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FILE TITLE:

Conduct

SERIES

MINISTERS

(Including Questions of Procedure)

PART:

6

PART BEGINS:

25 February 98

PART ENDS:

30 April 1998

CAB ONE:

Part

Closed

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ADMINISTRATION**

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**PART**

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Series : **MINISTERS**

Title : **Conduct (including Questions of Procedure)**

Part : **6**

Date	From	To	Subject	Class	Secret
29/04/1998	PRESS	PA/PS	Drucker	C	0
30/04/1998	Ch.Staff	PM	Neill Commission:Michael Levy	C	0
30/04/1998	DPM	CDL	Fourth Report from the Committee on Standards in Public Life:Gover	U	0



Series : **MINISTERS**

Title : **Conduct (including Questions of Procedure)**

Part : **6**

Date	From	To	Subject	Class	Secret
25/01/1998	HS	DPM	Government Evidence to the Neill Committee on funding of Political	U	0
25/02/1998	SS/MOD	AG	Letter re consultation - content for it to go ahead	U	0
25/02/1998			George Galloway to Sir Terence Burns - Condustr of Charlie Whelan	C	0
26/02/1998	PboT	HS	Registration And Funding Of Political Parties	R	0
26/02/1998		PM	letter from Alan Howarth MP: Permission to continue as underwriting	U	0
02/03/1998		PMG	Letter to Sir Gordon Downey - Mr Lilly's letter	C	0
03/03/1998	PMG		to Peter Lilly - Central and Sheerwood PLC	U	0
03/03/1998	Ch.Sfaff	PU	Neill Committee: Party funding	C	
04/03/1998	PM		David Heathcoat-Amory - Thank you for your letter of 19 February	U	0
05/03/1998	DPM	HS	Registration of Political Parties Bill	U	0
06/03/1998	HS	DPM	Government evidence to the Neill Committee on funding of Political	U	0
06/03/1998	cos	PM	Margaret Beckett: Blind fund extra special advisor	U	0
09/03/1998	SS/SO	DPM	Registration of Political parties	U	0
13/03/1998	PboT		letter to Liberal Leader - Margaret Beckett	U	0
13/03/1998	DTI	PA/PS	Draft letter for PM to send to Liberal Leader - Margaret Beckett	U	0
16/03/1998		PM	Letter from John Major MP: Guidance to Ministers	U	0
17/03/1998	PA/PS	Ch.Sfaff	Downey report: PM's trip to Silverstone	U	0
17/03/1998	Ch.Sfaff	MWP	Daily Mail Story - Bullying by ministers	U	0
19/03/1998	Ch.Sfaff	SOC	Letter from John Major: Guidance to Ministers (Advice)	C	0
23/03/1998	HMT		to George Galloway - Conduct of Charlie Whelan	U	0
25/03/1998	Ch.Sfaff	SOC	Request for advice for Howarth's letter of 26 Feb	U	0
30/03/1998	Ch.Staff	MWP	Office Meeting, 30 March 1998	R	0
30/03/1998	SS/NIO	PM	Northern Ireland referendum and election: funding for the parties	U	0
01/04/1998		PU	Letter re peers voting records since the election	U	0
02/04/1998	PA/PS	PU	Registration of Political Parties	U	0
03/04/1998	Cab Off	cos	Jonathon Powell	U	0
06/04/1998	HMT	SS/NIO	Northern Ireland referendum and election: funding for political parties	C	0
06/04/1998	SS/SO	SS/NIO	Northern Ireland referendum and election: funding for the parties	U	0
06/04/1998	FA/PS	nio	Northern Ireland referendum and election: funding for the parties	U	0
06/04/1998	PA/PS	HO	Registration of political parties	R	0
07/04/1998	CDL	HS	Registration of political parties	U	0
07/04/1998	DTI	HA/PS	World cup 1998 attendance - lord simon and unilever invitation	C	0
08/04/1998	Cab Off	DPM	Fourth report from the committee on standards in public life: govern	U	0
08/04/1998	HS	SS/WO	Party list elections: Defectors	U	0
08/04/1998	HS	SS/WO	Registration of political parties bill	U	0
09/04/1998	HOL		Funding of Political Parties	U	0
14/04/1998	SS/SO	HS	Defectors in party list elections	U	0
15/04/1998	DPM	HS	Registration of political parties	U	0
16/04/1998	Cab Off	Cab Off	Registration of political parties	U	0
16/04/1998	HO	PA/PS	Registration of political parties	U	0
20/04/1998		PA/PS	Times article - 20 April	U	0
20/04/1998	DPM	HS	Registration of political parties	U	0
21/04/1998	FCO	HA/PS	Turkmenistan: Monument oil and gas	U	0
21/04/1998	cos		Letter to Alan Howarth MP	U	0
21/04/1998	HA/PS	FCO	Turkmenistan: Monument oil and gas	U	0
24/04/1998	HA/PS	DTI	World cup 1998 attendance - lord simon and unilever invitation	C	0
24/04/1998	cos	PM	Michael Levy: Neill Commission	U	0
24/04/1998	LPO	HA/PS	World Cup matches	U	0
24/04/1998			Letter from R D Lavers, PUSD to Mr Richards re attempted Fraud ag	S	0
24/04/1998	Ch.Staff	PM	Counter sleaze and perks strategy	C	
28/04/1998	SS/SO	CDL	4th report from the cttee on standards in public life:govt draft action p	C	0



FROM THE DEPUTY PRIME MINISTER



DEPARTMENT OF THE ENVIRONMENT,  
TRANSPORT AND THE REGIONS

ELAND HOUSE  
BRESSENDEN PLACE  
LONDON SW1E 5DU

TEL: 0171 890 3011  
FAX: 0171 890 4399

OUR REF: PT/PSO/7880/98

The Rt Hon David Clarke MP  
The Chancellor of the Duchy of Lancaster  
Cabinet Office  
Whitehall  
LONDON  
SW1A 2AS

30 APR 1998

**FOURTH REPORT FROM THE COMMITTEE ON STANDARDS IN PUBLIC LIFE:  
GOVERNMENT'S ACTION PLAN**

Thank you for your letter of 8 April enclosing a copy of your draft Action Plan in response to the observations made in the Fourth Report from the Committee on Standards in Public Life.

I am entirely happy with the comments and actions you propose for those observations which affect the bodies sponsored by DETR including those for registered social landlords (the "local public spending bodies" for which DETR is responsible).

You also mention in your letter that in response to the consultation paper *Opening up Quangos* some local authorities suggested that the proposals in the paper covering NDPBs should be applied to NHS Trusts and local public spending bodies. You suggest that the paper summarising the responses to the consultation will say that the differing procedures applying to those bodies deliver the same results as for NDPBs. In making this response I think it should be made clear that registered social landlords are private sector bodies which stand in a quite different relationship with Government from that applying to NDPBs and therefore the procedures which are suitable for NDPBs may not be appropriate for non-public bodies. I welcome your intention to consult further on this point at official level.

I am copying this letter to the Prime Minister, Cabinet colleagues, and to Sir Richard Wilson.

JOHN PRESCOTT



UK Presidency of the European Union



From: Jonathan Powell -  
Date: 30 April 1998

PRIME MINISTER

cc: Peter Mandelson  
Alastair Campbell  
Sally Morgan

NEILL COMMISSION: MICHAEL LEVY

I have thought about this quite hard and consulted Peter, Alastair, Derry, Margaret McDonagh, David Hill and spoken to Michael.

I attach the correspondence about his attendance with the Committee. The intention is that he attend with Margaret and a few others from Millbank Tower on Wednesday 13 May. The Committee say they are not interested in individual cases (but I think we can be fairly certain they will ask). He is supposed to make a brief introductory statement about high value donors and then answer questions for 45 minutes. A practice session for the group has been arranged for 6 May (not involving anyone from the government or No 10).

Our unanimous view (excepting Michael) is, on balance, that we should pull him from giving evidence.

In favour of letting him go is the fact that we will undoubtedly face a media storm if we withdraw him. It will look as if we have something to hide, and the Drucker lies of course make that worse. And, on the whole, it would have been better if we had erred on the side of openness in our previous





problems of this sort in the last year, e.g. Ecclestone. Harris and MacAlpine have given evidence.

On the other hand it will be virtually impossible for Michael not to make news when questioned about the blind funds and Ecclestone – the only issues the press care about. And he has so much personal, confidential information, it would be hard for some of this not to spill out. And the hearing is on the morning of PMQs. In our view the damage such revelations would do outweighs the pain we would take for withdrawing him.

If you agree he should withdraw we need to work out how to withdraw him. It will not be simple. Some of the papers have apparently reported that he will be appearing on 13 May. What the Committee did on Ecclestone suggests they will not accept his withdrawal without fighting back in the press.

Margaret's proposal is that we simply cancel the session two days before it is due to take place and the Labour Party say they will only use their final evidence slot in June. We explain that Michael is away on business but would be happy to answer any written questions.

The problem with this is that the Committee will simply invite Michael to come to the session in June. And if he says he can't make that date, they will offer him the date of his choice. We will then have to say that he does not want to go at all. We will look extremely shifty and take several hits in the press.





I would prefer instead to send a delegation to the arranged hearing led by David Pitt Watson. They could apologise for Michael's absence abroad but say they are there to answer any questions on high value donors. They would notify the Committee of this a couple of days in advance.

Even in this case we face the risk that the Committee will offer to arrange another time for Michael later in the summer, although the risk is slightly less because the Party will already have given evidence on high value donors.

In order to illustrate the scale of the problem, and in preparation in case we have to go ahead with it, I attach some of the more difficult questions.

We ought to discuss. You are not the only one who has bad feelings about this.

A handwritten signature in black ink, appearing to be 'J. R.' followed by a flourish.





DIFFICULT QUESTIONS

Blind Fund

Did TB know the names of any of the donors to the LLOF (except those revealed in the papers)?

Did you never discuss these issues with TB at all?

Did anyone in TB's office, e.g. Jonathan Powell or Alastair Campbell, know the identity of the donors?

Did TB ever meet any of the donors at your house?

Did you offer the donors anything in return for their gifts? Were they offered access to TB?

Did donors think TB would be told of their donations?

Have any of them been honoured or been to No 10 since the election?

Why is it right that their identities should be hidden but not those of people making donations to the Labour Party?

Ecclestone

What was offered to Ecclestone in return for his donation?





Was Ecclestone or any of his people offered access to the PM and No 10 in return for their donation?

What were the nature of your negotiations with David Ward after the election? Why did you think money was promised and he say it had not been? How much money did you expect for the Party?

What did you offer Ward in return for the promise of further donations?  
Did you offer access?

Did you tell the PM about these negotiations?

Drucker

Did you dismiss Drucker because of his proposal that blind funds be closed?



Andrew Brewster, Esq.,  
Committee Secretariat,  
Committee on Standards  
in Public Life,  
Horse Guards Road,  
London, SW1P 3AL.

23rd April, 1998.

Dear Mr. Brewster,

Further to your letter of the 31st March and  
our subsequent telephone conversation, as you  
are aware, I will be part of the Labour Party  
submission and will be coming before the  
Committee together with Professor Keith Ewing,  
Tom Sawyer and Margaret McDonagh on Wednesday,  
13th May at 11.15 am.

Yours sincerely,

The Lord Levy.



# Committee on Standards in Public Life



**Chairman:**  
Lord Neill of Bladen QC

Horse Guards Road  
London SW1P 3AL  
E-mail  
neill@standards.gov.uk  
Facsimile  
0171 270 5874  
Telephone  
0171 270 5875  
Direct Line  
0171 270 6109

① When will your opening  
statement be prepared

31 March 1998

Lord Levy  
House of Lords  
London SW1A 0PW

Dear Lord Levy

I am writing at the request of the Committee on Standards in Public Life (the Neill Committee) to invite you to give oral evidence to the Committee on the subject of the funding of political parties.

The Committee will be taking oral evidence in London between 15 April and 14 May on two mornings per week from 10.00am to 1.00pm in the Assembly Room at Westminster Central Hall. We are now putting in place arrangements for the hearings, which have been arranged on the mornings listed on the attached schedule. I have indicated the dates on which there are still free slots as of now although I cannot guarantee they will be free in a few days time. I would envisage you giving evidence for 30 to 45 minutes.

The Committee would welcome the opportunity to explore with you the general principles surrounding the acceptance by political parties of individual and corporate donations, the limits on donations which may or may not be enforced, and the requirement for more openness about individual and corporate donations, as well as other matters covered in the enclosed consultation paper.

I would however like to assure you that the Committee will not concern itself with the specific details surrounding past donations to the Labour Party. The Committee are nevertheless interested in developing general principles and your experience in that respect may prove invaluable.

Members: Sir Clifford Revell QC, Sir Anthony Cliver, Lord Gifford QC,  
Francis Houston, Professor Anthony King, The Rt Hon John MacGregor CBE MP,  
The Rt Hon The Lord Shore of Stoney, Sir William Utling CB, Dawn Warwick  
Secretary: Richard Hurman

The Neill Committee

The Committee on Standards in Public Life  
Internet: <http://www.open.gov.uk/cspl/>

DB1

MICHAEL R LEVY + 0171 494 5522

14:45

16/04/98



The proceedings are conducted in a House of Commons Select Committee format, with one member of the Committee leading the questioning, and others asking supplementary questions. The hearings are open to the press, public and broadcasters. However, unlike a Select Committee, the Neill Committee cannot subpoena witnesses to attend and give evidence. If you prefer not to accept the Committee's invitation then that is the end of the matter.

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Witnesses are invited to make an opening statement to the Committee. This should be no more than one to two pages long, will form part of your evidence and will be taken as read and incorporated in the transcript of proceedings. Ideally you should send or fax this to me the week before your appearance so that it can be circulated to Committee members and copies prepared for members of the public and press.

For convenience I am enclosing a copy of the Committee's 'Issues and Questions' paper on the funding of political parties which was published at the beginning of our inquiry, and a note to witnesses which makes clear the legal position and which you should bear in mind when answering questions. I also enclose a short note about the members of the Committee.

If you wish to discuss any aspect of this invitation, please do not hesitate to telephone me on 0171-270 6109.

Yours sincerely

*Andrew Brewster*

ANDREW BREWSTER  
Committee Secretariat

MICHAEL R LEVY + 0171 494 3582

14:45

16/04/98

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**The Labour Party**

Millbank Tower  
Millbank  
London SW1P 4GT  
Telephone: 0171 802 1000  
Facsimile: 0171 802-1234  
Email: labour-party@geo2.poptel.org.uk

16 April 1998

Lord Levy  
Chase House  
Nan Clarks Lane  
London NW7 4HH

Dear Michael

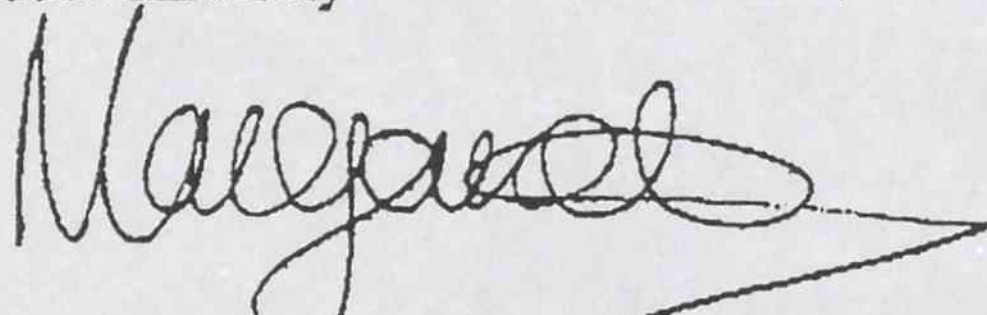
**NEILL COMMITTEE**

I can confirm that I have arranged for the Labour Party to have a third oral submission on Wednesday, 13th May between 11.15 am and 12.00 noon. The Committee meets in the assembly room at Westminster Central Hall (the entrance is in Matthew Parker Street).

All the evidence is given on camera and recorded. It is later published along with the final report of the Committee. Tom Sawyer, Keith Ewing and I are more than happy to go with you officially as part of the Labour Party submission on high value donations. I will arrange for us to meet beforehand so we can go through this evidence and I will also contact Tony Russell so that he can come along. Perhaps Jean could be kind enough to give me a slot of about an hour-and-a-half around which we can arrange this.

With kind regards

Yours sincerely



Margaret McDonagh  
Deputy General Secretary





Committee on Standards  
in Public Life

Standards in  
Public Life

Chairman:  
Lord Neill of Bladen QC

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E-mail  
neill@gtnet.gov.uk  
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0171 270 5874  
Telephone  
0171 270 5875  
Direct Line  
0171 270 6109

9 April 1998

Margaret McDonagh  
Deputy General Secretary  
The Labour Party  
Millbank Tower  
Millbank  
London SW1P 4GT

Dear Margaret

I am writing at the request of the Committee on Standards in Public Life (the Neill Committee) to formally invite the Lord Levy to give oral evidence to the Committee on the subject of the funding of political parties.

The Committee will be taking oral evidence in London between 15 April and 14 May. As agreed the preferred date and time for meeting Lord Levy would be **Wednesday 13 May at 11.15am for 45 minutes**. As I am sure you will understand, we have a great number of witnesses to see in a fairly limited period, which means that we have little flexibility to alter these arrangements and timings are inevitably approximate. It would therefore be very helpful to the Committee if you were able to accommodate the time proposed. Please could you confirm whether or not you will be able to attend in writing, by telephone 0171 270 6109, or by fax to 0171-270 5874.

It would be extremely helpful if you could let me have a copy of any opening statement that Lord Levy would wish to make to the Committee. This should be no more than one to two pages long. It will form part of your evidence and will be taken as read and incorporated in the transcript of proceedings. Ideally you should send or fax this to me by 6 May so that it can be circulated to Committee members in advance of your appearance and copies prepared for members of the public and press.

If you cannot let me have this statement in advance you should bring at least 30 copies with you on the day of the hearing. If you do not wish to make any opening statement but would prefer to go straight into questions, you are of course free to do so, but I would be grateful if you could let me know.

Members: Sir Clifford Boulton GCB, Sir Anthony Cleaver, Lord Goodhart QC,  
Frances Heaton, Professor Anthony King, The Rt Hon John MacGregor OBE MP,  
The Rt Hon The Lord Shore of Stepney, Sir William Utting CB, Diana Warwick  
Secretary: Richard Henson

The Neill Committee

The Committee on Standards in Public Life  
Internet: <http://www.open.gov.uk/cspl/>

P.06 01718399044

TO

0/

FROM Michael Levy

30-APR-1998 12:49



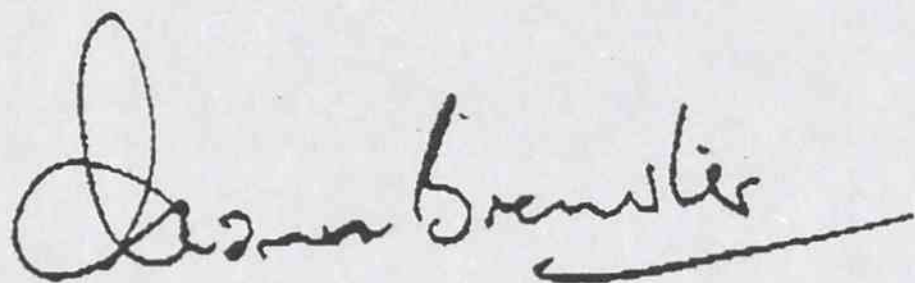
The Committee is taking evidence from 10.00am to 1.00pm in the Assembly Room at Westminster Central Hall. You should use the entrance in Matthew Parker Street. A waiting room (signposted) has been set aside for witnesses, and we would be grateful if you could identify yourself to a member of the Committee staff on arrival.

One member of the Committee will lead questioning, but others may ask supplementary questions. The hearings will be open to the press, public, and broadcasters.

For convenience I am enclosing a copy of the Committee's 'Issues and Questions' paper on the funding of political parties which was published at the beginning of our inquiry, and a note to witnesses which makes clear the legal position and which you should bear in mind when answering questions.

If you wish to discuss any aspect of this invitation, please do not hesitate to telephone me on 0171-270 6109.

Yours sincerely



**ANDREW BREWSTER**  
Committee Secretariat



30 Apr 98 Politics: Dr Drucker Also Suggested That The Use Of The Funds Had Potentially Stored Up The Possibility Of Tony Blair, John Prescott And Gordon Brown Being Compromised In The Future Press Association (136:Q1)



Dr **Drucker** also suggested that the use of the funds had potentially stored up the possibility of Tony Blair, John Prescott and Gordon Brown being compromised in the future.

He told the inquiry that a charity, for example, had to know who had given it money.

'No charity would have a blind fund because it needs to be able to protect its integrity. It needs to know who has given it money and not to be compromised by the people who have given it money.

'No gift is free. Every gift imposes responsibilities on the recipient.'

Dr **Drucker** added: 'The problem the Labour Party has got right now is that, if you believe that the blind funds are blind, Tony Blair and John Prescott and Gordon Brown have received money from people who they don't know.

'What happens if those people fall out with them. Are they not in a position to be compromised by those people? They could just leak it to the press -

'Look, I gave Gordon Brown pounds 100,000 and he's done this, this and this'

'I am astonished that the politicians have put themselves in a position where people who they say they don't know can compromise them in that way - a very foolish practice.

'And I have to say, that assumes that the blind funds are really blind and I don't believe that they are.'

Dr **Drucker** outside the inquiry denied he had been sacked by the Labour Party, saying he had simply been asked to prepare a report for the party.

A senior Labour spokesman said later: 'Dr **Drucker** is a seriously bitter man and everything he says should be seen in that light.'

And party general secretary Tom Sawyer accused him of being unable to deal with the rejection of his fundraising report.

'Henry **Drucker** has apparently been unable to come to terms with the Labour Party's rejection of his report on party fundraising.

'He did not raise a penny for the Labour Party and we turned down his report on fundraising because it appeared to suggest every individual donor to the Labour Party should get a specific personal benefit from their donation.'

Mr Sawyer claimed that Dr **Drucker's** report appeared to suggest that donors above a certain amount should get an exclusive dinner in the donor's honour with Tony Blair and selected members of the (then) shadow cabinet.

Dr **Drucker** had also suggested that policies should be framed to suit donors and that companies should be targeted on the basis of how they would benefit from a Labour government, he added.

Mr Sawyer said: 'In addition, his report showed that he had little understanding of the political structures of the Labour Party, suggested employing more staff than was necessary and spending more money than was needed.

'In short, his report was not up to the job. Thus far, we have avoided embarrassing Henry **Drucker** by drawing attention to this fact.

'But if Dr **Drucker** wants to attack the Labour Party, he must know that the truth about his work will be told.'

Labour later defended its decision to comment on Dr **Drucker's** statements to



the inquiry while the Neill investigations were continuing.

A spokesman said: 'If somebody makes a series of statements which are untrue, then they have to respond to.'



He accepted that it was entirely appropriate for Lord Neill's inquiry to speak to whoever it wished and make a judgment on the evidence given.

Dr **Drucker**, who taught politics at Edinburgh and is a former chairman of Edinburgh Central constituency Labour Party, also told Lord Neill's inquiry that democracy was being distorted by 'reciprocation' when parties received donations.

'In the political sphere, reciprocation in the form of recognition by honours, the best seats in the political arena or privileged access to the politicians, distorts democracy,' he said in his written submission.

Asked to back up that claim in the hearing, Dr **Drucker** said: 'I can't give you very good evidence, but I can tell you that when I was working for the Labour Party almost everybody in the party I talked to thought that that was the case.'

He agreed there was an 'arms race' between the parties over fund raising. Dr **Drucker** urged the inquiry to 'keep elections cheap' and insisted that restrictions on paid political advertising on radio and TV had been of immense benefit.

'On no account should they be lifted,' he said in his written statement.

And he suggested extending the restrictions to banning political advertising on billboards or in newspapers.

Dr **Drucker** urged transparency in the financing of parties, calling for donors of more than pounds 1,000 to be named and the size of their donation released.

But he doubted that direct state funding would work, warning that parties could simply add state funds to money they raised privately.

And state funding would weaken the roots of local democracy by minimising the dependence of national leaders on their local members.

The inquiry was told by the chairman of sugar company Tate & Lyle, Sir Neil Shaw, that state funding of political parties should be introduced.

He said there was a need to 'get rid of the public perception that the situation is in decay'.

The issue of donations 'needs to be brought out in the open, put on the table .. it needs to be shown it is transparent'.

Sir Neil confirmed that in 1994, Tate & Lyle gave pounds 25,000 to the Conservative Party, pounds 2,500 to the Liberal Democrats, but nothing to Labour.

However, the next year, the company donated to all three parties, including pounds 7,500 to Labour.

Sir Neil said that followed Labour's decision to scrap the Clause Four nationalisation commitment.

He said the company's donations were not made in the expectation of getting something in return.

Sir Neil, who is Canadian, said that in his experience in Canada, the USA and the UK he had never felt that 'because we have given a donation to a party that this allows us to have access to Ministers, MPs or groups of individuals'.

He said that it was the responsibility of citizens and corporations to help parties to finance elections.

Tate & Lyle gave nothing to the political parties in 1997.



The committee also heard from Unison general secretary Rodney Bickerstaffe who emphasised the need for 'transparency and accountability'. In its written submission, the giant union said: 'We see the necessity for an upper limit on party expenditure during General Election campaigns to bring to an end the escalating spending war.'



The union said growing public concern over standards in public life needed to be addressed urgently.

Unison backed proposals put forward by Labour for an electoral commission as an effective means of enforcing the reformed arrangements for party funding.

The union said its advertising campaigns funded from its General Political Fund should be allowed to continue as they were a 'legitimate way' of highlighting members' concerns over the value of public services.

They were not intended to be a way of encouraging voters to back a particular party, Unison claimed.

Press Association

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→ Neill Cttee  
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**Rob Read**

**From:** Tim Allan  
**Sent:** 29 April 1998 13:50  
**To:** Jonathan Powell; Alastair Campbell  
**Cc:** Rob Read  
**Subject:** Drucker

He was at the Niell committee today, and was on the world at one, saying that TB must have known blind trust donors and is in debt to them.

The party is putting some stuff out about his report to counter this, based on the note which Amanda wrote. I don't intend to get involved too much from here but have encouraged Adrian to be very strong against him.

Also Rob: I will get the note to you for PMQs





The Rt Hon Dr David Clark MP  
Chancellor of the Duchy of Lancaster  
Cabinet Office  
70 Whitehall  
LONDON  
SW1A 2AS

ST ANDREW'S HOUSE  
EDINBURGH EH1 3DG

→ file

TOP-RR  
✓ C: Jo  
PU

28 April 1998

*Dear David,*

**FOURTH REPORT FROM THE COMMITTEE ON STANDARDS IN PUBLIC LIFE:  
GOVERNMENT'S DRAFT ACTION PLAN**

Thank you for copying to me your letter of 8 April to John Prescott seeking agreement to the draft Action Plan on points arising from the Fourth Report of the Committee on Standards in Public Life.

I am content with the terms of the draft Action Plan for my interest, subject to some minor points which are being taken up by officials.

I am copying this letter to the Prime Minister, Cabinet colleagues, and to Sir Richard Wilson.

*Yours sincerely,  
Donald*

**DONALD DEWAR**



From: Jonathan Powell  
Date: 24 April 1998

PRIME MINISTER

COUNTER SLEAZE AND PERKS STRATEGY

We had an initial meeting yesterday on a counter sleaze and perks strategy including Peter Mandelson, Alastair Campbell, Sally Morgan, Anji Hunter, Peter Hyman and Philip Gould.

We believe we have a serious problem; that the perception of sleaze has gone deep into the public consciousness; and that only a fairly major step will begin to reverse the current climate. We will meet again to see if we can think of such a major step. In the meantime we are concerned that the chances are we will get another scandal or the recrudescence of an existing scandal (e.g. Ecclestone) in the next few weeks. We will need to be better prepared to rebut the next such attack quickly. That means we need to be ready to sit down with all the necessary people straight away and agree a line and then stick to it.

In the meantime we believe we should take the following lesser steps:

- We do not believe we can stop Derry moving into his flat this weekend. We believe Derry needs to adopt a low profile for the next period of months while we draw up a long term strategy for rehabilitation.



- We should look further at the concept of a Commissioner for Ministerial Ethics, but we are worried we may be creating a rod for our own backs.
  
- We need to look for an opportunity to disagree publicly with Murdoch.
  
- We should over-compensate by looking for some consciously non-crony, unusual appointments, e.g. Tories or someone outside the charmed circle.
  
- We should try to expand the list of the great and the good so that the Cabinet Office acts as a genuine head hunter bringing in new talent.
  
- We should use the reshuffle to send messages about perks. One of our major problems is the public perception that you are prepared to tolerate such abuses.
  
- You should not stay at Geoffrey Robinson's house in the summer.

There are no copies of this note.



F14

From: Jonathan Powell  
Date: 24 April 1998

PRIME MINISTER

cc: Alastair Campbell  
Sally Morgan

Michael Levy: Neill Commission

I told Michael this afternoon that we thought he ought not to appear before the Neill Commission. He said he had written to them accepting and he would not want to back out now. He would be accused of running away. He was going with a group of other people but the Commission would only be interested in questioning him.

Sally has spoken to Margaret who confirms there would be no difficulty in replacing Michael with David Pitt Watson. Michael would just have to say he was away on a business visit.

If Alastair agrees stories saying Michael refused to come are a lesser evil than TV pictures of Michael giving evidence then all that remains is for you to speak to Michael and tell him!

W. ✓





10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

24 April 1998

Dear Jim,

**WORLD CUP 1998**

Thank you for your letter of 7 April about whether your Minister should attend the World Cup Final on 12 July as a guest of Unilever. I am sorry that it has taken so long to get back to you.

The Prime Minister has considered this carefully and, on balance, believes that it would be better for Lord Simon not to accept this invitation.

I am copying this letter to Roy Collins (Department of Trade and Industry) and Jan Polley (Cabinet Office).

v  
lms

Angus

ANGUS LAPSLEY

Jim Mitchell Esq  
Department of Trade and Industry

GU





The Rt Hon Ann Taylor MP

(As faxed)  
/?  
Yes

To: **Angus Lapsley**

From: S Griffin  
Date: 24 April

cc: President

*Angus*

**WORLD CUP MATCHES**

Mrs Taylor will decline the invitation to attend the football matches in Paris as a guest of Monsieur Jean-Marie Messier.

She has asked, however, that she be given the Prime Minister's permission to attend matches if she is able to purchase tickets via the normal channels (ie as a member of the public).

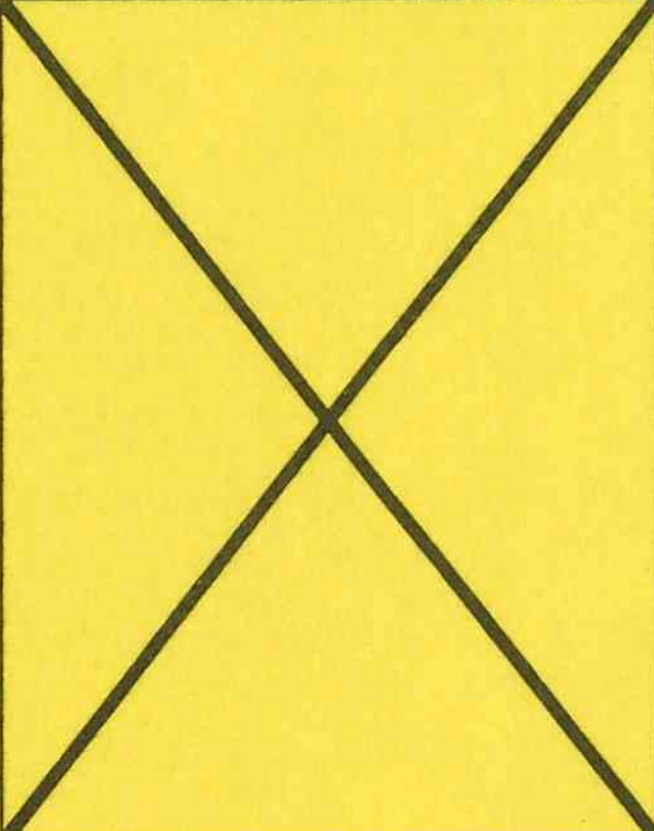
*Yours*

*Sally*

**Miss Sally Griffin**  
Diary Secretary



THE	
NATIONAL	
ARCHIVES	

DEPARTMENT/SERIES ..... <i>PREM 49</i> ..... PIECE/ITEM ..... <i>446</i> ..... (one piece/item number)	Date and sign
Extract details: <i>Letter to Richards dated 24 April 1998</i>	
CLOSED UNDER FOI EXEMPTION .....	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>22/9/21</i> <i>M. W.</i>
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DOCUMENT PUT IN PLACE (TNA USE ONLY)	



PERSONAL



10 DOWNING STREET  
LONDON SW1A 2AA

From the Prime Minister's Chief of Staff

21 April 1998

I am sorry it has taken so long to reply to your letter of 26 February to the Prime Minister. We had to consult Richard Wilson.

I attach Sir Richard's minute making clear he has no objection. He suggests however that we remind you to consider whether you need to alter your declaration in the Register of Members' Interests.

**JONATHAN POWELL**

Alan Howarth, Esq., C.B.E., M.P.

PERSONAL

DM



(52)

At → 56

title - as before



Foreign &  
Commonwealth  
Office

London SW1A 2AH

21 April 1998

Thank you for your letter  
of today about the proposed

arrangements for Mr Henderson's visit to

Turkmenistan. As we discussed, I cannot

see that this in any way breaches the  
Ministerial Code. However, it was helpful to be

John Hogg, kept in the picture.

TOP - AL

G. J. B.  
DCEK.

cc: Jan Polley

Turkmenistan: Monument Oil and Gas

As we discussed on the telephone on 20 April, Mr Henderson wishes to accept an invitation from the Chief Executive of Monument Oil and Gas (Tim Eggar) to attend the official opening of the company's facilities in Turkmenistan and take up Mr Eggar's offer of a private plane for the journey.

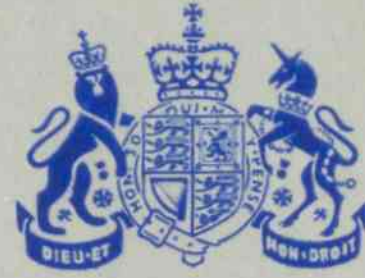
The visit makes good sense on its own merits. Mr Henderson's objectives would be to convey personally to the President of Turkmenistan the Government's commitment to developing the bilateral relationship and particularly to reinforce the UK's position as a commercial partner in developing the oil and gas sector. There may also be an opportunity for Mr Henderson to open the new Ashgabat airport built by a UK/Turkish consortium.

Since President Niyazov takes all the key decision in Turkmenistan, it is important that Ministers should develop personal contact with him - as our principal competitors (the US, France and Italy) have already done. The last UK Government Minister to visit Turkmenistan was Mr Eggar, in 1995.

A significant further advantage of taking up Mr Eggar's offer of transport is that it would enable Mr Henderson to make a comparable visit to Georgia, reinforcing the Prime Minister's recent message to President Sheverdnadze. The last UK Government Minister to visit Georgia was Mr Hogg, in 1993. Mr Henderson would return from Tbilisi by scheduled flight.

Paragraph 81 of the Ministerial Code indicates that such an offer of transport may in exceptional cases be accepted if this would represent a saving of official time and if there is no risk of an undue obligation being created. Mr Henderson's visit seems clearly to meet these criteria. In particular, there is only one direct flight a week to Ashgabat, which leaves on a Saturday and Mr Henderson would anyway have to travel on by private plane to Monument's facilities which are in Western Turkmenistan. Monument Oil and Gas would be reimbursed





from FCO funds to the value of a scheduled Business Class ticket for the equivalent journey, as provided for in the Code.

