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# **Annual Report 2012-13**

**Committee on Standards  
In Public Life**

**August 2013**

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# THE SEVEN PRINCIPLES OF PUBLIC LIFE

The Seven Principles of Public Life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs, and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The Principles also have application to all those in other sectors delivering public services.

## SELFLESSNESS

Holders of public office should act solely in terms of the public interest.

## INTEGRITY

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

## OBJECTIVITY

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

## ACCOUNTABILITY

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

## OPENNESS

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

## HONESTY

Holders of public office should be truthful.

## LEADERSHIP

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

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## FOREWORD

As the incoming Chairman of the Committee on Standards in Public Life, it is a pleasure to thank the outgoing Chairman, Sir Christopher Kelly for his work. To take but one example, the Northern Ireland (Miscellaneous Provisions) Bill introduced in the Commons on the 9 May 2013 allows for transparency in donations and loans to political parties, as well as ending the practice of members of the Northern Ireland Assembly holding dual mandates to sit concurrently in the Northern Ireland Assembly and the House of Commons. This broad approach reflects the work over recent years of both Sir Christopher Kelly himself and the recommendations of the Committee.

This September the Committee will be holding an evidence gathering seminar on lobbying reflecting the concerns of the Committee about unequal access to decision makers and inadequate transparency. The Committee intend to make recommendations to inform and complement the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Bill. I would like to thank David Prince, the interim Chairman, for taking this work forward, for holding the fort since the end of Sir Christopher's term of office and for giving me much helpful advice.

The current context of the Committee's work is very much set out in the recent Triennial Review carried out by Peter Riddell of the Institute of Government. The Government has, in substance, accepted the Review and in doing so recognised the valuable role played by the Committee and the evolving nature of the issues it tackles. As elsewhere in Whitehall, there will be a significant reduction in the budget and certain aspects of the Committee's work will not be carried on as in the past. The Triennial Review also asked the Committee to be more strategic in its practice and look ahead to emerging problems. This is a serious challenge but it is one that has to be accepted. It remains the case, however, that the best work of the Committee has involved the building up of consensus based on substantial research. This is likely to be the case in the future as in the past.

The truth is that we frequently read in the media stories in which, for example, conflicts of interests appear to be significant. The principles of the Committee - selflessness, integrity, objectivity, accountability, openness, honesty and leadership - remain as pertinent as ever. It is my view, as Chairman, that the Committee's work in the past has been most effective when it has stayed close to these principles. In the future I would hope to maintain the best of this tradition.

Paul Bew

## INTRODUCTION

1. The Committee on Standards in Public Life has 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 and to review issues in relation to the funding of political parties, and to make recommendations as to any changes in present arrangements.”<sup>1</sup>**

2. The Committee fulfils this role partly through its formal inquiries. In addition, we routinely monitor and consider issues and concerns relating to standards in public life, track public perception of standards of conduct of public office holders and seek to promote the Seven Principles of Public Life. We contribute to public policy development through meetings, seminars, research, speaking engagements, and by responding to consultation papers on relevant issues.
3. This report provides an overview of the Committee’s activities over the course of the financial year 2012/13. The Committee’s main project in this year has been to produce its Fourteenth Report, *Standards matter: A review of best practice in promoting good behaviour in public life*. This report aimed to analyse what has been shown to work best in promoting high standards and to take stock of current areas of risk. The project was launched in May 2012, and the final report was published in January 2013. The Committee also carried out its fifth biennial survey of attitudes to standards in public life, the results of which will be published in September 2013.
4. A triennial review of the Committee was carried out this year, the report of which was published by the Government in February 2013. As a result, on 5 February 2013, the terms of reference of the Committee were clarified in two respects: ‘...in future the Committee should not inquire into matters relating to the devolved legislatures and governments except with the agreement of those bodies’ and ‘...the Committee’s remit to examine “standards of conduct of all holders of public office” [encompasses] all those involved in the delivery of public services, not solely those

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<sup>1</sup> Hansard (HC) 25 October 1994, col. 758, Hansard (HC) 12 November 1997, col. 899 and Hansard (HC) 25 October 1994, col 758

*appointed or elected to public office.*<sup>2</sup>

5. Following an open competition, Lord Bew has been appointed the new Chair of the Committee effective from 1 September 2013. His term of office is for five years and is non-renewable. Following the end of Sir Christopher Kelly's term on 31 March 2013, David Prince served as interim Chair until 31 July 2013.
6. The appendices to this report provide detail about the structure and finances of the Committee.

