

## Blogging Quick Guide

Blogging and social networking are effective methods for councillors to interact with constituents and support local democracy. Used effectively, they can engage those who would not normally have access to local councillors and politics.

Standards for England support the use of such media and encourage councillors to get online. You should think about what you say and how you say it, in just the same way as you would when making statements in person or in writing,

You will also need to think about whether you are seen to be, or give the impression that you are acting in your official capacity as a councillor. To make sure you comply with the Code of Conduct (the Code) and to ensure your use of online media is well received we suggest the following general hints.

### Do

- set appropriate privacy settings for your blog or networking site – especially if you have a private, non-political blog
- keep an eye out for defamatory or obscene posts from others on your blog or page and remove them as soon as possible to avoid the perception that you condone such views
- be aware that the higher your profile as a councillor, the more likely it is you will be seen as acting in your official capacity when you blog or network
- ensure you use council facilities appropriately; if you use a council provided blog site or social networking area, any posts you make will be viewed as made in your official capacity
- be aware that by publishing information that you could not have accessed without your position as a councillor you will be seen as acting in your official capacity
- make political points, but be careful about being too specific or personal if referring to individuals. An attack on individuals may be seen as disrespectful, whereas general comments about another party or genuine political expression is less likely to be viewed as disrespect.

### Don't

- blog in haste.
- post comments that you would not be prepared to make in writing or face to face
- use council facilities for personal or political blogs.

### When the Code may apply

Bear in mind the Code when you blog or use social networking sites. You should pay particular attention to the following paragraphs of the Code:

- Disrespect
- Bullying
- Disclosure of confidential information
- Disrepute
- Misuse of authority resources

However, it is difficult to give definitive advice on the application of the Code as each blog and social networking page is different. The content of a blog or other social networking tool and

the circumstances surrounding its creation will determine whether or not it might be covered by the Code.

Ethical use of online social media is not limited to what is covered in the Code. We encourage members to respect the Ten General Principles of Public Life ([link](#)). While your conduct may not be a breach of the Code it may still be viewed as less than exemplary and attract adverse publicity for your office and authority.

#### **Find out more**

- Please read our [Code of Conduct: Guidance for members 2007](#)
- Call our enquiries line on 0845 078 8181
- Email us at [enquiries@standardsforengland.gov.uk](mailto:enquiries@standardsforengland.gov.uk)

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### A Qualitative Assessment of Advice and Guidance

This report summarises the results of qualitative research undertaken during July and August 2009. Eight focus groups and one on-line focus group were held England-wide, capturing the views of monitoring officers, standards committee chairs and members, councillors, and parish councillors. These groups explored in some depth issues arising from a postal survey of stakeholders conducted earlier in 2009<sup>1</sup>.

The findings of this research concur strongly with much of the previous, quantitative study. Standards committee members and monitoring officers are ultimately very positive about the local filter and feel it has 'bedded in' well. They welcome the chance to take local ownership of investigations, and the opportunity to have greater knowledge and control of the investigation process.

#### 1.1.1 Standards of member behaviour

Views are mixed as to whether behaviour has improved over recent years or not. Some feel that behaviour has not improved at all. They feel that the behaviour of councillors will always be varied and colourful due to the mix of different temperaments and the nature of the egos involved.

Others suggest that perhaps behaviour has improved somewhat. Typically those who feel that behaviour has improved point to a perceived improvement in the language used at full council meetings; some also say that officer-councillor relationships have improved.

The number of cases dealt with by local standards committees is not perceived to be a reliable measure of behavioural change, due to the feeling that many allegations are politically motivated.

A range of factors are suggested as drivers of behavioural change: the fact that the standards are now in place and councillors should be abiding by the code; the presence of standards committee members at meetings (a few standards committee members report having seen others checking their presence at the meeting before making certain statements); the particular intake of councillors in any new term and the

resulting mix of personalities/egos; the cyclical nature of local government whereby behaviour can deteriorate as parties jostle to position themselves ahead of elections; the actual political make up of the council and whether the opposition have sufficient numbers to 'put up a fight'; the level of remuneration (with the suggestion that behaviour has improved in some cases due to higher remunerations and councillors becoming more financially dependent upon their allowances); the presence of the public at full council meetings (and/or the knowledge that meetings are being transmitted via web cam); the extent to which local government is able to devolve decision making powers to backbenchers (whereby if backbenchers feel powerless they may be more likely to vent their anger at full council meetings).

In the monitoring officers' group, one expresses the view that parish councillor behaviour has not improved at the same pace as that of district councillors. There is a perception that there is potential for training to make a real difference at parish level, however monitoring officers report encountering difficulties with delivery.

The vast majority of stakeholders feel that the public will not have noticed any change in member behaviour that may have taken place. They explain that generally the public are not particularly interested in the workings of local councils, and point to the very low numbers attending council meetings.

However, despite stakeholders' belief that the public will not have noticed any change in behaviour, some stakeholders say that the public *may think that they have noticed a decline* in standards of behaviour. This is due to the MPs' expenses scandal. Some stakeholders explain how members of the public often confuse local councillors with MPs. This confusion reportedly leads to some members of the public assuming that councillors are part of the same expenses scandal.

#### 1.1.2 Local assessment

Standards committee members and monitoring officers are ultimately very positive about the local filter and feel it has 'bedded in' well. They welcome the chance to take local ownership of investigations, and the opportunity to have greater knowledge and control of the investigation process. However, there are some concerns, particularly over the cost of resourcing

<sup>1</sup> BMG 2009  
[http://www.standardsforengland.gov.uk/Resources/Research/2009reports/Report\\_7166\\_D31.pdf](http://www.standardsforengland.gov.uk/Resources/Research/2009reports/Report_7166_D31.pdf)



investigations. Despite some initial reluctance to discuss streamlining the investigative process (for fear it would equate to 'cutting corners') there are a number of suggestions as to how it could be streamlined. In particular, they would like to be able to differentiate between minor breaches and more serious breaches of the code. Here the aim is to develop a minor breach route that would allow less serious breaches to be dealt with swiftly (and therefore more cost effectively). One idea is for a 'no fault, but offence caused' recognition of an issue.

Backbenchers and parish councillors often have 'patchy' awareness of the role of their local standards committee. Most are aware of the principle that the local committees now undertake to investigate allegations. However, they are less clear on the detail of the new arrangements. For example, they may be unsure of what the committees do when there are no investigations underway. They may, for instance, perceive that the standards committee meet only when there is an investigation under way.

### **1.1.3 Public perceptions of local standards committees**

The low profile of standards committees with the general public is believed to be a natural consequence of the low level of public involvement in the operations of their local council.

A few standards committee members feel that public awareness may be rising through the local press coverage that local standards committees receive at the conclusion of an investigation. In one group, standards committee members talk about the particularly positive spin that one local councillor managed to put upon his being reported to the local standards committee. He invited the press to an event where he praised the standards committee and thanked them for the training he was offered as a result of the complaint. Although this case may well be helpful in raising the profile of the local standards committees, it does also illustrate how the local framework can also be used by individuals as a political tool.

Some standards committee members talk about leaflets that they have produced, designed to inform the public what actions they can take if they wish to complain about a councillor's behaviour. Some standards committee members say these leaflets have been placed in local libraries and other public buildings, however they are unsure whether or not the public will have actually read the leaflets.

One monitoring officer explains how his authority is producing an awareness raising magazine. However, he does not personally feel this is the best way forward, as he is concerned that the public may perceive this as unnecessary public spending. He would rather there were clear information made easily accessible to those who wish to complain.

Regardless of whether the public have read any local literature, there is a sense that, (following the MPs' Expenses scandal) standards are a 'hot topic'. It is therefore considered to be the ideal time to tap into the public interest. There is a perception that now would be an excellent time for the SfE to launch a national campaign to highlight the work of standards committees. Some stakeholders even suggest filming a documentary about local councillors would be worthwhile. They envisage the programme would entertain whilst also highlighting the crucial point that local councillors' remuneration is very different to that of MPs' and hence vindicate local councillors in the eyes of the public.

Although stakeholders are able to contribute ideas as to what might help raise awareness, it is worth noting that some backbenchers and parish councillors do question *why* the profile of the local standards committee should be raised. Typically, they see no benefits to raising awareness. The underlying fear is that the number of complaints may rise. Backbenchers and parish councillors suspect that the public would make unfounded or uninformed allegations, which could be very damaging. They explain that members of the public would make allegations without fully understanding the structure of local government. For example, they foresee complaints from local residents that councillors have ultimately been unable to help due to their lower levels of decision making powers. They say that local residents would 'take this personally' and lodge a formal complaint. They point out that serial complainers would also emerge.

Some standards committee members and monitoring officers are also concerned about the principle of raising public awareness, as they are also unsure that there would be the time and money to investigate allegations if they were to see a rise in the number of complaints received.

### **1.1.4 Reasons why parish councillors are less satisfied**

Parish councillors were asked to reflect upon why the survey data shows that parish councillors have a lower level of satisfaction with SfE as compared to other



stakeholder groups. Some parish councillors are not sure how to answer this question, as they have so little contact with SfE in the first place. They have had so little contact that they have not ever felt satisfied or dissatisfied with the organisation. One parish councillor talks about the sense of being 'one step removed' from the local standards committee due to being a parish rather than a district councillor. It is important to note that many parish councillors perceive their local standards committee as being the local SfE 'presence', and as such the fact that they feel removed from their local standards committee makes them feel, in turn, distanced from SfE.

Others suggest that perhaps parish councillors dislike the idea that their behaviour is being monitored, because they feel that they know their 'patch' best and are therefore in a better position to understand what the area needs.

In contrast, in one group there is a real sense of indifference towards the code. The perception is that parish councillors are not really affected by the code, as they are not believed to be operating at a sufficiently high level of decision making.

Others focus upon dissatisfaction with what they perceive to be the 'grey areas' of the code. The prejudicial interest issue in particular causes problems. One parish councillor explains how she feels that standards should be black and white by definition, and she would like clarification of the code. The prejudicial interest issue is believed to be more salient at parish level given the smaller neighbourhood areas involved.

Furthermore, the code can present issues with regards to twin-hatters.

By no means does this dissatisfaction extend across *all* parish councillors. However, it very likely does account for part of the statistical differences seen in overall satisfaction levels (whereby 37% of town or parish members were 'very' or 'fairly' satisfied with the work of SfE).<sup>2</sup>

When asked what actions might help SfE better meet the needs of parish councillors many suggest a higher level of engagement. Crucially, the engagement needs to focus upon issues that are of interest and relevance to parish councillors themselves. In other words, communication should avoid talking about SfE as an organisation and focus upon the implementation of the

code as it applies to parish councillors. For example, stakeholders say they would welcome summaries of case studies in a document in the style of 'the Bulletin'. They would be interested in reading about the allegations surrounding the actions of other parish councillors, and the details of any sanctions.

It is worth noting that one parish councillor also alludes to the need for SfE to assess what actions can be taken to avoid the code being used as a political tool at the local level.

### 1.1.5 General levels of satisfaction with SfE

Although SfE are particularly interested in understanding the reasons why *parish councillors* are less satisfied, other stakeholders were also asked about their general level of satisfaction with SfE. Like many parish councillors, backbenchers and standards committee members feel that they are too distant from SfE to talk in an informed way about how satisfied they are with the organisation.

Perhaps surprisingly, the vast majority of stakeholders (with the exception of monitoring officers who were not asked this question) feel distant from SfE. They perceive distance because they do not come into direct contact with SfE on a regular basis. For example, parish councillors may perceive that backbenchers at the district level are more involved with SfE than they are. However, backbenchers say that their training on the code is delivered by member services not SfE, so it is most probably the standards committee members who are closest to SfE. Yet when we speak to standards committee members, they explain that it is the monitoring officer who deals with SfE and hence they also feel fairly distant.

Despite saying that there is a distance, many stakeholders do not feel<sup>3</sup> the distance to be an issue. Standards committee members in particular are happy with the status quo because they perceive that information provided by SfE is often 'long winded' and they would prefer their monitoring officer to decipher it on their behalf. Some standards committee members are of the view that a distance from SfE is positive because it may mean that local councillors have been

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<sup>3</sup> Please note that these quotes are representative of standards committee members representing all political parties and indeed independent members also.

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<sup>2</sup> Source: BMG postal survey conducted January-March 2009; 775 completed questionnaires returned from town or parish councils



reasonably well behaved. They also feel that the distance is part of the natural process as local authorities have taken ownership of cases. One talks about how SfE has 'stepped back' to become an organisation that is 'distant but receding'.

It is worth noting that discussions with standards committee members reveal that the role of the SfE within local assessment is not always clear. Some standards committee members question what SfE delivers now that the organisation is no longer leading on case work, and they would like clearer communication as to SfE's remit.

The following are suggested as areas where they feel that SfE may be able to contribute support: as a provider of much more 'hands on' advice and guidance for standards committees (for example attending local standards committee meetings to offer guidance that will ensure consistency across areas); as guardians of the independence of Independent Members (for example SfE could actively regulate the selection of independent members as there is a concern that the current system is open to abuse); as a recruiter and trainer of local investigators (as there is reportedly a dearth of local investigators in certain areas); as the investigator of more serious allegations.

#### **1.1.6 SfE's website and Annual Assembly**

Monitoring officers use the SfE's website regularly and are satisfied with it. Few members of the other groups have seen the website – either because they are unaware of its existence or because they prefer to read hard copy documents. They do, however, say that it may be helpful for the SfE to better promote any concise 'factsheet' style information that would be of relevance to them, as they would not tend to visit the website itself.

Those standards committee members and monitoring officers who have attended the Annual Assembly have found it a useful experience. They feel it is helpful to have direct contact with the standards regulators. The practical workshops are helpful, and issues that they have previously been unclear on have become much clearer following attendance. There are some requests for regional events to be set up, as some feel that this would enable greater numbers of stakeholders to access the Assembly. Certainly, parish councillors and backbenchers do not perceive the Assembly to be relevant to them. Many say that they would be unlikely to attend a central event, particularly one held some distance from their homes, as they would not have the time or funds.

#### **1.1.7 Views on current advice and guidance and suggested improvements**

The majority of standards committee members receive 'the Bulletin', and most feel that it is short, snappy and interesting. It is perceived to be useful and informative. Standards committee members particularly like the case studies and information on new policies. Some receive 'the Bulletin' via email; others read it because it is attached to the minutes or meeting agendas. One suggests that it could be improved if it were in black and white for easier printing and/or photocopying.

Another piece of communications that is endorsed is the credit card sized pocket version of the code of conduct. It is well-liked for its handy size and simple guidance, acting as a useful reminder of the code. There is a request for all councillors to be issued with a copy of this pocket guide. There is some awareness that it is available electronically, but they feel that it would be useful for all councillors to be issued with a hard copy.

'The Bulletin' and 'credit card code' are not perceived as 'typical' SfE communications. There is a sense amongst many standards committee members that SfE communications are usually lengthy, verbose documents. This perception often arises due to their experiences of reading SfE guidance. Many state that their monitoring officer is their 'translator' of SfE text. Consequently, they request more concise information presented in bite sized 'chunks' and using everyday language.

Parish councillors were shown 'the Standard' during the course of the discussion. They had not seen the publication previously. In one of the three groups it really appealed to them and they liked the 'juicy gossip' style of some of the text. They also liked the fact that 'the Standard' highlights the existence of the SfE website, as they had not really thought about visiting the website.

In the other two parish councillor groups, they felt that they do not have sufficient time to read regular publications such as 'the Standard'. They simply wanted to receive case study style examples of the real life situations that other parish councillors have found themselves in.

There is positive feedback on the monitoring officer helpline, with some comments suggesting that the service callers receive has improved over the past 12 months.



### 1.1.8 What communications would stakeholders like to receive from SfE?

It is important to state that, *regardless of the format of communications*, most standards committee members, backbenchers and parish councillors would like communications to be filtered by their monitoring officer or town clerk. They do not want to simply be communicated with *per se*; though they are open to receiving information that is of specific relevance to them.

In terms of format, stakeholders request that the really important information (by which most mean updates on the code and any illuminating case studies) be provided as a hard copy. There is a perception that important information is not always read if it is simply emailed round to everyone. If a hard copy is provided, perhaps attached to the council meeting agenda, there is a view that all attendees will formally read the documentation and consider it 'important'.

When asked whether they would prefer long documents or short fact sheets, all answer that short 'bullet point style' fact sheets are far more useful.

As most are not regular users of the website, it is unsurprising that there is little apparent awareness of any existing fact sheets. It therefore seems that most stakeholder groups are not sufficiently heavy users of the website to have noticed the fact sheets. For example, one standards committee member requests a prejudicial interest fact sheet as he feels this would be really helpful to councillors. Clearly there is a need to more overtly promote the existing website content.

It is also worth noting that, following on from earlier points made by some standards committee members about the role and value of SfE as an organisation, some standards committee members would like to hear more about the role of SfE before they judge how SfE could support them best. These stakeholders are able to contribute to discussions about, for example, their preferred formats for various types of communications. However, crucially, they do not currently understand the remit of SfE. They feel the need to understand more about how SfE is contributing to their work *before* they pass meaningful judgements as to the information, advice and guidance that would be most useful to them.

In terms of the specific topics where they require more advice and guidance, parish councillors request more case studies of real life allegations made against other parish councillors and greater clarity in relation to the prejudicial interest issue. Backbenchers also request

information about what their local standards committee actually does.

Standards committee members request more information on other standards committee practices; more guidance on sanctions and proportionality; more guidance for dual-hatted members and more information on the prejudicial interest issue.

Monitoring officers request more information on other standards committee practices; more advice on overlap with Freedom of Information and Data Protection legislation; more advice on disclosure generally in the context of Local Assessment; more guidance on mediation; more guidance for dual-hatted members; more guidance specifically for parish members (specifically around the issue of what constitutes a 'close associate' within a small parish); more guidance on sanctions; further case study examples (specifically around complaints concerning political leafleting and complaints 'when a councillor is not a councillor despite people thinking they are').

