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RESEARCH ARTICLE

Private funding, party politics and regulatory change: how the British Conservative Party prospered under Labour's political finance reforms

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Abstract

Before 2000, the UK operated one of the most liberal political finance regimes of any established democracy. Parties were highly dependent on private financing, state funding was minimal, limited transparency requirements existed with respect to party income or expenditure, and no limits applied to national election spending. Far-reaching reforms introduced by Labour in 2000 changed this regulatory environment radically, establishing donation disclosure requirements and capping election spending. However, Labour's reforms did not include significant increases in state funding, leaving the UK as a continued outlier in Western Europe in assuming political parties should predominantly be funded through private means. In this paper, we show how the Conservatives ultimately prospered under Labour's reforms, enabling them to greatly outspend Labour at four general elections from 2010 to 2019. Using the public registers created by Labour's reforms, we document how the party's financial re-stabilisation while in opposition was assisted to a surprising degree by state funding and how the party's donor base has shifted towards wealthy individuals and privately owned companies since its return to government in 2010. We conclude with a number of observations about how the apparently exceptional UK case can help generate important insights for the comparative study of political finance.

Keywords: electoral rules; political finance; political parties; United Kingdom

Introduction

In 2000 far-reaching reforms to UK laws governing political finance were enacted. The Political Parties, Elections and Referendums Act 2000 (hereafter, PPERA 2000) was the first significant update to party and election finance legislation since the Corrupt and Illegal Practices Act 1883. A central plank of Labour's constitutional reform agenda after 1997, PPERA 2000 introduced limits on national party spending in general elections and a requirement for political parties to declare donations of £5000 or more (subsequently raised to £7500). The Act also established a new body, the Electoral Commission, to oversee these new rules and all other aspects of electoral administration. Although instigated by Labour, PPERA was the product of a cross-party consensus forged by an independent inquiry, conducted by the Committee on Standards in Public Life, and it implemented almost all of its 100 recommendations (Torres-Spelliscy and Fogel, 2011). There was general agreement that reforms were needed to address declining public confidence after a series of scandals involving improper access and undue influence arising from large donations (Weir and Beetham, 1999). Moreover, record spending at the 1997 General

Election had left both main parties in a challenging financial position, generating mutual self-interest in finance reform (Ewing, 2007).

While the passage of PPERA 2000 benefitted from this cross-party agreement, the legislation also reflected a new equilibrium in UK political finance. Until the 1990s, both parties had been heavily reliant on voluntary institutional donors (Pinto-Duschinsky, 1981; Fisher, 1997). Labour drew much of its funding from trade unions, while the Conservatives counted on generous support from large corporations, which generally afforded them a clear financial advantage, particularly at election time (Fisher, 2004). However, by the 1990s, the funding base of both parties had begun to change, to Labour's advantage, as corporations became reluctant to donate to the Conservatives. While this loss of corporate donors was partially mitigated by appeals to wealthy individuals, including overseas, the Conservatives' declining electoral appeal in the 1990s rendered such fund-raising increasingly ineffectual. Meanwhile, a modernised Labour Party, led by Tony Blair, dominated the electoral landscape and succeeded in broadening its appeal for donors. Labour began to attract large donations from wealthy individuals and corporations (Fisher, 1997). By the 2001 General Election, the first at which the PPERA 2000 reforms applied, the Conservatives found themselves 'in the novel position of being the poorer of the two main parties' (Fisher, 2004: 405).

This paper analyses the impact of the PPERA 2000 reforms on the role of private finance in UK party politics, with specific reference to the Conservatives. We show how Conservative Party finances evolved under the new legal framework, ultimately restoring their dominance as the wealthier of the two main parties. State funding initially provided a critical source of income for the Conservatives in opposition given their continued loss of income from corporate donors. However, the party recovered from financial peril in the early 2000s and was successful in securing large donations from a shifting cast of wealthy individuals and privately owned companies, mitigating the loss of income from publicly listed companies. We suggest that the absence of a donation cap as part of PPERA 2000 was hugely consequential and that, while this outcome was not foreseen by the architects of the legislation, it was foresee*able*, given the Conservatives' track record of recalibrating fundraising in response to shifts in donor behaviour. This omission allowed for the reassertion of the dominant role of private finance in UK party politics, which has long been key to the Conservatives' capacity to outspend their main rival. The PPERA 2000 reforms are therefore a useful case for examining how party finance regulations shape the electoral playing field, and the limits of such regulation to overcoming systemic inequalities in access to private sources of party funding.

The paper is presented in five main sections. The first reviews the literature on political finance reforms in democracies, to situate the UK reforms and the funding of its parties. This review leads us to advance three core research questions about the evolution of Conservative party finance that we link to key debate in the comparative international literature. The second section discusses the data contained in the public registers established by the PPERA 2000, and explains how we coded and analysed the data and addressed its limitations, such as the lack of unique personal and corporate identifiers. The third section sets out our findings, showing how the Conservatives' financial advantage was restored under PPERA 2000, initially thanks to the support the party received from state funding while in opposition and, subsequently, from its capacity to refresh its private funding base at regular intervals. The paper concludes with an assessment of what our findings reveal about the role of private finance in British party politics and proposals for how our case study can assist in theoretical development in the study of comparative political finance.

The UK's PPERA 2000 reforms in context

There is a growing literature on the role of money in party politics, highlighting variations in the regulatory and institutional structures of political finance across democratic countries (McMenamin, 2013; Norris and Able van Es, 2016; Weschle, 2022). Building on early comparative analysis that typically sought to distinguish types of political finance regime and their consequences (Scarrow, 2007), several recent studies have focussed on political finance reforms (Koß, 2011; Kölln, 2016; Norris and Able van Es, 2016; Power, 2020a). This research has been aided by improved data availability, itself a by-product of more democracies introducing political finance regulations (Scarrow, 2007). The emerging literature has established that political finance reforms are commonplace in established democracies and are often guided by similar broad objectives (Koß, 2011; Kölln, 2016; Scarrow, 2018). It is equally evident, however, that reforms vary considerably in their character (Kölln, 2016) and that their actual effects are often at odds with their intended purpose (Norris and Able van Es, 2016).