On this basis, we do not plan that the Foreign Secretary should consult the Prime Minister as he would, according to the Ministerial Code, in cases of doubt.

I am copying this letter to Jan Polley (Cabinet Office).

A handwritten signature in blue ink, appearing to read 'John Grant'.

(John Grant)  
Principal Private Secretary

Angus Lapsley Esq  
10 Downing Street





10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

21 April 1998

*Dear John,*

**TURKMENISTAN: MONUMENT OIL AND GAS**

Thank you for your letter of today about the proposed arrangements for Mr. Henderson's visit to Turkmenistan. As we discussed, I cannot see that this in any way breaches the Ministerial Code. However, it was helpful to be kept in the picture.

I am copying this letter to Jan Polley (Cabinet Office).

*v*  
*lwb,*

*Angus*

**ANGUS LAPSLEY**

John Grant, Esq.,  
Foreign and Commonwealth Office.



FROM THE DEPUTY PRIME MINISTER



→ file

PR  
TOPAL  
IPO  
PR  
AM

DEPARTMENT OF THE ENVIRONMENT,  
TRANSPORT AND THE REGIONS

ELAND HOUSE  
BRESSENDEN PLACE  
LONDON SW1E 5DU

TEL: 0171 890 3011  
FAX: 0171 890 4399

The Rt Hon Jack Straw MP  
Secretary of State  
The Home Department  
Queen Anne's Gate  
LONDON  
SW1H 9AT

20 APR 1998

### REGISTRATION OF POLITICAL PARTIES

Thank you for your letter of 1 April, seeking policy agreement to your proposals for a Registration of Political Parties Bill.

You explained that you wanted to provide a simple and straightforward registration system. You no longer believed it necessary to make provisions in the Bill for the formal compulsory registration of those political parties with two or more seats in the Commons. Individuals (for example those standing for office as elected mayor for London or elsewhere) would be able to register his or her campaign organisation as a political party, if they wished to benefit from the advantages of such a step (for example, protecting its name and emblem from use by others and being eligible for a party political broadcast). A party would be able to register its name in any language, provided that it used the roman script so that there was no difficulty with the printing of ballot papers.

The Prime Minister's private secretary noted that the Prime Minister was content with the refinements to your earlier proposals. He suggested that the proposals should be seen as putting in place a workable system of party registration, under which the incentives for registration would be formidable. The more detailed and technical issue of compulsion, which related more directly to funding, would best be decided after the Neill Committee had reported.

In my reply, I noted that my officials would be in touch with yours (and those from DCMS) to discuss whether the position of London Assembly and decisions on whether candidates for the Mayor and Assembly would be entitled to free mailshots, and arrangements for election broadcasts.

Donald Dewar, Ron Davies and David Clark also commented. Donald and David were content. Ron was grateful for your assurance that a party would be able to register its name in any language. However, he was concerned that the draft Bill's provisions might require a party to choose between Welsh and English for the registration of its principal name. This would be an unwelcome departure from treating the two languages on an equal basis.

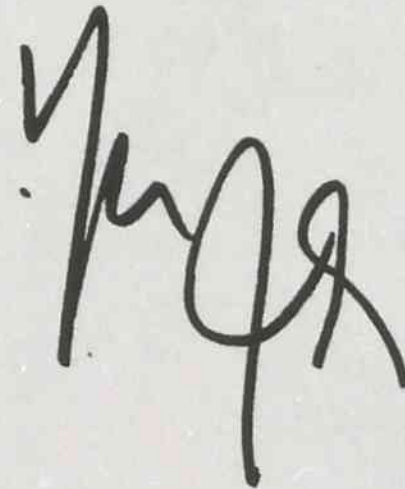


UK Presidency of the European Union



No other colleague commented. You may take it, therefore, that you have agreement to your proposals subject to the points made by colleagues and, in particular, your reaching agreement with Ron on his concerns.

I am copying this letter to the Prime Minister, Cabinet colleagues, the Chief Whip, First Parliamentary Counsel, and to Sir Richard Wilson.

A handwritten signature in black ink, appearing to be 'John Prescott', written in a cursive style.

JOHN PRESCOTT



File

Pat McF cc: JPo RR + AL

who were contact

We discussed + I also sp to SO. Jan P. thought formalising it in this way was sensible. Unless you counsel against, I will minute.

DRAFT MINUTE FROM ROB READ TO JAN POLLEY

**NEILL COMMITTEE REVIEW OF PARTY FUNDING**

It has been brought to my attention that there is some uncertainty over whether the Neill Committee's current examination of party funding will, or should, cover the funding of those political parties which will be represented in the Scottish Parliament and Welsh Assembly. I would be grateful for advice on whether the Committee's recommendations are likely to encompass these institutions or, if they are not, whether we should be encouraging Lord Neill to do so.

Rob 21/4

I understand that there is a wider question over whether the locus of the Neill Committee should extend to the activities of the Scottish Parliament and Welsh Assembly. Is this something on which Ministers need to take a decision now, or can it be left to the new bodies to decide? It is unclear to me whether taking a decision on the locus of the party funding review would pre-empt a decision on the wider remit of the Committee.

I am copying this minute to Ken Sutton (Home Office), Ken Thompson (Scottish Office) and June Milligan (Welsh Office).

Note: sp J Polley 7/5  
She will rise with SO + suggest the kick off now 7/5

c. Rob Read

As discussed earlier today, you might want to send this minute as a means of getting consideration for the points you raised with me.

Jan Polley  
20/4



Pat M. F

cc: JPo

RL + AL

who were  
contact.

We discussed + I also  
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I am copying this minute to Ken Sutton (Home Office), Ken Thompson (Scottish Office) and June Milligan (Welsh Office).

~~Rob~~

~~c. Rob Read~~

As discussed this morning: it would  
make sense for this to come from them.  
Otherwise it looks like the IB getting at  
Scots again.

As discussed earlier today, you might want  
to send this minute as a means of getting  
consideration for the points you raised with me.

Jan Polley

20/4



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RL + AL

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formalising it in this way  
was sensible. Unless you  
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Rob  
21/4

c. Rob Read

I think this is  
sensible.

Pat  
22/4

As discussed earlier today, you might want  
to send this minute as a means of getting  
consideration for the points you raised with me.

Jan Polley  
20/4

Back to  
Rob.





→ file

Top RL

JPO  
fu

cc Press  
EA/PS

Rob  
of Sally  
This should not go. The  
problem has been  
caused by Whose leaked  
Four's note. This does not  
even begin to address it.

FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE  
AND THE CHIEF WHIP

Rob Read Esq

J  
2/1/4

1-JPO  
2-PR

This sounds  
terribly defective to  
me! 9

20 April 1998

Dear Rob,

TIMES ARTICLE - 20 APRIL

You may have seen the article in this morning's Times in which the voting records of Labour peers, particularly new Labour peers, were criticised.

The Chief Whip is minded to write to the Editor of the Times in terms of the attached draft. The Chief Whip is aware of the guidance to Ministers that they should not normally enter into correspondence in the newspapers but on this occasion a number of factual inaccuracies and incompletenesses in the article justify a letter.

The attached draft has been seen and approved by Lord Richard ( the Lord Privy Seal ) and by Damien Welfare (Special Adviser) but the Chief Whip would very much like to take the views of No 10 before sending in this letter.

While it is of course entirely up to you who you consult, the Chief Whip suggests that Jonathan Powell and Sally Morgan should be asked for their views.

In order to secure publication in Wednesday's Times, we would need your clearance no later than 11.00am tomorrow (Tuesday). I look forward to your reply.

Yours  
Sim

SIMON BURTON



Draft letter to the Times  
from Lord Carter

Dear Sir

Your article on 20 April commented unfavourably on the attendance of Labour peers created since the General Election. It did not, however, describe the political imbalance underlying our position. It did recognise that the Conservatives have an overwhelming number of hereditary peers (313 out of 489 Conservative peers). It is these Conservative hereditaries who have caused all but one of the Government's 18 defeats in the Lords since last May.

The position is, however, even more unbalanced than this. Labour is outnumbered among life peers as well. Despite their "hereditary" advantage, the last Conservative Government created twice as many Conservative as Labour life peers (160 to 81). As a result, we have to rely too much on the votes of elderly peers who remain active well beyond the normal retirement age. Out of Labour's total of 156 peers, more than one quarter (41) are aged 75 or over. The creations last year only restored our total to slightly above what it was twenty years ago; the Conservatives have enjoyed a net increase over Labour of 80 in that period.

You make an issue of the attendance of Labour peers, but overlook the fact that they have to work much harder than their Conservative counterparts because of the imbalance in the House. On account of their vastly greater numbers, the Opposition have the double luxury of needing to attend less regularly - but of still defeating the Government when they choose to summon their extra numbers-



→ file

From: Andrew Campbell  
Secretariat  
270 0242  
Date: 16 April 1998


~~TOP-RR~~  
~~e: JLo~~  
RU

MR GILLEN

cc Mr Read  
Mr Jenkins  
Mr Elvidge

REGISTRATION OF POLITICAL PARTIES

1. I attach a letter for the Deputy Prime Minister to send to the Home Secretary, agreeing to his proposals for the registration of political parties, subject to his assuaging the Welsh Secretary's concerns (the Home Secretary's office tell me that they think they can).



ANDREW CAMPBELL



## REGISTRATION OF POLITICAL PARTIES

Thank you for your letter of 1 April, seeking policy agreement to your proposals for a Registration of Political Parties Bill.

You explained that you wanted to provide a simple and straightforward registration system. You no longer believed it necessary to make provisions in the Bill for the formal compulsory registration of those political parties with two or more seats in the Commons. Individuals (for example those standing for office as elected mayor for London or elsewhere) would be able to register his or her campaign organisation as a political party, if they wished to benefit from the advantages of such a step (for example, protecting its name and emblem from use by others and being eligible for a party political broadcast). A party would be able to register its name in any language, provided that it used the roman script so that there was no difficulty with the printing of ballot papers.

The Prime Minister's private secretary noted that the Prime Minister was content with the refinements to your earlier proposals. He suggested that the proposals should be seen as putting in place a workable system of party registration, under which the incentives for registration would be formidable. The more detailed and technical issue of compulsion, which related more directly to funding, would best be decided after the Neill Committee had reported.

In my reply, I noted that my officials would be in touch with yours (and those from DCMS) to discuss whether the position of London Assembly and decisions on whether candidates for the Mayor and Assembly would be entitled to free mailshots, and arrangements for election broadcasts.

Donald Dewar, Ron Davies and David Clark also commented. Donald and David were content. Ron was grateful for your assurance that a party would be able to register its name in any language. However, he was concerned that the draft Bill's provisions might require a party to choose between Welsh and English for the registration of its principal name. This would be an unwelcome departure from treating the two languages on an equal basis.



No other colleague commented. You may take it, therefore, that you have agreement to your proposals subject to the points made by colleagues and, in particular, your reaching agreement with Ron on his concerns.

I am copying this letter to the Prime Minister, Cabinet colleagues, the Chief Whip, First Parliamentary Counsel, and to Sir Richard Wilson.

JOHN PRESCOTT

The Rt Hon Jack Straw MP  
Secretary of State for the Home Department



FROM THE DEPUTY PRIME MINISTER

→ file



DEPARTMENT OF THE ENVIRONMENT,  
TRANSPORT AND THE REGIONS

ELAND HOUSE  
BRESSENDEN PLACE  
LONDON SW1E 5DU

*Tim. GARDNER*

TEL: 0171 890 3011  
FAX: 0171 890 4399

OUR REF: PT/PSO/3697/98

The Rt Hon Jack Straw MP  
Home Secretary  
Queen Anne's Gate  
LONDON  
SW1H 9AT

15 APR 1998

*Top RR*  
*JPo*  
*AL*  
*Pu*

*Don Jack*

**REGISTRATION OF POLITICAL PARTIES**

Thank you for your letter of 1 April responding to the points I and colleagues made in reply to your letter of 18 February, outlining your proposals for a Registration of Political Parties Bill. I am generally content with your response, but there are two points I would like to raise with regard to the London Assembly.

Paragraph 7 of your letter refers to parties having to register in order to submit lists of candidates for elections to the Scottish Parliament, National Assembly for Wales and European Parliament. If the intention is to require parties to register for any elections involving a list component, then the London Assembly may need to be added at a later date.

It is also worth noting that decisions have yet to be taken on whether candidates for the Mayor and Assembly will be entitled to free mailshots, and on arrangements concerning election broadcasts. My officials will be in touch with officials from your department and DCMS on these points.

I am copying this to the Prime Minister, to Cabinet colleagues, to the Chief Whip and to Sir Richard Wilson and First Parliamentary Council.

*John Prescott*

JOHN PRESCOTT



UK Presidency of the European Union



ESP  
AZ  
AM



HOME OFFICE  
QUEEN ANNE'S GATE  
LONDON SW1H 9AT

Rob Read Esq  
Private Secretary  
10 Downing Street  
London  
SW1A 2AA

→ file

16 APR 1998

Note: Told Clare  
OK (except  
grammar) but  
tone down a  
bit the  
'protesting'  
angle

Dear Rob,

**REGISTRATION OF POLITICAL PARTIES**

Thank you for your letter of 6 April about the Registration of Political Parties.

... The Home Secretary intends writing in the terms attached to the Conservative, Liberal Democrat, Scottish Nationalist and Plaid Cymru parties to alert them to the fact the proposed legislation will now provide for a voluntary system of registration because any serious political party is in reality bound to register.

AM  
1714

The Northern Ireland Secretary may wish to alert the Northern Ireland parties to this change separately although the Home Secretary does not think it is essential to do so in view of the other priorities in Northern Ireland and the fact that a Bill on voluntary registration should be ready for introduction soon.

I am copying this to Vanessa Scarborough, Murdo Maclean, Jan Polley and First Parliamentary Counsel.

Yours sincerely,  
Clare

CLARE SUMNER



DRAFT LETTER FOR SIGNATURE BY THE HOME SECRETARY

1. The Rt Hon Sir Brian Mawhinney MP
2. The Rt Hon Alan Beith MP
3. Alex Salmond Esq MP
4. Dafydd Wigley Esq MP

House of Commons  
London  
SW1A 0AA

**REGISTRATION OF POLITICAL PARTIES BILL**

I wrote to you on 18 February with a paper outlining our plans for a Bill on the Registration of Political Parties. I thought I should alert you now to a change which will simplify my original proposal.

As you know we want to provide an easy and straightforward system for the registration of political parties. Under my proposals any serious political party which wishes to submit lists of candidates for elections to the Scottish Parliament, National Assembly for Wales and European Parliament will have to register to be eligible for party political broadcasts and to protect their name and emblem from use by others.

95. | In order to put in place an easy and workable system of registration we no longer think it necessary to provide sanctions on party leaders for non-registration. As under our system no serious party would not register. This does not, of course, rule out some element of formal compulsion being introduced in the future linked to whatever Lord Neill may recommend on party political funding.

We intend to introduce the Bill shortly, but I thought I should let you know of this change in advance.

I am writing in similar terms to the Conservative, Liberal Democrat, Scottish Nationalist and Plaid Cymru parties.





THE SCOTTISH OFFICE  
DOVER HOUSE  
WHITEHALL  
LONDON SW1A 2AU

Top-AL  
cc JPO  
RL  
✓ PJ

The Rt Hon Jack Straw MP  
Home Secretary  
Home Office  
50 Queen Anne's Gate  
LONDON  
SW1H 9AT

14 April 1998

file

*Dear Jack,*

I refer to Ron Davies' letter of 3 April in response to your letter of 16 March to me about defectors in party list elections.

I understand Ron's worries about the potential handling difficulties of including a reference to the post of "nominating officer" on the face of our Bills when this term is not yet recognised in law. It will be set up under the Registration of Political Parties Bill.

Fortunately, the approach which Parliamentary Counsel has taken in drafting the necessary amendments to the Scotland Bill avoids this problem. The amendments proceed by extending the scope of the Order-making power in Clause 11 of the Bill to allow for the matter to be dealt with in subordinate legislation which will govern the conduct of elections to the Scottish Parliament. This gives additional flexibility to allow us to take account of the final provisions of the Registration of Political Parties Bill. Welsh Office officials will have received a copy of the proposed amendments and Ron will be able to consider whether this meets his concerns.

However, I do agree with Ron that the early introduction of the Registration of Political Parties Bill would be of considerable help to us in handling the discussion of this and related issues during the passage of our bills through the Lords.



I am copy this letter to Ron Davies, John Prescott and to other members of DSWR, the Prime Minister and Sir Richard Wilson.

*yours sincerely,*

*Donald*

~~DONALD DEWAR~~



1/11 to file

→ Jib



BF 1/5

9/4/16 Top JF  
cc RR

FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE  
AND THE CHIEF WHIP

PRESIDENT OF THE COUNCIL RECEIVED	
9 APR 1998	
ACTION FOR	
COPIES TO	IM VS.
	MM
	Rupert Huxter
	Jonathan Bwell

Andrew Brewster  
Committee Secretariat  
Committee on Standards in Public Life  
Horse Guards Road  
London SW1P 3AL

9 April, 1998

Dear Andrew

### FUNDING OF POLITICAL PARTIES

Thank you for your letter of 19 March 1998. I am sorry I have not got back to you sooner.

Lord Richard would of course be happy to accept an invitation to give evidence to the Committee on Standards in Public Life on the subject of Short money. We agree that it would be sensible for the Leaders of both Houses to give oral evidence together.

I understand that Ann Taylor's office have said that their preference is for 13 May. This date would be convenient for Lord Richard, although it would be helpful if 11.30-12.30 could be avoided as he is due at a meeting of the Parliamentary Labour Party with the Prime Minister at that time.

Yours sincerely

Simon Burton

S P BURTON





SWYDDFA GYMREIG  
Tŷ GWYDIR  
WHITEHALL LLUNDAIN SW1A 2ER

Ffôn: 0171-270 3000 (Switsfwrdd)  
0171-270 0538 (Linell Union)  
Ffacs: 0171-270 0561

*Oddi wrth Ysgrifennydd Gwiadol Cymru*



**The Rt Hon Ron Davies MP**

→ file

WELSH OFFICE  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER

Tel: 0171-270 3000 (Switchboard)  
0171-270 0538 (Direct Line)  
Fax: 0171-270 0561

*From The Secretary of State for Wales*

Our ref: CT/98-11686

8 April 1998

*Dear Jack,*

*AL*

*AL  
e: RR  
JPS  
R*

Thank you for copying to me your letter of 1 April to John Prescott about the Registration of Political Parties Bill.

You explain in your letter why you have decided not to go ahead with your original proposal to provide for the compulsory registration of parties represented in the House of Commons. I fully accept your reasons for taking that decision and agree that there is no need to provide for an extension of compulsory registration in respect of parties represented in the National Assembly for Wales.

I note and am grateful for your assurance that a party will be able to register its name in any language, provided that the roman script is used. I should be grateful for further clarification on this point, however. As I understand the provisions of the draft Bill, a party will be required to register a "principal name", which might be in Welsh, English or another language as long as roman script were used. Plaid Cymru would therefore be able to register "Plaid Cymru" as its principal name. I note also that a party may "include" in its application for registration certain other names which would be used by that party. By this I take it that our party might register as its principal name "The Labour Party" but could include in its application the Welsh language form of its name, "Plaid Lafur Cymru". Can I take it that the Welsh name would then be afforded the same protection and privileges for elections in Wales as the party's principal name?

I am also unclear as to whether a Wales-based party would be able to register both its English name and its Welsh name as "principal names". Plaid Cymru's stated intention is to adopt an English name to use alongside its Welsh one. It appears to me that, for registration, the party would have to choose whether its Welsh or English name should be accorded precedence as the "principal name". A local-based party, such as (for example) a North Wales Farmers' Alliance which wanted to run a party list in the Assembly elections next year, would similarly have to make a difficult choice between Welsh and English for the registration of its principal name.





I would be somewhat concerned if there were no facility to allow a party to register its Welsh and its English name on an equal basis. I appreciate that you want to provide a simple and straightforward registration system but unlike other languages mentioned in your letter, Welsh does enjoy a special status recognised in statute. Although the Welsh Language Act 1993 does not extend to political parties, the underlying principle of the Act is that "in the conduct of public business and in the administration of justice in Wales the English and Welsh languages should be treated on the basis of equality". The Government of Wales Bill also provides for Welsh and English to be used on an equal basis in the conduct of proceedings in the Assembly.

My view is that not allowing for the registration of a party's name in both Welsh and English would be a departure from the principle of treating the two languages on an equal basis. The timetable for the registration of parties will coincide with the build-up of the campaign for the first elections to the Assembly. I would not want to see an issue being made of parties in Wales being asked to choose for the purposes of registration whether an English name or a Welsh name should have precedence. I should be very grateful therefore, if you would give this matter further thought.

I am copying this letter to those who received yours.

*A. ewe,*  
*Rm*

The Rt Hon Jack Straw MP  
Home Secretary  
The Home Office  
50 Queen Anne's Gate  
London SW1H 9AT





Chancellor of the Duchy of Lancaster  
Cabinet Minister for Public Service

CABINET OFFICE  
70 Whitehall, London SW1A 2AS  
Telephone: 0171-270 0400

JSH / file  
You may wish to  
be aware. Govt  
taking action in  
line with all  
recommendations,

Top RR  
JPS 9/R  
CCPU

KbO 11552

The Rt Hon John Prescott MP  
Deputy Prime Minister & Secretary of State  
for the Environment Transport and the Regions  
Eland House  
Bressenden Place  
London SW1E 5DU

except two. One on housing  
where decisions are  
deferred pending Welsh Assembly;  
other on length of appts (rec. 19) 8 April 1998

John Toher,

where Cttee suggests standard  
4 yr term & Govt pos<sup>n</sup> is 5 year  
flexibility for individual cases is  
needed, but accepts  
limit of 6-10 yrs for  
any one  
post.

**FOURTH REPORT FROM THE COMMITTEE ON STANDARDS IN PUBLIC LIFE: GOVERNMENT'S DRAFT ACTION PLAN**

You may be aware that the Fourth Report from the Committee on Standards in Public Life was published in November 1997. It reviews progress on the implementation of the recommendations contained in the Committee's First and Second Reports which cover standards of conduct in executive non-departmental public bodies, NHS bodies, and local public spending bodies.

This  
all  
∴ OK.

The Prime Minister wrote to Lord Nolan on 5 December 1997, welcoming the report. He said that the Government would follow up the areas where the Committee had expressed concerns, and would prepare an Action Plan showing how this would be done. I attach a draft Government Action Plan.

RM  
17/4

The draft Action Plan shows that the Government has already taken, or plans to take, positive action in many of the areas highlighted by the Committee's observations. However, not all the follow up action is for Government. In particular, many of the observations relating to public appointments are expected to be covered by forthcoming revisions to the Commissioner for Public Appointments' Guidance. The Action Plan does not, therefore, anticipate any additional changes in relation to executive non-departmental public bodies.

Similarly, the range of bodies covered by the First and Second Reports is diverse, and there are difficulties in achieving a fully consistent approach across all sectors, particularly where bodies operate with a high level of

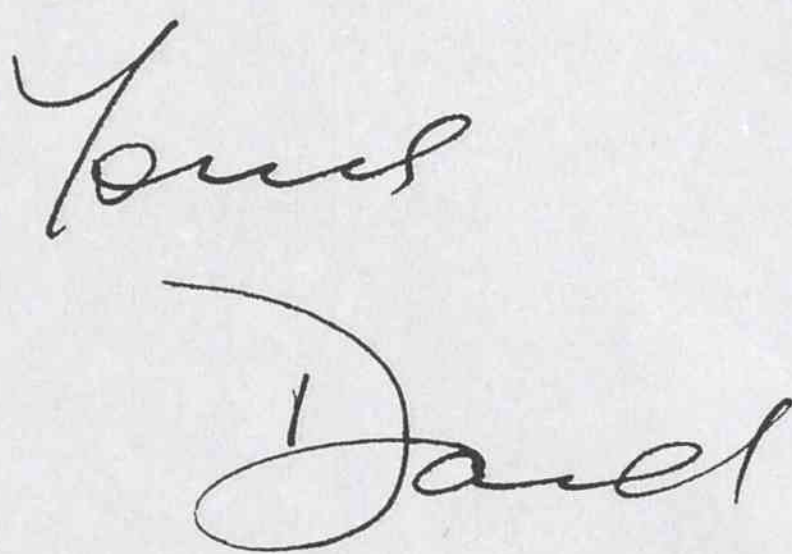


autonomy. The Action Plan shows that in some key areas, such as the implementation of arrangements for handling of conflicts of interest, although processes and procedures vary from sector to sector, they deliver the same end results. However, in other areas, the position between sectors is more variable. I believe that we have taken the Action Plan as far as we can at present, but we should not lose sight of the issue of achieving consistency in best practice, and colleagues may wish to ensure that this is flagged up with the bodies for which they are responsible in taking forward implementation of the Action Plan.

In particular, in response to the proposals in our quango consultation paper *Opening up Quangos*, a significant number of local authorities suggested that the proposals in the consultation paper covering NDPBs should be applied generally to NHS Trusts and local public spending bodies. We intend to explain in the paper summarising the responses and proposing the direction the Government should take, how the different procedures applying to those bodies nevertheless deliver the same results. For this, we shall draw on the information in the Action Plan; but my officials may need to seek further assistance from the departments which "sponsor" these bodies.

I should be grateful if colleagues, particularly those responsible for local and NHS bodies, could let me know whether they have any difficulties with the draft Action Plan by **Friday 1 May**. If colleagues are content, I shall publish the final Action Plan by means of an arranged PQ, and publication on the OPS Web site. I shall also invite the Prime Minister to write to Lord Neill. Final versions of the Action Plan will be made available to departmental contacts to action.

I am copying this letter to the **Prime Minister**, Cabinet colleagues, and to Sir Richard Wilson.

A handwritten signature in cursive script, appearing to read 'David Clark', written in dark ink.

**DAVID CLARK**



## FOURTH REPORT OF THE COMMITTEE ON STANDARDS IN PUBLIC LIFE

### GOVERNMENT'S DRAFT ACTION PLAN

The attached draft Action Plan has been drawn up to record the Government's comments on the observations contained in the Fourth Report of the Committee on Standards in Public Life, together with the action planned in response to the observations. The Prime Minister wrote to Lord Nolan on 5 December 1997 welcoming the Report. He said that the Government would follow up the areas where the Committee had expressed concerns, and would prepare an Action Plan showing how this would be done.

The Fourth Report, published in November 1997, reviews progress on the implementation of the Committee's recommendations, made in their First and Second Reports, about executive non-departmental public bodies (NDPBs), NHS bodies, and local public spending bodies. The Committee's First and Second Reports did not extend to Northern Ireland. However, for most areas, parallel arrangements are in place, or are planned, for those bodies operating in equivalent sectors in Northern Ireland. The precise arrangements in Northern Ireland may differ in some respects from those applying in Great Britain to take account of the Province's local circumstances, but they will accord fully with the principles underlying the arrangements put in place elsewhere in the United Kingdom.

A key recommendation of the Committee's First Report was the appointment of an independent Commissioner for Public Appointments to monitor, regulate and provide advice on departmental appointment procedures for Ministerial appointments to executive NDPBs and NHS bodies. Sir Leonard Peach was appointed as the first Commissioner for Public Appointments in December 1995. In April 1996, the Commissioner issued his Code of Practice for Public Appointments Procedures, and accompanying Guidance. In the light of departments' experience in operating the Code, the observations in the Committee's Fourth Report, and recommendations contained in the First Report of the Select Committee on Public Administration, on Public Appointments, the Guidance is currently being revised. Most of the observations in the Fourth Report which are specific to executive NDPBs and NHS bodies, relate to aspects of public appointments procedure, and the Government expects that they will be covered in the revised Guidance when it is issued in the summer.

In its consultation document *'Opening Up Quangos'*, published in November 1997, the Government set out its proposals to extend as appropriate to advisory NDPBs, many of the management controls which have been endorsed as good practice by the Committee on Standards in Public Life, but which currently apply only to executive NDPBs. Proposals include the limited extension of the remit of the Commissioner for Public Appointments to cover advisory NDPBs, extension of the application of board



members' codes and registers of interest selectively to advisory NDPBs, production of publicly available annual reports, and, where practicable, meetings held in public.

The Committee's Second Report on local public spending bodies included the grant-maintained (GM) schools sector. The Government has since announced that the authority responsible for this sector, the Funding Agency for Schools, is to be wound up in 1999, and that GM schools will thereafter be maintained by Local Education Authorities as community, voluntary or foundation schools. Governance arrangements for all types of school are set out in the School Standards Framework Bill. GM schools have not, therefore, been included in the Government's comments on those observations which the Committee identified as common themes applicable to all those bodies covered in the First and Second Reports. However, it should be noted that the Bill incorporates for all schools, relevant recommendations from the Committee's Second Report, such as a four year term of office for school governors, a new statutory complaints procedure, and more flexible subsistence arrangements.

An explanation of the abbreviations used in the Action Plan to identify the various sectors covered by each observation is set out below. In making their observations, the Committee identified a number of issues which are common to all sectors covered in the first and second reports. In the Action Plan, these observations are shown as covering "All Bodies".

#### **Abbreviations used in the Government's Draft Action Plan**

ENDPB	Executive non-departmental public body
FE	Further Education
HE	Higher Education
LEC	Local Enterprise Company
NHS	National Health Service
RHA	Registered Housing Association
RSL	Registered Social Landlord
TEC	Training and Enterprise Council
All Bodies	ENDPBs, NHS Bodies, local public spending bodies (ie FE Institutions, HE Institutions, TECs, LECs, RHAs, and RSLs)



## FOURTH REPORT OF THE COMMITTEE ON STANDARDS IN PUBLIC LIFE

### DRAFT ACTION PLAN

Observation	Bodies Covered by Observation	Comment and Action
<i>1. Departments and executive NDPBs should exercise some discretion so that advertisement of posts complements other methods available to identify a wide field of candidates: advertisement should not be the only vehicle for appointments.</i>	ENDPBS	The Commissioner for Public Appointments is working on revised guidance which is expected to include a strengthened and expanded section on the use of advertising, and to clarify the factors to be taken into account when deciding whether or not a post should be advertised.
<i>2. It is essential that Departments and executive NDPBs should apply the principle of proportionality to the appointments procedure. Any advice and guidance the Commissioner for Public Appointments can give in this respect would be most welcome. It is, nevertheless, important that correct procedures are adhered to, and that appointments are made on merit. Proportionality should not be an excuse for sloppy procedures.</i>	ENDPBS	Proportionality is one of the seven Principles on which all appointments must be based. In his Second Annual Report published in July 1997, the Commissioner for Public Appointments accepted that proportionality has probably been the most difficult Principle for departments to interpret. It is expected that the Commissioner's revised guidance will include strengthened and expanded advice on proportionality which stresses the importance for departments to consider whether the proposed approach is proportionate to the status and responsibilities of the post concerned.



Observation	Bodies Covered by Observation	Comment and Action
<p>3. <i>We would like to see greater consultation between executive NDPBs and their sponsoring Departments when defining the tasks and qualities sought for all public appointments.</i></p>	<p>ENDPBS</p>	<p>The Commissioner for Public Appointments' revised guidance is expected to highlight the value of early consultation between the sponsor department, and the Chairman of the body concerned.</p>
<p>4. <i>The Commissioner for Public Appointments should look again at the definition of 'political activity' to see whether it includes all 'significant' political activity.</i></p>	<p>ENDPBS NHS Bodies</p>	<p>The Commissioner for Public Appointments has conducted a research project involving a variety of questions interpreting 'political activity', with the object of testing their effectiveness in identifying such activity, and is expected to reflect the results of the research in his guidance.</p>
<p>Observations 5,17, and 22 concern "whistleblowing", which is identified in the fourth report as a common theme. For convenience, comments have been grouped together.</p>	<p>All Bodies</p>	<p>All sectors covered in the First and Second Nolan Reports have taken, or are taking, steps to ensure that appropriate arrangements are in place to enable staff in the bodies concerned to raise confidentially concerns about propriety. In addition, the Government supports the provisions in the Private Members' Bill on Public Interest Disclosure which is currently before Parliament. "Whistleblowing" arrangements for the specific sectors covered in the reports are as follows:</p> <p style="text-align: right;">/ENDPS: Mandatory codes ... ..</p>



5. *It is important that all departments, executive NDPBs and NHS bodies should institute codes of practice on whistleblowing, appropriate to their circumstances, so as to enable concerns about malpractice to be raised confidentially inside, and, if necessary, outside the organisation.*

17. *Representative bodies should ensure that whistleblowing procedures are in place within institutions and allow staff appropriate external avenues in which to raise concerns about malpractice.*

**ENDPBs:** Mandatory codes of practice for staff based on the 'Model Code for Staff of Executive NDPBs', issued by the Cabinet Office (OPS), contain provisions for dealing with staff concerns about improper conduct.

**NHS Bodies:** Codes of conduct and other guidance documents issued to boards of NHS bodies contain a requirement for members to ensure that proper procedures exist for staff to voice complaints and raise concerns.

**TECs:** The TEC National Council and the Council of Welsh TECs have issued best practice guidance for TECs to use when reviewing complaints procedures, and introducing codes of practice on "whistleblowing", TECs plan to introduce "Whistleblowing" procedures in due course.

**LECs:** Scottish Enterprise and Highlands and Islands Enterprise have introduced staff codes which include "whistleblowing" procedures for their own and LEC staff.

**RSLs/RHAs:** The Housing Corporation and Tai Cymru have issued guidance requiring RSLs to have appropriate procedures in place to enable staff to raise concerns about issues of propriety or probity. Scottish Homes will be issuing guidance for housing associations in April 1998.

**/FE Institutions:** In England and Wales ... ..



*22. All organisations should re-examine their arrangements for publicising codes of practice, and whistleblowing arrangements, to ensure that staff are left in no doubt about these.*

**FE Institutions:** In England and Wales, any member of staff has recourse to the Secretary of State, who has power to intervene where there is mismanagement, breach of duty, or unreasonable conduct by the governing body. The Association of Colleges has issued guidance on "whistleblowing". In Scotland, the Association of Scottish Further Education Colleges recently issued guidance on a range of governance issues, including "whistleblowing".

**HE Institutions:** In England and Wales, the Committee of University Chairmen is revising its good practice guidance and will consider provision for external avenues of complaint. In Scotland, the Scottish Higher Education Funding Council will include relevant matters in revised guidance for governors and a code of best practice, which it plans to issue in summer 1998.

The Government will ensure that the bodies concerned in each of the above sectors are asked to review their arrangements to make sure that staff are well aware of the procedures.



Observation	Bodies Covered by Observation	Comment and Action
6. <i>NHS Trusts should have a degree of flexibility to appoint candidates who work within the area served by a particular NHS Trust, but who live outside that area, provided the appointment can be justified in public.</i>	NHS Bodies	Ministers already have flexibility to appoint people who do not live in the area served by a particular trust. Government believes that such appointments should remain exceptional. NHS Trusts, Health Authorities and Boards primarily serve local people, and it is appropriate that they should be represented.
7. <i>The rule that re-appointments to the same post should not be automatic should be clarified so that Departments and executive NDPBs are aware that candidates for re-appointment do not have to undergo the whole appointment system.</i>	ENDPBS	Commissioner for Public Appointments is working on revised guidance which is expected to clarify the procedures for re-appointments.
8. <i>All executive NDPBs and NHS Trusts should consider holding an annual public meeting.</i>	ENDPBS NHS Bodies	The recent Government consultation paper 'Opening up Quangos' includes a proposal that where practicable, NDPBs should hold meetings in public. All NHS Trusts, Health Authorities, Scottish Health Boards and most Special Health Authorities hold all board meetings in public. NHS Trusts and other Special Health Authorities also hold an annual public meeting.