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For more information, please contact: Rachel Featherstone, BMG Qualitative Researcher, tel: 0121 333 6006

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# An introduction to Standards for England

February 2010



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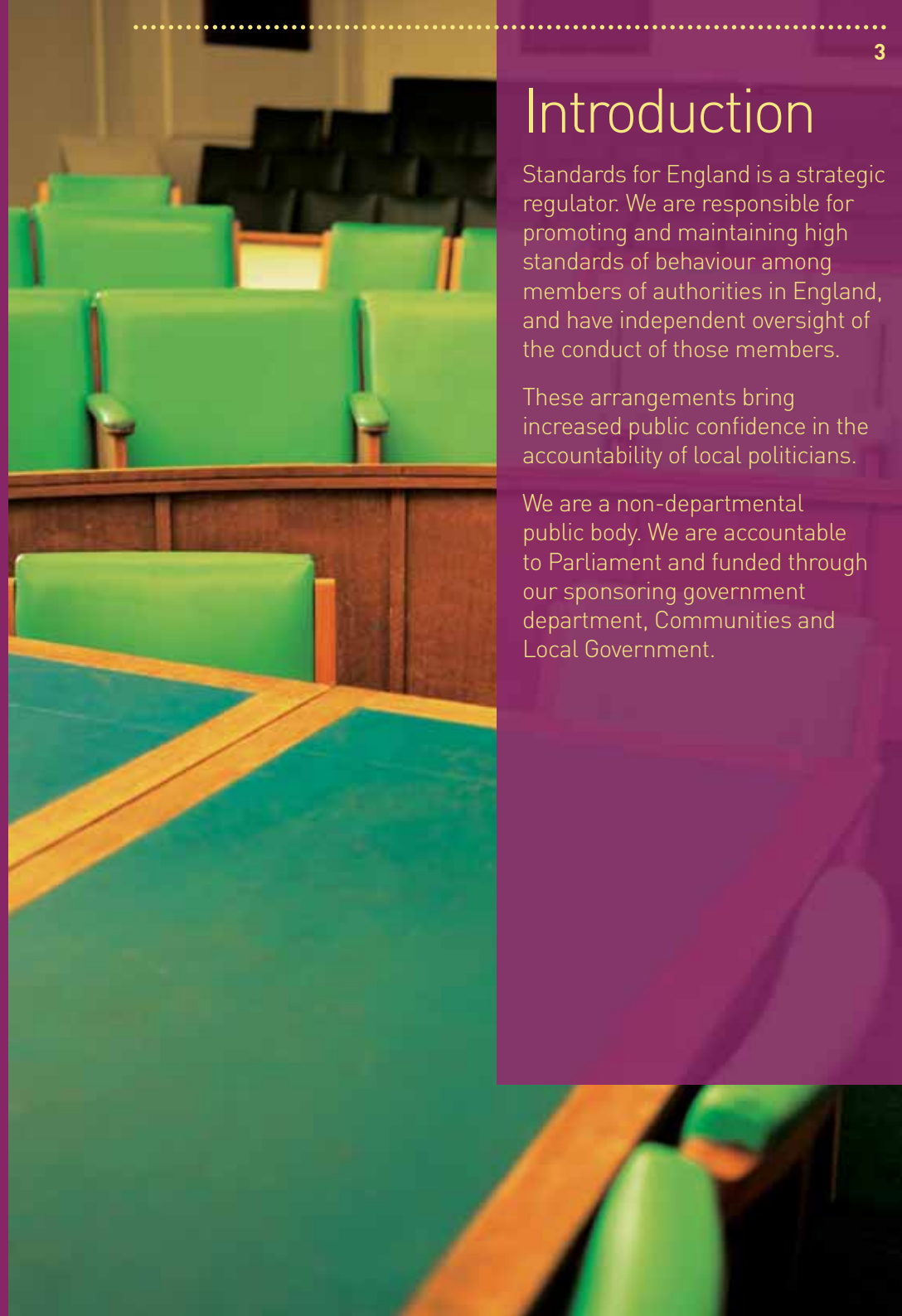


## Introduction

Standards for England is a strategic regulator. We are responsible for promoting and maintaining high standards of behaviour among members of authorities in England, and have independent oversight of the conduct of those members.

These arrangements bring increased public confidence in the accountability of local politicians.

We are a non-departmental public body. We are accountable to Parliament and funded through our sponsoring government department, Communities and Local Government.



## Our jurisdiction

There are around 8,700 authorities within our remit:

- 351 local authorities
- 8,350 parish and town councils
- 31 fire and rescue authorities
- 38 police authorities
- Six integrated transport authorities
- Eight national park authorities
- The Greater London Authority
- The City of London Corporation
- The Broads Authority
- The Council of the Isles of Scilly

There are over 80,000 elected, co-opted and independent members of these authorities, all of whom must comply with a Code of Conduct which is approved by Parliament and governs their behaviour.

Our jurisdiction does not cover the conduct of local authority staff, nor can we seek to obtain any form of compensation for complainants.

We are not responsible for investigating allegations of maladministration by authorities; this is the job of the Local Government Ombudsmen.

### LGO

The Local Government Ombudsmen investigate complaints by members of the public who consider that they have suffered injustice as a consequence of the administrative actions of local authorities and other bodies within their jurisdiction. Further details can be found on their website: [www.lgo.org.uk](http://www.lgo.org.uk)

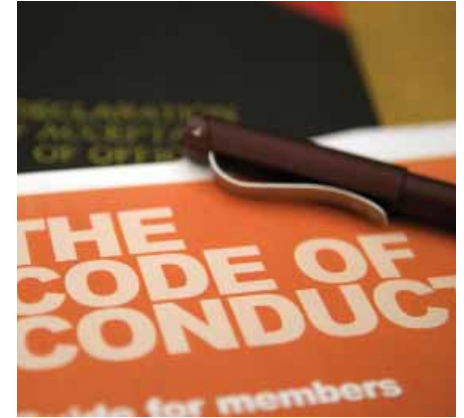
Similar arrangements to ours are in operation in Scotland (via the Standards Commission for Scotland) and Wales (the Public Services Ombudsman for Wales).

## Our history

The Local Government Act 2000 led to the creation, in 2001, of the Standard Board for England as the regulator of the conduct of members in local authorities. This was in response to a number of high profile standards failures in local government, and a report by the Nolan Committee on conduct in public life. The Act introduced the Code of Conduct for members, enforced directly by the Standards Board.

This scheme of regulation was criticised, especially by local government. It was regarded as over centralised and unnecessarily bureaucratic, within an unsatisfactory legislative framework. There was general agreement on the need for improvement, with calls for changes to the system that would provide a better balance between local self regulation and national oversight.

This led to a remodelled local standards framework, introduced by the Local Government and Public Involvement in Health Act 2007. Now most complaints about members' behaviour are dealt with at a local level by the standards committees of local councils. These standards committees are responsible for assessing complaints, initiating



investigations and, where appropriate, deciding whether a member has breached the Code of Conduct and should be sanctioned accordingly. There are 438 such committees, each of which must have an independent chair.

In parallel, the Standards Board for England became a strategic regulator, with overall responsibility for the effectiveness of the new system in promoting high standards of conduct. We also deal with complaints that are unsuitable for local investigation. These new arrangements began in May 2008.

Since July 2009, the Standards Board for England has been operating under the name of Standards for England. This change was made to emphasise our role under the new, devolved arrangements.

# Our work



## Providing guidance and support

We work with local authorities to encourage and embed a culture of ethical member conduct. We give advice, guidance and support to authorities in operating the framework and we identify and promote the best local practice.

A range of guidance and toolkits can be found on our website, [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk).

We give telephone and written advice and information to authorities, members and the public.

We run a two day Annual Assembly that attracts over 800 delegates from local authorities. Representatives of Standards for England also speak at a wide variety of conferences, seminars and meetings.

## Identifying and mitigating risks

Part of our work is to identify risks to standards of member behaviour and authorities' ability to manage complaints about member conduct. We are concerned with three types of risk:

- **Specific** (relating to individual authorities, which is known as "entity risk").
- **Systemic** (relating to an aspect of political or standards arrangements that may affect all of the authorities).
- **Sectoral** (relating to particular types or groups of authorities).

Where we identify risks that we believe are significant, we work with the authorities and others to address them.

Standards for England has power to intervene in an authority, and to remove the ability of the local standards committee to receive and deal with complaints about the authority's members, if this is necessary to protect local democracy and restore appropriate standards.

## Monitoring

We monitor the operation of the local standards framework and advise government and others on how it's working.

We use a number of techniques, including the analysis of quarterly

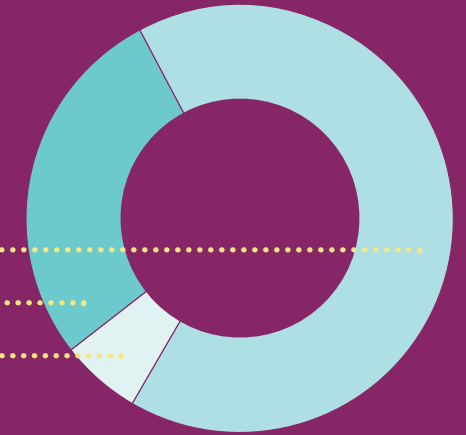
and annual returns that the authorities submit to us.

We monitor the impact of the applicable legislation and regulations and make recommendations for improvements to government.

### Local investigations during the 2009 calendar year

There were 650 local investigations completed during 2009. The outcomes of these were as follows:

- No breach of The Code found (430) 66%
- Breach with penalty (182) 28%
- Breach but no further action (38) 6%

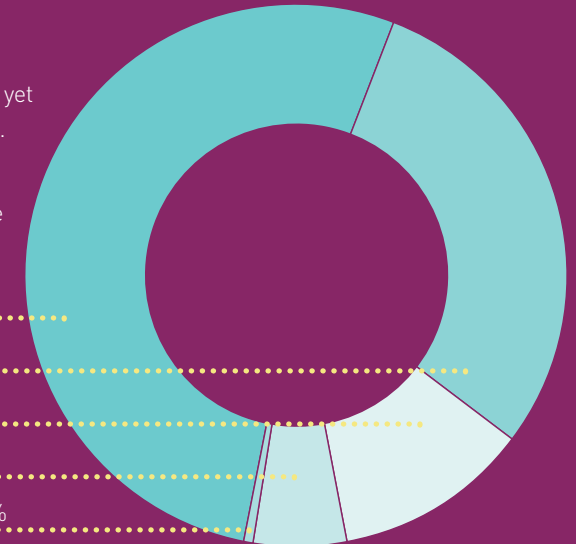


### Initial assessment decisions during the 2009 calendar year

Of the 3,162 complaints received during 2009, 169 of these had not yet been assessed by 1 January 2010.

Of those that were assessed, the initial assessment decisions were as follows:

- No further action (1580) 53%
- Investigation (884) 30%
- Other action (352) 12%
- Referred to SfE (170) 6%
- Referred to other authority (7) <1%





## Our work cont...

### Conducting investigations

Standards for England investigates complaints against members that are not suitable for local investigation. This happens when both we and the local standards committee believe it is appropriate, for example if it is a complicated case, or if a senior member is the subject of the complaint.

Anyone can make a complaint to their local authority. The majority of the 3,000 or so complaints made each year come from members of the public. Of these, approximately 3% are investigated by Standards for England.

Approximately

# 3%

of complaints raised against members annually are investigated by Standards for England

The majority of the

# 3,000

or so complaints raised annually come from members of the public

When Standards for England investigates an allegation against a member, the investigation is conducted by one of our ethical standards officers (ESO). There are four possible findings the ESO can make:

1. **There has been no failure to comply with the Code of Conduct.**
2. **There has been a failure to comply with the Code of Conduct but no action needs to be taken.**
3. **The matter should be referred back to the relevant authority for determination by the local standards committee.**
4. **The matter should be referred to the First-tier Tribunal (Local Government Standards in England) for adjudication.**

The First-tier Tribunal – formerly known as the Adjudication Panel for England – is independent of Standards for England. As well as adjudicating on referrals from ESOs and local authority standards committees, the Tribunal is responsible for hearing appeals against decisions of local standards committees.



## Who we work with

To help us carry out our functions more effectively, we have established close links with a number of organisations. For example, we have arrangements in place with the Audit Commission and the Local Government Ombudsman to share information with them.

Other organisations that we work with include:

- Local Government Association
- National Association of Local Councils
- Improvement and Development Agency
- Committee for Standards in Public Life
- Electoral Commission
- Association of Council Secretaries and Solicitors
- Society of Local Council Clerks
- Society of Local Authority Chief Executives
- Association of Independent Members of Standards Committees in England
- Centre for Public Scrutiny
- Standards Commission for Scotland
- Public Services Ombudsman for Wales

## Our vision and values

We believe in principled local politics. Our vision is of a local government community which demonstrates high ethical standards, and an electorate that recognises that principles matter to local government.

Our approach to our job of championing and promoting high standards of conduct amongst our local politicians is reflected in our values:

### Guardianship

We selflessly guard, protect and deliver what is entrusted to us by law on behalf of the public.

### Robustness

As an organisation we are thorough in our planning, vigorous and determined in our approach and ready to account for the decisions we take.

*We believe in principled politics. Our vision is of a local government community which demonstrates high ethical standards, together with an electorate that recognises that principles matter to local government.*

### Positive leadership

We provide confident, forward thinking guidance, advice and assistance.

### Diligence

Our work deserves serious application of thought and action and a high degree of care.

### Ethical behaviour

We deal with the principles of public life and the rights and wrongs of conduct. We are objective and we behave with integrity.

The approach that we take to regulation is set out in our *Regulatory Statement*, which can be found on our website, [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)



## Our structure and people

Standards for England is based in Manchester and employs about 80 people. Our functions are delivered by three directorates (Regulation, Risk and Standards) which are supported by the Chief Executive's office.

The **Regulation directorate** monitors and helps to shape the local standards framework, as well as conducting Standards for England's investigations. The directorate delivers guidance, advice and support, with a view to improving standards at a local level, and ensures that the information we hold on authorities is kept up to date.

The **Risk directorate** is responsible for our entity, systemic and sectoral risk management. Its work includes the effective and active management of those authorities considered to be at high risk. This means working closely with individual authorities where necessary.

The **Standards directorate** sets and assesses the quality of our work, making sure that we work as far as possible to best regulatory practice. The directorate is responsible for the organisation's knowledge management and for conducting research to support our business. It ensures that we

are engaged in and prepared for strategic developments affecting the local standards framework and its operation. Standards for England is increasingly recognised as a centre of expertise in ethical standards, able to influence and shape the local standards framework.

As well as providing support services to the three directorates, the **Chief Executive's office** supports Standards for England's governing Board.

The overall strategy and work programme of Standards for England is set by our Board, which is also responsible for scrutinising our work. The Board consists of a Chair, a Deputy Chair and other members, four of whom are elected local politicians representing the three main political parties and independent councillors. All of the Board members are appointed by the Secretary of State for Communities and Local Government.

## Further information

Further information about Standards for England can be found on our website, [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)

You can also direct any enquiries to us at:

Standards for England  
Fourth Floor  
Griffin House  
40 Lever Street  
Manchester  
M1 1BB

T 0845 078 8181  
F 0161 817 5499  
Minicom 0161 817 5449  
[enquiries@standardsforengland.gov.uk](mailto:enquiries@standardsforengland.gov.uk)





## Standards for England

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Manchester  
M1 1BB

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F 0161 817 5499  
Minicom 0161 817 5449  
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[www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)



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Standards  
for England

# ITEM 18 APPENDIX 5



# Regulatory statement

February 2010

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*This regulatory statement explains what we are seeking to achieve as a strategic regulator. We set out our regulatory philosophy and explain how we put that approach into practice.*

## Introduction

Standards for England is a strategic regulator, responsible for promoting and maintaining high standards of behaviour among members of English local authorities.

Members must comply with a Code of Conduct which governs their behaviour. The majority of complaints about members' behaviour are dealt with at a local level by the standards committees of local councils.

These committees are responsible for assessing complaints, initiating investigations and, where appropriate, deciding whether a member has breached the Code of Conduct and should be sanctioned accordingly.

Standards for England has overall responsibility for the effectiveness of this standards framework.

We also investigate any complaints that are unsuitable for local investigation, for example if it is a complicated case or there is a conflict of interest at local level. When we conduct the investigation there are four possible findings:

1. There has been no failure to comply with the Code of Conduct.
2. There has been a failure to comply with the Code of Conduct but no action needs to be taken.

3. The matter should be referred to the relevant authority for determination by the local standards committee.
4. The matter should be referred to the First-tier Tribunal (Local Government Standards in England) for adjudication.

The First-tier Tribunal was formerly known as the Adjudication Panel for England. It is independent of Standards for England. As well as adjudicating on referrals from Standards for England (and some referrals from local authority standards committees), the Tribunal is responsible for hearing appeals against a decision of the standards committee of a local authority.

This regulatory statement explains what we are seeking to achieve as a strategic regulator. We set out our regulatory philosophy and explain how we put that approach into practice.

A guide to who we are and what we do is provided in "An Introduction to Standards for England". This publication, together with further details of our activities, can be found on our website,

**[www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)**

## Regulatory outcomes

There are two key regulatory outcomes Standards for England is seeking to achieve:

- that there are high standards of conduct among members in authorities
- that there is an effective and proportionate standards framework in operation

We wish to see:

- a wide, shared understanding of what high standards of conduct are and how they can be championed in local authorities
- a proportionate local standards framework that delivers intended outcomes and minimises unintended ones
- local authorities having the right people, systems, skills and knowledge to discharge their responsibilities under the standards framework
- good decision making, based on good information, at all stages of handling a complaint under the local standards framework

Where an effective standards framework exists and members conduct themselves properly, this helps to:

- protect the public interest
- enhance the reputation of local democracy
- increase public confidence in the accountability of local politicians

We take steps, including carrying out empirical research, to establish whether we are achieving our regulatory outcomes.



# Regulatory philosophy

The key elements of Standards for England's approach to meeting its regulatory responsibilities are:

- We believe in a balanced scheme of local self regulation and national oversight. This means that, where appropriate and practical, complaints about members' behaviour are dealt with at a local level.
- We want to work with authorities to maintain and improve high standards of conduct among members. We provide assistance and continuing support to nurture authorities and help them to help themselves.
- We have adopted a risk-based approach to our work, applying resources to those areas and activities where they are needed most.
- We operate on the basis that prevention is better than cure, and seek to prevent problems occurring. Where problems do arise, we take early action to address them.

Underpinning this approach is a commitment to regulate in a manner that is consistent with the Principles of Good Regulation. For example:

## Proportionality

Standards for England monitors and assesses the operation of the local framework and risks to members' standards of behaviour. We seek to ensure that action taken to address identified issues is proportionate to the nature, likelihood, potential impact and seriousness of the identified failing or risk.

## Targeted

Through our risk-based approach we identify authorities and deal with issues that pose the greatest risk to our regulatory outcomes.

## Transparency

We take steps to ensure that the regulated community and other stakeholders understand our regulatory requirements. We keep them informed about the operation of the framework, our role and our approach to regulation.

## Consistency

We take steps to ensure that there is consistent (and correct) decision making and operation of the framework at local level.

## Accountability

We are accountable to all of our stakeholders; we aim to maintain good relationships with them.

These principles are reflected in, and reinforced by, the Hampton principles and Macrory characteristics. Standards for England also seeks to act in accordance with the relevant elements of these, in particular:

- We use risk assessment systems to ensure that our resources are applied where they are needed most.
- We are accountable for the efficiency and effectiveness of our activities, while remaining independent in the decisions we make.
- We ensure that the guidance we issue is easy to understand.
- We provide authoritative advice that is readily and cheaply available.

- If there are instances of a persistent failure to comply with the framework requirements, we identify and address them promptly.
- We only intervene when such action is clearly in the public interest.
- Where possible we minimise the burden of regulation. For example, we do not ask local authorities to provide unnecessary information, or supply the same information twice.
- We operate in a transparent manner, measuring outcomes and not just outputs.
- We seek to ensure that any sanctions imposed under the framework are proportionate, appropriate and meaningful. The intention is that sanctions should change behaviour and act as a deterrent.

While fulfilling our regulatory responsibilities, we also promote the public sector values set out in the Seven Principles of Public Life, which are shown on page 10.

# What we do in practice

This section sets out how Standards for England's regulatory philosophy and approach are reflected in our work.

## Information, guidance, advice and liaison

Standards for England takes a structured approach to providing information about the framework, general guidance and advice about specific issues.

We take steps to establish the needs of the regulated community and other stakeholders, and then support them by responding to those needs.

As well as identifying and developing the right content, we seek to make material easy to access and understand (using plain English).

We also try to make the status of any information clear (for example, a recommendation, notable practice or statutory requirement) and use the most appropriate means of presenting and communicating this information.

We are committed to making as much information as possible available on our website, but some of the other media used include:

- publications
- DVDs for training purposes

- events, including a two day Annual Assembly
- speaking engagements
- telephone helpline for officers, members and the public
- an online standards forum for monitoring officers and members of standards committees

The material we provide is kept under review and updated when required.

We work with the regulated community to identify issues and provide solutions. This includes producing practical support materials such as toolkits and training aids. We also encourage and support collaborative relationships and networks within the regulated community, and with key partners, thereby helping them to help themselves.

## Monitoring

To help us monitor the effectiveness of the standards framework, we collect information about how the arrangements are operating. Most of this material is obtained from quarterly and annual returns that authorities must submit to us.

