

Written evidence submitted by Spotlight on Corruption

Background

Spotlight on Corruption is an anti-corruption charity that shines a light on the UK's role in corruption at home and abroad. We want to see a society with strong, transparent and accountable institutions which ensure corruption is not tolerated and democracy flourishes both in the UK and globally. To achieve this, we highlight corruption and the harm it causes, and campaign to improve the UK's legal systems and enforcement of the law.

Summary

Our evidence focuses on the following issues:

- Threats to the UK's democracy in the context of election finance, including foreign money, dirty money and the risk of undue influence by high-level donors.
- The lack of external engagement and visibility of the Defending Democracy Taskforce.
- Weaknesses in the UK's enforcement regime for election finance, noting in particular the Electoral Commissions independence and powers and the lack of criminal enforcement.
- Problems with the UK's legislative framework for election finance, including the inadequate checks that political parties are required to carry out on donors.

Recommendations

In light of our evidence, we make the following recommendations:

A. A clearer role and more external engagement for the Defending Democracy Taskforce

1. The Defending Democracy Taskforce (DDT) should be put on a more formal footing and be more transparent about its workings - publishing an annual report and producing material to inform public understanding. It should play a clear role in bolstering the work of the Electoral Commission, who should be a core member of the DDT.
2. The DDT should engage with non-governmental organisations, including civil society and academia, to benefit from expertise and help institutionalise the DDT's work. The government, in particular the Department for Levelling Up, Housing and Communities, should engage regularly with non-governmental organisations in relation to election finance laws and enforcement, in order to strengthen the resilience of our democracy, and should establish a forum for doing so.

B. Increase checks on donations by political parties

1. Political parties need to voluntarily implement robust, risk-based 'know your donor' policies on an urgent basis ahead of the next election to prevent foreign state interference and dirty money in our political system, and to restore public trust.¹
2. Political parties should commit to legislation that would require all parties to implement 'know your donor' policies, following a consultation on wider reforms and requirements needed for them to be most effective.

¹ Spotlight on Corruption (10 May 2023) [Time for a 'know your donor' policy](#)

C. Tighten up the rules on donations from companies, unincorporated associations and overseas voters

1. The government should amend electoral law to ensure that company donations can only be made from profits generated in the UK, and donations should not exceed net profits after tax generated in the UK in the preceding two years.² Companies should confirm that they comply when giving a donation, and false declarations should be a criminal offence.
2. Amendments to electoral law should also ensure that unincorporated associations (UAs) are required to undertake permissibility and due diligence checks on all money they receive that is intended as a donation, and to declare the source of all political gifts above £500. There should be a review of whether UAs should be prohibited from donating.
3. Serious consideration should be given to prohibiting donations from overseas voters altogether, or limiting such donations to income generated from economic activity within the UK itself, and to prohibiting donations from UAs run by overseas voters.

D. Address problems with election finance offences

1. There should be a review of whether offences under the Political Parties, Elections and Referendums Act 2000 (PPERA) are broad enough and effective in ensuring that malign or foreign actors cannot donate indirectly, for example through gifts, and to ensure that donations cannot be given from the proceeds of crime.

E. Tackle access capitalism and donor influence over policymaking

1. Government departments should publish information about all meetings and hospitality involving donors. The Ministerial Code should require Ministers to report any such engagements with donors (and the content of any discussions) when an official is not present - including in party political contexts - back to their departments for publication.
2. If parties provide donors with access to politicians and/or their staff, they must be conducted transparently and with suitable protections to avoid donors exerting undue influence. This should include prompt publication of the names of donors attending (whether in person or by proxy) and details of any attempt to influence a political party or the government.
3. The government should prohibit public contractors donating to political parties and MPs, to avoid perceptions of conflicts of interest arising and ensure that donors do not get privileged treatment in the procurement system. This would bring the UK into alignment with the rules in the US.

F. Improve enforcement of election finance crime

1. There needs to be a lead agency responsible for the enforcement of serious election finance crime. In our view, the National Crime Agency (NCA) should coordinate the UK's strategic, national enforcement response to such offending, and be provided with the immediate resources to create a dedicated election finance unit with specialist expertise.

G. Enhance the Electoral Commission's enforcement powers

1. The mechanism in the Elections Act 2022 which enables the government to issue the

² CSPL (July 2021) [Regulating Election Finance](#) pg. 51

Electoral Commission with a Strategy and Policy Statement, should be removed. The Commission's power to initiate criminal proceedings should be reintroduced so that it can tackle less serious and complex cases with criminal penalties, where necessary.

2. The maximum fine that the Electoral Commission can impose for each offence should be increased from £20,000 to 4% of a campaign's total spend or £500,000, whichever is higher, as previously recommended by the Committee on Standards in Public Life (CSPL),³ and this figure should be adjusted annually in line with inflation.

What are the actual and perceived threats to the UK's democracy, and from where do those threats originate?