Some of this work constructs comparative typologies or classifications of political finance regimes. One approach (Norris and Able van Es, 2016) focuses on regulation, with a continuum ranging from a 'free market' approach, with no or few regulations, to a 'state management' approach, with all aspects of party finance regulated. An alternative means of classification centres on the sources of party funding: Koß (2011) sets out a 2 × 2 matrix of party funding regimes, according to whether both public and private funding are significant or insignificant sources of income for parties. Nonetheless, there is general agreement that such 'ideal type' classifications are difficult to sustain given widespread political finance reform. The direction of travel among democracies is clearly towards greater regulation of political finance (Kölln, 2016; Norris and Able van Es, 2016) and towards state funding of political parties (Koß, 2011).

Concerns with political equality are a primary driver for recent political finance reforms in democracies, often linked to a broader agenda of ensuring free, fair and equitable elections (Kölln, 2016; Scarrow, 2018). Commonly, this impetus has been framed as 'levelling the playing field' (Norris and Able van Es, 2016), a notion best understood as seeking equality of opportunity for political parties (Kölln, 2016). Despite this common motivation for reforms, diverse approaches have been taken to achieving it, ranging from restrictions on donations to limits on spending (see Koß, 2011; Kölln, 2016; Norris and Able van Es, 2016; Scarrow, 2018). Yet, little is known about which measures are most successful over the long-term. Kölln's (2016) analysis of the impact of political finance reforms in six European countries echoes this assessment. Examining the period from 1960 to 2010, she finds that reforms often failed to level the playing field and, where success was evident, it arose from contrasting reform designs.

The reasons for the divergent character of political finance reforms are well documented, as are some of the grounds for their uncertain or unclear impacts. As Koß (2011) has shown, political finance reforms are closely bound up with the dynamics of party competition which, in turn, are shaped by competing institutional designs that variously serve to concentrate or diffuse power in democracies. There is a related tendency for reforms to be path-dependent (Power, 2020a). Thus, the UK's focus on limiting party expenditure, rather than income, has been favoured because it aligns with the historical approach to regulating election finance at a constituency level, first introduced in 1883 (Torres-Spelliscy and Fogel, 2011). Since political finance reforms are also often a response to public scandals (Scarrow, 2007), it is perhaps unsurprising that claims about what they will achieve often outstrip reality, and that unintended consequences are frequently observed (Norris and Able van Els, 2016). Paradoxical outcomes of political finance reforms are frequently highlighted (van Biezen and Kopecký, 2017; Mendilow, 2018; Power, 2020b). For instance, Power (2020b) points to the 'transparency paradox', whereby transparency requirements designed to counter public concern about political donations often have the opposite effect.

Within this literature, the UK variously serves as a West European exception (Power, 2017) or a Westminster Model archetype (Koß, 2011). A distinctive feature of the UK case is the dependence of political parties on private sources of income, principally large voluntary donations (Fisher, 2016; Power, 2020a). For most of the 20th century, party funding was dominated by corporate donations to the Conservatives and trade union funding of the Labour Party (Weir and Beetham, 1999). Labour's dependence on union funding has not fluctuated greatly over the long-term, but Conservative funding sources have been more volatile. Corporate donations declined during the 1970s, 1980s and 1990s (Pinto-Duschinsky, 1981; Fisher, 1997). In line with Scarrow's (2007) observation that donor behaviour is affected by regulatory change, this shift is partly attributable to The Companies Act 1967, which introduced reporting requirements for publicly listed companies making political donations (Pinto-Duschinsky, 1981). By the 1990s, donations from large corporates were very much the exception, not the norm (Fisher, 1994). Falling profit margins, growing antagonism from shareholders about political donations, alongside increased media scrutiny of party funding sources were all factors (Fisher, 1997).

Despite some success in diversifying funding sources, from wealthy individuals overseas and through donor clubs, the Conservatives entered the new century in financial trouble (Power, 2020a). However, they were not alone. Despite their newfound relative financial advantage, the Labour Party was in much the same position, having spent heavily during the 1997 election. While concerns about improper donor influence and impropriety in the award of honours drove party funding reform (Weir and Beetham, 1999), the perilous financial health of the parties was also a factor. Neither of the main two parties was anywhere close to being able to sustain its operations from membership income and neither wanted to make a public case for significant increases in state funding (Koß, 2011).

As a result, cross-party agreement was reached quickly during 1999–2000 on recommendations for a new regime of expenditure controls and public registers of donations. The reforms provided only a minor uplift in state funding. Meanwhile, donations were not to be capped. Instead of actively limiting private finance in party politics, it was anticipated that greater transparency would prevent its abuse, following the dictum that 'sunshine is the best disinfectant' (c.f. Ewing and Issacharoff, 2006: 3). It was also expected that the playing field of political finance would be levelled through expenditure limits. Since parties could only spend a fixed amount on election campaigns, it was assumed that the need for large donations would fall.

The passage of PPERA proceeded without controversy and the new arrangements bedded in with no immediate concerns about compliance (Fisher, 2016). However, there were always concerns that, without greater state funding, dependency on large donations would remain, with transparency requirements fostering fresh suspicions about those donations (Beetham *et al.*, 2002). These were precinct observations. Reliance on wealthy donors has not reduced. About 39% of the total donation income (£318 million) received by the three main parties combined from 2001 to 2010 came from just 224 separate donations (Wilks-Heeg, 2010). Meanwhile, allegations persisted that some donations were transactional, peaking during the Metropolitan Police's 'loans for Peerages' inquiry in 2005–06 (Fisher, 2016). Meanwhile, attempts to cap donations to political parties, in 2006–07 and again from 2010 to 2011, both ended in failure (Fisher, 2016; Power, 2020a, 2020b). The parties were unable to agree on a donation cap because of concerns that state funding, the only realistic means of replacing lost income, would generate public backlash (Power, 2017).

