

## Political Funds

*The Trade Union and Labour Relations (Consolidation) Act 1992 (“the 1992 Act”) enables trade unions and unincorporated employers’ associations to establish separate funds in furtherance of political objectives as part of their aims. Under the terms of the 1992 Act a resolution to adopt the political objects must be passed by a ballot of the members. The Certification Officer is the statutory authority for approving the establishment and continuance of such funds. This chapter explains the statutory provisions and reports developments in the period 1 April 2016 to 31 March 2017.*

### The statutory provisions

#### *General*

7.1 A trade union or an unincorporated employers’ association (whether listed or not) can include the furtherance of political objects among its objects. A resolution to adopt political objects must be passed by the members in a postal ballot held under rules which must have been approved by the Certification Officer. An independent scrutineer must be appointed to oversee the ballot. If political objects are adopted, the organisation must also adopt political fund rules which will govern the expenditure of funds on such objects. Those rules must again be approved by the Certification Officer.

#### *Exemption from contributing*

7.2 It is a statutory requirement that members who notify their objection to contributing to the political fund must be exempted. These exempt members must not be excluded from any benefits of the organisation or placed under any disability or disadvantage compared with other members (except in relation to the control or management of the political fund). Also, contribution to the political fund must not be made a condition for admission to the organisation.

7.3 Members wishing to claim exemption must use an approved application form as prescribed in the 1992 Act or make an application giving the same information. Unless contributions to the political fund are collected by a separate levy, exempt members of the organisation must be relieved from the payment of the political fund element of the normal periodical contributions. The rules must provide for such relief to be given as far as possible to all exempt members on the occasion of the same periodical contribution. They must also provide for each member to know what portion, if any, of his or her contribution is a contribution to the political fund.

#### *Complaints*

7.4 Any member of an organisation with a political fund who considers that the political fund rules have been breached may complain to the Certification Officer. If, after investigating the complaint, the Certification Officer considers that a breach has occurred, he may make an order to remedy it.

- 7.5 A member can complain to the Certification Officer if a political fund ballot has been held, or is proposed to be held, in a way that does not comply with the rules for holding the ballot. Any complaint must be made within the period of one year beginning with the date on which the result of the ballot is announced by the union.
- 7.6 A trade union member who claims that his or her trade union has spent money on political objects without a political fund resolution being in force or without approved political fund rules may apply to the Certification Officer for a declaration that it has done so. If the Certification Officer makes a declaration, he may also make such an order for remedying the breach as he thinks just under the circumstances. Appeals against decisions of the Certification Officer may be made to the Employment Appeal Tribunal on a point of law.

#### *Review ballots*

- 7.7 Trade unions and employers' associations which already have a political fund resolution in force, and wish to continue to spend money on political objects, are required to hold a further ballot of their members at least once every ten years. This review ballot must be held in accordance with rules approved by the Certification Officer.

#### **Guidance on procedures**

- 7.8 On request, the Certification Office gives advice on the procedures for establishing political funds and for holding review ballots. Guidance booklets which include model rules are available on the Certification Officer's website, [www.gov.uk/certificationofficer](http://www.gov.uk/certificationofficer) or on request from the Certification Office. Any trade union or employers' association wishing to ballot its members on a political fund resolution should contact the Office at an early stage.

#### **Organisations with new political fund rules approved for the first time during 2016-2017**

- 7.9 The Society of Radiographers passed a political resolution in the previous reporting period. Its political fund rules were approved for the first time on 12 April 2016.

#### **Amalgamations of unions already holding a political fund**

- 7.10 Where two or more trade unions, each with a political fund in force, amalgamate, the amalgamated union will be treated under the provisions of section 93 of the 1992 Act as having passed a political fund resolution, provided that the rules of the union in force immediately after the amalgamation include political fund rules. The review ballot cycle (see paragraph 7.7) of such a newly constituted union is treated as having begun from the earliest of the political fund review dates of the amalgamating unions involved.

#### **Political fund resolutions in force**

- 7.11 As at 31 March 2017, there were 22 unions which had political fund resolutions in force. This is a decrease of two from the number that was reported last year. This is because the Broadcasting Entertainment Cinematograph and Theatre Union (BECTU) ceased to exist as a result of its transfer of engagements to Prospect and the Union of Construction, Allied Trades and Technicians (UCATT) ceased to exist

as a result of its transfer to Unite the Union (see paragraph 6.11). The listed and scheduled trade unions in Appendix 1 which have a political fund are identified by the symbol (P).

### **Political fund review ballots**

7.12 During the reporting period, no trade unions were required by section 73(3) and 73(4) of the 1992 Act to hold a review ballot (see paragraph 7.7).

### **Political fund resolutions lapsed**

7.13 During the period no political fund resolutions lapsed.

### **Political funds of trade unions at 31 March 2017**

7.14 Detailed statistical information about the political funds of trade unions is set out in Appendix 9. The statistics are derived from the 24 annual returns which were received during the reporting period from unions with political funds. In all cases, the accounting periods of the returns ended between October 2015 and September 2016 (see paragraph 4.1).

7.15 The number of returns received within a reporting period is not always the same as the number of political fund resolutions in force at the end of the reporting period. This is because there are those unions which submitted a final return within the reporting period but which, by the end of the period, had either dissolved their political fund or ceased to exist.

7.16 Annual returns received during the period 1 April 2016 to 31 March 2017 contain information derived from annual returns with accounting periods which mainly end in December 2015 (see paragraph 4.1). The relevant annual returns show the total income of political funds as £24.54 million compared with £24.55 million reported during the period 2015-2016, a decrease of 0.02%. The total expenditure from political funds was £25.60 million compared with £20.65 million in the preceding year, an increase of 23.9%. The returns received within the period also show that the total value of political funds during the reporting period was £31.71 million: down £1.32 million (4.0%) on the £33.03 million reported in 2015-2016.

### **Political fund membership**

7.17 Appendix 9 also gives membership information provided by those unions which maintained political funds as indicated from the latest annual returns. These returns show that the number of union members contributing to a political fund was 4,777,168 compared with 4,859,578 reported in 2015-2016, a decrease of 82,410 members or 1.7%.

### **Exemption notices**

7.18 Exemption notices (see paragraph 7.3) are obtainable from the organisation concerned or from the Certification Office. The Certification Office supplied three such notices during the period 1 April 2016 to 31 March 2017. The annual returns recorded 622,286 members who belong to unions with a political fund but who do not make a political fund contribution, either because they have claimed exemption

or they belong to a category of membership which, under the rules of the union, does not contribute to the political fund.

#### **Amendments to rules**

7.19 Amendments to political fund rules require the Certification Officer's approval. Such approval is given provided that the amendments have been adopted in accordance with, and satisfy the requirements of, the 1992 Act. No trade union applied for such approval of amendment to their rules except those applying as outlined in paragraph 7.20 below.

#### **Requirements of the Trade Union Act 2016 in relation to political funds**

7.20 The Trade Union Act 2016 (the 2016 Act) is to bring in new requirements as to political funds. Broadly this will mean that from 1 March 2018 new trade union members will be exempted from contributing to a political fund unless they have given notice of their willingness to contribute to that fund. A transition period began on 1 March 2017 which will end on 28 February 2018. This period is to enable trade unions to amend their rules to meet the requirements of 2016 Act. As of 31 March 2017 six trade unions had submitted amended political fund rules for preliminary approval by the Certification Office. Preliminary approval had been given to two of these unions.

#### **Political fund complaints**

7.21 During the period 1 April 2016 to 31 March 2017, the Certification Officer received no complaints relating to political funds of trade unions.