

Introduction

The Electoral Commission's mission is to foster public confidence and participation by promoting integrity, involvement and effectiveness in the democratic process.

We welcome the Committee's Eleventh Inquiry, which we see as an opportunity to take stock of our role nearly five years after our establishment. As a body that reports directly to the UK Parliament, it is right that we are subject to regular scrutiny. Our accountability to the public is central to our work promoting confidence and participation in the democratic process.

This submission sets out the Commission's initial response to the questions posed in the Committee's 'Issues and Questions' paper. The Chairman and Chief Executive are ready to expand on these points, and any others that the Committee may wish to raise, in their oral evidence to the Committee.

Mandate

Question 1 - Is the mandate set out in the Political Parties, Elections and Referendums Act 2000 conducive to the efficient and effective operation of The Electoral Commission as the regulator of elections and party political donations in the UK?

1.1. The Committee's Fifth Inquiry recommended that an Electoral Commission should have five principal roles which would define its remit. Most of these were endorsed by the Government and included in the Political Parties, Elections and Referendums Act 2000 (PPERA):

"The Electoral Commission's role will not be a purely enforcement one. It will have a wide-ranging remit to review electoral law and practice, much of which dates back to the last century. As well as being a force for the modernisation of our electoral machinery, the Commission will have an important role in promoting public awareness of the democratic process and encouraging greater participation in it. The establishment of the Electoral Commission also provides an opportunity to rationalise the number of disparate bodies responsible for different aspects of the electoral process and to bring overlapping functions together under the overall control of one organisation."¹

¹ The funding of political parties in the United Kingdom, The Government's proposals for legislation in response to the Fifth Report of the Committee on Standards in Public Life, *July 1999*, Cm 4413

1.2 The Commission has always recognised that our main operational priority is the regulatory framework for the reporting of donations to political parties, the ban on foreign donations and the controls on campaign expenditure at elections. Nevertheless, a key challenge for the Commission is to strike an appropriate balance between the range of functions within our remit. Our corporate plan aims to reflect the diversity of the functions set out in PPERA, whilst also highlighting the links between them.

1.3 In addition, the Commission is currently undertaking a strategic review of our objectives and targets. The review is aimed at clarifying which existing targets are priorities and ensuring that the Commission is ready to face key challenges in the future. The review has been prompted primarily by the range of new operational functions that are anticipated as a result of the Electoral Administration Bill and the Northern Ireland (Miscellaneous Provisions) Bill, both currently before the UK Parliament.² These new developments will make significant changes to the Commission's mandate, and it will be important to ensure that the efficient and effective regulation of elections and party political donations remains central to organisational plans.

Question 2 - In the light of the experience of the last five years are there any appropriate revisions to the mandate of the Commission that should be made to the Political Parties, Elections and Referendums Act 2000

Changes to existing functions

2.1 In relation to existing functions, we recommended to Government in our 2003 report 'Political Parties, Elections and Referendums Act 2000 – Recommendations for Change' that the existing regulatory framework be split into two levels, one for major parties and another for minor parties. Other minor changes were also recommended including a wider range of penalties to be available to the Commission in dealing with cases of non-compliance with PPERA.

2.2 The Commission has recently announced a further review of the powers available to us in the regulatory field [copy of press release attached at Annex A]. The Chairman and the Chief Executive will be happy to update Committee members on the progress of this review at the hearings on 13 June and 14 September, and provide a copy of the final report due in December 2006.

² The Local Electoral and Registration Services (Scotland) Bill, currently being considered by the Scottish Parliament applies key aspects of the Electoral Administration Bill to Scottish local elections, but does not create any new functions for the Commission.

2.3 On a different issue, PPERA's existing provisions requiring the Commission to promote public awareness of elections do not extend to referendums. We have previously pressed the Government to make equivalent provision for referendums. This was done in respect of the North East referendum in 2004 but has not to date been addressed for other future referendums.