Observation	Bodies Covered by Observation	Comment and Action
<p>9. <i>The funding and regulatory bodies should monitor and report on ways in which good standards of conduct are communicated to staff, and understood by them.</i></p>	<p>FE and HE Institutions in England, Scotland and Wales</p>	<p>The Government will ensure that this issue is raised with the funding authorities and associations in the sectors concerned, and ask them to strengthen guidance in this area. In Scotland, the Scottish Higher Education Funding Council will include guidance on the communication of good standards of conduct to staff in revised guidance for governors and a code of best practice, which it plans to issue in the summer of 1998.</p>
<p>10. <i>The bodies responsible for institutions within the further education sector should look again at the recommendation which proposed a system of independent review of disputes.</i></p>	<p>FE Institutions in England, Scotland and Wales</p>	<p>The Government will ask the FE funding authorities and associations to reconsider arrangements in the FE sector in the light of this observation. In Scotland, the Association of Scottish Further Education Colleges plans to commission a review of complaints procedures in Scottish colleges. Results are expected before the end of 1998.</p>
<p>11. <i>Responsibility for TECs should be delegated to Government Offices for the Regions so as to allay fears of ineffective management and accountability caused by the distance between Government and the client.</i></p>	<p>TECs in England</p>	<p>Government Offices for the Regions manage relations with TECs on a day to day basis. The ten Government Offices are accountable to the Secretaries of State of DfEE, DETR, and DTI and are, in effect, the regional arm of central Government for those departments.</p>
<p>12. <i>The Government should undertake an urgent review of the audit procedures within TECs and LECs, in consultation with the relevant funding and regulatory bodies</i></p>	<p>TECs in England and Wales, LECs in Scotland</p>	<p>DfEE are undertaking a review to reduce unnecessary bureaucracy in audit systems which is expected to result in improved co-ordination between systems.</p> <p style="text-align: right;">/The Welsh Office established... ..</p>



Observation	Bodies Covered by Observation	Comment and Action
		<p>The Welsh Office established a working party including representatives from Welsh TECs, the National Audit Office, and selected private sector auditors, to review audit procedures and streamline them wherever possible. Revised procedures will be introduced in 1998-99.</p> <p>The Scottish Office are in discussion with Scottish Enterprise and Highlands and Islands Enterprise about options for LEC audit arrangements in the light of the Committee's recommendations and a recent report by the National Audit Office on Financial management within the Scottish Enterprise network.</p>
<p>13. <i>The TEC National Council should devise suitable complaints procedures and ensure compliance by TECs in England and Wales.</i></p>	<p>TECs in England and Wales</p>	<p>In England, The TEC National Council reviewed its Local Accountability Framework for TECs in the light of the Committee's recommendations, and have launched a revised version of the Framework which sets out that dealings with customers should be on the basis of openness and high quality service, with a robust complaints procedure, which includes an independent external avenue for complainants. The Council of Welsh TECs is producing a separate Welsh version which will make compliance with the Framework, including a robust complaints procedure, a requirement under the terms of the department's contract with TECs.</p>



<p>14. <i>The funding and regulatory bodies should encourage more openness within TECs and LECs, and should monitor and report on the situation.</i></p>	<p>TECs in England and Wales, LECs in Scotland</p>	<p>The Government is committed to greater openness and transparency in the delivery of public services. TECs will be included within the scope of the Government's proposed Freedom of Information (FOI) Bill. (It will be for the new Scottish Parliament to determine FOI arrangements for LECs.)</p> <p>The Government's contract with TECs in England and Wales requires them to adhere to the principles set out in the Local Accountability Framework which has been revised recently to incorporate greater openness and transparency in TECs' work generally. In addition, and in line with the recommendation in the Committee's Second Report, Government Offices for the Regions and the Welsh Office will be publishing annual reports on the performance of TECs in their areas from 1998.</p> <p>In Scotland, Scottish Enterprise has instituted revised arrangements, through codes and other systems, for promoting more openness on the part of LECs, and will monitor progress. Highlands and Islands Enterprise has enhanced its 1994 "Accountability through Openness" policy through the introduction of an open and objective system for LEC directors' appointments.</p>
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Observation	Bodies Covered by Observation	Comment and Action
<p>15. <i>The Government should extend the Housing Ombudsman's jurisdiction to allow him to address complaints against Registered Social Landlords from neighbours.</i></p>	<p>RSLs in England</p>	<p>The Government is committed to tackling problems created by anti-social behaviour in all tenures. The Housing Corporation will be issuing guidance to RSLs later this year to ensure that appropriate procedures are in place for dealing with complaints about nuisance behaviour, including complaints made by neighbours who are not tenants.</p> <p>The independent Housing Ombudsman Scheme came into effect on 1 April 1997. The Ombudsman has indicated that he wants more experience of applying the scheme in practice before proposing any amendments. The Ombudsman will wish to consult widely on the Committee's proposal, and the Government will consider the issues raised in the light of consultation responses.</p>
<p>16. <i>The Government should establish an independent Housing Ombudsman for Wales at the earliest opportunity.</i></p>	<p>RSLs in Wales</p>	<p>A decision about the establishment of an independent Housing Ombudsman for Wales has been deferred pending the election of the new Welsh Assembly which will have responsibility for Housing after devolution.</p>
<p>18. <i>Responsible departments should disseminate guidance on good practice about payment of expenses of board members.</i></p>	<p>All Bodies</p>	<p>The Government is committed to ensuring that appropriate guidance on general principles and best practice is available to all bodies. The Fourth Report specifically highlighted a lack of such guidance in the FE sector. DfEE has issued further guidance on the payment of expenses to FE governors.</p>



Observation	Bodies Covered by Observation	Comment and Action
<p>19. <i>All members of boards, whether elected or appointed, should be appointed for fixed terms, and such terms should not normally exceed four years.</i></p>	<p>All Bodies</p>	<p>The length of appointments will vary depending on the nature of the post concerned, and the depth of experience and skills demanded for the job. The Commissioner for Public Appointments' revised guidance is expected to state that the average term of appointment should be between three and five years in order to provide a degree of flexibility; and that appointments of less than three years should be avoided unless there are special circumstances, and that the maximum period of service in one post should be between six to ten years.</p>
<p>20. <i>It is important that rules governing conflicts of interests are introduced across all sectors considered in this report.</i></p>	<p>All Bodies</p>	<p>Government recognises the importance of robust and comprehensive rules governing conflicts of interest. Central rules and guidance documents are in place in all the sectors covered in the Committee's First and Second Reports as follows:</p> <p style="padding-left: 40px;"><b>ENDPBs:</b> Rules governing conflicts of interest are incorporated into the individual codes of conduct for board members and staff of ENDPBs. The codes for board members are based on the '<i>Guidance on Codes of Practice for Board Members of Public Bodies</i>' and the staff codes are based on the '<i>Model Code for Staff of Executive Non-Departmental Public Bodies</i>'. Both model codes are issued by the Cabinet Office (OPS).</p> <p style="text-align: right;"><b>/NHS Bodies:</b> Codes of Accountability ... ..</p>



		<p><b>NHS Bodies:</b> Codes of Accountability and other guidance documents issued to NHS Boards contain rules on the handling of conflicts of interest.</p> <p><b>TECs:</b> Rules governing conflicts of interest are covered in the Government's contract with TECs in England and Wales.</p> <p><b>LECs:</b> Scottish Enterprise and Highlands and Islands Enterprise issue detailed rules and procedures relating to the handling of potential conflicts of interest in LECs.</p> <p><b>RSLs/RHAs:</b> The Housing Corporation and Tai Cymru issue guidance requiring RSLs to have a clear codes of conduct for staff and board members, which include rules on conflicts of interest. In Scotland, the Scottish Federation of Housing Associations has recently issued a revised code of conduct for housing association committee members, covering conflicts of interest. Scottish Homes plans to issue similar guidance for housing association staff by the end of 1998.</p> <p><b>/FE Institutions:</b> In England and Wales ... ..</p>
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		<p><b>FE Institutions:</b> In England and Wales there is a statutory requirement for any person with a financial role within an FE institution to declare any financial interests, and any possible conflicts of interest. Consultation is in progress on whether more stringent legal requirements should be introduced. In Scotland, the Association of Scottish Further Education Colleges has issued guidance on registers of interests.</p> <p><b>HE Institutions:</b> In England and Wales, the Committee of University Chairmen has revised and strengthened its advice and guidance on the handling of potential conflicts of interest. In Scotland, the HE institutions have developed codes of practice or handbooks, including registers of interests, for members of their governing bodies.</p>
<p>21. <i>The funding and regulatory bodies should standardise governance information within annual reports in all sectors covered by this report.</i></p>	<p>All Bodies</p>	<p>The Government is committed to greater openness and transparency in all public bodies. The provision of high quality information through publicly available annual reports is an essential element in this process. Sector-specific guidance is issued covering areas where a consistent approach to the provision of information for inclusion in annual reports is necessary or desirable. For example, central guidance on the production of annual reports and accounts is issued for ENDPBs. Due to the diversity of bodies involved, even within specific sectors, the Government believes that it is inappropriate to impose rigid single reporting systems.</p>





The Rt Hon Ron Davies MP  
Welsh Office  
Gwydyr House  
Whitehall  
London SW1

QUEEN ANNE'S GATE LONDON SW1H 9AT

08 APR 1998

Top: PA/PS  
cc PU  
Political  
COS

cc → AZ

RM  
AZ

*Ron*

### PARTY LIST ELECTIONS: DEFECTORS

Thank you for your letter of 3 April. I am also grateful to Donald Dewar for his letter of 27 March.

I am glad that both you and Donald agree that, while we should not do anything about sitting members who cross the floor, we should take steps to prevent list vacancies being filled by those who have since left the party on whose list they originally appeared.

However, I do not think that it will be possible to include the necessary provisions in the Registration of Political Parties Bill. As you know, we must get this Bill through Parliament in this session. We are already working to an extremely tight timetable but we hope to introduce the Bill soon after Easter. A requirement to include extra provisions could only delay this, and introduce handling complications, so putting the whole timetable in jeopardy.

I recognise the difficulties that you could face if you include the provisions in the Government of Wales Bill. But it does seem to me that Bill is the obvious vehicle for them. I also think that Opposition concerns may be mitigated once the Registration of Political Parties Bill has been published and they can see exactly what the Government are proposing.

I hope therefore that, on reflection, you will agree that you can bring forward amendments to the Government of Wales Bill. Donald has already said that he is willing to amend the Scotland Bill.

I am copying this letter to the Prime Minister, John Prescott, Donald Dewar, other members of DSWR, and to Sir Richard Wilson.

*Yours ever,*

JACK STRAW





UK Presidency of the European Union

Lord Simon of Highbury  
Minister for Trade and Competitiveness in Europe



*TOPAL  
4.8.98*

Angus Lapsley Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1A 2AA

Department of Trade and Industry

1 Victoria Street  
London  
SW1H 0ET

Direct Line: 0171-215 6412

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E-Mail Address:  
tlo.simon@tlo.dti.gov.uk

Direct line  
Our ref  
Your ref  
Date

7 April 1998

*Dear Angus*

*JPO No  
AC*

*→ AZ*

*What do you want?*

*(No)*

*Angus  
SA*

*Az*

**WORLD CUP 1998**

Since I wrote to you on 11 February, I have seen assorted correspondence flying around the Whitehall net about who can and can't attend World Cup matches. I would be grateful if you could let me know as soon as you can in the light of the developing advice, whether Lord Simon is free to accept the invitation from Unilever to attend the final on Sunday 12 July. Lord Simon is completely happy to pay for all costs involved as this is, essentially, a private invitation.

I would be happy to discuss this with you.

A copy goes to Roy Collins in Michael Scholar's office.

*Yes to  
Jim*

**JIM MITCHELL**  
Private Secretary

*ACD  
Contact  
see phone  
- Robert  
recall.*



Department of Trade and Industry

PE4035



Top RA  
C.P.J



**CABINET OFFICE**  
70 Whitehall, London SW1A 2AS  
Telephone: 0171-270 0400

*Chancellor of the Duchy of Lancaster*  
*Cabinet Minister for Public Service*

KbO 11542

→ file

The Rt Hon Jack Straw MP  
Home Secretary  
Home Office  
50 Queen Anne's Gate  
London SW1H 9AT

7 April 1998

*Dear Jack,*

**REGISTRATION OF POLITICAL PARTIES**

Thank you for sending me a copy of your letter of 1 April to John Prescott.

I agree with your proposals for a simple, straightforward registration system. I also agree that we may need to look again at the question of compulsion when it is clear what provisions on party funding are to be introduced after Lord Neill's Committee reports in the summer.

I am copying this letter to the Prime Minister, Cabinet colleagues, the Chief Whip, First Parliamentary Counsel, and to Sir Richard Wilson.

*David Clark*

**DAVID CLARK**



RESTRICTED



10 DOWNING STREET  
LONDON SW1A 2AA

KC  
faxed to Aoby DCO  
6/4

From the Private Secretary

6 April 1998

*Dear Clare*

**REGISTRATION OF POLITICAL PARTIES**

We spoke about the Home Secretary's letter of 1 April to the Deputy Prime Minister on the proposals for the Registration of Political Parties Bill. I said that we were content with the refinements that were proposed.

We were concerned however that these changes should not be presented either publicly, or in discussions with other parties, as dropping compulsory registration. With hindsight, the distinction between voluntary and compulsory registration, while useful conceptually and problematic technically, may turn out to have little distinction in practice – at this first stage serious parties will simply want to register.

We would suggest therefore that this might better be presented as putting in place a workable system of party registration, under which the incentives for parties to register will be formidable – eg unless they register they will not be allowed to stand candidates in list elections or have access to party political broadcasts. The reason for now simplifying the initial proposals is that the more detailed and technical issue of formal compulsion which relates more directly to funding is best decided after the Neill Committee has reported.

We look forward to seeing in due course the terms in which the Home Secretary proposes to write to other parties.

I am copying this to the Private Secretaries to the Cabinet, the Chief Whip and Sir Richard Wilson and to First Parliamentary Counsel.

*Yours*

*Rob*

**ROB READ**

Clare Sumner  
Home Office

RESTRICTED

*me*



Top JEH  
S/110  
PB  
AL  
PA



THE SCOTTISH OFFICE  
DOVER HOUSE  
WHITEHALL  
LONDON SW1A 2AU

Dr Marjorie Mowlam  
Secretary of State for Northern Ireland  
Northern Ireland Office  
Whitehall  
LONDON  
SW1A 2AZ

6 April 1998

File  
M 7/4.

*Jan Mo,*

**NORTHERN IRELAND REFERENDUM AND ELECTION: FUNDING FOR THE PARTIES**

You copied to me your letter of 30 March to the Prime Minister.

I have no objection to your proposal to allow free mailings for the proposed referendum and elections in Northern Ireland. I agree that this need not be seen as a precedent for future UK referendums. We shall probably propose free mailings at Scottish Parliament elections and your proposal would be in line with that.

I am copying this letter to the Prime Minister, members of CRP, George Robertson, John Morris and Sir Richard Wilson.

*Yours sincerely,  
Donald*

**DONALD DEWAR**





10 DOWNING STREET  
LONDON SW1A 2AA

file  
Lindsay.eam

From the Principal Private Secretary

6 April 1998

Dear Ken,

**NORTHERN IRELAND REFERENDUM AND ELECTION:  
FUNDING FOR THE PARTIES**

The Prime Minister was grateful for Dr Mowlam's minute of 30 March about funding for the parties. He is content to provide free mailing to the parties for the referendum and the elections.

I am copying this letter to the Private Secretaries to members of CRP, Tom McKane (Ministry of Defence), David Seymour (Law Officers' Department) and Jan Polley (Cabinet Office).

Yours ever  
John

JOHN HOLMES

Ken Lindsay Esq  
Northern Ireland Office

om





**CONFIDENTIAL - POLICY**

Treasury Chambers, Parliament Street, SW1P 3AG

File Top: FA/PS  
✓cc COS  
EA/PS  
PA/PS  
FA/APS  
PU  
Press  
Political

The Rt Hon Dr Marjorie Mowlam MP  
Secretary of State for Northern Ireland  
Northern Ireland Office  
Whitehall  
London SW1A 2AZ

6 April 1998

**NORTHERN IRELAND REFERENDUM AND ELECTION: FUNDING FOR THE PARTIES**

Thank you for sending me a copy of your letter of 30 March to the Prime Minister proposing that, in the event of a referendum and subsequent elections, Northern Ireland political parties should be assisted by an extension of the existing arrangements for free mailing for all candidates.

2. I have no objection to the proposal and note that you intend that both the referendum and the election will be funded from the Block. Your letter explains that this is already an exceptional arrangement to meet the particular circumstances of





**CONFIDENTIAL - POLICY**

Northern Ireland. You will appreciate that the cost of extending the same provision to Great Britain would be very substantial and I would be grateful if you could make it clear that these arrangements are offered because of the special circumstances.

3. I am copying this letter to the Prime Minister, Gordon Brown, other members of CRP, George Robertson, John Morris and to Sir Richard Wilson.

*Gordon*  
*A. Darling*

**ALISTAIR DARLING**





*De*  
*Can I have back*  
*with Alan*  
*Howarth's letter?*

Secretary of the Cabinet and Head of the Home Civil Service

*J*

From the Private Secretary

**JONATHAN POWELL**

---

*at flop*

You sought (your minute of 25 March) Sir Richard Wilson's advice on Mr Alan Howarth's letter of 26 February to the Prime Minister on his membership of Lloyd's.

The Ministerial Code (Annex, para 8) requires any Minister on first appointment to obtain the Prime Minister's written permission before continuing a connection with Lloyd's. Mr Howarth did this.

He is now notifying a change in his underwriting arrangements. In order to minimise involvement in managing underwriting syndicates (and hence to reduce the risk of conflict of interest) Ministers who are underwriting "Names" are now required to arrange their syndicate participation through a "Members' Agent's Pooling Arrangement" (MAPA). But this still leaves the Minister with unlimited liability. In order to reduce this for future underwriting, many names are being advised by their Agents to switch their underwriting in whole or in part to limited liability, through a Conversion Scheme. In effect this means holding equity in a limited liability Insurance Company, or an equivalent arrangement. This is what Mr Howarth is doing. It is entirely consistent with the principles of the Ministerial Code.

Sir Richard thinks the Prime Minister could approve the arrangement Mr Howarth proposes, but you might remind him that it is for him to consider what declaration he needs to make in the Register of Members Interests.

*Jan*

**JAN POLLEY**

**3 April 1998**



~~Am~~  
~~write~~  
~~\* make~~  
~~these~~

~~\* link with~~  
~~journaling~~

( / -> file )

PAT MCFADDEN

*17*

From: Rob Read  
Date: 2 April 1998

cc: Jonathan Powell  
Alastair Campbell  
Jeremy Heywood  
Angus Lapsley  
Sally Morgan  
Alun Evans

**REGISTRATION OF POLITICAL PARTIES**

As discussed, this has now come out OK. Copy of Straw letter attached for colleagues.

The only point I would make on this is that Home Office should not present this publicly as "dropping compulsory registration", rather it is putting in place a workable system which will mean in practice that any serious political party will need to register.

Do you have a specific form of words you think we should suggest to them?

*To Rob:*

*How about something like:*

*Run* "The incentives for parties to register will be formidable! Unless they do so they will not be allowed to stand candidates in list elections or have access to party pol broadcasts. <sup>now</sup> believe the issue of formal compulsion is best decided after the Weill <sup>the</sup> has reported & propose to amend the bill in this way".





QUEEN ANNE'S GATE LONDON SW1H 9AT

01 APR 1998

The Rt Hon John Prescott MP  
Deputy Prime Minister  
Eland House  
Bressenden Place  
LONDON  
SW1E 5DU

~~RR~~  
TOP- AC  
✓ e. JB  
RR  
PJ

Dear Deputy Prime Minister,

#### REGISTRATION OF POLITICAL PARTIES

1. I am writing to respond to the points you and colleagues made in reply to my letter to you of 18 February with which I enclosed a paper outlining my proposals for a Registration of Political Parties Bill.
2. In addition following a discussion with First Parliamentary Counsel about preparation of the Bill, I am also now proposing to simplify the registration legislation. I no longer believe it necessary to make provisions in the Bill for the formal compulsory registration of those political parties with two or more seats in the House of Commons. My Special Adviser has discussed this with David Gardner and he is content with my proposal. I explain this in more detail in paragraphs 6 and 7 below.
3. In your letter of 5 March you asked me to consider the implications of registration for individuals who are not members of a political party and who stand for office as elected mayor for London or elsewhere. I do not foresee any difficulties on account of our registration proposals. Individuals who wish to stand in a mayoral election as an independent candidate will be able to do so. If they wish to benefit from the advantages of standing on behalf of a registered political party (protection of party name and emblem, no ban on party political broadcasts) then it would be open to any such candidate to register his or her campaign organisation as a political party. The registered name could make clear its limited purpose (e.g. "John Bull for London Mayor Party").



4. Ron Davies in his letter of 5 March and Donald Dewar in his letter of 9 March asked to be involved in any meetings on the Bill with Plaid Cymru or the Scottish Nationalist Party. So far I have had no response from any of the parties to my letters of 18 February notifying them of plans for the Bill but I will, of course, consult Ron and Donald if there should be any request for a meeting from either nationalist party.

5. Ron and Donald also mentioned the need to allow for the fact that parties may want to use Welsh or Gaelic and Mo Mowlam in her letter of 9 March raised the need to allow for use of the Irish language. In general I intend to allow a party to register its name in any language, provided it uses the roman script so that there is no difficulty with the printing of ballot papers. Aside from the existing provisions of the Welsh Language Act, which provides for bilingual ballot papers in Wales, I see no need to make any additional provision for other languages. As it stands a candidate standing on behalf of a registered party will be able to use any formulation as his or her candidate's description including Welsh, Gaelic or Irish, provided this does not infringe the name of another registered party and is within the existing limit of 6 words.

6. Finally as I indicated at the outset, I am now minded not to go ahead with my original proposal for compulsory registration of parties represented in the House of Commons.

7. I want to provide a simple and straightforward registration system. It no longer seems necessary to provide a compulsory registration requirement, with sanctions for non-registration falling on party leaders, when it is inconceivable that any serious political party with two or more members represented in the House of Commons would not register. Any party wishing to submit lists of candidates for elections to the Scottish Parliament, National Assembly for Wales and European Parliament will have to register as will any party which wishes to protect its name and emblem from use by others and wishes to be eligible for a party political broadcast.

8. We may need to return to the question of compulsion when it is clear what provisions on party funding are to be introduced once Lord Neill's Committee reports. However, it could be counter productive to introduce an element of compulsion until it is clear exactly what sort of regulatory regime is to be proposed by Lord Neill in respect of party political funding.

9. Accordingly, I trust that Donald and Ron will accept that there is no need to provide for an extension of compulsory registration to parties represented in the Scottish Parliament and National Assembly for Wales.

10. If colleagues are content, I will write again to representatives of the other main parties. Mo Mowlam may wish to write also to the Northern Ireland parties explaining the need for this change. With apologies for the short deadline I should be grateful for any comments by Wednesday 8 April 1998.



11. I am copying this to the Prime Minister, to Cabinet colleagues, to the Chief Whip and to Sir Richard Wilson and First Parliamentary Counsel.

Yours sincerely,  
Clare Sumner

JACK STRAW

[Approved by the Home Secretary and  
signed in his absence.]



~~Rep~~ - a copy that's yours to keep!



~~TR to~~ ~~ee~~

From the Government Chief Whip ~~Sally~~

House of Lords

London SW1A 0PW

Tel: 0171-219 3131

cc: Helen  
HoL file

FXD TO MWP -  
8/4/98

Sally Morgan

1 April 1998

~~Seems to me~~  
~~there are no problems:~~  
- retired MPs  
- some of them  
people. let us  
discuss  
the list

Dear Sally,

Following our telephone conversation, Marianne Morris has done a sterling job in analysing peers' voting records since the Election (up to 30 March).

I have marked the list as follows:

- (1) Peers who for reasons of age, infirmity, illness, living abroad etc. cannot be expected to attend and vote regularly
- (2) Ministers: all Ministerial absences have to be approved by me
- (3) Most recent 'working' peers. You will note that some of these have either a poor or a nil voting record

The analysis does emphasise the need for genuine working peers who can be relied on for attendance from 3.30pm until late on three or four days a week.

If you would like to go through the analysis with me I could provide you with more background.

Yours ever,

DENIS CARTER



**LABOUR PEERS - ATTENDANCE FOR DIVISIONS - 1997/98**

Name	Possible divisions	Divisions attended		% *
		For Govt	Against Govt	
Acton	54	48		89
Amos (3)	49	31		63
Archer	63	52		82
Ashley	63	25	1	40
Attenborough (1)	63	-		-
Barnett	63	29	1	46
Bassam (3)	45	28		62
Berkeley	63	51	1	81
Blackstone (2)	63	56		89
Blease (1)	63	35		55
Borrie	63	46	1	73
Brooke (3)	49	39		79
Brooks (1)	63	27	1	43
Bruce (1)	63	24		38
Burlison (3)	48	43		89
Callaghan (1)	63	19		30
Carmichael	63	46		73
Carter (2)	63	63		100
Castle (1)	63	26	1	41
Chandos	63	35	1	55
Cledwyn (1)	63	27		43
Clinton-Davis (2)	63	41		65



Name	Possible divisions	Divisions attended		% *
		For Govt	Against Govt	
Gould	63	47		75
Graham	63	40		63
Grantchester	63	8		13
Greene (1)	63	4		6
Gregson	63	32		51
Grenfell	63	47		75
Hanworth	63	30		48
Hardie (2)	63	53		84
Hardy (3)	52	45		86
Haskel (2)	63	62		98
Hattersley (1)	45	5	1	11
Hayman (2)	63	53		84
Healey (1)	63	9		14
Hilton	63	52		82
Hogg (3)	54	34		63
Hollick (1)	63	9		14
Hollis (2)	63	44		70
Howell (1)	63	23	3	37
Howie	63	44	3	70
Hoyle (2)	63	61		97
Hughes (Bill)	63	45	1	71
Hughes (Bob) (3)	52	44		85
Hunt (3)	47	43		91
Irvine (2)	63	55		87
Islwyn (3)	45	27		60



Name	Possible divisions	Divisions attended		% *
		For Govt	Against Govt	
Janner (3)	49	32		65
Jay (2)	63	56		89
Jeger (1)	63	32	2	51
Jenkins (1)	63	49	1	78
Judd	63	34	1	54
Kennedy (3)	47	39	2	83
Kennet (1)	63	19	1	30
Kilbracken	63	50	1	79
Kirkhill	63	24		38
Levy (3)	48	21		44
Lockwood (3)	63	41		65
Lofthouse 3	63	38		60
Longford (1)	63	24	1	38
Lovell-Davis (1)	63	24	1	38
McCarthy	63	25		40
McIntosh (2)	63	63		100
Macaulay (1)	63	-		-
Mallalieu	63	40		63
Mason	63	23		36
Merlyn-Rees	63	52		82
Milner	63	52		82
Mishcon	63	35	1	55
Molloy	63	54	3	86
Monkswell	63	55		87
Montague (3)	47	40		85

(\*)



Name	Possible divisions	Divisions attended		% *
		For Govt	Against Govt	
Morris (Alf) (1)	49	16		33
Morris (Brian) (1)	63	23		36
Murray	63	45	2	71
Nicol	63	55		87
Northfield (1)	63	8		13
Orme (3)	48	17		35
Parry (1)	63	10		16
Paul	63	26		41
Peston	63	32	1	51
Pitkeathley (3)	48	39		81
Plant	63	35	1	55
Ponsonby	63	47		75
Prys-Davies	63	55	1	87
Puttnam (3)	47	28	1	59
Ramsay (2)	63	59		94
Randall (3)	54	48		89
Rea	63	41	1	65
Rendell (3)	47	44		94
Renwick (3)	49	14		29
Richard (2)	63	58		92
Rogers	63	19		30
Sainsbury (3)	49	5		10
Scanlon (1)	63	-		-
Scotland (3)	47	1		2
Sefton (1)	63	21	2	33



Name	Possible divisions	Divisions attended		% *
		For Govt	Against Govt	
Serota (1)	63	35		55
Sewel	63	44		70
Shepherd	63	34		54
Shore	63	24	1	38
Simon (David) (2)	63	43		68
Simon (Jan)	54	52		96
Simpson (3)	45	-		-
Smith	63	38		60
Stallard	63	17	8	27
Stoddart	63	33	11	52
Stone (3)	45	26		58
Strabolgi	63	53		84
Symons (2)	63	58		92
Taylor (Blackburn)	63	34	1	54
Taylor (Gryfe)	63	23		36
Thomas (3)	45	38		84
Turner	63	51		81
Varley	63	22		35
Walker (3)	49	33		67
Wallace (1)	63	13		21
Watson (3)	45	29		64
Wedderburn	63	44		70
Whaddon (1)	63	5		8
White (1)	63	-		-
Whitty (2)	63	62		98

\*



Name	Possible divisions	Divisions attended		% *
		For Govt	Against Govt	
Williams (Charles)	63	39		62
Williams (Gareth) (2)	63	58		92
Winston	63	22		35
Young (Barbara) (3)	45	30		67
Young (Michael) (1)	63	2	2	3

### Notes

\* votes for Government as percentage of possible votes

- (1) peers who for reasons of age, infirmity, illness, living abroad etc cannot be expected to attend and vote regularly;
- (2) Ministers; all Ministerial absences have to be approved by the Chief Whip;
- (3) most recent 'working peers'.

30 March 1998





Prime Minister

Others are content.  
Are you? JELH

Prime Minister

Dear Tony,

30 March 1998

JELH  
4/4  
C: PB/  
JPO  
AC

**NORTHERN IRELAND REFERENDUM AND ELECTION: FUNDING FOR THE PARTIES**

We are working towards a referendum on the outcome of the Northern Ireland political talks in May. It is likely that elections to new Northern Ireland institutions would then take place in June. I am concerned that these two important events falling close together will place a heavy financial burden on the parties.

These will of course be extremely important events which will shape the future of Northern Ireland: I am keen to ensure that the parties can put their cases as effectively as possible. Following the precedents set in the referendums in Scotland, Wales and London, we propose to send to every household a factual statement on the agreement on which the electorate will be voting. It will present the issue in neutral terms, to minimise the possibility of legal challenge to such a distribution. It will also attach the text of the agreement.

We have to bear in mind that there will be intense international interest in the referendum and there is a possibility that overseas observers will criticise the absence of any facility for critics of the agreement to put their case. I would not want to see such criticism undermine the legitimacy of the referendum result.

For this reason, I am writing to seek colleagues views' on proposals to provide assistance to the parties. The Government did not provide funding or any election communication facilities, either to individual parties or to the 'yes' and 'no' umbrella campaigns, during the Scottish and Welsh Referendum campaigns, nor is this to be done in the London Referendum. I do not propose doing so in Northern Ireland. There is little prospect of the parties organising themselves under umbrella





campaign groups either in support of or in opposition to the agreement. Providing direct financial assistance to parties would be controversial and might set a precedent for future referendums.

I do however wish to extend to the referendum and elections a special facility for the parties which already applies in local government and Westminster Parliamentary elections. In these elections in Northern Ireland, given the local difficulties of political campaigning (for example, door-to-door canvassing) the Government provides a free mailing for all candidates. I believe this facility is made available only at general elections in the rest of the United Kingdom. This would be a relatively straightforward way of assisting the parties. It could be defended against claims that it sets a precedent for future UK referendums by pointing out that this is a special facility which already applies to Northern Ireland because of the special circumstances there.

It would be my intention to make these facilities available to all ten parties elected to the talks, provided they had not been expelled or suspended from the talks at the relevant time.

The cost of each free mailing will be approximately £948,000 (which would need to be found from within the NI Block). Legislative provision would be made in the referendum and election Orders.

Because of the tight timescale, it would be most helpful to receive comments from colleagues by Friday 3 April.

I am copying this to members of CRP, George Robertson, John Morris and to Sir Richard Wilson.

**MARJORIE MOWLAM**



RESTRICTED - POLICY

File



10 DOWNING STREET  
LONDON SW1A 2AA

From the Prime Minister's Chief of Staff

**MINISTER WITHOUT PORTFOLIO**

**OFFICE MEETING, 30 MARCH 1998**

Alastair Campbell, Peter Hyman, Philip Gould and Anji Hunter to draw up a "counter-pattern" strategy to counter the Tory attacks on sleaze and perks. This should be ready for discussion at next Monday's meeting.

We need to hold quick meetings when problems arise (e.g. Derry or Murdoch), so that we hammer out an agreed line and then stick to it.

The Prime Minister said he would need to speak to Adair Turner after his meeting with the trade unions this afternoon and his dinner with John Monks. The aim was still to have equal grief on both sides.

The Prime Minister said he would like to see Paul McKinney and a short list for General Secretary of the Party in Scotland.

The Prime Minister asked for a note from David on education policy. Was the position on student loans under control?

I am copying this minute to David Miliband, Peter Hyman, Alastair Campbell, Alun Evans, Sally Morgan, Bruce Grocott, Anji Hunter, and to all members of the Private Office.

A handwritten signature in dark ink, appearing to read 'J.P.' followed by a flourish.

JONATHAN POWELL

30 March 1998

RESTRICTED - POLICY



DCO

file  
on  
Add 25B



10 DOWNING STREET  
LONDON SW1A 2AA

From the Prime Minister's Chief of Staff

**SIR RICHARD WILSON  
CABINET OFFICE**

I enclose a copy of a letter which the Prime Minister has received from Alan Howarth.

I should be grateful for your advice, together with a draft reply for the Prime Minister's signature, to reach me by Tuesday, 8 April.

**JONATHAN POWELL**

25 March 1998

*JP*



JJA  
file

# HM Treasury



Parliament Street  
London SW1P 3AG  
Tel 0171 270 4360  
0171 270 5158  
Fax 0171 270 4834

Sir Terence Burns GCB  
Permanent Secretary

George Galloway MP  
House of Commons  
LONDON SW1A 0AA

23 March 1998

Dear Mr Galloway,

Thank you for your letter of 25 February. I have noted your comments.

Charlie Whelan was appointed by the Chancellor, to whom he works. I have passed your letter to the Chancellor, who would be the appropriate person to talk to in this instance.

Yours sincerely,

Terry Burns

T BURNS



RESTRICTED - PERSONAL



File

From: Jonathan Powell  
Date: 19 March 1998

Sir Richard Wilson

cc: Alastair Campbell  
Rob Read  
Angus Lapsley

LETTER FROM JOHN MAJOR

I attach a letter from John Major, marked personal. I would be very grateful if you could let us have advice on a draft reply, particularly the question of whether or not the guidance on being accompanied by a spouse or partner has changed from the previous administration.

I assume the answers to his questions are: i) the guidance has not changed, ii) we can't help him on whether or not the partner of a Tory Minister was ever allowed to travel but presumably he knows the answer himself, and iii) one, Doug Henderson's partner, already in the public domain (Robin has paid for all Gaynor's trips so far).

