

Committee on Standards in Public Life: Inquiry into Party Political Finance
1 December 2010, Edinburgh

1. Although a reserved matter,¹ party finance in Scotland is characterised by features unique to this jurisdiction. Unlike England, Scotland enjoys regular elections to its own Parliament, and although the governing party finance regime² is shared with the Westminster parliament there is a notable caveat regarding an independence referendum.³ At Holyrood the support arrangements for opposition parties are modelled on Westminster's 'Short money' scheme but the legal basis is distinct⁴ and coupled with a proportional system of voting, has different effects.

2. The political dynamics of Scottish politics are also distinct, with the Conservative Party being somewhat peripheral (certainly in terms of Westminster representation, less so in Holyrood) and the centre of electoral gravity lying in the centre left. Of the remaining three major Scottish political parties, one does not contest seats outside the jurisdiction – the Scottish National Party. These political features have organisational impacts which present challenges to the current party finance regime.

3. A preliminary difficulty in answering questions on the “state of party finances in Scotland” is that **acquiring the necessary data** is rather difficult, reminiscent of the pre-PPERA era. Under current reporting and disclosure rules, the income of the ‘Scottish parties’ is obscure. It is only possible to generate the donation data to the Scottish parties by trawling the receiving office addresses and constituency names by hand – a time consuming process that could be solved by different data formatting by the Electoral Commission⁵ and revisiting the practice on reporting donor addresses.

4. A particular problem of the current reporting and disclosure rules from a Scottish (and possibly Welsh) perspective is that there is no transparency as to **intra-party transfers**, that is, transfers from a UK national party to its Scottish sub-units. Given the very modest donation figures to Scottish Parties – see Table 1 – it is inferred that Scottish coffers are supplemented by funds from the UK party, except in the SNP's case. That inference may be false, but the current register is unable to tell us one way or another. It follows that there is no transparent answer to the question “where do Scottish parties get their money?” Mandatory reporting and disclosure of intra-party transfers would aid such analysis. Although donation breakdowns are possible by source – see table 2 – they are similarly obscure.

5. The “Wendy **Alexander Affair**” has been raised by the Committee. Impacts can be seen in the:

Evidence of Navraj Singh Ghaleigh, Lecturer in Public Law, University of Edinburgh. n.ghaleigh@ed.ac.uk I acknowledge with gratitude the research assistance of Dr Elizabeth Super.

¹ *Scotland Act 1998*, Sch 5, Part 1.

² *Political Parties Elections and Referendums Act 2000* (PPERA) and *Political Parties and Elections Act 2009* (PPEA).

³ *Draft Referendum (Scotland) Bill 2010* at <http://www.scotland.gov.uk/Publications/2010/02/22120157/0>

⁴ *Scottish Parliament (Assistance for Registered Political Parties) Order 1999*. There is no provision for policy development grants.

⁵ Data accessibility would be increased if it were available in xls, comma, or tab delimited file-type.

(a) amendments made by the PPEA to PPERA by way of the former's section 14(3) and 15 (although the Hain affairs also had some bearing on those provisions);

(b) new flexible sanctioning regime available from 1 December 2010 to the Electoral Commission;⁶ and

(c) recent decision,⁷ arising from an appeal to an individual's FOI request for information from the Electoral Commission relating to its decision in the Alexander case, which criticized the paucity of the Commission's reasoning. It is not clear however that there are broader lessons other than, "do not accept donations from those not on the electoral register."

6. Massive donations,⁸ whether from individuals, companies or trade unions are not a regular feature of Scottish party finance although they are not entirely unknown. **Donation caps are thus not a pressing Scottish issue** although were they to be introduced, their impact on the trade union/Labour Party relationship could be wide-ranging. That relationship represents one of the very few successful means of mass participation in democratic politics in the UK. With turnout, party membership, voter identification and other indicators of democratic engagement all in decline (over the long term, and across almost all democracies), one might expect affiliation fee-type mechanisms to be emulated rather than threatened with extinction.

Table 1: Donations By Donee, Q1-Q3 2010⁹

	UK Total	Central Office %	Scottish Total	Scottish % ¹⁰	9% ¹¹
Conservative Party	£30,600,528.15	87.5%	£81,730.72	0.3%	£2,754,047.53
Labour Party	£17,713,717.71	82.6%	£328,482.78	1.9%	£1,594,234.59
Liberal Democrats	£5,617,571.15	62.7%	£133,105.05	3.1%	£505,581.40
SNP	£589,245.93	94.8%	£321,589.89	100.0%	-

Table 2: 'Scottish Donations' By Source, Q1-Q3 2010¹²

	Individuals (%)	Companies (%)	Trade Unions (%)	P. Parties (%)	U. A. (%)
Conservative Party	69.8	21.7	0.0	0.0	8.5
Labour Party	36.3	11.0	46.2	5.4	1.1
Liberal Democrats	88.5	9.4	0.0	0.0	2.1
SNP	94.1	5.9	0.0	0.0	0.0

⁶ See Political Parties, Elections and Referendums (Civil Sanctions) Order 2010

⁷ [2010] UKFTT 499 (GRC), 4 November 2010.

⁸ On such donations, see KD Ewing & NS Ghaleigh, "The Cost of Giving and Receiving: Donations to Political Parties in the United Kingdom" (2007) *Election Law Journal* vol. 6, no.1, pp 56-71

⁹ Source: Electoral Commission, Register of Donations.

¹⁰ Donations received by the Scottish party, as a percentage of the total of its UK party.

¹¹ Of the 650 Westminster constituencies, 59 are Scottish, roughly 9% of the total. Similarly, 9% of all UK marginals (as identified by the Electoral Reform Society) are in Scotland. This column calculates 9% of a party's UK donations total – what might be expected to be the proportion received by its Scottish party.

¹² Source: Electoral Commission, Register of Donations.