We keep the information that we ask for to a minimum, sufficient to enable us to carry out meaningful monitoring. We also look for ways of making the returns simpler and quicker to complete, for example through the use of online systems.

## Relationship management

We analyse all information that we receive, from any source, about standards of conduct in authorities and about how the local standards framework is operating. This is to identify authorities that are presenting risks to our regulatory outcomes.

While we maintain contact with all authorities in our jurisdiction, we focus our resources on those that demonstrate higher risk. The action we take is proportionate to the level of risk identified.

In extreme cases, Standards for England can remove the power of an authority's standards committee to receive and deal with complaints about its members, where we believe it is in the public interest to do so.

## Investigations

We investigate certain complaints against individual members ourselves. Investigations are carried out by one of our Ethical Standards Officers. These officers

are mindful of the importance of upholding standards in public life and will be impartial, fair and transparent.

We take a consistent approach to investigations, which are planned and conducted through systems and procedures that follow regulatory best practice. This work is also subject to quality assurance checks.

## Research and knowledge management

We conduct research that supports our work and increases our expertise in ethical standards and regulation. This helps us to operate to best practice and shape the standards framework to make it as effective and proportionate as possible.

We have systems in place to identify future trends and issues that may affect the regulated community and the operation of the framework. This informs our strategic planning and allows us to take action to help reduce the risk of standards being undermined.

# The Seven Principles of Public Life

## Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

## Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

## Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

## Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

## Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

## Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

## Leadership

Holders of public office should promote and support these principles by leadership and example.



## Further information

Further information about Standards for England, including more details of our various activities, can be found on our website, [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)

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Griffin House  
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Manchester  
M1 1BB

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Standards  
for England

# Standards update

Autumn/Winter 2009



This bulletin sets out the facts and Standards for England's position on some topical issues concerning the local standards framework in England. Publishing them in this way we hope to promote informed debate. More information on our work is available in our corporate plan and on our website, [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk).

*“I think it is extremely important that the highest standards are maintained in public life. The Standards Board helps to promote and underpin such standards. When high profile cases arise, we see how highly the public value ethical behaviour in politicians at all levels.”*

Independent Member, City Council

# Standards matter to local government

- The Code of Conduct is widely accepted within local government. **94%** of members and officers support the requirement that members should sign up to the Code of Conduct\*.
- **81%** of local government officers and members believe that high standards of behaviour for members is one of the most important issues facing local government\*.
- In 2009, **92%** of town and parish members agree with the requirement for their members to sign up to the Code of Conduct. This has increased from **69%** in 2004\*.
- **88%** of elected members would support the requirement for officers to sign a Code of Conduct\*.
- Standards matter to the electorate. Over half of complaints received come from members of the public.

## A new, local system

- The Code of Conduct and the Standards Board for England were introduced in the 2000 Local Government Act, in response to the Nolan report and high profile standards failings in local government.
- In the early days flaws in both legislation and administration attracted criticism, particularly from local government. We agreed with the need for improvement and led the call for changes to the system, lobbying for a more proportionate balance between local self regulation and national oversight.
- The 2007 Local Government Act brought in a remodelled local standards framework. The new devolved regime has been up and running since May 2008. The vast majority of complaints are now dealt with by local standards committees. We only deal with the most serious.
- Since July 2009 the Standards Board for England has been operating under the new name: Standards for England. We've made this switch to emphasise how our role has changed. We've changed the look and feel of our communications to do more to highlight the positive aspects of conduct; making the point that ethical behaviour is both a good thing in itself and good for local democracy.

\* Source: BMG Research Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and Attitudes to the Ethical Environment)

# Standards for England

- We believe in principled local politics. Working with local authorities, their monitoring officers and local standards committees, it's our job to champion and promote high standards of conduct among our local politicians. We want to make sure the public are in no doubt that standards and principles matter to local government.
- We work closely with local authorities to assess, identify and deal with the most material risks to local democracy.
- We safeguard local standards and champion accountability in local government partnerships.
- In order to ensure the success of a fair and proportionate local standards framework, we monitor the standards performance of local authorities, not only to identify and respond to failings in the system, but also to recognise and celebrate high standards.
- As a centre of expertise in ethical governance, we influence policy and help developing democracies in the design of the local standards elements of their respective governance models.
- We continually develop our services, skills and products to respond to the needs of those we support, and apply best practice in the field of regulation.
- Our advice is regularly sought and appreciated. We deal with over 300 enquiries from members, officers and members of the public every month. 80% of councils think we keep them well informed.

*“Ethical behaviour overseen by an independent board, is a cornerstone of democracy which is essential to stem the corrosive risk of corruption.”*

Independent Member, District Council

# The local system so far

- Our monitoring reports from England's authorities shows that local experience of dealing with cases is growing and that the system is working effectively.
- There were 2863 complaints received locally from 8 May 2008 to 31 March 2009, compared to just over 3000 received by Standards for England in the same period in 2007. 54% were made by members of the public. Just 4% were made by council officers and 36% were from elected members.
- The system allows tit-for-tat and vexatious complaints to be weeded out early on. Over half of the local cases received since May 2008 were dismissed at initial assessment.
- The most frequent breaches being investigated are failure to declare personal interests, failure to treat others with respect and bringing the authority into disrepute.
- We expect the number of most serious cases, leading to suspensions or disqualifications, will remain small. There were 15 in 2008-09. However the system offers a number of other remedies and sanctions aimed at highlighting behaviour and improving standards, including directions to take action to solve local problems, such as training and mediation.
- Although the local standards framework is well established, our monitoring has revealed some emerging challenges. We're working to clarify and address these issues, which include effectiveness of decision making during the local assessment process, application of sanctions and timeliness of investigations.
- We're concerned to see that the local standards framework is seen as a proportionate response to ethical conduct issues in local government. We've been consulting with stakeholders and the public and plan to advise Government later this year on how the framework might be further refined.

# Standards myths

- The Code of Conduct has a negative impact on parish councils. The National Association of Local Councils (NALC) and the Society of Local Council Clerks (SLCC) both strongly support the Code and see it as underpinning higher standards of conduct in local councils. The suggestion that there has been a parish council membership crisis fuelled by the standards process is not supported by research, and there is no link between standards and an inability to fill seats on parish councils. **92%** of town and parish councillors support the need for members to sign up to the Code\*. Parish councillors account for around 50% of all conduct complaints. However, they make up around 80% of all elected members, meaning the impact of the Code on parish councils is relatively light. Cases involving parishes have brought to light some serious abuses of power, such as harassment and bullying, and reveal authorities where there has been a complete breakdown of trust and working relationships. All political parties propose an enhanced future role for these most local councils.
- Members can spend long periods under investigation without knowing the name of their 'accuser'.**  
This is another urban myth about the standards framework. Typically, once a decision is made whether or not to investigate a complaint the details of that complaint are shared with the member concerned – this routinely happens within 20 working days.
- The local standards framework is dominated by trivial, vexatious complaints.**  
Over 50% of complaints are dismissed at the first stage. Only the most serious are investigated
- The Code has led to a worsening of relationships between officers and members in local government.**  
This is not borne out by our research, which says **94%\*** of officers and members support the need for a Code, and increasing numbers of both believe behaviour is improving in local government across our successive polls of 2004, 2007 and 2009.
- The Code makes it difficult for members to speak out on local issues.**  
The Code was revised in 2007 to ensure that local members do have freedom to voice their own concerns and represent the views of their constituents. They are not gagged by the standards framework. They need to ensure they do not go so far as to predetermine their position – and that is a common law issue and not a part of the Code. As a quarter of all breaches of the Code relate to issues of personal interest or seeking to gain an advantage, clearly it is important to the reputation of local government that these issues are addressed.

\* Source: BMG Research Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and Attitudes to the Ethical Environment)

# MPs' expenses: Learning from local government

- As the national regulator overseeing the conduct framework for locally elected councillors, Standards for England submitted evidence to the Committee on Standards in Public Life's review of MPs' expenses.
- While there is obviously a difference between the roles of national and local politicians, our submission highlighted the important lessons that can be learned from the way local government is successfully regulated, including the strength of the framework in:
  - protecting the public from inappropriate behaviour
  - building public confidence
  - supplying local checks and balances on expenses and other probity issues
  - ensuring independent, expert oversight
  - ensuring that the public has confidence both that their complaints are taken seriously and that there is appropriate redress where misconduct is found
- Our submission recommended design principles to be used in the development of any future conduct framework. Based on evidence from our research, the principles work together to inform the systems, processes, culture and values necessary for good accountability mechanisms:
  - strike an appropriate balance between rules and trust
  - ensure independent overview
  - ensure effective leadership
  - underpin with transparency and good communication

**Our submission can be viewed in full online at  
[www.standardsboard.gov.uk/Aboutus/  
Consultationresponses/](http://www.standardsboard.gov.uk/Aboutus/Consultationresponses/)**

# Expert, impartial, accountable

Standards for England is a non-departmental public body, based in Manchester.

This ensures the implementation of Government policy on local political conduct is at arm's length from national political control.

The public has a right to expect impartiality, and transparency in the local standards framework and in the redress mechanism for any individual member failing.

We provide ethical and legal expertise and experience, working with standards committees and monitoring officers to help them carry out their duties effectively. Standards committees and councillors can get support and guidance on understanding the Code of Conduct, and on how to deal with complaints about the conduct of members of their authority.

We step in to investigate those cases where the local authority believes it is not best placed to deal with the matter. A key element of our work is independent monitoring of the effectiveness of regulations to ensure they foster good decision making.

We are continuing to work closely and directly with a number of local authorities to assist them in improving their approach to standards and ethical conduct. We are currently conducting 75 lower level engagements and 22 higher level engagements with authorities.

Lower level engagements are conducted with authorities who we believe are experiencing minor difficulties with the application of the local standards framework. They usually result from the information we collect in the quarterly returns.

Higher level engagements are conducted with authorities who we believe are experiencing more serious difficulties with the application of the local standards framework or authorities who are experiencing wider ethical problems.

Standards for England is well placed to ensure a transparent, fair and proportionate local standards framework.

Our role is key to building public confidence in local government.

## **Standards for England**

Fourth Floor  
Griffin House  
40 Lever Street  
Manchester M1 1BB

T: 0845 078 8181  
F: 0161 817 5499  
[enquiries@standardsforengland.gov.uk](mailto:enquiries@standardsforengland.gov.uk)  
[www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)



## **Local Standards 2.0 – the proportionality upgrade?**

**A review of the local standards framework**

Standards for England, March 2010



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## 1) Introduction

We are delighted to introduce the results of our recent review of the local standards framework '*Local Standards 2.0 – the proportionality upgrade*'. It's not just a stylistic device to give this report a 'techy' title, the parallels are valid. This is a report into the operation of a **system** a year and a half after its introduction.

And – just as with a new software application, however well designed and tested – after 18 months of live operation, collecting the experiences of real users will tell us much about how robust that system is.

Is it working as planned, or are there unintended consequences? Are there bugs and glitches which need fixing? How much does it cost to service and run? More fundamentally, is it a system worth having, or do we need something different altogether?

We know the local standards framework generates strong views. It's a system imposed by Parliament to regulate the behaviour of local politicians in their political arena – so it could hardly be otherwise.

For the purpose of this review we have collected opinion from the full range of stakeholders – weighing it alongside findings from our research programmes and evidence from cases, from our monitoring of local authorities' standards work, and from our busy advice and guidance 'help desk'.

We have also taken the opportunity to consider the principles which ought to underpin the operation of the local framework, and taken them into account in making proposals for change and improvement. In our view, these changes, if implemented, will help to achieve outcomes the public can have confidence in:

- high standards of behaviour among members of English local authorities
- an effective, proportionate redress system when members behave badly

The recommendations of this review are, we believe, timely. It makes sense to review and refine how the local standards framework is working now that we all have some experience of it in practice.

We believe that our proposals will chime with the views of those familiar with the framework in practice, and hope that they offer the Government a sound basis for development.



Bob Chilton  
Chair  
Standards for England



Glenys Stacey  
Chief Executive  
Standards for England

## 2) Executive summary

The local standards framework is working. There is evidence – presented within this review - that it is both having a positive influence on behaviour and generating confidence that bad behaviour will be dealt with. Within local government it attracts considerable support, although the public knows less about it.

After 18 months it is maturing and there is a body of evidence relating to most aspects of its use.

However, we know there are bugbears and glitches, both for those operating the system and those regulated under it, raising questions about the proportionality of the framework - its timeliness, cost and fairness to all, at all times.

We believe these difficulties can be fixed. The fixes are often pragmatic – ways of improving effectiveness and redressing proportionality to offer a better alignment of *nature of behaviour, degree, cost and clarity of process and sanction or outcome*.

Our recommendations, in chapter eight, are set into a narrative which describes our findings. We have also grouped the recommendations together in an appendix.

Key ones include:

- More streamlined local assessment – arrangements to more easily dismiss trivial and less serious complaints, saving on time, money and burdensome process.
- An enhanced role for independent chairs and vice chairs – in the assessment of complaints and the progress of investigations, with a counterbalancing extra power for the national regulator to investigate and if necessary remove poor performing or partisan chairs.
- A new power for standards committees to be able to halt investigations, if they have good reasons.
- A commitment to greater transparency for members who are the subject of complaints.
- The need to develop an approach which allows better understanding and management of costs associated with the operation of the framework.

We end with some thoughts about the need for and the role of the strategic regulator in this sector. With more streamlined local processes there will be extra risks to manage, and there is a growing need to provide high quality training, advice, support and access to good practice.

The review now goes to the Department for Communities and Local Government for their consideration. Although the majority of recommendations require legislative or regulatory change, some could be brought about through a change of emphasis in our work and guidance. However it is important to note that in all matters raised in this review we await government views before determining next steps.

### 3) Scope and methodology of this review

The remit of the review was to consider the proportionality and effectiveness of the **local standards framework** so as to make recommendations for improvement to the Department for Communities and Local Government.

By the local standards framework we mean those arrangements in principal English local authorities requiring them to properly constitute Standards Committees, which then carry out a range of duties, as set out in the relevant Acts of Parliament and associated regulations and guidance, including handling complaints brought against members of the authority under the national Code of Conduct for elected members.

Appendix 2 gives a brief overview of the development of the local standards framework.

Our review has been carried out in three stages:

**Stage 1:** We identified the key questions and issues we wanted to cover. We drew on the stated rationale behind the local standards framework, and current thinking on the principles of good regulation, in particular those that should underpin a standards framework. We considered research findings on the impact of the framework and took into account our experience of working with it. The key questions and issues we identified were:

- What has been the impact on public trust in politicians?
- What has been the impact on confidence in accountability mechanisms?
- What has been the impact on member behaviour?
- What are the key design principles of a standards framework?
- What aspects of the framework work well?
- What are the problems with the standards framework?
- What are the solutions/alternatives?
- What is the cost of the standards framework?

**Stage 2:** The first three questions were answered by drawing upon research already conducted. The remaining questions were addressed through a combination of previous research and experience, along with a specific consultation undertaken for us by Teesside University<sup>2</sup>.

Alongside consultation with some monitoring officers and standards committee members, representatives from the following organisations have been consulted:

- Department for Communities and Local Government
- Audit Commission
- Local Government Association
- Local Government Ombudsman
- Standards Commission for Scotland

- Public Services Ombudsman for Wales
- Committee on Standards in Public Life
- Adjudication Panel for England
- Society of Local Authority Chief Executives
- Association of Independent Members of Standards Committees in England
- Association of Council Secretaries and Solicitors
- Society of Local Council Clerks
- Welsh Assembly

The Teesside work also included a comparison with the standards frameworks in local government in Scotland and Wales.

**Stage 3:** We developed our recommendations for improvement. To help us test and refine these recommendations we talked again with some of the organisations listed above. We know, therefore, that there is good support for the recommendations we have made.

The scope of this review did not include a review of the operation and effectiveness of the members' Code of Conduct itself as this has been the subject of a separate consultation run by CLG. Participants in the review did express concerns about the Code's language and detail and we have included a recommendation about the next formal review of the Code, which we plan to carry out during 2010-11.

## 4) Context to the review

The review is a timely test of opinions on our arrangements for regulating local politicians, and in any event good regulatory practice suggests that regulatory arrangements should be reviewed on a regular basis to ensure they are robust enough to deal with the issues of the day.

Since the inception of the local standards framework, in May 2008, regulation elsewhere has been under critical scrutiny: for example in the financial and social services sectors where it has been found wanting and in Parliament, where weaknesses in the expenses regime have impacted on public trust in politicians.

The public should be able to trust those that they elect to represent them and make decisions affecting their lives. The public expects elected politicians to hold themselves to high standards of conduct<sup>3</sup> and research shows that confidence in the integrity of politicians is valued by the public<sup>4</sup>.

Confidence in political systems is also important. A recent poll<sup>5</sup> found that 80% of people surveyed did not just blame MPs for the current problems but also 'the parliamentary system'.

Having mechanisms which ensure that politicians can be held to account is an important cornerstone of democracy. For politicians falsely accused of wrongdoing, good systems bring the added benefit of clear exoneration.

Deepening citizen participation has emerged as a theme of national policy proposals for local government. The local standards framework gives a key role to individuals from within the local community but outside of local politics, the standards committee independent chairs and independent members.

The review took place at a time of financial uncertainty and constraint within the public sector. In making our recommendations we have been mindful of this. But cost must be weighed against the benefits of effective regulation, whatever the arena for regulation.

## 5) Support for the standards framework: evidence from research

We can find little support for the complete removal of the ethical standards framework in local government - and wide support for having one. Specific research for this review concludes:

*“... although there are problems within the existing framework, the removal of the framework (is) simply not a viable alternative. It is considered to have provided tangible benefits and to perform an extremely valuable role in local democracy<sup>2</sup>.”*

Since its inception there has been a growth in support for the Code of Conduct. By 2009 94% of members and officers agreed that all members should sign up to a code, compared to 84% in 2004<sup>6</sup>.

Other research has concluded both that the standards framework is a safeguard, vital to ensuring public accountability<sup>3</sup> and that the standards framework has brought focus and coherence to ethical governance and the training and advice on standards expected of councillors<sup>7</sup>.

Members of the public are using the standards framework as a mechanism for holding local elected politicians to account for their behaviour. In 2008-09, 2,863 complaints about the behaviour of local authority members were made across England, over half by members of the public.

There is a growing perception within local government that the standards framework, in its past and present form, is improving member behaviour. However this has not translated into public perception.

Table 1. Percentage of sample agreeing with the statement ‘member behaviour has improved in recent years’<sup>6 8 9</sup>

Year	2004	2007	2009
Members and officers	27	44	47
Public	n/a	11	9

We believe that a realistic goal of ethical regulation is to ensure that accountability mechanisms are open, transparent and accessible to those who want to use them. Furthermore, the public need to have confidence that such mechanisms will uncover poor behaviours and deal with miscreants appropriately.

So, any work which seeks to assess the impacts of the standards framework in local government must include an assessment of public perceptions. In this review we have taken public views into account through specific research undertaken in 2009<sup>2</sup>.

Our research suggests that the improved behaviour is due to a combination of the raised awareness of the Code of Conduct and rules of behaviour<sup>10</sup> the support the framework provides to the sanctioning, demotion and resignation of councillors<sup>7</sup> and the threat of sanctions<sup>11</sup>.

There is a high level of confidence, within local government, that local authorities will uncover breaches of the Code of Conduct and deal with them appropriately<sup>6</sup>. Again, however, the public is not so confident<sup>12</sup>, as illustrated below.

### Confidence in local authority to uncover a breach





## Confidence in local authority to deal with local councillor appropriately if a breach were to be uncovered



Many different factors combine to influence public perceptions of trust and confidence in politicians; a number of these are outside the control of local government<sup>7</sup>.