Additional functions

2.4 The Commission has also previously argued that specific improvements to electoral law and practice would need to be supported by changes to the powers and functions of the Electoral Commission (Voting for Change, 2003). Some of these changes are included in the Electoral Administration Bill currently before Parliament. For example, the Electoral Administration Bill provides the Commission with a role in setting and monitoring performance standards for electoral registration officers, returning officers and counting officers. The Commission also expects to be appointed by the Government as a CORE (Co-ordinated On-line Register of Electors) Keeper.

2.5 However, the Bill does not include the following powers that we have previously recommended should be assumed by the Commission:

- Allocation of budgets to local authority electoral services departments, linked to our wider recommendations for changes to the funding of electoral services.
- Reviewing and setting Fees and Charges Orders for major elections.
- Directing Electoral Registration Officers on the collection and processing of registration data.
- Creating and managing an 'individual voter identifier' system.

Un-commenced functions

2.6 The Commission would welcome greater certainty about whether and when we might expect to have transferred to us two significant functions provided for in PPERA but not yet commenced: Parliamentary Boundary reviews and the processing of election expenses claims from Returning Officers.

2.7 In this context, we note that the Fifth Report did not consider whether the Commission should assume responsibilities for Parliamentary Boundaries as it fell outside the remit of the review. However, the Fifth Report did note:

'We would only offer the thought that the existing system for the revision of parliamentary boundaries seems to work reasonably well and that to transfer it to the Electoral Commission might seriously overload that body, whose responsibilities, it seems to us, will be onerous enough as it is. We are not inclined to recommend change.'

2.8 The Government concluded, however, that it was appropriate to make provision for the transfer of all four Parliamentary Boundary Commissions and the Local Government Commission for England. The latter function was transferred in 2002. No timetable has yet been confirmed for the transfer of the Parliamentary Boundary functions, but the Commission has been planning towards this eventuality and is committed to carrying out these new functions effectively following the formal transfer. Nevertheless, we recognise that the Committee's current Inquiry provides a suitable opportunity to review whether the approach to management of boundary review functions provided for in PPERA is now the most appropriate way forward.

2.9 Whilst PPERA makes provision for the transfer of local government boundary review functions in Scotland and Wales, it should be noted that these are devolved matters and there has been no indication that any transfer is likely in the foreseeable future. The Commission has therefore not made any plans for the transfer of these functions.

Further changes

2.10 As part of the strategic review of our objectives and targets referred to in Q1, the Commission is currently considering what further revisions, if any, to the mandate of the Commission may be appropriate over the next five years. The Chairman and the Chief Executive will be able to expand on these deliberations at the hearings on 13 June and 14 September.

Question 3 - In particular, is there an appropriate balance between the executive and advisory functions of The Electoral Commission?

3.1 In all our work, we are guided by our threefold corporate aim: to promote integrity, involvement and effectiveness in the democratic process. Each aspect of our aim is of equal importance to us. Nevertheless, in any given year there will be particular priorities.

3.2 The executive elements of our role – regulation of political parties and determining local government boundaries in England – are central to the Commission's work programme. The expected acquisition of further executive functions – determining and monitoring performance standards for local electoral services, accrediting observers for UK elections and acting as a 'CORE Keeper' – will further increase the proportion of Commission activity that has a direct impact on the health of our democracy.

3.3 For the most part, we believe that our advisory functions – primarily, guidance to those running elections, provision of information to electors and the development of policy and advice to Government on electoral law – complement

and support our executive role. However, the Commission is considering the issue of the appropriate balance between advisory and executive functions further as part of our wider strategic review referred to in Q2 above. For example, we will be looking at the case for seeking to move beyond the provisions of the Electoral Administration Bill towards a more directive role in the administration of elections – an issue already highlighted by some of the early written submissions to the Committee.

Question 4 - Has the appropriate balance been struck in the division of responsibilities between The Electoral Commission and other public bodies in promoting public awareness of and participation in elections and referendums?

