

Democratic Political Activity (Funding and Expenditure) Bill [HL]

CONTENTS

PART 1

CONTROL OF FUNDING FOR POLITICAL PURPOSES

Introductory

- 1 Additional restrictions to apply to funding for political purposes
- 2 Meaning of “represented registered party”

Cap on donations and loans etc from a single source

- 3 Cap on total of relevant benefits received from any person
- 4 “Relevant benefits”: donations
- 5 “Relevant benefits”: loans and related transactions

Treatment of affiliation fees received from membership organisations

- 6 Circumstances in which affiliation fees treated as made by individual members
- 7 Procedure to establish whether section 6 applies to a membership organisation
- 8 Conditions to be met by membership organisation for purposes of section 7
- 9 Written consent to apply to all trade union members after transitional period

Schemes for obtaining funding otherwise than by donations, loans etc

- 10 Amount-per-vote scheme
- 11 Matched funding for registered supporters
- 12 Gift aid to apply to gifts of money made to eligible represented registered parties
- 13 Gifts qualifying for gift aid relief: income tax treated as paid
- 14 Gifts qualifying for gift aid relief: corporation tax liability and exemption
- 15 Funding obtained under sections 10 to 14 to be used for certain purposes only
- 16 Ending of policy development grants
- 17 Requirements to secure valid nominations at parliamentary elections
- 18 Power to control combined impact of sections 10 to 17

PART 2

CONTROL OF EXPENDITURE FOR POLITICAL PURPOSES

Annual expenditure incurred otherwise than in pre-election period

- 19 Annual limit on non-election expenses incurred by represented registered party

Election expenditure

- 20 Increase in candidate limit at General Elections
21 Control of campaign expenditure and controlled expenditure
22 Removal of restrictions on pre-candidacy election expenses for certain general elections

PART 3

MISCELLANEOUS AND GENERAL

Miscellaneous

- 23 Free delivery of candidate election addresses
24 Functions of the Commission

General

- 25 Provision for review
26 Orders and regulations
27 Interpretation
28 Financial provision
29 Extent, commencement and short title

-
- Schedule 1 – Non-election expenses: qualifying expenses
Schedule 2 – Amendments to Political Parties, Elections and Referendums Act 2000
Schedule 3 – Free delivery of election addresses
 Part 1 – Election addresses and election booklets
 Part 2 – Amendments consequential on Part 1

A
B I L L

TO

Make provision for the regulation of funding and expenditure of political parties; to make provision for the phased introduction of a cap on donations to political parties; to make provision for affiliation fees from trade unions and membership organisations to political parties to be counted as individual donations in prescribed circumstances; to make provision for the public funding of political parties; to make provision for the modification of rights of candidates and parties to election addresses; to make provision for limits on political parties' expenditure between regulated periods; to confer powers on the Electoral Commission; and for connected purposes.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

PART 1

CONTROL OF FUNDING FOR POLITICAL PURPOSES

Introductory

1 Additional restrictions to apply to funding for political purposes

The requirements of this Part of this Act in respect of represented registered parties are in addition to such of the requirements of Parts IV and IVA of the Political Parties, Elections and Referendums Act 2000 (“the 2000 Act”) as apply to such parties. 5

2 Meaning of “represented registered party”

- (1) For the purposes of this Act, a party registered under Part II of the 2000 Act is “a represented registered party” if the first and second conditions are met in respect of the party. 10
- (2) The first condition is that there are at least two members of any one of the following legislatures who belong to the party—

- (a) the House of Commons;
 - (b) a devolved legislature; or
 - (c) the European Parliament.
- (3) The second condition is that each of those members –
- (a) has complied with such preliminary requirements (such as the taking of an oath or a declaration of interests) as members of that legislature are required to comply with in order to participate fully in its proceedings; and
 - (b) is not disqualified from sitting or voting in that legislature.

Cap on donations and loans etc from a single source 10

3 Cap on total of relevant benefits received from any person

- (1) In respect of any represented registered party, the relevant benefits which may be accepted from any person (“P”) in respect of a year must not exceed the maximum amount.
- (2) In subsection (1) –
- “the maximum amount” is to be understood in accordance with subsections (3) and (4);
 - “relevant benefits”, in relation to P, means the aggregate of –
 - (a) all donations connected with the represented registered party (see section 4) which are accepted from P;
 - (b) all transactions connected with the represented registered party (see section 5) which are entered into by P;
 - “year” means –
 - (a) the period of 12 months which starts on 1 January 2018; and
 - (b) each subsequent 12 month period.
- (3) The maximum amount, in relation to the year commencing on –
- (a) 1st January 2018, is £50,000;
 - (b) 1st January 2019, is £40,000;
 - (c) 1st January 2020, is £30,000;
 - (d) 1st January 2021, is £25,000;
 - (e) 1st January 2022, is £22,500;
 - (f) 1st January 2023, is £20,000;
 - (g) 1st January 2024, is £18,500;
 - (h) 1st January 2025, is £15,000;
 - (i) 1st January 2026, is £12,500.
- (4) In relation to the year commencing on 1st January 2027 and each subsequent year, the maximum amount is £10,000.
- (5) The Secretary of State may by order vary the sum specified in subsection (4) where the Secretary of State considers that the variation is expedient in consequence of changes in the value of money.
- (6) Any order made under subsection (5) may not be made unless a draft has been laid before Parliament and approved by a resolution of each House.