Public perceptions alone, therefore, are not a fair indicator of the effectiveness of the standards framework.

In 2007 a House of Commons Public Administration Select Committee concluded<sup>13</sup>:

*'If the link between levels of regulation and levels of public trust is complex, that leads inevitably to questions about whether it is realistic or desirable to make increased trust a goal of ethical regulation.'*

We want the public to recognise that principles matter to local government, and moreover to have confidence in the mechanism for holding local politicians to account.

The view from within local government that the standards framework has had an impact on behaviour is borne out by the degree to which it has influenced changes of practice.

The standards framework has brought about a range of innovation in local government which help to improve governance processes and procedures, and enhance accountability arrangements<sup>7, 14, 16</sup>.

For example, there have been innovations in:

- communicating standards issues both within authorities and to the public
- training members
- engaging leaders to ensure that standards become part of the culture of the organisation
- promoting local democracy
- ensuring good governance across partnership arrangements.

There are other factors, outside the formal standards framework, which can help ensure high standards, for example the role of political parties<sup>7</sup>.

Research leads us to conclude, from the perspective of those in local government, that the framework has been largely effective. Benefits include increased confidence in accountability, improved member behaviour and improved governance arrangements.

## 6) A standards framework built on principles

A perception<sup>2</sup> of the current local standards framework is that it has developed in the absence of any design principles.

We make a distinction here between the ten principles of ethical conduct in local government<sup>17</sup> which underpin the Code of Conduct, and a set of design principles which could help us shape the standards framework.

Based on discussions with stakeholders, we recommend eight design principles.

1. The framework should be fair. All involved should feel their views are heard.
2. The framework should be swift. It should permit the majority of allegations to be dealt with promptly.
3. The framework should be local. Local authorities should take ownership of their own standards arrangements.
4. The framework should be free from political bias. For the framework to have credibility key decisions and judgements need to be made by individuals who are, and are seen to be, free of political bias.
5. The framework should be clear and transparent. Processes, costs and outcomes should be readily understood by members, officers and the general public so that all can make judgements about the proportionality and effectiveness of the framework.
6. The framework should strike a balance between the twin tasks of promoting principles and enforcing rules. It should have access to a range of remedies and sanctions which reflect the seriousness of the particular failings of standards.
7. The framework should give the public confidence that poor behaviour will be uncovered and dealt with appropriately.
8. The framework should be cost effective. All of the above should be provided at a reasonable cost, proportionate to the benefits to accrue through improved standards.

A consequence flowing from these principles is that the full benefits of a locally based framework will only be realised if it is supported, as other regulatory schemes are, by a regulator working to best practice in regulation and seeking to achieve agreed regulatory outcomes – in this case that there are high standards of conduct among members in authorities and that there is an effective and proportionate standards framework in operation.

When applying the design principles, decisions have to be made about inherent tensions between them. Between 'fairness' and 'swiftness', for example, or between local decision making and national consistency. The framework must find ways to keep these tensions in balance.

## 7) The case for a local framework

Until 2008 the Standards Board for England, as it was then called, received and filtered all allegations of misconduct. Between 2002-2004 we carried out all investigations. This arrangement continues to prevail in the Scottish and Welsh frameworks. Between 2004 and 2008 we were able to refer most cases for local investigation and/or determination. Since 2008 allegations are received and assessed locally and the more serious, contentious or complex can be referred to us for investigation at a national level.

During our review we explored afresh the arguments around a centralised, versus a local, system in England.

The key advantages of a centralised system are:

- A central body dealing with all allegations is more likely to achieve consistency of process and outcome, than is a framework that allows local authorities to deal with their own cases.
- A central body removes the resource burden on local authorities of the cost of investigations and the time and effort involved in formal meetings to deal with them.
- A central, independent body would be expected to give the public a greater degree of confidence in the impartiality of the framework compared to matters being handled by a subject member's own authority.

We believe the consistency argument is one of degree. There should not be huge differences in similar cases, between authorities, in either process or outcome. However, there is room for some local variation. We are mindful of the consistency issue and **recommendation 5** addresses this further. On cost, although centralisation reduces the burden on local government, it then transfers it to a central regulator.

We also considered a regional option, where standards committees (and assessment, consideration and review committees) could be set up for a defined region. The consistency considerations apply as for a centralised model, and in addition this arrangement could be less resource intensive than a completely localised system.

But on balance we continue to support the principle of a local system, and our reasons are similar to those proffered by CSPL<sup>18</sup>. A local framework:

- enables local people to be involved in managing ethical standards issues and encourages them to be aware of issues going on in their authority
- allows the use of local information which may influence decisions about the seriousness or validity of a complaint
- provides an opportunity for the monitoring officer and standards committee to deal with some issues via more informal and proportionate methods.

The focus of this review has been on the procedural elements of a standards framework. That is, the mechanisms that are engaged following an allegation of a breach of the Code of Conduct.

However, the standards framework – and the duty of standards committees to promote high standards – is firmly located within broader ethical governance arrangements in local authorities. These impact on the culture of an

organisation and play a key role in preventing standards problems in the first place.

Such aspects include, for example, the role that leaders and chief executives can play, and the role that political parties can play in ensuring the discipline of their members. In our regulatory role we are keen to stress the importance of these aspects and to encourage and disseminate notable and innovative practice in local government.

Overall we believe local ownership is less likely to result in authorities perceiving standards issues as something 'done to them' rather than something for which they have responsibility.

In turn, this is more likely to result in the importance of high standards of behaviour being embedded in the culture of an organisation, leading to subsequent innovations that emphasise prevention.

## 8) Our findings and recommendations

The recommendations which follow are intended to bring a better match between the framework and the design principles set out in section 6 above.

They also set out to address particular criticisms of the current framework. It is suggested that:

- it's too easy to get on the investigative track and too hard to get off it
- the framework is too cumbersome
- trivial complaints clog up the system
- members should know as soon as possible when they have been the subject of a complaint.

We have found that making recommendations in one area, which might enable the framework to adhere to one design principle or address one criticism, has a potential impact on another area or another design principle. It follows therefore that our recommendations are interlinked and should be considered as a whole.

While based on research and taking into account the views of others, the recommendations are our own.

In some areas there are conflicting arguments for particular options. In the narrative below we set out options considered as part of the review, explain why we rejected some and provide a rationale for preferring others.

### 8.1) Improving the local handling of complains

A summary of how the local standards framework currently deals with complaints is set out within appendix 2, on page 35.

We found a general consensus that the current process beginning with the assessment of a complaint, and leading if necessary to its investigation and resolution, can be cumbersome, difficult to understand, resource intensive and slow.

Two broad alternatives were considered:

1. replacing the current investigation arrangements with an open hearing
2. streamlining and simplifying the process

It is worth noting that the two are not, necessarily, mutually exclusive, but for explanatory purposes, we can consider them as alternatives.

An open hearing would involve both the complainant and the member complained about, along with witnesses, coming together in a 'one-off' hearing to present evidence, answer questions and argue the merits of their cases.

A key benefit, suggested by some consultees, would be that, on the face of it at least, it simplifies the process. It would remove some of the formal meetings currently necessary as part of the process and negate the need for a resource-intensive investigation.

At the same time it would be a transparent process, giving members the opportunity to face their accusers.

There are however, disadvantages:

- Compiling evidence for a hearing would not, in our view, necessarily require less work than carrying out an investigation. Evidence would still need to be collected and disclosed to the parties involved.
- An open hearing is potentially adversarial. We believe the onus on complainants to articulate their case would be intimidating for many members of the public and could deter them from making legitimate allegations.

For these reasons we preferred the alternative, looking to see how we could streamline and simplify the existing investigative process.

### 8.1.1) Simplifying the local filter

Currently, all allegations received by a local authority have to be considered by an assessment sub-committee. This means a meeting must be convened between one elected member, one independent member and, if the case involves a parish or town councillor, one parish/town councillor (with the likely inclusion of the monitoring officer for advice). Arranging this meeting takes time and incurs costs. Many complaints do not need such a formal mechanism.

We feel the current arrangements are unnecessarily resource intensive and slow down the process. Making a decision about whether or not an allegation is within the remit of the Code of Conduct is relatively simple and generally uncontroversial.

In the first instance, we recommend it is made much clearer that the monitoring officer acts as an initial filter, assessing which allegations fall within the remit of the Code and which do not.

#### Recommendation 1:

The law should say that monitoring officers, rather than standards committees, should receive all allegations and make a decision about whether or not they are within the remit of the Code of Conduct.

### 8.1.2) Swift assessment by the independent chair

Building on recommendation 1, we considered two alternatives to the current assessment sub-committee approach for dealing with those allegations which the monitoring officer has deemed as being within the remit of the Code of Conduct.

- The monitoring officer should be the person who decides what should happen to those allegations which are within the remit of the Code.
- The independent chair, with advice from the monitoring officer, should be the person who decides what should happen to those allegations which are within the remit of the Code.

We are aware that many allegations, although within the remit of the Code, are not sufficiently serious to warrant an investigation. The first option would have the benefits of ensuring that cases could be assessed more quickly and involving fewer resources than current arrangements. Many of the monitoring officers we spoke to favour this option.

We are concerned that such an arrangement has the potential for the monitoring officer, as a paid employee, to be subject to pressure from elected politicians seeking to influence his or her decision. The perception of independence is compromised in this option.

The second option better addresses these concerns as standards committee chairs are not employees, but instead are chosen to represent the public with political independence a key requirement.

We recognise it is not always possible for the chair to be available to make decisions. For example, they may be on holiday or may be conflicted, and therefore we recommend that the vice chair (also independent) can deputise in such cases.

In addition, we recommend that standards committees develop a wider range of reciprocal arrangements so that chairs can assess each others' allegations. This could be particularly valuable in helping those authorities which have high numbers of allegations.

We recognise that some monitoring officers and elected members have concerns about both the skills and understanding of local government of independent chairs and the extent to which they are impartial. We address these concerns in recommendations 16 and 17.

### **Recommendation 2:**

For allegations within the remit of the Code the independent chair of the standards committee, acting with the advice of the monitoring officer, should determine what happens to an allegation.

The chair would have a choice of five options

- to take no further action – (effectively determining that the behaviour complained about is not sufficiently serious, if proved, to warrant any sanction)
- to refer for local investigation
- to refer to SfE for investigation
- to refer to the monitoring officer for other action
- to refer to the standards committee to seek their advice in choosing one of the previous four options.

The standards committee chair should provide written reasons for each decision.



**Recommendation 3:**

The vice chair of the standards committee should be an independent member.

**Recommendation 4:**

If the chair is unavailable or has a conflict of interest in relation to an allegation then the independent vice chair should deputise. Standards committees should be able to develop reciprocal arrangements so that their chairs can assess each other's allegations.

**Recommendation 5:**

Standards committees should undertake retrospective periodic reviews of these decisions to ensure consistency and quality. The national body should also provide oversight via its regulatory role.

**8.1.3) Removing the right to review**

We know that the framework in many authorities gets 'clogged up' through having to deal with reviews of cases from those complainants not satisfied with the assessment decision.

Not only is this time consuming, it also has cost implications because a review committee or sub-committee of different members (one elected member, one independent member and, if the case involves a parish or town councillor, one parish/town councillor) needs to be set up. We also know that only around one review in 20 leads to a reversal of the original decision.

However if there is not to be a mandatory right of review, we need to make alternative arrangements to redress the perceived loss of fairness and the check and balance that the review procedure brings.

But on balance we do not believe there should be an automatic right of review built into legislation.

**Recommendation 6:**

The current statutory review arrangements should be removed but authorities should be given a discretionary power to allow for the review of particular decisions. This review could be undertaken by the standards committee or a sub-committee of it, by an independent member of the standards committee not involved in the initial decision or by any of these from another principal authority.

**8.1.4) Removing the need for a consideration committee**

The consideration committee is another committee or sub-committee that, currently, must be convened (one elected member, one independent member and, if the case involves a parish or town councillor, one parish/town councillor), following an investigation. It has to decide whether to accept a finding by a monitoring officer after investigation that there has been no breach of the Code or, if a breach is found, decide whether the

case should go to a standards committee hearing or to the First-tier Tribunal.

Again, we are aware of the time and cost involved in convening such a committee. We considered two alternatives to the current arrangements:

- The monitoring officer should determine what should happen.
- The independent chair or vice chair, advised by the monitoring officer, should determine what should happen.

The consideration committee was designed to avoid the risk of the monitoring officer being put under improper influence to bring a matter to an end by deciding there had been no breach. Hence for the same reasons as in 8.1.2 above, we decided upon the latter option.

As with recommendations 1, 2, 3 and 6, our recommendation here will enable a swifter response, and has beneficial cost implications when compared to the current arrangements.

#### **Recommendation 7:**

After completion of a local investigation the chair of the standards committee should decide whether to accept a finding of no breach, and where a breach is found, whether the case should go to a local hearing or to the First-tier Tribunal. Vice chairs should be able to deputise in this role.

Standards committees should be able to develop a wide range of reciprocal arrangements with other standards committees so that their chairs can assess each other's investigations in this way.

#### **Recommendation 8:**

The chair or the vice-chair should have a greater role in case management, making the pre-hearing decisions (For example, setting deadlines for responses to documents, deciding which witnesses should be called to give evidence and dealing with applications for an adjournment) with advice from the monitoring officer.

A consequence of recommendations 1 to 8 is that standards committees would be able to focus on the more serious matters demanding their attention including their role of promoting high standards (See 8.9), as well as their oversight role.

## **8.2) Deterring trivial complaints**

There is a set of related perceptions and misconceptions about trivial complaints: that the standards framework encourages them; that it is

clogged up with them; and that there are serial trivial complainants who waste authorities' time and cost them large amounts of money. We believe, based on our monitoring information, that such circumstances are very rare. Nevertheless these perceptions undermine the credibility of the framework. In those few local authorities where this is true it can be a drain on resources.

Recommendations 1, 2, 3 and 6 will, we believe, enable local authorities to deal more swiftly and more appropriately with trivial or less serious complaints.

We have received suggestions for dealing with serial, trivial complainants. The following ideas were considered:

- sanctions against trivial complainants
- all complaints by a person deemed as 'a serial trivial complainant' to be dealt with by the national body
- the cost of 'failed' complaints to be met by the complainant
- the cost of complaints to be covered by the 'loser'.

All these would be likely to deter trivial complainants. However, they would also deter justified complaints. Even 'serial trivial complainants' may still, on occasion, have justified complaints.

The second option would be contrary to the principle of 'local ownership'. The fourth option could also be a deterrent to members standing for election as they would, justifiably, be concerned about incurring costs. We have decided, therefore, against any new specific recommendation to address such complainants. Instead we believe recommendations 1, 2, 4 and 7, will prevent them from using up resources and clogging up the system.

We do, however, want local authorities and standards committees in particular, to be more robust and public in discouraging trivial complaints generally and serial trivial complainants specifically.

### **Recommendation 9:**

Standards for England should produce guidance that urges chairs to be more robust in their decision letter and highlight when they believe an allegation to have been trivial.

### 8.3) Closing down an investigation

A criticism of the standards framework is that it is very difficult to stop an investigation, even when it is agreed that there is little or no benefit in continuing. Examples from our own experience include when a member who had been the subject of a complaint had died, when a member has resigned and when an apology has been received, and accepted, by the complainant.

Enabling a complaint to be closed down at any time would prevent resources being unnecessarily expended. We considered the following options on who might close down a case:

- monitoring officer
- chair of the standards committee
- the full standards committee

We have referred earlier to our concerns about a paid employee being placed under political pressure and we believe that the potential for such a situation also arises here.

Our concern with the chair undertaking this role is that they may be 'too close' to the case – the chair will have been the one who made the decision to investigate in the first place and may be reluctant to overturn this decision.

We think it best if the full standards committee take this decision, based on a recommendation from the monitoring officer.

#### **Recommendation 10:**

The monitoring officer should be able to recommend to the standards committee – at any stage and for any reason – that an investigation be stopped. The standards committee should decide whether or not to accept such recommendations by considering how the public interest is best served.

### 8.4) Enhancing members' 'right to know'

A frequently heard criticism of the current assessment process is that members who are the subject of a complaint only find out that they have been complained about after an initial decision has been made on whether or not the allegation merits an investigation.

At present the legislation requires the standards committee to notify a member. However in order to do that they have to meet, which introduces a delay. Our guidance says members should be told as quickly as possible, but the law needs to be clarified.

However, members feel they have a 'right' to know. Potential complaints are often discussed openly and sometimes publicised, and members can find themselves the subject of rumour or press interest which they are unprepared for as they are unclear about the precise nature of the allegation.

Importantly, we feel the current situation is contrary to the design principle of transparency. On balance we think the current situation is

unsatisfactory. The framework should be as transparent as possible and members who are the subject of an allegation have the right to know, as soon as possible, about that allegation.

**Recommendation 11:**

On receipt of an allegation the monitoring officer should inform a member that they have been the subject of a complaint unless there are compelling circumstances not to (for example, a risk of prejudicing an investigation by intimidation of witnesses or destroying or compromising evidence).

## 8.5) Publishing decision notices

Currently, notice of a decision about the outcome of some investigations and most hearings has to be published in a local newspaper. The intention is laudable in that it facilitates transparency.

It does, however, have a cost impact for local authorities. The current economic climate, coupled with increasing use of the internet, leads us to conclude that a better alternative is for decision notices to be published prominently on council websites. This will keep to the design principle of transparency, yet mean an easy cost saving for local government.

**Recommendation 12:**

Local authorities should no longer be required to publish decision notices in the local newspaper. Instead they should be publicised on the local authority's website.

## 8.6) The composition of standards committees

One of our design principles is 'independence'. Recommendations 2, 4 and 7 ensure that there is an independent element in key decisions in the investigative process, and recommendation 16 will ensure independent overview of the local standards framework and its application.

We considered increasing the mandatory number of independent members on standards committees or having standards committees composed entirely of independent members. A key benefit of this would be to give the public greater confidence that local arrangements were truly impartial and that local government was not simply 'investigating its own'.

However, we believe that such a move would have negative consequences which outweigh this benefit:

- Political groups may be less likely to take ownership of standards issues, and buy-in to the importance of high standards, as it would be perceived as something outside of their remit and something that is 'done to them'.
- The credibility of standards committees, and standards issues, would be undermined as standards committees rely on elected members for their knowledge and guidance of 'how local government works'.

- We know that some standards committees already struggle to attract sufficient independent members.

On balance we believe the current approach is right.

## 8.7) Parish and town councillors and the Code

The inclusion of parish and town councils in the standards framework divides opinion.

There is a view that it is a disproportionate mechanism for parish and town councils, particularly those which have few resources and few powers

On the other hand we believe that parish and town councils should be included within the standards framework and our reasons echo those of the CSPL<sup>18</sup>; parish and town councils are part of the fabric of local democracy, and many do spend significant sums of public money.

All national parties have plans to increase the significance of this sector and such councils are statutory consultees in the planning process. We think that it is beneficial if there is a consistency of standards to which all elected members have to adhere.

The National Association of Local Councils (NALC) supports this position.

Parish councillors in fact make up around three quarters of all members covered by the Code. They account for just under half of all complaints; 2,557 between May 8 2008 and 31 December 2009.

An advantage of their exclusion would be a resource one – this would significantly reduce the number of allegations and so the amount of resources used to deal with them. However we remain convinced that parish and town councils should be included in the framework for the reasons set out above.

## 8.8) The cost of the local framework

It became clear during our review that quantifying the cost of the standards framework was problematic<sup>2</sup>. Costs are calculated on a different basis by different authorities.

Elements of cost include the cost of convening meetings and remuneration for standards committee members, the cost of investigations and costs associated with other action and sanctions. Case costs vary depending on volume of cases, case type and methodology of investigation. Currently there is little transparency in these costs, nor consistency in the way they are calculated.