Foreign money in the UK's electoral system

1. **Independent bodies and the security services have warned that hostile states have sought to influence the UK's democracy through political donations.** The Intelligence and Security Committee's (ISC) 2020 report on Russia in 2020 found that members of the Russian elite with close links to Vladimir Putin have, "...donated to political parties, with a public profile which positions them to assist Russian influence operations."⁴ In 2023, the ISC warned of China's intent to interfere with the UK government and influence UK political thinking and decision-making, with individuals linked to China's United Front Work Department receiving "...funds from overseas sources for onward donation to political parties, prospective Parliamentary candidates."⁵ In 2022, **MI5 issued a warning to MPs and peers** that accused a lawyer of seeking to influence parliamentarians on behalf of China's Communist Party.⁶
2. **The risks of foreign money in our electoral system were increased by the Elections Act 2022, which removed the 15-year limit** on British citizens overseas being eligible to vote in UK elections, and therefore donate to parties. The government estimates that 3.2-3.4 million British nationals living overseas will become eligible.⁷ Two or more registered overseas electors will be able to form unincorporated associations⁸ - enabling potentially significant amounts of money to be spent on UK election campaigns.⁹ **The Electoral Commission previously expressed a concern that the measure may increase fraud.**¹⁰ Overseas voters can provide an attestation of their identity by another overseas voter, and it will be difficult for electoral authorities to enforce penalties against those who provide false information.¹¹ The government recognised that it may be difficult for the Electoral Commission to enforce international foreign spending restrictions "*as it is outside of their jurisdiction.*"¹²
3. There is nothing wrong in principle with this measure, but **it was introduced without crucial reforms needed to improve our election finance laws and enforcement regime**, considered

³ CSPL (July 2021) [Regulating Election Finance](#)

⁴ Intelligence and Security Committee (21 July 2020) [Russia report](#)

⁵ Intelligence and Security Committee (13 July 2023) [China report](#)

⁶ Guardian (13 January 2022) [MI5 accuses lawyer of trying to influence politicians on behalf of China](#)

⁷ House of Commons Library (16 January 2024) [Overseas voters](#)

⁸ Section 26 of the Elections Act 2022 inserted section 89A into PPERA; see also Department for Levelling Up, Housing and Communities (13 September 2023) [Non-party campaigner: draft code of practice](#)

⁹ Cabinet Office (1 July 2021) [Elections Bill Impact Assessment](#)

¹⁰ Cabinet Office (February 2018) [A democracy that works for everyone: British citizens overseas - Response to feedback](#)

¹¹ House of Commons Library (16 November 2023) [Overseas Voters](#)

¹² Cabinet Office (1 July 2021) [Elections Bill Impact Assessment](#)

further below. This has left our democracy exposed to foreign money and undue influence.¹³ When the House of Lords debated the implementing regulations on 12 December 2023, they supported a motion to regret, which said the **change could “dangerously weaken” restrictions on overseas political donations and allow foreign money into our democracy.**¹⁴

Dirty money in the UK’s electoral system

4. Dirty money leaves parties and MPs exposed to malign influence and the criminals and politically exposed persons who provide it, risks fostering dependence on criminal funds **and undermines the credibility and integrity of our democratic processes.** The Electoral Commission has said that UK elections law *is silent on whether or not money obtained from crime would make a political contribution unlawful.*¹⁵ Political parties have accepted money from donors who have been under investigation, charged or prosecuted - whether in the UK or overseas - for a wide range of offences, including fraud, bribery and money laundering. The Electoral Commission has also repeatedly emphasised that the **UK’s laws do not require parties to conduct extra checks on donors or impose any restrictions on how donated funds were raised or obtained.**¹⁶ We have considered this further below.¹⁷

More money in politics due to increased spending thresholds

5. On 20 July 2023, the government announced its intention to **increase party spending limits in line with inflation and to increase the threshold for parties to report accepted donations to the Electoral Commission.**¹⁸ The measures were introduced on 20 November 2023¹⁹ through a statutory instrument, which limited parliamentary scrutiny.²⁰ Parties can now spend 80% more on election campaigns, up from £19.5m to £35m. Parties are also now able to accept donations from individuals of up to £11,180 (previously £7,500) **without declaring their names.**²¹ The government did not carry out a full impact assessment nor consult the Electoral Commission, who highlighted that they had “...not seen evidence to support these changes or seen a government analysis of the potential impact of these changes.”²² Moreover, the government **increased these thresholds without addressing the gaps in the law.**²³

Donor access and influence over political parties and government

6. **There is a direct relationship between donors, the source of their wealth and the health of our democracy.** One quarter (64 of the 276) of appointees to the House of Lords since 2013 donated over £50m in total to the parties that nominated them, enabling them to directly influence legislation.²⁴ Half of the Conservative party’s biggest donors since 2010 received an honour or title.²⁵

¹³ Spotlight on Corruption (December 2023) [New rules on overseas voters increase risk of foreign money influencing UK politics](#)

¹⁴ Spotlight on Corruption (December 2023) [New rules on overseas voters increase risk of foreign money influencing UK politics](#)