In a study of corporate donations before and after PPERA 2000, Torres-Spelliscy and Fogel (2011) document two important shifts in Conservative Party funding. First, while they identify 49 public companies which ceased political donations after 2000, they also show that the total value of donations made to the Conservatives from listed companies remained broadly stable from 2001 to 2010. Second, and more significantly, they found that corporate donations had 'migrated from publicly traded companies to privately held companies' (Torres-Spelliscy and Fogel, 2011: 576). From 1993 to 2000, private companies donated an estimated £4.9 m to the Conservatives but, from 2001 to 2010, this rose to £20.8 m. The rise in donations from these types of company was particularly evident after 2005, reaching £4 m in 2010 alone. This surge in donations from private companies coincided with David Cameron becoming leader of the party. The party found particular success in securing donations from the property services and construction sectors after entering government in 2010 (McMenamin and Power, 2023). Investigative journalists have also highlighted the emergence of new Conservative donors since 2006, including hedge funds (Guardian, 2011).

A notable gap in the recent literature on party funding in the UK has been a lack of attention to individual, rather than corporate, donors. The scale of personal donations to the Conservative Party is particularly apparent, with evidence of sizeable clusters of donations arising from linked family members and family-controlled companies (Crone and Wilks-Heeg, 2010). Recent political economic developments have restored the scope for large personal donations to political parties, which were commonplace before 1945 (Fisher, 1997). Recent decades have seen sharp growth in very high incomes, alongside reductions in rates of personal taxation for high earners (Dorling, 2015). Rising income inequality has ramifications for which groups are likely to exercise most influence over policy (Bartels, 2008), particularly where income concentration at the very top drives much of the increase (Cagé, 2020). These effects have been amply documented for the United States (Hacker and Pierson, 2010) but less so for Europe (Hopkin and Lynch, 2016). The UK's combination of very top-heavy income distribution and a relatively liberal political finance regime, with few restrictions on donations, points to a need for closer scrutiny of personal donations to political parties, as part of any analysis of the dominant role of private money in party funding.

We propose three core research questions to investigate developments in Conservative Party finance since PPERA 2000, each of which relates to key debates in the wider literature on political finance reform. These questions are intended not only to provide for empirical assessment of the long-term impact of political finance reform in the UK, but also to help develop insights that can guide theoretical development and hypothesis generation in the comparative study of political finance reform. First, to what extent have two decades of party finance regulation in the UK served to prevent the re-emergence of Conservative financial advantage? Here, the UK provides an important case study of whether reforms succeed in levelling the playing field in party finance over the long-term (c.f. Koß, 2011). Second, how has the mix of Conservative Party donation income changed as the party has moved from opposition to government and during the party's time in government under different prime ministers? In posing this question, the interactions between state funding, private funding and the party system are highlighted (c.f. Kölln, 2016), with important potential implications for studying political finance elsewhere. Finally, to what extent has the Conservative party's funding base moved away from a reliance on large donors over time? The degree to which parties are dependent on large donations is not only an empirical focus of comparative assessments of political finance (c.f. Scarrow, 2018), but also raises important conceptual issues about what sections of civil society political parties are representing in practice.

Data and methods

To assess Conservative finances under the provisions of PPERA 2000 we utilise the party finance registers established by that Act, maintained by the Electoral Commission and available online. Our analysis draws on three separate registers, relating to annual accounts, election spending and donation income, respectively. The first of these registers provides access to copies of the financial accounts of all registered political parties. It also includes the accounts of any sub-national party units with income or expenditure of £25,000 or more in any given year. We use the headline data from these accounts to assess changes in the Conservative Party's overall income since the implementation of PPERA 2000, relative to their main rival, the Labour Party. This analysis considers both central party income and the declared income of sub-national accounting units, a distinction that is of particular importance to understanding Conservative Party finance. Drawing on a second public register, for party spending, we supplement our overview of trends in party income over two decades with an analysis of party spending on general election campaigns from 2001 to 2019. Our analysis of both expenditure and income centres on descriptive statistics, presented as time-series graphs.

The third register we make use of is the register of donations to political parties. Our analysis of donation income is particularly detailed, since these data permit a fine-grained assessment of

Conservative Party finance since regulatory changes were introduced in 2000. Under PPERA 2000, political parties are required to register all donations of £7500 or above. In each case, the records contain the donor's name, their status, the amount donated, the party accounting unit that received the donation, whether the donation was a monetary one ('cash') or provided in-kind ('non-cash'), and the respective dates that the donation was received, accepted and reported. The status of the donor is recorded as one of 11 categories, the most frequent of which are individual, company, unincorporated association and public fund. The register includes all forms of state funding. While state funding of political parties in the UK is limited, it has grown over time and comes in a variety of forms. Short money and Cranborne money are paid to opposition parties to support the work of parliamentary representatives, in the Commons and the Lords, respectively. In a similar way, the Scottish Parliament allocates funds to parties via its Assistance for Parties fund. Policy development grants are allocated by the Electoral Commission, according to levels of party support and representation. Including state funding payments, our dataset comprises a total of 24,509 unique donations received by the Conservatives, centrally or via local party units, from February 2001 to March 2022.