We recognise that we need to do more work to be able to offer better information on reasonable costs, both to allow authorities to better judge their expenditure and to allow the public and stakeholders to better assess proportionality and effectiveness of the framework.

The cost of investigations is of particular concern – we are interested in seeing the cost of investigations contained while maintaining natural justice.

We have been mindful of actual and potential costs to local government and the public purse as we have carried out this review. Many of our recommendations would result in reduced costs to local government.

For example, a local filter and reducing the number of sub-committees involved in case handling would result in lower administrative costs. Similarly, not having to publish decision notices in a local newspaper would result in cost savings.

We are also committed to providing training, guidance and support in effective and efficient investigation, to help authorities avoid unnecessary expenditure in this area.

**Recommendation 13:**

Standards for England should assist local government by developing a clear and consistent understanding of the costs of the local standards framework and, through working with local authorities, identify and promote ways of ensuring those costs are reasonable and that excessive and wasteful expenditure can be avoided.

## 8.9) The local framework and promoting high standards

The focus of the review has been on the process aspects of the framework, for example the complaints, assessment and investigative processes and the roles of the various individuals involved. We also recognise that standards committees have a statutory role to promote high standards of behaviour, and that there are many ways in which local government can engage to demonstrate high standards.

For example, engaged political parties, strong identification with the council and supportive political and managerial leadership all contribute toward good ethical governance<sup>7</sup>.

These duties under the framework should be encouraged. This is the promotion of ethical principles, as well as rules, which features in the design principles. The regulator should play a lead role in co-ordinating and disseminating good practice which leads to good ethical governance.

In this way local authorities will be encouraged to observe the spirit as well as the letter of the law. It also encourages local solutions, and an emphasis on prevention rather than reliance on the more costly formal elements of the framework.

**Recommendation 14:**

Local authorities should be encouraged to develop local solutions. Good practice in local solutions should be shared so local authorities can benefit from each other's experiences.

## 8.10) The members' Code of Conduct

The Code of Conduct has been subject to relatively regular review and a detailed study was not included within the scope of this work. That said, a review of the framework will inevitably include some comment on the Code.

We believe that a Code is the right way to regulate the behaviour of members of local authorities. However, the climate in which it operates changes over time, making regular review important. Reviews should, for example, take account of how the Code is being interpreted by the First-tier Tribunal (formerly the Adjudication Panel for England) and by the higher courts.

We believe future reviews should look for opportunities to simplify the Code.

**Recommendation 15:**

The next review should look for opportunities to simplify the Code and ensure that it is readily understood by members, and remains fit for purpose.



## 9) The role of the national regulator

In a year when Parliament has chosen to operate with specialist, independent regulation of its standards, we have looked again at whether there is a need for a national regulator over the local standards framework and if so what its role should be.

There would be some immediate financial benefits to national government in not having such an organisation. There would be a related reduction in regulatory burden, but a need for local standards committees to retain all cases, however challenging. Such a move would also support the design principle of local standards being a local responsibility.

There are, however, powerful arguments for a national regulator.

In the research undertaken by Teesside University<sup>2</sup> there was a strong consensus among stakeholders that national oversight gives politicians, officers and the public confidence that there is independent scrutiny of the standards framework, that poor performance is being dealt with and political interference can be addressed.

A national regulator is not just there to ensure local authorities are discharging their responsibilities – for example by monitoring complaint handling and making sure investigations are completed without undue delay – but has the key regulatory function of assessing systemic, sectoral and entity risks of standards failure – and acting to minimise them.

We accept that an emphasis on local ownership will bring variations in interpretations of the Code. But a national regulator helps bring some consistency to those interpretations, to process and to the application of sanctions. For the framework to have credibility, and avoid accusations of being a postcode lottery, any variations must be within acceptable parameters. A national body should, via its training, advice and guidance, as well as through its national oversight, ensure a greater degree of consistency than if each authority were left to its own devices.

Our own evidence shows that there is a significant demand for advice, guidance and training and development to help authorities discharge their functions. Standards for England currently provides support to local government via, for example, online training materials, telephone help lines, the ethical governance toolkit and our annual assembly. Much support comes in the form of technical expertise on case handling, and interpretations of the Code of Conduct.

This expert resource, and training role, would be particularly important for independent chairs, in light of the greater responsibility given to them in recommendations 2 and 7.

We do not want to inhibit local innovation and the development of informal options in dealing with standards issues. Recommendation 14 stresses the value of this. We do play a key role disseminating examples of how authorities have developed various local solutions to ensure good ethical governance as well as good practice in case handling.

There is a small, consistent, and far from insignificant class of contentious and high profile cases (for example complaints about members of the standards committee, or complaints by senior officers about the Leader or other senior members) which it is inappropriate to handle locally and should be handled at a national level.

Recommendations 2 and 7 give greater responsibility to independent chairs. We know that some monitoring officers and elected members have concerns about both the skills and impartiality of independent chairs. We need sufficient checks and balances to safeguard against poor performance and inappropriate political interference, and we believe this imposes a need for further training and guidance from Standards for England and for a specific extra power to deal with poor performance of independent standards committee members.

Standards for England is committed, in its 2010-13 Corporate Plan, to carrying out a review of its powers to ensure it is able to respond appropriately, proportionately and effectively to meet the requirements of its regulatory role. That work would need to take into account the implications of the recommendations set out in this review, if they are accepted.

**Recommendation 16:**

Standards for England should develop its training role. In particular it should respond to the increased responsibility given to independent standards committee chairs by ensuring basic training is provided to enable them to fulfil this role.

**Recommendation 17:**

The national regulator should have power to investigate allegations that the chair/vice chair of a standards committee was not acting impartially, or performing poorly. If there is sufficient evidence that this is the case then the national regulator should be able to remove the chair/vice chair of the standards committee.

## Appendix 1

### The Recommendations

The recommendations are repeated here, alongside a note of the main legislative provisions which would need to be amended to bring about the proposed change.

#### Recommendation 1:

Monitoring officers should receive all allegations and make a decision about whether or not they are within the remit of the Code of Conduct.

Changes to s.57A(1) and s.57C LGA 2000 to replace references to the standards committee with references to the monitoring officer

Addition to Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to allow monitoring officers to do this.

Change to paragraph 11 of the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to allow monitoring officers to inform the subject member on receipt of the complaint.

#### Recommendation 2:

For allegations within the remit of the Code the independent chair of the standards committee, acting with the advice of the monitoring officer, should determine what happens to an allegation. The chair would have a choice of five options:

- to take no further action (effectively determining that the behaviour complained about is not sufficiently serious, if proved, to warrant any sanction)
- to refer for local investigation
- to refer to Standards for England for investigation
- to refer to the monitoring officer for other action
- to refer to the standards committee to seek their advice in choosing one of the previous four options.

Changes to s.57A (2)-(6) LGA 2000 to replace references to the standards committee with references to the chair and to add the additional option of referring to the standards committee for advice on which option to choose.

Changes to paragraphs 6 – 8 Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to replace references to the standards committee and sub-committees with references to the chair

The standards committee chair should provide written reasons for each decision.

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**Recommendation 3:**

The vice chair of the standards committee should be an independent member.

Addition to s.53(4) LGA 2000

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**Recommendation 4:**

If the chair is unavailable or has a conflict of interest in relation to an allegation then the independent vice chair should deputise. Standards committees should be able to develop reciprocal arrangements so that their chairs can assess each other's allegations.

The following provisions would need amending to allow the vice-chair to deputise and to allow for reciprocal arrangements:

s.56A LGA 2000

s.57A LGA 2000

Paragraphs 6 – 8 Standards Committee (England) Regulations 2008 SI 2008 No. 1085

The Standards Committee (Further Provisions)(England) Regulations 2009 SI 2009 No. 1255

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**Recommendation 5:**

Standards committees should undertake retrospective periodic reviews of these decisions to ensure consistency and quality. The national body should also provide an oversight via its regulatory role.

Addition to the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to require the retrospective reviews.

Also possible addition to regulation 3(2) of the Standards Committee (Further Provisions)(England) Regulations 2009 SI 2009 No. 1255 to include additional intervention powers based on concerns about the way in which the independent members are carrying out the initial assessment function.

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**Recommendation 6:**

The current statutory review arrangements should be removed but authorities should be given a discretionary power to allow for the review of particular decisions. This review could be undertaken by the standards committee or a sub-committee of it, by an independent member of the standards committee not involved in the initial decision or by any of these from another principal authority.

Amend s.57B LGA 2000 by removing the mandatory review provision but allowing a discretionary one.

Paragraphs 6, 7 and 8 of the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 would need amending to reflect the proposed discretionary nature of a review.

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**Recommendation 7:**

After completion of a local investigation the chair of the standards committee should decide whether to accept a finding of no breach, and where a breach is found whether the case should go to a local hearing or to the First-tier Tribunal. Vice chairs should be able to deputise in this role. Standards committees should be able to develop a wide range of reciprocal arrangements with other standards committees so that their chairs can assess each other's investigations in this way.

Addition to s.66 LGA 2000 to give the Secretary of State power to make regulations allowing the chair rather than a standards committee to make these decisions.

Amend regulation 17 of the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to allow the chair or vice-chair rather than a standards committee to make these decisions.

Addition to the Standards Committee (Further Provisions) (England) Regulations 2009 SI 2009 No. 1255 to allow the chair or vice-chair of other standards committees to make these decisions under reciprocal arrangements.

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### Recommendation 8:

The chair or the vice-chair should have a greater role in case management, making the pre-hearing decisions (For example, setting deadlines for responses to documents, deciding which witnesses should be called to give evidence and dealing with applications for an adjournment) with advice from the monitoring officer.

Addition to s.66 LGA 2000 to give the Secretary of State power to make regulations to allow the chair or vice-chair to make pre-hearing decisions.

Addition to the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to provide for case management.

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### Recommendation 9:

Standards for England should produce guidance that urges chairs to be more robust in their decision letter and highlight when they believe an allegation to have been trivial.

No statutory or regulatory changes needed to implement this recommendation.

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### Recommendation 10:

The monitoring officer should be able to recommend to the standards committee – at any stage and for any reason – that an investigation be stopped. The Standards Committee should view such recommendations with regard to how the public interest is best served.

Amendment to regulation 16 of the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to enable the monitoring officer to recommend that an investigation cease. Also regulations 14 and 17 would need to be made subject to the amended regulation 16.

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### Recommendation 11:

On receipt of an allegation the monitoring officer should inform a member that they have been the subject of a complaint unless there are compelling circumstances not to (for example, a risk of prejudicing an investigation by intimidation of witnesses or destroying or compromising evidence).

Amendment to s.57C LGA 2000 to require the monitoring officer rather than the standards committee to inform the member.

Change to paragraph 11 of the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to allow monitoring officers to inform the subject member on receipt of the complaint.

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**Recommendation 12:**

Local authorities should no longer be required to publish decision notices in the local newspaper. Instead they should be publicised on the local authority's website.

Amendment to regulation 17(3) (b), 17(5), 20(1) (b) of the Standards Committee (England) Regulations 2008 SI 2008 No. 1085 to remove the requirement for a notice in the local press.

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**Recommendation 13:**

Standards for England should assist local government by developing a clear and consistent understanding of the costs of the local standards framework and through working with local authorities identify and promote ways of ensuring those costs are reasonable and that excessive and wasteful expenditure can be avoided.

No statutory or regulatory changes needed to implement this recommendation.

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**Recommendation 14:**

Local authorities should be encouraged to develop local solutions. Good practice in local solutions should be shared so local authorities can benefit from each other's experiences.

No statutory or regulatory changes needed to implement this recommendation.

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**Recommendation 15:**

The next review should look for opportunities to simplify the Code and ensure that it is readily understood by members, and remains fit for purpose.

Changes to the Local Authorities (Model Code of Conduct) Order 2007

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**Recommendation 16:**

Standards for England should develop its training role. In particular it should respond to the increased responsibility given to independent standards committee chairs by ensuring basic training is provided to enable them to fulfil this role.

Addition to s. 57 LGA 2000 to make clear that the training role is a function of Standards for England. Addition to Schedule 4 paragraph 2 of the LGA 2000 for the same purpose.

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**Recommendation 17:**

The national regulator should have power to investigate allegations that the chair/vice chair of a standards committee was not acting impartially, or performing poorly. If there is sufficient evidence that this is the case then the national regulator should be able to remove the chair/vice chair of the standards committee.

Addition to s.57D LGA 2000 to enable regulations to be made for intervention by the Standards for England where the chair/vice chair of a standards committee is not acting impartially, or is performing poorly.

Addition to regulation 3(2) of the Standards Committee (Further Provisions)(England) Regulations 2009 SI 2009 No. 1255 to include additional intervention powers based on concerns about the way in which the independent members are carrying out the initial assessment function or any other function carried out as a result of these recommendations.

Addition to the above regulations to provide a mechanism for removal of the chair/vice chair of a standards committee.

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## Appendix 2

### Background to the local standards framework

Although local government has been described as having a relatively clean bill of 'ethical' health<sup>18, 19, 20</sup> there were, nevertheless, several notable incidences of poor ethical behaviour in local government during the 1970s, 1980s and 1990s.

- The John Poulson case is often cited as a landmark case of corruption in local government. Poulson was an architect who bribed numerous public figures in order to win contracts. The leader of Newcastle City Council was jailed for his role in this case.
- The 1980s saw high profile problems in Liverpool City Council, where the district Labour Party was suspended after its members were accused of putting militant tendency interests ahead of council ones.
- At Westminster City Council Leader Dame Shirley Porter was the central figure in the 'homes for votes' scandal which resulted in her being ordered to pay back millions of pounds in surcharges, costs and interest to the council.
- The 1990s saw 19 Doncaster councillors found guilty of falsifying expenses claims, with one councillor receiving a four year prison sentence in the 'Donnygate' scandal.

Concerns about the conduct of MPs and government ministers led the then Prime Minister to establish the Committee on Standards in Public Life (CSPL) in 1994. The remit of the CSPL was expanded to include conduct in public life more generally and its third report, published in 1997, focussed on local government.<sup>19</sup>

For local government, CSPL recommended a statutory standards framework to replace the hitherto voluntary system. They called for a localised standards framework including a code of conduct to which councillors must sign up, a standards committee for each council and local government tribunals to act as independent arbiters on the code of conduct and to hear appeals from councillors and others.

The government introduced a new ethical framework via the Local Government Act (2000). The Act introduced a statutory Code of Conduct that applied to all members, and two new national bodies; the Standards Board for England, which was to assess and investigate allegations of breaches of the Code of Conduct, and would also issue guidance, and the Adjudication Panel for England which would hear the most serious cases.

Standards committees, already present in some authorities, were made compulsory and their role was to adjudicate on a completed investigation and to promote high standards.

The standards framework in local government was not merely a reaction to the risks of poor standards. Positive ambitions included a desire to build trust and confidence in politicians and local democracy, and recognition of the importance of high standards of behaviour to good governance.

Once in operation there were criticisms of this first standards framework, made worse by delays in legislation which would have enabled more cases to be referred to the local level. There was a concern that standards committees and monitoring officers were being marginalised, that the centralised system inhibited the consideration of local circumstances and context when considering cases, and that the Standards Board was unable to focus on the most serious cases.

CSPL, in its tenth report<sup>18</sup> returned to look at the standards framework in local government and advocated a more localised framework, with the Standards Board taking a more strategic oversight role.

The recommendations were accepted by government and enacted in the Local Government and Public Involvement in Health Act (2007). Local authorities now have greater responsibility for their own ethical arrangements; standards committees handle complaints locally, not the Standards Board, and standards committees must promote high ethical standards.

The Standards Board (known as Standards for England) now has the role of a strategic regulator, overseeing the effectiveness of the local ethical standards framework, monitoring local arrangements and engaging with those authorities where standards are poor or at risk.

Standards for England still investigates those complaints not suitable for local authorities to deal with themselves, but the majority of complaints are dealt with locally.

## How the local standards framework deals with complaints

The current arrangements require standards committees to convene a properly-constituted assessment sub-committee to receive complaints.

At this point they can:

- decide to take no further action
- ask the monitoring officer to investigate the complaint locally
- ask Standards for England to investigate the complaint
- ask the monitoring officer to resolve the matter through alternative action (such as mediation or training) – in which case no finding is made as to the complaint itself

A complainant, if not satisfied with the assessment decision to take no further action, has the right to have the complaint considered again by a review sub committee (properly constituted with different individuals to the assessment sub-committee).

Where complaints are investigated locally a properly constituted consideration committee is required to receive the investigation report. It can:

- agree with the monitoring officer that no further action is necessary
- refer the case to the Standards Committee or a hearing sub committee
- refer the case to the First Tier Tribunal (Local Government Standards in England)

When hearing cases, standards committees or hearing sub-committees can:

- find no breach of the code
- find a breach but no further action is required
- impose a sanction of up to six months suspension
- impose other sanctions such as a requirement that the member undergo training or apologise

The First Tier Tribunal can impose a wider range of sanction, up to five years disqualification.

A member can appeal to the First Tier Tribunal against a finding of breach and / or against the sanction applied.

The impetus for high ethical standards is mirrored by an emphasis on governance - the systems and processes, culture and values by which an organisation is controlled and directed.

Good governance is held to contribute toward improved performance, better services and stronger leadership. High ethical standards are recognised as a key component of good governance for example in CIPFA/SOLACE's good governance framework<sup>21</sup> and have been included as criteria in the Audit Commission's Comprehensive Area Assessment.

Alongside these developments was the growing concern that councils were becoming disconnected from their communities and that there was a need to rebuild trust in local councillors and confidence in local democracy.

Some characteristics of public disengagement with politics are falling voter turn out, falling civic engagement and falling party memberships. While the actual cause of this disengagement is not clear, it is not hard to imagine how public perceptions of members' standards of behaviour might influence public desire to engage in local democracy.

These concerns were reflected in two white papers which formed the government's Local Government Modernisation Agenda (the 1998 white paper Modern Local Government: in touch with the people, and the 2001 white paper Strong Local Leadership, Quality Public Services) and other legislation (Local Government Acts of 1999 and 2000).

The modernisation agenda sought to achieve<sup>22</sup>:

- improvements in local services
- more effective community leadership by councils
- increased accountability
- greater engagement of local stakeholders
- improved public confidence in local government.

Confidence and trust were closely linked with the issue of conduct so that better conduct by members and officers and being accountable (along with improved services) would result in improved confidence and trust.

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# Local standards; national perspectives

Annual Review 2008-09

## Standards for England

Fourth Floor  
Griffin House  
40 Lever Street  
Manchester  
M1 1BB

T 0845 078 8181  
F 0161 817 5499  
Minicom 0161 817 5449  
[enquiries@standardsforengland.gov.uk](mailto:enquiries@standardsforengland.gov.uk)  
[www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)

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# Foreword from the Chair and Chief Executive

The government's vision of a local standards framework is now in place. Authorities are empowered to investigate allegations of misconduct among their members. In parallel, Standards for England is in position to provide oversight, and to help bring a national focus to the promotion of high standards of behaviour among local government members.

On 8 May 2008, local authorities became formally responsible for upholding the high standards that communities expect of their members.

Our role at Standards for England consequently changed. We are now a strategic regulator that guides authorities in their execution of the local standards framework. We continue to investigate complaints, but only in cases that are not suitable for local authorities to settle themselves.

As a strategic regulator, we take oversight of the local standards framework. Through our monitoring we assess how it works in practice and act, working with local authorities, to ensure it operates as intended. In 2008-09 we have been busy putting arrangements in place so that the framework functions effectively. One of our tasks for 2009-10 will be to use this experience to review and develop our regulatory approach and philosophy.

This year's annual review is different to those of previous years. It focuses, first and foremost, on our view of what is happening among our regulated community. This has been informed by our monitoring and our research.

