

# Item 3

## REPORT TO STANDARDS COMMITTEE

05<sup>th</sup> JULY 2007

## REPORT OF SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

### COMMITTEE ON STANDARDS IN PUBLIC LIFE: ANNUAL REPORT 2006

#### 1. SUMMARY

- 1.1 This report is a summary of the Annual Report 2006 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 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.
- 1.4 In the course of the last year the Committee has continued to make a significant impact through the adoption of its practicable solutions in specific policy areas of public concern.

#### 2. RECOMMENDATIONS

- 2.1 That the Standards Committee be appraised of the report.

#### 3. DETAIL

- 3.1 **Overview of Activities:** The Committee held 9 meetings in 2006 and 12 sessions of public hearings as part of its Eleventh Inquiry. One of the major reports published by the Committee, was the Eleventh Report, "Review of the Electoral Commission".
- 3.2 The report was commissioned due to the continuing public concerns about:
  - the arrangements for voter registration;
  - postal voting on demand and the link to a number of high-profile legal cases on electoral fraud; and
  - loans to political parties with allegations that these were connected to the awarding of honours.

- 3.3 The mandate of the Electoral Commission has an impact on key issues such as electoral administration, the conduct of elections and standards of propriety in financing political parties. Each of these issues has been the subject of recent public concern, and each affects the way individuals engage in the political process and the broader question of political legitimacy.
- 3.4 For these reasons the Committee believed it was important to ask whether the Electoral Commission's current mandate, governance arrangements and accountability framework were appropriate for the purpose required of the Commission.
- 3.5 An effective Electoral Commission is a necessary and vital part of the modern institutional architecture. Its core duties should be as a regulator to ensure integrity and public confidence in the electoral process and the framework that governs political party funding and campaign expenditure. Through a combination of deficiencies in its current mandate, which is too weak in some areas and too broad in others, this has contributed to a loss of confidence by the public and political parties in the integrity of both the electoral process.
- 3.6 *Inquiry Process:* The work of the Committee is evidence based. Evidence for the Eleventh Inquiry came from written submissions, public hearings and specifically commissioned research. Conclusions are reached and recommendations are made on the basis of an analysis of the evidence received and generated during an inquiry. The Committee is expecting official responses to the report from the Government, the Electoral Commission and the Speaker's Committee.
- 3.7 *The Tenth Report: The Ethical Standards Framework for Local Government,* proposed a move to locally-based arrangements for the initial handling, investigation and determination of complaints by existing local Standards Committees, a strengthening of the independent composition of local Standards Committees, changes to the Code of Conduct and transformation of the Standards Board into a strategic regulator.
- 3.8 The Committee welcomes the overall approach that the Government and the Standards Board have taken on the new ethical environment. It continues to believe that a more proportionate and locally-based approach to ethical standards in Local Government will help embed high standards of conduct in individual authorities and increase the public's trust in their locally elected representatives.
- 3.9 On the 15<sup>th</sup> September 2006 the Committee published the results of its second national quantitative survey of public attitudes towards conduct in public life. The survey broadly confirmed that although the public is moderately positive about standards of conduct overall, they hold some negative perceptions about the behaviour of national politicians, and to a lesser, senior public officials.

