House of Lords
House of Commons

Joint Committee on the National Security Strategy

Political finance and foreign influence

Third Report of Session 2024–26 HC 720 / HL Paper 276

Joint Committee on the National Security Strategy

The Joint Committee on the National Security Strategy is appointed by the House of Lords and the House of Commons to consider the National Security Strategy.

Current membership

House of Lords

Lord Arbuthnot of Edrom (Conservative; Life peer)

Lord Boateng (Labour; Life peer)

Lord Godson (Conservative; Life peer)

Lord Hutton of Furness (Labour; Life peer)

Lord Jack of Courance (Conservative; Life peer)

Baroness Kidron (Crossbench; Life peer)

Lord Sedwill (Crossbench; Life peer)

Lord Tunnicliffe (Labour; Life peer)

Baroness Tyler of Enfield (Liberal Democrat; Life peer)

Lord Watts (Labour; Life peer)

House of Commons

Matt Western (Labour; Warwick and Leamington) (Chair)

Dame Karen Bradley (Conservative; Staffordshire Moorlands)

Liam Byrne (Labour; Birmingham Hodge Hill and Solihull North)

Sarah Champion (Labour; Rotherham)

Mr Tanmanjeet Singh Dhesi (Labour; Slough)

Bill Esterson (Labour; Sefton Central)

Mike Martin (Liberal Democrat; Tunbridge Wells)

Edward Morello (Liberal Democrat; West Dorset)

Andy Slaughter (Labour; Hammersmith and Chiswick)

Emily Thornberry (Labour; Islington South and Finsbury)

Derek Twigg (Labour; Widnes and Halewood)

Sir Gavin Williamson (Conservative; Stone, Great Wyrley and Penkridge)

Powers

The Committee has the power to require the submission of written evidence and documents, to examine witnesses, to meet at any time (except when Parliament is prorogued or dissolved), to adjourn from place to place within the United Kingdom, to appoint specialist advisers, and to make Reports to both Houses. The Lords Committee has power to agree with the Commons in the appointment of a Chair.

Publication

This Report, together with formal minutes relating to the Report, was Ordered by the House of Commons, on 16 March 2026, to be printed. It was published on 18 March 2026 by authority of the House of Commons.

Committee Reports are published on the Committee's website at www.parliament.uk/jcnss and in print by Order of the House.

Contacts

All correspondence should be addressed to the Clerk of the Joint Committee on the National Security Strategy, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 4043; the Committee's email address is jcnss@parliament.uk. You can follow the Committee on X (formerly Twitter) using @JointCtteNSS.

Contents

Executive summary

Political finance faces growing strategic challenges across the world. The UK's system is exposed. It has long sought to balance pragmatism and transparency, vested interests and public accountability. Despite its myriad faults, it has not precipitated systemic collapse in the integrity of democratic processes.

We worry about the next five years. Foreign state threats are growing, and efforts to influence UK positions on critical issues (for example on the US, EU or Ukraine) may increase between now and the next election. Democracies across the world are under threat, which erodes norms on international corporate behaviour. New technologies create options to evade due diligence checks. There is also deepening uncertainty about the trajectory of the current US administration, which has stated ambitions to shape the political direction of its allies.

The Government deserves credit for many of the measures in the Representation of the People Bill, alongside wider efforts to tackle interference. But these are not enough. The perception of foreign money shaping politics is increasingly corrosive, particularly the long-term insidious risk of influence outside election periods.

We can also no longer rule out the possibility of foreign states mounting a serious effort to influence political processes, or doing just enough to cast lasting doubt on their integrity. Our evidence suggests the system would be too brittle, permissive, disjointed, slow, retrospective and underpowered to respond adequately. Public trust is already low; it would not take too much to fracture. The Government must therefore seize this opportunity to fix key shortcomings.

First is messy governance. Action is dispersed across MI5, Counter Terrorism Policing, the Metropolitan Police Service, local police forces, the National Crime Agency, the National Police Chiefs' Council, and the Electoral Commission, among others. A clear national lead with joined-up expert capabilities is needed.

Second is the set of missteps in the Representation of the People Bill. For example, the purported donation 'limit' of UK-generated cash can apparently be donated hundreds of times over to individual recipients.

Creating almost unlimited limits seems the wrong policy choice. Other measures are being introduced via secondary legislation, reducing options to correct deficiencies.

Third is the scale of opportunity that the Bill misses. The Electoral Commission still lacks basic powers to do its job. And law enforcement has long complained about prohibitively high thresholds for taking action, which in turn damages public trust in police appetite and political accountability. Modest amendments can fix this.

Fourth is the perception of urgency. In December 2025 the Government announced that key measures (such as crypto risks) would be examined in a review by Philip Rycroft. This was late in the Bill process—but we hope it reflects new political appetite to tackle longstanding challenges.

Unless the Government acts more decisively, however, it will continue to play whack-a-mole whilst allowing foreign money into UK politics. We therefore recommend the following:

- **Law enforcement:** Create a new national Political Finance Enforcement Unit staffed by specialist secondees from across the police, National Crime Agency, Electoral Commission and intelligence community;
- **Crypto:** Introduce an immediate moratorium on crypto donations, until the Electoral Commission has produced statutory guidance to be approved by Parliament. Robust guidance must be in place for the next General Election;
- **Loopholes:** Fix a Bill loophole to prevent the limits on corporate donations from being donated hundreds of times over to individual recipients;
- **Declarations and gifts:** Commence an alternative version of Section 54A of the Political Parties, Elections and Referendums Act directly in the Bill, and reduce the threshold for declaring gifts in connection with a donation from £11,180 to £500;
- **Enforcement thresholds:** Amend Section 54A and other relevant areas to ensure donors and recipients are criminally liable if they have ‘reasonable grounds to suspect’ they are deliberately facilitating impermissible foreign money;
- **Sentencing:** Increase maximum custodial sentences to three years for serious wrongdoing involving impermissible foreign financing;

- **Overseas donors:** Require long-term overseas donors to have held sufficient UK-linked financial assets over the past 12 months to cover the cost of their donation;
- **Investigatory powers:** Enable the Electoral Commission to request information from financial institutions, crypto platforms and HM Revenue & Customs regarding the permissibility of funds used for donations, including outside formal investigations;
- **Resourcing:** Arrange an annual update from the Electoral Commission, Metropolitan Police Service and National Crime Agency on the adequacy of their resourcing in relation to foreign financial influence risk.

1 Introduction

1. The UK's political finance framework involves a complex array of regulations and conventions. Numerous controversies have highlighted its weaknesses in recent years. A more robust system is needed to deter foreign financial influence efforts and prevent domestic actors from accepting such funds.[1] We worry the current set up is too brittle. Foreign state threats are growing, global democratic backsliding is gathering pace, and there is deepening uncertainty about some actors in the United States. Now is a good time to review resilience against a concerted effort to circumvent political finance rules or undermine public trust in the system.

2. Our inquiry considered three main questions. How adequate are the safeguards against a foreign effort to influence political processes through party, candidate or campaign funding? What happens if some loadbearing assumptions come under strain—for example if political participants do not respect the rules or constitutional precedents? And how can the risks be mitigated without creating disproportionate burdens or chilling effects?

3. Our objective in publishing this report is to help inform parliamentary debate and Government decision-making, particularly in relation to the Representation of the People Bill and the review of foreign interference led by Philip Rycroft.[2] We also suggest using the political momentum around the Bill to address wider law enforcement challenges.

4. The scope is limited to national security. For the purposes of this report we did not review wider reforms to political finance, the broader role of money or corporate influence in politics, lobbying, wider aspects of the electoral system, or other areas such as online mis/disinformation.

5. We took evidence from experts from a variety of backgrounds including investigative journalism, civil society, the crypto industry, illicit finance, the Electoral Commission and the National Crime Agency—alongside written submissions from the Metropolitan Police Service and others. We also

1 It has been subject to extensive critique. See for example Public Administration and Constitutional Affairs Committee, Second Report of Session 2022–23, The Work of the Electoral Commission, HC 462; Committee on Standards in Public Life, Regulating Election Finance, July 2021

2 Ministry of Housing, Communities and Local Government, Urgent review into foreign financial interference in UK politics (accessed 9 March 2026)

draw on evidence to our predecessor Committee's inquiry into Defending Democracy,[3] major reviews such as those undertaken by the Committee on Standards in Public Life, and expert external analysis.[4]

3 Joint Committee on the National Security Strategy, Defending Democracy (accessed 9 March 2026). This inquiry continued under the present Committee. The relevant footnote indicates where the evidence was taken: submissions to the predecessor Committee's Defending Democracy inquiry (dated March 2024) refer to submission code DED. Submissions to the current Committee's inquiry refer to submission code DEF.

4 Committee on Standards in Public Life, Regulating Election Finance, July 2021

2 Threat picture and the case for action

How big is the problem?

6. RUSI's Centre for Finance and Security told us that there are two broad categories of foreign financial influence risk: adversaries seeking to undermine UK interests, and "less hostile influence exerted by wealthy states".[5] Funding can be targeted at the national level (for example online influence campaigns, or party donations) and locally (for example supporting individual politicians and local campaign activity).[6]

7. The scale of foreign money in UK politics remains unclear. Our evidence suggests the risks are real, but should not be over-exaggerated. There are genuine vulnerabilities that must be addressed at pace, but not on a scale that warrants excessive restrictions on otherwise legitimate activity.