- 4.1 Since July 2001, The Electoral Commission has had a statutory role under Section 13 of PPERA to “promote public awareness of:
- a) current electoral systems in the United Kingdom and any pending such systems, together with such matters connected with any such existing or pending systems as the Commission may determine;
 - b) current systems of local government and national government in the United Kingdom and any pending such systems; and
 - c) the institutions of the European Union.”
- 4.2 We have deliberately interpreted this role widely, and our key corporate targets in this area are to:
- Increase or maintain rates of voter registration, the likelihood of voting, and public awareness of our democratic process.
 - Improve understanding of why people get involved in the democratic process (and why people choose not to).
 - Increase or maintain the percentage of the public who have a positive view of the procedures for registration and voting in the UK.
- 4.3 The Commission has now run major public awareness campaigns for the Scottish Parliamentary and Welsh Assembly elections of 2003, the European Parliamentary elections of 2004 and the 2005 general election. In addition, the Commission has run campaigns in Northern Ireland to communicate the changes to the registration process since 2002. Key elements of such campaigns have typically included television, radio and newspaper advertising, a dedicated website and a telephone helpline. Measures to promote voter awareness have been aimed both at the general public and at a cross section of more narrowly-defined sections of the population.
- 4.4 The Commission has a defined statutory role in this context which is supported by significant levels of public funding. However, the Commission has always taken the view that responsibility for promoting participation lies with a number of different organisations - not least political parties and politicians. The

Commission has no exclusive role in this area. We see no difficulty with this and have actively promoted partnership working in this sphere to avoid duplication. For example, the Commission has successfully undertaken joint voter awareness campaigns in Scotland (where we do not have a role to play in local elections) and is currently engaged in planning activities for the 2007 elections with the Scottish Executive. The Commission also operated a 'partnership' grants scheme to support other organisations in promoting democratic awareness and engagement.

4.5 Equally, we have sought to identify areas where there would be no added value in the Commission playing a leading part – for example, in relation to the citizenship curriculum in schools – because others are already delivering the sort of resources that the Commission could provide.

4.6 We recognise that placing responsibility for this role with the Commission represented a significant shift in political culture. Not all Parliamentarians were supportive of the move during the passage of PPERA through Parliament and we are conscious that some remain sceptical about the appropriateness of any public body seeking to encourage political engagement. We believe that our success is best judged by results:

- Evaluation of our 'Don't do politics' campaign for the European Parliamentary elections in 2004 and our General Election campaign in 2005 showed that our television advertising was successful at reaching a wide audience. In 2004 57% of the population saw the television advert and in 2005 recognition increased further to 69% (compared with an industry norm of 58%)
- Evaluation of the 2004 and 2005 campaigns also illustrated that our activity had a strong, positive effect on the electorate. 33% of those who saw the 2004 campaign said they voted as a result of seeing it. The equivalent figure for the 2005 general election campaign was higher still at 43%.
- The success of campaigns is also judged on the number of people who request information from the Commission via our website or telephone helpline. Following the launch of our General Election campaign; there was almost a six-fold increase in the number of visits to our website, with an average of almost 41,000 visits per week during the General Election period of 5 April to 5 May 2005. Additionally, the Commission received and dealt with over 20,000 calls to our call centre during this period.
- The Commission's dedicated mailing to people who have recently moved house generated over 26,000 new registrations in Spring 2005.
- Early analysis of the three week registration campaign in parts of England delivered for the May 2006 elections suggests that there have been over 55,000 visits to the website, 3000 calls to the call centre and over 14,000 registration forms downloaded from the website between February and March 2006.

- To complement the mainstream campaigns, the Commission runs dedicated activity encouraging particularly under-registered groups to vote. In 2005 our dedicated mailing to people who had recently moved house generated over 26,000 new registrations in Spring 2005 and street teams signed up almost 1,000 young people from ethnic minority communities in Birmingham to register between February and March 2006. A joint campaign with the Foreign and Commonwealth Office in the run-up to the 2005 general election led to just under 30,000 downloads of our overseas voter registration form between February and March 2005.

