Electoral Reform Society

Briefing on Political Finance

February 2026

The role of money in politics is fundamental to the quality of our democracy. Parties need money to function, but the greater the influence of the wealthy few funding politics, the smaller the voice of ordinary voters. Today in our democracy, voters can readily see that those with deeper pockets have more of a say, and this corrodes public confidence. A more robust political finance framework would provide greater protection from foreign interference and corruption, and importantly, provide voters with more reason to feel confident that their voices matter.

Political finance regulations are based around three fundamental principles: **Transparency, Fairness and Accountability**. This briefing considers each of these principles and how well the current UK regulations meet them, with recommendations for building a more secure political finance framework.

Transparency

Principle: *The public should know where money comes from and how it is spent in connection with electoral events.*

Transparency is a fundamental principle of political finance regulation. Firstly it provides voters with information on who is backing political parties and candidates, and what parties and candidates are spending the funding on; How, for instance, those funds are being used to win their vote. If provided in a timely manner this can help voters decide how they will cast their vote. Secondly, it enables the regulator to ensure that the rules are being met, providing essential information for compliance and accountability. And thirdly, an open and transparent political funding environment provides a strong deterrent to corruption.

Transparency in political finance is recognised internationally through the United Nations Convention against Corruption (UNODC 2005, Article 7.3) and the OSCE-ODIHR / Venice Commission guidelines on political party regulation.[1]

Most countries have reporting and transparency requirements and these can help build trust in democratic institutions. Strong measures to prevent wealthy interests unduly influencing electoral outcomes is essential in creating a democracy where all voters are valued not just those with the deepest pockets.

Public perceptions of transparency in the system have, until recently, been in decline. By 2022, only 13% of the public agreed that ‘the spending and funding of political parties, candidates and other campaigning organisations at elections are open and transparent’. This figure has since increased, to 18% in 2025, but is still far lower than the 37% who felt the system was open and transparent in 2011.[2]

Recommended regulatory methods to achieve transparency

- Identifying and making public all funding sources including donations, donors, loans and gifts, with their amounts and dates.
- Requiring reporting and supporting documentation for expenditures (political parties, candidates and non-party campaigners).
- Timely and accessible public disclosure of information.

Gaps in the UK regulatory framework

Unincorporated Associations

Donations from Unincorporated Associations (UAs) present a well-documented gap in the UK's political finance transparency requirements. A lack of transparency around the source of UAs' political donations undermines efforts to have an open and transparent political finance regime and with few safeguards to prevent impermissible donations, UAs are a potential conduit for foreign funding entering UK politics.

Unincorporated Associations are small, non-profit organisations such as voluntary groups or sports clubs that sit outside of the formal registrations processes that companies and charities must follow. Whilst UAs can donate to political parties, the rules governing these donations differ from other political donations.

Currently, Unincorporated Associations must register with the Electoral Commission if they make political donations totalling more than £37,270 in a calendar year and report gifts they receive over £11,180 (these thresholds were, prior to 2023, set at £25,000 and £7,500 respectively). Like other donations, contributions only count towards that total if they are over £500.

Unincorporated Associations are considered permissible donors and are allowed to donate to political parties if they have more than one member, have their main office in the UK and are carrying out activity in the UK. However, there are currently no requirements for those who give money to UAs to themselves be permissible donors. This opens-up the possibility of UAs being used to channel funds from impermissible sources such as overseas donors. Whilst UAs are required to disclose *'whatever details you know of the individual or organisation that gave you each gift of more than £11,180',*[3] there is nothing to prevent the donation being made.*

The Committee on Standards in Public Life (CSPL) considered this one of two key vulnerabilities in the donations regime: *'That UAs are not required even to report (or, by implication, establish) full details of those who give them funds, is a significant weakness'*[4]

It is clear from the lack of information provided by UAs that a considerable amount of funding is passing below the reporting requirements. Transparency International UK have found that of the £40.4 million in donations made by Unincorporated Associations since 2010 only £127,500 has been reported in the gifts register and only £1.7 million has come from UAs that are also member associations.[5] This leaves £38.6 million in party funding coming from unknown sources. Moreover, donations to candidates, rather than political parties, from Unincorporated Association are not covered by any transparency requirements.