¹⁵ openDemocracy (1 April 2019) [Why the Electoral Commission didn’t investigate Vote Leave and DUP donation](#)

¹⁶ The Times (22 March 2022) [Peter Virdee: Tories and Labour kept taking dirty cash from fraud tycoon](#)

¹⁷ Spotlight on Corruption (10 May 2023) [Time for a ‘Know Your Donor’ Policy](#)

¹⁸ Michael Gove (20 July 2023) [Departmental update](#)

¹⁹ Jacob Young MP (20 November 2023) [Statement on Election Finance Regulation](#)

²⁰ [The Representation of the People \(Variation of Election Expenses, Expenditure Limits and Donation etc. Thresholds\) Order 2023](#)

²¹ Peter Geoghegan (22 November 2023) [Revealed: Britain’s broken election laws have just got even worse](#)

²² Politico (7 December 2023) [London Influence](#)

²³ Electoral Reform Society (24 November 2023) [New political funding rules sneak in](#)

²⁴ Politics Home (27 June 2023) [Peers Have Donated Over £50m To Parties Who Appointed Them To Lords](#)

7. **The risks to the UK’s democracy are also compounded by donors being granted access to senior politicians.** Access arrangements operated by parties include the Conservative party’s ‘advisory board’, which may be open to individuals who donate at least £250,000 each year to the party.²⁶ These donors, including those with reported “*links to Putin’s Russia*”,²⁷ have been granted access to the prime minister, other senior ministers and advisers under a system described by one donor as “*access capitalism*”.²⁸ Members have lobbied for regulatory and policy changes with no records taken and no civil servants present. **These arrangements are a significant and ongoing risk to our democracy** - and to the quality and fairness of government decision-making - skewing outcomes away from a democratic mandate and towards the vested interests of those with privileged access or the deepest pockets.²⁹

Public contractors are allowed to give political donations

8. **Public contractors in the UK are not prohibited from donating to political parties and MPs.** This risks undermining public trust in politics and procurement, with the impression that a contractor is seeking an improper benefit - like winning a public contract or having a law changed - or rewarding a party for a past benefit. This results in economic imbalance between public contractors and unequal access to decision-makers, which can negatively affect the provision of public services and distort the market. This has potentially significant negative consequences for our democracy. A study in December 2021, using a dataset from the Czech Republic, identified that **political donations can distort the allocation of public procurement contracts to politically connected firms** and undermine efficiency.³⁰
9. The government should introduce a prohibition against political donations from public contractors in the UK to protect the integrity of our electoral system. **A prohibition against public contractors donating to political parties is established in the US.** Under the US Code,³¹ it is prohibited for any person who enters into a contract with any US department or agency to directly or indirectly contribute to any political party, committee or candidate for public office, or to any person for a political purpose; it is also unlawful to solicit any such contribution. The prohibition has withstood legal challenges, with courts maintaining the prohibition in order to prevent corruption, and recognising that any payments by a public contractor to a public official call into question the propriety of the relationship.³²

Public trust in our democracy is declining

10. **Growing levels of public mistrust in our political system presents a major risk to our democracy.** There has been a slew of political corruption scandals in recent years, with parties accepting donations that appear to be from foreign sources, those under criminal investigation or with links to criminal activity. However, the government has not taken the

²⁵ Byline Times (9 September 2021) [Quarter of Top Conservative Donors have Received Honours or Peerages](#)

²⁶ The Times (19 February 2022) [The Tory donors with access to Boris Johnson’s top team](#)

²⁷ The Times (19 February 2022) [The Tory donors with access to Boris Johnson’s top team](#)

²⁸ The Times (31 July 2021) [Access capitalism scandal: A dinner with Prince Charles, then the begging letter arrived](#)

²⁹ Spotlight on Corruption (October 2022) [submission to PACAC inquiry on the Lobbying Act 2014](#)

³⁰ World Development (December 2021) [Political donations, public procurement and government efficiency](#)

³¹ 52 US Code § 30119 [Contributions by government contractors](#)

³² In *Wagner v. Federal Election Commission*, three public contractors with various federal agencies argued that the ban violated their First and Fifth Amendment rights. https://ecf.dcd.uscourts.gov/cgi-bin/show_public_doc?2011cv1841-42

necessary steps to safeguard our electoral system. **Unless something is done, and seen to be done, public trust will continue to decline.** Recent findings include:

- a. Electoral Commission polling found that some 60% of the public think funding of political parties isn't transparent; 30% think parties that break the rules will face action.³³
- b. Of 8,000 people surveyed last year, only two in five trusted the current political system.³⁴
- c. Last year, the proportion of people who trust politicians and ministers to tell the truth reached the lowest level since the Ipsos Veracity Index began in 1983.³⁵
- d. Polling published by the UK Anti-Corruption Coalition in February 2024 found that 66% of voters believe UK politics is becoming more corrupt and 80% think some or all of the main political parties are corrupt and untrustworthy.³⁶
- e. Data released by the Office for National Statistics in March 2024 showed that only 12% of people trust political parties and only 24% trust Parliament.³⁷

What are the objectives, working methods and resources of the Defending Democracy Taskforce? What has it achieved since its creation in November 2022?