4 “Relevant benefits”: donations

- (1) For the purposes of paragraph (a) of the definition of “relevant benefits” set out in section 3(2), donations are to be treated as connected with a represented registered party where they are donations which are accepted in accordance with Part IV of the 2000 Act by – 5
- (a) the party;
 - (b) a member of the party;
 - (c) a members’ association where the membership of the association consists wholly or mainly of members of the party;
 - (d) a holder of relevant elective office where, at the election for that office – 10
 - (i) the person elected was authorised to use a description likely to lead electors to associate the person to the party, and
 - (ii) that authorisation was given by a certificate issued by or on behalf of the registered nominating officer of the party.
- (2) A relevant benefit which is a donation accrues – 15
- (a) from the permissible donor who made it; and
 - (b) when the donation is accepted by the donee.
- (3) In this section –
- “donations” has the same meaning as in Part IV of the 2000 Act (see also section 161 of the 2000 Act (interpretation: donations)); 20
 - “members’ association” has the meaning given in paragraph 1(6) of Schedule 7 to the 2000 Act;
 - “nominating officer” means the person registered under the 2000 Act as the officer with responsibility for the matters referred to in section 24(3) of that Act in respect of a represented registered party (office-holders to be registered); 25
 - “permissible donor” has the same meaning as in Part 4 of the 2000 Act;
 - “relevant elective office” has the meaning given in paragraph 1(8) of Schedule 7 to the 2000 Act.

5 “Relevant benefits”: loans and related transactions 30

- (1) For the purposes of paragraph (b) of the definition of “relevant benefits” set out in section 3(2), transactions are to be treated as connected with a represented registered party where –
- (a) they are regulated transactions or controlled transactions with an authorised participant which are entered into in accordance with Part IVA of the 2000 Act; and 35
 - (b) any of the persons or bodies specified in paragraphs (a) to (d) of section 4(1) of this Act is also a party to the transaction.
- (2) A relevant benefit which is a regulated transaction or a controlled transaction accrues – 40
- (a) from an authorised participant who is a party to the transaction, and
 - (b) when the transaction is entered into.
- (3) In this section “authorised participant”, “controlled transaction” and “regulated transaction” have the same meaning as in Part IVA of the 2000 Act.

*Treatment of affiliation fees received from membership organisations***6 Circumstances in which affiliation fees treated as made by individual members**

- (1) In this section –
- “affiliation fee”, in relation to a represented registered party, means a subscription or other fee paid for affiliation to the party or for membership of it; 5
- “membership organisation” means –
- (a) a trade union entered in the list kept under the Trade Union and Labour Relations (Consolidation) Act 1992 (“the 1992 Act”) or the Industrial Relations (Northern Ireland) Order 1992; 10
- (b) a society registered or deemed to be registered under the Co-operative and Community Benefit Societies and Credit Unions Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969; 15
- (c) any other membership organisation which pays affiliation fees to any represented registered party.
- (2) Subsection (3) applies where –
- (a) a notice issued under section 7 is for the time being in force in respect of a membership organisation; and 20
- (b) any of the members of the organisation (“the consenting members”) have given their written consent to the organisation for the organisation to pay an amount to the represented registered party on the member’s behalf by way of affiliation fees (see section 8(4)).
- (3) Such amount as falls within subsection (4) which is received by a represented registered party from a membership organisation by way of affiliation fees in respect of any period is to be treated for the purposes of section 3 of this Act, and of Part IV of the 2000 Act, as if it had been received directly from the consenting members. 25
- (4) The amount falling within this subsection is the amount equal to the aggregate of the payments made by each consenting member for the purposes of affiliation to, or membership of, the party in respect of the period in question. 30

7 Procedure to establish whether section 6 applies to a membership organisation

- (1) On an application made to the Electoral Commission (“the Commission”) in accordance with this section, the Commission may issue a notice stating that it is satisfied that a membership organisation meets all of the conditions set out in section 8 (or will meet those conditions once the notice has been issued). 35
- (2) An application for a notice –
- (a) must be made to the Commission by the membership organisation in such manner as the Commission may direct; and 40
- (b) must contain, or be accompanied by, such other information as the Commission may reasonably require.
- (3) At any time after receiving the application, and before determining it, the Commission may require the membership organisation to provide such further information as the Commission may reasonably require. 45

- (4) The Commission must give the membership organisation written notice where the Commission decides to issue a notice.
- (5) If the Commission considers that the conditions set out in section 8 are not met in respect of the membership organisation, the Commission must refuse the application under this section and must give the membership organisation written notice stating the reasons for its refusal. 5
- (6) A notice expires at the end of the period of 60 months beginning with the day on which the notice is issued (but this does not prevent an application being made for a notice to take effect once that period has ended).
- (7) An application referred to in subsection (6) – 10
 - (a) must comply with the requirements of subsection (1); and
 - (b) must also be accompanied by a declaration made by a person authorised by the organisation, which states that the conditions set out in section 8 continue to be met in respect of the organisation.
- (8) A person who knowingly or recklessly makes a false declaration under subsection (7)(b) commits an offence. 15
- (9) A person convicted of an offence under subsection (8) is liable –
 - (a) on summary conviction, to imprisonment for a term not exceeding 6 months or a fine not exceeding the statutory maximum, or both;
 - (b) on conviction on indictment, to imprisonment for a term not exceeding 1 year or a fine, or both. 20