Given that many UAs appear to be set up specifically for the purpose of making political donations, identifying and checking political funds is unlikely to present an administrative hurdle as transparency requirements would apply to all donations, but it is essential in ensuring UAs are not used to channel impermissible funds. Greater transparency around donors to UAs will however only work if the thresholds for disclosure are set at an appropriate level. Threshold for disclosure were raised by 50% prior to the 2024 General Elections.

The Committee on Standards in Public Life, Electoral Commission, and Public Administration and Constitutional Affairs Committee have all identified the need for greater checks and more transparency on political donations from Unincorporated Associations.[6] [7] [8] The CSPL has recommended addressing these gaps alongside

* Different rules apply for UAs that are also members associations (such as groups of party members) which are considered regulated donors and must check the permissibility of their funds.

simplifying the reporting regime by requiring UAs to conduct permissibility checks on funds that are intended for political donations, providing greater transparency around political gifts, and extending these rules to candidate donations.

Closing the transparency gap for UAs is essential for protecting political finance from overseas funding but also from vested interests. Transparency on the source of funds is essential for knowing who is funding political parties and who is seeking access and influence.

Reporting spending

Whilst donations are reported weekly during the short campaign, spending during election campaigns is only reported several months after the election. For accountability it is important that spending is monitored and checked to ensure that spending limits are being followed and that appropriate action is taken afterwards. However, for transparency, what matters is informing the public about the impact of finance on the campaign – who is paying, what is being paid for – and the timing of this information is crucial.

Party spending returns must include details of spending, invoices and receipts for payments over £200. If a party's expenditure is £250,000 or below, the party must report within three months of the election. If a party spends over that amount, the deadline is six months. Rules for candidates are different with spending reports due within 35 days of the result. Spending in the 2024 General Election (4th July 2024) for parties under £250,000 was reported in February 2025. Details on parties spending over £250,000 (six of the largest parties) was not reported until July 2025 – a full year later.

The Committee on Standards in Public Life report concluded in 2021 that the timescales for reporting expenditure, particularly for those spending over £250,000 are too long, and, "*the delay built into the system risks reducing public confidence in the integrity of the electoral process and impacts on the timeliness with which the Electoral Commission or the police are able to take enforcement action in cases where an offence has been committed*".[9]

The CSPL recommended an initial reduction in the reporting time from six to four months for parties and campaigners spending over £250,000 and for the Electoral Commission to publish within two months of receiving a completed spending return. But also argued for the timeframes to be kept under review with the aim of reducing gradually until level with the rules for candidates (35 days after the election).

Whilst the UK's political finance database has been ahead of the curve in terms of how much data it provides and searchability, compared to other countries, the timelines for reporting are slow. Many countries have moved to reporting either in real time or much more directly. This is important as it is during the election campaign itself that the need to inform the public is at its greatest, enabling voters to make informed decisions. If financial information is only made available many months, even a year, after the electoral event it's value decreases and with it, the ability to hold parties to account.

Examples of alternative approaches to financial disclosure from around the world are in Appendix A. For public information, the speed of disclosure and accessibility of online information is a priority. For accountability and oversight, speed is also relevant but internal checking might take priority over accessibility. There is usually a trade-off between accuracy and speed, however, developments in technology open up new possibilities to speed up the process, improve the information available, and provide greater transparency.

Thresholds for donation disclosure and reporting

The UK is an outlier amongst European countries (and most anglophone democracies) when it comes to thresholds for financial disclosure. Already significantly higher than the average, in 2023 the thresholds for disclosing donations were raised by 50%. The amount of money that an individual is allowed to donate to a party whilst remaining publicly anonymous rose from £7,500 to £11,180. The same rules were also changed for unincorporated associations (see above).