11. The DDT was set up to tackle “...*the full range of threats facing our democratic institutions*”.³⁸ Its stated objective, set out in the terms of reference provided under cover of a letter dated 27 March 2023 from Suella Braverman to the Home Affairs Committee,³⁹ is “*To coordinate and drive progress on the Government’s work to protect UK democratic processes, institutions and society.*” The DDT’s scope, described in the terms of reference, is to improve coordination and drive progress in democratic processes, institutions and society.
12. **The activities of the DDT have been shrouded in secrecy**, despite repeated parliamentary enquiries.⁴⁰ During a debate on 11 September 2023, Oliver Dowden said that the government will update the ISC on the work of the DDT.⁴¹ On 12 December 2023, however, in response to a parliamentary question, Tom Tugendhat said there were no plans to publish a report on the work of the DDT.⁴² Given the lack of information provided by the government about the DDT, it has not been possible to ascertain its working methods and resources, nor to identify its achievements. Whilst we recognise that aspects of the DDT’s work may engage issues of national security, **this lack of visibility and absence of any clear outputs is a serious problem for a forum tasked with improving the UK’s democracy.** The DDT should be put on a more formal footing and be more transparent about its workings - including publishing an annual report, producing material to inform public understanding and taking evidence - and it should play a clear role in bolstering the work of the Electoral Commission

Is there more that the Defending Democracy Taskforce could do before upcoming elections to protect political parties, elected officials and core electoral infrastructure?

³³ Electoral Commission (2023) [Public Opinion Tracker](#)

³⁴ IPPR (23 June 2023) [Politicians ‘miss the point’ when urging political reform says report](#)

³⁵ Ipsos (14 December 2023) [Veracity Index](#)

³⁶ UK Anti-Corruption Coalition (February 2024) [Public reflections on dirty money and trust in politics](#)

³⁷ Office for National Statistics (1 March 2024) [Trust in government, UK: 2023](#)

³⁸ Defending Democracy Taskforce (28 November 2022) [Ministerial Taskforce meets to tackle state threats to UK democracy](#)

³⁹ Suella Braverman MP (27 March 2023) [Letter to Home Affairs Committee](#)

⁴⁰ Suella Braverman MP (27 March 2023) [Letter to Home Affairs Committee](#)

⁴¹ House of Commons (11 September 2023) [Security Update](#)

⁴² Tom Tugendhat MP (12 December 2023) [response to PQ, Defending Democracy Taskforce](#)

13. The DDT's terms of reference describe it as a "*decision-making forum*" whose meetings are complemented by wider formal engagement with partners outside central government and Parliament, including in the third sector.⁴³ In a debate on 11 September 2023, Oliver Dowden said the DDT was engaging with Parliament and civil society "*...on the full range of threats facing our democratic institutions*".⁴⁴ When asked what the DDT has done, he said it was bringing together different elements, "*...to pursue a whole-of-Government and whole-of-society approach when addressing those threats.*" On 13 September, Suella Braverman also said the DDT's priorities were being driven forward with civil society.⁴⁵ On 23 January 2024, in response to a question about which civil society groups the DDT had met, Mr Tugendhat said the DDT met civil society and other partners outside of government but **there were no plans to publish information relating to its stakeholder engagement.**⁴⁶ However, despite these statements, **the DDT has not to our knowledge engaged with civil society groups who focus on threats to democracy through corruption and illicit finance (such as illicit donations), and it is not clear which civil society groups it has met.**
14. The terms of reference also note that the DDT's meetings will be complemented by, "*...an engagement forum of elected representatives, including counterparts from opposition parties and the devolved administrations, chaired by the Minister for Security.*"⁴⁷ However, **there is little evidence of that cross-party engagement, which will be crucial for embedding and institutionalising the work of the DDT in the longer-term.** In December 2023, one peer observed that the DDT was introduced, "*very much as a government initiative without engaging much with the opposition parties.*"⁴⁸ On 14 February 2024, when asked whether he would confirm how many times he had met the engagement forum for elected representatives, Tom Tugendhat responded that "*there is no single engagement forum*" and that he had run "*roundtable events for representatives of the main parties*" in summer 2023, with more roundtables planned, alongside direct engagement with individual parliamentarians.⁴⁹
15. **The DDT's membership does not include external experts or the Electoral Commission itself.** On 6 February 2024, Mr Tugendhat said the DDT engages with the Commission as a key partner, but the nature and extent of that engagement is not a matter of public record.⁵⁰ On 12 June 2023, Penny Mordaunt MP announced "*...a forum enabling political parties, Government, Parliament and other relevant stakeholders to come together and tackle specific practical issues of concern. That will complement the work of the defending democracy taskforce.*"⁵¹ We are not aware of that complementary forum having engaged with civil society. As noted further below, on the occasions that we raised issues of concern within the scope of the DDT's terms of reference, alongside independent experts and parliamentarians with national security expertise, **the government has rejected much-needed reforms.**⁵²