8 Conditions to be met by membership organisation for purposes of section 7

- (1) For the purposes of section 7, the conditions to be met by a membership organisation are as follows.
- (2) The first condition is that the arrangements for membership of the organisation, or for its administration, do not prevent any person from making a contribution to any political fund of the organisation where that person clearly indicates that no amount of the contribution is to be paid by way of affiliation fees to one or more parties registered under Part II of the 2000 Act. 25
- (3) The second condition is that such information about a right to withdraw from contributions as would be required by section 84A of the 1992 Act (whether or not the membership organisation is a trade union) – 30
 - (a) is provided directly to any person who seeks to become a member of the organisation or renew their membership; and
 - (b) appears on the organisation’s website. 35
- (4) The third condition is that the Secretary of State has made regulations under section 9 of this Act.
- (5) Subsection (4) applies only after 1 January 2020.
- (6) In subsection (2), “political fund” – 40
 - (a) in relation to a trade union, means the fund from which payments by a trade union in the furtherance of political objects are required to be made by virtue of section 82(1)(a) of the Trade Union and Labour Relations (Consolidation) Act 1992 (“the 1992 Act”) or Article 57(2)(a) of the Industrial Relations (Northern Ireland) Order 1992;

- (b) in relation to any other body, means any separate fund maintained by that body which is applied by it in furtherance of political objects such as would, if the body were a trade union, be political objects to which Chapter III of Part 1 of the 1992 Act applies.

9 Written consent to apply to all trade union members after transitional period 5

- (1) The Secretary of State may by regulations made by statutory instrument make provision that trade union members shall only make contributions to a political fund by written consent.
- (2) The Secretary of State may only make regulations under subsection (1) to apply from 1 January 2020. 10
- (3) Regulations under subsection (1) are subject to annulment by a resolution of either House.

Schemes for obtaining funding otherwise than by donations, loans etc

10 Amount-per-vote scheme

- (1) For each financial year there is to be paid to each represented registered party out of money provided by Parliament amounts the total of which for any such year is equal to the aggregate of— 15
- (a) 50 pence multiplied by the total number of votes cast for persons standing for election in the name of that party at the most recent parliamentary general election; 20
- (b) 25 pence multiplied by the total number of votes cast for persons standing for election in the name of that party at the most recent ordinary or extraordinary general election to each devolved legislature;
- (c) 25 pence multiplied by—
- (i) in relation to England, Wales or Scotland, the total number of votes cast for the party itself at the most recent European Parliamentary election; 25
- (ii) in relation to Northern Ireland, the total number of votes cast for persons standing for election in the name of that party at that election. 30
- (2) Any amount payable under subsection (1) is to be paid in such manner and at such times as the Treasury may determine.

11 Matched funding for registered supporters

- (1) A represented registered party is entitled to a payment (a “matched payment”) from the Secretary of State in respect of each individual who— 35
- (a) is registered in an electoral register; and
- (b) makes a gift of money in any tax year to the party under a registered subscriber scheme.
- (2) A registered subscriber scheme is a scheme which is maintained by or on behalf of a represented registered party which— 40
- (a) invites individuals who support the party to make a gift of money to the party;

- (b) provides for the maintenance of a register of all individuals who make such a gift and the amount received; and
 - (c) complies with such other requirements as may be specified by regulations made by the Commission.
 - (3) The amount of the matched payment to be made in respect of each individual in any tax year is £5. 5
 - (4) In this section, “electoral register” means any of the following –
 - (a) a register of parliamentary or local government electors maintained under section 9 of the Representation of the People Act 1983 (register of electors); 10
 - (b) a register of relevant citizens of the European Union prepared under the European Parliamentary Elections (Franchise of Relevant Citizens of the Union) Regulations 2001; or
 - (c) a register of peers prepared under regulations under section 3 of the Representation of the People Act 1985 (extension of franchise for European Parliamentary elections). 15
- 12 Gift aid to apply to gifts of money made to eligible represented registered parties**
- (1) The provisions of Chapter 2 of Part 8 of the Income Tax Act 2007 (gift aid) apply to gifts of money which are made to represented registered parties by individuals as the provisions of that Chapter apply to gifts of money made to charities by individuals. 20
 - (2) In their application by virtue of subsection (1), those provisions have effect –
 - (a) as if references to “charity” included references to represented registered parties (see subsections (9) and (10)); and 25
 - (b) subject to the following modifications.
 - (3) The Income Tax Act 2007 is amended as follows.
 - (4) In section 413(5) (overview of Chapter) –
 - (a) omit “and”; and
 - (b) after “section 505 of ICTA” insert “and sections 13 and 14 of the Democratic Political Activity (Funding and Expenditure) Act 2017”. 30
 - (5) In section 416 (meaning of “qualifying donation”) –
 - (a) in subsection (1)(a), for “conditions A to F” substitute “conditions A to G”; and
 - (b) after subsection (7) insert – 35
 - “(8) Condition G is that any amount of one or more gifts received from any individual which exceeds £200 in any tax year is disregarded.”.
 - (6) In section 418 (restrictions on associated benefits), omit 2(c).
 - (7) Omit sections 420 (disregard certain admission rights) and 421 (admission rights supplementary). 40
 - (8) The power of the Commissioners for Her Majesty’s Revenue and Customs under section 428 (meaning of “gift aid declarations”) extends to making regulations for the purposes of this section; and regulations under that section which are in force on the date this section comes into force are to have effect in 45

relation to gifts of money which are made to represented registered parties by individuals, with such modifications as are necessary for those purposes.

