



Constitutional and Community Policy Directorate  
Party Funding Unit

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Chief Executives of District Councils in England  
Chief Executives of County Councils in England  
Chief Executives of Unitary Authorities in England  
Chief Executives of London Borough Councils  
Chief Executives of the Greater London Authority  
Town Clerk of the City of London

Home Office Circular 5/2001

## **POLITICAL PARTIES, ELECTIONS AND REFERENDUMS ACT 2000**

- A: Donations to members of a Local Authority**
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Dear Sir/Madam

This circular alerts you to the way in which this Act will impact both on the authority itself and personally on the members of the authority.

## **A: Donations to members of a local authority**

### Summary

2. The provisions of the Act relating to donations, including those applying to members of a local authority, will come into effect from 16 February 2001. From then onwards members will need to check that any political donation they receive of more than £200 is from a permissible donor and to make arrangements to return or dispose of non-permissible donations. Any donation of more than £1,000 – whether a single donation, or a multiple of donations of more than £200 from the same source amounting in aggregate to more than £1,000 in a single calendar year – will have to be reported to the new Electoral Commission. In order to deal with aggregate donations, and with any enquiries, it will also be advisable for members to keep records of all donations of more than £200.

3. The new arrangement will sit alongside (and not replace) the authority's own procedures under local government legislation for the declaration of members' interests.

4. The administration of the provisions is the responsibility of the newly constituted Electoral Commission. The Commission is in the course of preparing guidance to political parties and other groups and individuals, together with forms which can conveniently be used for making reports required by the Act. The Commission's staff are available to deal with enquiries. Contact details are on page 1 of the enclosed Notes.

### General background

5. The Political Parties, Elections and Referendums Act was carried through the last session of Parliament for the purpose of implementing the report of the Neill Committee on Standards in Public Life on the Funding of Political Parties in the United Kingdom. Briefly, the Act,-

- prohibits the foreign funding of political parties;
- requires the reporting of donations above certain levels to political parties;
- sets spending limits for parties in election campaigns; and
- makes provision in respect of future referendum campaigns at national or regional level.

6. As regards donations to political parties, the reporting requirements differ in detail according to whether the donation is to the central organisation of the party or to one of its "accounting units", if it has any. The larger parties will have accounting units which will include constituency associations. A donation will have to be reported if it is a donation of more than £5,000 to the party's central organisation or of more than £1,000 to an accounting unit. Accounting units will have to report any donations of more than £200 to the party's central organisation, which will then

make the appropriate reports to the Electoral Commission.

7. The arrangements for reporting donations to the parties are for the party organisations themselves to make, but members will clearly have an interest in how the arrangements operate in relation to their constituency associations and ward branches.

8. In addition, however, the Neill Committee recommended that donations to holders of elective office should be subject to provisions similar to those applying to donations to parties. Section 71 of the Act, with Schedule 7, gives effect to this recommendation. "Holder of elective office" is specifically defined so as to include members of any local authority in the United Kingdom (including the Common Council of the City of London) and members of the Greater London Assembly. It also includes the Mayor of London (and other elected mayors in due course). Section 71 and Schedule 7 also cover donations to members of a party and to "members associations" (for example, a party group on a local authority). All members of your authority are therefore covered in at least one capacity, and the Act affects them directly and personally.

#### Further information

9. I attach a copy of the first draft of guidance prepared by the Electoral Commission for those who will be affected by section 71 of the Act and Schedule 7. The Commission is open for business and has its own web site (at <http://www.electoralcommission.gov.uk/>) where further information, forms etc will be available. As mentioned above page 1 of the Notes gives contact details for the Commission, whose staff are available from now on to assist with enquiries. Enquiries or comments made to the Commission will also assist them in expanding or revising the written guidance.

10. The Home Office was in touch with the political parties themselves throughout the development of the legislation, and the Electoral Commission is similarly in direct contact with them over preparations for its implementation. One particular matter, which the parties have been considering, is the arrangements for checking donors against the Electoral Registers etc. Members may wish to discuss with their respective party organisation (where applicable) the possibility of collaborative arrangements for checking donors, together with the position regarding donations received by a member on behalf of a party.

#### **B: Involvement of the Electoral Commission in changes in electoral procedures**

11. Section 9 of the Act, together with the amendments made to sections 10 and 11 of the Representation of the People Act 2000 (by paragraphs 16 and 17 of Schedule 21 to the PPER Act), affords the Electoral Commission a key role in further pilot schemes to test new electoral procedures. The amendments to section 10 (which come into force on 1 July 2001) will not apply in the case of pilot schemes conducted in connection with this May's local elections. Proposals for future pilot schemes may be submitted jointly by the Commission and a relevant local authority. Where a scheme is submitted by a local authority on its own, the Home Secretary

would be required to consult the Commission before approving the pilot. In all cases the report on a pilot scheme will be prepared by the Commission in consultation with the authority concerned. The power in section 11 of the Representation of the People Act 2000, to roll out successfully piloted electoral innovations, will be exercisable only on the recommendation of the Commission. Councils proposing to conduct one or more pilots in connection with the May 2002 local elections, or any subsequent elections, will wish as a first step to discuss their proposals with the Electoral Commission before making a formal submission to the Home Office.

### **C: Giving of advice and assistance by the Electoral Commission**

12. Section 10 of the Act empowers the Commission to provide advice and assistance to, amongst others, local authorities in England and Wales and registration and returning officers. It is as a result of this provision that the Commission is expected to take over the Home Office role of promoting best practice in the way in which electoral administrators discharge their functions under the Representation of the People Acts and other enactments relating to elections. More widely the Commission may be able to offer advice and assistance, for example, in connection with pilot schemes conducted under the Representation of the People Act 2000 or referendums held under Part II of the Local Government Act 2000. Section 10 comes into force on 16 February 2001.

### **D: Transfer to the Electoral Commission of the functions of the Local Government Commission for England**

13. Section 18 of the Act provides for the transfer to the Electoral Commission of one or more of the functions of the Local Government Commission for England (LGCE). The transfer of such functions will be effected by Order. No date has been fixed for the commencement of this section, although we are working on the basis that the functions of the LGCE would be transferred to the Commission with effect from 1 April 2002.

### **E: Restriction on publication by local government of promotional material in respect of referendums**

14. Part VII of the Act introduces generic provisions to ensure the fair conduct of referendums to which that Part applies (this is, a referendum held throughout the United Kingdom or one or more of its constituent parts, or in one or more of the nine English regions). Part VII does not apply to referendums held under Part II of the Local Government Act 2000.

15. Section 125 of the Act prohibits the government of the day, a local authority or any other publicly funded body from publishing material in relation to a referendum in the 28 days prior to the date of the poll. The prohibition applies specifically to material which -

- provides general information about the referendum;
- deals with any issues raised by any question on which the referendum is being held;

- puts any arguments for or against any particular answer to any such question; or
- is designed to encourage voting at such a referendum.

16. The prohibition does not apply to:

- material made available to persons in response to specific requests for information or to persons specifically seeking access to it;
- the publication of information relating to the holding of the poll; or
- the issue of press notices.

17. Any enquiries about matters covered in this circular should be addressed to Charles Goldie (020 7273 3631) or Nigel Varney (020 7273 3280).

**Nigel Varney**  
**Head of Party Funding Unit**