⁴³ Suella Braverman MP (27 March 2023) [Letter to Home Affairs Committee](#)

⁴⁴ House of Commons (11 September 2023) [Security Update](#)

⁴⁵ House of Commons (13 September 2023) [Prevention and Suppression of Terrorism](#)

⁴⁶ Tom Tugendhat MP (23 January 2024) [response to PQ, Defending Democracy Taskforce](#)

⁴⁷ Suella Braverman MP (27 March 2023) [Letter to Home Affairs Committee](#)

⁴⁸ House of Lords (11 December 2023) [Cyber Democratic Influence](#)

⁴⁹ Tom Tugendhat MP (14 February 2024) [response to PQ, Defending Democracy Taskforce](#)

⁵⁰ Tom Tugendhat MP (6 February 2024) [response to PQ, Defending Democracy Taskforce](#)

⁵¹ House of Commons (12 June 2023) [Members of Parliament: Risk-based Exclusion](#)

⁵² Spotlight on Corruption (21 June 2023) [Second defeat for government over amendment to protect against foreign donations](#)

How does the Defending Democracy Taskforce inform the decisions of the National Security Council, the National Security Risk Assessment process and wider Government activity to counter state threats?

16. In 2023, the government committed to **consult on enhancing information-sharing between relevant agencies and public bodies**, as a concession to sustained cross-party calls for an amendment to the National Security Bill, considered further below.⁵³ This will be taken forward by the Department for Levelling Up, Housing and Communities, supported by the DDT.⁵⁴ The nature of the DDT's role and constituent members in that consultation is not known. In September 2023, a Minister, Penny Mordaunt MP, reportedly wrote to the Security Minister calling for a new intelligence-sharing framework between the security services and the UK's main political parties.⁵⁵ The Electoral Commission and Metropolitan Police Service (MPS) have both said that current information-sharing powers are inadequate.⁵⁶
17. Beyond these limited insights, there is not enough information in the public domain for us to assess what the role of the DDT is in terms of wider government processes and activities, nor how effective it is.

How secure and resilient are elections across the UK, when it comes to foreign interference?

18. **The UK is heading into a general election with extremely weak defences against foreign interference and dirty money.** As our evidence explains, the UK's election finance laws contain serious loopholes and the enforcement regime is not robust enough to stop foreign influence and dirty money from entering our political system. The Electoral Commission has been weakened and could now potentially become subject to the direction of whichever political party is in government, and there is no national law enforcement body with real responsibility for policing breaches of electoral law. This poses huge risks to our democracy - particularly with much more money being spent on elections, less transparency over the identity of donors and with millions of additional overseas voters now eligible to donate, with little scope for meaningful checks on who they are and where their money comes from.⁵⁷ The government has resisted calls from independent experts to require parties to check the true source of their donations⁵⁸ and public trust in our political system continues to slide. It is essential that safeguards are improved as a matter of urgency.

What is the role of independent bodies such as the National Cyber Security Centre, Ofcom and the Electoral Commission when it comes to foreign interference? Are they sufficiently empowered and resourced to undertake that role?

The Electoral Commission's independence and powers

19. The Electoral Commission is an independent body accountable to Parliament and the Speaker's Committee of the Commons.⁵⁹ However, the Elections Act 2022 gave the government power to issue a Strategy and Policy Statement for the Commission, in effect

⁵³ Hansard (4 July 2023) [National Security Bill - debate in the House of Lords](#)

⁵⁴ Parliamentary question (13 July 2023) [Defending Democracy Taskforce](#)

⁵⁵ FT (16 October 2023) [UK minister urges greater access to intelligence for political parties](#)

⁵⁶ Metropolitan Police Service [Response to CSPL consultation on the review of the regulation of election finance in the UK](#)

⁵⁷ House of Commons Library (16 November 2023) [Overseas Voters](#)

⁵⁸ Spotlight on Corruption (21 June 2023) [Second defeat for government over amendment to protect against foreign donations](#)

⁵⁹ Electoral Commission - [corporate plan 2022/23 to 2026/27](#)

removing its regulatory independence.⁶⁰ **The UK is now out of step with its key democratic allies in having the government set the strategy and policy of its electoral commission.**

20. **Significant concerns were raised by those consulted on the government’s draft Statement.**⁶¹ The Levelling Up, Housing and Communities Committee said it risks damaging the Commission’s independence and undermining public confidence in the democratic process.⁶² The Electoral Commissioners said the statement, “*is inconsistent with the role that an independent electoral commission plays in a healthy democracy*” and the government could influence Commission operations, decisions, oversight and enforcement of the political finance regime.⁶³ In September 2023, the Speaker’s Committee on the Electoral Commission said a revised draft, “*remains not fit for purpose and inconsistent with the Commission’s role as an independent regulator*”.⁶⁴ On 6 February 2024, the House of Lords voted in support of a **motion expressing regret that the draft Statement had been laid despite the concerns raised during the consultation process.**⁶⁵

21. The Elections Act also removed the Commission’s power to initiate criminal proceedings, although it retains responsibility for civil enforcement.⁶⁶ The Commission had used this power, but **the removal is likely to weaken its investigative and compliance activities in relation to criminal-only offences under PPERA and the National Security Act** - further reducing the criminal deterrence against hostile states, criminals and other rogue actors.