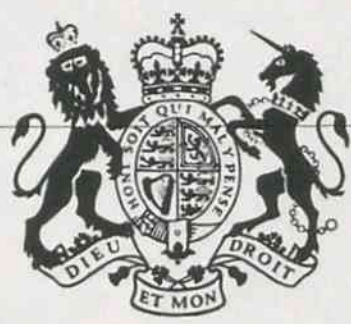
John Rg

RESTRICTED - PERSONAL



File

**Jonathan Powell**



**From:** Rob Read  
**Sent:** 17 March 1998 22:46  
**To:** Jonathan Powell; Alastair Campbell; Sue Jackson; Sally Morgan  
**Cc:** Rob Read  
**Subject:** DOWNEY REPORT: SILVERSTONE

Alan Sandall Clerk to S+P cttee tells me that report now being published Thursday at 11.00am since Cttee had to reconvene this evening 6pm to agree their report.

I gather from other sources (which should be reliable) that cttee had to agree with Downey that the visit "was registrable" - since Downey estimates the cost at around £300 per person.

They have not technically agreed the Downey report itself, since some on the cttee (presumably Labour) wanted to query this costing (as too high) but Downey would not write again to TB and ask him for his estimate of the cost. So they will not agree the cost estimate.

If this is true, not sure how this squares with the earlier assessment that this was basically OK? I am awaiting word from Whips.

Rob

*PM*  
*The news story is it was published at the time*  
 Nick tells me the report will say you should have registered, your letter is considered registration @ there is no core to answer @ no criticism.  
 I am afraid the Tories will be able to use this, but have alerted Alastair so we can have people nearby it clear there is no core to answer.

*J.R.*

*18/3*





10 DOWNING STREET  
LONDON SW1A 2AA

From the Prime Minister's Chief of Staff

**MINISTER WITHOUT PORTFOLIO**

---

**DAILY MAIL STORY: BULLYING BY MINISTERS**

Liz Symons has looked at this for us and discussed it with the FDA. There is no truth to the story. The FDA is having a discussion meeting about overloading since the election but they are not discussing bullying and Ministers do not feature in the discussion at all. The issue at hand is how to deal with the greatly increased workload since the election and how they should discuss this further with Civil Service managers. I think we can therefore dismiss the story pretty comprehensively if it resurfaces.

I am copying this minute to Alastair Campbell.

*Jonathan Powell*

**JONATHAN POWELL**

17 March 1998





HOUSE OF COMMONS  
LONDON SW1A 0AA

FROM THE RT. HON. JOHN MAJOR, MP

*Russell*

16<sup>th</sup> March 1998

*Dear Tony,*

I have received a number of letters, the contents of which puzzle me. They relate to comments apparently made either by the Number 10 Press Office - or perhaps by Ministers - to the effect that there has been no change in the system of approving the accompaniment of a Minister by his or her spouse on public duties.

I am being asked upon how many occasions I approved a non-spouse accompanying a Minister, or a partner of the same sex accompanying a Minister. To the best of my knowledge there was no occasion where this occurred between 1979 and 1997 and certainly not between November 1990 and 1997.

However, I understand that such approval has been given over recent months (or so my correspondents tell me), in which case the Guidance has either changed, or is being interpreted differently from hitherto.

In order that I might reply to the letters I have received, I would welcome your advice upon:






- i) whether the Guidance has changed;
- ii) whether the interpretation of the Guidance has changed; and
- iii) if so, how many non-spouses, or partners of the same sex, have accompanied Ministers at public expense, since 1<sup>st</sup> May, 1997.

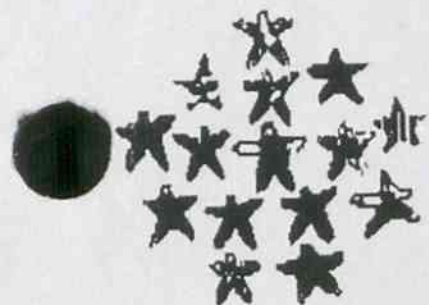
I am sorry to bother you with this, but since it is apparently being said that policy has not changed, I would be grateful for your advice so that I might reply accurately to the enquiries put to me.

*Yours Ever,*  
*John*



The Prime Minister





UK Presidency of the  
European Union

The Rt. Hon. Margaret Beckett MP  
President of the Board of Trade



Secretary of State  
Department of  
Trade and Industry

1 Victoria Street  
London  
SW1H 0ET

Direct Line: 0171-215 5430

Enquiries: 0171-215 5000

E-Mail Address:  
TLO.beckett@TLO.dti.gov.uk

The Rt Hon Paddy Ashdown MP  
House of Commons  
London  
SW1A 0AA

13 March 1998

*Dear Mr Ashdown*

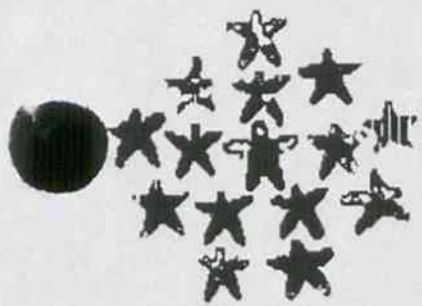
Thank you for your letter setting out your concerns about the editorial independence of The Times and asking me to satisfy myself that the conditions attached to the transfer of the title to News International in 1981 have not been breached.

The conditions relating to safeguards on editorial independence required, amongst other things, that certain changes should be made to the Articles of Association of the companies involved before the 1981 transfer. Amongst these were that editors shall not be subject to any restraint or inhibition in expressing opinion or in reporting news that might directly or indirectly conflict with the opinions or interests of any of the newspaper proprietors, and that any dispute between the editors and the directors shall be referred to the Independent National Directors. The necessary changes were made on 13 February 1981 in fulfilment of these conditions.

Under this framework, any disputes between the management and editor relating to issues concerning a breach of editorial independence, as, for example, raised by Mr Mirsky in his lecture regarding The Times' coverage of China and Hong Kong, are therefore a matter for the Editor of The Times, and the Independent National Directors (Sir Alastair Burnett, Mr John Gross, Lady Brigstocke, Lord Harris of High Cross, and Lord Marlesford) and not for the Government.

I understand that Times Newspapers Holdings Limited issued a press notice to the Press Association on 10 March stating that the Independent National Directors met the Editor of The Times, "in particular about allegations that Mr Murdoch had suppressed criticism in The Times of the Chinese regime in





UK Presidency of the  
European Union

contravention of the undertakings he had given on editorial independence". The statement continues "the Independent National Directors then reported to the main board that they were completely satisfied that there had been no breach of the undertakings".

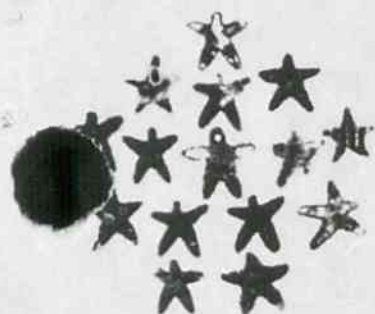
I would be directly involved in questions relating to editorial independence only if there were an attempt to change the Articles of Association in ways affecting these matters. Under another of the conditions of consent, this can only be done with the Secretary of State's consent, and it would be a criminal offence to proceed with such change without it. I can confirm that my officials have obtained copies of the Articles of Association for Times Newspapers Holdings and Times Newspapers Limited from Companies House, and no such change has been made.

Yours sincerely

MARGARET BECKETT

(Approved by the President  
and signed in her absence)





UK Presidency of the  
European Union

The Rt. Hon. Margaret Beckett MP  
President of the Board of Trade



Secretary of State  
**Department of  
Trade and Industry**

The Rt Hon Paddy Ashdown MP  
House of Commons  
London  
SW1A 0AA

1 Victoria Street  
London  
SW1H 0ET

Direct Line: 0171-215 5430

Enquiries: 0171-215 5000

E-Mail Address:  
TLO.beckett@TLO.dti.gov.uk

13 March 1998

*Dear Mr Ashdown*

Thank you for your letter setting out your concerns about the editorial independence of The Times and asking me to satisfy myself that the conditions attached to the transfer of the title to News International in 1981 have not been breached.

The conditions relating to safeguards on editorial independence required, amongst other things, that certain changes should be made to the Articles of Association of the companies involved before the 1981 transfer. Amongst these were that editors shall not be subject to any restraint or inhibition in expressing opinion or in reporting news that might directly or indirectly conflict with the opinions or interests of any of the newspaper proprietors, and that any dispute between the editors and the directors shall be referred to the Independent National Directors. The necessary changes were made on 13 February 1981 in fulfilment of these conditions.

Under this framework, any disputes between the management and editor relating to issues concerning a breach of editorial independence, as, for example, raised by Mr Mirsky in his lecture regarding The Times' coverage of China and Hong Kong, are therefore a matter for the Editor of The Times, and the Independent National Directors (Sir Alastair Burnett, Mr John Gross, Lady Brigstocke, Lord Harris of High Cross, and Lord Marlesford) and not for the Government.

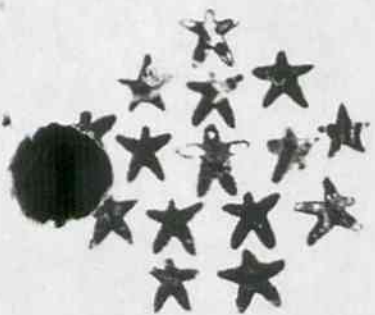
I understand that Times Newspapers Holdings Limited issued a press notice to the Press Association on 10 March stating that the Independent National Directors met the Editor of The Times, "in particular about allegations that Mr Murdoch had suppressed criticism in The Times of the Chinese regime in

JW3134

**dti**

Department of Trade and Industry





UK Presidency of the  
European Union

contravention of the undertakings he had given on editorial independence". The statement continues "the Independent National Directors then reported to the main board that they were completely satisfied that there had been no breach of the undertakings".

I would be directly involved in questions relating to editorial independence only if there were an attempt to change the Articles of Association in ways affecting these matters. Under another of the conditions of consent, this can only be done with the Secretary of State's consent, and it would be a criminal offence to proceed with such change without it. I can confirm that my officials have obtained copies of the Articles of Association for Times Newspapers Holdings and Times Newspapers Limited from Companies House, and no such change has been made.

*Yours sincerely*

*Anthony Phillips*

↗ MARGARET BECKETT

(Approved by the President  
and signed in her absence)





UK Presidency of the European Union

The Rt. Hon. Margaret Beckett MP  
President of the Board of Trade

→ file

cc: James P  
Helen M



Secretary of State  
Department of  
Trade and Industry

1 Victoria Street  
London  
SW1H 0ET

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E-Mail Address:  
TLO.beckett@TLO.dti.gov.uk

Rob Read Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON  
SW1A 2AA

fixed  
copy is with  
J.P.  
10/11  
13/3

13 March 1998

Dear Rob

I attach a draft letter for the PM to send to Paddy Ashdown. I also attach a copy of the President's letter by way of background. In essence any breach of the provisions regarding editorial independence would be a matter for the Independent National Directors, the shareholders or, in the last resort, the civil courts. Only if the Articles of Association were amended to remove such a provision without the Secretary of State for Trade and Industry's prior approval would it be a matter for the Government.

yours

Anthony

ANTONY PHILLIPSON  
Private Secretary

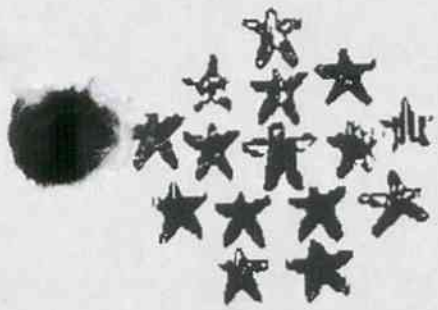


Draft letter from PM to Paddy Ashdown

Thank you for your letter of 11 March. I know that Margaret Beckett has now replied to your letter to her on this matter, explaining that it is for the Independent National Directors of *The Times* to determine any dispute between the management and the editor. As Margaret says, the Independent National Directors reported to the main board that they were completely satisfied that there had been no breach of the undertakings relating to editorial independence.

You also questioned whether the Government would treat Mr Murdoch like any other 'editor'. I can assure you that this is indeed the case - of course the conditions under which consent was given to the transfer of *The Times* and *Sunday Times* to News International continue to have to be complied with. These conditions are not unique - similar provisions protecting editorial independence applied to the transfer of the *Observer* to Lonrho in 1981.





UK Presidency of the European Union

The Rt. Hon. Margaret Beckett MP  
President of the Board of Trade



cc COS  
PU  
AK  
SCU  
VEA/PS

Secretary of State  
Department of  
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Rob Read Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
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13 March 1998

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*Yours*

*Anthony*

ANTONY PHILLIPSON  
Private Secretary



GR (A)

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JL  
RM  
13/3  
Content?  
Reads OK against Hargood.  
(One could add explicit reference to say what was said by IM in house was vindicated. But bit OTT.)





→ LJP  
→ AL/gu

THE SCOTTISH OFFICE  
DOVER HOUSE  
WHITEHALL  
LONDON SW1A 2AU

cc Pu

The Rt Hon John Prescott MP  
Deputy Prime Minister  
Eland House  
Bressenden Place  
LONDON  
SW1E 5DU

9 March 1998

*Dear John,*

#### REGISTRATION OF POLITICAL PARTIES

I am responding to Jack Straw's letter to you of 18 February.

I should be grateful if Jack would let me know whether the SNP take up his invitation to discuss the registration proposals as I should like to be represented at any meeting that is arranged.

As I said in my letter of 9 February to you, I shall wish to extend to the Scottish Parliament the provisions in the Bill for compulsory registration for parties with 2 or more seats at Westminster. We should make an early announcement when the Bill is published that the enabling power to do so will be used. It would be helpful if Ron Davies told us whether he wants to extend the provision to the Welsh Assembly also.

As I have said before, I should like to see the Bill provide that a party may register its name in Gaelic as well as in English, in the same way as a Welsh version of any name may be registered. Otherwise, I understand that a Scottish party would not be able to use the Gaelic form of its name as a description appearing on the ballot paper. This may well be confusing to voters in certain parts of the country where publicity material will be in Gaelic, and different treatment would certainly be resented by Gaelic interests. While Gaelic does not have the same statutory position as Welsh, we are hoping that the UK will sign the Council of Europe Charter for Regional or Minority Languages and ratify it in respect of Welsh and



Gaelic, although not for any other indigenous language. The Bill might therefore provide for registration in Welsh and Gaelic to be treated as a special case.

I am copying this letter to the Prime Minister, to Cabinet colleagues, to the Chief Whip and to Sir Richard Wilson and First Parliamentary Counsel.

*yours sincerely,*  
*Donald Dewar*  
DONALD DEWAR



PERSONAL

File

From: Jonathan Powell

Date: 6 March 1998

**PRIME MINISTER**

**MARGARET BECKETT: BLIND FUND/EXTRA SPECIAL ADVISER**

I minuted you on this a week ago but the papers have not re-appeared from the box. Margaret Beckett is badgering us every other day.

*new source*

My reluctant recommendation is that we should agree to Margaret having a third Special Adviser as long as she closes her Blind Fund straightaway. She will employ as special adviser the person currently employed under the Blind Fund.

I am not terrifically happy with this because it will have implications for other Ministers who will demand parity. On the other hand, it is the only way I can see of avoiding another political fight with her when you least need it.

*J.P. Powell*

**JONATHAN POWELL**





QUEEN ANNE'S GATE LONDON SW1H 9AT

26 MAR 1998

The Rt Hon John Prescott MP  
Deputy Prime Minister  
Eland House  
Bressenden Place  
LONDON  
SW1E 5DU

*John Prescott,*

#### GOVERNMENT EVIDENCE TO THE NEILL COMMITTEE ON FUNDING OF POLITICAL PARTIES

... With my letter of 25 February I attached a draft memorandum of evidence on party funding for the Neill Committee. I now enclose the final text of the Government memorandum which has been sent today to Lord Neill's Committee on Standards in Public Life for its inquiry on the funding of political parties.

The memorandum includes as an appendix the paper on political donations by companies and trade unions circulated with Margaret Beckett's letter to me of 26 February.

In her letter Margaret also referred to my plans for legislation in the current session on the registration of political parties. I am grateful to her for confirming her agreement to the Registrar of Companies acting as the Registrar of Political Parties. My officials have held discussions with the Registrar which I hope will have provided him with the detailed information he needs about the proposed registration system. It is of course vital for the registration scheme to be in place in good time for the elections in May 1999 to the Scottish Parliament and National Assembly for Wales.

Donald Dewar in his letter of 27 February and Ron Davies in his letter of 28 February both indicated that they were content with the evidence to the Neill Committee. I agree entirely with the additional points they both raised about the need to look very carefully at any recommendations from the Neill Committee on national and local limits on election expenses, because of the implications for elections to the Scottish Parliament and National Assembly for Wales.



I do not anticipate much media interest in the Government evidence to the Neill Committee and most attention has focussed on what the political parties have proposed. Nevertheless, I intend to place copies of the memorandum in the libraries of the House and will draw attention to this by way of a response to a written Parliamentary Question.

I am copying this letter to the Prime Minister, to Cabinet colleagues, the Chief Whip and to Sir Richard Wilson.

*Yours ever*

*Jack*

JACK STRAW



# THE COMMITTEE ON STANDARDS IN PUBLIC LIFE INQUIRY ON THE FUNDING OF POLITICAL PARTIES

## MEMORANDUM OF EVIDENCE BY THE GOVERNMENT

### Introduction

1. This Government memorandum is intended to provide background information to assist the Committee on Standards in Public Life with its Inquiry on the funding of political parties and in response to the call for written submissions contained in the Committee's consultation document "Issues and Questions" published on 17 December 1997.

2. The memorandum sets out the current position relating to state financial assistance to political parties and restrictions on expenditure at elections. It deals with the Government's commitment to introduce a ban on the foreign funding of political parties and a requirement that donations above a set limit should be disclosed.

3. The memorandum does not attempt to offer a view on the various questions set out in the "Issues and Questions" consultation document as these cover the very issues on which the Government wishes to hear the advice of the Committee before it takes a view. These are matters on which in any event each of the political parties represented at Westminster is expected to submit their own evidence.

... 4. Additional information, prepared by the Department of Trade and Industry is attached on political donations by companies (Appendix A) and trade unions (Appendix B).

### Registration of Political Parties

5. The Government is to introduce legislation in the current Parliamentary session (1997-98) on the registration of political parties.

6. It was originally proposed to have a joint Bill dealing with both registration and funding of political parties. However, following a request from Lord Neill because of the potential overlap between the Bill and the Committee's Inquiry on the funding of political parties, it was subsequently decided to deal only with registration in this session's legislation.

7. The Registration Bill will have two key purposes. These will be to:

- give a formal legal status to "registered" political parties and thus enable them to field lists of candidates for the proportional



representation systems proposed for elections to the Scottish Parliament, National Assembly for Wales and (in Great Britain) the European Parliament;

- prevent the use of misleading descriptions by requiring the authority of a registered party for the use of its name (or a similar name) and emblem on a ballot paper.

8. In order to achieve these purposes it is intended that the Bill should provide for:

- The compulsory registration of those political parties with two or more seats in the House of Commons (with the possibility of extending compulsory registration to parties represented in the Scottish Parliament, National Assembly for Wales and the European Parliament);
- The voluntary registration of any other political parties;
- A ban on party political broadcasts by parties which are not registered political parties;
- A provision allowing registered parties' candidates to include their party's emblem on the ballot paper;
- Introduction of measures to prevent misleading names (eg "Literal Democrat") on ballot papers and to ensure that the name and emblem of a registered political party can be included in a candidate's description on a ballot paper only with the party's authority.

9. The Bill will not prescribe the type of structure that should apply to the internal organisation of a "registered" political party. Thus a party will be able to register whether it has a centralised national structure or is organised on the basis of a federation of regional or local party groups.

10. Also, because this Bill will not be dealing with questions relating to party funding, it will not introduce any statutory requirement for parties to publish accounts or for their finances to meet particular criteria. It is recognised, however, that such requirements may need to be introduced by future legislation, depending on the Committee's recommendations.

11. It is hoped to have a Registration of Political Parties Bill ready for introduction around Easter. The Bill will need to complete its Parliamentary passage this session. This is so that the process of registration can commence



in good time to ensure that all parties wishing to register have the opportunity to do so prior to nomination for the elections in May 1999 to the Scottish Parliament and the National Assembly for Wales and the elections to the European Parliament in June 1999.

### State Financial Assistance to Political Parties

#### 'Short' money

12. Direct financial aid from public funds to political parties in cash terms is limited to "Financial assistance to opposition parties", also known as 'Short' money. 'Short' money payments were introduced in 1975 to assist opposition parties in providing an effective Parliamentary opposition.

13. 'Short' money allocations amounted to just under £2 million in 1996-97. Funds are allocated to opposition parties according to the number of seats and votes obtained by each party in the previous general election. Assistance is limited to parties with at least two seats in the House of Commons or one seat and a minimum of 150,000 votes cast in the last general election. It was recently extended to cover expenditure by the two main opposition parties in the House of Lords.

#### Broadcasting

14. Political parties receive indirect financial aid in the form of free broadcasting air time for party political and party election broadcasts. At the same time paid advertising on behalf of political parties on radio and television is prohibited under the Broadcasting Act 1990.

15. The Government's proposed legislation on the Registration of Political Parties will introduce a requirement that only registered political parties will be eligible for any form of party political broadcast.

16. In addition the BBC, Independent Television, Radio Authority and S4C issued a joint consultation paper on 20 January on the future shape of party political broadcasting. The broadcasters have invited comments by 31 March 1998, on a number of proposals including a suggestion to move the focus of party political broadcasting to election campaigns.

17. Certain restrictions apply to broadcasts during elections. Section 93 of the Representation of the People Act 1983 as amended by the Broadcasting Act 1990 prohibits broadcasts involving one candidate in a constituency without agreement of the other candidates. In addition Section 92 restricts the use of foreign radio or television to influence voters at an election in this country.



### Costs of policing at party conferences

18. A proportion of the additional costs of policing the two main party conferences is met from Government funds. For 1998/99 the Government has agreed to give additional grant under Section 48 of the Police Act 1996 of £750,000 to both Lancashire and Dorset Police Authorities to assist with the costs of safeguarding national security at the 1998 Labour and Conservative Party Conferences. The total additional costs of policing these events is estimated at about £1.3 million by Lancashire and Dorset. The balance will be found from the forces' existing budgets.

19. In addition certain security expenditure incurred by the main political parties on the advice of the police can be reimbursed under Section 170 of the Criminal Justice and Public Order Act 1994. Under existing arrangements, grants are paid to eligible parties on that part of the cost of their main annual conference considered necessary to:

- (a) compensate hotel owners and other traders for loss of business while their premises are closed for search before the conference and for security purposes during it;
- (b) meet the cost of security personnel and technical equipment hired by the party for carrying out searches of those attending during the conference; and to
- (c) meet 60% of the cost of producing and distributing photographic security passes for the conference.

20. The basis for additional Government funding for additional policing costs in Scotland is that such costs can be incurred due to the need to protect senior political figures attending party conferences and might reasonably be regarded as to do with national security rather than general policing. In these circumstances, funding under the national security grant provisions of Section 56 of the Police and Magistrates' Courts Act 1994 will apply. In recognition of the costs involved in policing the Scottish Conservative Party conference in Aberdeen in 1996, Ministers agreed to make a special grant of £154,000 which met in full the unbudgeted element of these costs to Grampian Police Joint Board. On reimbursement of security costs at party conferences, the Government's policy is that payment should only apply to the party's main (national) conference and so there has been no funding of these costs in Scotland.

21. Information on the costs of policing party conferences in recent years, including reimbursement of parties' security expenditure, was set out in answer



... to a Written Parliamentary Question on 7 November 1997 (copy attached at Annex A).

### Candidates' election meetings

22. Sections 95 and 96 of the Representation of the People Act 1983 allow candidates at elections to use, free of charge, rooms in schools and meeting rooms which are maintained out of public funds, in order to hold election meetings. This applies to independent candidates as well as candidates representing political parties. Information is not held on the extent to which candidates avail themselves of this provision nor the extent of the financial benefit to political parties.

### Candidates' election communications

23. All candidates at Parliamentary elections (including independent candidates) are entitled to free postage for one election communication to each address or every elector in the constituency. The cost of providing this service to candidates at the 1997 general election was £20.5 million.

### Limits on expenditure

#### Candidates' election expenses

... 24. Since the nineteenth century limits have been imposed on expenditure locally by or on behalf of candidates at elections. Tables published in response to a Parliamentary Question on 16 December 1997 (Annex B) show that in real terms the value of local expenditure has declined, no doubt being replaced by a higher level of expenditure at a national level by political parties. Final figures for the 1997 general election are not yet available but it is estimated that the total of candidates' election expenses (including personal expenses) was some £13.4 million.

25. Maximum levels of expenditure by candidates at Parliamentary elections are laid down in section 76 of the Representation of the People Act 1983. The maxima are increased from time to time, to take account of inflation, by an Order made by the Home Secretary under section 76A of the 1983 Act. Such Orders are subject to affirmative resolution by both Houses of Parliament.

26. The maximum levels of candidates' election expenses were last increased in March 1997 and are currently laid down in the Representation of the People (Variation of Limits of Candidates' Election Expenses) Order 1997. The maximum amount a candidate may spend at a Parliamentary general election is £4,965 plus an additional 5.6 pence per elector for county constituencies and £4,965 plus an additional 4.2 pence per elector in borough constituencies. Full



... details of the limits on expenditure at Parliamentary and local government elections are set out at Annex C.

27. A true return as to election expenses must be delivered to the returning officer within thirty-five days after the day on which the result of the election is declared. Failure to make a return as to election expenses is an illegal practice (ie liable to a fine not exceeding scale 5 on the standard scale, currently £5,000, and various electoral penalties could also be incurred). If a successful candidate was found guilty of an illegal practice on these grounds, his election could be declared void on an election petition. A candidate or election agent who knowingly makes a false declaration as to election expenses is guilty of a corrupt practice, and on conviction could be barred from voting for up to 5 years and from standing for election for up to 10 years.

28. A higher limit on expenses applies at a Parliamentary by-election than at a general election because of the fact that by-elections may lead necessarily to a higher level of campaigning by the candidates and their parties at a local level compared with general elections when candidates have the benefit of a high level of national campaigning.

29. Certain expenditure, such as treating electors to food or drink, payments to canvassers or hiring vehicles to take electors to and from the poll is expressly forbidden by the 1983 Act.

### The Bowman judgement

30. Section 75 of the Representation of the People Act 1983 prohibits any expenditure in support of a candidate at an election (or disparaging another candidate) if it exceeds £5, unless incurred by the candidate or his election agent or by persons authorised by the election agent. Thus local expenditure by a 'third party' has been effectively prohibited unless approved and accounted for with the candidate's election expenses.

31. This provision was challenged before the European Court of Human Rights on a complaint by Mrs Phyllis Bowman, executive director of the Society for the Protection of the Unborn Child who had been charged under Section 75 following distribution of 25,000 leaflets on the views about abortion of candidates in Halifax during the 1992 general election campaign. The Court ruled in its judgement on 19 February 1998 that this legislation restricted Mrs Bowman's freedom of speech and was therefore a breach of Article 10 of the European Convention on Human Rights (an extract from the judgement is at Annex D).



32. The Government will consider this judgement and its implications very carefully and would be grateful if the Committee could look at this aspect of election expenses within its wider review of party political funding.

### Limits on national expenditure

33. Although limits on election expenditure have always been based on the amount that any individual candidate can spend, with a move to list based electoral systems it will no longer be sustainable to rely simply on limits on the expenses of individual candidates. Elections in 1999 to the Scottish Parliament, National Assembly for Wales and European Parliament will all include candidates elected under a list system of proportional representation.

34. The Government is considering what new rules should be created to accommodate the new electoral systems. Options would include limiting total party expenditure, either within individual regions or nationally, and seeking to apportion national expenditure to regions. The Government will be guided in this by the recommendations of the Committee's inquiry.

35. The European Parliamentary Elections Bill, which provides for the introduction of a regional list system for elections to the European Parliament, contains a power allowing regulations to be made governing candidates' and parties' election expenditure. It has been drafted deliberately to be as wide as possible so as not to preclude, at this stage, any of the options. Similar powers allowing for the limitation of election expenses of candidates and of registered political parties are included in the Scotland Bill and Government of Wales Bill in respect of elections to the Scottish Parliament and the National Assembly for Wales.

### Funding of Political Parties

36. The Government made clear in its election manifesto that it is committed to the banning of foreign funding of political parties and to require the disclosure of donations above a certain figure.

37. The Home Secretary announced on 28 January that the Government had decided to defer introducing legislation on party funding in the current (1997-98) Parliamentary session because of the simultaneous consideration of these issues by Lord Neill's Committee. He made clear that the Government remains firmly committed to legislate in this area and will bring forward proposals in the light of the recommendations of the Neill Committee.

38. In relation to foreign funding it would be helpful to know the views of the Committee on how foreign funding should be defined, whether personal donations should be restricted to persons on the electoral register eligible to



vote in the United Kingdom, how to define foreign donations in relation to companies and voluntary associations and how to prevent these from being used as a way of circumventing any ban on foreign funding.

39. In relation to transparency it would be helpful to have the views of the Committee on the mechanics for the disclosure of donations. The Government has already stated that full details of donations above £5,000 should be disclosed, but the Committee may have views on how this should be done and whether, for example, there should be a separate level for acceptance or rejection of anonymous donations and the timing of disclosure.

40. Finally it would be helpful to have the advice of the Committee on how any recommendations on the future financial arrangements of political parties might be linked with the Government's proposed legislation on the registration of political parties.

Home Office  
February 1998



## Party Conferences (Security)

Mr. McNamara: To ask the Secretary of State for the Home Department what was the cost of security arrangements for each party political conference held in 1997; and what was such expenditure in each of the preceding three years. [13084]

Mr. Michael [holding answer 6 November 1997]: The information requested is set out in the table. In 1996, Dorset Police was given £1.5 million, and this year Lancashire Constabulary and Sussex Police were each given £750,000 in extra Government funding as a contribution towards the additional costs of safeguarding national security at Party conferences in their area.

## Cost of policing Party Conferences

Force	£			
	1997	1996	1995	1994
<i>Conservative Party</i>				
Lancashire	'2.5-3 million	—	'662,000	—
Dorset	—	2,847 million	—	2,671 million
<i>Labour Party</i>				
Sussex <sup>1</sup>	'2 million	—	32,000	—
Lancashire	—	2,620 million	—	'90,000
<i>Liberal Democrat Party</i>				
Nottinghamshire	—	Nil	—	—
North Yorkshire	—	—	Nil	—
South Wales	380	—	—	Nil
Sussex <sup>2</sup>	Nil	6,000	—	3,500

<sup>1</sup> Estimate.

<sup>2</sup> Lancashire Constabulary and Sussex Police are only able to provide additional costs which are essentially overtime, transport and accommodation costs.

In addition, some security expenditure incurred by the political parties on the advice of the police can be recovered from the Home Office in accordance with section 170 of the Criminal Justice and Public Order Act 1994. The reimbursed costs are set out in the table:

Year	£	
	Conservative Party	Labour Party
1994	463,165	153,449
1995	533,392	65,000
1996	554,806	528,773
1997	n/a	n/a

n/a = not available.



General Elections

Mr. Healey: To ask the Secretary of State for the Home Department what statistics his Department collates on expenditure of candidates in general elections. [21503]

Mr. Straw: The total expenses of candidates in general elections between 1857 and 1992 are set out in the tables below. Table 1 shows the actual expenditure. Table 2 has the figures indexed to 1992 prices.

The figures for the 1997 general election are not yet available.

Table 1: General elections, 1857 to 1992 total expenses of candidates

<i>£ million</i>			
<i>Year</i>	<i>Expense</i>	<i>Year</i>	<i>Expense</i>
1857	0.43	1929	1.21
1859	0.40	1931	0.65
1865	0.71	1935	0.72
1868	1.29	1945	1.07
1874	1.02	1950	1.17
1880	1.62	1951	0.95
1885	0.79	1955	0.90
1886	0.49	1959	1.05
1892	0.76	1964	1.23
1895	0.62	1966	1.14
1900	0.63	1970	1.47
1906	0.96	1974 February	2.10
1910 January	1.07	1974 October	2.26
1910 December	0.79	1979	3.69
1918	—	1983	6.31
1922	1.02	1987	8.31
1923	0.98	1992	10.78
1924	0.92		

Notes:

Figures are not available for the 1918 election.  
Includes personal expenses.

Table 2: General elections expenditure at 1992 prices 1857-1992

<i>£ million</i>			
<i>Year</i>	<i>Expenditure</i>	<i>Year</i>	<i>Expenditure</i>
1857	26.51	1929	38.30
1859	25.09	1931	21.32
1865	39.72	1935	24.73
1868	72.97	1945	22.57
1874	53.20	1950	19.91
1880	93.96	1951	14.75
1885	49.18	1955	12.01
1886	30.45	1959	11.88
1892	47.10	1964	12.16
1895	39.16	1966	10.39
1900	35.87	1970	11.31
1906	56.00	1974 February	10.49
1910 January	61.48	1974 October	11.32
1910 December	45.52	1979	8.89
1918	—	1983	10.32
1922	27.23	1987	11.35
1923	29.08	1992	10.78
1924	27.79		

Notes:

Figures are not available for the 1918 election.  
Includes personal expenses.



## CURRENT LIMITS ON CANDIDATES' ELECTION EXPENSES (at March 1997)

	<u>basic sum</u>	<u>+ per elector</u>
Parliamentary general election	£ 4,965	5.6p (county constituency) 4.2p (borough constituency)
Parliamentary by election	£19,863	22.2p (county constituency) 16.9p (borough constituency)
Local government and City of London	£ 219	4.3p
Liveryman in common hall		23.3p
European Parliamentary election	£13,175	5.7p (as from March 1994)



## POLITICAL DONATIONS BY COMPANIES

### Introduction

1 This paper sets out the current legal position with regard to a political donation by a company and examines the main ways in which it has been suggested that the Companies Act 1985 might be amended. The paper begins by providing background information on the main principles of company law, in order to help set the specific rules relating to political donations by companies in a broader legal context.

### The nature of a limited liability company incorporated under the Companies Act

2 From the date of incorporation, a company becomes a body corporate or corporation. It is an artificial legal person with rights and duties distinct from its members or shareholders.

3 Every company must have a memorandum of association, which is filed with the Registrar of Companies on a company's incorporation. The memorandum outlines a company's constitution and defines the scope of a company's powers. Section 2(1) of the Companies Act 1985 ("the Act") requires that the memorandum must state the objects of the company. A company cannot enter into activities and contracts which are outside its objects clause as it would then be acting *ultra vires*, or beyond its powers, although, if it does act *ultra vires*, the validity of such activities and contracts as regards third parties is preserved by section 35 and 35A of the Act..

4 Many commercial companies have an objects clause which will allow the company to carry on any trade or business whatsoever and to do all things that are incidental or conducive to the carrying on of any such trade or business. A company's objects should be reasonably interpreted, and whatever is incidental to the objects set out in the memorandum should be regarded as *intra vires*, that is, within the company's powers, unless expressly forbidden.

5 Many large companies, including most of those with an official listing on the London Stock Exchange, will have an objects clause which explicitly permits the company to make donations for charitable or other reasons. A typical clause would allow the company to support, or subscribe to, any charitable funds or institutions, or any benevolent schemes or projects of public or general interest, where the directors consider that the company's support may be considered likely, directly or indirectly, to further the objects of the company or the interests of its members.

6 Section 7 of the Act states that a company limited by shares may register with the memorandum articles of association signed by the subscribers to the memorandum



and prescribing regulations for the company. (Companies limited by guarantee and unlimited companies must register articles of association). The articles govern the rights of members among themselves and set out the way in which a company must conduct its affairs.

7 The Secretary of State may prescribe by regulations model articles of association. In the case of a company limited by shares, the model articles known as Table A will constitute the company's articles if articles are not registered, or to the extent that such articles adopt or do not disapply Table A.