## OVERVIEW OF ACTIVITIES

### General Overview

7. This year we reflected on what has been achieved since the Committee's first report in 1995. We asked ourselves whether the task was completed and, if not, what more still needs to be done. We found that while many of the original "Nolan Principles" - such as integrity, accountability and openness are widely understood and resonate closely with public expectations - the principles as a whole were still not being lived out everywhere in spirit as well as letter. There needed to be more active implementation and embedding within the day to day business of many organisations.
8. More disturbingly, the year's news was dominated by stories of governance failures and other inappropriate behaviour in institutions previously enjoying high levels of public trust and confidence, and by the failure of leadership in others, both private and public, to inculcate a culture of high standards in tune with public expectations. Many instances have involved deliberate attempts to get around codes of practice and conduct, and in some cases there are allegations involving covering up, concealment and even criminal activity. Moreover, when some individuals attempted to raise ethical issues or standards concerns they were prevented or inhibited from raising those concerns internally or speaking out on issues in the public interest.
9. So, while much of the infrastructure is now in place to support high standards – statements of principles, codes of conduct, independent scrutiny, and while standards of behaviour have improved in many areas of public life, high standards are still not yet understood everywhere as a matter of integrity and personal responsibility. Recent lapses have occurred not because individuals, often in key leadership roles, have been unaware of their responsibility and of what

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<sup>2</sup> Hansard (HC) 5 February 2013, col. 7WS

the public expects but because they did not find it expedient.

10. We are in no doubt that standards of behaviour in many areas of public life have improved since this Committee first reported in 1995, but there is still much to do and the evidence gives no grounds for complacency. New situations continually arise which raise new standards issues. Responses to standards issues often come too late and only in response to public scandals which by then have damaged public trust and confidence.

## Review of best practice

11. It is 18 years since the Committee published its First Report in 1995. We thought it timely to look, in our Fourteenth Report, at what had been achieved over that period and what had worked best in practice to promote high standards of conduct within regulated public organisations and regulators. Alongside this we looked afresh at the Seven Principles of Public Life and the language used to describe them and at levels of public confidence in public sector institutions. The report was published as *Standards matter: A review of best practice in promoting good behaviour in public life* in January 2013, along with the report of the focus group research that supported it. We highlighted a number of outstanding areas of risk that still need to be addressed.
12. The review was carried out using four strands of research:
  - A review of a number of reports produced since 1995 by this Committee, the Public Administration Select Committee and other bodies looking at standards issues.
  - An invitation to the public to contribute their views, including through a blog on the Committee's website.
  - A number of focus groups examining public attitudes towards the ethical standards of public office-holders and factors affecting their trust in public organisations and office-holders.
  - A series of seminars with invited participants from across the UK exploring issues relating to ethical regulation in specific spheres of public life. The subjects of these seminars included the Westminster and devolved legislatures, central government and the civil service, local government, the wider public sector, private sector organisations delivering public services and the media. The Committee also visited Belfast, Edinburgh and Cardiff to hold discussions with those involved in standards issues in those legislatures.
13. We clearly saw that in many areas standards of behaviour in public life had improved. Nonetheless there continued to be grounds for concern. The report reached four main conclusions to address

these, supported by eight recommended best practice points, as follows:

- We re-emphasised the point that the basic building blocks for promoting high standards remain much as identified in the Committee's First Report: a set of broadly expressed values which everyone understands, codes of practice elaborating on what the principles mean in the particular circumstances of an organisation, effective internal processes to embed a culture of high standards, leadership by example and proportionate, risk-based external scrutiny.
  - To put this into effect, all organisations need to actively review how well they measure up to best practice in ethical governance as a matter of routine. It is important to consider all those factors affecting individual behaviour, including recruitment processes, appraisal and reward structures, leadership and contemporaneous prompts to good behaviour alongside formal codes and sanctions for poor behaviour.
- The need now is not for more rules and stricter regulation so much as for standards to be addressed actively at organisational level. High standards should be seen as everyone's personal responsibility, but it should be recognised that personal behaviour is shaped by organisational culture. With this in mind high standards need to be positively driven by leadership and example.
  - Ethical issues should feature regularly on the agendas of the boards of public bodies and, where appropriate, on risk registers. All such boards should as a matter of course monitor standards of behaviour throughout their organisation, either directly or through their audit and risk committees.
  - Those in leadership positions of all organisations delivering public services should take personal responsibility for ethical standards in their organisations and certify annually in their annual report or equivalent document that they have satisfied themselves about the adequacy of their organisation's arrangements for safeguarding high standards.
- New ethical risks are being created by the development of new models of service delivery. There is a growing area of ambiguity occupied by people contracted to deliver public services who may not be public office-holders. We strongly believe that the ethical standards captured by the Seven Principles should also apply to such people.
  - In all cases where new methods of delivering public services are being created, commissioners and providers should give careful thought to the mechanisms necessary to maintain expected high standards of behaviour and promote the principles of public



life.