22. **The Electoral Commission’s civil enforcement powers are wholly inadequate.** In particular, the maximum fine that the Commission can impose for a breach of PPERA is £20,000 for each offence. As the Commission itself has identified, this “*Is not a proportionate deterrent for serious offences, and does not incentivise all campaigners to invest in robust compliance procedures.*”⁶⁷ More than half of respondents to Electoral Commission polling said this level of fine is not enough.⁶⁸ In February 2022, the House of Lords Democracy and Digital Technology Committee recommended that the maximum fine the Electoral Commission can impose should be £500,000 or 4% of a campaign’s total spend, whichever is greater.⁶⁹ CSPL has repeated that recommendation following its own review - noting that a higher penalty would deter breaches of the rules and incentivise compliance.⁷⁰

Lack of a lead agency for criminal enforcement of election finance offending

23. **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

⁶⁰ Section 16 of the Elections Act 2022 inserted section 4A into PPERA; see Prospect Magazine (June 2022) [the Electoral Commission is now under government control](#)

⁶¹ House of Commons Library (December 2022) [government’s draft strategy and policy statement](#)

⁶² Levelling Up Housing and Communities Committee (1 December 2022) [response to government’s draft strategy and policy statement](#)

⁶³ Electoral Commission (February 2022) [letter to government](#)

⁶⁴ Speaker’s Committee on the Electoral Commission (6 September 2023) [Response to the draft Strategy and Policy Statement for the Electoral Commission](#)

⁶⁵ House of Lords (6 February 2024) [Electoral Commission Strategy and Policy Statement](#)

⁶⁶ Section 19 of the Elections Act 2022 amended Schedule 1 of PPERA

⁶⁷ Electoral Commission (24 July 2020) [response to the CSPL review of electoral regulation](#)

⁶⁸ Electoral Commission (24 July 2020) [response to the CSPL review of electoral regulation](#)

⁶⁹ House of Lords Democracy and Digital Technology Committee (7 February 2022) [Democracy and Digital Committee Report: Digital Technology and the Resurrection of Trust](#)

⁷⁰ CSPL (July 2021) [Regulating Election Finance](#)

and foreign interference, as well as money laundering. The Electoral Commission identified that “...the overall system is not coherent and does not provide an effective deterrent” and highlighted an “enforcement gap” where cases are not, from a police perspective, in the public interest to take forward. The Commission also identified that police forces’ pressured resources are commonly prioritised for more traditional police work.⁷¹ The MPS - the only law enforcement agency with specialist election finance expertise - has carried out no investigations into key concealment offences under PPERA in the past 13 years.⁷² The MPS has also highlighted its desire to withdraw from enforcing election finance offences.⁷³

24. From our review of recent cases, **it appears that the NCA has taken a backseat in enforcement.** In the few cases the agency 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 taken no action in each case. On 5 December 2023, we wrote to the NCA highlighting the enforcement gap and explaining that, in our view, the agency should lead the UK’s enforcement response to serious political finance crime, in light of its statutory duties and considerable tools, powers, capabilities and networks.⁷⁴ The NCA replied on 17 January; in response to our enquiry about any gaps in election finance laws that impinged on its ability to undertake investigations, the NCA noted (our emphasis):

“We have previously highlighted that 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, or other areas you have highlighted that could be seen as potential regulatory gaps.”⁷⁵

How effective is the UK’s legislative framework for defending democracy, including the new powers under the National Security Act 2023?

25. We have summarised below some key weaknesses in the UK’s election finance laws, which have been recognised by independent experts and expert bodies, and which **have left our democracy chronically exposed to rogue actors and undue influence.**

Checks on donations by political parties

26. PPERA only imposes controls on the status of those who can make a donation.⁷⁶ **It does not require parties and MPs to take a risk-based approach to donations or to identify the true source of donated funds,** unlike those in the regulated sector. As above, the NCA has said that a donation will be lawful as long as it is from a permissible source and it was the donor’s decision to donate, even where the funds derived from a gift from someone overseas.⁷⁷ As the UK’s anti-money laundering (AML) framework has tightened over other sectors in the UK over the past decade, the limited requirements on political parties are a glaring anomaly.⁷⁸

⁷¹ Electoral Commission (24 July 2020) [response to the CSPL review of electoral regulation](#)

⁷² Failing to provide information to a party (s.54(7)) and facilitating the making of an unlawful donation (s.61(1))