8 The Articles of Association of almost all companies delegate the power of managing the company to the directors. Article 70 of the Model Articles set for a company limited by shares under The Companies (Tables A to F) Regulations 1985 states that:

“Subject to the provisions of the [Companies] Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given”.

9 In managing the company, directors have a duty to act in good faith and in the interests of the company i.e. for the benefit of the shareholders as a whole. They also have a duty not to use their powers for an improper purpose.

#### Position and rights of shareholders

10 The main rights of a member relevant to a company making a donation for political purposes are that:

- he is entitled to a copy of the memorandum and articles of the company and, unless provided otherwise by the articles, to receive a notice of general meetings;
- he has a right to vote at company meetings;
- he is entitled to receive a copy of the company's annual accounts, together with a copy of the directors' report for that financial year and the auditors' report on the accounts, at least twenty-one days before a general meeting;
- he may, on his own or with other members, requisition a general meeting and circulate resolutions provided the statutory requirements are met;
- he is entitled to a dividend, when a dividend has been duly declared.

11 Shareholder approval for political donations is not presently required by statute.



*Current provisions in company law relating to donations by companies for political purposes*

12 The current regulatory provisions in company law on political donations relate only to **disclosure**. A company is required by Schedule 7 to the Companies Act 1985 to give the following information in the directors' report:

- (i) the name of each person to whom money has been given for political purposes exceeding £200 in amount, and the amount of money given;
- (ii) if money exceeding £200 in amount has been given by way of donation or subscription to a political party, the identity of the party and the amount of money given.

13 Under Schedule 7, a company is to be treated as giving money for political purposes if, directly or indirectly-

- (a) it gives a donation or subscription to a political party of the United Kingdom or any part of it; or
- (b) it gives a donation or subscription to a person who, to the company's knowledge, is carrying on, or proposing to carry on, any activities which can, at the time at which the donation or subscription was given, reasonably be regarded as likely to affect public support for such a political party.

14 **Shareholders' current powers** in relation to political donations are in practice very limited. Given the management powers conferred on directors by the Articles, shareholders seeking to prevent a company's directors from making political donations would appear to have three possible courses of action:

- (a) *challenge the donations in court on the grounds that the making of political donations fell outside the objects clause in the company's memorandum*

The objects clause sets out the objects for which a company is formed. A company cannot enter into activities and contracts which are outside its object clause as it would then be acting *ultra vires* although the validity of such activities and contracts as regards third parties cannot be challenged. A shareholder may, however, seek to obtain an injunction restraining a director from engaging in future action of such kind. The company may also institute proceedings against a director for breach of duty and for recovery of the amounts disbursed by the director in breach of the company's constitution. It is, however, very unlikely that a legal challenge on these grounds would be successful. Most objects clauses are expressed very broadly, and whatever is incidental to the objects set out in the memorandum would be regarded as *intra vires* unless expressly forbidden. It is implicit in the disclosure requirements in Schedule 7 of the Companies Act 1985 that political donations are not necessarily beyond the capacity of a company. The courts are



extremely reluctant to review any business decision of the board on its merits, although they might take a more interventionist approach in relation to non-commercial companies, e.g. when asked to decide whether a decision by an incorporated charity was within such a company's constitution.

*(b) challenge the donations in court on the grounds that the directors were not acting in the interests of the company*

A shareholder could also challenge the making of a political donation on the grounds that the directors were breaching their fiduciary duty to act in the interests of the company. It is, however, highly unlikely, for the type of reason discussed in the paragraph above, that the courts would seek to review the merits of the directors' decision and declare the donation invalid.

*(c) require the directors to obtain prior shareholder approval by amending the company's Articles or by giving directions under the Articles*

This would require the passing of a special resolution at a general meeting. Members holding 5 per cent of the total voting rights, or not less than 100 members holding shares on which there has been paid an average sum per member of not less than £100, may on giving six weeks' notice to the company require it to send to all members notice of a resolution that they intend to move at the next annual general meeting. The difficulties of collective action by shareholders in the face of a hostile management are well known, however, and an attempt to give directions to the directors would be an unusual intervention by shareholders in the management of the company. In the case of a listed company, a resolution to amend the Articles could not be carried without the support of almost all of the company's institutional shareholders because of the requirement that at least seventy-five per cent of votes are cast in favour of the resolution.

15 Shareholders could also put down an ordinary resolution on political donations. Although this would not be binding on the directors, even if passed by a huge majority on a poll vote, it would carry moral weight.

### *Possible reform of company law in respect of donations by companies for political purposes*

#### Disclosure of donations

16 The disclosure requirements in the Companies Act 1985 are already, in many respects, tightly drawn. In particular, the threshold for disclosure of money donations is set at a level below that which has been suggested by most commentators for disclosure by political parties. It would, however, be possible to strengthen or broaden the disclosure requirements by, for example:



- requiring the disclosure of donations or subscriptions to foreign political parties;
- requiring the disclosure of the estimated money value of all gifts or loans for political purposes;
- requiring the disclosure in the directors' report of any connection by a director with a political organisation which might be considered to constitute a conflict of interest e.g. membership by a director of a political party to which a donation had been made.

Increasing the power of shareholders over donations

17 The options for reform which have been put forward include:

- (a) a requirement on companies to obtain shareholder approval before making political donations;
- (b) a requirement on companies to ballot shareholders about the making of political donations if they made such donations in the preceding financial year;
- (c) a requirement on companies which wish to make political donations to establish a separate political fund;
- (d) a requirement on companies to give a "rebate" to a shareholder who has notified the company of his or her objection to the political contribution which is proportionate to his or her shareholding in the company.

18 Under **option (a)**, directors would be obliged to obtain prior approval from shareholders for political donations by the company. A provision to this effect in the Companies Act would override any contrary provisions in a company's memorandum and articles. The amendment to the Companies Act could be drafted in a number of different ways:

- it could be drafted to permit the board to seek a general and unlimited agreement from shareholders, so that the directors were left with total discretion over the amount, timing and recipient of future donations;
- the board could be required to seek shareholders' approval annually for expenditure up to a prescribed limit;
- there could be a requirement for the board to seek shareholders' approval for each individual donation before it was made.

19 There is arguably no precedent in the Companies Act for a requirement on directors to obtain shareholder approval before they carry out an action which they consider likely to further the objects of the company. It may be considered, however,



that the Schedule 7 disclosure requirements already make an implicit distinction between political and charitable donations and more routine types of business expenditure. It may also be considered that, in a case where one of the directors was a member of the political party to which a donation was to be given, there could be a conflict between the director's personal interests and his duty to the company which would make such a requirement analagous to the requirements for shareholder approval under Part X of the Companies Act 1985. The annex to this paper describes the types of proposals by the board which, under the Act, do require shareholder approval.

20 **Option (b)** would be similar to the amendment moved by Lord Williams of Elvel at Committee stage in the Lords during the passage of the Companies Act 1989, which would have required that, where a directors' report disclosed that political donations had been made, that part of the report should not be signed, but should be put to the general meeting for approval by ordinary resolution. This would give shareholders a right to vote on political donations, but would not give them the power to prevent such donations being made. Since shareholders can already make their views known to directors, by, for example, formally putting the question of donations on the agenda of a general meeting, this option would add little of substance to shareholders' existing rights. In any event, the Act requires the report as a whole to be signed and not a part of it. It is difficult to see what the consequences of shareholder disapproval would be. The donation would already have been made, and refusing to accept a report of what had occurred would neither cause the donation to be repaid nor prevent the directors from making further donations in the future.

21 **Option (c)** would oblige companies that wished to make donations for political purposes to establish a political fund entirely separate from other company funds. It is likely that, under this option, a percentage of dividends payable to shareholders would be put into a political fund; shareholders who objected to payment of part of their dividend to a political party would have the right not to contribute, and to receive the full value of their dividend payment.

22 There are two main arguments which may be put forward against option (c):

- It departs from the orthodox view that political donations are made by the directors to promote the interests of the company. They are thus an expense in earning the return to shareholders, not part of that return itself. Under this option, however, political contributions would be viewed as the expenditure of funds which rightly belong to the shareholder; if donations were made under this option, they would therefore be made by the fund representing the shareholders rather than by the company. This would be novel in legal terms. If a company's assets were put in such a fund, the company would no longer be the beneficial owner of the assets, and provision would need to be made for the operation and safeguarding of the fund. There would also be taxation implications for the shareholders.
- There would be considerable costs and bureaucracy involved in allowing individual shareholders to choose the destination of the fund. Even a



collective decision-making procedure would incur costs which would, presumably, have to be financed by or from the political fund itself. It is likely, therefore, that the whole business of setting up and running such a fund would be unattractive to most companies.

23 A donation which has been made by a company to a political party cannot be cancelled or stopped by subsequent action by the company or its shareholders. **Option (d)** would not therefore strictly be a "rebate", since the company would have the legal authority (subject, if so required, to shareholder approval) to make the donation. In practice, the company would be making a parallel contribution from its funds to some of its shareholders. This would be novel in terms of company law and would require primary legislation.



## TYPES OF PROPOSALS BY THE BOARD OF DIRECTORS WHICH REQUIRE SHAREHOLDER APPROVAL

The Companies Act 1985 requires shareholder approval in respect of the following types of proposals by the board of directors:

*(a) Proposals for fundamental change to the company*

Such proposals require the passing of a special resolution. Under section 378(2) of the Act, a resolution is a special resolution when it has been passed by a majority of not less than three-fourths of such members as (being entitled to do so) vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. The following are some of the changes requiring a special resolution:

- alteration of the objects clause in the memorandum;
- alteration of the articles;
- reduction of share capital;
- approval of an *ultra vires* transaction i.e. relieving a director of liability for causing the company to engage in activity beyond its capacity.

*(b) Proposals relating to the proper governance of the company*

These proposals may be passed by ordinary resolution:

- [for public companies only] the appointment of auditors;
- the remuneration of auditors appointed by the company in general meeting.

The Act does not require shareholders to approve the appointment of directors but it does require that, in the case of a public company, each proposed director must be voted on individually unless there is unanimous consent to a block resolution.

*(c) Proposals where a director's personal interests might conflict with his duty to the company*

Part X of the Companies Act 1985, which deals with the enforcement of fair dealing by directors, requires prior approval by ordinary resolution in each of the following circumstances:

- payment to a director by way of compensation for loss of office (that is, payment beyond his contractual entitlement);
- a contract of employment for a director for more than 5 years;
- substantial property transactions between a director and the company.



Articles of association commonly require companies to seek approval by ordinary resolution before distributing the dividend. Since 1996, the Stock Exchange Listing Rules have required listed companies to obtain shareholder approval for directors' long-term incentive schemes prior to their adoption, because they potentially commit shareholders' funds for more than one year ahead, or dilute the equity.



Trade Union Political Funds

Under existing law<sup>1</sup>, a trade union wishing to spend money on party political activities must set up a separate political fund for this purpose. It is unlawful for unions to spend money from their general funds on political objects. Trade unions must also comply with certain statutory requirements in setting up and running political funds. For example, when establishing a fund all union members must be balloted by post. The ballot is subject to independent scrutiny. A ballot gives unions the ability to maintain a political fund for ten years. If a union wishes to retain the fund beyond that time, it must re-ballot its members.

Each union member has a right to "contract out" of paying the levy to his union's political fund. Unions with political funds must inform their members accordingly after a ballot occurs and make available to individual members a form with which they can claim the right to contract out.

If union members consider their unions have breached any statutory requirement in respect of establishing or operating a political fund, then they can complain to the courts or the Certification Officer to seek the appropriate remedy.

Enclosed is a Government booklet which describes in greater detail the statutory requirements in respect of political funds.

It is Government policy that the key elements of the trade union legislation of the 1980s should stay.

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<sup>1</sup> Principally Sections 70 - 91 of the Trade Union and Labour Relation (Consolidation) Act 1992.



FROM THE DEPUTY PRIME MINISTER

→ file



DEPARTMENT OF THE ENVIRONMENT,  
TRANSPORT AND THE REGIONS

ELAND HOUSE  
BRESSENDEN PLACE  
LONDON SW1E 5DU

TEL: 0171 890 3011  
FAX: 0171 890 4399

OUR REF: PT/PSO/3697/98

The Rt Hon Jack Straw MP  
Home Secretary  
Queen Anne's Gate  
LONDON  
SW1H 9AT

- 5 MAR 1998

Top n n  
c: JPB  
PV

### REGISTRATION OF POLITICAL PARTIES BILL

Thank you for your letter of 18 February, inviting further comments on your proposals for the registration of political parties. There are a number of points I wish to make.

Some further thinking needs to be done on what constitutes a party. Both in the context of the creation of a Greater London Authority and election of a Mayor, and under the Hunt Bill, if enacted, it will be possible for individuals who are not members of a political party to run for office as a directly elected mayor.

Such individuals might want some of the options available under the Bill - for example, the right to make "party" political broadcasts, registration of emblems, protection against people standing under the same name. In due course, when policy on political donations is ready, it may be that some of the restrictions relating to financing should apply to such individuals as well to ensure a level playing field when individuals stand against party candidates. It is possible that party resources would otherwise far exceed those of an individual candidate, or that, conversely, candidates standing as individuals would be very wealthy in their own right and there may be a need to restrict the application of their own resources to election expenses. It may be that under your proposals any individual could register themselves as a party, but the point may need further clarification.

There may also need to be more detail on the application of the Bill to local party politics generally, and to the PR element in elections to the Greater London Assembly.

I am copying this letter to the Prime Minister, to cabinet colleagues, to the Chief Whip and to Sir Richard Wilson and First Parliamentary Council.

JOHN PRESCOTT



UK Presidency of the European Union





10 DOWNING STREET  
LONDON SW1A 2AA

*JCP*

*cc. R.W. Wilson  
17th Feb 1998 -> chd v. Rigo.*

From the Chief Press Secretary

4 March 1998

*JCP  
8/3*

*Mr Bernard,*

Thank you for your letter of 2 March.

Jonathan Powell and I have no objection to your letter to the Sunday Times. However, you should be alert to the fact that it does not refute what the article said Maxwell paid you. Provided you are not worried about this then I see no problem.

Your letter also leaves hanging in the air what the paper claims Mo Mowlam said in 1992 about repayment of monies. It would be helpful to have a line refuting that.

With best wishes,

**ALASTAIR CAMPBELL**  
Chief Press Secretary

The Lord Donoughue of Ashton  
Minister for Farming and Food

**Via fax: 0171 238 5976**

**cc: Jonathan Powell**



*dis up  
NEILL 115*

**Rob Read**

**From:** Jonathan Powell  
**Sent:** 03 March 1998 13:49  
**To:** Pat McFadden  
**Cc:** Rob Read  
**Subject:** RE: NEILL COMMITTEE: PARTY FUNDING

*Sp Kent  
Liam W says  
Neill should look at  
limits in  
Cardan*

so if we are to give Neill a steer I suppose this is what it should be

-----Original Message-----

**From:** Pat McFadden  
**Sent:** 03 March 1998 11:23  
**To:** Jonathan Powell  
**Subject:** RE: NEILL COMMITTEE: PARTY FUNDING

*Sp Juliet*

He is concerned about this point on how they deal with caps on regional lists. I think he would either they didn't deal with it or that he had a chance to make a submission.

-----Original Message-----

**From:** Jonathan Powell  
**Sent:** 03 March 1998 10:17  
**To:** Pat McFadden; Rob Read  
**Subject:** RE: NEILL COMMITTEE: PARTY FUNDING

*Spoke Jan Polley  
She will use the  
days events in re: SNP  
to get advice on  
Govt steer +  
if we can deal  
with*

What is Donald's position on all this?

-----Original Message-----

**From:** Pat McFadden  
**Sent:** 03 March 1998 09:27  
**To:** Rob Read  
**Cc:** Jonathan Powell  
**Subject:** RE: NEILL COMMITTEE: PARTY FUNDING

I think they will inevitably have to consider how party lists affect the issue of caps on spending. If a party is spending money to get a list of candidates elected in the Highlands, this is not an individual candidate spending, nor is it national spending. How therefore, will the committee deal with it? Will there be any limits here or, paradoxically, could regional lists end up being the only part of politics without a spending cap (should Neill endorse a national cap)? Consideration will also have to be given to caps on the London and other Mayoral elections where the Goldsmith phenomenon is a potential danger.

*AM  
16/4*

-----Original Message-----

**From:** Rob Read  
**Sent:** 03 March 1998 09:22  
**To:** Jonathan Powell; Pat McFadden  
**Cc:** Rob Read  
**Subject:** NEILL COMMITTEE: PARTY FUNDING

I have made enquiries with Jan Polley about whether the Neill Committee is considering funding in relation to the new Scottish and Welsh elections. She tells me that the committee themselves are uncertain as to whether their considerations will stretch that far, although it is certainly within their remit.

Do we want to encourage them to do so?

Rob





- M<sup>7</sup>

- Neill for

him

10 DOWNING STREET

under

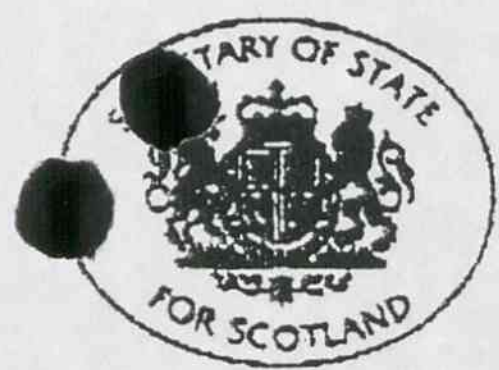
To Angus,

DD's comments on extending registration to the Se Part + being involved in meetings with SNP seem fair enough, as do his points on gaelic + elec administration.

~~His~~ His point about spending caps may be less valid. Whatever we decide here cannot be dictated by the way the Scottish Part is elected.

Pat 10/2





ST ANDREW'S HOUSE  
EDINBURGH EH1 3DG

Top JPs  
cc JEH  
PR  
AM  
PRESS

cc: RA

Pat McF.

→ AR

This raises the  
under issue of the  
extent to which  
we should be  
getting messages party funding in  
elections other than

The Rt Hon John Prescott MP  
Deputy Prime Minister  
Department for Environment, Transport  
and the Regions  
6th Floor  
Eland House  
Bressenden Place  
LONDON  
SW1E 5DU

9 February 1998

Pat  
Any views?  
Any?

to Westminster. Do  
you think we have clear  
policy on that? I  
will go to Co Ministers  
in any case. Rob

Dear John,

**REGISTRATION OF POLITICAL PARTIES**

Jack Straw has copied to me his letter of 27 January to you about his proposals to defer the provisions on funding from the Bill on party registration.

I welcome Jack's confirmation that the party registration provisions will proceed. We need the Bill to be enacted in the current session if its provisions are to be in place before the Scottish Parliament election in May 1999. I hope that the registration operation can be introduced without delay once the Bill receives Royal Assent.

I shall wish to extend to the Scottish Parliament the provisions in the Bill for compulsory registration for parties with 2 or more seats at Westminster. I appreciate, however, that it might complicate the Bill and delay its passage if we try and include the Scottish Parliament at this stage. I should, however, like to see an early Government announcement when the Bill is published - that we shall use the enabling power that I understand is envisaged to extend compulsory registration to the Scottish Parliament.

I should like to reiterate the other points I made in my letters to you of 31 October and 27 November about party registration:

I should like to join any meeting that Jack might hold with the SNP to discuss the registration proposals.

10/2  
PS I agree that  
the  
Scots  
cannot  
dictate  
will  
outcomes



I hope that Companies House in Edinburgh can be involved in registration, at least to ensure access to the information held on the register of parties.

I should like to see a provision in the Bill which would allow registration in 2 languages, in case a Scottish party wishes to register its name in Gaelic as well as in English.

It would be wise to consult electoral administrators about the detail of the registration proposals, in particular the role of the returning officer in approving candidates' descriptions at the nomination stage.

I am not sure whether Jack intends his memorandum of evidence to the Neill Committee to comment on possible limits to party expenditure at elections. I would be uneasy about imposing national limits at any election; this might well set a precedent which would be extremely complicated to operate at Scottish Parliament elections. We already envisage limiting both candidates' and list expenditure and a third tier of limits would be hard to devise and to monitor effectively. I hope that Jack will keep us in touch with his thinking about national expenses limits, and bear in mind the difficulties these would create for Scottish Parliament elections.

I am copying this letter to the Prime Minister, to Cabinet colleagues, to the Chief Whip, to Sir Richard Wilson and to First Parliamentary Counsel.

*Yours sincerely,*

*Donald*

DONALD DEWAR



JTO  
AC  
RR  
JJM



Treasury Chambers, Parliament Street,  
London, SW1P 3AG

The Rt Hon Peter Lilley MP  
House of Commons  
London SW1A 0AA

3 March 1998

*Dear Peter,*

Thank you for your letter of 6 February.

I was remunerated in 1990-91 by Central and Sheerwood plc and the register reflects this.

*Yours,  
Geoffrey*

GEOFFREY ROBINSON





Treasury Chambers, Parliament Street,  
London, SW1P 3AG

Rt Hon David Heathcoat-Amory MP  
House of Commons  
London SW1A 0AA

3 March 1998

*Dear David,*

Thank you for your letter of 19 February.

I have replied directly to Sir Gordon Downey.

*Yours,*

*Geoffrey*

GEOFFREY ROBINSON





Treasury Chambers, Parliament Street,  
London, SW1P 3AG

Sir Gordon Downey  
Parliamentary Commissioner for Standards  
House of Commons  
London SW1A 0AA

3 March 1998

*Dear Sir Gordon,*

Thank you for your letters of 25 February and 2 March concerning complaints from Mr David Heathcoat-Amory and Mr Peter Lilley.

I enclose a schedule prepared by my accountants, Wilder Coe, setting out the directorships and associated remuneration shown on my tax returns. These show that I was remunerated by TransTec/Transfer Technology Ltd, Swiss EDM/Agie UK Ltd, Central and Sheerwood and the Kleinwort Smaller Companies Investment Trust.

My period as non-executive Chairman of Swiss EDM/Agie UK Ltd is a matter of public record, but due to an administrative error, for which I apologise, I did not register my interest in 1983. When I became aware of this omission I corrected it. I believe my registrations to be accurate in all other respects.

*Yours sincerely,  
Geoffrey Robinson*

**GEOFFREY ROBINSON MP**



Directorships

3 March 1998

03-03-98 11:29

Company	From	Tax Year	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Transfer Technology Ltd/ Transtec plc			Nil	Nil	Nil	Nil	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D
Swiss EDM/Agie UK Ltd	1-Aug-83			R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D	R/D
Central & Sherwood plc	1987		N/A	N/A	N/A	N/A	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Hollis Industries plc	1988		N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Holcombe Holdings	1989		N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sarclad International Ltd	1989		N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
R J Engineers Ltd	1990		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Pergamon	1988		N/A	N/A	N/A	N/A	N/A	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kleinwort Smaller Co Inv Trust (first appeared in 1993/94)														R/D	R/D	R/D	R/D
Lock Inspection Systems Ltd (first appeared in 1993/94)														Nil	Nil	Nil	Nil
Coventry City Football Club (first appeared in 1995/96)																Nil	Nil
New Statesman Ltd (first appeared in 1995/96)																Nil	Nil
Stebell Ltd (first appeared in 1995/96)																Nil	Nil
Central & Sherwood plc 29/7/87 to 31/12/90 (consultancy)			Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	R/D	Nil	Nil	Nil	Nil	Nil	Nil

Key  
 Nil = No remuneration  
 N/A = Not a director  
 R/D = Remunerated director

->2705179 ECM





HOUSE OF COMMONS  
LONDON SW1A 0AA

Sir Gordon Downey  
Parliamentary Commissioner for Standards  
House of Commons

19 February 1998

*Dear Sir Gordon,*

I write to ask that you investigate and report on the fact that Mr Geoffrey Robinson, MP for Coventry North West, had a remunerated directorship from 1984 until 1987 which he failed to declare in the Register of Members' Interests.

I enclose extracts from the published accounts of Swiss EDM Ltd, which changed its name on November 6, 1986 to Agie UK Ltd. This company makes and distributes machine tools in the UK and internationally. You will see that Mr Robinson was the Chairman and highest paid director of this company. He is listed as having emoluments as follows:

1984	-	£25,800
1985	-	£50,750
1986	-	£16,811
1987	-	£17,269
1988	-	£21,216

Mr Robinson's first declaration of this interest was in December 1987.

You will know that the rules governing the Register of Members' Interests at the time required a Member to record, "information of any pecuniary interest which might be thought to affect his conduct as a Member or influence his actions, speeches or vote." A specific classification provided for remunerated directorships of companies, whether public or private. Members were required to notify changes or additions to their interests within four weeks.

As well as being a Member of Parliament, Mr Robinson was a Labour front bench spokesman on trade and industry matters during these years. It appears that he failed to disclose an important and well-remunerated directorship of an engineering company for at least three years although in the Register he did disclose two non-remunerated directorships, for West Midlands Enterprise Board and Dudley Foundry Ltd. I enclose the relevant extracts from the Register for ease of reference.



RT. HON. DAVID HEATHCOAT-AMORY, M.P., *Wells*



HOUSE OF COMMONS

LONDON SW1A 0AA

- 2 -

Omissions and failures to register by Conservative Party Members were treated as very serious matters incurring disciplinary action in the last Parliament. I would be most grateful for your views and what action you will recommend in the case of Mr Geoffrey Robinson.

*Yours sincerely?*  
*David Heathcoat-Amory*



Confidential



HOUSE OF COMMONS  
LONDON SW1A 0AA  
(0171-219 0320)

PARLIAMENTARY COMMISSIONER FOR STANDARDS

2 March 1998

*Dear Mr. Robinson*

I have now received a further complaint from Mr Lilley (attached) which it would be convenient to deal with alongside that from Mr Heathcoat-Amory which I have already referred to you.

Again, the papers are self-explanatory and I should be grateful if you could let me have your comments on them as soon as possible. In particular, could you please say

- (i) Whether the directorships listed in Mr Lilley's letter and enclosures were remunerated.
- (ii) If so, the nature of the businesses concerned.
- (iii) Whether you now feel any or all of these should have been registered (I note that Transfer Technology and Sarclad were included under shareholdings).
- (iv) Whether you had any other interests during the period covered by the two complaints which were not registered.
- (v) Whether there are any other factors you would wish me to take into account in reaching conclusions to put to the Committee on Standards and Privileges.

*Gordon Downey*  
*Gordon Downey*  
Sir Gordon Downey

Geoffrey Robinson, Esq., MP.  
Paymaster-General,  
Treasury,  
Parliament Street,  
London SW1P 3AG.



From: The Rt. Hon. Peter Lilley, MP



HOUSE OF COMMONS  
LONDON SW1A 0AA

Sir Gordon Downey  
Parliamentary Commissioner for Standards;  
House of Commons

27<sup>th</sup> February, 1998

Dear Sir Gordon,

I note your decision, in response to my colleague, the Rt Hon David Heathcoat-Amory MP, to investigate the allegation that the current Paymaster General failed to register a well remunerated directorship with an engineering company, Swiss EDM Ltd (later Agie UK Ltd), for several years during the 1980s.

Further information has now come to my attention which I would also like you to investigate and report on. I enclose the relevant sections of the accounts of Agie UK Ltd lodged at Companies House which show that Geoffrey Robinson listed several other directorships which he subsequently failed to declare in the Parliamentary Register of Members' Interests. These were as follows:

- 1988 - Hollis PLC  
Central & Sheerwood PLC
- 1989 - Central & Sheerwood PLC  
Hollis Industries PLC  
Pergamon AGB PLC
- 1990 - Central & Sheerwood PLC  
Hollis Industries PLC  
Holcombe Holdings PLC

Several of these companies have direct links with the late Robert Maxwell. The suspicion must be that Mr Robinson deliberately refused to inform the House of Commons of his business connections with a man he did not want to be seen to be associated with.

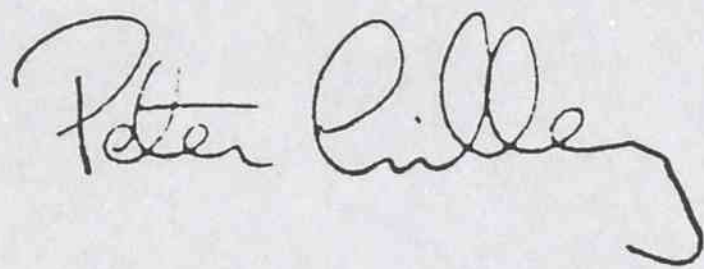
PL



As my colleague David Heathcoat-Amory said in his original letter, omissions and failures to register business interests by Conservative Members in the last Parliament (in the same mid-to-late 1980s period to which the allegations against Mr Robinson refer) and by the Labour MP Robert Wareing last year were treated as very serious matters, incurring tough disciplinary action including suspension from the House.

I hope you will agree - as a matter of urgency - to investigate these new revelations, which add considerable weight to the charges against the Paymaster General.

Yours sincerely,

A handwritten signature in cursive script that reads "Peter Lilley". The signature is written in dark ink and is positioned centrally below the closing "Yours sincerely,".

Rt Hon Peter Lilley MP



1988

Names of the director(s) of the company

Name (note 3): <b>GEOFFREY ROBINSON</b>		Business Occupation Chairman
Previous name(s) (note 3): NONE		Member of Parliament
Address (note 5): Orchards Hunstead Heath, Godalming Surrey		Nationality British
Postcode	G08 4AR	Date of birth (note 9)
Other relevant past or present directorships* (note 8): Transfer Technology Limited Hollis PLC Central & Sheerwood PLC		

Please do not write in this margin

Please complete legibly, preferably in black type, or bold blocklettering

Delete if inappropriate. Enter particulars of other directorships held or previously held if this space is insufficient use a continuation sheet

Name (note 3): <b>FERDINAND HERMANN</b>		Business Occupation Corporate President
Previous name(s) (note 3):		Nationality Swiss
Address (note 5): Ch 6652 Tegna Switzerland		Date of birth (note 9)
Postcode		
Other relevant past or present directorships* (note 8):		

Name (note 3): <b>GIAN FRANCO BOZZINI</b>		Business Occupation Accountant
Previous name(s) (note 3):		Nationality Swiss
Address (note 5): Ch 6604 Soldino Switzerland		Date of birth (note 9)
Postcode		
Other relevant past or present directorships* (note 8):		

Name (note 3):		Business Occupation
Previous name(s) (note 3):		Nationality
Address (note 5):		Date of birth (note 9)
Postcode		
Other relevant past or present directorships* (note 8):		



# 05-06-89

1989

Particulars of the director(s) of the company (notes 6 and 7)

Please do not write in this margin

Name (note 3) <b>GEOFFREY ROBLYN</b>		Business Occupation <b>CHAIRMAN MEMBER OF PARLIAMENT</b>	
Previous name(s) (note 3) <b>NONE</b>		Nationality <b>BRITISH</b>	
Address (note 5) <b>ORCHARDS MUNSTEAD HEATH, GODALMING</b>		Date of birth (note 6)	
<b>SURREY</b>	Postcode <b>GJ8 4AR</b>		
Other relevant past or present directorships* (note 8)			
<b>TRANSFER TECHNOLOGY LTD</b>		<b>HOLLIS INDUSTRIES PLC</b>	
<b>CENTRAL &amp; SHEERWOOD PLC</b>		<b>PERGAMON AGB PLC</b>	

Please complete legibly, preferably in black type, or bold blocklettering

\* delete if inappropriate. Enter particulars of other directorships held or previously held if this space is insufficient use a continuation sheet

Name (note 3) <b>FERDINAND HERMANN</b>		Business Occupation <b>CORPORATE PRESIDENT</b>	
Previous name(s) (note 3) <b>NONE</b>		Nationality <b>SWISS</b>	
Address (note 5) <b>CH 6652 TEGNA SWITZERLAND</b>		Date of birth (note 6)	
	Postcode		
Other relevant past or present directorships* (note 8)			

Name (note 3) <b>GIANFRANCO BOZZINI</b>		Business Occupation <b>ACCOUNTANT</b>	
Previous name(s) (note 3) <b>NONE</b>		Nationality <b>SWISS</b>	
Address (note 5) <b>FOUNTAIN SQUARE APT 160 2500 EASTWAY DRIVE, CHARLOTTE NC 28205</b>		Date of birth (note 6)	
<b>U.S.A.</b>	Postcode		
Other relevant past or present directorships* (note 8)			

Name (note 3)		Business Occupation	
Previous name(s) (note 3)		Nationality	
Address (note 5)		Date of birth (note 6)	
	Postcode		
Other relevant past or present directorships* (note 8)			



# 0-07-90

40

Directors of the company (notes 4 and 7)

Please do not  
write in  
this area

Name (note 2) <b>GEOFFREY ROBINSON</b>	Business Occupation <b>CHAIRMAN</b> <b>MEMBER OF PARLIAMENT</b>
Previous name(s) (note 3) <b>NONE</b>	Nationality
Address (note 5) <b>ORCHARDS</b> <b>MUNSTEAD HEATH ROAD, GODALMING</b> <b>SURREY</b>	Date of birth (note 6)
Postcode <b>GUS 4AR</b>	
Other relevant past or present directorships* (note 8) <b>HOLLIS INDUSTRIES PLC</b> <b>TRANSFER TECHNOLOGY LTD</b> <b>SARCLAD INTERNATIONAL LTD</b> <b>CENTRAL &amp; SHEERWOOD PLC</b> <b>HOLCOMBE HOLDINGS PLC</b>	

Please complete  
legibly, preferably  
in block type, or  
bold blocklettering

\* Note 8  
Indicate date  
Enter particulars  
of the director's  
shareholdings  
if he has held  
any shares in  
the company or  
any other company

Name (note 2) <b>FERDINAND HERMANN</b>	Business Occupation <b>CORPORATE PRESIDENT</b>
Previous name(s) (note 3) <b>NONE</b>	Nationality <b>SWISS</b>
Address (note 5) <b>CH 6652 TEGNA</b> <b>SWITZERLAND</b>	Date of birth (note 6)
Postcode	
Other relevant past or present directorships* (note 8)	

Name (note 2) <b>GIAMERANO BOZZINI</b>	Business Occupation <b>ACCOUNTANT</b>
Previous name(s) (note 3) <b>NONE</b>	Nationality <b>SWISS</b>
Address (note 5) <b>FOUNTAIN SQUARE APT. 16D</b> <b>2500 EASTWAY DRIVE, HARROGATE, NC 28205</b> <b>USA</b>	Date of birth (note 6)
Postcode	
Other relevant past or present directorships* (note 8)	

Name (note 2)	Business Occupation
Previous name(s) (note 3)	Nationality
Address (note 5)	Date of birth (note 6)
Postcode	
Other relevant past or present directorships* (note 8)	





10 DOWNING STREET  
LONDON SW1A 2AA

From the Assistant Private Secretary

23 February 1998

Dear Stephen,

I enclose a copy of a letter which the Prime Minister has received from the Rt Hon David Heathcoat-Amory MP

I should be grateful if you would provide an urgent draft reply for the Prime Minister's signature.

I am copying this correspondence to Tom Scholar (HM Treasury) and Jan Polley (Cabinet Office).

Yours sincerely,

*Janice Richards*

**MRS JANICE RICHARDS**

Stephen Field Esq  
Paymaster General's Office

HM TREASURY - MCU	
REC'D	24 FEB 1998
ACTION	
SIGNATURE	
REF. No.	