- (9) For the heading to section 430 substitute –
 ““Charity” to include exempt bodies and represented registered parties”. 5
- (10) In that section –
 (a) omit “and” at the end of paragraph (b); and
 (b) after paragraph (d) insert “, and
 “(e) a represented registered party within the meaning of the Democratic Political Activity (Funding and Expenditure) Act 2017.”. 10

13 Gifts qualifying for gift aid relief: income tax treated as paid

- (1) This section applies if a gift is made to a represented registered party by an individual and, by virtue of section 12 of this Act, the gift is a qualifying donation for the purposes of Chapter 2 of Part 8 of the Income Tax Act 2007 (gift aid). 15
- (2) The represented registered party is treated as receiving, under deduction of income tax at the basic rate for the tax year in which the gift is made, a gift of an amount equal to the grossed up amount of the gift.
- (3) References in this section to the grossed up amount of the gift are to the amount of the gift grossed up by reference to the basic rate for the tax year in which the gift is made. 20
- (4) The income tax treated as deducted is treated as income tax paid by the represented registered party.

14 Gifts qualifying for gift aid relief: corporation tax liability and exemption 25

- (1) If a represented registered party receives a gift from an individual and, by virtue of section 12 of this Act, the gift is a qualifying donation for the purposes of Chapter 2 of Part 8 of the Income Tax Act 2007 (gift aid), the grossed up amount of the gift is treated as an amount in respect of which the represented registered party is chargeable to corporation tax, under the charge to corporation tax on income. 30
- (2) But the grossed up amount of the gift is not taken into account in calculating total profits so far as that grossed up amount is applied to any of the purposes listed in section 15(a) to (d) of this Act.
- (3) References in this section to the grossed up amount of the gift are to the amount of the gift grossed up by reference to the basic rate for the tax year in which the gift is made. 35
- (4) The exemption under subsection (2) requires a claim.

15 Funding obtained under sections 10 to 14 to be used for certain purposes only

Any amount obtained by a represented registered party in accordance with any of sections 10 to 14 must not be used for any purpose other than – 40

- (a) assisting the party with the development of policies for inclusion in any manifesto on the basis of which –
 - (i) candidates authorised to stand by the party will seek to be elected at a relevant election;
 - (ii) the party itself will seek to be so elected (in the case of a relevant election for which the party itself may be nominated);
- (b) the promotion of policies adopted by the party;
- (c) meeting expenses reasonably incurred by the party in connection with activities engaged in for the purposes of electing candidates at a relevant election (such as advertising, transport, public meetings, sending election addresses etc);
- (d) ensuring that the public duties of persons elected at a relevant election are carried out effectively and efficiently;
- (e) meeting accommodation, administration and staff expenses reasonably incurred in connection with any of the activities set out in paragraphs (a) to (d).

16 Ending of policy development grants

Section 12 of the 2000 Act (policy development grants) is repealed.

17 Requirements to secure valid nominations at parliamentary elections

- (1) Schedule 1 to the Representation of the People Act 1983 is amended as follows. 20
- (2) For paragraph 9, substitute –

“Requirements to secure valid nomination

- 9 A person shall not be validly nominated unless –
 - (a) in the constituency concerned the represented registered political party, whose registered nominating officer has authorised by a certificate the use of an authorised description associated with that party under section 28A (descriptions) of the Political Parties, Elections and Referendums Act 2000, has 100 or more registered supporters under section 11 of the Democratic Political Activity (Funding and Expenditure) Act 2017; or 25
 - (b) in the case of an independent candidate, or a candidate otherwise not using an authorised description for a represented registered political party under section 28A (descriptions) of the Political Parties, Elections and Referendums Act 2000, the number of subscribers on the candidate’s nomination form, in addition to a proposer and seconder, is 98 or more as though the reference in Rule 7(1) to “eight other electors” were a reference to “98 other electors”.” 35

18 Power to control combined impact of sections 10 to 17

- (1) The provisions of sections 10 to 17 come into force on such day as the Secretary of State may by regulations made by statutory instrument appoint. 40

- (2) The aggregate amount which is obtained under sections 10 and 11 by all represented registered parties taken together must not exceed such amount as the Secretary of State may by regulations prescribe.
- (3) The Secretary of State may by regulations –
- (a) reduce any sum specified in section 10(1) or 11(3) where the Secretary of State considers that the reduction is necessary to ensure that the amount prescribed under subsection (2) is not exceeded; and
 - (b) vary that sum where the Secretary of State considers that the variation is expedient in consequence of changes in the value of money.
- (4) Subject to subsection (5), no regulations are to be made under this section unless a draft has been laid before Parliament and approved by a resolution of each House.
- (5) Any regulations made under subsection (3)(b) are subject to annulment in pursuance of a resolution of either House of Parliament.