In the UK, only gifts to parties over £500 count as donations so any money below this amount is not subjected to the same rules (including those preventing foreign donations). Once over £500 parties must '*take all reasonable steps to make sure you know the true identity of the donor [and] check that the donation is from a permissible source'*[10] (candidates must apply these checks to donations over £50). Many have suggested that, in an age of online transactions, this threshold should be revised to prevent the splitting of larger donations into smaller amounts to avoid transparency. It has been suggested that the threshold at which a gift becomes a donation should be reduced to 1p.[11] [12]

Some countries have the same thresholds for reporting donations to the oversight body and for making those donations public, others have a two-tier system where the reporting threshold is lower than the public disclosure threshold. By international standards however, the UK's thresholds for disclosure are high. Compared to EU member states, only Spain has a higher donation disclosure threshold of 25,000 Euros.[13] Across EU member states the average threshold for reporting is 385 Euros and for disclosure 2,400 Euros.[14]

The UK has also the highest disclosure threshold of anglosphere countries. In Canada donations over $20 need to be reported and are disclosed over $200 (or once they reach a total of $200 CAD).[15] The USA bans anonymous donations over $50 USD and discloses all donations. New Zealand requires donations over $5,000 NZD to be reported and made public.[16] Australia has a higher disclosure threshold ($17,300 AUD for 2025/26, indexed annually) but this is still lower than the UK equivalent.[17]

Typically reporting thresholds are required where there is a donation limit to ensure that the limits are not being circumvented by multiple separate donations. For instance, in Ireland, the limit for individual donations is 2,500 Euros per year and the reporting and disclosure threshold for donation to political parties is 1,500 Euros.[18]

Like the UK, Denmark does not currently have a donation limit, but does set the reporting and disclosure limit at 20,000 DKK (less than £2,500). Single or cumulative donation(s) over this amount requires disclosure of the name and address of the doner (though not the amount of the donation).[19]

Whilst there are still potential flaws in these approaches, comparatively the UK's disclosure requirements are weak and there is little justification for the recent increase in threshold. There is significant scope to improve transparency in this area as online systems facilitate easier uploading and access, making better reporting less onerous.

Digital campaigns

The reporting of digital spend is another area where the goal of transparency is undermined by the nature of reporting. The amount spent on digital communications has grown exponentially over the last three General Elections creating new problems for transparency in political spending.[20] Research has found that spending on digital platforms increased by 50% between 2017 and 2019[21] and that over half of advertising spend in the 2019 General Election was spent on social media. However, online advertising does not constitute a separate category of spending, and supplier invoices often lack information on what the money was spent on.[22] In addition, researchers have found that in the 2019 General Election, around 14 per cent of campaign expenditure (£6.6 million) could not be categorised because the invoices were unclear.[23] A lack of detailed information means voters are unaware of the how they are being influenced.

In its 2021 report on political finance, the CSPL recommended including more information on digital spend and the Electoral Commission have also called for the change.[24]

Ad libraries

The CSPL, Committee on Democracy and Digital Technology, and many campaigners have called for a comprehensive advert repository or 'ad library' to allow for better scrutiny and transparency of digital campaigns.[25] Whilst some platforms have provided ad libraries voluntarily, the information is of varying accuracy, and not all platforms provide this information. A comprehensive public repository should capture at a minimum: the material, who has paid for the ads, exactly how much was spent, the target audience and methods for targeting. This could draw upon EU regulations which established a public ad library (Regulation (EU) 2024/900) or the Latvian model which requires platform companies to submit contract information, make prices public and keep a record of all adverts.[26]

Transparency on digital spend is also connected to preventing foreign interference and information security in our elections. Whilst the Elections Act 2022 reduced the scope for foreign interference through paid online ads (s89a, PPERA) the restrictions only apply to regulated periods. There is no outright ban on foreign actors buying ads but rather a restriction on the amount that can be paid under the non-party campaigner rules, with foreign campaigns not meeting any of the permitted types of non-party campaign set out in section 88 of PPERA.

Advances in technology create new opportunities to improve political finance transparency. The UK's system has long been considered 'world leading' but without updates to keep pace, there is a risk of falling behind and undermining the fundamental goal of transparency.

Fairness

Principle: *There should be equality of opportunity - a 'level playing field' - for electoral participants with the electorate enabled to vote for their preferred candidates and policies.*

Unequal distribution of political funding can create skewed electoral outcomes reducing competition and limiting voter choice. Unrestricted use of financial and other resources mean unequal distributions of wealth are transferred to the political system and this threatens the principle of equal votes. For these reasons, trying to ensure a reasonably level playing field is a condition of electoral fairness and an important component of political finance regulation.