RT. HON. DAVID HEATHCOAT-AMORY, M.P., Wells



→ JJH

HOUSE OF COMMONS  
LONDON SW1A 0AA

Rt Hon Tony Blair MP  
Prime Minister  
10 Downing Street  
London SW1

19 February 1998

*Dear Prime Minister,*

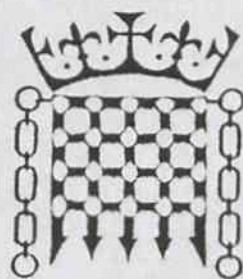
I enclose a copy of a letter I have sent today to Geoffrey Robinson. In addition to his personal connection with an offshore trust, which your Party campaigned against before the election, it now appears that he has broken the rules of the House of Commons.

Before the general election, you and the Labour Party were relentless in pursuing infringements of the requirement of the House of Commons to register all relevant interests. In view of that I would be grateful for your comments on the case of Geoffrey Robinson and whether you can continue to have in your government a Minister who clearly and persistently breached the established rules on declarable interests.

*Yours sincerely?  
David Heathcoat-Amory*



RT. HON. DAVID HEATHCOAT-AMORY, M.P., *Wells*



HOUSE OF COMMONS  
LONDON SW1A 0AA

Geoffrey Robinson MP  
House of Commons

19 February 1998

*Dear Geoff,*

You are listed in the published accounts of Swiss EDM Ltd (subsequently Agie UK Ltd) as having been remunerated Chairman from at least 1984. In 1985 you received £50,750 in respect of this office.

I can find no registration of this interest in the Register of Members' Interests until December 1987. For the years in question you disclosed your unpaid directorships in West Midlands Enterprise Board and Dudley Foundry Ltd, but did not record your paid directorship of Agie UK Ltd.

The rules of the House made clear that such a declarable interest had to be recorded within four weeks. You omitted to declare your interest in Agie for at least three years. Since you were at that time a Labour front bench spokesman for trade and industry matters, a correct declaration was even more important.

I would be grateful if you would confirm the above facts or provide any other explanation. I am sending a copy of the relevant documentation to Sir Gordon Downey for his comments.

*✓  
How serious?  
David*



From: The Rt. Hon. Peter Lilley, MP



HOUSE OF COMMONS  
LONDON SW1A 0AA

Geoffrey Robinson Esq MP  
Paymaster General  
HM Treasury  
Treasury Chambers  
Parliament Street  
London SW1P 3AG

6th February 1998

Dear Paymaster General

I would be grateful if you could clarify some matters arising from a story in the February edition of Business Age.

The article alleges that you were a director of Central and Sherwood plc (1987), that you were Chairman of Hollis plc (1988) and that you were on the board of directors of the bankers, Robert Fraser. These positions have not been listed in your entries in the Register of Members' Interests over the last ten years.

There would appear to be only two conclusions to be drawn from this - either that you failed to register these positions; or that you never held them.

You will understand that this is a matter of public concern and I would be grateful for an early response.

Yours sincerely

A handwritten signature in cursive script that reads "Peter Lilley".





Confidential



CC: PS | Chancellor  
PS | Sir T Burns

HOUSE OF COMMONS  
LONDON SW1A 0AA  
(0171-219 0320)

PARLIAMENTARY COMMISSIONER FOR STANDARDS

25 February 1998

Dear Mr. Robinson,

I have received the attached letter and enclosures from Mr Heathcoat-Amory alleging that you failed to register a paid directorship in Swiss EDM Ltd/Agie U.K. Ltd in 1984, 1985 and 1986/7. He acknowledges that you did register this appointment the following year.

I think the papers are self-explanatory and I should be grateful for your comments. Although the matters relate to the mid-80s, the Committee on Standards and Privileges has confirmed that it wishes me to conduct a normal inquiry.

*Yours sincerely,*

*Gordon Downey*

Sir Gordon Downey

Geoffrey Robinson, Esq., MP,  
Paymaster General,  
Treasury,  
Parliament Street,  
London SW1P 3AG.





HOUSE OF COMMONS  
LONDON SW1A 0AA

Sir Gordon Downey  
Parliamentary Commissioner for Standards  
House of Commons

19 February 1998

*Dear Sir Gordon,*

I write to ask that you investigate and report on the fact that Mr Geoffrey Robinson, MP for Coventry North West, had a remunerated directorship from 1984 until 1987 which he failed to declare in the Register of Members' Interests.

I enclose extracts from the published accounts of Swiss EDM Ltd, which changed its name on November 6, 1986 to Agie UK Ltd. This company makes and distributes machine tools in the UK and internationally. You will see that Mr Robinson was the Chairman and highest paid director of this company. He is listed as having emoluments as follows:

1984	-	£25,800
1985	-	£50,750
1986	-	£16,811
1987	-	£17,269
1988	-	£21,216

Mr Robinson's first declaration of this interest was in December 1987.

You will know that the rules governing the Register of Members' Interests at the time required a Member to record, "information of any pecuniary interest which might be thought to affect his conduct as a Member or influence his actions, speeches or vote." A specific classification provided for remunerated directorships of companies, whether public or private. Members were required to notify changes or additions to their interests within four weeks.

As well as being a Member of Parliament, Mr Robinson was a Labour front bench spokesman on trade and industry matters during these years. It appears that he failed to disclose an important and well-remunerated directorship of an engineering company for at least three years although in the Register he did disclose two non-remunerated directorships, for West Midlands Enterprise Board and Dudley Foundry Ltd. I enclose the relevant extracts from the Register for ease of reference.

...../2





RT. HON. DAVID HEATHCOAT-AMORY, M.P., *Wells*



HOUSE OF COMMONS

LONDON SW1A 0AA

- 2 -

Omissions and failures to register by Conservative Party Members were treated as very serious matters incurring disciplinary action in the last Parliament. I would be most grateful for your views and what action you will recommend in the case of Mr Geoffrey Robinson.

*Yours sincerely?*  
*David Heathcoat-Amory*



1983

2. Employment or Office .. .. Officer of General and Municipal Workers' Union on unpaid leave of absence.  
President of the Approved Driving Instructors of Scotland (A.D.I.O.S.).  
No payment or remuneration of any kind.
3. Trades or Professions, etc. .. Occasional articles, broadcasting, and lecturing.  
Rare consultancy in industrial and industrial relations matters.
5. Financial Sponsorships .. .. By General and Municipal Workers' Union per 'Hastings' Agreement. 80% of allowable expenditure, annual grant to constituency of £400.  
Personal grant of £100 to self for research and office expenses.
5. Overseas Visits .. .. 25-26 January 1982, to Geneva at the invitation of Save the Siberian Seven Campaign.  
October 1982, to the Federal Republic of Germany at the invitation of the Federal government.

*OBINSON, Geoffrey (Coventry North West)*

- Directorships .. .. Triumph Motorcycles (Meriden) Ltd.  
Mercia Sound Ltd.  
(no fees are accepted from either directorship)
- Trades or Professions, etc. .. Occasional broadcasting, lecturing and writing; and occasional business consultancy particularly with a view to promoting UK exports to Europe.
- Declarable Shareholdings .. .. I have a 7.9% holding in Wm. Barrett Ltd. (a family-owned Company) which is held in trust on my behalf. No income of any kind has been received from this interest.  
I have a 70% holding in Transfer Technology Ltd., a company recently formed to promote the transfer of ideas from universities and other institutions to the market place.

*BINSON, Peter (East Belfast)*

- Directorships .. .. Crown Publication, Belfast



1984

ROBERTSON, George (Hamilton)

- 2. Employment or Office .. .. Officer of General Municipal and Boilermakers Union, on unpaid leave of absence.
- 3. Trades or Professions, etc. .. Occasional articles, broadcasting, lecturing.
- 5. Financial Sponsorships .. .. By General Municipal Boilermakers Allied Trades Union per "Hastings" Agreement. 80% of permissible expenditure. Annual grant of £400 to constituency. Annual grant of £130 to self for research office expenses.

ROBINSON, Mark (Newport West)

Nil

ROBINSON, Geoffrey (Coventry North West)

- 1. Directorships .. .. West Midlands Enterprise Board (no fees or expenses are accepted from this directorship). Dudley Foundry Ltd. (unpaid).
- 3. Trades or Professions, etc. .. Occasional broadcasting, lecturing and writing.
- 9. Declarable Shareholdings .. .. Wm. Barrett Ltd. (a family-owned company holding held in trust on my behalf. No income of any kind has been received from this interest).  
Transfer Technology Ltd., a company recently formed to promote the transfer of ideas from universities and other institutions, to the market place.

ROBINSON, Peter (Belfast East)

- 1. Directorships .. .. Crown Publications.  
Voice Newspapers Ltd. (Honorary).
- 2. Employment or Office .. .. Member of Northern Ireland Assembly.  
Chairman of Department of Environment Scrutiny Committee of Northern Ireland Assembly.
- 3. Trades or Professions, etc. .. Occasional television and radio appearances.  
Newspaper articles and lectures.

ROE, Mrs. Marion (Broxbourne)

- 2. Employment or Office .. .. Member of the Greater London Council where allowances and expenses are claimed.



1985

- Financial Sponsorships ... By General Municipal Boilermakers and Allied Trades Union per 'Hastings' Agreement. 80% of permissible expenditure. annual grant of £400 to constituency. Annual grant of £130 to self for research and office expenses.
- Overseas Visits ... 19-22 February 1984, to Berlin at invitation of Aspen Institute Berlin.  
13-21 March 1984 to Hong Kong at the invitation of the Hong Kong Government.  
15-18 May 1984, to Moscow as a guest of the Royal Institute of International Affairs.  
6-11 November 1984, to Argentina at the invitation of the Atlantic Conference and Chicago Committee for Foreign Affairs.

BINSON, Geoffrey (Coventry North West)

- Directorships ... West Midlands Enterprise Board (no fees or expenses are accepted from this directorship).  
Dudley Foundry Ltd. (unpaid)
- Hobbies or Professions ... Occasional broadcasting, lecturing and writing.
- Beneficial Shareholdings ... Wm. Barrett Ltd. (a family-owned company), holding held in trust on my behalf. No income of any kind has been received from this interest.  
Transfer Technology Ltd., a company recently formed to promote the transfer of ideas from universities and other institutions, to the market place.

BINSON, Mark (Newport West)

- Overseas Visits ... 7-16 September 1984 to Hong Kong and a guest of the Hong Kong Government.

BINSON, Peter (Belfast East)

- Directorships ... Crown Publications  
Voice Newspapers Ltd. (Honorary)
- Employment or Office ... Member of Northern Ireland Assembly.  
Chairman of Department of Environment Scrutiny Committee of Northern Ireland Assembly.
- Hobbies or Professions ... Occasional television and radio appearances.  
Newspaper articles and lectures.



1986/7

9. Declarable Shareholdings

Stanley Road Advice Centre Co. Ltd. (shop, advice centre and offices).

ROBERTS, Ernie (Hackney North and Stoke Newington)

5. Financial sponsorships, Gifts, etc.

By Amalgamated Union of Engineering Workers, who pay 80% of election expenses, and £410 to my Constituency Labour Party per annum.

ROBERTS, Wyn (Conwy)

Nil.

ROBERTSON, George (Hamilton)

2. Employment or Office

Officer of General Municipal and Boilermakers Union, on unpaid leave of absence.

3. Trades or Professions, etc.

Occasional articles, broadcasting, lecturing.

5. Financial sponsorships, Gifts, etc.

By General Municipal Boilermakers and Allied Trades Union per 'Hastings' Agreement. 80% of permissible expenditure, annual grant of £400 to constituency. Annual grant of £130 to self for research and office expenses.

6. Overseas Visits

February 24-27 1986, to Moscow as an observer for the Labour Party at the 27th Congress of CPSU.

ROBINSON, Geoffrey (Coventry North West)

1. Directorships

West Midlands Enterprise Board (no fees or expenses are accepted from this directorship).  
Dudley Foundry Ltd. (unpaid)

3. Trades or Professions

Occasional broadcasting, lecturing and writing.

9. Declarable Shareholdings

Wm. Barrett Ltd. (a family-owned company), holding held in trust on my behalf. No income of any kind has been received from this interest.  
Transfer Technology Ltd., a company recently formed to promote the transfer of ideas from universities and other institutions, to the market place.

ROBINSON, Mark (Newport West)

Nil.

ROBINSON, Peter (Belfast East)

1. Directorships

Crown Publications  
Voice Newspapers Ltd. (Honorary)

2. Employment or Office

Member of Northern Ireland Assembly.  
Chairman of Department of Environment Scrutiny Committee of Northern Ireland Assembly.

3. Trades or Professions

Occasional television and radio appearances.  
Newspaper articles and lectures.

ROE, Mrs. Marion (Brexbourne)



1987/8

*RIDDICK*, Graham (Colne Valley)

3. Trades or Professions, etc. . . . . Member of Lloyd's.

*RIDLEY*, Rt. Hon. Nicholas (Cirencester and Tewkesbury)

Nil.

*RIDSDALE*, Sir Julian (Harwich)

2. Employment or Office . . . . . Adviser to Bank of Credit and Commerce.  
Adviser to Shimizu Construction Company.  
Adviser to Sir Robert McAlpine and Sons.

*RIFKIND*, Rt. Hon. Malcolm (Edinburgh, Pentlands)

3. Trades or Professions, etc. . . . . Non-practising member of Faculty of Advocates.

*ROBERTS*, Allan (Bootle)

8. Land and Property . . . . . 335 Stanley Road, Bank Hall, Liverpool L20.  
Part owner 144-146 Heywood Street, Manchester M8  
7PD.

*ROBERTS*, Wyn (Conwy)

Nil.

*ROBERTSON*, George (Hamilton)

2. Employment or Office . . . . . Regional Organiser, General Municipal and  
Boilermakers Union, (on leave of absence).  
Adviser to Halton-Gill Associates.

3. Trades or Professions, etc. . . . . Occasional articles, broadcasting, lecturing.

5. Financial Sponsorships, Gifts, etc. . . . . By General, Municipal, Boilermakers and Allied Trades  
Union.

6. Overseas Visits . . . . . September 1986, to New York for a Conference on the  
future of UN, at the invitation of the United Nations.  
September 1986, to Hong Kong, at the invitation of the  
Hong Kong Government.  
November 1986, to St. Paul de Vence, France, for  
Atlantic Conference, at the invitation of the Chicago  
Council for Foreign Affairs.  
15-20 September 1987, to Federal Republic of Germany  
at the invitation of the Federal Government and the  
Prince Albert Society.

*ROBINSON*, Geoffrey (Coventry North West)

1. Directorships . . . . . Agie UK, Ltd.

3. Trades or Professions . . . . . Occasional broadcasting, lecturing and writing.

9. Declarable Shareholdings . . . . . Wm. Barrett Ltd. (a family-owned company), holding  
held in trust on my behalf.  
Transfer Technology Ltd.

*ROBINSON*, Peter (Belfast East)

1. Directorships . . . . . Crown Publications.  
Voice Newspapers Ltd. (Honorary).

3. Trades or Professions . . . . . Occasional television and radio appearances.  
Newspaper articles and lectures.



SWISS EDM LIMITED

1

DIRECTORS' REPORT

The directors submit their report and modified accounts for the year ended December 31, 1985.

Results and dividends

The trading profit for the year, after taxation, was £20,343. The directors do not recommend the payment of a dividend for the year which leaves a profit of £20,343 to be retained.

Review of the business

The Company's principal activity during the year was the supply and servicing of Swiss built spark-erosion machines in the United Kingdom and Eire.

Turnover has increased by 27.5% during the year and the directors believe that this trend will continue.

Fixed assets

Changes in the fixed assets of the Company are detailed in the notes to the accounts.

Future developments

In order to facilitate the continued expansion of the Company's operations the directors intend to construct new premises at a location near the present site of operations. This construction is expected to cost in the region of £850,000 and will be completed during 1987.

Events after the year end

A plot of land to be used for the development noted above was purchased during January 1986 at a cost of £65,000.

Directors and their interests

	<u>At December 31, 1985</u>	<u>At January 1, 1985 or subsequent date of appointment</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
G Robinson - Chairman	-	-
G Bozzini	-	-
M Schaper - resigned January 15, 1985	-	-
F Hermann - appointed April 2, 1985	5,000	5,000



SWISS LDM LIMITED

7

NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1985  
(Continued)

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax.

The turnover and pre-tax profit is attributable to the Company's principal activity which is carried on in the United Kingdom and Eire.

3. Staff costs

	<u>1985</u> £	<u>1984</u> £
wages and salaries	355,997	229,511
Social security costs	29,377	18,951
Other pension costs	<u>19,698</u>	<u>15,090</u>
	<u>£405,072</u>	<u>£263,552</u>

The average weekly number of employees during the year was made up as follows:

	<u>1985</u> No.	<u>1984</u> No.
Office and management	6	6
Sales, service and application engineers	<u>15</u>	<u>12</u>
	<u>21</u>	<u>18</u>

4. Operating profit

	<u>1985</u> £	<u>1984</u> £
This is stated after charging or crediting:		
Directors' remuneration (see below)	50,750	25,800
Hire of plant and machinery - operating leases	53,900	41,000
Other operating leases	12,212	12,216
Auditors' remuneration	4,500	3,750
Exchange (gain)/loss for year	(95,400)	69,700
Exceptional item: Adjustment to reflect correction of exchange loss arising in 1984 derived by translating year end liabilities at the average rate of exchange	19,000	-
Lease purchase finance charges	<u>781</u>	<u>761</u>
Directors' remuneration:		
Fees	-	-
Other emoluments (including pension contributions)	<u>50,750</u>	<u>25,800</u>
	<u>£50,750</u>	<u>£25,800</u>



NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1985  
(Continued)

4. Operating profit  
(continued)

	<u>1985</u>	<u>1984</u>
Emoluments (excluding pension contributions) of the chairman (who is also the highest paid director)	£50,750	£25,800

The emoluments (excluding pension contributions)  
of the other directors fell within the  
following ranges:

	<u>No.</u>	<u>No.</u>
£Nil - £5,000	<u>3</u>	<u>2</u>

Senior employees:

The number of senior employees of the Company who received remuneration falling  
within the ranges below was:

	<u>No.</u>	<u>No.</u>
£30,000 - £35,000	<u>1</u>	-
£35,001 - £40,000	<u>1</u>	-

5. Interest payable

	<u>1985</u>	<u>1984</u>
	£	£
Holding company	29,704	62,043
Bank loans and overdrafts	410	-
Other loans wholly repayable within five years	<u>2,030</u>	<u>-</u>
	<u>£31,144</u>	<u>£62,043</u>

6. Tax on profit on ordinary activities

	<u>1985</u>	<u>1984</u>
	£	£
Based on the profit for the year:		
Corporation tax at 30%	28,534	4,137
Deferred taxation	<u>(4,895)</u>	<u>4,571</u>
	23,639	8,708
Taxation (over)/under provided in previous year:		
Deferred taxation	2,190	(1,205)
Corporation tax	<u>(1,784)</u>	<u>-</u>
	<u>£24,045</u>	<u>£7,503</u>



NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1985  
(Continued)

14. Capital commitments

	<u>1985</u> £	<u>1984</u> £
Contracted	£58,500	£ -
Authorised, but not contracted	£30,000	£3,000

15. Other financial commitments

At December 31, 1985 the Company had annual commitments under noncancelable operating leases as set out below:

	<u>1985</u>		<u>1984</u>
<u>Land and buildings</u> £	<u>Other</u> £	<u>Land and buildings</u> £	<u>Other</u> £
Operating leases which expire:			
Within one year	21,576	-	-
In the second to fifth years inclusive	40,088	-	91,494
Over five years	<u>256,536</u>	<u>-</u>	<u>-</u>
	<u>£256,536</u>	<u>£61,664</u>	<u>£268,752</u>
		<u>£268,752</u>	<u>£91,494</u>

The operating leases in respect of land and buildings are assignable by the Company.

16. Ultimate holding company

The Company's ultimate holding company is AG für Industrielle Elektronik AGIE, a company incorporated in Switzerland.

23986



AGIE UK LIMITED  
(FORMERLY SWISS EDM LIMITED)

DIRECTORS' REPORT

The directors submit their report and modified accounts for the year ended December 31, 1986.

Results and dividends

The trading loss for the year, after taxation, was £34,041. The directors do not recommend the payment of a dividend for the year which leaves a deficit of £34,041 to be deducted from reserves.

Review of the business and future developments

The Company's principal activity during the year was the supply and servicing of Swiss built spark-erosion machines in the United Kingdom and Eire.

The company changed its name on November 6, 1986.

Fixed assets

Changes in the fixed assets of the Company are detailed in the notes to the accounts.

Directors and their interests

	<u>At December 31, 1986</u>	<u>At January 1, 1986</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
G Robinson - Chairman	-	-
G Bozzini	-	-
F Hermann	5,000	5,000

Auditors

A resolution to re-appoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

MISS B PRICE  
Company Secretary

February 27, 1987

1  
2  
8  
8  
7



NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1986  
(continued)

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax.

3. Staff costs

	<u>1986</u> £	<u>1985</u> £
Wages and salaries	310,252	255,997
Social security costs	21,599	29,377
Other pension costs	<u>49,000</u>	<u>19,698</u>
	<u>£379,851</u>	<u>£405,072</u>

The average weekly number of employees during the year was made up as follows:

	<u>1986</u> No.	<u>1985</u> No.
Office and management	7	6
Sales, service and application engineers	<u>17</u>	<u>15</u>
	<u>24</u>	<u>21</u>

.. Operating (loss)/profit

	<u>1986</u> £	<u>1985</u> £
This is stated after charging or crediting:		
Directors' remuneration (see below)	16,811	50,750
Hire of plant and machinery - operating leases	29,550	53,900
Other operating leases	12,216	12,212
Auditors' remuneration	5,000	4,500
Exchange loss/(gain) for year	230,213	(95,400)
Exceptional item: Adjustment to reflect correction of exchange loss arising in 1985 derived by translating year end liabilities at the average rate of exchange	<u>-</u>	<u>19,000</u>
Directors' remuneration:		
fees	-	-
other emoluments (including pension contributions)	<u>16,811</u>	<u>50,750</u>
	<u>£ 16,811</u>	<u>£ 50,750</u>



AGIE UK LIMITED  
(FORMERLY MISS EDM LIMITED)

7

NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1986  
(continued)

4. Directors' profit  
(continued)

	<u>1986</u>	<u>1985</u>
Emoluments (excluding pension contributions) of the chairman (who is also the highest paid director)	£16,811	£50,750

The emoluments (excluding pension contributions) of the other directors fell within the following ranges:

£Nil - £5,000

	No.	No.
	2	3

Senior employees:

The number of senior employees of the Company who received remuneration falling within the ranges below was:

£30,000 - £35,000  
£35,001 - £40,000

	No.	No.
	1	1
	-	1

5. Interest payable

	<u>1986</u>	<u>1985</u>
	£	£
Holding company	93,948	28,704
Bank loans and overdrafts	-	410
Other loans wholly repayable within five years	5,917	2,030
	<u>£ 99,865</u>	<u>£ 31,144</u>

6. Tax on (loss)/profit on ordinary activities

	<u>1986</u>	<u>1985</u>
	£	£
Based on the (loss)/profit for the year:		
Corporation tax at 30%	31,366	28,534
Deferred taxation	(4,922)	(4,895)
	26,444	23,639
Taxation (over) under provided in previous year:		
Deferred taxation	-	2,190
Corporation tax	(48)	(1,784)
	<u>£25,964</u>	<u>£24,045</u>

1284



# FILE COPY



## CERTIFICATE OF INCORPORATION ON CHANGE OF NAME

No. 1718531

I hereby certify that

29

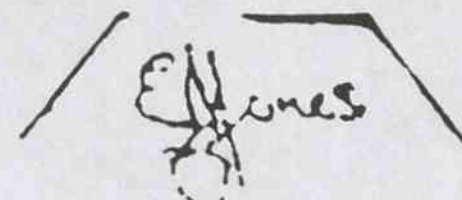
SWISS EDM LIMITED

having by special resolution changed its name, is now  
incorporated under the name of

AGIE UK LIMITED

Given under my hand at the Companies Registration Office,  
Cardiff the

6TH NOVEMBER 1986

  
MRS E. J. JONES

an authorised officer

C.172



AGIE UK LIMITED

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended December 31, 1987.

Results and dividends

The trading profit for the year, after taxation, was £27,239 compared to a loss of £34,041 in the previous year. The directors do not recommend the payment of a dividend for the year which leaves a retained profit of £27,239 to be transferred to reserves.

Review of the business and future developments

The Company's principal activity during the year was the supply and servicing of Swiss built spark-erosion machines in the United Kingdom and Eire.

Turnover has risen by £2,413,332 to £5,355,074.

Fixed assets

Changes in the fixed assets of the Company are detailed in note 7 to the accounts.

Directors and their interests

	<u>At December 31, 1987</u>	<u>At January 1, 1987</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
G Robinson - Chairman	-	-
G Bozzini	-	-
F Hermann	5,000	5,000

Auditors

A resolution to re-appoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

  
MISS B PRICE  
Company Secretary

March 22, 1988



AGIE UK LIMITED

NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1987  
(continued)

6

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax.

3. Staff costs

	<u>1987</u> £	<u>1986</u> £
Wages and salaries	437,718	310,252
Social security costs	44,377	36,085
Other pension costs	<u>23,863</u>	<u>33,514</u>
	<u>£505,908</u>	<u>£379,851</u>

The average weekly number of employees during the year was made up as follows:

	<u>1987</u> No.	<u>1986</u> No.
Office and management	8	7
Sales, service and application engineers	<u>18</u>	<u>17</u>
	<u>26</u>	<u>24</u>

4. Operating (loss)/profit

	<u>1987</u> £	<u>1986</u> £
This is stated after charging or crediting:		
Directors' remuneration (see below)	17,269	16,811
Hire of plant and machinery - operating leases	33,386	33,400
Other operating leases	12,216	12,216
Auditors' remuneration	5,070	5,000
Exchange loss/(gain) for year	<u>(54,647)</u>	<u>230,213</u>
Directors' remuneration:		
Fees	-	-
Other emoluments (including pension contributions)	<u>17,269</u>	<u>16,811</u>
	<u>£17,269</u>	<u>£16,811</u>



AGIE UK LIMITED

NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1987  
(continued)

7

4. Operating profit  
(continued)

	<u>1987</u>	<u>1986</u>
Emoluments (excluding pension contributions) of the chairman (who is also the highest paid director)	£17,269	£16,811

The emoluments (excluding pension contributions) of the other directors fell within the following ranges:

	No.	No.
£11 - £5,000	<u>2</u>	<u>2</u>

Senior employees:

The number of senior employees of the Company who received remuneration falling within the ranges below was:

	No.	No.
£30,000 - £35,000	1	1
£25,000 - £30,000	<u>1</u>	<u>1</u>

5. Interest payable

	<u>1987</u>	<u>1986</u>
	£	£
Holding company	51,543	93,948
Other loans wholly repayable within five years	-	<u>5,917</u>
	<u>£51,543</u>	<u>£99,865</u>

6. Tax on (loss)/profit on ordinary activities

	<u>1987</u>	<u>1986</u>
	£	£
Based on the (loss)/profit for the year:		
Corporation tax at 35%	72,400	31,366
Deferred taxation	-	<u>(4,922)</u>
	72,400	26,444
Taxation (over)/under provided in previous year:		
Corporation tax	<u>(858)</u>	<u>(480)</u>
	<u>£71,542</u>	<u>£25,964</u>



# 05-06-89

AGIE UK LIMITED

1

DIRECTORS' REPORT

The directors submit their report and modified accounts for the year ended December 31, 1988.

Results and dividends

The trading profit for the year, after taxation, was £4,792 compared to a profit of £27,239 in the previous year. The directors do not recommend the payment of a dividend for the year which leaves a retained profit of £4,792 to be transferred to reserves.

Review of the business and future developments

The Company's principal activity during the year was the supply and servicing of Swiss built spark-erosion machines in the United Kingdom and Eire.

Fixed assets

Changes in the fixed assets of the Company are detailed in the notes to the accounts.

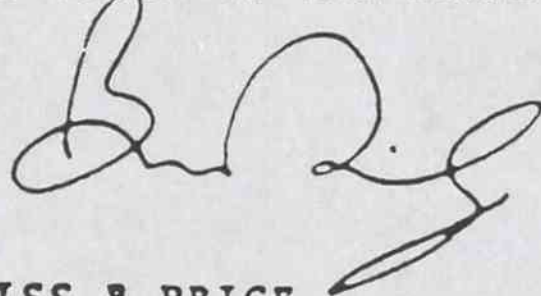
Directors and their interests

	<u>At December 31, 1988</u>	<u>At January 1, 1987</u>
	<u>Ordinary shares</u>	<u>Ordinary shares</u>
G Robinson - Chairman	-	-
G Bozzini	-	-
F Hermann	5,000	5,000

Auditors

A resolution to re-appoint Arthur Young as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



MISS B PRICE  
Company Secretary

March 3, 1989



05-06-89

AGIE UK LIMITED

NOTES TO THE MODIFIED ACCOUNTS AT DECEMBER 31, 1988  
(continued)

6

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax.

3. Staff costs

	<u>1988</u> £	<u>1987</u> £
Wages and salaries	510,332	437,718
Social security costs	53,613	44,327
Other pension costs	<u>43,617</u>	<u>23,863</u>
	<u>£607,562</u>	<u>£505,908</u>

The average weekly number of employees during the year was made up as follows:

	<u>1988</u> No.	<u>1987</u> No.
Office and management	12	8
Sales, service and application engineers	<u>15</u>	<u>18</u>
	<u>27</u>	<u>26</u>

4. Operating (loss)/profit

	<u>1988</u> £	<u>1987</u> £
This is stated after charging or crediting:		
Directors' remuneration (see below)	21,206	17,269
Hire of plant and machinery - operating leases	19,357	33,386
Other operating leases	14,205	12,216
Auditors' remuneration	5,200	5,070
Exchange loss/(gain) for year	<u>( 3,852)</u>	<u>(54,647)</u>
Directors' remuneration:		
Fees	-	-
Other emoluments (including pension contributions)	<u>21,206</u>	<u>17,269</u>
	<u>£21,206</u>	<u>£17,269</u>



# 30-07-90

## AGIE UK LIMITED

1

### DIRECTORS' REPORT

The directors submit their report and modified accounts for the year ended December 31, 1989.

#### Results and dividends

The trading loss for the year, after taxation, amounted to £9,406 compared to a profit of £4,792 in the previous year. The directors do not recommend the payment of a dividend for the year which leaves a retained loss of £9,406 to be transferred to reserves.

#### Review of the business and future developments

The Company's principal activity during the year was the supply and servicing of Swiss built spark-erosion machines in the United Kingdom and Eire.

#### Fixed assets

Changes in the fixed assets of the Company are detailed in note 7 to the accounts.

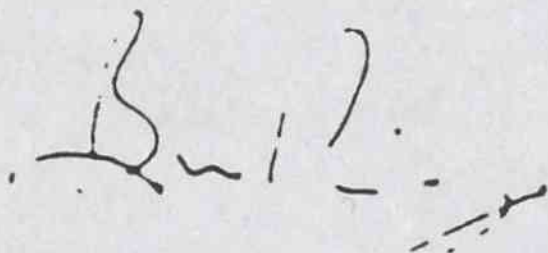
#### Directors and their interests

	At December 31, 1989 Ordinary shares	At January 1, 1988 Ordinary shares
G Robinson - Chairman	.	.
G Bozzini	.	.
F Hermann	5,000	5,000

#### Auditors

Arthur Young merged their practice with Ernst & Whinney on September 1, 1989 and now practise in the name of Ernst & Young. Accordingly, they have signed their audit report in their new name. Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

#### ON BEHALF OF THE BOARD

  
MISS B PRICE,  
Company Secretary

March 6, 1990



Monday 2 March



71 Ebury Mews East  
London SW1W 9QA  
Telephone & Fax: 0171 730 7332  
(Country Weekends & Fax): 01734 343818

Dear Jonathan

Mark  
You can read  
from with it  
J

I have written the enclosed reply to  
the nasty piece in the Sunday Times.  
It was an old story (witnesses to the  
Enquiry were seen in 1993) and riddled  
with inaccuracies. I am told it was  
pushed because they had run out of  
poison against Geoffrey Robinson.

You might use it if questions  
are directed at Number Ten.

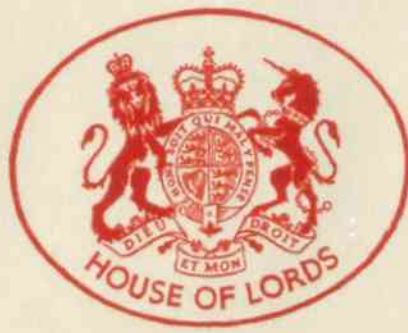
Can I please have permission  
to send it for publication?

Yours

Bened



The Lord Donoughue of Ashton  
Minister for Farming & Food



71 Ebury Mews East  
London SW1W 9QA

Telephone & Fax: 0171 730 7332  
(Country Weekends & Fax): 01734 343818

1 March 1998

The Editor  
The Sunday Times

Dear Sir,

May I correct some errors in your article today on my relationship with Robert Maxwell.

I did not have the longstanding association with Maxwell which you allege. I did not know him or any member of his family at Oxford in the 1950s, nor do I recognise the remarks you attribute to me suggesting otherwise.

I played no part whatsoever in his dawn raid on British Printing in 1980. I did not know him at that time, nor was I, as you claim, then a partner in his stockbrokers.

To the best of my recollection, I first met him in the mid-1980s. I still did not know him well when joining his company in 1988 and was not one of his central decision-making circle; few outsiders were.

Your more serious imputations about my role in Maxwell's stocklending are ill founded. I am constrained legally (as also presumably should be your alleged witnesses) from commenting on the DTI Inquiry until the report is published. But without breaching that, I believe I can prove that I was more than once assured by senior executives handling the stocklending that it was done according to City practise, via a broker taking the risk. When evidence in 1991 showed that it was being done directly to Maxwell associates (not illegal, but leaving the risk with stockholders), I supported the non-executive directors of the relevant trust in insisting that the loaned stock be returned, as it all was.

My relations with Maxwell then deteriorated, with accusations of betrayal. The intimidatory memo which you cite was part of a desperate legal tactic by Maxwell to blunt the attack of the independent directors by asserting that since I allegedly knew about the stocklending, the Board of which I was a member knew. He did not persist in this, since I could prove I had been assured the lending was properly conducted; but he claimed he could not see the crucial distinction between the two kinds of stocklending. I saw many examples of bad Maxwell behaviour (and some good), but no illegalities which would warrant exposure at that time.

My (later delayed) departure from his employment was agreed at a meeting with his son in December 1990, before the above events and a year before his Empire collapsed. I welcomed it because of our incompatibilities and because I wished to work wholly in the House of Lords, which I have since done.

Yours faithfully

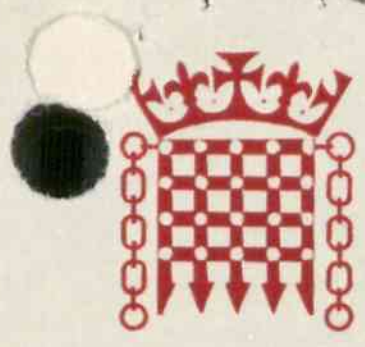


Job

advice please

Fally

27/2



**FROM: ALAN HOWARTH CBE MP  
HOUSE OF COMMONS  
LONDON SW1A 0AA**

26 February, 1998

Rt Hon Tony Blair MP  
Prime Minister  
10 Downing Street  
London SW1

Dear Prime Minister

I wrote to you formally on 5th September 1997, as Questions of Procedure for Ministers requires, to seek your permission to continue as an underwriting Member of Lloyds. I am writing now to let you know that my underwriting for 1998 is on a different basis from the past.