PART 2

CONTROL OF EXPENDITURE FOR POLITICAL PURPOSES

Annual expenditure incurred otherwise than in pre-election period

19 Annual limit on non-election expenses incurred by represented registered party

- (1) This section applies to any expenses (“non-election expenses”) which –
- (a) are incurred by or on behalf of a represented registered party; and
 - (b) fall within Schedule 1; but
 - (c) are neither –
 - (i) subject to the controls on campaign expenditure in respect of a relevant election which are contained in Part 5 of the 2000 Act, nor
 - (ii) required (in accordance with any enactment) to be included in a return as to election expenses in respect of a candidate at a particular election.
- (2) In respect of each financial year, the limit applying to the non-election expenses that may be incurred by or on behalf of a represented registered party is an amount equal to three times the overall maximum amount determined by subparagraph (13) of paragraph 3 of Schedule 9 to the 2000 Act (as amended by Schedule 2 to this Act).
- (3) No more than half of one per cent of the amount specified in subsection (2) may be incurred in respect of each financial year by a represented registered party for the purposes of –
- (a) sending unsolicited material falling within paragraph 4 of Schedule 1 which is addressed to any person registered, or entitled to be registered, in the register of parliamentary electors for any particular constituency;
 - (b) making unsolicited telephone calls to such persons; or
 - (c) displaying digital advertising to persons based on the postcode in which they reside.

Election expenditure

20 Increase in candidate limit at General Elections

Section 76(2) (limitation of election expenses) of the Representation of the People Act 1983 is amended as follows –

- (a) in sub-paragraph (a)(i), for “£20,000” substitute “£8,700”; 5
- (b) in sub-paragraph (a)(ii), for “£20,000” substitute “£8,700”.

21 Control of campaign expenditure and controlled expenditure

Schedule 2 (which contains amendments of Schedules 8, 9 and 10 to the 2000 Act) has effect.

22 Removal of restrictions on pre-candidacy election expenses for certain general elections 10

- (1) The Representation of the People Act 1983 is amended as follows.
- (2) Omit section 76ZA (limitation of pre-candidacy election expenses for certain general elections).
- (3) In section 76A(2) (power to vary provision about election expenses), omit paragraph (e). 15
- (4) In section 90ZA (meaning of “election expenses”), for subsection (5) substitute –
 - “(5) In this Part of this Act, any reference to election expenses incurred by or on behalf of a candidate at an election includes expenses – 20
 - (a) which are incurred as mentioned in subsection (1) above before the date when he becomes a candidate at the election, but
 - (b) which by virtue of that subsection fail to be regarded as election expenses.”

PART 3 25

MISCELLANEOUS AND GENERAL

Miscellaneous

23 Free delivery of candidate election addresses

- (1) Subsection (2) and Part 1 of Schedule 3 apply in relation to – 30
 - (a) parliamentary elections; and
 - (b) elections to the European Parliament.
- (2) Each candidate at an election to which this subsection applies is entitled (subject to and in accordance with the provisions of Part 1 of Schedule 3) to have an election address prepared on behalf of the candidate included in a booklet of election addresses which is – 35
 - (a) prepared by the returning officer; and
 - (b) sent by that officer by post to each person entitled to vote at that election.

- (3) Part 2 of Schedule 3 (which repeals and revokes enactments superseded by subsections (1) and (2)) has effect.

24 Functions of the Commission

- (1) The Secretary of State may by regulations made by statutory instrument make such provision as to the functions of the Commission as the Secretary of State considers necessary or desirable for the purposes of giving effect to this Act. 5
- (2) Regulations under subsection (1) may include provision which, in particular –
- (a) enables the Commission to take such steps as are necessary to ensure that the maximum amount of relevant benefits from any person which is for the time in force under section 3 is not exceeded; 10
 - (b) facilitates the carrying out of the Commission’s functions under sections 7 and 8 in connection with affiliation fees paid by a membership organisation;
 - (c) enables the Commission to take such steps as are necessary to ensure compliance with such limits on expenditure (of whatever description) as are imposed by virtue of the Representation of the People Act 1983, the Political Parties, Elections and Referendums Act 2000, and this Act. 15
- (3) No regulations are to be made under subsection (1) unless a draft of the regulations has been laid before Parliament and approved by a resolution of each House. 20

General

25 Provision for review

- (1) The Secretary of State must make arrangements –
- (a) for a committee to carry out reviews of the effects of this Act on funding and expenditure for political purposes; and 25
 - (b) for the findings of the reviews to be published.
- (2) Arrangements are to be made for findings to be published under subsection (1)(b) –
- (a) no later than 1st January 2020; and
 - (b) on each two-year anniversary of that date. 30

26 Orders and regulations

- (1) Any order or regulations made by the Secretary of State under this Act must be made by statutory instrument.
- (2) Any order or regulations made under this Act may –
- (a) include incidental, supplementary and consequential provision; 35
 - (b) make transitory or transitional provision and savings;
 - (c) make provision generally or subject to exceptions or only in relation to specified cases;
 - (d) make different provision for different cases or circumstances or for different purposes. 40
- (3) Any order made under this Act may, in particular, make provision as respects the operation of any financial limit imposed by any provision of this Act in

cases where a period in relation to which any such limit is imposed would otherwise begin at a time before the commencement of that provision of this Act.