8. Data provided to us by the Electoral Commission is illustrative. It shows that parties reported 40 impermissible donations between 1 July 2024 and 30 September 2025, totalling around £574,000. Of these impermissible donations, 13 were returned to donors with an overseas address, totalling around £341,000. There were 3,015 donations in total, amounting to roughly £66.7 million.[7] This suggests circa 0.5% of donations were known to be from impermissible foreign sources.

9. This brief snapshot is unlikely to represent the full picture. The Electoral Commission notes that "it is not known" how many of the other impermissible donations cited were linked to overseas sources.[8] And, as investigative journalist Peter Geoghegan outlined, there are numerous legitimate loopholes for channelling funds without detection. Unincorporated Associations for example have few requirements to ensure that the sources of funds are permissible; these outfits are thought to account for circa 5% of political donations.[9]

5 Centre for Finance and Security at RUSI (DED0029)
6 Q46 [Graeme Biggar]
7 Letter from the Electoral Commission regarding political finance, 5 February 2026
8 Letter from the Electoral Commission regarding political finance, 5 February 2026
9 Q15 [Peter Geoghegan]

10. Graeme Biggar, Director General of the National Crime Agency (NCA), told us that there had been a highly classified intelligence review of donations to political parties and individuals in 2023 covering the previous eight years. This found

> a handful of cases that we…could associate with foreign states, which represented less than 0.1% of the money that was donated. Now, I am not saying that is the totality; that is what we could find and knew about, and of course there could be more that we do not know about.[10]

11. We noted that total donations for this period amounted to hundreds of millions of pounds, indicating that even the known figure associated with foreign states was substantial.[11] This figure is also presumably a significant underestimate if it excludes foreign businesses which are not directly state-controlled. Mr Biggar further emphasised that "a small amount of money can still make a significant difference" and "we should absolutely expect" efforts to "try and disrupt our democracy".[12]

12. The Metropolitan Police Service told us it was unable to provide figures before 2023 due to "the way data was previously recorded on legacy systems". Since then, it received between 50–60 allegations relating to political funding. It said a "notable proportion of the more complex cases" had featured "some form of international element. This may involve donors based overseas, the use of international banking systems or cross-border movements of funds".[13]

13. Other assessments suggest that available official UK figures are probably incomplete. In 2022 a declassified US intelligence assessment estimated that Russia alone had spent over $300 million since 2014 to influence politicians across 24 countries, with more likely going undetected.[14]

14. Transparency International UK provided a separate analysis of UK donations since 2001. It estimated £42 million had come from donors "alleged or proven to have been involved in other corruption, fraud and/or money laundering"; £13 million from donors "alleged or proven to be intermediaries for foreign funds and/or a hidden source"; nearly £11 million from "companies who have not made sufficient profits" to cover the cost of the donations; and £4.6 million "from foreign governments, parliaments and state-linked groups".[15]

---

10 Q46
11 Q49
12 Q49
13 Letter from the Metropolitan Police Service regarding political finance, 5 March 2026
14 BBC News, "Russia covertly spent $300m to meddle abroad - US", 14 September 2022
15 Transparency International UK, New research reveals almost £1 in every £10 of political donations comes from 'unknown or questionable sources' (accessed 9 March 2026)

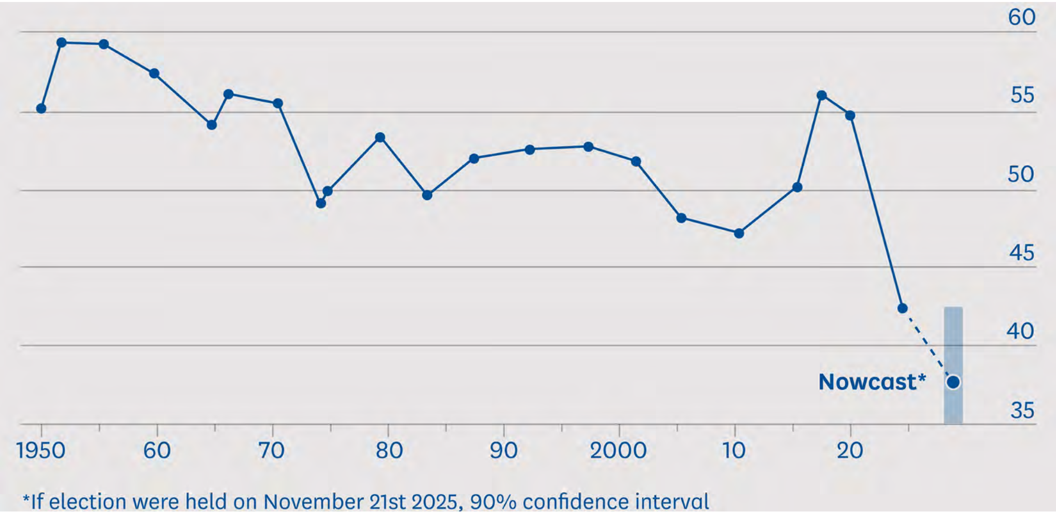
15. Individual high-profile cases have raised further concern. In 2022 MI5 issued a foreign interference alert over Christine Lee, a Chinese agent of influence, who donated over £420,000 to an MP (among other financial activities).[16] In November 2025 Nathan Gill, a former Member of the European Parliament, was sentenced to prison for accepting bribes to promote pro-Russian narratives.[17]

Electoral trends

16. We considered the possibility that the UK's domestic political situation could affect foreign actors' cost/benefit assessment of financial interference efforts.[18] Dr Sam Power, an expert on political finance and lecturer at Bristol University, noted that the UK was moving towards "an increasingly fragmented electorate". He suggested that political funding might become "a lot more effective" in this environment, though caveated that many factors affect voting intention and the impacts of funding can be limited too.[19]

17. Other assessments point towards long-term changes in the level of vote share needed to win a parliamentary seat (though the relationship between electoral outcomes and political finance remains complex, and we do not have evidence indicating a direct link to a higher threat level).

Chart 1: trends in winning candidates' share of vote in British general elections (%)



Source: The Economist, "Our new model captures the lottery of Britain's electoral system", 4 December 2025

16 BBC News, "MI5 warning over 'Chinese agent' in Parliament", 13 January 2022; BBC News, "MI5 alert on alleged China agent upheld by judges", 17 December 2024
17 BBC News, "Former Welsh Reform leader jailed for pro-Russia bribery", 21 November 2025
18 See also suggestions from the Security Minister Dan Jarvis MP that the timing and anticipated closeness of a race may have some bearing on interference risk. See Q2
19 Q33

Our view of the implications

18. The risks of foreign financial influence apply to non-election periods just as much as regulated electoral periods—perhaps even more so, given the lower levels of transparency requirements and public scrutiny.[20]

19. We have previously raised concerns that foreign state intent to interfere in UK politics may rise between now and the next General Election.[21] The likelihood of large amounts of foreign money directly altering political processes or electoral outcomes remains low—but it can no longer be ruled out.[22] And the current absence of a crisis is no longer a sufficient argument for maintaining the status quo.[23] As a recent analysis by Professor Iain McMenamin, Professor of Comparative Politics at Dublin City University, concluded:

> The problem with the UK's political finance system is not so much how it operates, but what could too easily happen…Maybe Britain needs a medium-sized political finance scandal that puts reform on the agenda.[24]

20. Moreover, growing public perception that foreign influence could affect democratic processes would be corrosive, regardless of whether foreign efforts actually affect outcomes.[25] Professor Rory Cormac, Professor of International Relations at the University of Nottingham, described this as "the bigger threat […and] more insidious impact on the perceived legitimacy" of democratic processes.[26]

21. Malign actors might also simply create the deliberate impression of having interfered in tight races, in order to cast doubt on the system's integrity. They may find a receptive audience. RUSI's Centre for Finance and Security said that survey data already indicate a "dramatic" decline in trust in the

---

20 Q34 [Dr Sam Power]

21 As the security environment worsens and the UK's military role in Europe grows, the value of influencing the UK's political positions (for example on Ukraine, or US and EU relations) may increase. See Letter from the Chair to the Secretary of State for Housing, Communities and Local Government regarding political finance, 23 February 2026

22 See for example analysis from RUSI, Democracy's Weakest Link: Foreign Money and Political Influence, (accessed 9 March 2026)

23 Electoral Reform Society, What are the political donation rules in the UK? (accessed 9 March 2026)

24 The Political Quarterly, Logan de la Torre, Kevin Fahey, Iain McMenamin, Do we Need to Reform the UK's Rules on Political Spending and Donations? (accessed 9 March 2026)

25 See for example media reporting relating to an alleged donation from a US businessman: The Guardian, "Ministers resist calls to block Musk donations to Farage's Reform UK", 21 December 2024

26 Oral evidence taken on 18 March 2024, Q2 [Professor Rory Cormac]

transparency of political finance and the adequacy of enforcement.[27] And evidence from abroad indicates that damaged trust can have long-lasting consequences.[28]