You can read our opinions and see the facts and figures in the first section of this review: we have summarised some key conclusions overleaf.

The second section deals with what Standards for England has been doing to position itself as a strategic regulator during this first year. This has included a small but significant change we have made in our name; to emphasise our purpose, rather than our previous functional role.

We know there is more to be done in 2009-10. However, we are well on the way to having all the skills and tools we need to be an effective strategic regulator who makes a positive contribution to standards in public life in England. In addition, our change of role, along with the effects of our relocation from London to Manchester in 2007, has helped us to reduce our costs in the 2008-09 financial year.

As in previous years, information in this review complements information on our financial accountability and performance published in our Annual Report and Accounts, available from our website.



Glenys Stacey  
Chief Executive

Dr Robert Chilton  
Chair



# Key conclusions

## High standards

Standards of behaviour among members of English local authorities are generally high. There are relatively low numbers of complaints overall – one for approximately every 25 members on average each year. A small number of these are found to be sufficiently serious to require the most severe sanctions available under the local standards framework – disqualification and suspension. During 2008-09, 15 members were suspended or disqualified, and in a further ten cases members were suspended pending some action on their part, often writing an apology.

## Framework established

Authorities have given good commitment to their duties to establish and operate a local standards framework. They have received enthusiastic support from independent chairs and members of standards committees. Standards committees are established and functioning across the country.

## Local assessment

Numbers of complaints are broadly consistent with previous years when they were all received by the Standards Board. More than half come from members of the public, more than a third from members of the authority concerned. While half of complaints are dismissed at initial assessment, significantly more than under the previous regime are being investigated and more than two thirds of all investigations are revealing no breach of the Code. A balance has to be struck: an open and robust complaints process supports the public's confidence in local democracy while we need to ensure that public funds are used appropriately. This is a picture we want to understand more fully as the local framework matures during 2009-10.

## Parish challenge

In a small but not insignificant number of authorities, taking on the role of overseeing standards for local parish and town councils has been onerous. The medium-term solution to such issues is for principal authorities to provide leadership in the good governance of the local councils in their area. We are working with representative groups active in this sector to find ways of facilitating this. At the same time we are advising a number of authorities on practical steps they can take to deal with difficult parish issues.

## Proportionality

A key responsibility for Standards for England in 2009-10 will be to reach judgements over the proportionality of the local standards framework, with regard to issues such as effort expended, timeliness, cost, and sanctions. We will do this in the context of maintaining the public's confidence in ethical standards in local government. We will also be making recommendations to government regarding how the framework might be optimised to meet their objectives. Views of all of our stakeholders and of the public will be important in forming these judgements.

## Public confidence

While there is considerable officer and member confidence in the Code of Conduct and in the local standards framework's ability to uncover and deal with poor standards, the framework has made little impact on the public. We would like to see local authorities use this framework to engage their communities and to raise public trust in local democracy.

# 01

The local standards framework:  
One year on





**We begin our Annual Review with our overview of how things went during the first year of operation of the local standards framework. This will show how the new arrangements are working where it matters, at a local level.**

To help us understand the impact of the local standards framework, after May 2008 monitoring officers of the 473<sup>1</sup> local authorities within our regulated community were required to send us periodic information. They have reported back on their standards committees and on complaints

received about member conduct. This reporting took the form of quarterly updates and our first annual survey on standards committee activity, which took place in May 2009.

We use this information throughout this part of the review. You will also find spotlights on some of the local authorities whose notable practice was identified in the annual survey dotted throughout the following pages.

A full report of the responses received from the annual survey is available from our website, along with statistical information on our quarterly returns.

<sup>1</sup> Figure correct on 31 March 2009.



## The local standards framework 2008-09 in numbers:

2,863

complaints were received. (2,693 of them had been assessed by the end of the financial year).

Standards committees decided to take no further action on

**over half**

of all complaints received and to refer almost

345

local authorities dealt with at least one complaint about member conduct.

**a third**

for investigation.

The average number of complaints received by these authorities was

8

In almost

**40%**

of cases where the standards committee decided to take no action, the person making the complaint asked for the decision to be reviewed. In

3

local authorities received more than 50 complaints.

**93%**

of reviews, the original decision was upheld.

128

local authorities received no complaints.

**12%**

of complaints were referred to the monitoring officer for other action<sup>2</sup>.

**More than half**

of all complaints were made by the public, and over a third by council members.

**6%**

of complaints were referred to Standards for England.

Standards committees took an average of

**20**

working days to make initial assessment decisions about complaints.

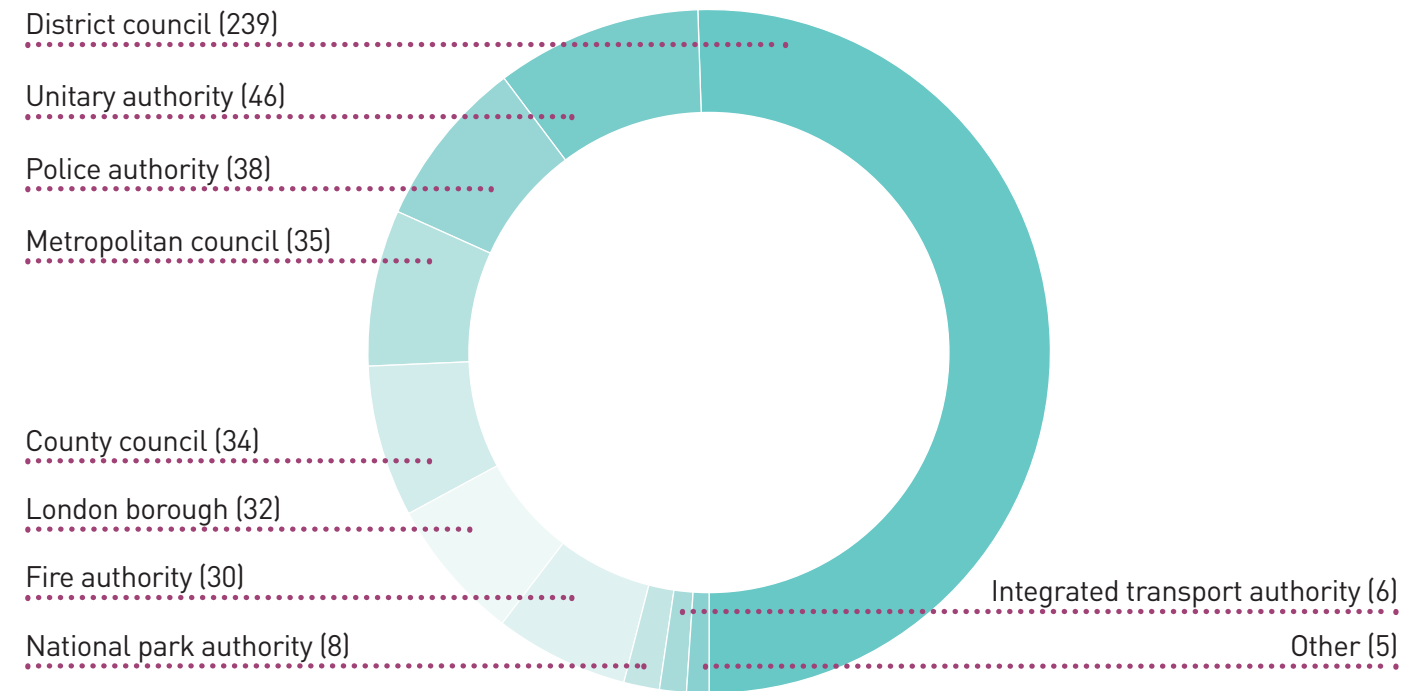
<sup>2</sup> When a standards committee decides to take steps other than carrying out an investigation when dealing with a complaint.

# 1.1

## About standards committees

- A standards committee is a group of people appointed by an authority to help maintain and promote high ethical standards. Standards committees are made up of councillors, or members of the authority, and independent people (who are not councillors or employees of the council or authority).
- An independent person should always act as the chair of the committee.
- In an area that has town or parish councils, some members representing those councils will be on the standards committee.
- Almost all standards committees have agreed terms of reference, which describe the committee's purpose and structure.
- Just over 50% of standards committees have a forward work plan, detailing key activities and significant decisions to be undertaken in the future. Generally, the forward work plan is agreed by the standards committee itself. But in around one in ten standards committees the authority leader or group leaders are also involved.
- Our monitoring suggests that almost all authorities have established properly-constituted standards committees. Occasional anomalous quarterly returns usually indicate a short-term vacancy which is being addressed.
- A typical standards committee has ten members, including four independent members. In an authority without parishes it has nine members. In an authority with parishes it is larger with 11 members, including three parish representatives.
- Each authority sets up a standards committee, and the numbers of authorities in 2008-09 are shown opposite<sup>3</sup>.

### Regulated authority types 2008-09



<sup>3</sup> Figures correct on 31 March 2009.

# 1.2

## Receiving, assessing and reviewing complaints

### Making a complaint

In our annual survey, we asked how standards committees had publicised the new complaints system.

Under the new regulations, local authorities have to inform members of the public about how to make complaints. They chose to do this in a variety of ways, the most common of which (94%) was via the authority's website. We think that this is neither as easy to find or as well presented as it could be in many cases.

Other popular publicity methods were:

- the local press (43%)
- council newsletters to all households (34%)
- posters and leaflets displayed in public buildings (24%)
- complaints leaflets (17%)

We believe there remains lots of scope for further developing publicity in the majority of authorities.

Some authorities carried out advertising jointly with other local authorities in the area, and some gave information about how to make a complaint to the Citizens Advice Bureau.

Individual authorities have used a variety of other interesting and innovative strategies to publicise the new complaints process, as shown in these examples of notable practice.

### Notable practice:

#### Publicising the process for making complaints

**Bolton Metropolitan Borough Council** has a dedicated website for standards issues.

**Bristol City Council** places an advert detailing the complaints process on employee payslips.

**Dorset County Council's** monitoring officer was interviewed on local radio station, lvel FM.

Some members of the **Epping Forest District Council** standards committee were interviewed by the local press on conduct issues.

**Harborough District Council** placed an article in a publication circulated to all households with their council tax bills.

The chair of **Plymouth City Council's** standards committee gave an interview to the local press.

**Taunton Deane Borough Council** distributed leaflets in post offices.

### Receiving complaints

There were 2,863 complaints recorded by 345 different authorities between 8 May 2008, when the system went local, and the end of March 2009.

74 of the 128 authorities that did not receive any complaints are police, fire, integrated transport or national park authorities. This means that one in ten single purpose authorities received complaints.

Three authorities received more than 50 complaints. The largest number of complaints was 209, received by Sedgemoor District Council. This was mostly due to a single complainant and we are engaged with Sedgemoor to help them address this issue.

East Riding of Yorkshire Council received 71 complaints. This is due to their large amount of parishes and also reflects the fact that East Riding has been good at publicising the process for making complaints.

It is to be expected that authorities with large numbers of parishes will generate more complaints. Indeed, it is of concern to us when such districts generate few complaints. In these cases, we have been exploring the levels of public awareness in the areas concerned.

The third authority to receive more than 50 complaints was South Gloucestershire Council, with 57 complaints. This was chiefly due to four of its parish councils who were having a high level of member on member complaints.

More than half of all complaints were made by the public, and over a third by council members. The remainder came from officers, parish or town clerks, MPs, and other sources.

Source of complaint	Total	Percentage
Member of public	1,552	54
Member	1,033	36
Council officer	110	4
Parish/town clerk	78	3
Monitoring officer	8	Less than 1
MP	4	Less than 1
Other	78	3

## Assessing and reviewing complaints

Standards committees decided to take no further action on over half of all complaints received and to refer almost a third for investigation.

The initial assessment decisions that were made are shown in the chart below<sup>4</sup>.

As the chart shows, 12% of complaints were referred to the monitoring officer for other action. Other action is when the standards committee decides to take steps other than carrying out

an investigation, such as training. 6% of complaints were referred to Standards for England because the standards committee believed it was not best placed to deal with the matter locally.

Standards committees took an average of 20 working days to make initial assessment decisions about what to do with complaints. But some standards committees took three months or longer over particular decisions.

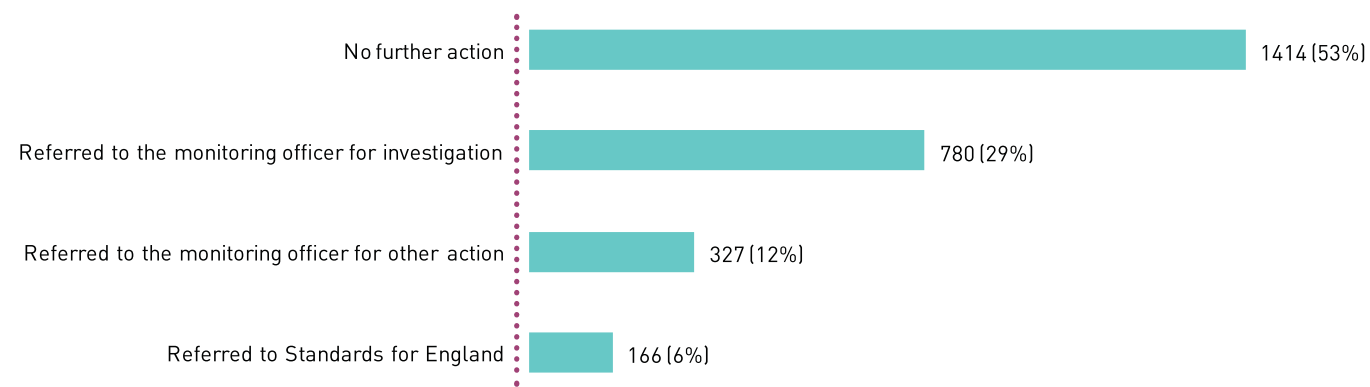
At Standards for England we are keen to ensure assessment times are kept low for the benefit of both complainants and subject

members, and we act promptly to raise poor performance with authorities when it occurs.

In almost 40% of cases where the standards committee decided to take no further action, the person making the complaint asked for the decision to be reviewed. 384 reviews had taken place by the end of the year and in all but 7% the original decision was upheld.

A finding of 'no case to answer' is, of course, of value. It exonerates members of complaints which might have otherwise attracted considerable publicity.

### Initial assessment decisions



<sup>4</sup> Please note that, as some complaints were not received by authorities until late in the year, not all of them had made initial assessment decisions by the time of the annual survey.

170 complaints had not been assessed as of 31 March 2009.

## Case study

# Redcar and Cleveland Borough Council



**Redcar and Cleveland Borough Council tries to ensure that members have all the help they need when it comes to the Code of Conduct.** The declaration of interest form that is provided at every meeting has a set of guidelines on the back to make it easier for members to determine the nature of their interest, for example, and members also take the Improvement and Development Agency's 'Modern Councillor' course.

The standards committee's work plan is designed to be flexible, and is constantly reviewed and updated.

The work plan can also be informed by meetings between the independent standards committee chairs from Redcar and Cleveland and its neighbouring authorities, which are invaluable for sharing ideas and good practice.

The chief executive also meets with the monitoring officer regularly and discusses issues of standards and probity. This is a good indicator of the importance placed on standards and ethics within the authority – the commitment to standards and good governance is there at the top, and the council has an ethical governance team.

As well as being strongly committed to standards and ethics, Redcar and Cleveland also aims to be open and transparent about such issues. Standards committee minutes are posted on the council's website and agendas are available as hard copies.

L-R:

**Barry Smith**  
Standards committee vice chair

**Richard Frankland**  
Monitoring officer

**Councillor Brenda Forster**  
Standards committee member

**Les Manship**  
Standards committee chair

**Peter Scott**  
Standards committee member

# 1.3

## Local investigations

The following pages deal with local investigations – 233 investigations were completed at local level during the year. Details of the cases that are dealt with by Standards for England when they are not suitable for resolution locally are available in the second part of this review, on page 48.

The percentage of complaints being referred for investigation shown in the graph on page 14 (29%) appears to be higher than under the previous regime, when the Standards Board made all initial assessments. In 2007-08 for example, only 14% of complaints were referred for investigation. However the two figures are not directly comparable because of changes to the Code and the options available at assessment.

It is possible that as standards committees become more expert and more experienced at making assessments the percentage referred will fall. We recognise that the local standards framework needs to deal effectively with the issue of trivial, vexatious and political ‘tit-for-tat’ complaints and we will be looking closely at the number and nature of cases investigated as the framework matures.

In seven out of ten investigations, no breach of the Code was found. In the majority of the other investigations that did find a breach of the Code, the standards committee decided to impose a penalty on the member.

No breach	158
Breach with penalty	56
Breach with no further action	10

Standards for England would like to look at the balance between decisions to investigate and the proportion of investigations finding no breach, with a view to minimising unnecessary investigations.

Investigations took an average of 100 working days, but a small number took more than twice the average time. However around 5% were completed in less than 30 working days. While we appreciate the need to be thorough, we believe there is scope for concluding a larger proportion of investigations more swiftly, and we will look at this in more detail in 2009-10.

### Local investigations: A summary

# 780

complaints were referred to the monitoring officer for investigation; this is 29% of those assessed.

# 233

of these had been completed by the end of the year.

The investigation of complaints took an average

# 100

working days to complete, and

# 29%

of investigations found that the Code of Conduct for members had been breached.

The most common breaches of the Code involved failure to treat others with respect and behaving in a manner that could bring the authority into disrepute.

### The parts of the Code of Conduct breached were:

Description	Number of breaches	Part of the Code
You must treat others with respect	37	Part 1 3(1)
You must not conduct yourself in a manner which could bring your authority into disrepute	28	Part 1 5
Personal interest – failure to declare	16	Part 2 9(1)
You must not disclose confidential information	11	Part 1 4(a)
Prejudicial interest – failure to withdraw	11	Part 2 12(1)(a)
You must not bully any person	7	Part 1 3(2)(b)
You must not intimidate or threaten to intimidate any person who is likely to be involved in a complaint	5	Part 1 3(2)(c)
You must only use the authority’s resources in accordance with its requirements and must not use the authority’s resources for political purposes	5	Part 1 6(b)
You must not use your position to improperly confer an advantage or disadvantage for yourself or any other person	3	Part 1 6(a)
You must not compromise or attempt to compromise the impartiality of anyone who works for the authority	2	Part 1 3(2)(d)
You must not do anything which could cause your authority to breach equality laws	1	Part 1 3(2)(a)
Prejudicial interest – seeking to improperly influence	1	Part 2 12(1)(c)
Prejudicial interest – attended meeting for purposes not available to the public	1	Part 2 12(2)
Failure to register interests	1	Part 3 13(1)

### The sanctions imposed were<sup>5</sup>:

Description	Number of times used
Training	22
Censure	18
Apology	16
Suspend	11
Suspend pending action	10
Refer to Adjudication Panel for England	6
Conciliation	2
Partly suspend pending action	1

<sup>5</sup>Note: More than one sanction can be imposed when a breach of the Code is determined.

## Informing members of the results of investigations

Our annual survey looked at the way in which standards committees have informed members about the results of investigations. A range of methods were used, the most common being:

- report to the standards committee
- standards committee minutes and meeting agendas
- report to the full council
- letter to the member concerned (with or without a copy of the report)
- authority's website
- press announcements.

Other methods of communication used included email, intranets and keeping hard copies of the documents available for inspection. Ten authorities (2%) said they did not communicate the information to members at all.

It is important that all authorities consider how best to communicate the findings in individual cases. This is to meet the goals of learning for members and transparency, while at the same time having regard for natural justice.

Individual authorities have adopted some interesting approaches to communicating results to members. The box below gives some examples.

We gathered information about whether standards committees informed members about decisions not to investigate, either because the case was referred for other action or because the assessment sub-committee decided to take no further action.