Recommended regulatory methods to achieve fairness

- Prevent distortion caused by foreign interference (either by foreign donations or election expenditure financed by foreign sources).
- Ensuring that donation and spending rules don't unduly allow deep pockets to dominate policy formation and/or electoral campaigns. Safeguarding against undue influence and corruption by limiting size of donations or setting spending limits.

Regulations may limit campaign spending and/or limit donations to ensure that those with the deepest pockets cannot unduly dominate policy formation or electoral campaigns, as well as safeguarding against undue influence and corruption.

Over 40% of countries put a limit on how much eligible donors can contribute and around 30% limit spending by political parties (40% limit spending by candidates).[27]

Another aspect of financial controls are outright bans on donations from certain groups. Outright bans on donations or election expenditure from foreign sources are common to prevent external influence and most countries ban foreign donations as well as anonymous donations (which ensures other donation bans can be enforced). Some countries also ban donations from corporations (around one in five) and other bodies. Bans on public bodies donating to political parties are also common to avoid abuse of state resources and many countries ban donations from companies with government contracts for the same reason.

The principle of banning foreign donations applies in the UK however, in regulations, rather than a ban on certain types of donations, the legislation instead states which sources are 'permissible'.

Gaps in the UK regulatory framework

Limits on donations

Political donations are not necessarily corrupt or made on a quid pro quo basis. Where they become problematic is if parties become reliant on a narrow range of large donors, or if they create significant financial imbalances between parties. Where this occurs, the principle of fairness is breached and the potential for corruption increases.

Over time both the total amount of donations and the number of very large donations (those over £1 million) from private sources have increased. Transparency International found that in 2023, 66% of the total £85 million in donations came from 19 'mega donors' with one donor contributing one in every eight pounds donated.[28]

These trends have continued since. In the year prior to the 2024 General Election, political parties received 18 separate donations of £1 million or more. Totalling almost £41 million this represents 32% of the total party donations within that period. Of those donations, thirteen were from companies, four from individuals and only one from a trade union, but seven of the company donations (£15 million in total) came from the same company, a further four from another company, and one individual was responsible for a single donation of £10 million. In total, nearly a third of donations to political parties in the pre-election regulated period came from just nine sources.[29]

Looking at the pre-poll donations for the 2024 General Election campaign reveals that money mostly flows towards success. In the first three weeks of the 2024 short campaign the Labour party received 72% of all donations. In 2019, the Conservatives received 63% of all donations reported in the run up to polling day.[30] Another way of understanding this shift is to consider the types of donations received. In the first three weeks of the 2019 General Election campaign, 95% of Labour donations were from Trade Unions, and 4% from individuals and companies. In the same period of the 2024 campaign, 77% of donations to Labour were from individuals and companies.[31]

The extent to which parties are reliant on a handful of very wealthy donors is recognised by the public and is a cause for concern. YouGov find that 60% of people think that wealthy donors give money to gain influence compared to the 6% who this it is driven by support for the party. [32] Only 13% of people think that there should be no limits on how much people can give in political donations.[33]

Even potential wealthy donors themselves think that money buys too much influence. In a survey of G20 millionaires, 81% agreed that 'extremely wealthy individuals can gain access to politicians via their wealth' and 82% agreed that 'there should be a limit on how much money politicians and political parties can receive from individuals'.[34]

Donations cap

In 2011 the CSPL produced a report addressing the problems of an increased reliance on significant donations. In their report the Committee said, *'Over the last few decades all three main parties have instead become dependent on a small number of relatively large donations from individuals, trade unions (for the Labour Party) or other organisations. This dependency has inevitably created a risk that favours will be asked or given in return.'* The CSPL recommended a cap of £10,000 for donations from a single source in a year and for trade union donations to be treated as an aggregation of individual donations subject to opt-in rules.[35]

Since that report, the size and balance of donations has shifted and the main problem remains. Parties are too reliant on too few, and the sums involved are simply too large. Reducing the amount that single private sources can give to parties not only helps create a fair democratic contest but protects parties and their representatives from engaging in risky fundraising behaviours.