Striking a balance

22. Any new mitigations need to balance security benefits against compliance burdens. Professor Alistair Clark, Professor of Political Science at Newcastle University, suggested that some parties might "already find it difficult enough to find voluntary treasurers who can comply with party funding regulations".[29] We also noted that political parties and others need to get their money from somewhere, which creates an inherent tension around restrictive rules.[30]

23. Other trade-offs appear across the political finance space. RUSI noted that the existing system for tackling illicit finance "does not engage with legitimate finance with malign intent".[31] Addressing this would be a major undertaking.[32] Similarly, Dr Power said that many political finance rules only apply during (short) regulated periods around elections—leaving transparency gaps for the remaining periods.[33] But while expanded regulations might be helpful, the Committee on Standards in Public Life outlined extensive challenges:

> We heard arguments for shorter periods, longer periods and a case made for year-round regulation of campaign expenditure. Our conclusion is that while the current system is far from perfect, there is no obvious alternative.[34]

24. The broader issues of money in politics face related difficulties. Duncan Hames, Director of Policy and Programmes at Transparency International UK, gave the example of "certain media outlets [which] have a way of funding political actors".[35] (GB News for example has been subject to scrutiny for the level of payments to politicians).[36] Mr Hames suggested a deeper rethink of political finance rules was needed, for example around the

---

27 Centre for Finance and Security at RUSI (DED0029)
28 Gallup, Partisan Split on Election Integrity Gets Even Wider (accessed 9 March 2026)
29 Professor Alistair Clark, Professor of Political Science at Newcastle University (DED0015). He also noted that small organisations such as charities are nevertheless expected to comply with more stringent rules.
30 Q16, Q18, Q35, Q43
31 Centre for Finance and Security at RUSI (DED0029)
32 We note there have been some efforts to tighten the rules on illicit finance recently, for example under the Economic Crime and Corporate Transparency Act 2023
33 Q34
34 Committee on Standards in Public Life, Regulating Election Finance, July 2021, p 6
35 Q36
36 BBC News, "Farage denies almost £100,000 a month GB News salary", 17 August 2024

role and scale of money in politics.[37] We heard related concern around the transparency of funding across the wider influence landscape—for example think tanks, third party campaign groups (including online), academic activity and All Party Parliamentary Groups.[38]

25. External employment of parliamentarians is another topic of debate: the House of Commons Committee on Standards recently launched an inquiry on 'Outside employment and interests'.[39]

26. We acknowledged the limits on how far regulation alone can mitigate security risk. Lord Jonathan Sumption, former Justice of the Supreme Court of the United Kingdom, summarised the general challenge during our inquiry on the National Security Strategy: "There is a problem in trying to cover absolutely everything, which is that you end up covering a large number of things that are entirely innocent".[40]

27. The Secretary of State for Housing, Communities and Local Government said the Government was requiring stronger checks because "there are too many loopholes that allow foreign money" to "influence our politics".[41] He further told us that foreign interference is already an offence under the National Security Act 2023. As our report outlines, however, too much problematic activity will remain lawful even after the Government's reforms—meaning criminal sanctions risk having too little deterrence effect.[42]

28. **CONCLUSION**

The risk of foreign influence in the UK's political finance system is real. We believe the threat is likely to grow out to the next election, particularly as the value of influencing the UK's position on international policy increases. The lack of adequate safeguards means that it is not possible to identify or interdict many problematic sources of finance. Moreover, the corrosive public perception that our system is open to foreign influence risks jeopardising trust in outcomes, even if real-world impacts are small. The Government must not waste this opportunity to introduce more robust protections.

37 Q36
38 Q35 [Duncan Hames, Dr Sam Power], Q46 [Graeme Biggar]
39 Committee on Standards, Outside employment and interests (accessed 9 March 2026)
40 Oral evidence taken on 3 November 2025, Q89
41 HC Deb, 2 March 2026, col 628
42 Letter from the Secretary of State for Housing, Communities and Local Government regarding political finance, 9 March 2026

3 Who’s in charge?

29. The first part of this chapter outlines the responsibilities and gaps around enforcing political finance rules. The second part reviews options for improvement.

Who does what?

30. Graeme Biggar, Director General of the National Crime Agency (NCA), told us that MI5 has primary responsibility for foreign interference. Criminal investigations involving state threats are typically led by Counter Terrorism Policing. The NCA is a separate organisation with a broad remit to tackle serious and organised crime; Mr Biggar told us that political finance was therefore “only a small part” of its wider work.[43] The NCA hosts a number of specialist capabilities and units, including the National Economic Crime Centre.[44]

31. The Metropolitan Police Service told us it plays a “key role in enforcing the political finance regime”. The force has a Special Enquiries Team which “investigates alleged breaches of electoral and political finance laws within [its] area”, alongside wider “particularly sensitive” cases involving donations.[45] The Government says the National Police Chiefs’ Council also “has a national portfolio lead for policing of elections”. This role is currently held by an Assistant Commissioner at the City of London Police.[46]

32. Local police forces are responsible for investigating allegations that arise within their own jurisdiction.[47] The Metropolitan Police Service’s submission to the Committee on Standards in Public Life noted the potential “for any one of 43 police forces to be involved in election finance investigations”.[48]

43 Q63
44 Q48
45 Letter from the Metropolitan Police Service regarding political finance, 5 March 2026
46 Police: Elections PQ 9203, 11 January 2024
47 Q48; Letter from the Metropolitan Police Service regarding political finance, 5 March 2026
48 Submission from the Metropolitan Police Service to the Committee on Standards in Public Life (Submission 52) p 9

The Electoral Commission has various enforcement responsibilities and may also refer criminal matters to law enforcement.[49] There are some further considerations for devolved administrations.[50]

33. There are also wider bodies dealing with associated activity linked to campaigning. The Advertising Standards Authority covers general advertising, for example, while the Electoral Commission oversees the online digital imprint regime. Ofcom regulates broadcast content and the Online Safety Act rules, and may have some line of sight (alongside the Electoral Commission) into the appropriateness of payments made to political actors for media appearances.[51]

Stakeholder views

34. We did not encounter much enthusiasm for the current distribution of responsibilities and capabilities. The UK Anti-Corruption Coalition said that:

> There is no agency with overall responsibility for leading the UK's strategic, national enforcement response to serious crimes in political finance, including hostile state threats and foreign interference.[52]

35. Dr Susan Hawley, Executive Director of Spotlight on Corruption, told us that there was a "criminal enforcement gap".[53] Transparency International UK believed there was "no obvious investigatory lead in law enforcement",[54] and was also sceptical of local police involvement which "typically lack resources, familiarity with electoral law, and experience handling the associated political pressures".[55] Peter Geoghegan, an investigative journalist, suggested that there needed to be a clearer set of relationships across

> whoever is going to be the body in charge. Is it going to be the National Crime Agency? If it is, how is that going to work? What are the other bodies that need to help it?[56]

49 Q46 [Graeme Biggar]

50 For example, in Scotland the Crown Office and Procurator Fiscal Service typically leads the public prosecution service. See Crown Office and Procurator Fiscal Service, Scotland's Prosecution Office (accessed 9 March 2026)

51 Ofcom, Overview of Ofcom's diversity in broadcasting remit (accessed 9 March 2026); Q49 [Graeme Biggar]

52 UK Anti-Corruption Coalition (DED0034)

53 Q21

54 Transparency International UK (DED0027)

55 Transparency International UK, How is our electoral law enforced? (accessed 9 March 2026)

56 Q21

36. Mr Biggar of the NCA acknowledged that there was not a "straightforward and neat answer" about where ultimate accountability lies.[57]

Lack of law enforcement appetite?

37. We further examined whether law enforcement bodies had sufficient appetite to engage with sensitive cases. Mr Geoghegan was sceptical:

> It has become a pass the parcel. Nobody wants to deal with issues around political finance because it is political—the clue is in the word 'political'. Law enforcement does not want to deal with politics for good reason. It hates getting involved in politics…[58]

38. In 2023, Spotlight on Corruption wrote to the NCA raising concerns that:

> In the few cases that the NCA has commented on in recent years involving alleged donations from foreign sources and/or allegedly linked to money laundering or other criminality, it has expressly ruled out or has taken no further action on every occasion.[59]

39. Unlock Democracy noted that the NCA has "national-level powers and specialised legal tools…which are pertinent to enforcing electoral laws and safety". However:

> despite its capabilities and close collaboration with agencies like MI5, it has been criticised for its passive approach to enforcing these laws, even when cases are referred to it, particularly cases of electoral breaches involving dirty money and funding transparency. This raises questions about the organisation's effectiveness.[60]

40. The Director General of the NCA "dispute[d] any suggestion that we would shy away". He argued that the NCA "absolutely will follow where the evidence goes" but emphasised that limitations in legislation often meant no crime had been committed.[61] Similar points have been made by the Metropolitan Police Service about needing to show "that the person knew or was aware of a risk", citing Sections 83 and 123 of PPERA as examples:

> broadly speaking the main reasons for taking no further action is that the criminal offences require a high standard of proof…

57 Q48
58 Q21
59 Spotlight on Corruption, Letter to National Crime Agency, 5 December 2023
60 Unlock Democracy (DED0022)
61 Q52