There are no consistently applied unique identifiers for donors. From about 2001 to 2012, each separate donation was given a unique code by the Electoral Commission. From 2011 onwards, the Electoral Commission moved to applying unique ID codes to donors rather than donations, but without consistency. The primary reason for this lack of consistency is that there are no naming conventions that are adhered to by donors or that the Commission has the power to enforce. For instance, donations from the same individual could be recorded under multiple versions of their name, such as Peter Smith, Mr P Smith, Peter Norman Smith, Sir PN Smith, Lord Smith of Smithdown and so on. There are several cases where an individual donor acquires a title such as 'Sir' or 'Lord' after they have made several large donations. In addition, different donor IDs are used for the same donor if they donate using a different address. For company donations, there are additional fields providing the company's number and the postcode of the company's registered address. However, these additional company identifiers are also not consistently used. In some cases, the fields are blank, digits are missing from the company number or the postcodes are inconsistent. To identify donations that originate from the same donor, it is therefore necessary to undertake extensive manual coding, including checks in some instances to verify if all apparent variations of a name related to the same individual or company.

Given the size of the dataset, it was not possible to standardise all donor names. This coding was undertaken for all donations over £80,000 and then subsequently applied to all donations under £80,000 that could be identified as originating from the same source as one or more of the donations above this amount. In addition, the exercise was undertaken for the most regular attendees of the Leaders' Group of donors (as identified by Thévoz, 2019), who are required to donate a minimum of £50,000 per annum to be part of this circle. Standardised names were added for just under 7914 donations, equating to 32% of the total number of donations. The combined value of donations to which a standardised name was applied was £376,653,017 – representing 74% of total donation income. It should also be stressed that if it was not possible to be certain that donations came from the same individual, usually because the donor has a relatively common name, we did not assume they were from the same source and left the field blank.

Having standardised the names of the most generous and most frequent large donors, we made further manual additions to the dataset to categorise donations which could be identified as coming from linked donors. The principal linkages we sought to identify were direct family relationships (spouses, siblings, children, grandchildren), close business partnerships (as indicated by joint ownership of companies) and companies controlled by individual donors or by other companies in the dataset. This task was undertaken using a variety of sources including biographical details available online and records of Directors held by Companies House. Again, caution was applied and relationships were not assumed where they could not be unambiguously documented. We were also assisted in this task by work undertaken by other researchers and by investigative journalists, which provided numerous insights into potentially linked donors. In every case, we verified these linkages independently. In total, we identified 264 donor groups and were able to allocate 7600 donations, comprising 70% of total donation income between them, to one of these groups. It can be assumed that a number of additional donations would be added to these donor groups if further research were undertaken.

Once our manual additions to the dataset were complete, we produced a variety of descriptive statistics to answer our research questions, outlined above. We examined breakdowns of donations by donor type, donation bands and donor group. We also produced these breakdowns for different time periods to examine the possible effect of leadership change and of the Conservatives moving from opposition into government.

Results and analysis

The first of our three research questions asked whether PPERA 2000 has levelled the playing field of UK political finance. The data suggest that, despite the legislation being implemented by Labour, it has nonetheless enabled the Conservatives to re-establish their financial dominance. However, this conclusion can only be reached once the highly decentralised structure of the Conservative Party is taken into account. Figure 1 displays the central party income of the five largest UK-wide parties from 2002 to 2021. The chart shows that, in the period under consideration, Conservative Central Office initially found itself at a clear financial disadvantage relative to Labour. From 2002 to 2005, Labour Party central income surpassed that of the Conservatives by an order of around £10 m per annum. However, strong growth in Conservative income from 2006 to 10, enabled the party to either match or outdo Labour during this period. While the pattern after 2011 is one of clear Labour advantage in total *central party* income, two important caveats

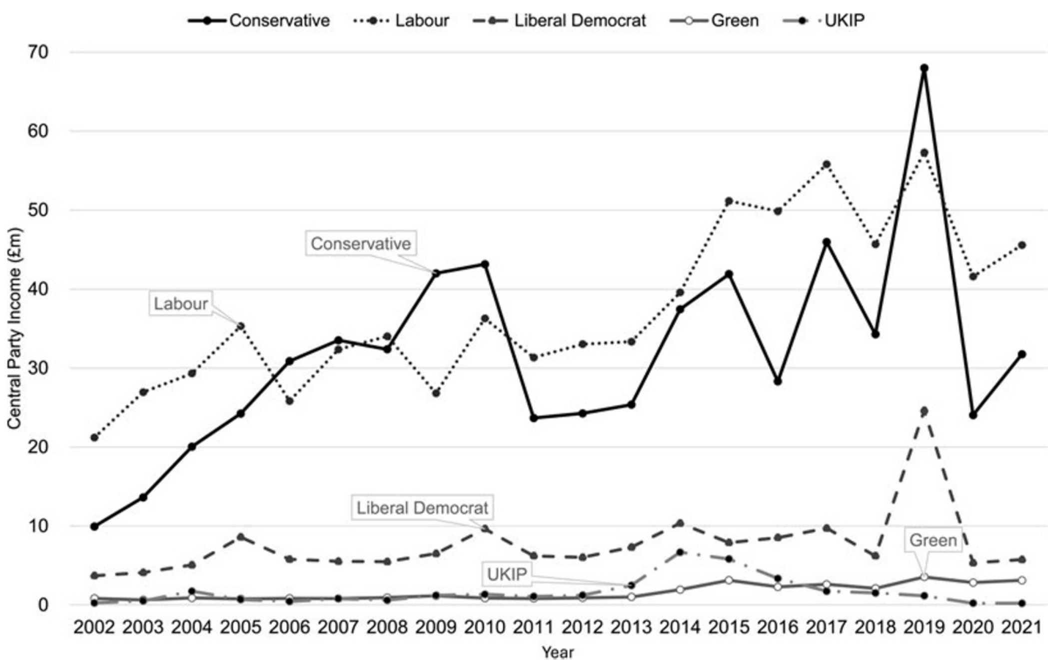

Figure 1. Central party income, 2002–21, British Political Parties.
Source: Compiled from the Electoral Commission's Register of Party Accounts.
Note: The unprecedented income of the Liberal Democrats in 2019 arose from an £8 m donation from Lord Sainsbury, in support of the party's opposition to Brexit ahead of that year's general election.