4.7 Developments over the last six months do, however, raise a number of questions about the appropriate balance between the Commission and other bodies for the future:

- In setting up the Commission, the Government stated: “The Electoral Commission's work in this area will subsume the campaigns at present run annually by the Home and Scottish Offices in connection with the registration of electors and the campaigns, conducted at the time of a parliamentary general election, to remind people of the timetable and procedure for applying for an absent (postal or proxy) vote.”³ This approach has applied from 2001 until this year. However, the decision by the Department for Constitutional Affairs to initiate its own public awareness activities for the London 2006 campaign raises real concerns about where the boundaries lie between the Commission’s role and that of central government.
- The provisions in the Electoral Administration Bill, currently before Parliament, will give Returning Officers and Electoral Registration Officers new duties to promote registration and promote participation at elections.
- This creates a real opportunity for public awareness messages to be delivered at a local level by those responsible for the administration of elections. The Commission will need to consider how this should influence our own plans for the future.

Question 5 - Does The Electoral Commission operate as a strategic regulator in exercising its responsibilities in relation to:

- a) the registration of political parties**
- b) the regulation of donations to parties**
- c) the control of campaign finance?**

5.1 The Commission aims to operate as a strategic regulator in the discharge of all three areas of responsibility, with the overall goal of maintaining confidence

³ The funding of political parties in the United Kingdom, The Government's proposals for legislation in response to the Fifth Report of the Committee on Standards in Public Life, *July 1999*, Cm 4413

in the integrity of the political process. This task is a significant one, as there are now 396 political parties and 19 third parties registered with the Commission, all subject to the regulatory framework imposed by PPERA.

5.2 In the first year of operation, the Commission's priority was to establish internal systems to receive, scrutinise and publish the returns of donations made by political parties and to apply the new controls on expenditure by political parties and third parties at the 2001 general election. The Commission also worked together with parties to help them understand the requirements on them, and provided extensive guidance and advice on these three areas.

5.3 Following this initial set up phase, the Commission undertook a review of the PPERA regulatory framework, which identified a range of practical and legal changes that could enhance its operation.⁴ Subsequently, our approach has been further refined with a view to adopting a more strategic risk based approach to compliance monitoring.

5.4 The Commission seeks to be responsive to stakeholder needs in the areas of registration and regulation of political financing. The Commission is aware that registering as a political party can be a point of the entry into wider political participation for some individuals, and aims to streamline and simplify the process wherever possible. As an example, the Commission sought feedback on the registration process in 2005 to identify any further improvements. 92% of respondents found its staff to be extremely helpful or very helpful. We revised our registration forms and guidance documents to take account of the feedback given and better reflect the needs of parties and others.

5.5 The Commission has always placed a high priority on ensuring that information about political financing and donations is easily accessible through the Commission's website, and available for public scrutiny.

5.6 We regularly review our guidance and advice to ensure that any areas of risk identified during our compliance monitoring are understood by political parties and others. Where we have identified areas of weakness in the financial systems of some parties recently, the Commission has developed a tailored programme of work jointly with each party, to assist them in complying with the law. We expect to further expand this collaborative approach in future.

5.7 A priority for 2006-07 is to work with the political parties and other regulated organisations and individuals to make the regulatory framework simpler and more effective, and to ensure the maintenance of high levels of transparency

⁴ Political Parties, Elections and Referendums Act 2000 - Recommendations for change (June 2003)

in party funding and campaign spending. This work will include an overhaul of the Commission's registers database, and the development of online tools for the electronic submission of statutory returns, financial accounts and registration details.

5.8 The events of recent weeks have underlined the importance of vigilance in this area and the question of how interventionist the Commission should be as a regulator. As indicated under Q2 above, the Commission has also recently announced a further review of the powers available to us in the regulatory field.

5.9 Political parties in Northern Ireland are currently exempt from the PPERA donation controls which political parties in Great Britain are subject to. The Northern Ireland (Miscellaneous Provisions) Bill makes provision for a new scheme of donation control to be introduced in Northern Ireland, to be administered by the Commission. It is envisaged that after 31 October 2010, donation controls of a similar level to those currently operating in Great Britain will be introduced in Northern Ireland with a transitional system anticipated to commence in 2007.

