

## HOUSE OF LORDS APPOINTMENTS COMMISSION

### GUIDANCE ON POLITICAL DONATIONS

#### Background

1. A number of the individuals who are nominated for a peerage by a political party will have made a financial donation, or loan, to that party. A donation is money, goods or services given to a party without charge or on non-commercial terms, with a value of over **<REDACTED>**. Loans are defined as loans of money, credit facilities, such as credit cards and overdrafts, securities or guarantees for a party's obligations to someone else. Political parties rely on these type of donations, as they are provided with no statutory funding.
2. Consideration of donations is a vital part of the vetting process. This was underlined in 2006, when HOLAC declined to support a number of individuals put forward by then Prime Minister Tony Blair on the basis that they had made large undeclared loans to the Labour party. A criminal investigation was launched. It concluded that while peerages may have been given in return for loans to the party, it could not be proved that this had been agreed in advance. Public confidence in the system was nevertheless eroded by this incident, and the Commission should be mindful of their role in ensuring this is not repeated.
3. All donations are recorded on the Electoral Commission website, though they may take some time to appear as the Commission updates the donations register quarterly. The Secretariat searches the Commission's website and details the level of donation in the vetting report. This will include both personal donations and any donation made by a company owned by that individual.
4. **<REDACTED>**

#### Consideration

5. Political peerages are conferred on individuals who are deemed to have provided service to a particular political party. Donations and loans to that party are not a bar to recommendation, but financial contribution should not alone be considered as service to a party for the purposes of considering an individual for a peerage. What HOLAC must have in mind is the perception that peerages can be 'bought' in this manner. The Commission should not support a candidate if it concludes that such a perception may be a reasonable assumption in the individual's case.
6. The overarching consideration for Commission members should be whether the level of donation is matched by other work done for or on behalf of the party. In

other words - would this be a credible nomination even if donations had not been made?

7. It is reasonable for Commission members to judge that a higher level of donation should be matched by strong evidence of useful work for that party, be that as a member of one of its boards or bodies, or through wider work. The relationship between an individual and a political party should extend beyond a primarily financial contribution, important though that financial support may be.

*Levels of donation*

8. It is the view of the Secretariat that it is reasonable to consider that anybody who has donated a total of over **<REDACTED>** is a high level donor. Anything over **<REDACTED>** should be considered at the very highest end. This is based on our own searches in the past, and the average individual donations to political parties, referenced in a number of press articles.

*Pattern of donation*

9. The Commission should consider the timings of donations made. There should be a credible pattern of support to a political party which clearly predates, and is independent of, any peerage nomination.
10. A total of **<REDACTED>** donated over the course of 15 years should not be equated to a one-off donation of **<REDACTED>** made a month before the individual was nominated for a peerage. As stated above, the Commission should have regard to the possible perception that a peerage has been 'bought' by an individual. In the latter example, the Commission will want to be satisfied that there are other well-evidenced instances of high profile valuable party work over a clear period prior to the donation. In the former example, the Commission may be satisfied by evidence of lower-level party work.
11. The Commission should also take into account the length of time that an individual has served that party. A recent large donation coinciding with a recent role within that party may be looked at less favourably than a long term role followed by a large donation. The Commission may also wish to pay close attention to a pattern of donations to more than one political party - particularly if not the party which is sponsoring the individual's peerage nomination - or a recent change in which political party the individual has financially supported. Such patterns will be most significant when evidence of wider political service is less evident.

*Corporate donations*

12. The Secretariat will include details of donations made by companies owned by individuals, when known. These donations should be given a similar weighting to personal donations, in that we can be sure that they were made as a result of the wishes of the individual. This will primarily be the case in circumstances where the individual is the founder, owner or main shareholder of a company, and potentially also when they are the chief executive or the executive chair.
13. It should be noted that companies give other kinds of financial support to political parties which may not be donations or loans. These will be noted in the vetting report if significant and therefore considered relevant to consideration of the case.

#### *Type of work carried out*

14. There are a large variety of roles that are connected to political parties, and the Commission should have regard to the visibility of those roles and the nature of them. Where possible, the Secretariat will provide details in the vetting report.
15. The Commission should weigh a senior role at a higher level - party chair, for example - than a role which has less individual impact, and which may not involve the individual investing as much of their time. An example of a lesser role may be someone who volunteers to assist campaigning in their local area, or who sits on a regional board.
16. The Commission may also want to consider whether wider public or other service is a reasonable substitute for political service. For example, if an individual also gives significant philanthropic or charitable service, is a trustee of charitable organisations or has carried out public sector non-executive governance roles. Such work might be considered by the Commission as evidence of a wider commitment to public life. This does not remove the requirement for political service to the nominating political party but it might be considered as part of a wider picture of the individual's probity, especially in the context of donations made to non-political causes.

#### **Options**

17. If the Commission decides that there are concerns over an individual's level of donation, it may decide that it cannot support that nomination. Reasons would need to be set out in the Commission's letter to the Prime Minister. Alternatively, it may be decided that further clarification on the exact nature of work undertaken would be sought from the party concerned before any final decision is made.

#### **Summary**

18. In conclusion:

Official

- Donations and loans are no bar to appointment.
- The Commission must be satisfied that the individual has provided service to the political party nominating them.
- The higher the amount donated or loaned (either personally or through a company owned by the individual), the more work for the party it is reasonable to expect that person to have done.
- Large sums donated in the very recent past should be viewed as needing a deeper level of scrutiny than an equal amount donated over a longer period.

**HOLAC Secretariat**  
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