

Item 4

REPORT TO STANDARDS COMMITTEE

6th JULY 2006

REPORT OF SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

COMMITTEE ON STANDARDS IN PUBLIC LIFE: ANNUAL REPORT 2005

1. SUMMARY

- 1.1 This report is a summary of the Annual Report 2005 published by the Committee on Standards in Public Life.
- 1.2 John Major established the Committee on Standards in Public Life in October 1994, the Committee was given wide terms of reference: "To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life".
- 1.3 The Committee is looked upon as an ethical workshop called in to do running repairs, which continues to monitor the ethical environment and respond to issues of concern, which may arise.
- 1.4 In the course of the last year the Committee has pointed to the importance of ensuring that key mechanisms and institutions concerned with propriety continue to carry public confidence and operate in a fully proportionate manner.
- 1.5 The Government has welcomed the Committees recommendations to radically change the system for complaining against local government councillors by transforming the Standards Board for England into a strategic regulator and is committed to implementing the idea.

2. RECOMMENDATIONS

- 2.1 That the Standards Committee be appraised of the report and future changes be noted.

3. DETAIL

- 3.1 **Overview of Activities:** The Committee held nine meetings in 2005, in addition to conducting a post-election consultation exercise with over forty key stakeholders.
- 3.2 The main areas of focus for enquiry were, appointments and reappointments to public bodies; the management and enforcement of

Codes of Conduct including declarations of interest across local government and other public bodies; fundamental structural and organisational weaknesses in the existing frameworks for public appointments and ethical standards in local government.

- 3.3 One of the major reports published by the Committee, was the Tenth Report, *Getting the Balance Right: Implementing Standards of Conduct in Public Life*.
- 3.4 This report highlighted that, while some improvements have been made in recent years, there are still fundamental structural and organisational weaknesses in the existing frameworks for public appointments and ethical standards in local government. Both regulatory regimes require significant changes if they are to operate in a way, which wins public trust and embeds an ethical culture into our public bodies.
- 3.5 Specifically, on local government, the Committee recommended changes to the legislative framework for ethical standards focusing on:
- A move to locally based arrangements for the initial handling, investigation and determination of complaints by existing local Standards Committees for all but the most serious cases of alleged misconduct.
 - A strengthening of the independent composition of local Standards Committees in preparation to take on their new role of complaint handling from 2007.
 - Changes to the Code of Conduct to make it more accessible to councillors and the public; to remove unnecessary restrictions on councillors representing their constituents; and to make a clearer distinction between private and official conduct.
- 3.6 The Committee further recommended the embedding of the Seven Principles of Public life into organisational culture. The Committee believe that organisational culture is key to delivering high standards of propriety in public life.
- 3.7 The Government responded to the Tenth Report and accepted the majority of proposals, in particular, the fundamental transformation of the Standards Board, a move towards local handling of complaints, and changes to the Code of Conduct.
- 3.8 However, the Government did reject a number of the recommendations but only in areas concerning public appointments not local government.
- 3.9 **The Committee's Post – Election Consultation Exercise**
The Committee undertook a post-election consultation exercise between May and September 2005. The Committee engaged with stakeholders in a discussion about which “current concerns” were likely to be compatible with a future public enquiry.

- 3.10 Three main potential inquiry areas received support during the consultation meetings:
- Review of the Electoral Commission
 - Review of the implementation of the Freedom of Information Act.
 - Conflicts of Interest: It was agreed that it would be a useful and valuable exercise to create appropriate guidance on conflicts of interest for office-holders and public bodies.
- 3.11 **Eleventh Inquiry: Review of the Electoral Commission.**
The Electoral Commission occupies an important and unique position in particular to secure high standards and build trust in the democratic process.
- 3.12 The Commissions' role encompasses both executive and advisory functions and is responsible for overseeing a number of aspects of electoral law.
- 3.13 **Research into Public Attitudes towards standards of conduct in public life.**
The Committee continued work on the long-term research project initiated in 2001, to establish a benchmark of public opinions about standards of conduct in public life.
- 3.14 *Public attitudes: Review of the Seven Principles of Public Life:*
The research carried out in 2002 and 2004 demonstrated that the Seven Principles do broadly reflect the current views and priorities of the public. However, the language used to describe the Seven Principles is perceived as somewhat arcane and inaccessible.
- 3.15 In addition, the research indicated that the public places a high priority on a much broader definition of honesty than currently described by the Seven Principles. Research is ongoing in this area and the report on the findings will be published later in 2006.
- 3.16 An Advisory Board was appointed in 2001 in order to assist the Committee and the researchers and has been involved in all key milestones of the research programme. The Advisory Board was further commissioned for the repeat survey and review of the Seven Principles.
- 3.17 **Presentations:** Sir Andrew Likierman made a presentation to the Committee on progress with his review of corporate governance in central departments and highlighted the following points:
- This review was undertaken to investigate a gap in corporate guidance namely an overview of the processes and responsibilities within departments.
 - The guidance has been created to act as a living document and will evolve as practice develops.