⁷³ Metropolitan Police Service [response to CSPL consultation on the review of the regulation of election finance in the UK](#)

⁷⁴ Spotlight on Corruption (5 December 2023) [letter to National Crime Agency](#)

⁷⁵ NCA (17 January 2024) letter to Spotlight on Corruption

⁷⁶ Section 54 of PPERA

⁷⁷ New York Times (October 2022) [UK officials won’t investigate political donations flagged for Russian origins](#)

⁷⁸ Spotlight on Corruption (December 2022) [‘know your donor’ rules for political parties](#)

27. **There is agreement among independent bodies and security experts that UK political finance is vulnerable to foreign influence** and that parties should do more thorough checks on donations. This includes the Electoral Commission,⁷⁹ CSPL⁸⁰ and the ISC.⁸¹ In 2021, CSPL recommended that PPERA should require parties to have appropriate procedures to determine the true source of donations, and develop a risk-based policy for managing donations. The government rejected this because it considered current rules to be proportionate.⁸² In December 2023, the Electoral Commission repeated its longstanding call for the government to introduce, “...*laws to help protect parties from those who seek to evade the law, and give voters more confidence in the process by requiring more checks on the identity of donors.*”⁸³
28. **Spotlight on Corruption has developed a risk-based ‘know your donor’ policy for political parties.**⁸⁴ This builds on the recommendations noted above, and is informed by AML policies used in the private sector and input from AML and election finance experts. If regulations are strengthened to include a requirement on political parties to have a ‘know your donor’ policy, this would need to be underpinned by a credible sanctions regime, adequately resourced enforcement and suitable guidance and training for political parties.

The National Security Act 2023 - a missed opportunity

29. Under the National Security Act 2023, individuals who commit a ‘relevant electoral offence’ under an arrangement, tasking or direction of a foreign power, could face an increased term of imprisonment.⁸⁵ However, given the limited checks required by political parties, the loopholes in PPERA, which contains many of the ‘relevant electoral offences’, and the weak criminal enforcement of those laws, **there are real questions about the extent to which these measures will prevent foreign influence operations in the UK’s political system.**
30. The government opposed amendments to the National Security Bill that would have required political parties to identify donations from foreign powers.⁸⁶ **Its position that “...the law already makes sufficient provision in relation to donations to political parties”⁸⁷ had been disputed by independent expert bodies.** CSPL has found that “...*the current rules are insufficient to guard against foreign interference in UK elections.*”⁸⁸ While the Chair of the Electoral Commission has said electoral law does not do enough “...*to safeguard from unlawful foreign money, or to protect public confidence in the political finance regime*”.⁸⁹
31. The government was twice defeated on versions of the amendment in the Lords⁹⁰ where **the measure was supported by security and intelligence experts, including former head of MI5, Lord Evans, who found “...it difficult to understand why there should be any objection**

⁷⁹ Electoral Commission (2018) [Report: Digital campaigning - increasing transparency for voters](#)

⁸⁰ CSPL (July 2021) [Regulating Election Finance](#), p.58

⁸¹ House of Commons debate on National Security Bill (3 May 2023) [consideration of Lords Amendments](#)

⁸² Cabinet Office (September 2021) [Government response to Regulating Election Finance](#)

⁸³ Electoral Commission (7 December 2023) [Political parties accept over £25m in donations in third quarter of 2023](#)

⁸⁴ Spotlight on Corruption (10 May 2023) [Time for a 'know your donor' policy](#)

⁸⁵ Section 16, National Security Act 2023; Home Office (13 July 2023) [foreign interference in elections factsheet](#)

⁸⁶ Spotlight on Corruption (21 June 2023) [Second defeat for government over amendment to protect against foreign donations](#)

⁸⁷ House of Commons (3 July 2023) [Marshaled list for Consideration of Commons Amendment and Reason - National Security Bill](#)

⁸⁸ CSPL (July 2021) [Regulating Election Finance](#), p.51

⁸⁹ Telegraph (31 May 2022) [Loophole allowing foreign money to influence UK politics ‘must be shut’](#)

⁹⁰ Spotlight on Corruption (27 June 2023) [Government snubs final chance to take action on foreign political donations](#)

to ensuring that money donated to a political party in the course of a democratic election is susceptible to enhanced due diligence.”⁹¹ In the Commons, the **Chair of the ISC, Sir Julian Lewis** said the government “...was inexplicably rejecting the opportunity significantly to improve the transparency and accountability of our political system...” As noted above, when rejecting that amendment, the government committed, within a year of the Act taking effect, to consult on enhancing information-sharing between relevant agencies or public bodies.⁹²

Donations from companies and limited liability partnerships

32. A UK-registered company or limited liability partnership (LLP) may donate money to a UK political party provided it “*carries on business in the UK*”.⁹³ **There is no requirement for a donation from a company or LLP to derive from profits generated in the UK.**⁹⁴ The Electoral Commission said this broad test of ‘carrying on business’ exposes parties to risk, including the risk of accepting proceeds of crime.⁹⁵ The rules leave the door open for foreign money and proceeds of crime being channelled to parties via UK-registered shell companies.