Governance

Question 6 - Does the independent legal status of The Electoral Commission provide it with sufficient independence from Government?

6.1 The independence of the Commission is integral to our operation as a non-political organisation that aims to promote integrity, involvement and effectiveness in the democratic process. We believe that the Commission's independence is now well established, both in practice and in perception. Recent comments made by leading Opposition spokespeople in the context of debates of the Electoral Administration Bill reinforce this conclusion.

6.2 Furthermore, we do not feel that we have suffered from inappropriate interventions in our own activities from Government. The Government does have powers to direct the Commission to conduct reviews of electoral matters under Section 6(2) of the Political Parties, Elections and Referendums Act 2000 but has used these relatively sparingly. To date, the Government has directed the Commission to perform reviews in relation to:

- Electoral cycles for local government in England (recommendations published 2004)
- Distribution of UK MEPs (recommendations published 2003)
- The assignment of Gibraltar to a UK region for European Parliamentary elections (recommendations published 2003)

6.3 The Government also directed the Boundary Committee for England to conduct Local Government Reviews in the North East, North West and Yorkshire

& the Humber, under Section 13 (1) of the Regional Assemblies (Preparations) Act 2003. The Government also retains powers to request the advice of Commission on structural reviews of English local authorities and to make recommendations on the creation of new local authorities.

6.4 A number of Government Ministers are members of the Speaker's Committee and in that capacity are involved in commenting on and ultimately approving the Commission's budget and corporate plan. The Treasury also has a statutory obligation to comment on the Commission's proposed budget and plan prior to consideration by the Speaker's Committee. However, the Government has not sought to exercise any other influence over the Commission's finances, resources and priorities.

6.5 In summary, the Commission is, and is recognised to be, independent from Government. This is the result both of our independent legal status and the way in which the Commission has actively sought to communicate our independence as central to effective fulfilment of our functions.

6.6 However, the Commission cannot achieve our objectives and targets alone, but must work with all our key partners – including Government, political parties, administrators and others. A good example of this is in the area of electoral fraud. In 2005, intensive discussions involving Government, the police, Returning Officers and electoral administrators led to joint guidance for police forces from the Association of Chief Police Officers and the Commission on the prevention and detection of fraud.

Question 7 - Is the financing of The Electoral Commission – through a combination of income received by the Commission for services, and money provided by Parliament from the Consolidated Fund – compatible with its independent regulatory role? Is there a more appropriate way of financing The Electoral Commission?

7.1 The Commission has identified no practical or other problems with the current funding arrangements. We welcome the principle that the majority of our funding comes from the Consolidated Fund as this mechanism underlines our independence from Government. Indeed, the Commission has recommended to Government that the costs of running electoral services at a local level should also be met from the Consolidated Fund to reflect the same principle.

7.2 Income from services is not presently a major part of our income (a small fee is payable to register as a political or third party) and we are content that it should remain that way. For the financial year 2005-06, the Commission's earned income from party registration was approximately £15,000.

Question 8 - Are the restrictions on who can be an Electoral Commissioner appropriate in the light of the responsibilities of Commissioners under the Political Parties, Elections and Referendums Act 2000?

8.1 The Committee's Fifth Report stated:

"the Commission [should] be, and should be seen to be, independent and impartial. Its members should be chosen on a non partisan basis and by means of a non partisan procedure. Its members should nevertheless be acceptable to the leaders of the main political parties."

8.2 This was accepted by the Government and – after some debate – by Parliament in passing PPERA. We are, however, aware that the restrictions in PPERA continue to attract critics and we welcome the Inquiry's consideration of these concerns.

8.3 The Commission's own view is that as long as we continue to have an executive role on issues such as the regulation of political parties, the determination of boundaries and the administration of referendums it would be inappropriate for active politicians (or those recently retired from politics) to be directly involved in those decisions as Commissioners.

8.4 However, we do acknowledge the potential value of a closer relationship between the Commission and serving politicians; and the benefits of being able to employ staff with personal experience of working in the type of organisations we are regulating. We set out below (Q13) further thoughts on the first issue and would welcome the Committee's consideration of the latter point.