need to be added. First, after returning to government in May 2010, the Conservative Party ceased to be eligible for most forms of state funding. Meanwhile, Labour's access to these funds was restored, as it was now in opposition. Changes in state funding cut the Conservatives' central party income by around £4.5 m per annum, with Labour's annual income rising by a broadly proportional amount. Conservative Party central income from 2010 to 2021 therefore arguably indicates successful adaptation to the loss of most sources of state funding. This point is reinforced, below, when we consider the income of other party units. Second, it is also notable that, after returning to government, Conservative central party income peaks in the general election years of 2015, 2017 and 2019. In the year of the 2019 General Election, at which the Conservative Party won a landslide election victory, the central party also generated over £10 m more in revenue than Labour. Again, this conclusion is supported by further analysis, below, of party spending on general election campaigns since 2001.

A more complete picture of the shifting relative financial positions of the UK's two main parties is provided in Figure 2. This chart combines central party income with all income declared in accounts submitted to the Electoral Commission by other party accounting units. The vast majority of these additional accounting units are local branches of the parties, structured by the geography of the UK's 650 parliamentary constituencies. Typically, around 50% of Conservative Associations surpass the financial threshold requiring submission of annual accounts, compared to about 10% of Constituency Labour Parties (see note under Figure 2). Including this additional party income data underlines that the period since PPERA 2000 has been one of clear Conservative financial dominance. From a position of broad income parity with Labour in 2002 and 2003, Conservative Party advantage becomes clear over the following decade, peaking the year before the 2010 General Election, at 220% of Labour's total income. The obvious explanation for these patterns is the scale of donations to local Conservative Associations which,

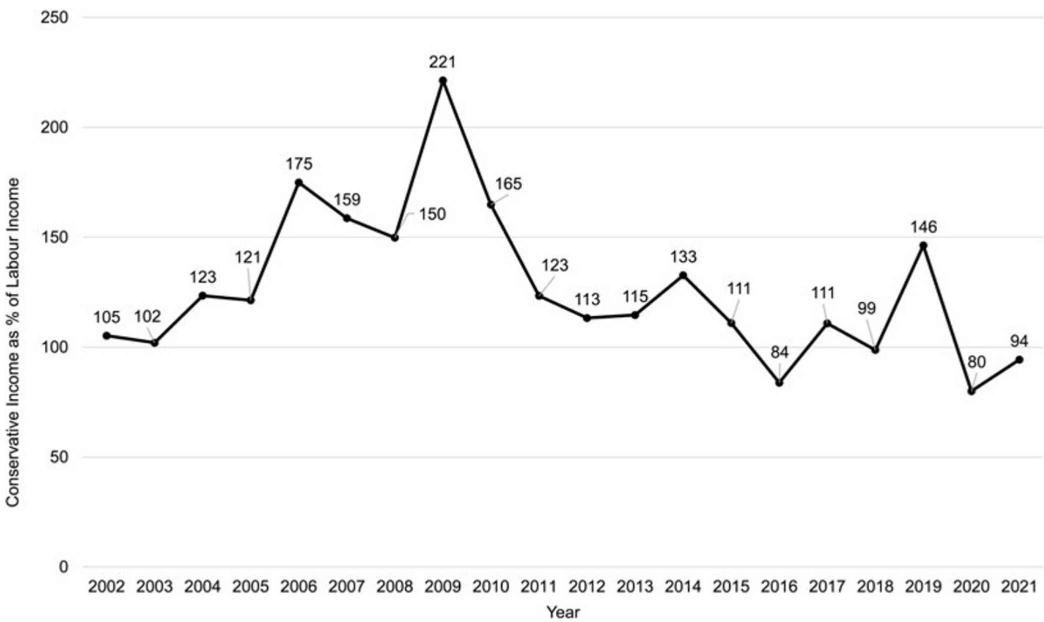

Figure 2. Total Conservative Party income as a percentage of total Labour Party income, 2002–21.
Source: Compiled from the Electoral Commission's Register of Party Accounts.
Note: Figures aggregate income declared in central party accounts and in all accounts submitted to the Electoral Commission by other party accounting units (required where income or expenditure are over £25,000 during a financial year). The mean number of accounting units meeting this threshold annually from 2002 to 2021 is 58 for Labour and 314 for the Conservatives.

particularly from 2004 to 2009, were directed to support candidates in marginal constituencies (Johnston and Pattie, 2007). While the scale of the Conservatives' advantage fell after the party returned to office, there are only three years (2016, 2020, 2021) when Labour's total income exceeds that of its main rival.

Conservative financial dominance also becomes much clearer when election spending is considered, as indicated by Figure 3. This graph combines total spending by the central party operations on the national campaign, as regulated by PPERA 2000, and total spending by the parties' election candidates, as regulated by the provisions originally contained in the Corrupt and Illegal Practices 1883. At the 2001 and 2005 General Elections, the two parties are closely matched in their total spending. However, from 2010 onwards, the financial advantage enjoyed by the Conservatives is highly apparent. The gap in 2010 can be explained with reference to the Conservatives generating greater annual income leading up to the election, as shown in Figures 1 and 2. The continued ability of the Conservatives to outspend Labour at the next three general elections arises partly from the party's success in raising additional funds in election year as well as the significant concentration of income among some local Conservative parties.