- Public servants designing and commissioning services should, in a consistent and proportionate way, address ethical issues throughout the procurement process. Contractors and others should acknowledge the particular responsibilities they bear when delivering public services, paid for by public money, to individuals who may not have the choice of going elsewhere.
- Where powers to regulate standards are devolved to promote local responsibility and leadership, care should always be taken to ensure that there is independent scrutiny, that the results of such scrutiny are made publicly available and that those who have responsibility for imposing sanctions have adequate legal or other powers to do so.
- Low and declining levels of confidence in the integrity of public institutions remain a matter of concern. While trust is a complex phenomenon, there is scope for trying to increase the confidence of the public in public office-holders and public institutions by addressing the outstanding standards issues identified in this report and by being more attentive to, and active in, addressing emerging issues rather than waiting until the pressures for reform become irresistible.
  - Public office-holders and organisations should seek to improve their own trustworthiness by establishing and promulgating robust mechanisms for detecting and dealing with wrongdoing, increasing public understanding of their role, and creating a culture which harnesses the power of the media to promote high standards and deter or expose misconduct.
  - There is at present a need to address certain areas of ethical risk in public life identified in the report (see further detail in standards check and outstanding risks set out below), and this should be done before they undermine public confidence.

14. As well as these conclusions and best practice points, the report re-examined the Seven Principles of Public Life, first established in the Committee's First Report, from the point of view of their modern relevance and applicability. We concluded that the Seven Principles should be kept as they are, but the brief descriptors appended to each one should be clarified and an explanatory preamble added. The updated text appears on the inside front cover of this report.

15. The Committee is monitoring and promoting the continuing impact of the review.

## Fifth biennial survey

16. During 2012–13 the Committee carried out its fifth biennial survey of public attitudes to conduct in public life. We have conducted these surveys since 2004, in order to analyse the standards of behaviour the British public feel public office holders should be kept to, the extent to which these standards are believed to be upheld, and the perception of how well the systems put in place to enforce them are operating.
17. The survey carried out in 2012 maintained many of the core questions from earlier surveys. This allowed us to observe several continuing trends. For example, over the lifetime of the survey, specifically there has been a continuous and substantial decline of the percentage of respondents rating standards as “quite high” or “very high”, while the percentage of respondents rating standards as “quite poor” or “very poor” has steadily increased. Over the five surveys, public perceptions of whether a range of professions in the public domain can be trusted to tell the truth demonstrate consistent relative ratings: High Court Judges and Senior Police Officers score highly, while tabloid journalists, government Ministers and MPs, in general score poorly. When these findings are compared with other British and European data, it seems levels of trust in these professions are not especially low, except in comparison with the Netherlands and Scandinavia. Moreover the evidence suggests that low levels of stated trust may be accompanied by much higher and rising levels of confidence in institutions, such as the legal system.
18. Overall the survey is able to show that there is a deeper and more complex pattern of public attitudes to standards in public life than is generally recognised by public opinion research. In broad terms, drawing on a number of distinct areas of evaluation, a majority of the population express positive attitudes towards standards in Britain. Nonetheless, the proportion of people who feel positively has changed dramatically over time. In particular, positive evaluations increased steadily from 2004 to 2008 (from 62% of the population to 82%), followed by a collapse in 2010 to 55%, and with only a relatively minor recovery in 2012 (59%).
19. The survey also introduced several new questions, with the aim of broadening the examination of public expectations and beginning to explore how far these increasingly negative expectations are connected to people’s expectations of others who are not public office-holders. Key findings to have emerged include:
  - There is a widespread belief by the public that they will receive fair treatment from a range of public services.

