

HOUSE OF LORDS APPOINTMENTS COMMISSION

Developing the Commission's vetting policy (part II)

A note by the Secretariat

Introduction

1. The Commission considered a paper outlining proposed enhancements to its vetting policy at its meeting in June 2004 (attached at Annex A). The Commission agreed that its vetting process should be strengthened by:
 - extending the time limits of donation declarations;
 - ensuring that any donations, either direct or indirect, to the party or party officials are declared;
 - inviting the party Leader to provide the certificate; and
 - asking the party to provide a clear case in support of large donors.

In addition, the Commission agreed that it should be made clear that all nominees should either be resident in the UK, or willing to become so on appointment.

2. The Commission invited the Secretariat to meet officials from the political parties to brief them on the proposed changes and to identify any problems before an enhanced process was introduced.

Reaction of the Parties

3. The Secretariat met Anna Werrin from the Liberal Democrats, Nicholas True from the Conservative Party and William Chapman from the PM's office on separate occasions. With the exception of the issue of the Leaders' certificates (see below), all parties agreed that they would not have any substantive difficulty in implementing the Commission's proposals.
4. It was agreed in principle that it would be beneficial to extend the investigation of donations in terms of both timescale and source. However, it was noted by all that it may be difficult in practice to produce accurate records over a long timeframe as historically, donations records have not been maintained to as high a standard as they have been since the introduction of the PPERA in 2001.
5. The Commission was encouraged to be flexible in its approach to the residency qualification, particularly by the Conservative Party. There may be instances where a member of the House was not ordinarily resident in the UK, but their participation and voting record would be good. It was suggested that in some instances an individual's contribution may be assisted by the fact that he or she is involved in a working life overseas for significant periods. The Commission may wish to consider looking at each case on its merit, while retaining the underlying principle that any appointee should be active in the House.

Leaders' certificates

6. The proposal that a certificate should be provided by the party Leader rather than the Chief Whip caused particular concern to the officials from the Prime Minister's office. This was due to the fact that the Prime Minister may not personally have the detailed knowledge of donations combined with the difficulty in his finding the time to sign the certificate. The officials also mentioned that if it turned out that a particular certificate was not entirely accurate, it would be helpful if the Prime Minister had not signed it.
7. The Commission may wish to consider whether it wishes to proceed with requesting a Leader's certificate. Paragraphs 8, 10 and 11 in Annex A rehearse the arguments for making this change. As, increasingly, large donations will be a matter of public record – due to the Electoral Commission's register – the party certificate will be relied on less as the source of information on donations and more as a statement to clarify that the nomination is not linked to any personal financial relationships. It would seem that the party Leader, as the individual ultimately responsible for making the nomination, would be best placed to provide this assurance.
8. An alternative the Commission may wish to consider would be to allow the party to delegate responsibility for signing the certificate to the Treasurer or Chairman. The Treasurer is statutorily responsible for the reporting of donations, so would have access to accurate information, and would have knowledge of significant donors. However, as mentioned above, the Electoral Commission's register has somewhat decreased the importance of the donations reporting aspect of the certificate. The party Chairman may have an oversight into relationships in the party and so be in a good position to assure the Commission that a nomination is not due to any personal financial relationships with senior party members.

The way forward

9. The Commission may wish to consider if:
 - It should ask for either a party Leader's, Treasurer's or Chairman's certificate.
 - It will approach the residency qualification on a case-by-case basis.
 - It wishes to invite the Secretariat to draft a detailed vetting policy, which would in due course be circulated to the parties.

Commission Secretariat
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