Our second research question concerned the sources of Conservative Party donations. Figure 4 shows the total value of donations annually, by donor type. The data presented here reinforce the conclusions reached above about the Conservatives' changing financial fortunes. It is evident that the Conservatives struggled to secure donation income in the early 2000s. In 2002 and 2003, sources of public funding comprised just under 50% of the party's income recorded on the register of donations. From 2004 to 2010, this situation was transformed, driven by a rise in individual and company donations, with the share of the value of recorded donations originating from public funds falling sharply. Thereafter, a clear election-driven cycle is evident, with donations peaking in 2015, 2017 and 2019. The party's capacity to attract individual donations in election years is clear, but it should also be underlined that company donations totalled £14 m in 2017 and

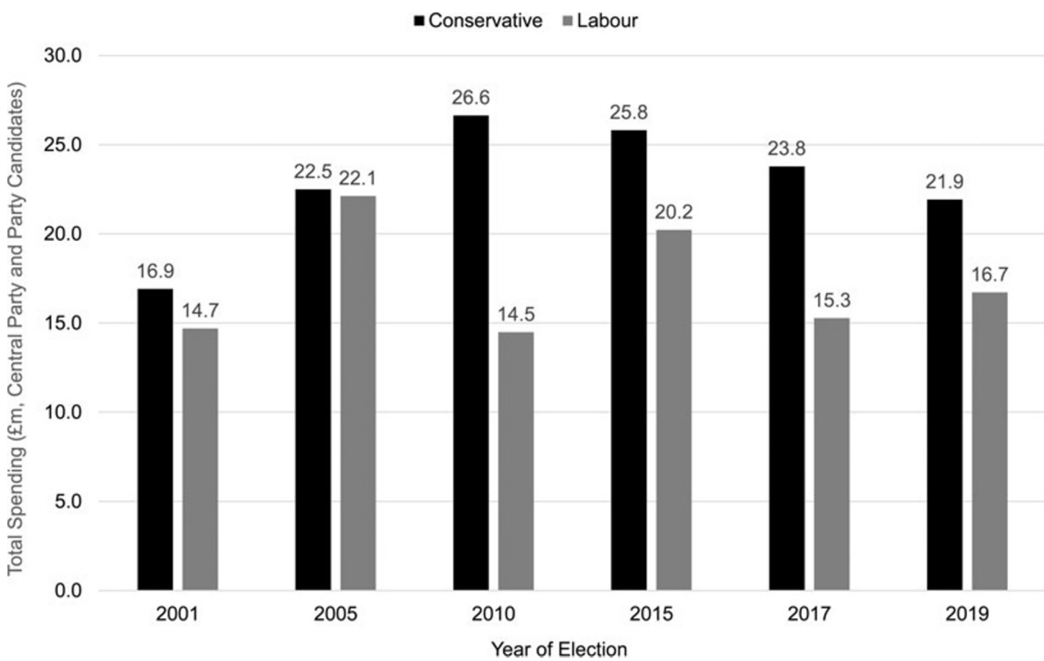

Figure 3. Total spending (Central Party and Candidates) on UK General Election Campaigns, 2001–2019, Conservatives and Labour.
Source: Electoral Commission, Registers of Election Spending.

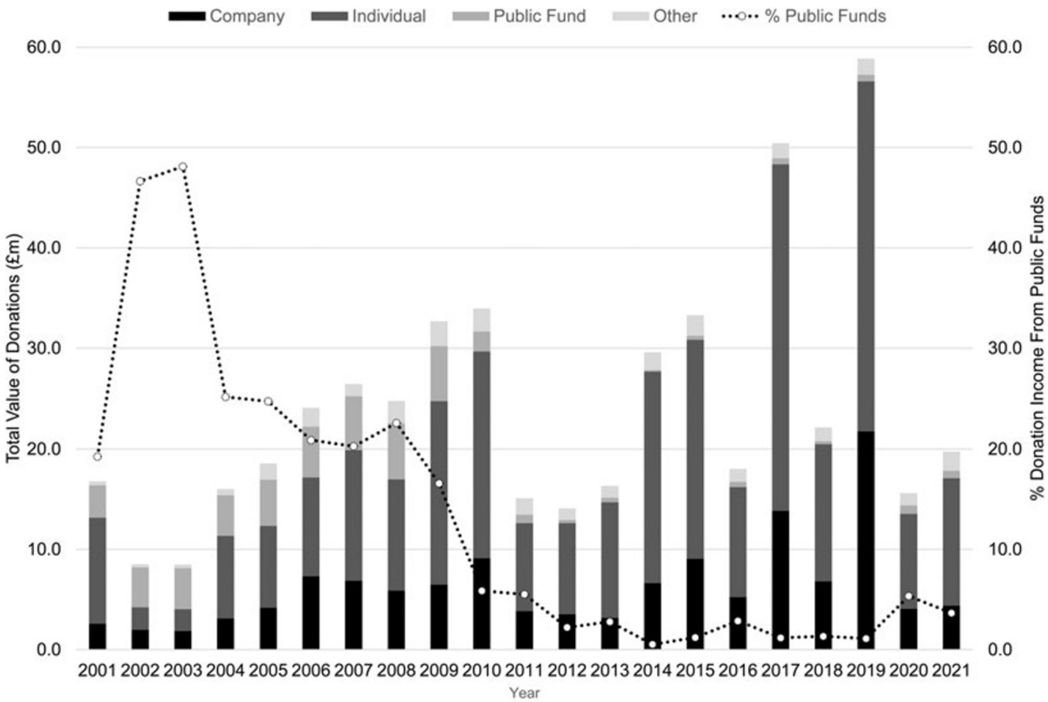

Figure 4. Total value (£s) of annual donations to the Conservatives, by donor type, 2001–21.
Source: Compiled from data held in the Electoral Commission's register of donations.

£22 m in 2019. Meanwhile, as noted above, since returning to government in 2010, Conservative Party entitlement to state funding has been greatly reduced, with public funds typically making up less than 5% of declared donations from 2010 to 2021.