A **donations cap** would prevent a small number of wealthy donors dominating political finance as well as reducing the corruption risk. A poll, conducted in December 2025 found that 57% of people support the introduction of a cap on the amount of money individuals or companies can donate to parties, while just 7% were against.[36]

A high cap could prevent the worst cases of party capture – where one or two significant donors could have major undue influence on a party. However, setting a cap too high risks it having too little impact, whilst too low, too soon, could encourage splitting donations rather than diversifying and democratising donations. Moving towards a cap that could be seen as legitimate might call for a staged approach allowing parties to adjust their funding models to accommodate any change. In either case, ensuring that money can not be channelled through 'straw donors' is important in making donations caps work in practice (see 'enforcement gaps' section).

The Electoral Legislation Amendment (Electoral Reform) Act 2025 in Australia has recently introduced donations caps ($50,000 AUS per year)[37] and in South Australia, the government has banned all donations and loans to parties, candidates, MPs and third parties, supported by a new system of state funding.[38]

Spending and donations

Another way to release the pressure on fundraising is to limit spending and there are a number of additional reasons for changing the nature of spending limits.

Spending limits have been in place for elections since the Corruption and Illegal Practices (Prevention) Act 1883 introduced candidate spending limits for the first time. But it wasn't until PPERA in 2000 that national party spending limits were introduced, reflecting the growing importance of the national campaign. Different spending limits apply to parties, candidates and non-party campaigners.

In 2023 the government increased the maximum spending limit by 80% from £19 million to £35 million.[39] Following this, the 2024 General Election was the most expensive to date (even adjusting for inflation) with £94.5 million spent across all categories of campaigner, compared to £72.6 million in 2019 and £55.9 million in 2017.[40] But not all parties spent near the top end of the spending limit – only Labour (89% of the maximum) and the Conservatives (70% of the maximum) came close in 2024.[41]

Spending limits currently only apply to the regulated period which covers the year prior to a UK General Election. Recent concerns over the use of databases for online campaigning have highlighted the risk of campaigning tools being paid for outside of regulated periods. The move towards year-round campaigning has also brought into question whether applying spending limits only to the regulated period is still appropriate.

Yearly spending caps have been recommended to address these changes in the campaigning environment.[42]

Corporate donations

A company is a permissible donor in the UK if it meets three criteria: that it is registered at Companies House, is incorporated in the UK and it is carrying out business in the UK. This however leaves the possibility of a foreign company setting up a shell company in the UK with the purpose of using it for funnelling funds to a political party.

The 1998 CSPL report 'The Funding of Political Parties in the United Kingdom', prior to PPERA, identified the risk that UK based subsidiaries could be used to channel foreign funds from a foreign corporation. Suggesting: '*This would clearly be an abuse of the system and could be met by provisions designed to ensure that, in the case of a donation from a UK subsidiary of a foreign company, that subsidiary was carrying on a genuine business within the United Kingdom and was generating income here sufficient to fund any donation made to a UK political party*.'[43]

To address this issue the CSPL in its 2021 report recommended that company donations should not exceed net profits after tax generated in the UK within the preceding two years.[44] However, it has been suggested that this provision would not go far enough to prevent foreign influence where many significant foreign companies would still be generating enough income via UK subsidiaries to make substantial donations and the rules may need to consider who the beneficial owner of the company is and whether they are an impermissible donor. A two-step test including both a UK connection test and financial test is likely to provide better cover.

However, whilst dealing with the issue of foreign funding, this does not address other potential conflicts of interest arising from company donations to political parties. Investigations have highlighted how many companies that donate to political parties are also benefitting, to a much greater extent, through government contracts.

Research into UK donations suggests that 373 companies have both made donations and received public contracts; 35 of these companies had received a public contract within two years of making a donation to the governing party.[45]

These potential conflicts of interest lead some political finance regimes to ban corporate donations outright. Around a quarter of countries worldwide ban corporate donations to political parties; this rises to over half of all OECD countries and over half of EU countries.[46]

Cryptocurrency

Cryptocurrency presents a new risk to political finance rules, creating a challenge for both fairness and transparency. The nature of cryptocurrency exacerbates many of the problems already present in political finance including obscuring the true source(s) of a donation, increasing the risk of impermissible donations from foreign sources and the increased ability to split large donations into smaller ones to avoid transparency rules.