Authorities were less likely to inform members about a decision when an investigation did not result from it. Some authorities gave reasons why they did not publicise this information to members.

For example, a London borough told us that it does not communicate 'no further action' decisions, and would be unlikely to communicate 'other action' decisions as no guilt has been determined but may be inferred.

Where authorities did share the information, it was not always given to all members. Some authorities communicated the information to full council, some to group leaders, some to parish councils. The information that was given out also varied. Most commonly it included minutes and agendas of standards committee meetings, reports on a regular basis and decision notices.

## Notable practice:

### Communicating information to members

**South Cambridgeshire District Council** ensures parish councils are kept informed via the Standards Committee Parish Council Newsletter.

At **South Holland District Council**, complaint outcomes are used in training sessions.

Officers and members at **South Kesteven District Council** are provided with weekly information detailing decisions and findings that have been made.

**Taunton Deane Borough Council** and **Three Rivers District Council** both send copies of press releases to all members.

## Informing the public of the results of investigations

We were disappointed that authorities weren't doing more to inform the public about standards hearings. This is important both to raise public trust that complaints are properly dealt with and to guard the framework against allegations that it lacks transparency.

The most common methods used by authorities were press notices (32%) and the authority's website (23%). But often the information on websites is hidden among records of standards committee meetings rather than being featured clearly as the outcome of a complaints process.

Smaller numbers of authorities mentioned that they made documents available for public inspection, held hearings in public, published the findings in the council newsletter and/or had special arrangements for town and parish councils.

The most common type of information to be provided to the public was papers associated with standards committee meetings (minutes, agendas and reports), followed by annual/regular update reports. Eleven authorities told us that they do not communicate the findings of hearings to the public at all.

We will continue to emphasise the importance of ensuring the work of the standards committee gets adequate publicity, and we encourage the involvement of the authority's own communications advisers in planning and preparing for that.

Only a handful of authorities informed the public when cases were not investigated. A small number of authorities decided whether to publicise the decision on a case-by-case basis. Where information was made available to the public, the most common format was through standards committee papers, which were often made available on the authority's website or for inspection at council offices.

## Notable practice:

### Communicating information to the public

At **Taunton Deane Borough Council** hearings are held in public and are webcast.

**South Cambridgeshire District Council's** panel chairmen have received media training and advice on how to handle media enquiries.

**South Tyneside Metropolitan District Council** has a media protocol that sets out the publicity issued at the various stages of dealing with complaints.

At **Stratford on Avon District Council** the outcome of a hearing was sent to the clerk of the parish council, who arranged for the councillor's apology to be published in the parish council's newsletter.

# 1.4

## Promotion of standards of conduct in public life

An important part of a local standards committee's work is underlining the benefits of ethical standards in local government to create a sense of 'ethical well-being' in the authority. Here we share information about some of the activities that standards committees are engaged in to promote good standards.

We believe there needs to be a clear culture of high standards in every authority. Standards committees and monitoring officers are at the heart of the standards framework and have a duty to promote, educate and support members in following the highest standards of conduct and ensuring that those standards are fully owned locally.

Over the past year, standards committees across the country have undertaken a variety of activities to raise awareness of their role and of ethical standards issues. They have promoted standards both within local government and to the wider public. The activities undertaken fall broadly into six categories, outlined over the pages that follow:

- a) **Training**
- b) **Meetings of the council**
- c) **Publications**
- d) **Informing and engaging the public**
- e) **Promoting standards in partnerships**
- f) **Other ways of promoting standards**

Standards for England is particularly keen to see and share good practice in this area. In 2008-09 we sponsored, for the first time, a Local Government Chronicle Award for councils which can demonstrate high levels of commitment to standards and ethics (see page 45).



### a) Training

A specific function of a standards committee is to train members on the Code of Conduct, or arrange for such training. A standards committee can also arrange training on the local standards framework. Over half of all standards committees in England said they have been involved in the arrangement or delivery of training. This often included the induction of new members and officers.

Some standards committees put together programmes of regular training, while others preferred to arrange training in response to specific requirements, such as information sessions explaining changes to the Code.

Training programmes on the local standards framework focused on the following areas:

- the role and function of the standards committee
- how to conduct an investigation
- determinations and sanctions – the decisions following investigations as to whether a member has breached the Code of Conduct and which sanctions it is appropriate to apply
- other action – how to identify when it may be appropriate for a standards committee to direct the monitoring officer to take steps to resolve a complaint without carrying out an investigation.

Examples of standards committee involvement in more specialised training include:

- training on member roles, such as what the requirements of being a parish councillor or independent member are
- chairing skills
- understanding and preparing for interaction with the media
- equality and diversity
- utilising Standards for England's guidance materials and feeding back from our Annual Assembly.

Standards committees have employed a mixture of methods to deliver training, and we are encouraged by the energy that has been put into helping to educate members and officers.

We fully support training that seeks to embed and establish the ethical framework as part of corporate life. But we also understand that local authorities have limited resources to invest in training to promote and raise standards.

Examples of training methods used by local authorities include:

- in-house training delivered by the standards committee or other people in the local authority
- induction of new members

- commissioning external training partners
- attending conferences
- group workshops using case study style materials
- using Standards for England training materials and attending the Annual Assembly
- approaching Standards for England to discuss inviting representatives to speak at meetings or contribute to seminars
- general seminar and Q&A sessions with guest presenters
- joint training events with other local authorities
- online training.

## Notable practice:

### Identifying and assessing member training needs

At **Leicester City Council** all members have undertaken a skills audit designed to test knowledge and understanding of constitutional and ethical issues. Also, bite-sized learning is available on a number of topics in this area – training on the Code of Conduct is mandatory.

The standards committee of the **London Borough of Islington** agrees the member training and development programme each year. It is based on feedback from the previous year's programme, discussions with the party whips, and from responses to an annual members' survey. The programme is split into specific skills training, knowledge based events, 1:1 support and group support.

## Case study

# Leeds City Council



**Shortlisted in the Standards and Ethics category at the 2009 LGC Awards, Leeds City Council has a strong track record of making standards a central part of its culture.**

Standards committee chair Mike Wilkinson explained how the committee has sought to get involved in various activities to promote ethical governance. These activities form a communications plan which covers awareness-raising work aimed at members, including parish councillors, and the general public. An annual standards committee report is made available to the local press and to the public via the council's website. This report not only outlines the past year's ethical successes but also sets out the standards committee's planned work for the months to come.

In terms of advertising the complaints process itself, Leeds City Council has placed notices in

local press and council buildings. It also contacted the city's many Citizens Advice Bureaux with notices for them to display and letters explaining the new system, should they be asked to help a member of the public with a complaint about an elected member.

Training and development for members has been made easier with the provision of an e-learning course, Cracking the Code. It covers general obligations and members' interests. The benefits of e-learning materials are that they can be used by busy members at times that suit them. This is particularly useful in reaching parish councillors. By making sure that training on key aspects of the Code is readily and conveniently available to parish members, Leeds City Council has been able to help prevent potential problems before they occur.

**Mike Wilkinson**  
Standards committee chair

## b) Meetings of the council

Standards committees can promote their role by ensuring there is an ethical standards presence or voice at council meetings. This is accomplished in a variety of ways.

Firstly, some standards committee members take an observer role at other council meetings. This allows them to experience council business and member conduct first-hand, before reporting back to the standards committee.

Attending meetings in this way helps standards committees to

assess how well the standards framework is working. If the observer notices unethical member behaviour, it can be a way of identifying issues that could be 'nipped in the bud' before they escalate into a problem.

Secondly, some authorities place a standing item about standards on the agenda of other meetings. This ensures that standards issues are regularly discussed and remain at the forefront of council business. We are in favour of the practice

of the chair of the standards committee or the monitoring officer bringing regular updates on Code and standards issues to the full council meeting.

Another way in which standards committees can promote their role is through joint meetings with other committees or groups. This includes the overview and scrutiny committee, and audit committee. Many standards committees also hold regular meetings with their parish groups.

## c) Publications

Almost a fifth of standards committees contribute articles to council newsletters. Many produce regular briefing documents that highlight key standards issues and outline recent activities.

Use of an intranet was cited heavily as a way to get the work of the standards committee onto the map within the authority. Several standards committees have their own sections on the council website and intranet, where they publish news items, training materials, minutes and reports.

### Standards committee annual reports

We're pleased to see that 60% of standards committees produce an annual report on their own work. One in ten authorities uses this as a way of promoting standards issues both internally and externally.

Most standards committees publish their annual report on the council website. It's more visible as an independent publication but can be hard to find if part of a broader set of papers, such as agendas and minutes from meetings.

One in every ten standards committees issues a press release on the standards committee's annual report. A similar percentage ensures that the report gets sent to

parish and town councils, often via parish clerks or representatives on the standards committee.

Some standards committees make the report available through copies in local libraries, having copies on hand during council meetings that are open to the public, or by sending the report to neighbouring authorities.

### The creativity of standards committees

One of the more innovative methods of raising awareness is to conduct poster campaigns. So far, a small number of standards committees have been involved in producing posters and leaflets to promote their role or to bring member and officer attention to ethical issues.

An example of this is shown to the right.

This is an area where Standards for England is keen to see more good practice develop.





## Case study

# Mansfield District Council



**Sheila Ormerod**  
Standards committee chair

**Mansfield District Council is an example of an authority with a commitment to standards from the highest level.**

Monitoring officer Anita Bradley meets regularly with the executive mayor to discuss relevant issues and decide whether they fit the standards committee's remit. Discussions may also take place with the cabinet, and the managing director has a role in contributing to the forward work plan before it is run past the committee.

As well as putting standards at the heart of its own governance, Mansfield also tries to monitor and ensure high standards when it works with external partners. The council has a Partnership Protocol Toolkit which it uses to evaluate all the council's significant partnerships each year. This includes assessing risks against particular criteria – including governance risks and levels of conduct.

This means that Mansfield District Council is also well-placed to talk to partnership organisations about ethical governance. The council's monitoring officer has visited a local Tenants and Residents Forum, for example, and talked to the Forum's members about standards to encourage them to take an ethical approach, using the Ten Principles of Public Life as a starting point.

The authority's member-officer protocol is designed to run on 'mutual respect', and much is done to boost awareness of it. It is part of the council's constitution and is available on its website. It is also given to all new employees when they are appointed and to members on their election. To promote the protocol further, articles have also appeared in the council's internal newsletter, *Insider*. Training sessions for members also help to clarify things further.

When it comes to actual standards complaints and their outcomes, the authority has tried to balance openness and transparency with a positive and forward-looking approach. The monitoring officer produces briefing notes based on the issues raised in the complaint. This enables her to draw learning points from the process which can be looked at as part of the standards committee's agenda, and has also helped to make members more aware of how the Code of Conduct is applied and when a complaint is or is not appropriate.

## d) Informing and engaging the public

Getting the wider standards message across to the public is a challenge. The council website is by far the most popular vehicle for promoting confidence in local democracy to the public.

Although almost half of standards committees say that they keep their council websites up-to-date with all

the latest ethical standards news, there is clearly scope for improved communication and higher profile.

Some standards committees have opted to survey public perceptions to gain awareness of current understanding before starting to build up their profile and, in turn, public confidence. A better

informed, more strategic approach like this may begin to show results throughout the next year.

## e) Promoting standards in partnerships

Local authorities and standards committees have been taking an interest in the governance arrangements of partnerships. Almost half of the local authorities in England have taken the time to consider how they monitor and ensure high standards of behaviour when working in partnership with other organisations.

Over a third of the authorities that took an interest in this have employed a protocol, code of conduct, or memorandum of understanding between themselves and the partner organisation. And many standards committees played an important part in the drawing up of this kind of partnership

arrangement, by offering advice, guidance, or training related to relevant ethical matters.

Some standards committees were also involved in risk assessments, reviews, or audits of partnership arrangements, paying close attention to ethical standards issues. Standards for England is keen to encourage progressive standards committees in sharing good practice with others. We have ourselves been looking at the standards risks inherent in partnerships, and this is discussed on page 47.

## f) Other ways of promoting standards

Standards committees are also involved in a number of more imaginative practices.

Some standards committees are engaged in specific ethical governance activities, such as self assessment and standards surveys. Some have played a part in arrangements for staging 'ethical awareness weeks', where standards issues are brought to the fore.

One way that standards committees can help nurture strong ethical standards is to embed them in their authority's human resources framework. Many standards committees contribute to inductions and training, and a few have ensured ethical standards are considered in relation to recruitment or performance appraisal procedures.

## Notable practice:

### Standards in partnerships

**Suffolk County Council** organised a seminar on ethical governance, which included a focus on 'What is good ethical behaviour in partnership working?'

**Swindon Borough Council** invited partners to a 'standards in partnerships master class'.

## Notable practice:

### Other ways of promoting standards

**Buckinghamshire County Council** holds annual officer quizzes that include questions on standards.

## Case study

# Bromsgrove District Council



L-R:

**Claire Felton**  
Monitoring officer

**Councillor Ted Tibby**  
Standards committee member

**Debbie Roberts**  
Standards committee  
independent member

## Bromsgrove District Council is proud of the improvements it has made in its approach to standards and ethics.

To coincide with the start of the new local assessment system, Bromsgrove published articles in its own publication, 'Together Bromsgrove', delivered to every household in the area. They also issued press releases to the local media.

The standards committee's annual report is circulated to the district's libraries and parish councils as well as the council's Customer Services Centre and Planning reception. Automatic updates on related matters are emailed to key internal and external contacts, including the local press, and the council's website is also used to promote the standards committee's work.

Much of Bromsgrove's publicity around standards has highlighted the positive role that members have in working to improve communities, while at the same time reminding the public what to do should their councillor appear to be falling short of the high ethical standards expected of them.

Importantly, Bromsgrove District Council is also making sure that its successes in raising awareness are measurable. An annual performance indicator has been set based around responses in the council's annual survey, with a benchmark set for the percentage of respondents who know how to raise issues under the local standards framework.

With the emphasis on development, training has included small workshops on the Code of Conduct and informal one-to-one meetings

with the monitoring officer and deputy monitoring officer, which have not only proved useful in reminding members of their obligations under the Code, but also in building good working relationships. Development needs for parish councils – Bromsgrove has 21 – were identified through face-to-face meetings. It is a pre-emptive approach which aims to prevent potential pitfalls rather than waiting for complaints to come in.

A demonstrable commitment to promoting and maintaining standards at Bromsgrove was made when a full-time officer was appointed to deal specifically with standards and ethics related work within the council.

# 1.5

## Helping members to follow the Code of Conduct

Over the past year, standards committees and their associated officers have carried out a range of activities to help members to follow the Code of Conduct.

In addition to training, discussed on page 21, other common activities included:

- briefings
- advice from officers
- providing members with Standards for England publications (such as our *Bulletin*, guidance and DVDs)
- giving regular reminders to declare interests
- having a legal adviser available at meetings
- providing members with their own copy of the Code
- providing information via email or the council intranet.

Other interesting initiatives included: providing a flow chart that explains when to declare interests, supplying members with information about decisions from the Adjudication Panel for England and enlisting officers to proactively check the register of interests before meetings.

## Notable practice:

### Helping members to follow the Code of Conduct

**The City of Bradford Metropolitan District Council** circulates guidance notes to groups and parish councils. Contact details for the monitoring officer have been provided to the parish councils through the parish council liaison committee.

**Leicester City Council** recently produced a guide to declaring interests at ward community meetings that is being used by members.

**Redcar and Cleveland Borough Council** periodically print messages from the standards committee on the reverse side of members' Declaration of Interest forms.

## Case study

# Stockton-on-Tees Borough Council

**At Stockton-on-Tees Borough Council, the standards committee's forward work plan is informed by comments from people across the council, both officers and members, and also meetings between the chief executive and monitoring officer David Bond, who initiates the plan's proposed content.** David also discusses the plan with the senior legal assistant, who administers the authority's local assessment arrangements, the cabinet member for standards ethics, and with the council's political group leaders.

It is an all-inclusive approach that enables the monitoring officer and the standards committee to get different perspectives on ethical issues. The plan is reviewed and revised on a monthly basis. And in keeping with this approach, the standards committee also has a role in reviewing the council's constitution.

Partnership working is an area to which Stockton-on-Tees has devoted considerable attention and made excellent progress. The council has developed a partnership toolkit to help all those involved set up proper structures to manage their partnerships. The governance arrangements for them are based on the six principles of good governance and the standards expected in public life. The internal audit service reviews these arrangements based on those principles and standards.

Moreover, any partnership that the council is part of has a nominated link officer, whose role includes alerting the council to any potential issues, such as conduct and decision-making. The link officer also undertakes periodic self-assessment 'health checks', a sample of which is audited each year to ensure their reliability and which can also pick up any concerns quickly and allow them to be swiftly resolved. Ethically-sound partnerships are considered essential and the council's commitment in this area continues to grow.

Stockton-on-Tees is proud of its ethical standards and has taken lots of steps to promote the standards framework to its many different audiences, raising its profile as much as possible. Standards committee members have visited town and parish councils as well as full council, planning, licensing and scrutiny meetings in order to meet councillors at all levels. When it comes to the general public, the council has a dedicated set of standards committee pages on its website, highlights the standards committee's work through the *Stockton News*, the council's external newsletter, and displays posters and information in libraries, council buildings and community centres.



**Francis Hayes**  
Standards committee chair



**David Bond**  
Monitoring officer

# 1.6

## Reviews of the authority's constitution (or standing orders)

Our annual survey asked standards committees to what extent they were involved in reviewing their authority's constitution (or standing orders). We think this is a good task for standards committees to engage in. Some authorities gave good descriptions of what they felt that the role of the committee was, as highlighted by the examples below.

Some committees are highly involved, or even central to the process. One in ten standards committees commented on all proposed amendments to the constitution, even if they were not directly related to standards. Almost a third of committees commented on proposed amendments, if they were related to the committee's terms of reference. Seven authorities told us that reviewing the constitution was a formal part of the committee's work plan.

Some authorities had reasons for not involving the standards committee in this work. In some, there was a specific committee set up to review the constitution. In others, it was the monitoring officer's responsibility.

The list below indicates areas of the constitution which have interested standards committees, over and above their statutory interests:

- the committee's own composition, procedures and terms of reference
- the authority's codes and protocols
- member-officer relations
- licensing and planning codes
- confidential reporting/whistle blowing
- officers' code of conduct
- corporate governance
- use of resources (including IT equipment).

In a few authorities the standards committee has also involved itself in gifts and hospitality, the role of the monitoring officer, financial regulations, anti-fraud and anti-corruption policies, members' allowances, members' websites, executive arrangements and audit arrangements.

## Notable practice:

### The role of the standards committee in reviewing the constitution

The standards committee of **Rotherham Metropolitan Borough Council** considers whether proposed amendments to the constitution will promote high standards in public life.

The standards committee of **Mid Suffolk District Council** provided challenge from a probity viewpoint.

At **Havant Borough Council** no changes to the constitution can be made without prior consideration by the standards committee with advice from the monitoring officer.

The standards committee at **Calderdale Metropolitan Borough Council** has a standing sub-committee named the Review of Constitution Working Party which deals with issues as they arise.

## Case study

# Suffolk Coastal District Council



**Hilary Slater**  
Monitoring officer

**The standards committee at Suffolk Coastal District Council plays an important role not just in overseeing issues involving the members' Code of Conduct but also in wider standards matters.** For instance, the standards committee periodically reviews a number of parts of the council's constitution, including the Officer Code of Conduct, the whistleblowing policy and the Codes of Good Guidance in Planning and Rights of Way.

Monitoring officer Hilary Slater finds their input very useful: as many of the standards committee members are not councillors and have a wide range of experience between them, their external viewpoints can be invaluable when it comes to practical, common sense suggestions. It also helps the independent standards committee members to get a feel for the wider council and how it works.