- 3.10 The public's perceptions about the extent to which national politicians fail to demonstrate some key behavioural attributes may help explain the low levels of trust the public continues to have in these public office holders. It must be a matter of concern that levels of trust remain low and that, for example, Government Ministers now appear second from bottom in the list of professions people would generally trust to tell the truth.
- 3.11 The Committee have commissioned some explanatory qualitative research with members of the public to review the Seven Principles in Public Life and their descriptions. The research explored the descriptions accompanying the Seven Principles looking specifically at public reactions to current and alternative descriptions developed for each principle and a revised set of draft principles and descriptions have been developed. The Committee is currently considering the research and how best to take it forward.
- 3.12 *The Operation of the Ministerial Code:* The Committee has had a long-standing interest in the content and operation of the Ministerial Code. The Government in response to the Committee's Ninth Report accepted the case for appointing an independent adviser on ministerial interests, though on different terms to those that the Committee proposed. The Government rejected the Committee's recommendation to appoint, at the beginning of each Parliament, individuals of senior standing to a panel to investigate alleged breaches of the Ministerial Code.
- 3.13 Subsequent experience of the handling of both ministerial interests and allegations of breaches of the Code reinforced the Committee's view that the Ninth Report recommendations remained relevant and the Committee continue to press publicly for their adoption.
- 3.14 *New Civil Service Code:* The Committee's Ninth Report essentially recommended that the key principles in the Code be put on a statutory footing in a Civil Service Act and the Code itself be made as regulation under such an Act.
- 3.15 In January 2006 a consultation was launched on a new Civil Service Code. The aim of the new Code was to provide accessible, high level summary of the core values and behaviours, which are common to civil servants, in particular the Committee welcomed:
- Clear and simple descriptions of what the principles of integrity, honesty, objectivity and impartiality mean;
  - A broader definition of honesty, that includes being truthful;
  - A clear explanation of "political impartiality" as a specific duty of civil servants and as a sub-set of impartiality more generally;
  - An explicit reference to the Public Interest Disclosure Act;
  - Providing for the Civil Service Commissioners to consider taking a complaint directly from a Civil Servant.

- 3.16 *The System of Allowances and Expenses for Members of Parliament:* The Senior Salaries Board is currently reviewing the parliamentary pay and allowances initiated by the prime Minister in July 2006 and the Committee welcomes this opportunity to clarify the basis and boundaries of the allowance and expenses regime. It is hoped that the review will help build public confidence and a perception of equity with others in the arrangements for MPs.
- 3.17 *Loans for Peerages:* One of the recommendations in the Committee's Fifth Report was that all donations over £5,000 should be publicly disclosed. The Conservative Party was reported to have secured a number of multi-million pound loans from various individuals to help fund its election campaign. Nothing was subsequently heard about this issue until March 2006 when the House of Lords Appointments Commission rejected several nominations for life peerages.
- 3.18 It was subsequently revealed that the individuals had loaned large amounts of money to the Labour Party before the general election. This aroused suspicion that peerages were being sold for cash donations. A police investigation was launched and is still ongoing but is apparent that issues raised have further undermined public trust in the political class.
- 3.19 *Electoral Fraud:* The Eleventh Inquiry suggests that since the introduction of postal voting there has been a growing perception and evidence that the electoral system is more susceptible to organised electoral fraud. However, the problem is that if successful, it goes undetected. These problems arise mainly because of the issue of trust. Information received on completed electoral registration forms is taken at face value as being accurate, and virtually no checks are carried out at polling stations to verify a voter's identity. Consequentially, the Government have made a number of changes to the law through the Electoral Administration Act in an attempt to combat electoral fraud.
- 3.20 *Electoral Registration:* The system of electoral registration is probably the most critical element of the electoral administration process and underpins the most fundamental principles and therefore legitimacy of the UK's democratic processes. It is essential that the electoral register and the system of electoral registration retain the trust and confidence of both the electorate and political parties.
- 3.21 During the Eleventh Inquiry many of the individuals who gave evidence to help the Inquiry were concerned that large numbers of eligible voters were not registering and that up to 3.5 million eligible individuals were not registered and another concern was the accuracy of the register. The Electoral Commission has been in favour of introducing individual registration since 2003 as an anti-fraud measure, the Government agree that on principle individual registration is the right way forward but are yet to implement it.

#### **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.

## **8. LIST OF APPENDICES**

8.1 None apply.

**Contact Officer:** Dennis A. Hall/Laura Starrs  
**Telephone Number:** 01388 816166, Ext. 4268  
**E-mail address:** dahall@sedgefield.gov.uk

**Wards:** N/A

**Key Decision Validation:** N/A

**Background Papers**

**Examination by Statutory Officers**

	<b>Yes</b>	<b>Not Applicable</b>
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"/>