Whilst the Electoral Commission has produced guidance for political parties,[47] putting the responsibility on parties to satisfy themselves that the rules have not been broken, this is unlikely to be sufficient to meet the challenge. Resourcing the Commission to ensure compliance within the fast-changing world of cryptoassets would be a significant investment. In the face of this challenge, other countries including Ireland and Brazil have moved to ban cryptocurrency donations altogether.

Accountability

Principle: *Political parties, candidates and campaigners who fail to comply with the law should be held accountable through impartial and proportional enforcement. The law needs to minimise foreseeable loopholes and avenues for circumvention.*

Gaps in the UK regulatory framework

Electoral Commission independence

The 2022 Elections Act introduced a requirement for the Electoral Commission to 'have regard to' a strategy and policy statement set by ministers which reflects the government's policy priorities and set out the 'roles and responsibilities' of the Commission in achieving those priorities. The Commission must now report annually against that statement to the Speaker's Committee. A significant imposition on regulatory autonomy.

Electoral management body independence is set out under international law and in a range of international guidelines (such as the OSCE's Office for Democratic Institutions and Human Rights guidance and the Council of Europe Venice Commission code of practice). Commission independence is vital to electoral integrity: effective enforcement relies on having a body with the resources, the will, and the independence to take on political finance issues.

The change brought in under the 2022 Act was criticised by two different international electoral observer missions during the 2024 General Elections[48] and analysis by Spotlight on Corruption highlights how since the Act, the UK has dropped down international ratings for electoral body autonomy, from 30th to 52nd in 2023.[49]

The Electoral Commission have themselves been highly critical of the change noting that allowing government to guide its work, '*is inconsistent with the role that an independent electoral commission plays in a healthy democracy*.'[50]

The Speaker's Committee of the House of Commons, a cross-party committee of MPs, through which the Electoral Commission is directly accountable to parliament, from its establishment (2003) until the 2019 parliament, did not include a majority of members from the same party.[51] However, during later sessions, the Committee not only had a majority of MPs from the same party, but a majority of members from the governing party.

The Strategy and Policy Statement and lack of safeguards create a very dangerous set of instruments that could be exploited by future governments and seriously damage electoral integrity.

It is critical that Electoral Commission independence is restored by removing the strategy and policy statement provisions in part 3 of the Elections Act 2022. It is also important to ensure that the Speaker's Committee remains cross-party, and this could be strengthened by inviting ordinary 'lay' members of the public to join the committee (much like parliament's Standards Committee has done), preventing any party having a majority on the committee and reducing the number of ministers sitting on the committee.

Enforcement gaps

A robust regulatory framework can still fail if it is not supported by robust practical enforcement.

Political finance and election law in the UK is highly fragmented with rules split between different pieces of legislation and with differing and sometimes overlapping responsibilities for enforcement. The responsibility for regulating political finance in relation to political parties and third-party campaigners sits with the Electoral Commission as established by PPERA (2000). The regulation of candidate finance law falls under the Representation of the People Act (RPA) 1983 and is enforced by the police. The Electoral Commission does not investigate or sanction breaches which fall under the RPA 1983 but has some civil sanctioning powers (under Political Parties and Elections Act 2009 (PPEA)) for PPERA breaches. The Elections Act 2022 explicitly removed the Electoral Commission's ability to bring criminal proceedings. Criminal offences under PPERA therefore also fall to the police, though to date, only one criminal case under PPERA has reached the courts.[52]

The problem with this approach is two-fold: minor 'administrative' breaches under the RPA can only be dealt with by criminal sanctions and serious breaches under PPERA risk not being pursued. Many breaches are not investigated or sanctioned because it is not deemed to be in the public interest or the evidence does not meet the burden of proof required for criminal cases. Notably, most PPERA offences require proof of intent of the person who committed the offence which is difficult to prove. Only the Metropolitan Police have a specialist team with experience in election law. As Spotlight on Corruption note, whilst PPERA contains a number of criminal offences, the enforcement gap creates, "a grave risk that there is no effective criminal deterrence against rogue actors who may seek to undermine the UK's electoral processes."[53]