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- The public have more confidence in the probity of relatively junior front line staff – in terms of putting the public interest first, owning up to mistakes, and in being held accountable for mistakes – than in that of more senior managers.
  - The public believe that they personally are more likely than people in public office to act with probity in given situations.
  - There is support for the use of external scrutiny and audit mechanisms and the development of a strong internal culture fostering standards and openness as a means for improving professional integrity and increasing confidence in public institutions. However, the use of financial incentives is not favoured.
  - In the latest survey there has been some diminution of confidence in the authorities' commitment to upholding standards. Over the five surveys confidence that the media will uncover wrongdoing has also declined.
20. The evidence suggests that public responses to events and to their reporting can become more negative or positive. This demonstrates that confidence in public standards is not a fixed feature of British society that shows inevitable long term decline, but a feature of the British political scene that is influenced by events. This suggests that the public's perceptions of standards in public life can be repaired as well as damaged. It is therefore all the more important that high standards of behaviour are understood as a matter of personal responsibility, embedded in organisations and actively and consistently demonstrated, especially by those in leadership positions.
21. The results of the survey will be published in September 2013. Following a recommendation made in the Triennial Review of the Committee (see below), this will be the last time that we carry out the survey, but we believe it has been a useful longitudinal survey and hope that other organisations continue to use the data and to monitor developments. The Committee is considering with its Research Advisory Board how best to monitor the trends we have studied as they develop in future.

## **Triennial Review**

22. In September 2012 the Minister for the Cabinet Office announced the start of a Triennial Review of the Committee, now a requirement for all Non-Departmental Public Bodies. The review, carried out by the Rt Hon Peter Riddell CBE, was chiefly based on written evidence received in response to a call for submissions and personal consultations. It was carried out over approximately six months, and reported in February 2013.

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23. The primary function of the review was to judge whether there was a continuing need for the Committee to exist. The review concluded that *“There is a continuing need for an ethics monitor/reviewer.”*
24. The review also included a number of recommendations relating to the Committee’s strategy and working practices, including the cessation of the Committee’s biennial survey of public attitudes to allow the resources to be diverted elsewhere, the reduction of the membership of the Committee from ten to seven, and the production of more frequent, briefer reports with less reliance on public hearings and more use of seminars.
25. The Government issued a Written Ministerial Statement on 5 February 2013 stating that it broadly accepted the recommendations made in the review. It also clarified two points in the Committee’s terms of reference, as detailed in paragraph 4, above. The Committee is grateful for the detailed work put into the review, and will bear its recommendations in mind when considering its future work.

Following the Triennial Review, the secretariat has been reduced to three and like most public bodies our budget continues to follow a downward trajectory from £504k in 2012-13 to £400k in 2013-14. Our reduced resources will necessarily affect the ways in which the Committee is able to fulfil its terms of reference. We will need to prioritise the ethical risks we identify carefully and focus our work accordingly.

## **Strategic Plan 2012–15**

26. In October 2012 the Committee published its strategic plan 2012–15. This set out our vision for our work over the next few years and we hope it will increase public knowledge and understanding of our work. As well explaining how we will set our priorities and monitor ethical standards across public services, the plan also identified the priority areas the Committee may choose to investigate in future such as:
- The maintenance of appropriate ethical standards within an increasingly mixed economy with greater involvement of the private and voluntary sectors in delivering public services.
  - Ethical standards in the police, including Police and Crime Commissioners.
  - Local Government standards, following up a previous inquiry to review how the new system introduced by the Localism Act 2011 is bedding down and whether it is delivering its objectives.

27. The plan is available on the Committee's website.

## Online engagement

28. As part of its public consultation of best practice, the Committee ran a blog from September to October 2012, with contributions from Committee members and guest bloggers and the facility for members of the public to respond. The Committee also launched a Twitter feed in September 2012. We intend to build on this work over the coming months within available resources, to develop a cost effective online engagement programme.

## STANDARDS CHECK

### Party funding

29. The Committee is disappointed not to have seen any significant progress made in dealing with the problems in party funding it identified in its Thirteenth Report<sup>3</sup>. On the 4 July 2013, the Deputy Prime Minister made a Written Ministerial Statement on the Funding of Political Parties confirming that discussions convened following publication of the Committee's Thirteenth Report had reached no agreement. This is despite all three of the main political parties making manifesto commitments to take the big money out of party funding, and funding reform being part of the Coalition Agreement. The Committee appreciates the political difficulty of aspects of the proposed reforms, but nonetheless we feel it is time to act. The current party funding arrangements foster suspicion and distrust among the public. It is essential that political parties obtain funding in ways free of suspicion that donors receive favours or improper influence in return.