56% of my underwriting will continue to be through a Members' Agent's Pooling Arrangement (MAPA). From January 1st, however, I have converted 44% of my existing underwriting into the Hiscox Select Conversion Scheme (the firm of Hiscox is my Member's Agent). The syndicates within the Hiscox Select Portfolio that forms the conversion scheme for 1998 are the same as those within the Hiscox MAPA. My total underwriting for 1998 therefore is, through different routes, in two pools that are made up of the same underlying syndicates. I believe that this arrangement satisfies the principles underlying the requirement set out in Questions of Procedure for Ministers in respect of their Lloyd's underwriting.

The purpose of entering the Conversion Scheme is to enable me to disengage, gradually, from unlimited liability. I have been strongly advised by Hiscox that this would be the appropriate course. With the reforms at Lloyd's, capital is increasingly being provided by corporate participants, and individual Names will, Hiscox anticipate, in the future provide a greatly diminished proportion of Lloyd's capital. In these new circumstances to be exposed, through a MAPA, to unlimited liability will leave Names disproportionately vulnerable to the effects of any losses that may be incurred and Hiscox are advising their Names to reduce their underwriting by way of the MAPA and to reconstruct their participation through either a Scottish Limited Partnership or a Conversion Scheme.

Just as with a MAPA, so through a Conversion Scheme the principle is preserved that the individual Name invests in a spread of syndicates (somewhat akin to a unit trust) and of course takes no active part in the management of the affairs of the individual syndicates or the construction and management of the pool.

For 1998 I have no direct underwriting on an individual syndicate, and this, I think, is the essential principle that needs to be preserved for me as a Minister and an underwriting Member of Lloyd's.





I am conscious that Questions of Procedure for Ministers does not take account of the availability, and of course the desirability, of individual Names participating in Conversion Schemes, but I hope you will agree that the principle that lies behind the requirement set out for Ministers with regard to membership of Lloyd's remains fully satisfied. I thought it important, however, to inform you of my own position, and I trust that you will not see any difficulty about the course of action I have taken.

Yours ever

A handwritten signature in black ink, appearing to read 'Alan Howarth', written below the typed name.

Alan Howarth





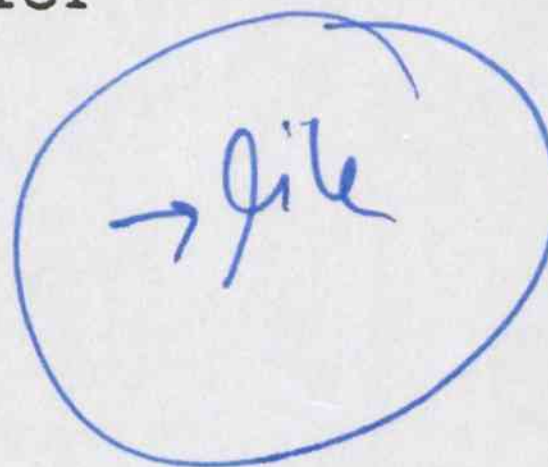


**RESTRICTED - POLICY**  
UK Presidency of the  
European Union

The Rt. Hon. Margaret Beckett MP  
President of the Board of Trade



Top RR  
cc:JP  
PU



The Rt Hon Jack Straw MP  
Secretary of State for the  
Home Department  
Home Office  
50 Queen Anne's Gate  
LONDON  
SW1H 9AT

Secretary of State  
**Department of  
Trade and Industry**

1 Victoria Street  
London  
SW1H 0ET

Direct Line: 0171-215 5430

Enquiries: 0171-215 5000

E-Mail Address:  
TLO.beckett@TLO.dti.gov.uk

26 February 1998

Dear Jack,

#### **REGISTRATION AND FUNDING OF POLITICAL PARTIES**

Thank you for copying to me your letter to John Prescott of 27 January.

I agree that it would be sensible to defer the provisions on funding from your Bill in the light of Lord Neill's concerns, but to press ahead with legislation to establish a registration system for political parties. As I said in my letter to John Prescott of 17 November, I am content in principle that the posts of Registrar of Political Parties and Registrar of Companies should be held by the same person, although, clearly, the Registrar, John Holden, cannot commit himself to a specific timetable for implementing your proposals until he has been provided with full details of the proposed registration system.

You say in your letter that you intend to submit a memorandum of evidence to the Neill Committee. I believe that it would be helpful for the memorandum to cover political donations by companies and trade unions, which were the subject of a number of questions in the Committee's consultation document. I attach a draft paper for inclusion in the memorandum which addresses the issues raised by the Committee from a legal

JW2235

**RESTRICTED - POLICY**

**dti**

Department of Trade and Industry





RESTRICTED - POLICY  
UK Presidency of the  
European Union

perspective, but which stops short of making recommendations to Lord Neill. I should be happy to take on board comments from colleagues on the content of the paper.

I am copying this letter to recipients of yours.

Regards  
Faulstich



# DRAFT TEXT FOR THE MEMORANDUM OF EVIDENCE

## POLITICAL DONATIONS BY COMPANIES

### Introduction

1 This paper sets out the current legal position with regard to a political donation by a company and examines the main ways in which it has been suggested that the Companies Act 1985 might be amended. The paper begins by providing background information on the main principles of company law, in order to help set the specific rules relating to political donations by companies in a broader legal context.

### The nature of a limited liability company incorporated under the Companies Act

2 From the date of incorporation, a company becomes a body corporate or corporation. It is an artificial legal person with rights and duties distinct from its members or shareholders.

3 Every company must have a memorandum of association, which is filed with the Registrar of Companies on a company's incorporation. The memorandum outlines a company's constitution and defines the scope of a company's powers. Section 2(1) of the Companies Act 1985 ("the Act") requires that the memorandum must state the objects of the company. A company cannot enter into activities and contracts which are outside its objects clause as it would then be acting *ultra vires*, or beyond its powers, although, if it does act *ultra vires*, the validity of such activities and contracts as regards third parties is preserved by section 35 and 35A of the Act..

4 Many commercial companies have an objects clause which will allow the company to carry on any trade or business whatsoever and to do all things that are incidental or conducive to the carrying on of any such trade or business. A company's objects should be reasonably interpreted, and whatever is incidental to the objects set out in the memorandum should be regarded as *intra vires*, that is, within the company's powers, unless expressly forbidden.

5 Many large companies, including most of those with an official listing on the London Stock Exchange, will have an objects clause which explicitly permits the company to make donations for charitable or other reasons. A typical clause would allow the company to support, or subscribe to, any charitable funds or institutions, or any benevolent schemes or projects of public or general interest, where the directors consider that the company's support may be considered likely, directly or indirectly, to further the objects of the company or the interests of its members.

6 Section 7 of the Act states that a company limited by shares may register with the memorandum articles of association signed by the subscribers to the memorandum and prescribing regulations for the company. (Companies limited by guarantee and



unlimited companies must register articles of association). The articles govern the rights of members among themselves and set out the way in which a company must conduct its affairs.

7 The Secretary of State may prescribe by regulations model articles of association. In the case of a company limited by shares, the model articles known as Table A will constitute the company's articles if articles are not registered, or to the extent that such articles adopt or do not disapply Table A.

8 The Articles of Association of almost all companies delegate the power of managing the company to the directors. Article 70 of the Model Articles set for a company limited by shares under The Companies (Tables A to F) Regulations 1985 states that:

“Subject to the provisions of the [Companies] Act, the memorandum and the articles and to any directions given by special resolution, the business of the company shall be managed by the directors who may exercise all the powers of the company. No alteration of the memorandum or articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given”.

9 In managing the company, directors have a duty to act in good faith and in the interests of the company i.e. for the benefit of the shareholders as a whole. They also have a duty not to use their powers for an improper purpose.

#### Position and rights of shareholders

10 The main rights of a member relevant to a company making a donation for political purposes are that:

- he is entitled to a copy of the memorandum and articles of the company and, unless provided otherwise by the articles, to receive a notice of general meetings;
- he has a right to vote at company meetings;
- he is entitled to receive a copy of the company's annual accounts, together with a copy of the directors' report for that financial year and the auditors' report on the accounts, at least twenty-one days before a general meeting;
- he may, on his own or with other members, requisition a general meeting and circulate resolutions provided the statutory requirements are met;
- he is entitled to a dividend, when a dividend has been duly declared.

11 Shareholder approval for political donations is not presently required by statute.

#### *Current provisions in company law relating to donations by companies for political purposes*



12 The current regulatory provisions in company law on political donations relate only to **disclosure**. A company is required by Schedule 7 to the Companies Act 1985 to give the following information in the directors' report:

- (i) the name of each person to whom money has been given for political purposes exceeding £200 in amount, and the amount of money given;
- (ii) if money exceeding £200 in amount has been given by way of donation or subscription to a political party, the identity of the party and the amount of money given.

13 Under Schedule 7, a company is to be treated as giving money for political purposes if, directly or indirectly-

- (a) it gives a donation or subscription to a political party of the United Kingdom or any part of it; or
- (b) it gives a donation or subscription to a person who, to the company's knowledge, is carrying on, or proposing to carry on, any activities which can, at the time at which the donation or subscription was given, reasonably be regarded as likely to affect public support for such a political party.

14 **Shareholders' current powers** in relation to political donations are in practice very limited. Given the management powers conferred on directors by the Articles, shareholders seeking to prevent a company's directors from making political donations would appear to have three possible courses of action:

- (a) *challenge the donations in court on the grounds that the making of political donations fell outside the objects clause in the company's memorandum*

The objects clause sets out the objects for which a company is formed. A company cannot enter into activities and contracts which are outside its object clause as it would then be acting *ultra vires* although the validity of such activities and contracts as regards third parties cannot be challenged. A shareholder may, however, seek to obtain an injunction restraining a director from engaging in future action of such kind. The company may also institute proceedings against a director for breach of duty and for recovery of the amounts disbursed by the director in breach of the company's constitution. It is, however, very unlikely that a legal challenge on these grounds would be successful. Most objects clauses are expressed very broadly, and whatever is incidental to the objects set out in the memorandum would be regarded as *intra vires* unless expressly forbidden. It is implicit in the disclosure requirements in Schedule 7 of the Companies Act 1985 that political donations are not necessarily beyond the capacity of a company. The courts are extremely reluctant to review any business decision of the board on its merits, although they might take a more interventionist approach in relation to non-commercial companies, e.g. when asked to decide whether a decision by an incorporated charity was within such a company's constitution.



(b) *challenge the donations in court on the grounds that the directors were not acting in the interests of the company*

A shareholder could also challenge the making of a political donation on the grounds that the directors were breaching their fiduciary duty to act in the interests of the company. It is, however, highly unlikely, for the type of reason discussed in the paragraph above, that the courts would seek to review the merits of the directors' decision and declare the donation invalid.

(c) *require the directors to obtain prior shareholder approval by amending the company's Articles or by giving directions under the Articles*

This would require the passing of a special resolution at a general meeting. Members holding 5 per cent of the total voting rights, or not less than 100 members holding shares on which there has been paid an average sum per member of not less than £100, may on giving six weeks' notice to the company require it to send to all members notice of a resolution that they intend to move at the next annual general meeting. The difficulties of collective action by shareholders in the face of a hostile management are well known, however, and an attempt to give directions to the directors would be an unusual intervention by shareholders in the management of the company. In the case of a listed company, a resolution to amend the Articles could not be carried without the support of almost all of the company's institutional shareholders because of the requirement that at least seventy-five per cent of votes are cast in favour of the resolution.

15 Shareholders could also put down an ordinary resolution on political donations. Although this would not be binding on the directors, even if passed by a huge majority on a poll vote, it would carry moral weight.

### *Possible reform of company law in respect of donations by companies for political purposes*

#### Disclosure of donations

16 The disclosure requirements in the Companies Act 1985 are already, in many respects, tightly drawn. In particular, the threshold for disclosure of money donations is set at a level below that which has been suggested by most commentators for disclosure by political parties. It would, however, be possible to strengthen or broaden the disclosure requirements by, for example:

- requiring the disclosure of donations or subscriptions to foreign political parties;
- requiring the disclosure of the estimated money value of all gifts or loans for political purposes;



- requiring the disclosure in the directors' report of any connection by a director with a political organisation which might be considered to constitute a conflict of interest e.g. membership by a director of a political party to which a donation had been made.

Increasing the power of shareholders over donations

17 The options for reform which have been put forward include:

- (a) a requirement on companies to obtain shareholder approval before making political donations;
- (b) a requirement on companies to ballot shareholders about the making of political donations if they made such donations in the preceding financial year;
- (c) a requirement on companies which wish to make political donations to establish a separate political fund;
- (d) a requirement on companies to give a "rebate" to a shareholder who has notified the company of his or her objection to the political contribution which is proportionate to his or her shareholding in the company.

18 Under **option (a)**, directors would be obliged to obtain prior approval from shareholders for political donations by the company. A provision to this effect in the Companies Act would override any contrary provisions in a company's memorandum and articles. The amendment to the Companies Act could be drafted in a number of different ways:

- it could be drafted to permit the board to seek a general and unlimited agreement from shareholders, so that the directors were left with total discretion over the amount, timing and recipient of future donations;
- the board could be required to seek shareholders' approval annually for expenditure up to a prescribed limit;
- there could be a requirement for the board to seek shareholders' approval for each individual donation before it was made.

19 There is arguably no precedent in the Companies Act for a requirement on directors to obtain shareholder approval before they carry out an action which they consider likely to further the objects of the company. It may be considered, however, that the Schedule 7 disclosure requirements already make an implicit distinction between political and charitable donations and more routine types of business expenditure. It may also be considered that, in a case where one of the directors was a member of the political party to which a donation was to be given, there could be a conflict between the director's personal interests and his duty to the company which



would make such a requirement analagous to the requirements for shareholder approval under Part X of the Companies Act 1985. The annex to this paper describes the types of proposals by the board which, under the Act, do require shareholder approval.

20 **Option (b)** would be similar to the amendment moved by Lord Williams of Elvel at Committee stage in the Lords during the passage of the Companies Act 1989, which would have required that, where a directors' report disclosed that political donations had been made, that part of the report should not be signed, but should be put to the general meeting for approval by ordinary resolution. This would give shareholders a right to vote on political donations, but would not give them the power to prevent such donations being made. Since shareholders can already make their views known to directors, by, for example, formally putting the question of donations on the agenda of a general meeting, this option would add little of substance to shareholders' existing rights. In any event, the Act requires the report as a whole to be signed and not a part of it. It is difficult to see what the consequences of shareholder disapproval would be. The donation would already have been made, and refusing to accept a report of what had occurred would neither cause the donation to be repaid nor prevent the directors from making further donations in the future.

21 **Option (c)** would oblige companies that wished to make donations for political purposes to establish a political fund entirely separate from other company funds. It is likely that, under this option, a percentage of dividends payable to shareholders would be put into a political fund; shareholders who objected to payment of part of their dividend to a political party would have the right not to contribute, and to receive the full value of their dividend payment.

22 There are two main arguments which may be put forward against option (c):

- It departs from the orthodox view that political donations are made by the directors to promote the interests of the company. They are thus an expense in earning the return to shareholders, not part of that return itself. Under this option, however, political contributions would be viewed as the expenditure of funds which rightly belong to the ~~the~~ shareholder; if donations were made under this option, they would therefore be made by the fund representing the shareholders rather than by the company. This would be novel in legal terms. If a company's assets were put in such a fund, the company would no longer be the beneficial owner of the assets, and provision would need to be made for the operation and safeguarding of the fund. There would also be taxation implications for the shareholders.
- There would be considerable costs and bureaucracy involved in allowing individual shareholders to choose the destination of the fund. Even a collective decision-making procedure would incur costs which would, presumably, have to be financed by or from the political fund itself. It is likely, therefore, that the whole business of setting up and running such a fund would be unattractive to most companies.



23 A donation which has been made by a company to a political party cannot be cancelled or stopped by subsequent action by the company or its shareholders. **Option (d)** would not therefore strictly be a "rebate", since the company would have the legal authority (subject, if so required, to shareholder approval) to make the donation. In practice, the company would be making a parallel contribution from its funds to some of its shareholders. This would be novel in terms of company law and would require primary legislation.



## TYPES OF PROPOSALS BY THE BOARD OF DIRECTORS WHICH REQUIRE SHAREHOLDER APPROVAL

The Companies Act 1985 requires shareholder approval in respect of the following types of proposals by the board of directors:

*(a) Proposals for fundamental change to the company*

Such proposals require the passing of a special resolution. Under section 378(2) of the Act, a resolution is a special resolution when it has been passed by a majority of not less than three-fourths of such members as (being entitled to do so) vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. The following are some of the changes requiring a special resolution:

- alteration of the objects clause in the memorandum;
- alteration of the articles;
- reduction of share capital;
- approval of an *ultra vires* transaction i.e. relieving a director of liability for causing the company to engage in activity beyond its capacity.

*(b) Proposals relating to the proper governance of the company*

These proposals may be passed by ordinary resolution:

- [for public companies only] the appointment of auditors;
- the remuneration of auditors appointed by the company in general meeting.

The Act does not require shareholders to approve the appointment of directors but it does require that, in the case of a public company, each proposed director must be voted on individually unless there is unanimous consent to a block resolution.

*(c) Proposals where a director's personal interests might conflict with his duty to the company*

Part X of the Companies Act 1985, which deals with the enforcement of fair dealing by directors, requires prior approval by ordinary resolution in each of the following circumstances:

- payment to a director by way of compensation for loss of office (that is, payment beyond his contractual entitlement);
- a contract of employment for a director for more than 5 years;
- substantial property transactions between a director and the company.



Articles of association commonly require companies to seek approval by ordinary resolution before distributing the dividend. Since 1996, the Stock Exchange Listing Rules have required listed companies to obtain shareholder approval for directors' long-term incentive schemes prior to their adoption, because they potentially commit shareholders' funds for more than one year ahead, or dilute the equity.



### Trade Union Political Funds

Under existing law<sup>1</sup>, a trade union wishing to spend money on party political activities must set up a separate political fund for this purpose. It is unlawful for unions to spend money from their general funds on political objects. Trade unions must also comply with certain statutory requirements in setting up and running political funds. For example, when establishing a fund all union members must be balloted by post. The ballot is subject to independent scrutiny. A ballot gives unions the ability to maintain a political fund for ten years. If a union wishes to retain the fund beyond that time, it must re-ballot its members.

Each union member has a right to "contract out" of paying the levy to his union's political fund. Unions with political funds must inform their members accordingly after a ballot occurs and make available to individual members a form with which they can claim the right to contract out.

If union members consider their unions have breached any statutory requirement in respect of establishing or operating a political fund, then they can complain to the courts or the Certification Officer to seek the appropriate remedy.

Enclosed is a Government booklet which describes in greater detail the statutory requirements in respect of political funds.

It is Government policy that the key elements of the trade union legislation of the 1980s should stay.

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<sup>1</sup> Principally Sections 70 - 91 of the Trade Union and Labour Relation (Consolidation) Act 1992.





Top AL  
cc PR  
PU  
JB

MINISTRY OF DEFENCE  
WHITEHALL LONDON SW1A 2HB

Telephone 0171-21 82111/2/3

SECRETARY OF STATE

MO 10/7/4J

25 February 1998

*Dear Sir,*

*File.*

Thank you for your letter of 9 February.

I am content for the consultation to go ahead as proposed. There is, however, one point at paragraph 14(2) which could perhaps be further clarified for the lay reader. This sub-section refers to "what kinds of damage to the public interest are sought to be avoided" and I think it might be better to expand this to encompass both sides of the PII argument. I suggest the following:

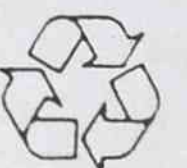
"What is the nature of the interest which is sought to be protected and what level of damage to that interest is considered to justify a claim".

I am copying this letter to the Prime Minister, members of CRP(FOI) and Sir Richard Wilson.

*Yours,  
George*

GEORGE ROBERTSON

The Rt Hon John Morris QC MP  
Attorney General



Recycled Paper





HOUSE OF COMMONS  
LONDON SW1A 0AA

2/3

Private & Confidential

Terence  
→

cc: [unclear]

Sir Terence Burns  
Her Majesty's Treasury  
Parliament Street  
London SW1P 3AG

Can you find out  
for Terry what he  
is doing with this  
(see the obs on Sunday).  
we ought to show to him  
w.r. to this.

25th February 1998

✓ [unclear]  
3/5

Dear Sir Terence,

I regret that I feel bound to write to you about the conduct of Charlie Whelan, who, I understand, is employed by the Treasury and ultimately responsible to you.

This concerns an incident in the street outside number 4 Millbank on 26th January in which Mr Whelan publicly abused me in foul language, behaving in what I regard as an entirely unacceptable way for someone in his position.

The reason for the delay in drawing this matter to your attention is that I had hoped to avoid doing so in the light of an apology from Mr Whelan. Alas, it appears that despite the best efforts of others, such an apology is not to be forthcoming.

I had just emerged from the Gymnasium on the 26th when I encountered Mr Whelan on the pavement outside. He was talking to someone on his mobile phone. Upon seeing me he, without breaking off his call, and indeed giving a running commentary to the person on the other end of the line, pointed his finger accusingly and shouted "You bastard, You bastard". This he repeated together with other abuse several times. He told the person to whom he was talking on the phone "I've just spotted a filthy piece of excrement on the pavement"

The pavement was crowded with members of the public during this performance. I went up to my room at 7 Millbank and immediately reported the incident to the appropriate party authority.







HOUSE OF COMMONS  
LONDON SW1A 0AA

- 2 -

You may be aware that earlier last month I had the misfortune to buy a copy of the then unpublished biography of the Chancellor by Paul Routledge, unaware that it had been put on sale prematurely. I subsequently discussed it with the Chancellor, the Guardian's Labour Editor Seumas Milne and others. This led to a front page Guardian exclusive by Mr Milne, which arguably spoiled the book's launch (though not its sale) and contributed to its notoriety.

After my discussion with the Chancellor - but before the Guardian story appeared - Mr Whelan telephoned me and asked me to "keep quiet" about the book, because, he said, disclosure of its contents would cost the author a considerable sum in serialisation income. Later that day the author also telephoned me to make the same plea.

I told Whelan that I was a supporter of the Chancellor and would say nothing further about the book if that was his wish - but that I had already discussed it with several others.

Members of the lobby later said that Mr Whelan had subsequently maligned me, claiming *inter alia* that I may have stolen the manuscript, as I could not possibly have bought the book where I said I had. When told by journalists that I had published the receipt, he reportedly countered that in the computer age anyone could mock up a receipt.

Although Mr Whelan's resort to these utterly baseless slurs speaks volumes about him as an individual, it is not that about which I wish to complain.

Rather, it is about his extraordinary public outburst on the evening of the 26th January. Where I come from, such incidents are usually dealt with on the spot. That would obviously not have been right or sensible. But more reasoned attempts to have the problem resolved privately have, to my surprise and dismay, come to nothing despite the passage of an entire month.







HOUSE OF COMMONS  
LONDON SW1A 0AA

- 3 -

It cannot be acceptable or in the interests of the Government for a Government servant, paid out of public funds, to be allowed to carry on in this fashion towards anyone - let alone an elected member of parliament. Mr Whelan's behaviour amounted to all intent and purposes to hooliganism and I trust that you will take action over the issue as quickly as possible.

Yours sincerely,

**George Galloway M.P.**

cc : -       The Prime Minister  
              The Chancellor of the Exchequer  
              The Government Chief Whip







→ file

Top JP JJH  
cc: RR  
AL  
PU

QUEEN ANNE'S GATE LONDON SW1H 9AT

25 FEB 1998

The Rt Hon John Prescott MP  
Deputy Prime Minister  
Eland House  
Bressenden Place  
London SW1E 5DU

JP

Dear John,

#### GOVERNMENT EVIDENCE TO THE NEILL COMMITTEE ON FUNDING OF POLITICAL PARTIES

When I wrote to you on 21 January about the registration of political parties I said I would write again to let colleagues see the proposed submission of evidence to Lord Neill's Committee for its Inquiry on the funding of political parties.

The attached submission is very much a factual background paper and has been cleared at official level with the key Departments. It sets out:

- what our proposals are on the registration of political parties;
- existing areas of state financial assistance to political parties including 'short' money, party political broadcasting time, costs of policing party conferences and subsidies for candidates election meetings and election communications;
- limits on candidates election expenses at a local level and the possibility of regional or national limits for the 'list' systems of election for the European Parliament, Scottish Parliament and National Assembly for Wales;
- the Government's existing commitments to ban foreign funding of political parties and to require full details of donations above £5000 to be disclosed.

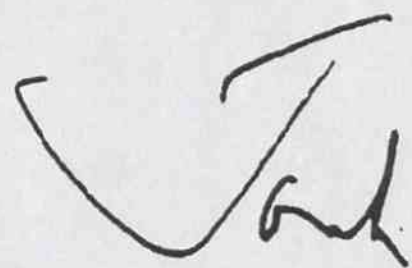
I understand that Margaret Beckett may wish to put forward a separate submission on political donations by companies and trade unions.



The Neill Committee has asked for submissions by the end of this month and so with apologies for the very short notice I should be grateful for any comments by Friday 27 February.

I am copying this letter to the Prime Minister, to Cabinet colleagues, to the Chief Whip and to Sir Richard Wilson.

*Yours ever,*

A handwritten signature in cursive script, appearing to read "Jack".

JACK STRAW



# THE COMMITTEE ON STANDARDS IN PUBLIC LIFE INQUIRY ON THE FUNDING OF POLITICAL PARTIES

## MEMORANDUM OF EVIDENCE BY THE GOVERNMENT

### Introduction

1. This Government memorandum is intended to provide background information to assist the Committee on Standards in Public Life with its Inquiry on the funding of political parties and in response to the call for written submissions contained in the Committee's consultation document "Issues and Questions" published on 17 December 1997.

2. The memorandum sets out the current position relating to state financial assistance to political parties and restrictions on expenditure at elections. It deals with the Government's commitment to introduce a ban on the foreign funding of political parties and a requirement that donations above a set limit should be disclosed.

3. The memorandum does not attempt to offer a view on the various questions set out in the "Issues and Questions" consultation document as these cover the very issues on which the Government wishes to hear the advice of the Committee before it takes a view. These are matters on which in any event each of the political parties represented at Westminster is expected to submit their own evidence.

4. The Department of Trade and Industry is submitting a separate memorandum on political donations by companies and Trade Unions.

### Registration of Political Parties

5. The Government is to introduce legislation in the current Parliamentary session (1997-98) on the registration of political parties.

6. It was originally proposed to have a joint Bill dealing with both registration and funding of political parties. However, following a request from Lord Neill because of the potential overlap between the Bill and the Committee's Inquiry on the funding of political parties, it was subsequently decided to deal only with registration in this session's legislation.

7. The Registration Bill will have two key purposes. These will be to:

- give a formal legal status to "registered" political parties and thus enable them to field lists of candidates for the proportional representation systems proposed for elections to the Scottish



Parliament, National Assembly for Wales and (in Great Britain) the European Parliament;

- prevent the use of misleading descriptions by requiring the authority of a registered party for the use of its name (or a similar name) and emblem on a ballot paper.

8. In order to achieve these purposes it is intended that the Bill should provide for:

- The compulsory registration of those political parties with two or more seats in the House of Commons (with the possibility of extending compulsory registration to parties represented in the Scottish Parliament, National Assembly for Wales and the European Parliament);
- The voluntary registration of any other political parties;
- A ban on party political broadcasts by parties which are not registered political parties;
- A provision allowing registered parties' candidates to include their party's emblem on the ballot paper;
- Introduction of measures to prevent misleading names (eg "Literal Democrat") on ballot papers and to ensure that the name and emblem of a registered political party can be included in a candidate's description on a ballot paper only with the party's authority.

9. The Bill will not prescribe the type of structure that should apply to the internal organisation of a "registered" political party. Thus a party will be able to register whether it has a centralised national structure or is organised on the basis of a federation of regional or local party groups.

10. Also, because this Bill will not be dealing with questions relating to party funding, it will not introduce any statutory requirement for parties to publish accounts or for their finances to meet particular criteria. It is recognised, however, that such requirements may need to be introduced by future legislation, depending on the Committee's recommendations.

11. It is hoped to have a Registration of Political Parties Bill ready for introduction around Easter. The Bill will need to complete its Parliamentary passage this session. This is so that the process of registration can commence in good time to ensure that all parties wishing to register have the opportunity



to do so prior to nomination for the elections in May 1999 to the Scottish Parliament and the National Assembly for Wales and the elections to the European Parliament in June 1999.

### State Financial Assistance to Political Parties

#### 'Short' money

12. Direct financial aid from public funds to political parties in cash terms is limited to "Financial assistance to opposition parties", also known as 'Short' money. 'Short' money payments were introduced in 1975 to assist opposition parties in providing an effective Parliamentary opposition.

13. 'Short' money allocations amounted to just under £2 million in 1996-97. Funds are allocated to opposition parties according to the number of seats and votes obtained by each party in the previous general election. Assistance is limited to parties with at least two seats in the House of Commons or one seat and a minimum of 150,000 votes cast in the last general election. It was recently extended to cover expenditure by the two main opposition parties in the House of Lords.

#### Broadcasting

14. Political parties receive indirect financial aid in the form of free broadcasting air time for party political and party election broadcasts. At the same time paid advertising on behalf of political parties on radio and television is prohibited under the Broadcasting Act 1990.

15. The Government's proposed legislation on the Registration of Political Parties will introduce a requirement that only registered political parties will be eligible for any form of party political broadcast.

16. In addition the BBC, Independent Television, Radio Authority and S4C issued a joint consultation paper on 20 January on the future shape of party political broadcasting. The broadcasters have invited comments by 31 March 1998, on a number of proposals including a suggestion to move the focus of party political broadcasting to election campaigns.

17. Certain restrictions apply to broadcasts during elections. Section 93 of the Representation of the People Act 1983 as amended by the Broadcasting Act 1990 prohibits broadcasts involving one candidate in a constituency without agreement of the other candidates. In addition Section 92 restricts the use of foreign radio or television to influence voters at an election in this country.



## Costs of policing at party conferences

18. A proportion of the additional costs of policing the two main party conferences is met from Government funds. For 1998/99 the Government has agreed to give additional grant under Section 48 of the Police Act 1996 of £750,000 to both Lancashire and Dorset Police Authorities to assist with the costs of safeguarding national security at the 1998 Labour and Conservative Party Conferences. The total additional costs of policing these events is estimated at about £1.3 million by Lancashire and Dorset. The balance will be found from the forces' existing budgets.

19. In addition certain security expenditure incurred by the main political parties on the advice of the police can be reimbursed under Section 170 of the Criminal Justice and Public Order Act 1994. Under existing arrangements, grants are paid to eligible parties on that part of the cost of their main annual conference considered necessary to:

- (a) compensate hotel owners and other traders for loss of business while their premises are closed for search before the conference and for security purposes during it;
- (b) meet the cost of security personnel and technical equipment hired by the party for carrying out searches of those attending during the conference; and to
- (c) meet 60% of the cost of producing and distributing photographic security passes for the conference.

20. The basis for additional Government funding for additional policing costs in Scotland is that such costs can be incurred due to the need to protect senior political figures attending party conferences and might reasonably be regarded as to do with national security rather than general policing. In these circumstances, funding under the national security grant provisions of Section 56 of the Police and Magistrates' Courts Act 1994 will apply. In recognition of the costs involved in policing the Scottish Conservative Party conference in Aberdeen in 1996, Ministers agreed to make a special grant of £154,000 which met in full the unbudgeted element of these costs to Grampian Police Joint Board. On reimbursement of security costs at party conferences, the Government's policy is that payment should only apply to the party's main (national) conference and so there has been no funding of these costs in Scotland.

21. Information on the costs of policing party conferences in recent years, including reimbursement of parties' security expenditure, was set out in answer



... to a Written Parliamentary Question on 7 November 1997 (copy attached at Annex A).

### Candidates' election meetings

22. Sections 95 and 96 of the Representation of the People Act 1983 allow candidates at elections to use, free of charge, rooms in schools and meeting rooms which are maintained out of public funds, in order to hold election meetings. This applies to independent candidates as well as candidates representing political parties. Information is not held on the extent to which candidates avail themselves of this provision nor the extent of the financial benefit to political parties.

### Candidates' election communications

23. All candidates at Parliamentary elections (including independent candidates) are entitled to free postage for one election communication to each address or every elector in the constituency. The cost of providing this service to candidates at the 1997 general election was £20.5 million.

### Limits on expenditure

#### Candidates' election expenses

... 24. Since the nineteenth century limits have been imposed on expenditure locally by or on behalf of candidates at elections. Tables published in response to a Parliamentary Question on 16 December 1997 (Annex B) show that in real terms the value of local expenditure has declined, no doubt being replaced by a higher level of expenditure at a national level by political parties. Final figures for the 1997 general election are not yet available but it is estimated that the total of candidates' election expenses (including personal expenses) was some £13.4 million.

25. Maximum levels of expenditure by candidates at Parliamentary elections are laid down in section 76 of the Representation of the People Act 1983. The maxima are increased from time to time, to take account of inflation, by an Order made by the Home Secretary under section 76A of the 1983 Act. Such Orders are subject to affirmative resolution by both Houses of Parliament.

26. The maximum levels of candidates' election expenses were last increased in March 1997 and are currently laid down in the Representation of the People (Variation of Limits of Candidates' Election Expenses) Order 1997. The maximum amount a candidate may spend at a Parliamentary general election is £4,965 plus an additional 5.6 pence per elector for county constituencies and £4,965 plus an additional 4.2 pence per elector in borough constituencies. Full



... details of the limits on expenditure at Parliamentary and local government elections are set out at Annex C.

27. A true return as to election expenses must be delivered to the returning officer within thirty-five days after the day on which the result of the election is declared. Failure to make a return as to election expenses is an illegal practice (ie liable to a fine not exceeding scale 5 on the standard scale, currently £5,000, and various electoral penalties could also be incurred). If a successful candidate was found guilty of an illegal practice on these grounds, his election could be declared void on an election petition. A candidate or election agent who knowingly makes a false declaration as to election expenses is guilty of a corrupt practice, and on conviction could be barred from voting for up to 5 years and from standing for election for up to 10 years.

28. A higher limit on expenses applies at a Parliamentary by-election than at a general election because of the fact that by-elections may lead necessarily to a higher level of campaigning by the candidates and their parties at a local level compared with general elections when candidates have the benefit of a high level of national campaigning.

29. Certain expenditure, such as treating electors to food or drink, payments to canvassers or hiring vehicles to take electors to and from the poll is expressly forbidden by the 1983 Act.

### The Bowman judgement

30. Section 75 of the Representation of the People Act 1983 prohibits any expenditure in support of a candidate at an election (or disparaging another candidate) if it exceeds £5, unless incurred by the candidate or his election agent or by persons authorised by the election agent. Thus local expenditure by a 'third party' has been effectively prohibited unless approved and accounted for with the candidate's election expenses.

31. This provision was challenged before the European Court of Human Rights on a complaint by Mrs Phyllis Bowman, executive director of the Society for the Protection of the Unborn Child who had been charged under Section 75 following distribution of 25,000 leaflets on the views about abortion of candidates in Halifax during the 1992 general election campaign. The Court ruled in its judgement on 19 February 1998 that this legislation restricted Mrs Bowman's freedom of speech and was therefore a breach of Article 10 of the European Convention on Human Rights (an extract from the judgement is at Annex D).



32. The Government will consider this judgement and its implications very carefully and would be grateful if the Committee could look at this aspect of election expenses within its wider review of party political funding.

### Limits on national expenditure

33. Although limits on election expenditure have always been based on the amount that any individual candidate can spend, with a move to list based electoral systems it will no longer be sustainable to rely simply on limits on the expenses of individual candidates. Elections in 1999 to the Scottish Parliament, National Assembly for Wales and European Parliament will all include candidates elected under a list system of proportional representation.