27 Interpretation

In this Act –	5
“the 1992 Act” means the Trade Union and Labour Relations (Consolidation) Act 1992;	
“the 2000 Act” means the Political Parties, Elections and Referendums Act 2000;	
“affiliation fee” has the meaning given in section 6;	10
“the Commission” means the Electoral Commission established by section 1 of the 2000 Act;	
“devolved legislature” means –	
(a) the Scottish Parliament;	
(b) the National Assembly for Wales;	15
(c) the Northern Ireland Assembly;	
“membership organisation” has the meaning given in section 6;	
“relevant election” means –	
(a) parliamentary elections;	
(b) elections to the European Parliament;	20
(c) elections to the Scottish Parliament;	
(d) elections to the National Assembly for Wales;	
(e) elections to the Northern Ireland Assembly;	
(f) elections of police and crime commissioners;	
(g) local government elections; and	25
(h) local elections in Northern Ireland;	
“represented registered party” has the meaning given in section 2;	
“tax year” means a year beginning on 6 April and ending on the following 5 April;	
“third party” means any person or body other than a represented registered party.	30

28 Financial provision

The following are to be paid out of money provided by Parliament –	
(a) any expenditure incurred by the Secretary of State as a result of this Act, and	35
(b) any increase resulting from this Act in the sums payable under any other Act out of money provided by Parliament.	

29 Extent, commencement and short title

- (1) This Act extends to England and Wales, Scotland and Northern Ireland.
- (2) Subject to subsections (3) and (6), this Act comes into force on 1st January 2018. 40
- (3) Sections 10 to 16 come into force in accordance with any regulations made under section 18.

- (4) Section 17 may only be brought into force on the same day as, or after, section 11.
- (5) Section 23 comes into force on such day as the Secretary of State may by regulations made by statutory instrument appoint, subject to subsection (6).
- (6) A statutory instrument may not be made under subsection (5) unless a draft has been laid before Parliament and approved by a resolution of each House.
- (7) This Act may be cited as the Democratic Political Activity (Funding and Expenditure) Act 2017.

SCHEDULES

SCHEDULE 1

Section 19(1)(b)

NON-ELECTION EXPENSES: QUALIFYING EXPENSES

- 1 For the purposes of section 19(1)(b), the expenses falling within this Schedule are expenses incurred in respect of any of the matters set out in paragraphs 2 to 7. 5
- 2 Party political broadcasts.
Expenses in respect of such broadcasts include agency fees, design costs and other costs in connection with preparing or producing such broadcasts.
- 3 Advertising of any nature (whatever the medium used). 10
Expenses in respect of such advertising include agency fees, design costs and other costs in connection with preparing, producing, distributing or otherwise disseminating such advertising or anything incorporating such advertising and intended to be distributed for the purpose of disseminating it. 15
- 4 Unsolicited material addressed to electors (whether addressed to them by name or intended for delivery to households within any particular area or areas).
Expenses in respect of such material include design costs and other costs in connection with preparing, producing or distributing such material (including the cost of postage). 20
- 5 Any manifesto or other document setting out the party's policies.
Expenses in respect of such a document include design costs and other costs in connection with preparing or producing or distributing or otherwise disseminating any such document. 25
- 6 Market research or canvassing conducted for the purpose of ascertaining polling intentions.
- 7 The provision of any services or facilities in connection with press conferences or other dealings with the media.

SCHEDULE 2

Section 21

30

AMENDMENTS TO POLITICAL PARTIES, ELECTIONS AND REFERENDUMS ACT 2000

- 1 Paragraph 2(1)(d) of Schedule 8 to the 2000 Act is repealed.
- 2 Schedule 9 to the 2000 Act is amended in accordance with paragraphs 3 to 7.

- 3 (1) Paragraph 3 (parliamentary general elections) is amended as follows.
- (2) In sub-paragraph (2)(a), for “£30,000” substitute “£8,500”.
- (3) In sub-paragraph (3)–
- (a) in paragraph (a), for “£810,000” substitute “£229,500”;
 - (b) in paragraph (b), for “£120,000” substitute “£34,000”; and 5
 - (c) in paragraph (c), for “£60,000” substitute “£17,000”.
- (4) In sub-paragraph (4), for “£30,000” substitute “£8,500”.
- (5) For sub-paragraph (7), substitute–
- “(7) For the purposes of this paragraph the relevant period is–
- (a) (subject to paragraph (b)) four months ending with the date of the poll for the election; 10
 - (b) where an early parliamentary general election under section 2 of the Fixed-term Parliaments Act 2011 is to take place less than 4 months after the date of the poll at the immediately preceding parliamentary general election, the period– 15
 - (i) beginning with the day after the date of the poll for that preceding election, and
 - (ii) ending with the date of the poll for the early parliamentary general election.” 20
- (6) After sub-paragraph (7) insert–
- “(8) During the period in which Condition A, set out in sub-paragraph (10), applies no more than half of one per cent of the overall maximum amount determined under sub-paragraph (13) may be incurred by a represented registered party for the purposes set out in sub-paragraph (12) 25
- (9) During the period in which Condition B, set out in sub-paragraph (11), applies no expenditure may be incurred by a represented registered party for the purposes set out in sub-paragraph (12), other than as may be incurred by a candidate in accordance with section 76 of the Representation of the People Act 1983. 30
- (10) Condition A is that candidate expenditure limits specified by section 76 of the Representation of the People Act are not in operation.
- (11) Condition B is that candidate expenditure limits specified by section 76 of the Representation of the People Act 1983 are in operation, following confirmation of a candidate for the represented registered political party concerned, within the relevant constituency. 35
- (12) The purposes are–
- (a) sending unsolicited material falling within item (3) of the list in paragraph 1 of Schedule 8 to any person registered, or entitled to be registered, in the register of parliamentary electors for any one particular constituency in England, Scotland, Wales or Northern Ireland (as the case may be); 40
 - (b) making unsolicited telephone calls to such persons or;
 - (c) displaying digital advertising to a person based on the postcode in which they reside. 45