> ...whilst it may be possible to show technical breaches or discrepancies in the respective returns, these may not automatically follow with a criminal sanction.[62]

A new national law enforcement lead

41. We examined solutions. One option involves creating a comprehensive unit governing all aspects of finance relating to political activity.[63] Dr Sam Power of the University of Bristol cautioned against this, suggesting it would become a "huge Zeppelin organisation" which would be "incredibly complex" and "lose institutional expertise".[64]

42. Alternatively there could be a specialised police unit with a clearer mandate to take the national lead on political finance, including all areas of foreign interference risk. Dr Hawley called for example for a "specialist police unit that will step up to support the Electoral Commission".[65]

43. A joint unit might also be able to draw in specialist capabilities from Counter Terrorism Policing, the Special Enquiries Team, MI5, the National Crime Agency and the Electoral Commission. Engagement from local forces might be achieved by relevant officers being drawn in to specific investigations linked to their region on a case-by-case basis.[66] (If a statutory footing is necessary, it could operate initially in 'shadow form' until the necessary legislative details have been arranged).[67]

44. The Metropolitan Police Service told us that

> A single national enforcement body could, in principle, offer greater consistency, capability and coordination. Any move in that direction, however, would require clear statutory responsibilities, appropriate resourcing and careful consideration of how best to integrate existing expertise across agencies.[68]

---

62 Submission from the Metropolitan Police Service to the Committee on Standards in Public Life (Submission 52) p 9
63 Q43
64 Q43
65 Q21
66 See for example lessons from other joint law enforcement models: Joint International Crime Centre, Joint International Crime Centre launches (accessed 9 March 2026); National Economic Crime Centre, National Economic Crime Centre (accessed 9 March 2026)
67 See for example similar structures used by the Competition and Markets Authority's Digital Markets Unit until legislation was implemented: HM Government, New watchdog to boost online competition launches (accessed 9 March 2026)
68 Letter from the Metropolitan Police Service regarding political finance, 5 March 2026

45. The Government told us that work was ongoing around the National Police Service reforms to make better use of national-level capabilities, but "no commitments have been made at this stage in relation to political finance".[69]

46. **CONCLUSION**

The governance and accountability arrangements for criminal enforcement of illegal political finance interference are inadequate. Responsibilities and capabilities are dispersed across the Electoral Commission, the Metropolitan Police Service, Counter Terrorism Policing, MI5, the National Crime Agency, the National Police Chiefs' Council, and regional police forces. There would be operational value in simplifying this set up. That would also probably help address worryingly low levels of public trust in the adequacy of enforcement.

47. **RECOMMENDATION**

The Government should establish a centralised Political Finance Enforcement Unit. This should be a joint unit, which could be housed in the National Crime Agency. It should hold the overall national lead and accountability for proactive assessments and criminal investigations into political finance. It should involve secondees from relevant specialisms (Counter Terrorism Policing, MI5 and the Electoral Commission) with temporary involvement from seconded regional police representatives for specific cases.

48. **RECOMMENDATION**

The Unit should have formalised information sharing agreements with the parent organisations of participating personnel, to ensure the parent organisation's powers may be deployed during the course of investigations.

---

69 Letter from the Secretary of State for Housing, Communities and Local Government regarding political finance, 9 March 2026

4 Crypto

Opportunities

49. The use of crypto in political donations has been a topic of much debate. Examples of cryptoassets include cryptocurrencies, non-fungible tokens and stablecoins. These are not recognised as legal tender in the UK; instead they are treated as property rather than currency.[70] Crypto donations are currently permitted in UK politics, though the Electoral Commission says that they present "particular challenges and risks in meeting electoral law requirements".[71] We examined the merits, risks and response options.

50. Ian Taylor, Board Adviser at CryptoUK, outlined the benefits of using crypto for political donations. He argued that "the technology is public, transparent, immutable and allows for anybody to see what has taken place previously".[72]

51. Natasha Powell, Chief Compliance Officer at Kraken Digital Asset Exchange, told us that the crypto industry facilitates the movement of funds

> on an instantaneous basis, across borders, with minimal friction. This does not mean that appropriate guard-rails cannot be placed around the system to ensure that you understand who the actors are, what the purposes of transactions are, what the sources of funds are…[73]

52. We noted that cryptoassets are subject to increasing regulation in the UK, EU and other jurisdictions.[74] Ms Powell argued crypto payments should therefore be seen in the wider context of proportionate regulation and residual risk:

> Crypto is no different from any other asset class when it comes to making a payment. If you execute that payment outside of the regulated perimeter, there are risks involved. If you execute it within

---

70 Electoral Commission, Political party donations and loans in Great Britain: cyptoassets (accessed 9 March 2026)

71 Electoral Commission, Political party donations and loans in Great Britain: cyptoassets (accessed 9 March 2026)

72 Q19

73 Q37

74 Financial Conduct Authority, A new regime for cryptoasset regulation (accessed 9 March 2026); European Securities and Markets Authority; Markets in Crypto-Assets Regulation (MiCA) (accessed 9 March 2026)

the regulated perimeter, those risks can be managed. It is the duty of the Government, our policymakers and our regulators to enforce those requirements.[75]

Risks

53. Others were less confident. Spotlight on Corruption argued that crypto services can be used to bypass traditional safeguards in banking systems and evade money laundering checks. Issues include the use of mixers and tumblers which blend funds from multiple sources; privacy coins which obscure transaction histories; swap services which exchange coins with intermediaries and can operate in high-risk jurisdictions; and chain hopping which involves rapidly converting assets into other currencies and can obscure the transaction chain.[76]

54. Micro-donations are a particular concern. We heard that AI tools can make it quick and relatively simple to split large donations into smaller chunks. Under existing electoral law, transfers under £500 generally do not need to be reported, which creates the possibility of numerous £499 donations.[77]

55. We questioned experts on whether crypto would make automated micro-donations easier at scale. Mr Taylor of CryptoUK acknowledged that "Yes, anything is feasible" and suggested addressing this risk would depend on "the robustness of the rules that come out of this new potential legislation".[78] Ms Powell of Kraken Digital Asset Exchange likewise acknowledged that micro-donations could be obscured via intermediaries, but believed tracing technologies could help:

> Although we may not know the name of the originator, we can spot the behaviours. We can spot where there was a wallet that sent tranches of X figure to 100 other wallets…
>
> …The mechanism to do so takes an expert eye, yes—a well-trained compliance or anti-financial crime professional—but it is achievable and deployable…That tech is not NASA.[79]

56. We remain unsure how likely it is that the Electoral Commission (let alone political parties, candidates and third-party campaigners) would be able to deploy such specialised asset tracing skills. Dr Power noted it would be

---

75 Q35

76 Spotlight on Corruption (DEF001)

77 Q19; Q43; Spotlight on Corruption (DEF001). It is already prohibited to deliberately evade the reporting threshold limits, but enforcement would likely be difficult.

78 Q19

79 Q35

a “big ask” of Electoral Commission to try discharge its oversight duties adequately.[80] The Metropolitan Police Service said its Special Enquiries Team had access to specialist capabilities.[81]

57. The robustness of source of wealth checks when converting crypto into cash is another problem. Without this knowledge, it is difficult to verify whether the funds come from a problematic source. Tom Keatinge, Director of RUSI’s Centre for Finance and Security, noted that “there are over-the-counter brokers round the corner from here where you can go and exchange cash for crypto, no questions asked. There are lots of other options”.[82]

The case for a ban

58. The UK Anti-Corruption Coalition has argued that “cryptocurrency donations are uniquely risky” and some “transactions are typically linked only to wallet addresses rather than verified real-world identities”. It has called for a ban on “all cryptocurrency donations to political parties”.[83]

59. There is some precedent. Ireland’s party finance guidance has instructed members not to accept cryptocurrency donations.[84] Brazil’s Superior Electoral Court recently upheld an existing ban on crypto donations.[85] Some US states have also issued bans.[86]

60. Mr Taylor of CryptoUK argued in contrast that it would be “undemocratic” to prohibit certain types of payment: “There should be freedom of choice”.[87] Ms Powell argued that “regulation helps us manage risk” whereas “bans displace it…If you say, ‘No crypto donations, they’re illegal’, people will go offshore and find different ways of doing them”.[88]

61. Mr Keatinge argued that a ban “risks missing the wood for the trees” and would “give us a false sense of security”. He noted that illicit activity could easily occur upstream: donors could simply convert foreign crypto assets

---

80 Q42
81 Letter from the Metropolitan Police Service regarding political finance, 5 March 2026
82 Q41
83 UK Anti-Corruption Coalition, Release: Experts call for ban on cryptocurrency donations to political parties (accessed 9 March 2026)
84 Coindesk, “Ireland’s Political Parties to Be Banned From Accepting Crypto: Report”, 11 May 2023; Standards in Public Office Commission, Guidelines for Members of the Houses of the Oireachtas and Representatives in the European Parliament, December 2023
85 The matter appears to remain under review. See DL News, “Supreme court judge to review Brazil’s ban on use of crypto in election campaigns”, 26 January 2026
86 Spotlight on Corruption (DEF001)
87 Q20
88 Q41

into ostensibly legitimate sterling beforehand, and then make a traditional donation via bank transfer without arousing suspicion.[89] This points towards the need for wider upstream regulatory assurance.

