



HOUSE OF LORDS

SELECT COMMITTEE ON TRADE UNION POLITICAL FUNDS AND POLITICAL PARTY FUNDING

CALL FOR EVIDENCE

The House of Lords has appointed a select committee “to consider the impact of clauses 10 and 11 of the Trade Union Bill in relation to the Committee on Standards in Public Life’s report, *Political Party Finance: ending the big donor culture*, and the necessity of urgent new legislation to balance those provisions with the other recommendations made in the Committee’s Report”. The Committee must report by Monday 29 February 2016.

The Committee invites interested organisations and individuals to submit written evidence to the inquiry. The areas in which the Committee is interested are set out towards the end of this document. The deadline for written evidence submissions is **5pm on Friday 12 February**. Public hearings will be held in the weeks commencing 1 and 8 February.

BACKGROUND

The **Trade Union Bill** is a Government bill which was introduced to the House of Commons on 15 July 2015. It completed its passage through that House on 10 November 2015 and was introduced to the House of Lords on 11 November 2015.

The Bill amends the Trade Union and Labour Relations (Consolidation Act) Act 1992 in a number of ways. Two of the clauses make changes to the operation of union political funds. These are separate funds that unions which wish to spend money on party political activities must by law set up in order to finance that expenditure. Unions which are affiliated to a political party draw on their political funds to pay affiliation fees to the party.

The two relevant clauses of the Bill are 10 and 11.

- At present, union members automatically contribute to the union’s political fund unless they opt out. **Clause 10** of the Bill would replace the current arrangements so that unions would only be able to collect such contributions from members who had actively opted in by written notice. The opt-in would lapse after five years unless the member actively renewed it no more than three months beforehand.
- **Clause 11** would require trade unions to provide information about their political expenditure (if it exceeds £2,000 per annum) in their annual return to the Certification Officer, who has a number of statutory functions in respect of unions.

The **Committee in Standards in Public Life** (CSPL) advises the Prime Minister on ethical standards across the whole of public life in the UK. It monitors and reports on issues relating to the standards of conduct of all public office holders. The CSPL is an advisory non-departmental public body, sponsored by the Cabinet Office.

The CSPL’s report entitled *Political Party Finance: ending the big donor culture* was published in November 2011. It set out a number of suggested reforms to the way political parties are funded. Two of the Committee members appointed by the political parties dissented from the report in some areas. The report’s main recommendations were as follows.



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- A limit of £10,000 should be placed on donations from any individual or organisation in any year to any political party with two or more elected representatives in Westminster or in any of the devolved legislatures.
- The cap should apply to donations from all individuals and organisations, including trade unions. But it would be possible to regard trade union affiliation fees as a collection of individual payments, to which the cap applied individually, by requiring the individuals on whose behalf the payments are made to opt in to the fee. It would also be necessary to meet certain other conditions to ensure that undue influence cannot be exerted.
- The existing limits on campaign spending in the period before an election should be cut by the order of 15 per cent.
- Existing public support to the political parties should be supplemented by the addition of a new form of public support paid to every party with two or more representatives in the Westminster Parliament or the devolved legislatures. The public funding should depend on the number of votes secured in the previous election, at the rate of around £3.00 a vote in Westminster elections and £1.50 a vote in devolved and European elections. Income tax relief, analogous to Gift Aid, should also be available on donations of up to £1,000 and on membership fees to political parties.

QUESTIONS

Submissions are invited specifically on the relationship between the impact of clauses 10 and 11 of the Trade Union Bill and the CSPL report. The Committee has not been tasked with examining other parts of the Bill or with looking at the issue of party funding from scratch, and it would not in any case have time to do so within the short timeframe available.

The Committee is focusing on two main questions.

1. Will clauses 10 and 11 of the Trade Union Bill have an impact on the finances of political parties?

In answering, you may wish to consider the following subsidiary questions.

- a. What are the key arguments for and against the introduction of the opt-in system proposed in clause 10 of the Bill?
- b. What impact is clause 10 likely to have on the size of unions' political funds, or other aspects of union finances?

What role, if any, might the proposed transitional arrangements play in this impact?

Will the means by which the Bill requires unions to seek opt-ins from their members have any bearing on the impact on political funds?

- c. What impact might clause 10 have on unions' support for the Labour Party in the form of (a) affiliation fees and (b) other payments?



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- d. How do the provisions of clause 10 align with the new approach to affiliation fees agreed by the Labour Party in 2014 following Lord Collins of Highbury's report *The Collins Review into Labour Party Reform*?
- e. What impact might clause 10 have on other kinds of political expenditure by unions? Is this likely to have a broader effect on party politics?

2. If the two clauses will have such an impact, how would that relate to the recommendations of the CSPL report and/or party funding reform?

In answering, you may wish to consider the following subsidiary questions.

- f. What is the relationship between the provisions of clause 10 and the recommendation by the CSPL that trade union affiliation fees could be treated as a collection of individual payments (thereby avoiding the £10,000 cap) provided that the members were required to opt in to the affiliation fee?
- g. How would the opt-in requirement for unions compare with what other organisations are required to do if they make donations to political parties?
- h. What is the evidential basis for claims that measures relating to party funding traditionally proceed only with the agreement of all parties? What would be the long-term impact (if any) of a departure from such a convention?
- i. Would the passage of these provisions have an effect on the prospect of agreement being reached on comprehensive reform of political party funding?
- j. Do you have any comments or concerns about the requirement in clause 11 for unions to provide more details of their political expenditure in their annual returns to the Certification Officer?



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ANNEX: GUIDANCE FOR SUBMISSIONS

Written evidence must be submitted online via the committee's inquiry page www.parliament.uk/trade-union-party-funding-committee. Please do not submit PDFs (if you do not have access to Microsoft Word you may submit in another editable electronic form). If you cannot submit evidence online, please contact the committee staff.

The deadline for written evidence is 5pm on Friday 12 February.

Concise submissions are preferred. A submission longer than six pages should include a one-page summary. Paragraphs should be numbered. Submissions should be dated, with a note of the author's name, and of whether the author is making the submission on an individual or a corporate basis. All submissions submitted online will be acknowledged automatically.

Personal contact details supplied to the committee will be removed from submissions before publication but will be retained by the committee staff for specific purposes relating to the committee's work, such as seeking additional information.

Submissions become the property of the committee which will decide whether to accept them as evidence. Evidence may be published by the committee at any stage. It will appear on the committee's website and be deposited in the Parliamentary Archives. Once you have received acknowledgement that your submission has been accepted as evidence you may publicise or publish it yourself, but in doing so you must indicate that it was prepared for the committee. If you publish your evidence separately you should be aware that you will be legally responsible for its content.

You should not comment on individual cases currently before a court of law, or matters in respect of which court proceedings are imminent. If you anticipate such issues arising, you should discuss with the clerk of the committee how this might affect your submission.

Certain individuals and organisations may be invited to appear in person before the committee to give oral evidence. Oral evidence is usually given in public at Westminster and broadcast in audio and online. Persons invited to give oral evidence will be notified separately of the procedure to be followed and the topics likely to be discussed.

Substantive communications to the committee about the inquiry should be addressed through the clerk or the chairman of the committee, whether or not they are intended to constitute formal evidence to the committee.

This is a public call for evidence. Please bring it to the attention of other groups and individuals who may not have received a copy directly.

You may follow the progress of the inquiry at www.parliament.uk/trade-union-party-funding-committee.

To contact the staff of the committee, please email htucmtee@parliament.uk.