30. The main recommendations of the Thirteenth Report were the introduction of a cap on donations from individuals or organisations of £10,000, a reduction in the party expenditure limits and a slight increase in public funding for political parties. We feel that these would be very valuable in reassuring the public that large donations are not a source of undue influence in UK politics.

31. Attention was focussed on this issue by the case of so-called 'cash for access' in March 2012, in which the then treasurer of the Conservative Party was alleged to have suggested to undercover journalists posing as potential donors that large donations would allow privileged access to the Prime Minister and Chancellor of the Exchequer. Despite the prominence that this gave the issue

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<sup>3</sup> Thirteenth Report, *Political party finance: Ending the big donor culture* Cm 8208 November 2011

of funding, the Committee has yet to see evidence of real progress being made, although the political debate has recently been reignited by the Leader of the Labour Party making proposals to reshape the party's relationship with the Trade Unions, including the possibility of "opting in" to affiliation fees.

32. For this reason we welcome the recent initiative<sup>4</sup> by several parliamentarians to commission a Draft Bill as a basis for the development of phased reform of political party funding, as an attempt to achieve an agreed legislative framework for reform. The Committee submitted a response to the consultation on the Bill which is published on the Committee's website.
33. The Committee notes that proposals in the Draft Bill for the phasing in of the donations cap and the identification of savings within the existing envelope of public spending to finance the proposals with a cap on the total public spend on political parties, are measures the consultation document indicates are a response to address two criticisms of the Committee's Report. The proposals set out in the Committee's Report were regarded by the Committee as a package. Whilst the Committee's expectation was that the financial impact of the complete package of proposals was likely to be even handed between the two largest political parties, the illustrations of the possible impacts were based on historical information only and with a number of important limitations and caveats. The Committee acknowledged in its Report that there was a need to introduce the arrangements so as to allow the parties to adjust to the new circumstances, and that the new arrangements should not be introduced until the start of the next Parliament in 2015. For these reasons, in particular, the Committee would want to be reassured that the measures proposed in the Draft Bill are sustainable over time.
34. The Committee remains concerned about the risk presented of third parties being used to avoid the cap on donations and as such it considers it might be appropriate to take proportionate action, guarding against unnecessary bureaucracy to address this issue. The Committee is also alert to the implications of reform for smaller parties, which may have low levels of membership, elected representation and little income.
35. Sustainable reform will, in our view, require a concerted effort from the main parties to put aside self interest and resist the inclination to cherry pick proposals that benefit only them, to arrive at a solution that is in the national interest, has cross party agreement, and will restore public confidence in the integrity of the funding system.

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<sup>4</sup> Funding Democracy Breaking the deadlock A Draft Bill for consultation April 2013

## Lobbying

36. The Committee continues to regard lobbying as an area in which there are genuine concerns involving suspicions that some lobbying may be taking place in secret and some individuals or organisations have more access to policy makers, so that it is not known who or what is influencing a particular decision. However, we remain doubtful that a statutory register of third party lobbyists, as proposed by the Government in a consultation paper in 2012, is the key to further reform. We believe it would be better to build on the steps already taken to increase transparency. Greater transparency might include, for example, enhancing the level of disclosure around meetings between ministers and those lobbying on behalf of a particular interest, as proposed in a report published in July 2012 by the Political and Constitutional Reform Committee. The Government renewed its commitment to introducing a statutory register of lobbyists and increasing transparency around lobbying in its mid-term review of the Coalition published in January and has recently restated that legislation will be introduced in July 2013.
37. As set out in our annual work plan, the Committee has been considering the transparency issues around lobbying, focusing particularly on those who are lobbied. To progress this work, the Committee issued a call for evidence in June and will be holding a meeting after the Parliamentary recess with interested parties, to look at what more can be done to bring greater integrity to existing arrangements. With the evidence gathered we aim to produce proportionate recommendations which will complement the proposed statutory provision and help restore the public's trust and confidence.