Additionally, the current civil sanctions the Electoral Commission can impose are limited to a maximum individual fine of £20,000; a sum, in relation to spending typically in the millions, that can simply be seen as the 'cost of doing business'. Multiple parliamentary committees, civil society organisations and others have called for the Commission's fines to be increased in recent years to provide an effective deterrent.[54] The House of Lords Democracy and Digital Technologies committee recommended increasing the Electoral Commission's maximum fine to £500,000 or four percent of a campaign's total spend, whichever is greater.[55] For comparison, the ICO is able to fine organisations up to four percent of global turnover, or £17 million, and grant them the powers of compulsory audit, no notice inspections, and demands for access.[56]

With only the most serious cases being taken forward by the police and prosecution authorities, more minor infringements can also fall through the gaps. Allowing the Electoral Commission to regulate candidate finance and, where appropriate, impose civil sanctions would allow for a more consistent and proportionate approach, preventing an inappropriate escalation where this could be avoided.

It is also essential that criminal offences do not fall through the enforcement gap. Ways to address this could be to restore the ability to bring criminal prosecutions to the Electoral Commission, with greater support to take this forward, or to keep criminal prosecutions across all offences with the police, but provide resources for a specialist unit.

Information gaps

Whilst there are a number of rules set out under PPERA to ensure that donations are transparent and that funds are not accepted from impermissible donors (s.54-s.57), it is widely felt that these provisions are not sufficient to prevent illicit donations, particularly from foreign sources.[57]

At present, parties are required to take 'all reasonable steps' to verify the identity of the donor and whether they qualify as a permissible donor. They must also report both accepted and rejected donations to the Electoral Commission and are legally required to refuse the donation if they cannot confirm who the donation is from and whether it is from a permissible source.

Whilst these rules are intended to prevent impermissible donations, there are concerns that they do not work in practice and that they are in fact quite minimal when compared to anti-money laundering practices in other areas.[58] [59] There are concerns that only requiring parties to check the status of the donor but not to establish the source of their funds, creates a significant loophole.[60]

Provisions exist in PPERA (s.54A) requiring donors to make a declaration confirming if they have received a benefit in connection with the donation from another source, but have not been commenced.

Providing an effective deterrent and increasing the responsibilities on parties to conduct due diligence on donations are important steps but it is also important to consider what actions should be taken in light of greater information such as whether there is a legal duty to reject the donation.

Thank you to the academics, international election observers and campaigners who contributed to the ERS Expert Forum on Political Finance on which this briefing is based.

Appendix A: reporting case studies

USA: pre-election reporting

The USA has one of the speediest systems with reports filed online either monthly or quarterly and published immediately by the Federal Election Commission. The reports are published on a searchable public database within 48 hours of receipt and are published without review by the FEC.[61]

In addition, many States require candidates to report contributions to campaigns within 48 hours of receiving the donation in the 30 days leading up to an election, and similar reporting of expenditures from campaigns. This is in addition to post-election reports of contribution and spend.[62]

Czech Republic: transparent bank accounts

In the Czech Republic, prior to an election, parties need to establish four types of transparent bank account (a 'special account' for contributions from the state budget and private donations; an election account for election campaign expense; another for payroll, and one for all other income and spending). Donations can only be accepted into the special account and this account is fully open to the public (and must remain so for three years). Web addresses for these accounts are published on a central website. All transactions must be labelled with the name of the sender/recipient and the purpose of the payment.[63]

Estonia: open data

In Estonia, political parties and candidates must submit a report of election expenditure including donations, loans, in-kind contributions and itemised spending one month from the date of the election as well as providing quarterly reports. The data must be in a standardised format and is uploaded on the Political Parties Financing Surveillance Committee website which provides all the data in a searchable format.[64]

Australia, Queensland: 'real-time' disclosure

In Australia, candidates and Senate groups have 15 weeks from polling day in which to file their election returns however in Queensland, local government candidates must disclose all gifts, loans and expenditure over $500 within 7 days of the loan or gift being received. In the last 7 days before an election, the disclosure period is 24 hours.[65] A recent bill attempted to move to real-time disclosure at the national level in Australia.

Endnotes

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