- A guide for new ministers, focusing on the operation of boards and the role of non-executive directors, will ensure all roles are clearly defined.
 - The code is guidance on good practice, building on existing constitutional and statutory practice.
- 3.18 **Audit Commission:** This commission has been involved in a research study looking into the Governance of Partnerships: how governance can be made more effective across the public sector, both in terms of improved service outcomes for users and in promoting greater accountability in the use of public funds. The study was published in October 2005, and will inform the revision of existing audit and inspection methodologies.
- 3.19 Some of the key messages identified in the report were:
- Partnerships are essential to improve some services.
 - Partnerships bring risks as well as opportunities, for example, what are the governance arrangements of partnerships?
 - Partnerships bring costs as well as benefits, for example, how (and when) do partnerships add value?
 - Not all partnerships engage the public effectively.
 - The principles of good governance are harder to apply in partnerships.
- 3.20 It has been revealed that little is known about how partnerships work in practice. Although, there is evidence that partnership working brings real benefits. However, partnerships need more effective accountability, not enough public bodies have comprehensive agreements for their significant partnerships despite the fact that such agreements are the basis for better governance and management of risks.
- 3.21 The findings highlighted a need for partnerships to manage different issues with different Codes of Conduct for elected members, and members with multiple roles. The report also suggests that regulators should collaborate to ensure they share audit and inspection information about how local public bodies work in partnership.
- 3.22 **Statistics Commission:** This Commission is an independent non-departmental public body. It was set up to ensure that official statistics are trustworthy and responsive to public needs. The Commission is concerned about the levels of trust in official statistics as highlighted by a recent study.
- 3.23 The Commission have recommended that a statutory framework with independent oversight to govern the production of statistics be implemented. This would include a statutory code and a new statutory commission. The Commission asserts that independent scrutiny of national statistics is essential to counter the lack of public trust.
- 3.24 **House of Lords Appointments Commission:** The Commission's role is the vetting of nominees for peerages and honours. On 1st March

2005 the Prime Minister invited the Commission to take on the work previously carried out by the Political Honours Scrutiny Committee.

- 3.25 **Standards Issues: The operation of the Ministerial Code**
In order for confidence to be retained in relation to the investigation of complaints about alleged breaches of the Ministerial Code, recommendations included the appointment of an independent office-holder.
- 3.26 It was highlighted that there is a need for a clear, well understood, and independent process to establish the facts about an allegation to ensure all parties are treated fairly and issues of legitimate public concern are properly addressed. The Committee was clear that the guardian and keeper of the Ministerial Code is the Prime Minister.
- 3.27 **Changes to the Law on Special Advisers:** The Committee was consulted by the Government on 20 May 2005 about the change to the law and further proposed changes to the Code of Conduct for Special Advisors and the Ministerial Code. The Committee set out arrangements for special advisers but also has serious concerns about the lack of transparency in their approach and in the detail of some of the changes proposed to the Codes.
- 3.28 The Committee is concerned about public perception and consequent impact on public trust that may result from the method the Government is choosing to effect the changes it wishes to make. Even if there is no intention to extend special advisers' powers, the Committee believes that this could be the perception generated by conducting this consultation on an issue, which has been clear concern to the public, parliament and media.
- 3.29 Disappointment was expressed when it emerged that the Government had failed to take into account its concerns about aspects of the revised Code of Conduct for Special Advisers.
- 3.30 Specific proposals were highlighted to be drawn to the Prime Minister's attention including, the need for civil servants and special advisers to work collaboratively with officials in a relationship characterised by trust and capacity for the creation of expert advisers.
- 3.31 **Review of the MPs' Code of Conduct:** The following recommendations were made:
- Addition of provisions to make clearer the purpose and scope of the Code.
 - New statements of Members' duties in respect of Parliamentary allowances.
 - Extension of the existing provisions regarding misuse of Parliamentary allowances to misuse of facilities and services provided by the House.
- 3.32 The aims of the changes are to enhance the Code's clarity, prominence and persuasiveness, with both Members of the House and the public.