## Local government standards

38. Under the Localism Act 2011 the new local government standards regime came into effect on 1 July 2012. The Committee welcomed the introduction of a mandatory requirement for local authorities to adopt a local code of conduct based on the Seven Principles of Public Life and the intention to encourage a greater sense of local responsibility for standards and to reduce the number of vexatious complaints.
39. While we recognise that the new system needs time to properly bed in, we do, however, have certain concerns:
- Due to the emphasis on local ownership of standards we would expect the new regime, like the previous one, to function well in those areas where party leaders are prepared to provide the

necessary leadership and example. It is likely to do less well where such leadership is inadequate.<sup>5</sup> History suggests that problems are most likely in areas with monolithic political cultures and correspondingly little political challenge, where partisan rivalry is most bitter and tit-for-tat accusations most common, or in those predominantly rural areas with significant numbers of independent members without the benefit of party discipline.

- Under the previous arrangements local authorities and an independent tribunal had the power to suspend members for varying periods of time as a sanction against poor behaviour. The only sanctions now available, apart from through the use of a political party's internal discipline procedures are censure or criminal prosecution for deliberately withholding or misrepresenting a financial interest. We do not think these are sufficient. The last few years have seen a number of examples of inappropriate behaviour which would not pass the strict tests required to warrant a criminal prosecution, but which deserves a sanction stronger than simple censure. While censure may carry opprobrium in the political arena it is often considered unacceptably lenient by the public relative to other areas of their experience. Coercion of other members or officers is one category of offence with which it will be difficult to deal adequately under the new arrangements.
- Under the previous arrangements allegations about poor behaviour were determined by standards committees independently chaired by individuals who were not themselves members of the local authority. Under the new arrangements every local authority must appoint at least one independent person whose views it will seek, and take into account, before making its decision on an allegation that it has decided to investigate. We doubt that this will be sufficient to provide assurance that justice is being done and, equally important, that it is seen to be done.
- In the transition to the new system local authorities may have lacked proper time to prepare. In early June 2012 we wrote to all local authorities in England to ask about their preparations for implementing the new regime which came into force on 1 July 2012. The Committee was concerned that so late in the day, nearly half of those who responded had yet to adopt a new code and around four fifths had yet to appoint an independent person. The fact that the Regulations and Order which took effect from 1 July were laid only on 6 June cannot have helped their preparations.

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<sup>5</sup> Not forgetting that in several prominent recent cases it is the behaviour of leaders themselves that have been under question.



40. While inevitably there have been various teething problems with the new regime, the Committee will continue to monitor the implementation and its effectiveness, particularly in relation to public confidence that any wrongdoing is tackled promptly and transparently in the absence of any external investigation and scrutiny.

## **Independent Adviser on Ministerial Interests**

41. In a report published in March 2012, the Public Administration Select Committee (PASC) raised the possibility that the Independent Adviser on Ministerial Interests was in practice insufficiently independent, as he or she is appointed personally by the Prime Minister, is supported from within the Cabinet Office, and cannot instigate his or her own investigations. Investigations can only be undertaken at the request of the Prime Minister. We agreed, and argued for the independence of the role to be increased and the power to instigate investigations to be granted.
42. The Independent Adviser on Ministerial Interests has carried out one investigation since then, finding in June 2012 that the then Conservative Co-Chairman had committed a minor breach of the Ministerial Code by not declaring a business relationship. However, there has also been controversy over the Prime Minister's decisions not to refer allegations made in 2012 about a possible breach of the code by the then Secretary of State for Culture, Media and Sport in relation to the bid by News Corporation for BSkyB to the Independent Adviser, on the basis that the issue would be looked at during evidence sessions for the Leveson Inquiry. It would in our view have taken much of the politics out of the issue, to everyone's advantage, if the decision on whether to investigate separately had been taken by the Independent Adviser – even if, as he might well have done, he had taken the same view. It is too easy for a Prime Ministerial decision not to refer, to be interpreted, however unfairly, as being motivated by a desire to avoid uncomfortable revelations.
43. In July 2012 our then Chair, Sir Christopher Kelly, issued a statement arguing for the Adviser to have the power to instigate investigations. The debate is still ongoing, and we continue to monitor it with interest.

## **The Leveson Inquiry**

44. Part 1 of the Leveson Inquiry into the culture, practice and ethics of the press was published in November 2012. The Committee submitted written evidence to the Inquiry in 2011, and welcomed the contribution it made to the debate on press regulation and public standards in the UK more

generally.

45. We were struck by certain points of similarity between Lord Justice Leveson's conclusions concerning the promotion of high standards, and our own in our most recent report, *Standards matter*. His report, for example, stressed the importance of standards regulators being both demonstrably independent and armed with robust sanctions, and of the appropriate tone and culture being set at the level of the leadership of an organisation.
46. Part 2 of the Inquiry will examine specific cases of alleged wrongdoing, but cannot commence until the current police investigations and any subsequent criminal proceedings have been completed.