The long-term decline in corporate donations to the Conservatives, identified in the literature, remains evident in the donations data from 2001 to 2022. From 2005 to 2020, the proportion of central party income obtained from company donations was less than 20% in all but two years: the general election years of 2017 and 2019. In these two cases, company donations accounted for just under 30% of central party income. What is striking, however, is how few of these company donations originate from publicly listed companies. As we elaborate below, privately held companies controlled by highly wealthy individuals close to the party, have become an increasingly important source of funding for the Conservatives.

As we noted in the first section of this paper, there are long-standing concerns about the reliance of UK political parties on very large donations. Our third research question asked whether this picture has changed for the Conservatives as a result of PPERA 2000. It has not. Table 1 summarises donations to the Conservatives from 2001 to 2022 by five donation bands. As the table shows, some 64% of donations are under £10,000 but, collectively, these add up to a mere 11% of total donation income. At the other end of the scale, only 1% of all donations are of £250,000 or above, yet these account for a third of the party's total donation income. Donations provide a clear example of the Pareto Principle, with 80% of donation income being sourced from the 20% of donations that are of a value of £20,000 or above. In total, the Conservatives received 346 recorded donations of £250,000 or more from 2001 to 2022. Of these, 6% ($n = 22$) came from Unincorporated Associations, 14% ($n = 48$) from public funds, 21% ($n = 74$) from companies and 58% ($n = 202$) from individuals. Given that the median household income after taxes in the UK is around £31,000, it is reasonable to assume that the 202 individual donations of £250,000 originate from some of the wealthiest UK citizens.

Table 1. Donations to the Conservative Party, 2001–22, by donation band

Donation band	% of Donations	% Donation income
£0–£9999	63.8	10.6
£10,000–£49,999	25.2	20.9
£50,000–£99,999	7.2	19.2
£100,000–£249,999	2.4	15.5
£250,000+	1.4	33.8
Totals	100	100

Returning to our second research question, Table 2 looks more closely at the Conservative Party funding mix among the biggest 15 donors from 2001 to 2022. Between them, these 15 account for 24% of all registered donation income received by the party. These data again reinforce the notable role of state funding, with Short money provided by the House of Commons providing the party with almost £38 m over 20 years and a further £5 m supplied by Policy Development Grants via the Electoral Commission. These two sources account for 8.5% of all Conservative Party registered donations between them. In addition, the second largest 'donor' to the Conservatives, after the UK Parliament, is an internal party lottery scheme, the National Conservative Draws Society. However, the remaining largest donors are all individuals or companies. The sectors in which they operate are relatively diverse, although finance, property and extraction are notably well represented. There are also two other important features of the corporate donors listed here. First, JCB Excavators Ltd and JCB Research Ltd are linked privately owned companies, operated by the Bamford family, with Mark Bamford, another of the largest donors, serving as a Director of the former. Second, Bearwood Corporate Services and IPGL Ltd are both private limited companies with complex ownership arrangements but which, ultimately, are operated by individuals with very close links to the Conservatives: Michael Ashcroft and Michael Spencer, respectively. Ashcroft was the party's Deputy Chairman from 2005 to 2010 and Spencer was its Treasurer from 2006 to 2010.

Table 2. Top 15 Conservative donors, 2001–22

Name	Total	Donor type	% All donation income	Sector/source
Short Money	37,682,460	Public fund	7.4	Financial support to opposition parties in the House of Commons
National Conservative Draws Society	12,236,799	Unincorporated association	2.4	Conservative Party fundraising lottery
Michael S. Farmer	8,716,964	Individual	1.7	Metals trading/hedge fund
Mr John E. Gore	6,591,549	Individual	1.3	Theatre producer
IPGL Ltd	6,298,333	Company	1.2	Private investment
Mr David J Rowland	6,104,035	Individual	1.2	Property
Sir Michael L. Davis	5,632,449	Individual	1.1	Mining
Bearwood Corporate Services Ltd	5,366,613	Company	1.1	Motor vehicles
Sir Paul Getty	5,000,000	Individual	1.0	Oil
Policy Development Grant	4,878,389	Public Fund	1.0	Financial support for policy development allocated by the Electoral Commission
Michael Hintze	4,379,361	Individual	0.9	Hedge fund
JCB Excavators Ltd	4,314,742	Company	0.8	Manufacturing
Mr Mark J. C. Bamford	4,144,499	Individual	0.8	Manufacturing
JCB Research Ltd	4,141,857	Company	0.8	Manufacturing
Mr John Griffin	4,058,500	Individual	0.8	Taxis
Totals	119,546,550	N/a	23.5	N/a

Table 3. Largest 10 Conservative 'donor groups', 2001–22

Donor group	Total donations	Component donors
UK State	£49,056,742	Short Money, Cranborne Money, Policy Development Grants, Assistance for Parties.
Bamford	£16,242,836	Mr Mark JC Bamford, Anthony Bamford, George Bamford, Joseph CE Bamford, JCB Services, JCB Excavators Ltd, JCB Research Ltd, JCB Ltd, JCB Sales Ltd, JCB World Brands Ltd.
NCDS	£12,236,799	National Conservative Draws Society.
Farmer-Lilley	£9,223,864	Michael S Farmer, David GP Lilley.
Spencer	£7,304,222	Michael Spencer, Exotix Ltd, IPGL Ltd.
Ashcroft	£6,948,883	Michael Anthony Ashcroft, Susan Anstey, Bearwood Corporate Services, Anne Street Partners Ltd.
Laidlaw	£6,765,845	Abbey Business Centres, IIR Ltd, Irvine Laidlaw.
Gore	£6,591,549	Mr John E Gore.
Rowland	£6,110,535	Mr David J Rowland, Mr Jonathan D Rowland.
Edmiston	£5,748,902	IM Group Limited, IM Properties PLC, International Motors Ltd, Mr Robert N Edminston, Subaru (UK) Ltd, The Funding Corporation Group Ltd.

