a donation which is provided to a specified post in the party, and that, if they moved to another post within the party, the person who succeeds them would receive the donation instead. In such circumstances, the donation should be treated as a donation to the party rather than to the particular MP. (s.50(6)).

Given the position of staff working to me, I understood this paragraph clearly to set out that the donations should be treated, as they were, as donations to the central party, rather than as donations to me as an MP.

Our treatment of donations to the central Party stands in contrast to my treatment of donations from Lord Harris (from January 2006 to January 2007) and Simon Robertson (in April 2006 and April 2007), which were made directly to me as an MP. These donations are entirely separate from the donations to the central Party, they are received by me, controlled by me, and would not be passed automatically on to any person who succeeded me as Shadow Chancellor should I move to another post. According to section 5.8 of the Guidance, I therefore declared the donations myself as donations to an individual MP, and they were not declared by the central Party.

Can I stress that I have always sought to comply fully with the rules, and will of course assist you with any further questions that you may have.

22 January 2008

53. Letter to Mr George Osborne MP from the Electoral Commission, 22 February 2008

Thank you for your letter dated 23 January. I apologise for the delay in replying, which is due to my absence from the office.

I can confirm that, based on the information we have received, no further action will be taken as there is no evidence to support a potential breach of the reporting requirements at this time. In coming to this decision, the letters from Mr McIsaac and yourself helpfully clarified the situation and the processes in place, and your co-operation has been appreciated.

I am replying separately to Mr McIsaac.

22 February 2008

54. Letter to the Commissioner from the Registrar of Members' Interests, 3 March 2008

I write in response to your letter of 21 February, with which you enclose a copy of Mr McLoughlin's response to your letter of 12 February.

Mr McLoughlin raises two points.

In the first place, Mr McLoughlin queries my description of his reaction to my informing him that it was hoped to amend the system so that dual registration was no longer required as one of 'relief'. I am happy to accept that he said he thought such a change would be helpful and lead to a better system.

Mr McLoughlin's second point relates to conversations between me, him, and his special adviser about donations to Central Office.

In my letter of 6 February I gave you an extensive account of these conversations, so I will not repeat it here, except to say that I do not challenge the special adviser's account of my conversation with her.

Mr McLoughlin queries my statement that I do not recall at any time being asked specifically about donations made to Central Office accompanied by a request that they should be used for the support of a particular front bench team. I can see that I was being too narrow in my wording. I accept that the Adviser's question about 'office-holders' (which I acknowledged in my letter to you of 8 February she had asked) was that question and that I gave the advice she recorded.

Mr McLoughlin is correct to say that when I met Mr Osborne on 11 January I said that my second e-mail to the special adviser might have been misleading.¹⁰ As I said in my first letter to you of 8 February I can see how this could have been (for which I must again apologise). I said as much to Mr Osborne at the time, and agreed that he might say so in his press notice.

3 March 2008

55. Letter to the Opposition Chief Whip from the Commissioner, 4 March 2008

You wrote to me on 18 February challenging some parts of the account I had received from the Registrar of Members' Interests about her exchanges with you and your special adviser.

I have now received a response from the Registrar. I attach a copy of her letter to me of 3 March. If you agree, I think there is now a common understanding of the exchanges. I am grateful to you and to the Registrar for helping to clarify the factual background to this complaint. Once I have prepared a draft of the factual background to my Memorandum to the Committee on Standards and Privileges, I shall show you the parts in which you were involved so you will have an opportunity to comment on my understanding of the facts.

Thank you again for your help with this.

4 March 2008

56. Letter to the Registrar of Member's Interests from the Commissioner, 4 March 2008

Thank you for your letter of 3 March about Mr McLoughlin's comments on your account of your exchanges with him and with his special adviser.

I am most grateful to you for helping clarify the factual background. I have copied your letter to the Opposition Chief Whip, noting that I believed that there is now a common understanding of the exchanges. Once I have prepared the factual background to my Memorandum to the Committee on Standards and Privileges, I will show him and you the sections in which you were involved so that you can comment if necessary on my understanding of the facts.

4 March 2008

57. Letter to the Commissioner from the Opposition Chief Whip, 11 March 2008

Thank you for your letter of 4th March regarding exchanges between myself, my special adviser, and the Registrar of Members' Interests.

I agree that there is now a common understanding of the exchanges and I am grateful for your patience while the factual background has been clarified.

11 March 2008

Formal minutes

Tuesday 13 May 2008

Members present:

Sir George Young, in the Chair

Mr David Curry
Mr Andrew Dismore
Nick Harvey
Mr Elfyn Llwyd

Mr Chris Mullin
The Hon Nicholas Soames
Mr Paddy Tipping
Dr Alan Whitehead

Draft Report [Conduct of Mr George Osborne], proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 18 read and agreed to.

A Paper was ordered to be appended to the Report.

Resolved, That the Report and Appendix be the Tenth Report of the Committee to the House.

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

[Adjourned till Tuesday 3 June at 9.30 am

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

Session 2007-08

First Report	Conduct of Mr Elfyn Llwyd, Mr Adam Price and Mr Hywel Williams	HC 94
Second Report	Conduct of Mr Norman Baker, Mr Malcolm Bruce and Mr Sadiq Khan	HC 182
Third Report	Publications funded from the Communications Allowance	HC 232
Fourth Report	Conduct of Mr Derek Conway	HC 280
Fifth Report	Conduct of Mr Peter Hain	HC 324
Sixth Report	Employment of family members through the Staffing Allowance: Proposals for consultation	HC 383
Seventh Report	Employment of family members through the Staffing Allowance	HC 436
Eighth Report	The Complaints System and the Criminal Law	HC 523
Ninth Report	Conduct of Mr Speaker	HC 559
Tenth Report	Conduct of Mr George Osborne	HC 560

Session 2006-07

First Report	Evidence to the SSRB Review of Parliamentary pay, pensions and allowances	HC 330
Second Report	Conduct of Mr David Cameron	HC 429
Third Report	Complaints about alleged misuse of Parliamentary dining facilities	HC 431
Fourth Report	Conduct of Mr Julian Brazier	HC 682
Fifth Report	Handling of future complaints on misuse of the private dining facilities	HC 683
Sixth Report	Conduct of Mr George Galloway	HC 909
Seventh Report	Conduct of Mr Gregory Campbell	HC 992
Eighth Report	Conduct of Mr Martin Salter and Mr Rob Wilson	HC 1071

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 Reporting Requirements	HC 807
Sixth Report	Mr Stephen Byers (Matter referred on 19 October 2005)	HC 854

Seventh Report	Conduct of Mr George Galloway	HC 1067
Eighth Report	Conduct of Mr Mark Lancaster	HC 1144
Ninth Report	Lobbying and All Party Groups	HC 1145
Tenth Report	Conduct of Mr Michael Foster (Worcester)	HC 1223
Eleventh Report	Conduct of Ms Emily Thornberry	HC 1367
Twelfth Report	Conduct of Nadine Dorries	HC 1368
Thirteenth Report	Conduct of Mr John Prescott	HC 1553
Fourteenth Report	Conduct of Dr Desmond Turner	HC 1578
Fifteenth Report	Conduct of Mr Eric Illsley	HC 1579
Sixteenth Report	Review of the Guide to the Rules Relating to the Conduct of Members: Consultation Document	HC 1580