

## **Briefing – Lords Select Committee on the Trade Union Bill/Party Funding**

*Electoral Reform Society, 29<sup>th</sup> January 2016, [Josiah.Mortimer@electoral-reform.org.uk](mailto:Josiah.Mortimer@electoral-reform.org.uk)*

### **Vote/motion**

**20th January - Peers voted by 327 votes to 234 in favour of Baroness Smith of Basildon's motion [1] in the House of Lords to create a select committee on the party funding elements on the Trade Union Bill**, which would force union members to 'opt in' to unions' political funds – potentially cutting off up to £6m of Labour's funding every year [2].

The motion will establish a new committee 'to consider the impact of clauses 10 and 11 of the Trade Union Bill [on unions' Political Funds] in relation to the Committee on Standards in Public Life's report, 'Political Party Finance: ending the big donor culture' – a major 2011 report on party funding reform [3].

- **Clause 10** switches the current situation where union members automatically pay into unions' Political Funds (used for campaigning, some of which goes to Labour) from 'opt out' to 'opt in'. Only a small minority are likely to 'opt in'.
- **Clause 11** requires unions to publish details of their political expenditure.
- Useful explanatory notes on the Bill's clauses: <http://www.publications.parliament.uk/pa/bills/cbill/2015-2016/0058/en/16058en01.pdf>

Peers advocated 'urgent new legislation to balance those provisions [in the Trade Union Bill] with the other recommendations made in the Committee's Report'.

### **The Committee**

**The Committee has to report by 29th Feb** in line with the TU Bill, but since its remit is party funding more generally it is likely that it will issue an interim report by that date and then continue with its work. Its first meeting is on the 29<sup>th</sup> January.

**On the 28<sup>th</sup> January, the Lords' announced the membership of the Select Committee:**

<b>Peer</b>	<b>Political party</b>
L Burns (Chairman)	Crossbench
L Callanan	Conservative
L De Mauley	Conservative
B Dean of Thornton-le-Fylde	Labour
B Drake	Labour
E Kinnoull	Crossbench
L Richard	Labour
L Robathan	Conservative
L Sherbourne of Didsbury	Conservative
L Tyler	Liberal Democrats
L Whitty	Labour
L Wrigglesworth;	Liberal Democrats

Lord Tylor, Liberal Democrat Lords Principal Spokesperson for Constitutional and Political Reform, is very active on party funding reform.

<http://www.publications.parliament.uk/pa/ld/ldordpap.htm>

### **The ERS' view**

"This could be the first step towards a lasting settlement on party funding. As things stand, the current Trade Union Bill could take £6m per year off Labour's finances, without reforming party funding across the board. We need to clean up the parties' big donor culture once and for all.

“New polling has shown that 77% of the public think that big donors have too much influence over our politics, and 57% believe that a state-funded political system would be fairer than the one we currently have – up from 41% in 2014 [4]. We need serious cross-party action on this – not tit-for-tat partisan attacks.

“We strongly welcome Peers’ important decision on this Bill and we hope parties engage constructively with this new committee to sort out the scandal that is Britain’s party funding system.”

### **The ERS supports:**

- A cap on the amount that anyone can donate to a party, to end the big-donor culture that has led to scandal after scandal
- A healthy party funding mix that includes state funding. The planned 20% cuts to ‘Short money’ – public funding for opposition parties – will be damaging to democratic scrutiny, and could make parties more reliant on big donors
- A cap on the amount that parties are allowed to spend, to end the arms race between parties at election time

### **Facts on Party Funding**

**72% of the public agree or strongly agree that the system of party funding is ‘corrupt and should be changed’** – up from 61% when the same question was asked in 2014.

**57% also believe that a ‘state-funded political system would be fairer than the one we currently have’** – up from 41% in 2014.

<http://electoral-reform.org.uk/blog/lets-get-party-funding-reform-right#sthash.111FH252.dpuf>

### **Other information**

**Lord Kerslake**, former Head of the Civil Service, supports the Committee, and said in the debate: “I would prefer us not to act on this part of the legislation [the parts on party funding] until the full conversation has happened.”

**Lord Tyler**: “Having deployed those funds to win a narrow majority in the other place, the Government are now plainly set on redefining the rules of the political game to entrench their own power, perhaps permanently. The Bill must be set against the overall picture of changes secured by Conservatives in the past few months and years. There were arguments over boundary changes. We then saw in the House at the end of last year Ministers nipping through provisions to wipe nearly 2 million people off the electoral register just in time for the boundary-change calculations. We saw last week how the Government are now challenging, with as yet no parliamentary process, even the power of your Lordships’ House. Now with this measure, presented as a technical change to make union members’ donations to political funds more transparent, we have an extraordinary attempt to fully stymie an already hobbled Opposition.”

Full debate on the motions here: <https://hansard.digiminster.com/lords/2016-01-20/debates/16012032000940/TradeUnionBill>

Recent research: “Just 50 ‘donor groups’ have supplied over half of the Conservative party’s declared donation income in the last decade” <http://blogs.lse.ac.uk/politicsandpolicy/just-50-%E2%80%98donor-groups%E2%80%99-have-supplied-over-half-of-the-conservative-party%E2%80%99s-declared-donation-income-in-the-last-decade-a-fact-disguised-by-legal-%E2%80%98fame-avoidance/>

In 2014 the ERS published ‘[Deal or No Deal: How to put an end to party funding scandals](#)’. Read the full report and recommendations [here](#).

### **Notes**

[1] See here: <http://www.independent.co.uk/news/uk/politics/trade-union-bill-lib-dems-to-help-labour-prevent-bill-from-stifling-party-funding-a6816856.html> and here <http://www.publications.parliament.uk/pa/ld/ldordpap.htm>

[2] More information on how the Trade Union Bill will affect Labour Party funding is available here: <http://www.bbc.co.uk/news/uk-politics-33537550>

[3] [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/228646/8208.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228646/8208.pdf)

[4] See here for the ERS’ polling on party funding <http://electoral-reform.org.uk/press-release/trade-union-bill-77-public-think-big-donors-have-too-much-influence-parties>