The case for a moratorium

62. We noted Ms Powell's argument that regulation may provide adequate assurance. However we were not persuaded that the current regulatory framework is sufficient to mitigate the particular risks to political finance. Mr Keatinge highlighted two points which would require a robust solution: crypto acts as "an accelerant and it operates seamlessly across borders". He maintained that

> until we are comfortable that we are able to deal with those two issues…there should be a moratorium on the use of crypto. We cannot truthfully say right now that we understand how to manage the risk related to crypto.
>
> We can potentially set up frameworks and so on, but I have yet to hear anybody who is advocating for the inclusion of crypto in political donations then say, 'This is how we will manage the risk'.[90]

63. Spotlight on Corruption argued that upcoming legislation should either "prohibit crypto donations, following the lead of countries such as Ireland and Brazil, or have a robust regulatory regime designed for crypto donations".[91]

Interim guidance

64. The Electoral Commission has issued initial guidance on the use of crypto assets in donations. It recommends recipients being "especially cautious" if there is "any sign that donors are using mixers…or using AI and other systems to split donations".[92] It stops short of issuing binding prohibitions.

65. We queried the Electoral Commission's powers to discharge adequate oversight. Dr Power noted that the Electoral Commission can ask parties to behave in a certain way, but its powers to compel compliance are limited.[93] He was sceptical of the adequacy of this arrangement: "where is

89 Q41
90 Q37
91 Spotlight on Corruption (DEF001)
92 Electoral Commission, Political party donations and loans in Great Britain - cryptoassets (accessed 26 February 2026)
93 Q43

the incentive for a political party to do that if it is making money?”[94] Others similarly questioned how much recipients of donations are incentivised to ask awkward questions in due diligence checks.[95]

66. The Electoral Commission suggested it needed a “discretionary power to produce statutory guidance relating to cryptoasset donations”. This could be managed in ways to ensure timely updates “to match the pace of change”.[96] We noted that using affirmative parliamentary procedure to approve the statutory guidance could provide Parliament with a degree of oversight to assure its adequacy.[97]

67. Contributors and external experts have outlined various measures which could usefully feature in initial and statutory guidance.[98] Key points might include:

- requiring political parties and campaigners to only use crypto platforms which are registered with the Financial Conduct Authority, to ensure that information requests or any breaches of political finance rules can be pursued by UK authorities;
- imposing a cumulative upper limit on the value of crypto donations per recipient across all permissible sources;
- requiring the value of crypto donations to be recorded in sterling at the point of receipt;
- requiring recipients to investigate and refuse any donation where there is any sign of upstream use of tumblers, mixers or other activities which would obscure the ultimate source of funds;
- requiring recipients to have high confidence in the verified identify of the donor (not just the wallet) and that source of funds is permissible;
- requiring recipients to sign a declaration that they have undertaken adequate due diligence on the points above, and understand that they are liable to criminal penalties for false declarations or inadequate due diligence.

94 Q43
95 Q15 [Peter Geoghegan]
96 Letter from the Electoral Commission regarding political finance, 5 February 2026
97 UK Parliament, Statutory instruments procedure in the House of Commons
98 Spotlight on Corruption (DEF001); Letter from the Metropolitan Police Service regarding political finance, 5 March 2026; RUSI, UK Election Security is Threatened by Political Money Laundering via Cryptocurrency (accessed 9 March 2026)

68. **CONCLUSION**

Crypto donations pose an unnecessary and unacceptably high risk to the integrity of the political finance system and public trust in it. We accept that future regulations may institutionalise the use of alternative payment systems for use in donations. At present, however, the opportunity to evade rules is too high, the adequacy of mitigations too low, and the resource cost of attempting to implement acceptable oversight is disproportionate. We see no democratic imperative to permit the use of crypto in political finance until adequate safeguards are in place.

69. **CONCLUSION**

Crypto also poses wider upstream risks to the integrity of political finance: donors can convert 'dirty' foreign crypto funds into 'clean' UK fiat and then donate it without arousing much suspicion. A 'last mile' ban on crypto donations is therefore not a panacea. Specialist capabilities to address upstream risks are underpowered and require further work.

70. **RECOMMENDATION**

The Government should introduce a binding moratorium on crypto donations as an amendment to the Representation of the People Bill. This moratorium should remain in place until the Electoral Commission has issued statutory guidance on crypto donations which applies to its regulated entities. The Bill should be further amended to provide for that guidance to be subject to the affirmative procedure to provide Parliament with an appropriate scrutiny opportunity and an opportunity to object. We suggest the Electoral Commission must develop satisfactory safeguards in time for the next General Election.

5 Corporate donations

71. The Representation of the People Bill ('the Bill') sets out new controls on corporate donations from companies and limited liability partnerships (LLPs). This includes requirements for the donor to meet "significant control" stipulations; and for the donor to have made sufficient revenue in the UK.[99] In general these measures seem valuable in addressing the risk of companies acting as conduits for foreign money. We considered two issues.

UK connection test: profit not revenue

72. First is the use of revenue as the key metric, rather than profit. The Committee on Standards in Public Life (CSPL) produced a detailed assessment in 2021 which recommended "company donations should not exceed net profits after tax generated in the UK within the preceding two years".[100] Vijay Rangarajan, Chief Executive of the Electoral Commission, similarly told us that requirements to carry on business in the UK "needs to be clarified to mean profit" and endorsed "the CSPL's proposal on profits over the last two years… profit has the advantage that we can check it, and so can party treasurers".[101] Investigative journalist Peter Geoghegan likewise suggested profit was the key issue:

> If it is not about profits and it is just about revenue, how is this money being generated in the first place? How can you give money that you have not made as a profit? That does not make any sense.[102]

73. However, we also note that there are important countervailing considerations. Many firms may operate at a loss for a protracted periods—for example during early growth phrases, or because they have reinvested earnings rather than recording profits. There is nothing untoward about such practices. We appreciate that these commercial realities might help explain why the Government decided revenue would be a more viable metric than profit.[103]

99 Representation of the People Bill [As introduced], Bill 384, Clause 60; Ministry of Housing, Communities and Local Government, Representation of the People Bill Explanatory Notes, pp 88–90
100 Committee on Standards in Public Life, Regulating Election Finance, July 2021, p 11
101 Q24
102 Q17
103 See for example Harvard Business Review, Why Are Companies That Lose Money Still So Successful? (accessed 16 March 2026)

A strange loophole: unlimited limits

74. Second is the way in which donation limits apparently apply to recipients rather than individual companies. The Electoral Commission has recommended that the revenue-related limits need to apply to the total value of donations made by an individual company instead.[104] Unless this amended, the Bill appears to create a loophole whereby a company could donate its upper limit to a party and then also repeatedly donate the upper limit individually to each of a party's candidates. The Electoral Commission warned:

> This would allow companies to make legitimate donations many times their revenue, with no guarantee of the source of these funds.[105]

75. An assessment by Professor Alan Renwick of University College London's Constitution Unit described both of these issues as "astonishing weaknesses in the current drafting. Whether ministers can offer any plausible defence remains to be seen".[106]

76. **CONCLUSION**

The Representation of the People Bill contains inexplicable deficiencies on corporate donations. We support limiting donations to those carrying out meaningful activity in the UK. However, the Bill contains a loophole, which would allow companies to donate the upper limit of their UK-generated revenue hundreds of times over to individual MPs and candidates. That needs fixing.

77. **RECOMMENDATION**

The Government should amend Part 4 of the Representation of the People Bill to specify that limits on corporate donations apply to the total amount per company, rather than per recipient.

104 Electoral Commission, Media briefing: Representation of the People Bill, 12 February 2026
105 Electoral Commission, Media briefing: Representation of the People Bill, 12 February 2026
106 The Constitution Unit Blog, The Representation of the People Bill: contours of the debates to come, 26 February 2026

6 Criminal liability for acting as a foreign conduit

78. We heard concern about the possibility of UK subsidiary companies donating large sums at the (undeclared) behest of a foreign parent company or wealthy individual.[107] In Spring 2025 there was substantial media speculation about this scenario in relation to allegations of a planned donation by Elon Musk.[108] The issue received renewed attention in light the November 2025 US National Security Strategy, which set out ambitions for "cultivating resistance to Europe's current trajectory within European nations".[109]

Receiving foreign funds for use in donations

79. In theory it is already an offence to conspire to conceal the identity of a donor or act as a conduit to facilitate non-permissible donations. However, as Transparency International UK has argued:

> these rules are almost impossible to enforce in practice … An agreement to donate money on behalf of another can be as simple as a verbal arrangement made between two parties in private. The task for prosecutors is to prove beyond reasonable doubt that this conspiracy existed.

107 Q17

108 Sky News, "New rules may stop Elon Musk from making unlimited donations to Reform UK", 20 March 2025. There was further controversy around Mr Musk running a so-called election "lottery" providing US electors with the chance to win $1 million. Critics said election laws should prohibit paying people to register to vote. See BBC News, "Elon Musk can keep giving $1m to voters, judge rules", 4 November 2024

109 White House, National Security Strategy of the United States of America, November 2025. See also Financial Times, "US government to fund Maga-aligned think-tanks and charities in Europe", 5 February 2026; Politico, "Top Trump official says no US 'slush fund' for far right in Europe", 14 February 2026

> Yet to do so they might have to rely entirely on circumstantial evidence unless one of the parties admits to engaging in a conspiracy, or the even more unlikely scenario that there was forewarning… and the relevant policing authority was able to secure warrants to capture these discussions through surveillance.[110]

Will UK directors be held liable for their donation?