This tendency for many large Conservative donors to be linked through family ties, close business partnerships and control of companies is illustrated in Table 3, which shows the largest 10 such 'donor groups' we were able to identify. These 10 groups alone account for £126 m of Conservative funding from 2001 to 2022. Once again, the surprising importance of state funding is underlined, given the characterisation of UK party finance as being reliant on voluntary private funding. However, the most striking feature of the major donor groups is how many of them consist of a mix of individuals and private limited companies. This is most apparent with the Bamford Group, which has provided the Conservatives with £16 m over two decades, split between four family members and six JCB companies controlled by the family (JCB is named after its founder, Joseph Cyril Bamford). However, similar linkages are found in the Spencer, Ashcroft, Laidlaw and Edmiston groups and are typical of dozens more of the donor groups we identified.

Significantly, the dominant donor groups change over time. Table 4 takes the top 10 donor groups from 2001 to 2022 and provides each group's ranking in four distinct periods of Conservative politics within this timeframe. There is considerable donor churn. Only two donor groups count among the top 20 ranked donor groups in each of the four periods: the UK state and the Bamford group. In most other cases, the donor groups identified are associated with large donation commitments in a particular period. For instance, the Farmer–Lilley donations are concentrated during David Cameron's period as leader of the party. Similarly, the

Table 4. Top 10 Conservative donor groups, 2001–22: donor group ranks in 2001–05, 2006–10, 2011–16 and 2017–22

Donor group	Total donations 2001–2022 (£m)	Overall rank, 2001–22	Sector/source	2001–05 rank	2006–10 rank	2011–16 rank	2017–22 rank
UK State	49.1	1	UK State	1	1	5	6
Bamford	16.2	2	Manufacturing	5	9	4	1
NCDS	12.2	3	Party lottery	101	8	2	3
Farmer- Lilley	9.2	4	Finance	79	7	1	24
Spencer	7.3	5	Finance	11	5	35	14
Ashcroft	6.9	6	Business services	7	2	137	43
Laidlaw	6.8	7	Property	4	4	–	–
Gore	6.6	8	Theatre	–	–	–	2
Rowland	6.1	9	Property	–	3	20	31
Edmiston	5.8	10	Motor vehicles	23	6	17	28

Ashcroft group of donations are heavily biased towards the period in which the Conservatives were in opposition from 2001 to 2010. The extent of donor churn can also be illustrated by comparing the largest donor groups in 2001–05 to those in 2017–22. Of the 10 largest donor groups from 2001 to 2005, five provided no income at all to the Conservatives from 2017 to 2022. Conversely, from the Top 10 donor groups in 2017–22, six had not supplied any income to the Conservative Party from 2001 to 2005.

Conclusion

The evidence presented in this paper suggests that the UK Conservative Party has been able to restore its historical financial advantage under a new regulatory framework implemented by its primary rival. Key factors in explaining this perhaps unexpected outcome are the UK's surprisingly generous levels of state funding for the main opposition parties, and its continued absence of limits on the extent of private funding of parties. Both of these have facilitated the evolution of Conservative Party funding over time. The Conservatives prospered under reforms introduced by Labour because of their capacity first to draw on state funding, then to generate donations from wealthy individuals and privately controlled companies. Assumptions that election expenditure limits would reduce the need for large donations, and that donor transparency requirements would discourage donors from offering them, now appear naïve. British political parties are as reliant on large donations as ever and this is especially evident for the Conservatives. By re-combining thousands of donations that appear in the registers as originating from different sources, it becomes clear that the Conservatives have drawn on significant concentrations of wealth in familial networks and linked company structures. Evidently, the availability of such substantial personal and company wealth to fund these donations cannot be divorced from the enormous growth in personal returns in sectors such as finance and property development in recent decades.

In the study of party funding, the UK is often seen as an exceptional case, but we would argue that it generates important comparative insights. State funding may not be the centrepiece of UK political finance but it is by no means absent, just as there is no ban on private financing of political parties in many European countries other than the UK. Donation transparency requirements and election spending limits, introduced in the UK in 2000 will also be familiar to students of political finance systems elsewhere. As such, our analysis of the UK case offers potential insights for theoretical development and hypothesis generation in the study of party funding reform more widely. Following Koß (2011), we would urge a stronger focus on how party systems and party finance interact. For instance, it is perhaps significant that Kölln (2016) found that reforms only succeeded in levelling the playing field in countries where state funding rewards electoral success in highly competitive multi-party systems. Our study suggests that such an outcome appears unlikely under a 'winner takes all' electoral system in which two parties dominate. Relatedly, we would advocate more systematic examination of the varying nature of state funding. For a supposedly convergent feature of political finance systems, forms of state funding are remarkably diverse. While state funding often rewards party success, the UK Conservatives are unlikely to be the only case internationally where state funding has been critical to a party bouncing back from electoral oblivion.

Finally, our long-term analysis may relate to just one political party, but it is also the most electorally successful party in Western Europe. The Conservative Party's remarkable capacity for electoral renewal has occurred alongside its capacity to renew its funding base over time. While the Conservatives' reliance on big donations from a narrow donor base has been a constant feature of the party for over half a century, enormous shifts have occurred over time in the sources of these donations. State funding of political parties has been central to the conceptualisation of 'cartel parties', becoming detached from civil society as a result of their reliance on state support (Katz and Mair, 1995). Our case study points to another type of scenario, in which a mass political party becomes increasingly detached, financially, from its broad electoral base as a result of its reliance on large donations from a tiny segment of society. The rapidly shifting sands of Conservative Party donors also indicate that a governing party may be prone to 'capture' by particular sectoral interests. The extent to which similar dynamics can be observed elsewhere in party finances, and the degree to which they influence party and government policy, should be a central concern of research into party funding.

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