Accountability

Question 9 - Does the Speaker's Committee of the House of Commons constitute an appropriate and effective accountability mechanism for The Electoral Commission?

9.1 The Speaker's Committee has performed a valuable role to date. The Commission has benefited from the discussions with Committee members, collectively and individually, and has been particularly well served by those individual members of the Committee who have represented the Committee in responding on the floor of the House of Commons to questions posed by MPs in the monthly oral questions sessions. The cross-party membership also reinforces the Commission's political neutrality.

9.2 However, the Speaker's Committee has not to date proved to be as effective as we would like in securing full engagement between the Commission

and a broad range of Parliamentarians. In part, this is because the meetings of the Speaker's Committee are not held in public, nor are the minutes widely publicised. There is no requirement for any debate on the floor of the House about the work of either the Committee or the Commission. Its unique role has also meant that MPs have not found it straightforward to understand the relationship between the Commission and the Speaker's Committee.

9.3 We believe that there may be other mechanisms for ensuring effective accountability of the Commission to the UK Parliament that could complement the role and work of the Speaker's Committee⁵. The Constitutional Affairs Select Committee and the Public Accounts Select Committee, are two possible options.

9.4 We also believe that there might be benefit in the Commission reporting directly to a Committee which also 'sponsored' other similar independent bodies, to build understanding and awareness. This might argue for an increased role for the Speaker's Committee in sponsoring other 'watchdogs' or a new Committee of the House.

9.5 It is also worth recording that the present arrangements for the Commission allow for only very limited engagement with the House of Lords. Specifically, the Speaker's Committee membership is limited to members of the House of Commons [except insofar as any of the named Government Ministers are peers e.g. the Lord Chancellor at present] and questions about the Commission's work can only be put to the Committee in the House of Commons. There is no mechanism for members of the House of Lords to raise questions directly with the Commission or Speaker's Committee.

9.6 Whilst we recognise the primary interest of the Commons in matters relating to elections, we are aware that the present arrangements have caused some frustrations in the past for members of the House of Lords and we would welcome some mechanism for more direct engagement with peers. While the Commission has voluntarily established Parliamentary Party Panel (see question 13) equivalents in Scotland, Wales and Northern Ireland, we would also welcome a process that allowed more formal and direct engagement with the respective members of the devolved institutions.

See also Q13 below.

Question 10 - If it does, are there any incremental changes to its composition, mandate or procedures which would contribute to the Speaker's Committee effectiveness?

10.1 In addition to the points made above, there are some procedural changes that we believe would improve the ability of the Speaker's Committee to fulfil its

⁵ Question 2 - Constitutional Affairs Select Committee - 2 November 2005 - HC 640 i

responsibilities. In particular, the Commission has encouraged the Committee to establish a more fixed forward calendar of meetings to facilitate budget setting and some steps have been taken towards achieving this. We would also welcome more informal meetings to update members on the Commission's activities in addition to the twice-yearly formal meetings for the purpose of approving budgets and reports.

10.2 In its recent review of the Commission, the House of Commons Scrutiny Unit also made a number of recommendations relating to the Committee's operation and staffing, as well as recommendations aimed at the Commission. We welcome these recommendations, and look forward to seeing the Committee's response.

Question 11 - If it does not, is there an alternative mechanism to make The Electoral Commission more accountable?

See Q9 and Q12.

Question 12 - Are the devolved administrations of the UK appropriately incorporated into the accountability mechanism?

12.1 The Commission is a UK-wide body with a UK-wide approach to our work. This is reflected, for example, in the creation of dedicated offices in Edinburgh, Cardiff and Belfast, the creation of Commissioners with lead responsibility for different parts of the UK and a commitment to holding Commission meetings outside London on a regular basis. We have established excellent working relationships with the devolved institutions in Scotland and Wales, and would aim to replicate this in Northern Ireland at such time as the Assembly is revived.