80. The Representation of the People Bill ('the Bill') introduces some measures requiring donors to have a sufficient connection to the UK, including stipulations around the level of significant control.[111] Vijay Rangarajan, Chief Executive of the Electoral Commission, told us that

> we have had issues with finding someone for whom UK law mattered because they were within UK jurisdiction for criminal law. Secondly, there is the concept of the person of significant control and trying to work out who the person of significant control is, who is making that donation, which could be a UK director of a UK subsidiary… it is going to be complex to define this in the forthcoming legislation.[112]

Section 54A via primary legislation

81. There are also outstanding challenges around donors receiving foreign money or gifts in kind in connection with a donation. The National Crime Agency has highlighted that the Political Parties, Elections and Referendums Act 2000 (PPERA) "does not prohibit funds originating from overseas to be used in donations as long as the donating entity is eligible to donate in the UK. It would be for Parliament to change the law to address this".[113]

82. Some transparency improvements may be forthcoming, as the Government intends to commence section 54A of PPERA. This would require individuals making contributions of over £11,180 to declare any benefits linked to their donation, among other stipulations.[114]

110 Transparency International, Cheques and Balances, December 2024, p 32
111 Ministry of Housing, Communities and Local Government, Representation of the People Bill Explanatory Notes
112 Q24
113 Spotlight on Corruption, Letter from the National Crime Agency to Spotlight on Corruption, 17 January 2024
114 Ministry of Housing, Communities and Local Government, Political finance, gov.uk (accessed 9 March 2026)

83. However, the Bill guidance states that commencement would occur via secondary legislation.[115] This appears problematic, given the number of valuable changes that should be made to the provisions (which would likely require drafting in primary legislation).

84. Graeme Biggar, Director General of the National Crime Agency, said for example that he would "certainly welcome" commencing Section 54A, but emphasised that the precise phrasing will be crucial: "what we do not want is legislation being passed that is pretty much impossible for us to prosecute". He cited existing challenges in the wider legislation around having to

> prove that someone knew that something was false and that that was their belief, which is quite a high threshold. It would be helpful if we could reduce that threshold to 'they had reasonable cause to suspect', which is the test that we tend to use under the Proceeds of Crime Act and money laundering legislation.[116]

85. Spotlight on Corruption described Section 54A as "too vague, too reliant on a subjective assessment by the donor, too difficult to prove, and does not explicitly ban foreign money". It further criticised the limited application to parties, rather than covering candidates, unincorporated associations and third-party campaigners.[117] It called for clearer provisions stating that "it would be a criminal offence to take money that derives from overseas" for donations.[118]

86. This all suggests that introducing an alternative measure within the Bill itself would provide valuable opportunities to make proportionate changes, and ensure that the technical details deliver the right outcomes.

Why is the declaration threshold so high?

87. We further struggled to see the logic behind allowing any form of cash benefit to be provided by a third party in connection with a donation—particularly if the money comes from abroad. The Explanatory Notes accompanying the Bill do not provide adequate justifications or evidence. The Government told us Section 54A would "enhance electoral safeguards" in relation to "individuals making significant donations".[119]

---

115 Ministry of Housing, Communities and Local Government, Political finance, gov.uk (accessed 9 March 2026)

116 Q53

117 Spotlight on Corruption, New Representation of the People Bill – Still far to go to protect UK democracy (accessed 9 March 2026)

118 Q17

119 Letter from the Secretary of State for Housing, Communities and Local Government regarding political finance, 9 March 2026

88. We perceive a bit of a gap that could be exploited. For example, a UK donor might receive £11,179 from a Russian source in connection with a planned donation but apparently would not need declare this when making a £11,179 donation.

89. We noted the general principle that donations below £500 are largely outside the reporting scope of PPERA and would not need to be reported or recorded.[120] A £500 threshold might therefore provide a more robust basis to guide the level at which money received in connection with a donation needs to be declared.

90. **CONCLUSION**

The Representation of the People Bill does not include strong enough safeguards to prevent UK subsidiaries donating on behalf of foreign parent companies or wealthy individuals. There are further loopholes enabling donors to receive large sums of foreign money in connection with a donation and not declare it. And it has missed opportunities to amend the terminology on donor and recipient due diligence responsibilities, which currently hamper law enforcement from launching adequate investigations and bringing prosecutions.

91. **CONCLUSION**

We welcome the Government's commitment to commence Section 54A of the Political Parties, Elections and Referendums Act. But the provisions need more work to adequately address concerns about donors acting as conduits for foreign money. We are sceptical about simply commencing 54A via secondary legislation without amendments.

92. **RECOMMENDATION**

The Government should amend the Representation of the People Bill to introduce an alternative version of Section 54A in primary legislation. This would create a critical mechanism to implement much needed changes.

93. **RECOMMENDATION**

The alternative version of Section 54A should reduce the declaration threshold of funds received in connection with a donation to £500. This would limit the risk of foreign money being channelled through permissible donors.

120 Electoral Commission, Full guidance: Political party donations and loans in Great Britain (accessed 27 February 2026)

94. **RECOMMENDATION**
The alternative version of Section 54A should specify that the relevant persons are liable if they fail to act on ‘reasonable grounds to suspect’ that a false declaration or otherwise impermissible donation is being facilitated. Such changes would bring the legislation in line with money laundering rules and the Proceeds of Crime Act. Donors should also have to make an explicit declaration subject to criminal liability that they are not donating money for or on behalf of a foreign entity. Related changes should apply to other relevant aspects of PPERA and the Representation of the People Bill.

95. **RECOMMENDATION**
The alternative version of Section 54A should specify that a regulated recipient may not accept a donation where there is ‘reasonable grounds to suspect’ that it derives from an impermissible foreign source, or has been provided in connection with an impermissible foreign source. Serious failures to conduct adequate due diligence in this regard should be subject to criminal proceedings.

Level of criminal sanction and investigatory powers

96. Sentences under the Political Parties, Elections and Referendums Act 2000 are relatively low, typically around 12 months in many cases. The Director General of the National Crime Agency (NCA) told us that “we absolutely have a problem” in this regard. The NCA said it would spend considerably more time investigating than an offender would spend in prison.[121]

97. Moreover, we heard that the sentencing level limits the powers and capabilities that law enforcement can deploy, for example under the Regulation of Investigatory Powers Act 2000 and the Investigatory Powers Act 2016. The Metropolitan Police Service told us that higher sentences could “enhance access to appropriate investigative tools”.[122] The NCA explained that

> There are quite a lot of our covert powers—for example on targeted equipment interference, certain types of undercover officers and property interference—that we can only use if the sentence is three years or over.[123]

121 Q55
122 Letter from the Metropolitan Police Service regarding political finance, 5 March 2026
123 Q55

98. **RECOMMENDATION**

The Government should amend the Representation of the People Bill to increase maximum custodial sentences to three years for the most serious breaches of political finance laws involving impermissible foreign money. This would improve deterrence and also enable law enforcement to deploy more intrusive investigatory powers, which are currently curtailed by 12-month sentencing levels. We further recommend exploring additional civil and criminal sanctions as well.

Overseas donors?

99. We noted further concern about the possibility of foreign funds being channelled through donors whose long-term primary residence is overseas. The Elections Act 2022 removed the 15-year time limit for overseas electors; they can now remain registered (and donate) indefinitely, without such UK residency-duration restrictions.[124] We asked the Electoral Commission if this created risks, particularly given the limits of UK investigatory jurisdiction abroad.

100. The Electoral Commission's Chief Executive acknowledged it was "definitely a risk, and it is one we have had our eye on"—but suggested "It is not a great problem at the moment".[125]

101. We noted that the Bill's 'Know Your Donor' proposals might provide some transparency on this issue, if the donations are above the reporting threshold. The Bill's list of risk factors to consider could be extended to include the primary location of a donor: activity emanating from high-risk jurisdictions should hopefully raise questions.[126]

102. Another option might involve requiring long-term overseas donors to be managing sufficient finances in the UK (i.e. registerable for tax purposes via HM Revenue and Customs) to cover the cost of the donation. This would draw on the Bill's proposals for a UK connection test for corporate donations discussed above.

124 Elections Act 2022, Section 14; Letter from the Electoral Commission regarding political finance, 5 February 2026

125 Q22

126 See similar points raised by the Electoral Commission, Media Briefing: Representation of the People Bill, 12 February 2026, p 11

103. **RECOMMENDATION**

The Government should review options to reduce the risk of foreign money entering UK political finance via individual donors whose primary long-term residence is overseas. For example, individual donors whose primary residence is overseas could be required to have UK financial assets registerable with HM Revenue and Customs for the past 12 months which are sufficient to cover the cost of their donation. This would broadly mirror the Bill's other requirements for corporate donors to have generated sufficient money in the UK.