- (13) The overall maximum amount determined under this sub-paragraph is an amount equal to the aggregate of—
- (a) the amounts respectively determined under sub-paragraph (2) in relation to each of England, Scotland and Wales; and
 - (b) the amount determined under sub-paragraph (4) in relation to Northern Ireland.” 5
- 4 (1) Paragraph 4 (general elections to European Parliament) is amended as follows.
- (2) In each of sub-paragraphs (2), (3) and (4) for “£45,000” substitute “£38,250”.
- 5 In paragraph 5 (general elections to Scottish Parliament), sub-paragraph (2)— 10
- (a) in paragraph (a), for “£12,000” substitute “£10,200”;
 - (b) in paragraph (b), for “£80,000” substitute “£68,000”.
- 6 In paragraph 6 (general elections to the National Assembly for Wales), sub-paragraph (2)— 15
- (a) in paragraph (a), for “£10,000” substitute “£8,500”;
 - (b) in paragraph (b), for “£40,000” substitute “£34,000”.
- 7 In paragraph 7 (general elections to the Northern Ireland Assembly), sub-paragraph (2), for “£17,000” substitute “£14,450”.

SCHEDULE 3

Section 21 20

FREE DELIVERY OF ELECTION ADDRESSES

PART 1

ELECTION ADDRESSES AND ELECTION BOOKLETS

Interpretation

- 1 In this Schedule— 25
- “candidate” means a person who stands nominated as a candidate at a specified election;
 - “election address” is to be construed in accordance with paragraph 2;
 - “election booklet” is to be construed in accordance with paragraph 5;
 - “elector”, in relation to a specified election— 30
 - (a) means a person who is registered in a register of electors for the specified election on the last day for publication of notice of the election; and
 - (b) includes a person then shown in the register (or in the case of a person who has an anonymous entry in any such register, in the record of anonymous entries for that constituency) as below voting age if (but only if) it appears from the register (or from the record) that the person will be of voting age on the day fixed for the poll; 35
 - “print” means print by whatever means (and “printer” is to be construed accordingly); 40

“registered political party”, in relation to a specified election, means a party registered under Part 2 of the 2000 Act at the time by which the notice of that election is required to be published;

“specified election” means an election to which section 21 applies.

Election address 5

- 2 For the purposes of section 22 and this Schedule, an election address, in relation to a candidate, is a statement prepared by the candidate’s election agent which complies with the provisions of paragraphs 3 and 4.

Content of election address

- 3 (1) An election address must contain matter relating to the specified election only. 10
- (2) In particular, an election address must not contain –
- (a) any advertising material (other than material promoting the candidate as a candidate at the specified election);
 - (b) any other material appearing to be included with a view to commercial gain; or 15
 - (c) any material referring to any other candidate.
- (3) An election address may include representations of the registered emblem, or (as the case may be) one of the registered emblems of a registered political party if the address is prepared on behalf of an authorised party candidate. 20
- (4) In sub-paragraph (3) “authorised party candidate”, in relation to a registered political party, means a candidate who has been authorised to use the emblem in question by a certificate –
- (a) issued by or on behalf of the registered nominating officer of the party, and 25
 - (b) received by the returning officer before the last time for the delivery of nomination papers for the specified election.
- (5) An election address must –
- (a) contain a statement to the effect that it has been prepared by the candidate’s election agent; 30
 - (b) give the name and address of the election agent; and
 - (c) give the name and address of the candidate on whose behalf it has been prepared.

Formatting of election address

- 4 (1) Subject to any requirements imposed by or under this paragraph, the format of a candidate’s election address may be determined by the candidate (and, in particular, may consist of a combination of words, pictures and artwork). 35
- (2) An election address must be printed on not more than two sides of A5 paper; but if such an address is printed on two sides of such paper –
- (a) it must, when submitted to the returning officer for inclusion in the election booklet, be accompanied by a second version printed on a single side of such paper; and 40
 - (b) if the total number of candidates from whom election addresses have been accepted by the returning officer by the last time for delivery of

nomination papers for the specified election exceeds 15, the version to be included in the election booklet is the second version.

- (3) An election address must –
- (a) comply with such requirements as to typographical layout, margins and the use of colour as the returning officer may determine; and 5
 - (b) comply with such other requirements as the returning officer may determine with a view to facilitating its reproduction as a page or pages of the election booklet.
- (4) An election address must, when submitted to the returning officer for inclusion in the election booklet, be accompanied – 10
- (a) where the address is to contain a photograph of the candidate, by two identical copies of the photograph, of which one is signed on the back by the candidate; and
 - (b) in any case, by such copies of anything contained in the address as the returning officer may reasonably require in connection with the reproduction of the address. 15

Election booklet

- 5 (1) For the purposes of this Schedule, the election booklet is a document prepared by the returning officer which contains the election addresses of all candidates who – 20
- (a) desire their election addresses to be included in the booklet, and
 - (b) have submitted –
 - (i) those addresses, and
 - (ii) any additional material required under paragraph 4(4),to the returning officer by such date as the returning officer may determine. 25
- (2) If –
- (a) it appears to the returning officer that any of the requirements of paragraphs 3(3) to (5) and 4 has not been complied with in relation to an election address, or
 - (b) a candidate fails to make the payment required by paragraph 8 in respect of an election address, 30
- the returning officer must decline to include the address in the election booklet.