12.2 The Commission is very conscious that the electoral process and political dynamics of different parts of the UK vary considerably and we would welcome any steps to reflect this in the accountability mechanisms for the Commission. One step might be to extend membership of the Speakers Committee to include Ministerial representatives from the Scotland, Wales and Northern Ireland Offices. However, this would risk unbalancing membership of the Committee in favour of the Westminster Government of the day and would not provide a genuinely 'devolved' perspective.

Question 13 - Has the Parliamentary Parties' Panel and its decentralised variants been an effective way of The Electoral Commission engaging in dialogue with political parties? Is there a more effective way of conducting this dialogue?

13.1 The Commission has met with the Westminster Parliamentary Parties Panel (PPP) on a quarterly basis since 2001. In addition, the Commission has

voluntarily established equivalent bodies in Scotland, Wales and Northern Ireland – the membership of these bodies is drawn from the parties who are [or in the case of Northern Ireland, were most recently] represented in the devolved institutions – which also meet with similar frequency.

13.2 Whilst the PPP meetings are invaluable in providing an opportunity to engage with senior staff of the main political parties across the UK, especially on operational matters, the Commission has felt for some time that additional mechanisms or forums might usefully be established to provide a more ‘political’ sounding board. Our understanding is that the PPP was originally conceived as a mechanism for ensuring effective liaison between the non-political Commission and politicians. But because PPERA specifies that membership of the Westminster PPP should be the registered party treasurers this has resulted in a more ‘technical’ forum.

13.3 The Commission is attracted to the idea of trying to establish an advisory forum of senior politicians. The Chairman has informally approached a number of peers and MPs for their views.

See also Q9 above.

The Electoral Commission
May 2006

News release

Embargoed until 18.00 Tuesday 16 May 2006

Electoral Commission announces review of political party financing

The Electoral Commission has begun a wide-ranging programme of work looking at the openness, accountability and regulation of political party financing. The programme begins with the publication today of a set of key principles on the funding of political parties, and the start of a formal review of the Act which gives the Commission its powers to police party finances.

Principles on the funding of political parties

The Commission has developed a set of key principles which it believes should underpin any system for the funding of political parties. These include:

- encouraging smaller contributions from a larger number of people
- ensuring that no single funding source can exert undue influence
- neither entrenching the existing party system nor inhibiting the development of new parties
- clear and fair rules for how parties qualify for any public funds
- taking account of the needs of parties at all levels and in all parts of the United Kingdom
- building public confidence in the integrity of the system

Review of the Political Parties, Elections and Referendums Act 2000 (PPERA)

This review will consider whether the Commission has the right powers to regulate political parties' and candidates' finances, and whether the penalties and criminal sanctions available are appropriate and workable. It will also consider whether transparency is enough for effective regulation of party finances and to secure public confidence.

The programme will also include:

- A debate jointly hosted by the Social Market Foundation, *Is state funding of parties inevitable?*, in the Attlee Suite of the House of Commons on Wednesday 17 May
- A roundtable on effective regulation in June and an international conference in the Autumn
- A roundtable on candidates' election expenses regulated period in July
- Public consultation and opinion research on party financing issues
- Consultation with smaller parties and independent candidates

The project will contribute to Sir Hayden Phillips' review on party funding, and the Constitutional Affairs Committee on the funding of political parties. The Electoral Commission's Chairman and Chief Executive will give evidence to the Committee at 16.00 on Tuesday 16 May.

Peter Wardle, Chief Executive of the Electoral Commission, said:

"Public confidence in the integrity of the democratic process has been damaged by recent events, bringing the question of how our political parties are funded into sharp focus. There is a clear need to examine the operation of the current system and whether action needs to be taken to ensure that party funding is seen to be fair, transparent, and effectively regulated by the Electoral Commission."

The Commission will publish a report on its review of PPERA and submit recommendations to the Secretary of State in December 2006 to coincide with the publication of Sir Hayden Phillips' recommendations on party funding.

/ends

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Editors' Notes

1. The Electoral Commission is an independent body set up by the UK Parliament. Our mission is to foster public confidence and participation by promoting integrity, involvement and effectiveness in the democratic process.