7 Source of funds

104. We examined the likelihood of impermissible foreign sources being detected in political finance, and the adequacy of regulatory powers to investigate suspicions.

Progress on data sharing

105. Data sharing and joint working is generally viewed as a core aspect of successful investigations. There has been criticism about the adequacy of the Electoral Commission's arrangements on this front.[127] Vijay Rangarajan, Chief Executive of the Electoral Commission, admitted "limitations" in this regard:[128]

> where the National Crime Agency, the Financial Conduct Authority or various others have information of interest to us, or we have information of interest to them, there are real barriers to sharing at the moment.[129]

106. We were therefore pleased that the Representation of the People Bill proposes new powers for the Electoral Commission to share information with key partners, including the police and HM Revenue and Customs (HMRC).[130]

107. **CONCLUSION**
We welcome the proposed improvement to the Electoral Commission's data sharing powers under Clause 69.

127 RUSI, UK Election Security is Threatened by Political Money Laundering via Cryptocurrency (accessed 9 March 2026)
128 Q22
129 Q27
130 House of Commons Library, Representation of the People Bill, Research Briefing 10506, 25 February 2026

New powers to compel information from financial institutions

108. We noted however that the Electoral Commission does not appear to have adequate powers to gather information to determine whether the source of funds used in a suspicious donation is in fact permissible. The Electoral Commission highlighted a 'Catch 22' challenge around obtaining evidence:

> Despite our statutory duty to monitor and take all reasonable steps to ensure compliance…we currently have no ability to obtain any information from financial institutions that we can use to monitor and independently verify provenance or the permissibility of funds, unless we open a full investigation.
>
> This is a weakness: to open such an investigation needs clear evidence—but we can't always obtain that in the first place.[131]

109. We considered options for addressing this issue proportionately without creating undue chilling effects or regulatory overreach. The Electoral Commission suggested a power providing

> the ability to compel relevant documents, information and explanation from financial institutions, or service providers, that we reasonably require in pursuance of our statutory duty to monitor and ensure compliance, [which] would provide an important regulatory tool enabling us to complete proactive, independent assurance checks in instances where we identify, or there are known, concerns surrounding the provenance of funds entering the system.[132]

110. Neil Barnett, CEO of the intelligence firm Istok Associates, has separately suggested a greater role for HMRC in determining the nature of funds used in donations. He highlighted however that HMRC was often "reluctant to assist the police", and donors based abroad may have wealth beyond the aegis of HMRC or indeed law enforcement bodies.[133]

111. We considered various possible responses—for example powers for the Electoral Commission or law enforcement to request relevant information from HMRC; or better joint investigations capabilities with international partners.[134]

---

131 Letter from the Electoral Commission regarding political finance, 5 February 2026

132 Letter from the Electoral Commission regarding political finance, 5 February 2026

133 RUSI, UK Election Security is Threatened by Political Money Laundering via Cryptocurrency (accessed 9 March 2026)

134 Q43; Q48; Q57

112. We considered further options relating to the National Crime Agency's powers around Unexplained Wealth Orders, and whether these could be used more effectively to help determine the permissibility of money used in suspicious donations. The Metropolitan Police Service was unsure, noting that these powers were "primarily a civil recovery mechanism" and not designed for such a task. Graeme Biggar, Director General of the National Crime Agency, was open to considering the idea:

> I think the answer is probably yes. I am not aware of us having actively considered one…But if there were a donation, for example, to someone in the UK where it was not entirely clear where that money had come from, we could use [an Unexplained Wealth Order] and that would be a perfectly reasonable tactic.[135]

113. The Government told us it would keep the Electoral Commission's powers under review, and noted that it was increasing fining powers per offence to provide a greater deterrent. We noted, however, that the Electoral Commission can only impose fines if it can prove an offence has occurred in the first place. The fact that it often cannot do so is precisely the problem, and underpins the need for stronger information gathering powers.[136]

114. **CONCLUSION**

The Electoral Commission needs new powers to ask for information about whether the source of funds used in political donations is permissible. This is vital to ensuring effective deterrence and enabling the regulator to identify risks of foreign money. At the moment the Electoral Commission's powers are too circumscribed: it cannot launch investigations without high evidence thresholds, and it cannot obtain that evidence without a formal investigation.

115. **RECOMMENDATION**

The Government should create a power for the Electoral Commission to compel financial institutions to provide information relating to the source funds used in regulated political donations and regulated campaign spending. This power should also apply to crypto currency platforms. This power should be deployable where the Electoral Commission has reasonable grounds to suspect there is a risk of impermissible activity, including outside the context of a live formal investigation.

---

135 Q53

136 Letter from the Secretary of State for Housing, Communities and Local Government to the Joint Committee on the National Security Strategy, 9 March 2026

116. **RECOMMENDATION**

The Electoral Commission and law enforcement should have powers to receive relevant information from HM Revenue and Customs in connection with an investigation into suspicions of foreign money. We further recommend exploring options to make better use of existing powers, for example deploying Unexplained Wealth Orders in relation to suspicions of impermissible foreign sources of donations.

8 Resouring

117. The issues outlined in this report suggest that there is a growing public expectation that the Electoral Commission and law enforcement bodies take appropriate action on foreign interference risk in political finance. This in turn raises the question of resourcing and specialist expertise.

118. Graeme Biggar, Director General of the National Crime Agency, told us that there was

> no point legislating for something unless you are going to enforce it as well. That is a question of capacity and capability. We can sometimes overfocus on getting a new piece of legislation through…[137]

He noted that there was likely not a "lack of intent or capacity to investigate" intelligence referrals to law enforcement,[138] but equally emphasised that "we need to understand the relative prioritisation of all the different issues that we are juggling…and then be realistic about what is going to happen as a result".[139]

119. The Metropolitan Police Service noted that the amount of proactive investigatory work was affected by resourcing (alongside other constraints).[140]

120. Several stakeholders raised concerns about the adequacy of the Electoral Commission's resourcing model. Tom Keatinge, Director of RUSI's Centre for Finance and Security, argued that the Electoral Commission "needs to be empowered with the resources and capabilities it needs to deal with the way in which modern-day finance works".[141]

121. The Electoral Commission told us it has 48 members of staff who work on political finance. This involves supporting parties and campaigners to meet their reporting obligations, providing transparency for voters, and taking enforcement action.[142] This breaks down into:

- 17 staff working on the Registration, Compliance and Transparency team;

137 Q57
138 Q52
139 Q57
140 Letter from the Metropolitan Police Service regarding political finance, 5 March 2026
141 Q35
142 Letter from the Electoral Commission regarding political finance, 5 February 2026

- 19 staff working on the Regulatory Action and Enforcement team;
- 12 staff working on the Regulatory Support team.

122. The Electoral Commission suggested that staffing would need to increase to deliver on the Representation of the People Bill measures, though much would depend on the final detail.[143] Dr Hawley noted that the Commission had recently had a budget increase, but remained sceptical about its delivery capacity:

> even with that increase in budget, the UK spends significantly less per voter than comparable democracies. We spend £1 on our electoral regulation per voter. If you compare that to Australia, they spend nearly £8 per voter, in New Zealand it is over £12, in Canada it is £4, and even in Ireland it is nearly £3. Even with that budgetary increase we are spending, the Electoral Commission is spending a lot less.[144]

123. **CONCLUSION**

The Government's legislative changes will only be meaningful if the Electoral Commission, police and National Crime Agency are adequately resourced to enforce the rules.

124. **RECOMMENDATION**

We recommend the Electoral Commission, Metropolitan Police Service and National Crime Agency provide an annual resourcing update to this Committee. This should set out their resourcing levels and the extent to which these are adequate to deliver on objectives to deter, investigate and prosecute the use of impermissible foreign money in the political finance system. This should be superseded by the Political Finance Enforcement Unit once that is in place.

143 Letter from the Electoral Commission regarding political finance, 5 February 2026
144 Q21

Conclusions and recommendations

Threat picture and the case for action

1. The risk of foreign influence in the UK's political finance system is real. We believe the threat is likely to grow out to the next election, particularly as the value of influencing the UK's position on international policy increases. The lack of adequate safeguards means that it is not possible to identify or interdict many problematic sources of finance. Moreover, the corrosive public perception that our system is open to foreign influence risks jeopardising trust in outcomes, even if real-world impacts are small. The Government must not waste this opportunity to introduce more robust protections. (Conclusion, Paragraph 28)

Who's in charge?