Election addresses included in election booklet

- 6 (1) The order in which the candidates' election addresses appear in the election booklet is to be determined by lot drawn by the returning officer as soon as reasonably practicable after the date determined in accordance with paragraph 5(1)(b). 35
- (2) The election booklet may include, in addition to candidates' election addresses, a statement by the returning officer – 40
- (a) explaining the nature and purpose of the election booklet;
 - (b) listing, in alphabetical order, the names of all the candidates at the election (whether or not their election addresses are included in the booklet); and
 - (c) giving the date of the election and such other information about it as the returning officer may determine. 45

-
- (3) The election booklet must—
- (a) contain a statement that it has been published by the returning officer; and
 - (b) give the name and address of the returning officer and those of the printer of the booklet. 5
- (4) Subject to sub-paragraphs (1) to (3), the form of the election booklet is to be determined by the returning officer.
- (5) The election agent of each candidate whose election address has been accepted by the returning officer for inclusion in the booklet must be given an opportunity to attend at a time and place notified to the election agent by the returning officer in order to check, and submit to the returning officer typographical corrections to, the proof of the candidate’s address. 10
- (6) If the election agent of any such candidate fails to take up that opportunity, the returning officer may—
- (a) make such typographical corrections to the proof as appear to the returning officer to be appropriate; and 15
 - (b) proceed with the printing and distribution of the election booklet without further reference to the candidate or the candidate’s election agent (and without incurring any liability for any errors in the candidate’s address). 20
- (7) No person other than—
- (a) the candidate on whose behalf an election address included in the election booklet was prepared; or
 - (b) the candidate’s election agent,
- is to incur any civil or criminal liability in respect of the publication of that address in the election booklet or its dissemination in accordance with paragraph 7. 25

Delivery of election booklet

- 7 (1) Copies of the election booklet must be delivered by the returning officer, in envelopes addressed to individual electors, at such time and by such means as the returning officer may determine. 30
- (2) The returning officer may disseminate the contents of the election booklet by such other means as the returning officer may determine.

Payment towards expense of printing election booklet

- 8 (1) Each candidate by whom an election address is submitted to the returning officer for inclusion in the election booklet must pay to the returning officer such reasonable sum (which is to be the same for each such candidate) as the returning officer may determine by way of contribution towards the expenses incurred by the returning officer in respect of the printing of the election booklet. 35
- (2) The payment required by sub-paragraph (1) must be made at such time, and in such manner, as the returning officer may determine. 40
- (3) A candidate is entitled to a full refund of any such payment if (but only if) the candidate has given notice of withdrawal of candidature before the last time for the withdrawal of candidates. 45

- (4) If the total amount of the payments made by candidates under this paragraph exceeds the total amount of the expenses incurred by the returning officer in respect of the printing of the election booklet, the returning officer must—
- (a) divide the amount of the excess between those candidates in equal shares, and 5
 - (b) send to each of those candidates a payment in respect of his share.

Payments under paragraph 8 to count as candidate election expenses

- 9 (1) The amount of any payment made by a candidate under paragraph 8 (or, if sub-paragraph (4) of that paragraph applies, the net amount of any such payment after deducting the payment under that sub-paragraph) is to be taken, for the purposes of any provision listed in sub-paragraph (2), as an amount of election expenses incurred by the candidate in relation to the election. 10
- (2) The listed provisions are any provision— 15
- (a) in relation to a parliamentary election, Part 2 of the Representation of the People Act 1983 (the election campaign);
 - (b) in relation to an election to the European Parliament, Part 2 of the European Parliamentary Elections Regulations 2004 (the election campaign). 20

Disapplication of prohibition on third party expenditure

- 10 (1) Nothing in any provision listed in sub-paragraph (2) is to be taken to apply, in relation to any candidate, to any expenses incurred by the returning officer in consequence of this Schedule.
- (2) The listed provisions are— 25
- (a) section 75(1) of the Representation of the People Act 1983 (prohibition of expenses not authorised by election agent);
 - (b) in relation to an election to the European Parliament, regulation 46(1) of the European Parliamentary Elections Regulations 2004 (prohibition of expenses of individual candidate not authorised by election agent). 30

PART 2

AMENDMENTS CONSEQUENTIAL ON PART 1

- 11 Section 91 of the Representation of the People Act 1983 is repealed (candidate’s right to send election address post free). 35
- 12 Regulation 63 of the European Parliamentary Elections Regulations 2004 (candidate’s right to send election address post free) is revoked.

Democratic Political Activity (Funding and Expenditure) Bill [HL]

A

B I L L

To make provision for the regulation of funding and expenditure of political parties; to make provision for the phased introduction of a cap on donations to political parties; to make provision for affiliation fees from trade unions and membership organisations to political parties to be counted as individual donations in prescribed circumstances; to make provision for the public funding of political parties; to make provision for the modification of rights of candidates and parties to election addresses; to make provision for limits on political parties' expenditure between regulated periods; to confer powers on the Electoral Commission; and for connected purposes.

Lord Tyler

Ordered to be Printed, 27th June 2017

© Parliamentary copyright House of Lords 2017

This publication may be reproduced under the terms of the Open Parliament Licence, which is published at www.parliament.uk/site-information/copyright

PUBLISHED BY AUTHORITY OF THE HOUSE OF LORDS