The Committee welcomes the revised Code and the continued efficiency of framework for MP's.

- 3.33 **House of Lords Appointments Commission:** In February 2005 the Government published Reform of the Honours System.
- 3.34 In line with principles of integrity and openness the Committee has a continuing interest in the changing nature of the scrutiny of appointments to the House of Lords. The Political Honours Scrutiny Committee was disbanded in March 2005 due to the Government's reform of the Honours system and the new arrangements have worked well for the main but there have been individual cases, which have led to significant public concern about the integrity of the honours system.
- 3.35 **Trust in Government Statistics:** Through its survey of public attitudes towards standards of conduct in public life, the Committee has taken a close interest in levels of public trust in Government information, particularly official statistics. The Committee has therefore followed closely the work of the Statistics Commission and their call for a robust statutory framework with independent oversight for the production of official statistics.
- 3.36 In 2004 the Commission published a report, which proposed a new statutory framework and independent oversight for the production of official statistics as a means to address public trust and the adequacy of official figures.
- 3.37 Many decisions affecting all our lives are driven by official statistics and unless the public trust the figures on which such decisions are based they will not trust the decision makers. Further detailed legislative proposals are to be announced by the Government in due time.
- 3.38 **Draft Civil Service Bill:** The Committee has since its establishment in 1994, taken a close interest in both the substance and legal basis of the role, governance and values of the Civil Service and the contribution these make to ensure the highest standards of conduct in public life.
- 3.39 It was noted in February 2006 that a Civil Service Act would protect civil servants from political interference and entrench the non-partisan role of the civil service. It is noted in this report that the Government had not yet made a statement on the outcome of the consultation, which ended twelve months ago.
- 3.40 **Rules for Civil Servants leaving Crown Service to take up business appointments:** The business appointment rules for civil servants were addressed in the Committee's First Report (1995), which recommended that a similar system should apply to Ministers. It is proposed that a simplification of the criteria for civil servants taking business appointments and reducing them to a single test of the propriety of the proposed employment.

- 3.41 Several existing tests of impropriety are to be removed and there should be one sanction only and therefore the individual would be unable to join the prospective employer for two years.
- 3.42 **Electoral Propriety:** There was an increase in the take-up of postal voting at the 2005 general election compared to 2001. It has become a concern that postal ballots had been used corruptly in local elections; this along with several other concerns has prompted the Committee to carry out its own post-election Consultation exercise.
- 3.43 **Implementation of Freedom of Information Act:** The Committee has warmly welcomed the implementation of the Act and is looking forward to reviewing its operation after a reasonable period.

4. RESOURCE IMPLICATIONS

- 4.1 No specific financial implications have been identified.

5. CONSULTATIONS

- 5.1 The Council's Management Team has considered this report.

6. OTHER MATERIAL CONSIDERATIONS

- 6.1 All material considerations have been taken into account in the contents of this Report. In particular, risks may arise unless Members of Council are fully appraised on standards matters.

7. OVERVIEW AND SCRUTINY IMPLICATIONS

- 7.1 None apply.

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Wards: N/A

Key Decision Validation: N/A

Background Papers

Annual Report of the Committee on Standards in Public Life 2005

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Council’s Head of the Paid Service or his representative	<input type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council’s S.151 Officer or his representative	<input type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council’s Monitoring Officer or his representative	<input type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input type="checkbox"/>	<input type="checkbox"/>