Donations from unincorporated associations

33. **UAs are a significant risk area and entry point for foreign money to enter our political system.** To be a lawful donor, a UA just needs to have more than one member, a main office in the UK, and to be carrying on business or other activities in the UK. Those who give money to UAs are not required to be lawful donors, so UAs can receive and then donate money from unknown sources.⁹⁶ The UK’s main political parties have accepted millions of pounds from UAs over recent years which cannot be connected to the original source.⁹⁷ If a UA that is registered with the Electoral Commission⁹⁸ receives a political gift of more than £11,180 (previously £7,500) it only needs to disclose, “*whatever details the unincorporated association knows of the name and address of the person by whom the gift was made.*”⁹⁹

How will threats to UK democracy evolve in the medium and long term? How prepared is the UK for addressing these threats?

34. **The increasing amount of money in our electoral system will leave the UK’s democracy even more exposed to foreign money, dirty money and undue influence.** Unless the weaknesses in the system are addressed, the UK will remain vulnerable to those threats.
35. The Integrated Review Refresh highlighted the government’s commitment to tackling state threats to the UK’s democracy.¹⁰⁰ It noted that the Anti-Corruption Strategy would detail efforts to strengthen the resilience of our democratic institutions to corruption and influence. The last Strategy ended in December 2022 and the government has not published the next iteration - which would have given an insight into the government’s preparedness for threats

⁹¹ House of Lords (21 December 2022) [debate on National Security Bill](#)

⁹² Hansard (4 July 2023) [National Security Bill - debate in the House of Lords](#)

⁹³ Section 54 of PPERA

⁹⁴ Electoral Commission [guidance on donations and loans](#)

⁹⁵ CSPL (July 2021) [Regulating Election Finance](#) pg. 50

⁹⁶ openDemocracy (5 June 2017) [How dark money is drowning British democracy](#)

⁹⁷ OpenDemocracy (July 2021) [Tories have accepted £2.6m from ‘shadowy’ donors since Boris Johnson became PM](#)

⁹⁸ UAs have to register with the Electoral Commission if they donate over £25,000 within a year to a regulated entity

⁹⁹ PPERA, Schedule 19A

¹⁰⁰ HM Government (March 2023) [Integrated Review Refresh](#)

to our democracy. In addition, the government has not appointed a new Anti-Corruption Champion since the last one resigned in June 2022, leaving a crucial gap for holding the government to account in responding to these kinds of threats.¹⁰¹ **The government must ensure that the Strategy focuses on strengthening our democratic institutions, by addressing the vulnerabilities in our election finance system;** and the Strategy must be delivered with genuine involvement and consultation, drawing on the expertise of civil society, academia and other non-governmental actors, like the private sector.¹⁰²

What does the UK do to support democracy abroad and how should the Government work with non-governmental organisations to contribute to defending democracy?

36. The Foreign, Commonwealth & Development Office's 2023 review of the Westminster Foundation for Democracy (WFD) concluded that the WFD, "*...has a unique capability to deliver against the UK government's objectives on democracy support; that its functions are delivered effectively; and that its status as an [arm's length body] is central to its ability to deliver these functions.*"¹⁰³ One of the key strengths of the WFD is its ability to mobilise civil society across the world in order to deliver programmes, expertise and research.
37. The government's active engagement with civil society to defend democracy overseas is not reflected at a domestic level to strengthen the resilience of the UK's own democracy. As set out above, the DDT has not engaged with us, or our allies in civil society who also focus on threats to democracy through corruption and illicit finance (such as illicit donations). We are also not aware of the Department for Levelling up, Housing and Communities engaging with civil society in response to longstanding calls to improve our election finance regime. **The government should engage with non-governmental actors**, including civil society and academia, to draw from their expertise and work together in defending our democracy.

How can the UK work better with other democracies to tackle foreign interference and uphold democratic values?

38. The UK's allies face similar risks of foreign and dirty money interfering with their democracies and should do more to jointly respond to these threats. **The UK government should work collectively with the Five Eyes nations to:** enhance accountability for delivery on international anti-corruption commitments, including keeping the proceeds of corruption out of political finance; build on existing processes to share best practice about political finance, including in the context of foreign interference; and develop intelligence-sharing partnerships and mechanisms to tackle threats to political finance and democracy. To have a credible leadership role and speak with authority, **the UK must first address the major gaps in its own defences to foreign and dirty money entering its politics**, as set out above.

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¹⁰¹ Transparency International UK (25 January 2018) What does the UK's Anti-Corruption Champion do?

¹⁰² Spotlight on Corruption (9 January 2024) [Will the UK's new anti-corruption strategy be a paper tiger or slay the dragon?](#)

¹⁰³ FCDO (7 March 2024) [Westminster Foundation for Democracy Independent Public Body Review 2023](#)