34. The Government is considering what new rules should be created to accommodate the new electoral systems. Options would include limiting total party expenditure, either within individual regions or nationally, and seeking to apportion national expenditure to regions. The Government will be guided in this by the recommendations of the Committee's inquiry.

35. The European Parliamentary Elections Bill, which provides for the introduction of a regional list system for elections to the European Parliament, contains a power allowing regulations to be made governing candidates' and parties' election expenditure. It has been drafted deliberately to be as wide as possible so as not to preclude, at this stage, any of the options. Similar powers allowing for the limitation of election expenses of candidates and of registered political parties are included in the Scotland Bill and Government of Wales Bill in respect of elections to the Scottish Parliament and the National Assembly for Wales.

### Funding of Political Parties

36. The Government made clear in its election manifesto that it is committed to the banning of foreign funding of political parties and to require the disclosure of donations above a certain figure.

37. The Home Secretary announced on 28 January that the Government had decided to defer introducing legislation on party funding in the current (1997-98) Parliamentary session because of the simultaneous consideration of these issues by Lord Neill's Committee. He made clear that the Government remains firmly committed to legislate in this area and will bring forward proposals in the light of the recommendations of the Neill Committee.

38. In relation to foreign funding it would be helpful to know the views of the Committee on how foreign funding should be defined, whether personal donations should be restricted to persons on the electoral register eligible to



vote in the United Kingdom, how to define foreign donations in relation to companies and voluntary associations and how to prevent these from being used as a way of circumventing any ban on foreign funding.

39. In relation to transparency it would be helpful to have the views of the Committee on the mechanics for the disclosure of donations. The Government has already stated that full details of donations above £5,000 should be disclosed, but the Committee may have views on how this should be done and whether, for example, there should be a separate level for acceptance or rejection of anonymous donations and the timing of disclosure.

40. Finally it would be helpful to have the advice of the Committee on how any recommendations on the future financial arrangements of political parties might be linked with the Government's proposed legislation on the registration of political parties.

Home Office  
February 1998



## Party Conferences (Security)

Mr. McNamara: To ask the Secretary of State for the Home Department what was the cost of security arrangements for each party political conference held in 1997; and what was such expenditure in each of the preceding three years. (13084)

Mr. Michael [holding answer 6 November 1997]: The information requested is set out in the table. In 1996, Dorset Police was given £1.5 million, and this year Lancashire Constabulary and Sussex Police were each given £750,000 in extra Government funding as a contribution towards the additional costs of safeguarding national security at Party conferences in their area.

## Cost of policing Party Conferences

Force	£			
	1997	1996	1995	1994
<i>Conservative Party</i>				
Lancashire	'2.5-3 million	—	'662,000	—
Dorset	—	2,847 million	—	2,671 million
<i>Labour Party</i>				
Sussex <sup>1</sup>	'2 million	—	32,000	—
Lancashire	—	2,620 million	—	'90,000
<i>Liberal Democrat Party</i>				
Nottinghamshire	—	Nil	—	—
North Yorkshire	—	—	Nil	—
South Wales	380	—	—	Nil
Sussex <sup>1</sup>	Nil	6,000	—	3,500

<sup>1</sup> Estimate.

<sup>2</sup> Lancashire Constabulary and Sussex Police are only able to provide additional costs which are essentially overtime, transport and accommodation costs.

In addition, some security expenditure incurred by the political parties on the advice of the police can be recovered from the Home Office in accordance with section 170 of the Criminal Justice and Public Order Act 1994. The reimbursed costs are set out in the table:

Year	£	
	Conservative Party	Labour Party
1994	463,165	153,449
1995	533,392	65,000
1996	554,806	528,773
1997	n/a	n/a

n/a = not available.



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Written Answers

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## General Elections

Mr. Healey: To ask the Secretary of State for the Home Department what statistics his Department collates on expenditure of candidates in general elections. [21503]

Mr. Straw: The total expenses of candidates in general elections between 1857 and 1992 are set out in the tables below. Table 1 shows the actual expenditure. Table 2 has the figures indexed to 1992 prices.

The figures for the 1997 general election are not yet available.

Table 1: General elections, 1857 to 1992 total expenses of candidates

£ million			
Year	Expense	Year	Expense
1857	0.43	1929	1.21
1859	0.40	1931	0.65
1865	0.71	1935	0.72
1868	1.29	1945	1.07
1874	1.02	1950	1.17
1880	1.62	1951	0.95
1885	0.79	1955	0.90
1886	0.49	1959	1.05
1892	0.76	1964	1.23
1895	0.62	1966	1.14
1900	0.63	1970	1.47
1906	0.96	1974 February	2.10
1910 January	1.07	1974 October	2.26
1910 December	0.79	1979	3.69
1918	—	1983	6.31
1922	1.02	1987	8.31
1923	0.98	1992	10.78
1924	0.92		

## Notes:

Figures are not available for the 1918 election.  
Includes personal expenses.

Table 2: General elections expenditure at 1992 prices 1857-1992

£ million			
Year	Expenditure	Year	Expenditure
1857	26.51	1929	38.30
1859	25.09	1931	21.32
1865	39.72	1935	24.73
1868	72.97	1945	22.57
1874	53.20	1950	19.91
1880	93.96	1951	14.75
1885	49.18	1955	12.01
1886	30.45	1959	11.88
1892	47.10	1964	12.16
1895	39.16	1966	10.39
1900	35.87	1970	11.31
1906	56.00	1974 February	10.49
1910 January	61.48	1974 October	11.32
1910 December	45.52	1979	8.89
1918	—	1983	10.32
1922	27.23	1987	11.35
1923	29.08	1992	10.78
1924	27.79		

## Notes:

Figures are not available for the 1918 election.  
Includes personal expenses.



## CURRENT LIMITS ON CANDIDATES' ELECTION EXPENSES

Mar 1997

	<u>basic sum</u>	<u>+ per elector</u>	
Parliamentary general election	£ 4,965	5.6p (county constituency) 4.2p (borough constituency)	
Parliamentary by election	£19,863	22.2 (county constituency) 16.9p (borough constituency)	
Local government and City of London	£ 219	4.3p	
Liveryman in common hall		23.3p	
European Parliamentary election	£13,175	5.7p	(Mar 1994)



## AS TO THE LAW

## I. THE GOVERNMENT'S PRELIMINARY OBJECTION

26. The Government contended that Mrs Bowman could not properly claim to be a "victim" of a violation of the Convention within the meaning of Article 25 § 1 which provides, as relevant:

"The Commission may receive petitions ... from any person ... claiming to be the victim of a violation by one of the High Contracting Parties of the rights set forth in [the] Convention ..."

They pointed to the fact that the trial judge had directed the jury on 28 September 1993 to acquit the applicant, and submitted that in these circumstances it was impossible to say that she would have been convicted had the trial continued or that the law was applied to her detriment.

27. The applicant submitted that, as a result of the application to her of section 75 of the 1983 Act, she had suffered the anxiety, stigma and expense involved in her interrogation by the police, the prosecution against her and the surrounding publicity.

28. The Commission in its decision on admissibility was satisfied that Mrs Bowman had been directly affected by the prosecution instituted against her, and could therefore claim to be the victim of an interference.

29. The Court observes that a measure of implementation, namely a prosecution, was brought against Mrs Bowman. Although she was eventually acquitted, this was for the technical reason that the summons had not been issued within the statutory time-limit (see paragraph 14 above). The fact that the prosecuting authorities decided to commence proceedings against the applicant was, at the very least, a strong indication to her that, unless she modified her behaviour during future elections, she would run the risk of being prosecuted again and possibly convicted and punished.

In these circumstances, the Court considers that Mrs Bowman could properly claim to have been directly affected by the law in question (see, among other authorities, the Norris v. Ireland judgment of 26 October 1988, Series A no. 142, p. 16, § 31) and, therefore, to be the victim of a violation of the Convention within the meaning of Article 25 § 1.

The Government's preliminary objection is accordingly rejected.



## II. ALLEGED VIOLATION OF ARTICLE 10 OF THE CONVENTION

30. Mrs Bowman alleged a violation of her right to freedom of expression under Article 10 of the Convention, which states, as relevant:

"1. Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. ...

2. The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary."

The Commission agreed there had been a violation, but the Government disputed this.

### A. Existence of a restriction

31. The Government submitted that there had been no restriction of Mrs Bowman's right to freedom of expression, since section 75 of the 1983 Act restricted only the freedom of unauthorised persons to incur expenditure with a view to promoting or procuring the election of a particular candidate in a parliamentary election, but not their freedom to express opinions or disseminate information more generally (see paragraph 19 above).

32. The Commission, like the applicant, observed that the fact that the prosecuting authorities obviously regarded her conduct as falling within the statutory prohibition caused, through the fear of prosecution, a restriction on her freedom of expression.

33. The Court notes that section 75 of the 1983 Act does not directly restrain freedom of expression, but instead limits to GBP 5 the amount of money which unauthorised persons are permitted to spend on publications and other means of communication during the election period. Moreover, it does not restrict expenditure on the transmission of information or opinions in general, but only that incurred during the relevant period "with a view to promoting or procuring the election of a candidate".

Nonetheless, there can be no doubt that the prohibition contained in section 75 amounted to a restriction on freedom of expression, which directly affected Mrs Bowman (see paragraph 29 above).



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34. It remains to be considered whether this restriction was "prescribed by law", pursued a legitimate aim and was "necessary in a democratic society".

B. "Prescribed by law"

35. The Court considers, and indeed this was not disputed before it, that the restriction on expenditure provided for by section 75 of the 1983 Act was "prescribed by law".

C. Legitimate aim

36. The Government maintained that the spending limit in section 75 of the 1983 Act pursued the aim of protecting the rights of others in three ways. First, it promoted fairness between competing candidates for election by preventing wealthy third parties from campaigning for or against a particular candidate or issuing material which necessitated the devotion of part of a candidate's election budget, which was limited by law (see paragraph 18 above), to a response. Secondly, the restriction on third-party expenditure helped to ensure that candidates remained independent of the influence of powerful interest groups. Thirdly, it prevented the political debate at election times from being distorted by having the discussion shifted away from matters of general concern to centre on single issues.

37. In the applicant's view, section 75, far from pursuing a legitimate aim, only operated to curtail democratic freedom of expression. It was improbable in the extreme that single issue groups, such as SPUC, could distract voters from the mainstream political platforms to such a degree as to hinder the electoral process. Furthermore, the restriction on expenditure could not properly be said to ensure equality between candidates, because they were already subject to inequalities depending on whether or not they received the support of one of the major political parties, which were free to spend unlimited amounts on campaigning at national level as long as they did not attempt to promote or prejudice any particular candidate (see paragraph 22 above).

38. The Court finds it clear that the purpose of section 75, particularly taken in the context of the other detailed provisions on election expenditure in the 1983 Act, is to contribute towards securing equality between candidates. It therefore concludes, as did the Commission, that the application of this law to Mrs Bowman pursued the legitimate aim of protecting the rights of others, namely the candidates for election and the electorate in Halifax and, to the extent that the prosecution was intended to have a deterrent effect, elsewhere in the United Kingdom.



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It considers that the arguments advanced by the applicant on this point are of greater relevance to the issue whether the restriction was "necessary in a democratic society", to which question it now turns.

D. "Necessary in a democratic society"

39. The Government maintained that section 75 of the 1983 Act imposed only a partial restriction on expenditure (see paragraph 31 above), which was no more extensive than was necessary to achieve the legitimate aims pursued. They pointed out that there had been other means of communication open to Mrs Bowman, for example, she could have started her own newspaper, had letters or articles published in the press, given interviews on radio or television, stood for election herself or published leaflets with the purpose of informing the electorate without promoting or opposing any particular candidate.

40. The applicant, as did the Commission, considered that the restriction was disproportionate. She contended that there was no pressing social need to suppress the dissemination of factually accurate information about the position of candidates for public office on important moral issues; on the contrary, there was a pressing need to permit such matters to be put on the political agenda prior to elections. Despite the Government's submission that the restriction was necessary to ensure equality between candidates, there was no indication that Mrs Bowman's leaflets had operated to disadvantage any particular candidate, since it was possible that the information they contained attracted as many supporters as opponents of the different policies on abortion. Furthermore, she asserted that the restriction was illogical since no limit was placed on the powers of the mass media to publish material in support of or opposition to candidates or on the political parties and their supporters to pay for advertising at national or regional levels as long as they did not attempt to promote or prejudice the electoral prospects of any particular candidate.

41. The Court observes, in the first place, that the limitation on expenditure prescribed by section 75 of the 1983 Act is only one of the many detailed checks and balances which make up United Kingdom electoral law. In such a context, it is necessary to consider the right to freedom of expression under Article 10 in the light of the right to free elections protected by Article 3 of the First Protocol to the Convention, which provides:

"The High Contracting Parties undertake to hold free elections at reasonable intervals by secret ballot, under conditions which will ensure the free expression of the opinion of the people in the choice of the legislature."



42. Free elections and freedom of expression, particularly freedom of political debate, together form the bedrock of any democratic system (see the Mathieu-Mohin and Clerfayt v. Belgium judgment of 2 March 1987, Series A no. 113, p. 22, § 47 and the Lingens v. Austria judgment of 8 July 1986, Series A no. 103-B, p. 26, §§ 41-42). The two rights are inter-related and operate to reinforce each other: for example, as the Court has observed in the past, freedom of expression is one of the "conditions" necessary to "ensure the free expression of the opinion of the people in the choice of the legislature" (see the above-mentioned Mathieu-Mohin and Clerfayt judgment, p. 24, § 54). For this reason, it is particularly important in the period preceding an election that opinions and information of all kinds are permitted to circulate freely.

43. Nonetheless, in certain circumstances the two rights may come into conflict and it may be considered necessary, in the period preceding or during an election, to place certain restrictions, of a type which would not usually be acceptable, on freedom of expression, in order to secure the "free expression of the opinion of the people in the choice of the legislature". The Court recognises that, in striking the balance between these two rights, the Contracting States have a margin of appreciation, as they do generally with regard to the organisation of their electoral systems (see the above-mentioned Mathieu-Mohin and Clerfayt judgment, pp. 23 and 24, §§ 52 and 54).

44. Turning to the facts of the present case, the Court's task is to determine whether, in all the circumstances, the restriction on Mrs Bowman's freedom of expression was proportionate to the legitimate aim pursued and whether the reasons adduced by the national authorities in justification of it were relevant and sufficient (see the above-mentioned Lingens judgment, p. 26, § 40).

45. In this connection it finds it significant that the limitation on expenditure contained in section 75 of the 1983 Act was set as low as GBP 5. It recalls that this restriction applied only during the four to six weeks preceding the general election (see paragraphs 16 and 18-19 above). However, although it is true that Mrs Bowman could have campaigned freely at any other time, this would not, in the Court's view, have served her purpose in publishing the leaflets which was, at the very least, to inform the people of Halifax about the three candidates' voting records and attitudes on abortion, during the critical period when their minds were focussed on their choice of representative (see paragraph 11 above).

46. The Court notes the Government's submission that the applicant could have made use of alternative methods to convey the information to the electorate. However, it is not satisfied that, in practice, she had access to any other effective channels of communication. For example, it has not been demonstrated that she had any way of ensuring that the material contained in the leaflets was published in a newspaper or broadcast on radio or



television. Although she could herself have stood for election and thus become entitled to incur the statutory amount of expenses allowed to candidates, this would have required her to pay a deposit of GBP 500, which she would in all probability have forfeited (see paragraphs 17 and 18 above). Furthermore, it was not her desire to be elected to Parliament, but only to distribute leaflets to voters.

47. In summary, therefore, the Court finds that section 75 of the 1983 Act operated, for all practical purposes, as a total barrier to Mrs Bowman's publishing information with a view to influencing the voters of Halifax in favour of an anti-abortion candidate. It is not satisfied that it was necessary thus to limit her expenditure to GBP 5 in order to achieve the legitimate aim of securing equality between candidates, particularly in view of the fact that there were no restrictions placed upon the freedom of the press to support or oppose the election of any particular candidate or upon political parties and their supporters to advertise at national or regional level, provided that such advertisements were not intended to promote or prejudice the electoral prospects of any particular candidate in any particular constituency (see paragraph 22 above). It accordingly concludes that the restriction in question was disproportionate to the aim pursued.

It follows that there has been a violation of Article 10 of the Convention.

### III. APPLICATION OF ARTICLE 50 OF THE CONVENTION

48. The applicant claimed just satisfaction pursuant to Article 50 of the Convention, which provides:

"If the Court finds that a decision or a measure taken by a legal authority or any other authority of a High Contracting Party is completely or partially in conflict with the obligations arising from the ... Convention, and if the internal law of the said Party allows only partial reparation to be made for the consequences of this decision or measure, the decision of the Court shall, if necessary, afford just satisfaction to the injured party."

#### A. Non-pecuniary damage

49. Mrs Bowman sought compensation of GBP 15,000 for the stigma, stress and anxiety she had suffered as a result of being prosecuted.

50. The Government submitted that a finding of a violation would be an adequate remedy.

51. The Court considers that, in all the circumstances of the case, the finding of violation is sufficient just satisfaction for any non-pecuniary damage suffered by the applicant.



## B. Legal costs and expenses

### 1. Domestic proceedings

52. Mrs Bowman claimed repayment of the shortfall of her domestic legal costs which had not been covered by legal aid, in total GBP 1,633.64.

53. The Government submitted that no domestic legal costs should be awarded.

54. The Court is satisfied that the costs in question were necessarily incurred by the applicant in the domestic proceedings and were reasonable as to quantum (see the *Sunday Times v. the United Kingdom* (no. 1) judgment of 6 November 1980, Series A, no. 38, p. 13, § 23). It therefore awards them in total, together with any value added tax ("VAT") which may be payable in respect of them.

### 2. Strasbourg proceedings

55. The applicant requested legal costs and expenses incurred in the Strasbourg proceedings amounting to GBP 35,490.

56. Counsel for the Government suggested at the hearing before the Court that this amount was excessive.

57. The Court, deciding on an equitable basis, awards GBP 25,000 in respect of the costs and expenses of the Strasbourg proceedings, together with any VAT which may be payable.

## D. Default interest

58. According to the information available to the Court, the statutory rate of interest applicable in the United Kingdom at the date of adoption of the present judgment is 8% per annum.

## FOR THESE REASONS, THE COURT

1. *Dismisses* unanimously the Government's preliminary objection;
2. *Holds* by fourteen votes to six that there has been a violation of Article 10 of the Convention;
3. *Holds* unanimously that the finding of violation is sufficient just satisfaction for any non-pecuniary damage suffered by the applicant;
4. *Holds* unanimously
  - (a) that the respondent State is to pay the applicant, within three months, in respect of legal costs and expenses, GBP 26,633.64 (twenty-six thousand, six hundred and thirty-three pounds and sixty-four pence) together with any VAT which may be payable;



- (b) that simple interest at an annual rate of 8% shall be payable from the expiry of the above-mentioned three months until settlement;
5. *Dismisses* unanimously the remainder of the claim for just satisfaction.

Done in English and in French and delivered at a public hearing in the Human Rights Building, Strasbourg, on 19 February 1998.

*Signed:* Rudolf BERNHARDT  
President

*Signed:* Herbert PETZOLD  
Registrar

In accordance with Article 51 § 2 of the Convention and Rule 53 § 2 of Rules of Court A, the following opinions are annexed to this judgment:

- (a) joint concurring opinion of Mr Pettiti, Mr Lopes Rocha and Mr Casadevall;
- (b) partly dissenting opinion of Mr Valticos;
- (c) joint partly dissenting opinion of Mr Loizou, Mr Baka and Mr Jambrek;
- (d) partly dissenting opinion of Sir John Freeland joined by Mr Levits.

*Initialled:* R.B.

*Initialled:* H.P.



## BOWMAN JUDGMENT

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JOINT CONCURRING OPINION OF JUDGES PETTITI,  
LOPES ROCHA AND CASADEVALL*(provisional translation)*

1. We voted with the majority and entirely agree with the Court's decision.

2. We are, however, unable to concur in its finding in paragraph 47 of the judgment that section 75 of the Representation of the People Act 1983 operated, for all practical purposes, as a total barrier to Mrs Bowman's publishing "information with a view to influencing the voters of Halifax in favour of an anti-abortion candidate".

It is implicit in that statement that the Court considered from its construction of the leaflet published by the applicant that she had contravened the statute prohibiting expenditure incurred "*with a view to promoting or procuring the election of a candidate*".

3. Section 75 does not prohibit the publication of facts or comment for the information of the general public.

4. In our opinion, the first four lines of paragraph 47 should have said no more than that the leaflet was "intended to inform the voters of Halifax of the probable intentions of the candidates with regard to the abortion issue".



PARTLY DISSENTING OPINION OF JUDGE VALTICOS

(translation)

I cannot accept that the fact that the British electoral system restricts the expenditure "unauthorised" persons may incur in promoting or prejudicing the chances of a particular candidate in the period leading up to an election amounts to a breach of the Convention. While, admittedly, a theoretical weakness of that provision - which is intended to prevent powerful individuals or bodies undermining the fairness of elections or unduly influencing voters' opinions - is that it precludes payment of even small amounts, the fact is that in the present case the amount concerned was very large since it was enough for one and a half million leaflets.

There is something slightly ridiculous in seeking to give the British Government lessons in how to hold elections and run a democracy; above all, it is wrong to seek the repeal of a provision aimed at precluding a person, other than a member of political parties, from influencing the way people vote and - as Mr Martinez rightly noted in his dissenting opinion annexed to the Commission's report - at preventing candidates with substantial financial resources ultimately gaining an advantage over other less well-off candidates.

Accordingly, I am unable to concur in the judgment as regards the finding of a violation of Article 10 of the Convention.



JOINT PARTLY DISSENTING OPINION OF  
JUDGES LOIZOU, BAKA AND JAMBREK

1. We agree with the rejection by the Court of the Government's preliminary objection that the applicant is not a victim of a violation of the Convention (see paragraph 29 of the judgment).

2. We do not, however, find it possible to agree with the conclusion reached by the majority that there has been a violation of the applicant's right to freedom of expression in that the restriction imposed upon her by section 75(1) and (5) of the Representation of the People Act 1983 ("the 1983 Act") was disproportionate to the aim pursued.

3. Under section 75(1) of the 1983 Act, any expenditure incurred to promote the election of a candidate by any person other than the candidate or his agent that exceeds the amount of five pounds sterling (GBP 5) is prohibited, if incurred in relation to the election of a particular candidate in a particular constituency. The 1983 Act does not prohibit a political party or an individual or organisation from spending money on publicity in support of or opposition to a political party or a movement generally, at a national or regional level, provided that there is no intention to promote or prejudice the electoral chances of any particular candidate in any particular constituency. Nor are there any restrictions on private donations to political parties or on the powers of the press to support or oppose the election of any particular candidate. The limitation imposed by section 75 relates only to the promotion of candidates not to the promotion of causes (see paragraphs 19-22 of the judgment).

4. As found by the Court, the aforementioned limitation on expenditure is only one of many detailed checks and balances which make up United Kingdom electoral law. In that context the Court examined the right to free elections protected by Article 3 of the First Protocol to the Convention. The Court indicated that freedom of expression and free elections, particularly freedom of political debate, together form the bedrock of any democratic system and that the two rights are inter-related and operate to reinforce each other. It also recognised that, in striking the balance between these two rights the Contracting States have a margin of appreciation, as they do generally with regard to the organisation of their electoral systems. We fully subscribe to this analysis by the Court (see paragraphs 41-43 of the judgment).

5. There can be no doubt that limits on election campaign spending maintain equality of arms as between candidates, a most important principle in democratic societies and in the electoral process. Once the 1983 Act, by its section 76, imposes limits on the spending of candidates so that wealthy candidates will not have an unfair advantage, then there must be



BOWMAN JUDGMENT - JOINT PARTLY DISSENTING OPINION  
OF JUDGES LOIZOU, BAKA AND JAMBREK

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limits on others, such as wealthy supporters or action groups, from spending money for the benefit of one candidate or in order to prevent the election of another, as adverse publicity against a candidate might go unanswered on account of the limit on the amount of money a candidate is allowed to spend (see paragraph 18 of the judgment).

6. The philosophy behind the limit imposed by section 75 is, *inter alia*, to safeguard candidates against manipulation by pressure groups. The limit in question is a narrow one and does not amount to a general impediment on the expression of views by single issue groups as there are several alternative methods of expressing their views and convictions on any particular issue. They can distribute leaflets with the purpose of informing the electorate as long as they do not promote or oppose any particular candidate. This restriction, which falls within the State's margin of appreciation, has to be seen as part of an overall balanced democratic electoral system.

7. The Commission found (paragraph 39 of its Report) that section 75 "may ... be considered as pursuing the legitimate aim of protecting the rights of others, namely, the candidates and the electors in a particular constituency". The Court found it clear that the purpose of section 75, particularly taken in the context of the other detailed provisions on election expenditure in the 1983 Act, is to contribute towards securing equality between candidates. It therefore concluded, as did the Commission, that the application of this law to Mrs Bowman pursued the legitimate aim of protecting the rights of others, namely the candidates for election and the electorate in Halifax and, to the extent that the prosecution was intended to have a deterrent effect, elsewhere in the United Kingdom (see paragraph 38 of the judgment). We are in agreement with this conclusion.

8. Our disagreement is limited to the finding of the Court in paragraph 47 above that section 75 operated, for all practical purposes, as a total barrier to Mrs Bowman's publishing information with a view to influencing the voters in Halifax in favour of an anti-abortion candidate. We also disagree with its finding that it was not satisfied that it was necessary to limit the expenditure of the applicant to GBP 5 in order to achieve the legitimate aim of securing equality between candidates, particularly in view of the fact that there were no restrictions placed upon the freedom of the press to support or oppose the election of any particular candidate or upon political parties and their supporters to advertise at national or regional level, provided such advertisements were not intended to promote or prejudice the electoral prospects of any particular candidate in any particular constituency. Hence our disagreement with the conclusion of the Court that the restriction in question was disproportionate to the aim pursued and that this constituted a violation of Article 10 of the Convention.



9. In our view, section 75, examined in the context of all the provisions of the Act, cannot be considered as a total barrier to Mrs Bowman's publishing information on the issues she wished to raise. As indicated above, there exist several other ways of expressing one's convictions and bringing them to the attention of the electorate without promoting or opposing any particular candidate in a particular constituency. The restriction, which has to be viewed in the light of the totality of the electoral system which is based on constituency representation, was a partial one and moreover limited in time to the four to six week pre-election period.

10. The States Parties to the Convention have a margin of appreciation in assessing the necessity of an interference and the task of the Court is confined to looking at the interference complained of in the light of the case as a whole and determining whether it was "proportionate to the legitimate aim pursued" and whether the reasons adduced by the national authorities to justify it are "relevant and sufficient" (see the *Sunday Times v. United Kingdom* (no. 2) judgment of 26 November 1991, Series A no. 217, p. 29, § 50; the *Vogt v. Germany* judgment of 26 September 1995, Series A no. 323, p. 26 § 52; and the *Goodwin v. United Kingdom* judgment of 27 March 1996, *Reports* 1996-II, p. ... § 40.)

11. For all the above reasons, we have come to the conclusion that there has been no violation of Article 10 of the Convention. The restriction imposed by section 75 of the Act is proportionate to, and no more extensive than necessary in a democratic society to achieve, the legitimate aim that has been identified by the Court, and it falls within the margin of appreciation of the United Kingdom.

12. In particular, we have reached this conclusion because the restriction in question is part of an overall democratic electoral system with checks and balances that aims at preventing evasion of the maximum limits of expenditure. It offers equality of arms as between candidates; it protects candidates from manipulation by pressure groups - hence the preference of such groups for action in constituencies with marginal results - and safeguards their independence; it does not prohibit the spending of money for the promotion of a cause if done without the intention of promoting the interests, or harming the prospects, of a particular candidate; it counterbalances the limit imposed on candidates; it is limited in terms of time. To our minds the aforesaid reasons adduced by the respondent Government to justify the restriction in question are "relevant and sufficient".



PARTLY DISSENTING OPINION OF  
JUDGE Sir John FREELAND JOINED BY JUDGE LEVITS

1. I am unable to agree with the conclusion of the majority that there has been in this case an interference with Mrs Bowman's right to freedom of expression going beyond what is "necessary in a democratic society".

2. One of the essential foundations of a democratic society is a system which will ensure that parliamentary elections are freely and fairly conducted. Article 3 of Protocol No. 1 to the Convention indeed requires that the free elections which the High Contracting Parties undertake to hold shall take place "under conditions which will ensure the free expression of the people in the choice of the legislature". In its judgment of 2 March 1987 in the case of *Mathieu-Mohin and Clerfayt v. Belgium* (Series A no. 113, p. 22, § 47) the Court recognised that, since that Article "enshrines a characteristic principle of democracy", it is "of prime importance in the Convention system".

3. In the same judgment, the Court went on to recognise (at § 54) that "the Contracting States have a wide margin of appreciation" in relation to the choice of electoral systems, adding that such systems "seek to fulfil objectives which are scarcely compatible with each other: on the one hand, to reflect fairly faithfully the opinions of the people, and on the other, to channel currents of thought so as to promote the emergence of a sufficiently clear and coherent political will". That the electoral systems of the Contracting States in fact vary greatly is unsurprising, given the extent to which they have been shaped by national histories and characteristics.

4. The United Kingdom has a long parliamentary tradition and an electoral system which has evolved, with changing circumstances, over many years (and which, on one aspect or another, remains a perennial topic of public debate). The Representation of the People Act 1983, as amended, currently sets out a detailed and carefully articulated set of rules for the conduct of elections, reflecting the considered view of the legislature on a subject obviously of crucial importance to it – that is, the need to ensure the free and fair expression of the opinion of the people.

5. Part of this statutory scheme is section 75 of the 1983 Act, under which Mrs Bowman was (unsuccessfully) prosecuted in 1993. That section, taken together with section 76, is intended to promote fairness as between the candidates for election in a particular constituency by limiting the



expenditure which may be incurred for the purpose of improving the electoral prospects of one candidate or prejudicing those of another. The restrictions imposed by section 76 on the election expenditure of a candidate could be rendered ineffective if there were no corresponding limitation, as in section 75, on expenditure by others for that purpose.

6. An essential feature of the section 75 limitation is that no expenses over the prescribed amount are to be incurred "*with a view to promoting or procuring the election of a candidate*" (emphasis added: as paragraph 19 of the present judgment indicates, the words underlined were interpreted by the House of Lords in the *Luft* case to include the intention to prevent the election of a particular candidate or candidates). The section does not prevent expenditure on the provision of factual material or comment intended merely to inform the public. For a prosecution under the section to succeed, a jury would have to be satisfied beyond reasonable doubt that the defendant's desire to advance the electoral prospects of one candidate or to prejudice those of another was one of the reasons which played a part in inducing him or her to incur the expense (see the speech of Lord Diplock in *Luft*, at p. 983, letters C to D).

7. It was submitted on behalf of Mrs Bowman that in incurring expenditure on the distribution of her leaflets she wished only to communicate factually accurate information, and that she was not interested in promoting the election of any particular candidate but only wanted to promote her own convictions. Whether or not she would have succeeded with a defence on these lines cannot now be known, given the outcome of the prosecution in 1993 (see paragraph 14 of the judgment). What is clear, however, is that section 75 would not prevent her and her organisation from informing members of the electorate of their views on abortion and embryo experimentation or from encouraging them to question candidates on those subjects, as long as no more than the permitted amount was spent for the purpose of improving or prejudicing the electoral prospects of a particular candidate.

8. The Court finds, in paragraph 38 of the judgment, that the purpose of section 75 of the 1983 Act, particularly taken in the context of the other detailed provisions on election expenditure, is clearly to contribute towards securing equality between candidates. It therefore concludes "that the application of this law to Mrs Bowman pursued the legitimate aim of protecting the rights of others, namely the candidates for election and the electorate in Halifax and, to the extent that the prosecution was intended to have a deterrent effect, elsewhere in the United Kingdom".

9. The judgment thus appears to accept the desirability of promoting fairness between competing candidates for election by, *inter alia*, preventing third parties from campaigning without financial limit for or against a particular candidate or spending unlimited sums of money on the distribution of material which might call for expenditure in reply from a



candidate's compulsorily restricted election budget. It goes on, however, to attach significance to the fact that the limitation on expenditure contained in section 75 was set (by section 14(3) of the Representation of the People Act 1985) as low as GBP 5: see paragraph 45. It then finds, in paragraph 47, that section 75 "operated, for all practical purposes, as a total barrier to Mrs Bowman's publishing information with a view to influencing the voters of Halifax in favour of an anti-abortion candidate"; and it expresses the Court as not being satisfied "that it was necessary to limit her expenditure to GBP 5 in order to achieve the legitimate aim of securing equality between candidates...".

10. Yet the achievement of the legitimate aim of securing equality between candidates surely militates more in favour of retaining (or even reducing) the very low limit on expenditure by third parties than in favour of increasing (or even removing) it, as long as the election expenditure of candidates themselves is limited to anything like as low a level as it is at present. And it has not been suggested that there is any requirement on the United Kingdom, under the Convention or otherwise, to raise the limits which Parliament has seen fit to impose on candidates' election expenditure.

11. Paragraph 47 of the judgment also contrasts the limitation set by section 75 with the absence of restrictions upon the freedom of political parties and their supporters to incur expenditure on advertisements at national or regional level, provided that it is not a purpose of the expenditure to improve or damage the electoral prospects of a particular candidate in a particular constituency, or upon the press to support or oppose particular candidates. It is, however, not difficult to understand why fairness at constituency level should be treated as of special importance for the integrity of the electoral process; and the Court has, of course, had occasion in the past to stress the particular importance of the role of the press in a democratic society (see, for example, the *Lingens v. Austria* judgment of 8 July 1986, Series A no. 103-B, p. 26, § 41).

12. Confined as it is to expenditure by third parties for the purpose of promoting or harming the electoral prospects of a particular candidate, the interference with the right to freedom of expression which the application of section 75 represents is narrow in scope. It falls, in my view, within the margin of appreciation which is left to a Contracting State in deciding what is necessary, in the light of its own historical experience and current circumstances, for the proper regulation of a process so central to democracy as the conduct of parliamentary elections (and I would add that I consider there to be a clear need for a particularly cautious approach to be adopted in adjudicating internationally on rules prescribed by long-established democratic parliaments on matters so intimately involved with their own composition and operation).



13. I would also add that the role played by single-issue pressure groups in influencing and mobilising public opinion in modern democracies is, as the Government acknowledged, an important one. But a factor of which the State may legitimately take account in determining the regulation of the electoral process is the extent to which limits on the funding of single-issue campaigns at a parliamentary election may be needed in order to counter the risk of excessive diversion of the main electoral debate and to "channel currents of thought so as to promote the emergence of a sufficiently clear and coherent political will" (see the second objective identified by the Court in the passage from the judgment in the Mathieu-Mohin and Clerfayt case which is quoted in paragraph 3 above)

14. Lastly, on the question of proportionality, it is to be noted that the existence of section 75 did not prevent the circulation of 1.5 million of Mrs Bowman's leaflets throughout the United Kingdom at the 1992 general election, including 25,000 in the Halifax constituency, and that the subsequent prosecution against her failed, even if on the technical ground of non-observance of a time-limit. Having regard to these facts in addition, the extent of the interference with her right to freedom of expression should not be exaggerated.

15. Although in other respects I agree with the conclusions of the majority, for the above reasons I do not find that there has been a violation of Article 10 of the Convention in this case.