2. The governance and accountability arrangements for criminal enforcement of illegal political finance interference are inadequate. Responsibilities and capabilities are dispersed across the Electoral Commission, the Metropolitan Police Service, Counter Terrorism Policing, MI5, the National Crime Agency, the National Police Chiefs' Council, and regional police forces. There would be operational value in simplifying this set up. That would also probably help address worryingly low levels of public trust in the adequacy of enforcement. (Conclusion, Paragraph 46)

3. The Government should establish a centralised Political Finance Enforcement Unit. This should be a joint unit, which could be housed in the National Crime Agency. It should hold the overall national lead and accountability for proactive assessments and criminal investigations into political finance. It should involve secondees from relevant specialisms (Counter Terrorism Policing, MI5 and the Electoral Commission) with temporary involvement from seconded regional police representatives for specific cases. (Recommendation, Paragraph 47)

4. The Unit should have formalised information sharing agreements with the parent organisations of participating personnel, to ensure the parent organisation's powers may be deployed during the course of investigations. (Recommendation, Paragraph 48)

Crypto

5. Crypto donations pose an unnecessary and unacceptably high risk to the integrity of the political finance system and public trust in it. We accept that future regulations may institutionalise the use of alternative payment systems for use in donations. At present, however, the opportunity to evade rules is too high, the adequacy of mitigations too low, and the resource cost of attempting to implement acceptable oversight is disproportionate. We see no democratic imperative to permit the use of crypto in political finance until adequate safeguards are in place. (Conclusion, Paragraph 68)

6. Crypto also poses wider upstream risks to the integrity of political finance: donors can convert 'dirty' foreign crypto funds into 'clean' UK fiat and then donate it without arousing much suspicion. A 'last mile' ban on crypto donations is therefore not a panacea. Specialist capabilities to address upstream risks are underpowered and require further work. (Conclusion, Paragraph 69)

7. The Government should introduce a binding moratorium on crypto donations as an amendment to the Representation of the People Bill. This moratorium should remain in place until the Electoral Commission has issued statutory guidance on crypto donations which applies to its regulated entities. The Bill should be further amended to provide for that guidance to be subject to the affirmative procedure to provide Parliament with an appropriate scrutiny opportunity and an opportunity to object. We suggest the Electoral Commission must develop satisfactory safeguards in time for the next General Election. (Recommendation, Paragraph 70)

Corporate donations

8. The Representation of the People Bill contains inexplicable deficiencies on corporate donations. We support limiting donations to those carrying out meaningful activity in the UK. However, the Bill contains a loophole, which would allow companies to donate the upper limit of their UK-generated revenue hundreds of times over to individual MPs and candidates. That needs fixing. (Conclusion, Paragraph 76)

9. The Government should amend Part 4 of the Representation of the People Bill to specify that limits on corporate donations apply to the total amount per company, rather than per recipient. (Recommendation, Paragraph 77)

Criminal liability for acting as a foreign conduit

10. The Representation of the People Bill does not include strong enough safeguards to prevent UK subsidiaries donating on behalf of foreign parent companies or wealthy individuals. There are further loopholes enabling donors to receive large sums of foreign money in connection with a donation and not declare it. And it has missed opportunities to amend the terminology on donor and recipient due diligence responsibilities, which currently hamper law enforcement from launching adequate investigations and bringing prosecutions. (Conclusion, Paragraph 90)

11. We welcome the Government's commitment to commence Section 54A of the Political Parties, Elections and Referendums Act. But the provisions need more work to adequately address concerns about donors acting as conduits for foreign money. We are sceptical about simply commencing 54A via secondary legislation without amendments. (Conclusion, Paragraph 91)

12. The Government should amend the Representation of the People Bill to introduce an alternative version of Section 54A in primary legislation. This would create a critical mechanism to implement much needed changes. (Recommendation, Paragraph 92)

13. The alternative version of Section 54A should reduce the declaration threshold of funds received in connection with a donation to £500. This would limit the risk of foreign money being channelled through permissible donors. (Recommendation, Paragraph 93)

14. The alternative version of Section 54A should specify that the relevant persons are liable if they fail to act on 'reasonable grounds to suspect' that a false declaration or otherwise impermissible donation is being facilitated. Such changes would bring the legislation in line with money laundering rules and the Proceeds of Crime Act. Donors should also have to make an explicit declaration subject to criminal liability that they are not donating money for or on behalf of a foreign entity. Related changes should apply to other relevant aspects of PPERA and the Representation of the People Bill. (Recommendation, Paragraph 94)

15. The alternative version of Section 54A should specify that a regulated recipient may not accept a donation where there is 'reasonable grounds to suspect' that it derives from an impermissible foreign source, or has been provided in connection with an impermissible foreign source. Serious failures to conduct adequate due diligence in this regard should be subject to criminal proceedings. (Recommendation, Paragraph 95)

16. The Government should amend the Representation of the People Bill to increase maximum custodial sentences to three years for the most serious breaches of political finance laws involving impermissible foreign money. This would improve deterrence and also enable law enforcement to deploy more intrusive investigatory powers, which are currently curtailed by 12-month sentencing levels. We further recommend exploring additional civil and criminal sanctions as well. (Recommendation, Paragraph 98)

17. The Government should review options to reduce the risk of foreign money entering UK political finance via individual donors whose primary long-term residence is overseas. For example, individual donors whose primary residence is overseas could be required to have UK financial assets registerable with HM Revenue and Customs for the past 12 months which are sufficient to cover the cost of their donation. This would broadly mirror the Bill's other requirements for corporate donors to have generated sufficient money in the UK. (Recommendation, Paragraph 103)

Source of funds

18. We welcome the proposed improvement to the Electoral Commission's data sharing powers under Clause 69. (Conclusion, Paragraph 107)

19. The Electoral Commission needs new powers to ask for information about whether the source of funds used in political donations is permissible. This is vital to ensuring effective deterrence and enabling the regulator to identify risks of foreign money. At the moment the Electoral Commission's powers are too circumscribed: it cannot launch investigations without high evidence thresholds, and it cannot obtain that evidence without a formal investigation. (Conclusion, Paragraph 114)

20. The Government should create a power for the Electoral Commission to compel financial institutions to provide information relating to the source funds used in regulated political donations and regulated campaign spending. This power should also apply to crypto currency platforms. This power should be deployable where the Electoral Commission has reasonable grounds to suspect there is a risk of impermissible activity, including outside the context of a live formal investigation. (Recommendation, Paragraph 115)

21. The Electoral Commission and law enforcement should have powers to receive relevant information from HM Revenue and Customs in connection with an investigation into suspicions of foreign money. We further recommend exploring options to make better use of existing powers, for example deploying Unexplained Wealth Orders in relation to suspicions of impermissible foreign sources of donations. (Recommendation, Paragraph 116)

Resourcing

22. The Government's legislative changes will only be meaningful if the Electoral Commission, police and National Crime Agency are adequately resourced to enforce the rules. (Conclusion, Paragraph 123)

23. We recommend the Electoral Commission, Metropolitan Police Service and National Crime Agency provide an annual resourcing update to this Committee. This should set out their resourcing levels and the extent to which these are adequate to deliver on objectives to deter, investigate and prosecute the use of impermissible foreign money in the political finance system. This should be superseded by the Political Finance Enforcement Unit once that is in place. (Recommendation, Paragraph 124)

Formal minutes

Monday 16 March

Members present

Matt Western (Chair)

Lord Arbuthnot of Edrom

Lord Boateng

Dame Karen Bradley

Sarah Champion

Tanmanjeet Singh Dhesi

Bill Esterson

Lord Hutton of Furness

Lord Godson

Lord Jack of Courance

Baroness Kidron

Mike Martin

Lord Sedwill

Lord Tunnicliffe

Baroness Tyler of Enfield

Lord Watts

Sir Gavin Williamson

Political finance and foreign influence

Draft Report (*Political finance and foreign influence*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 124 read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Third Report of the Committee.

Ordered, That the Chair make the Report to the House of Commons and that the Report be made to the House of Lords.

Ordered, That embargoed copies of the Report be made available.

Adjournment

Adjourned till Monday 23 March at 4.00 p.m.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Monday 17 March 2025

Dan Jarvis MP, Minister of State (Minister for Security), Home Office; **Shaun Hipgrave**, Director of Protect and Prepare, Home Office; **The Baroness Jones of Whitchurch**, Parliamentary Under-Secretary of State for the Future Digital Economy and Online Safety, Department for Science, Innovation and Technology; **Nanyamka Brown**, Deputy Director for Information Threats and Security, Department for Science, Innovation and Technology Q1–13

Monday 8 September 2025

Peter Geoghegan, Journalist, broadcaster and writer; **Dr Susan Hawley**, Executive Director, Spotlight on Corruption; **Ian Taylor**, Board Advisor, CryptoUK Q14–21

Vijay Rangarajan, Chief Executive, Electoral Commission; **Jackie Killeen**, Director of Electoral Administration and Regulation, Electoral Commission Q22–31

Monday 12 January 2026

Natasha Powell, Chief Compliance Officer UK, Kraken Digital Asset Exchange; **Dr Sam Power**, Lecturer, University of Bristol; **Tom Keatinge**, Director of the Centre for Finance and Security, RUSI; **Duncan Hames**, Director of Policy and Programmes, Transparency International UK Q32–45

Monday 9 February 2026

Graeme Biggar CBE, Director-General, National Crime Agency; **Rachael Herbert**, Director of the National Economic Crime Centre, National Crime Agency Q46–63

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

DEF numbers are generated by the evidence processing system and so may not be complete.

1	Spotlight on Corruption	DEF0001

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee’s website.

Session 2024–26

Number	Title	Reference
2nd	Espionage cases and the Official Secrets Acts	HC 1414
1st	Subsea telecommunications cables: resilience and crisis preparedness	HC 723
2nd Special	Espionage cases and the Official Secrets Acts: Government and Crown Prosecution Service Responses	HC 1700
1st Special	Subsea telecommunications cables: resilience and crisis preparedness: Government Response	HC 1574