## MPs' pay and expenses

47. Controversy arose when it was reported in the press in October 2012 that certain MPs had been in the practice of renting out property they owned in London, sometimes to other MPs, and then renting separate London accommodation for themselves and claiming expenses for doing so. Such an arrangement is not against the current rules and a press notice issued by the Independent Parliamentary Standards Authority (IPSA) noted that 'this is an issue of their own private financial affairs over which we rightly have no authority'. In the case of a number of MPs, the problem arose mainly due to transitional arrangements from the previous system. Nonetheless, because of the way in which it was presented, this issue dealt another blow to public confidence in the financial propriety of MPs and were it to continue, with new MPs, the compliance of those involved with the spirit of the rules would be open to question even if their compliance with the letter is not. The financial propriety of MPs, therefore, continues to be an issue of public confidence.
48. The Committee also notes that IPSA has carried out a review of MPs' pay and pensions, which is out to public consultation until the autumn of 2013. When finalised, this will be effective from the next Parliament in 2015.

## OUTSTANDING RISKS

49. The Committee's Fourteenth Report *Standards matter: A review of best practice in promoting good behaviour in public life* identified 12 areas that pose a particular outstanding risk to standards in public life, and are set out in the register below. More detail on developments in some of these

areas in 2012–13 can be found in the standards check above. These outstanding risks should be actively addressed before they become even more problematic and further undermine confidence in our public institutions.

Issues which the **Committee** will investigate will include:

- *lobbying* (concerns about unequal access to decision-makers and inadequate transparency)

Issues which the **Committee** is likely to investigate in the near future include:

- *how best to maintain high standards as new models of delivering public services are developed; and*
- *interchange between the public and private sectors* (suspicions of impropriety in relation to people moving between the public and private sectors).

Issues over which the **Committee** intends to keep a watching brief, and investigate if necessary include:

- *local government standards* (concerns about the impact of the regime introduced by the Localism Act 2011);
- *behaviour and conduct of the police* (concerns arising from recent incidents and reports, some of which are currently the subject of further investigation elsewhere);
- *electoral arrangements* (concerns about electoral fraud, particularly in relation to the electoral register and postal voting);
- *the role of the media in the public sector's promotion and maintenance of standards* (including its effects on public confidence, in the light of the Leveson inquiry); and

Issues which need to be addressed by the **Government** include:

- *the Prime Minister's Independent Adviser on Ministers' Interests* (the lack of a power for the Adviser to initiate his own investigations);
- clarification of the some of the aspects relating to the arrangements for *Special Advisers*; and
- *the House of Lords* (by facilitating the efforts of the House itself to address its own powers to sanction the most severe breaches of the Lords' Code of Conduct).

An issue which urgently needs to be resolved by the **political parties** is:

- *political party funding* (suspicion about the motivation behind large donations and what is received in return).

## REPRESENTATIONS AND SPEECHES

50. Over the course of the year, the then Chair spoke at a number of events on standards issues:

- In July 2012 Sir Christopher Kelly gave a speech to the All-Party Parliamentary Group on the British Constitution, organised by the Constitution Society
- In September 2012 Sir Christopher gave a speech at a conference organised in London by Transparency International.
- In November 2012 Sir Christopher spoke to a group from the Public Administration International (PAI) Public Service Commission's study programme on the role of the Committee.
- In March 2013 Sir Christopher gave a speech at the inaugural conference of the Association of Chief Police Officers (ACPO) Professional Ethics Portfolio.

51. In January 2013 the Committee held a panel discussion to mark the publication of its Thirteenth Report, *Standards matter: A review of best practice in promoting good behaviour in public life*. Panellists were Sir Christopher, Dame Anne Owers (Chair of the Independent Police Complaints Commission), Gerard Elias QC (Public Services Ombudsman for Wales) and Philippa Foster Back OBE (Director of the Institute for Business Ethics). The event was open to the public.

52. Transcripts of key speeches and the panel discussion are available on our website: [www.public-standards.org.uk](http://www.public-standards.org.uk).

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- Other Committee Members also spoke about the work of the Committee and standards issues, including at the Chartered Institute for Public Finance and Accountancy (CIPFA)'s Better Governance Forum in October 2012.

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