The authority works hard to raise the profile of standards and ethics internally, among both officers and members. Suffolk Coastal's intranet has its own standards page, and the monitoring officer makes sure officers and members are up to speed with their ethical obligations by periodically issuing reminders. These are sometimes prompted by questions members have asked, or are based on feedback from officers.

When it comes to the general public, Suffolk Coastal is keen to ensure that they are well-informed about member conduct. As well as an article in *Coastline*, the council's newsletter, to coincide with the launch of the local assessment system, Suffolk Coastal District Council's monitoring officer also worked with her counterparts across the county to produce a leaflet on how to complain. This was widely circulated to the county's libraries and council reception areas.

Working with neighbouring authorities has proved useful in other ways, too. Suffolk's monitoring officers meet regularly to share information and good practice, and discuss recent developments in case law or new Standards for England guidance. This contributes to regular updates to the standards committee at their meetings, and in turn, the standards committee chair presents the minutes to the full council. This means that the standards committee and its chair have a profile among members, and that councillors also get to hear about the standards committee's work and recent case decisions from elsewhere.

# 1.7

## Standards committees and leadership

Standards for England believes that a key factor in creating a strong ethical framework in authorities is clear ethical leadership from leaders and chief executives, setting the tone for the rest of the organisation.

In our annual survey, we were keen to ask authorities how closely standards committees and monitoring officers worked with political and officer leadership in their authorities.

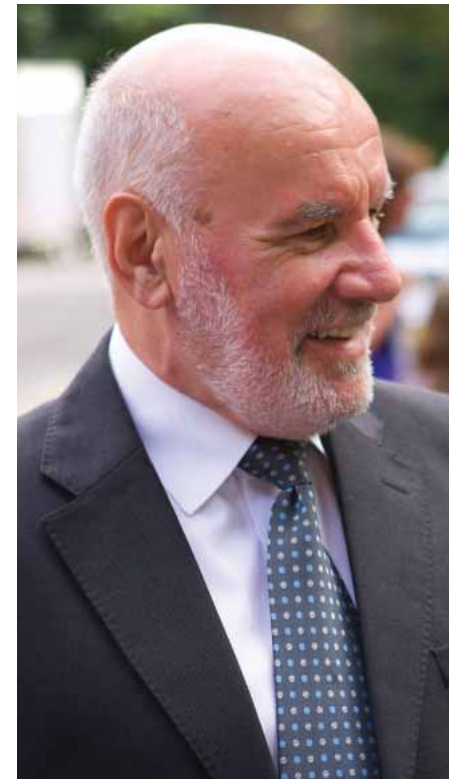
On average, standards committees (or standards committee chairs) met with the chief executive of their authority to discuss ethical issues at least once during the year.

We believe a regular dialogue on standards issues between the standards committee chair and the leader, senior politicians and senior managers is an indicator of healthy standards arrangements.

### The monitoring officer

In six out of ten authorities, the monitoring officer is part of the corporate management team. We feel the status of the monitoring officer, and his or her capacity and capability to advise the standards committee as it carries out its functions, are important for the success of the local standards framework.

We will continue to work with local government trade organisations to highlight the need for monitoring officers to have the necessary knowledge, skills and experience to carry out this role.



## Notable practice:

### Authorities whose monitoring officer and standards committee work closely with leaders

The chief executive officer, chair of the standards committee, and monitoring officer at **Guildford Borough Council** have a pre-meeting to discuss the agenda items before each standards committee meeting.

A similar activity takes place at **Shropshire and Wrekin Fire Authority**, where the chair of the standards committee and the chief fire officer, or his deputy, meet before each standards committee meeting.

At the **London Borough of Bexley**, the chief executive attends a standards committee meeting once a year to discuss ethical issues. They also welcome invitations to meet with the chair of the standards committee if or when specific ethical issues are identified.

# 02

Standards  
for England:  
Our work as  
a strategic  
regulator



# 2.1

## Setting the standard

This section of the Annual Review looks back at the work of Standards for England in the last year. 2008-09 was a key time for the organisation as we clarified the most effective ways to deliver our new role.

Here we review our work in the context of our main responsibilities as a strategic regulator. Our activity can be broadly divided into three principal tasks: pre-emption, prevention and protection.

- **Pre-emption:** maintaining the standards framework, encouraging members to comply with the Code of Conduct and maintain high standards, and supporting local standards committees.
- **Prevention:** assessing and evaluating risks to standards in individual authorities and in specific areas of work, focusing on authorities and sectors where we think standards are most at risk of breaking down.
- **Protection:** handling cases that are not suitable for local resolution, stepping in to protect and restore standards when they break down in an authority, and ensuring inappropriate behaviour is ended.



## Key achievements in 2008-09

### The local standards framework is successfully bedded in

While local authorities have made all the changes necessary to deliver the local standards framework, we believe Standards for England has played a significant role in guiding and assisting authorities to ensure its success. A total of 74% of stakeholders agree and only 9% disagree that improving members' standards of behaviour is now a local issue<sup>6</sup>.

### Consultation on the Code of Conduct

During the year we made a number of suggestions for changes to the Code of Conduct, which we think will make it easier to interpret and apply when the revised Code is issued later in 2009.

### Issuing guidance

We produced a comprehensive range of guidance materials around the launch of the new local framework. We also published further guidance following the introduction of the Standards Committee (Further Provisions) (England) Regulations 2009.

<sup>6</sup>BMG Research: Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and attitudes to the ethical environment).

<sup>7</sup>Excluding case related enquiries. Please see our Annual Report and Accounts, available on our website, for our key performance indicators.

<sup>8,9</sup>BMG Research: Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and attitudes to the ethical environment).

### Meeting the needs of the regulated community

We do this through our advice and guidance and with quick and substantive responses to enquiries<sup>7</sup>. There has been an increase of 15% in satisfaction with our work since 2004<sup>8</sup>.

### Gathering information from local authorities

We have built and implemented successful monitoring arrangements so that 99% of authorities are successfully completing quarterly returns.

### We delivered a fully-booked Annual Assembly promoting standards issues and procedures

The Autumn 2008 event was the most popular one we have ever run and achieved a 96% attendee satisfaction rating.

### Perceptions of standards of behaviour has improved

The percentage of our stakeholders who think standards of behaviour among members has improved has increased by 20% since 2004<sup>9</sup>.

# 99%

The average percentage of monitoring returns completed by local authorities for each quarter of the year was 99%.

# 15%

There has been an increase of 15% in satisfaction with our work since 2004.

# 20%

The percentage of our stakeholders who think the standard of behaviour among members has improved has increased by 20% since 2004.

# 2.2

## The standards environment

In 2008-09 we continued to develop and apply our independent expertise on standards both at a local level and in public life more generally, where standards and regulation are areas of much public interest.

We have been gathering information from local authorities and conducting research on how they feel the framework is working and their satisfaction with the new arrangements.

We have also begun to learn about its impact both from our research, including a five year study, and from our engagements with authorities that are experiencing problems.

And our unique role has been appreciated at an international level too, where we have contributed to international research on ethics.



## The developing local framework

In 2007-08, we responded to Communities and Local Government (CLG)'s consultation on new orders and regulations arising from the Local Government and Public Involvement in Health Act 2007, which amended the local standards framework.

We worked closely with CLG to develop the regulations, providing feedback and looking at early drafts as they were developed. This led to regulations being introduced on 8 May 2008 on the local assessment of complaints, the size, composition and proceedings of standards committees, and the sanctions available to standards committees.

We have put a process in place which allows authorities to provide us with information on the framework – our monitoring returns. This keeps us up-to-date with the function of the framework. Authorities have been responsive in providing us with information on their experience every quarter, and the average percentage of returns completed for each quarter of the year was 99%. You can find out more about our monitoring returns on page 47.

Our annual survey of local authorities into their satisfaction with us found the majority (72%) supported the devolved local standards framework<sup>10</sup>.

You can find out more about the results of the annual survey and monitoring returns in the first section of this review.

Our stakeholder research also showed that:

- 94% of members and officers support the need for members to sign up to the Code of Conduct – up by 10% since 2004.
- 83% consider maintaining high standards of behaviour to be one of the most important issues facing local government.
- 75% of stakeholders have confidence in the way their local standards committee deals with complaints about members.
- 89% are confident that their authority is doing a good job of upholding standards.
- 47% of stakeholders think members' standard of behaviour has improved in recent times.

During the year we made a number of suggestions for changes to the Code of Conduct, which we think will make it easier to interpret and apply when the revised Code is issued later in 2009. We anticipate that the main change will be to allow the Code to cover members in their non-official capacity, where that conduct would be a criminal offence. We have also been informed that further consultation on the introduction of a code for officers is likely to take place in 2010.

# 94%

support the need for members to sign up to the Code of Conduct.

# 83%

consider maintaining high standards of behaviour to be one of the most important issues facing local government.

# 47%

of stakeholders think members' standard of behaviour has improved in recent times.

<sup>10</sup> BMG Research: Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and attitudes to the ethical environment).

## Impact on the public

We have been successful in improving member behaviour (according to local government) but this has not translated into improvements in public trust in members nor public belief in improvements in their behaviour. Similarly, while local government is confident that local authorities will uncover, and deal appropriately, with poor behaviour, the public is not.

In 2009 and post the MPs' expenses scandal, public levels of trust in local councillors remains largely unchanged compared to 2007<sup>11</sup>. However, while members, monitoring officers and parish clerks tell us that member behaviour has improved over recent times<sup>12</sup>, most of the general public say it has stayed the same<sup>13</sup>.

Overall, the public are less confident than officers and members in their local authorities' ability to uncover a breach in standards. They are also less confident that, having uncovered a breach, their local authority would deal with it appropriately<sup>14</sup>.

The public's confidence in local authorities' ability to uncover and deal appropriately with breaches by local councillors has dropped since 2007<sup>15</sup>.

Public awareness of the local standards framework is low. For example, less than one in five members of the public know that their local authority has a standards committee (19%). And of those, 79% say they know 'not very much' or 'nothing at all' about what it does<sup>16</sup>.

We believe that local authorities and their standards committees need to engage with their communities to raise public awareness of the existence of the local standards framework and the protection it affords. This could contribute to bolstering public confidence in local authorities and member behaviour, and public trust in local politicians.

Only

# 19%

of the public knows that their local authority has a standards committee.

## Challenges and concerns

Throughout the year we have been aware, through our close contact with monitoring officers and standards committee members, that there are particular challenges and concerns associated with running the local standards framework.

As a strategic regulator we will continue to monitor, evaluate and respond to these.

Some challenges, for example the need to use other action appropriately, have led us to issue further advice and guidance. Concerns, for example that the workload and costs inherent in running the standards framework might be excessive, need us to reach a measured and evidenced view and advise government accordingly.

Political commentators have made much comment during the year of the impact on the local standards framework of political 'tit-for-tat' and vexatious complaints. We will be exploring this issue in the year ahead, particularly whether the local assessment process can make it easier for local

standards committees to identify such complaints and dismiss them, if groundless, at the initial assessment stage.

We will be gathering evidence to conclude whether such complaints are in fact a systematic burden. This is something we will consider further during 2009-10 and address in our review of the operation of the framework.

Although there was widespread support for the move to local assessment, it was clear there are inherent risks. One was that there would be a critical lack of consistency in decision-making across the country, another that standards committees might be politically stacked in one way or another, a third that in places local case handling might be of poor quality.

Our initial approach has, quite properly, been to focus on guidance, advice and support and to define and promote good practice. However, we will in future need to be able to provide assurance that the local system is operating as planned.

It would be fair to say that we have had no indication of widespread problems, nor has the Adjudication Panel been busy with appealed cases it has felt necessary to overturn. However it has been clear during the first year that we need to be receptive to complaints about standards committees, feedback from local government and political stakeholders, and media coverage of standards issues. A number of these issues have caused us to raise matters with local authorities.

Information from these sources will be systematised to contribute to our assessments of risk. During 2009-10 we will develop our approach to giving reasonable assurance as to the performance of the local framework.

### Members online

We have noted the increased propensity for politicians to debate with each other and with the public online, through blogs and other interactive forums, and we are shaping our advice on how to address the standards issues in such cases in 2009-10.

<sup>11,13,15,16</sup> Public Perceptions of Ethics, 2009, research by GfK NOP on behalf of Standards for England.

<sup>12,14</sup> BMG Research: Stakeholder Tracker 2009 (Satisfaction with the Standards Board for England and attitudes to the ethical environment).



## The impact of the local standards framework

Now that the local standards framework is set up, we are keen to assess how it will make a difference to local government.

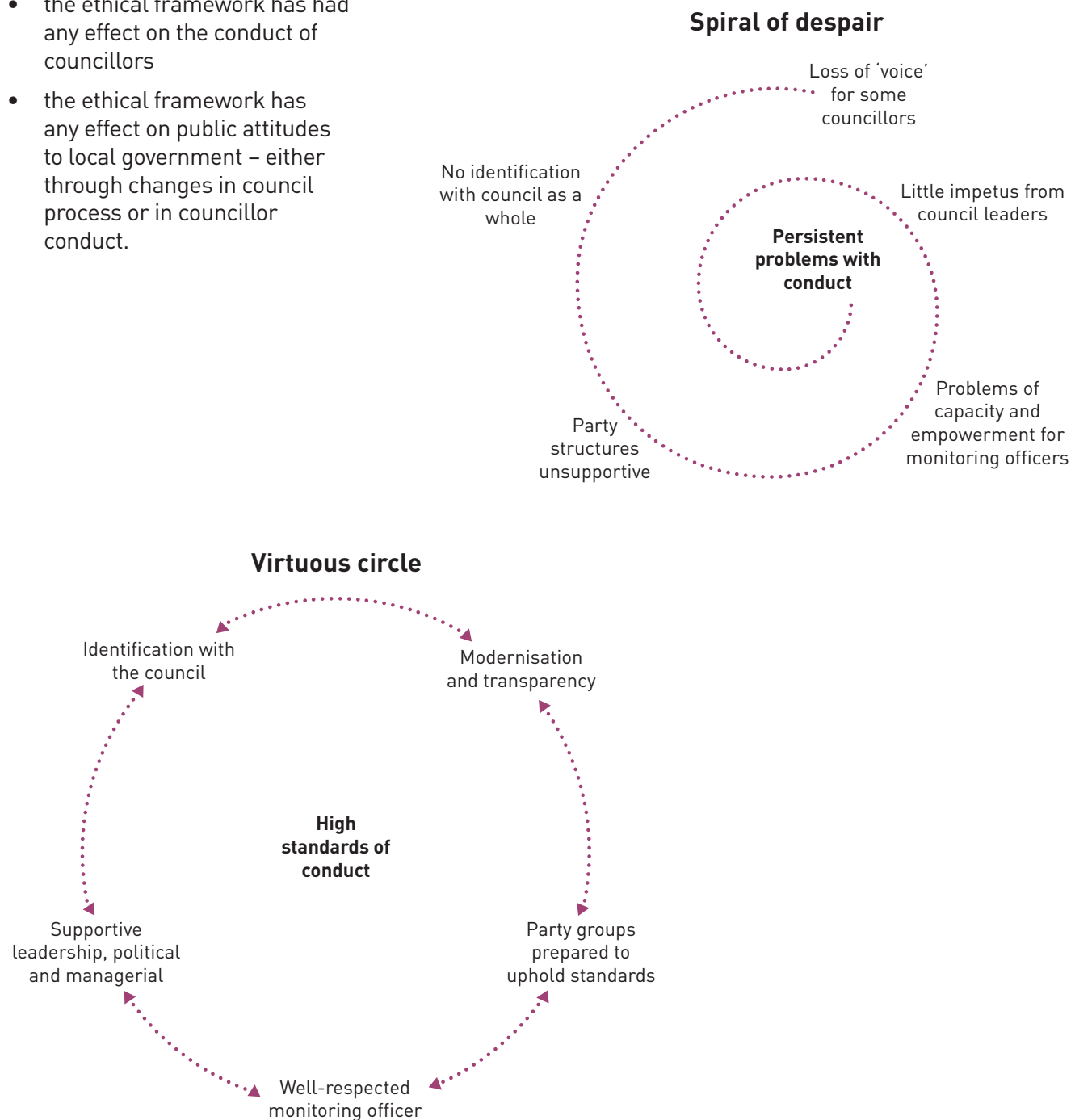
We have commissioned Cardiff University to carry out a five-year project examining the impact of the local standards framework within nine local authorities. At the end of the project we will find out whether:

- the framework has caused any changes in local government processes, systems, culture and values
- the ethical framework has had any effect on the conduct of councillors
- the ethical framework has any effect on public attitudes to local government – either through changes in council process or in councillor conduct.

Year one of the study is now complete. The findings reveal that the local standards framework has become established and accepted in most councils. The majority of respondents say they are positive about the move towards local regulation, and standards committees are keen to take a more active role in promoting good conduct locally. In addition, the research suggests councillor conduct continues to improve and that many identified the local standards framework as helping achieve this.

The research identifies two particular types of authority. In those councils that generally displayed good conduct, with few complaints under the Code, a number of mutually reinforcing ingredients were in place, which were labelled **'virtuous circles'**.

An absence of those factors, resulting in poor conduct, were labelled **'spirals of despair'**.



In addition, three themes stood out from the first year:

The first is **learning** – even in councils caught in spirals of despair, people have not given up, but are looking at ways of reversing the situation. Often this involves local standards committees being pro-active, working with council leaders, brokering conversations with political parties, and dealing more swiftly with trivial complaints. A virtue of the length of the project is that we will be able to investigate the progress of our case study councils in this area.

The second is the importance of seeing the ethical framework, and good conduct generally, as integral to **wider processes of governance**. This highlights new levers for change. Ensuring political parties locally take full responsibility for the conduct of members, including considering ethical risks when recruiting new members, is one example.

The third is to see the ethical framework for local government not just as a set of standards to be met, once and for all, but part of **ongoing processes of improving political conduct**. Through the ethical framework, there exists a mechanism for identifying, discussing and regulating 'the line' between legitimate, robust political activity – unearthing perceived wrongdoing, challenging decisions, making judicious use of the press – and behaviour which is over-personal, disrespectful, and needlessly damages the reputation of public institutions as a whole.

You can read the first interim report from the study – *Assessing the Impact and Effectiveness of the Ethical Framework in Local Government in England* – in full on our website.

### International involvement

We have contributed to international research on ethics in the past year. In 2008, our Knowledge Building Manager presented a paper on our research to an international conference on ethics in Amsterdam. And, in a panel discussion, we spoke about our approach to monitoring, which was well received.

Our Knowledge Building Manager also attended two events funded by the Council of Europe. One of the events was held at Ankara, Turkey, where advice was given on adopting an ethical framework for the Turkish public sector.

Our involvement has led to an invitation to take part in a further international conference on local integrity systems during 2010-11. Last of all we have asked to contribute to a Council of Europe *Handbook on Public Ethics* which will collate good practice in standards frameworks across Europe.

### Working with our partners

We continue to work in partnership with a number of other bodies. For example, we worked with the Planning Advisory Service (PAS) to produce a pocket guide for planning councillors to help them navigate the probity risks in developer meetings and pre-application discussions.

This guide takes the form of a game which can be played in meetings, and resulted from a successful session on the same topic at the 2008 Annual Assembly. The guide is available to download on our website.

Our work and areas of responsibility can sometimes be similar to those of the Local Government Ombudsmen. We worked alongside the Ombudsmen to publish a memorandum of understanding in February 2009.

The document provides guidance to staff, members of the public and advice agencies on our respective roles. This means that complaints can be directed to the appropriate bodies. It also defines each of our primary roles and allows us to fulfil them effectively and efficiently and sets the scope of our functions. You can download the memorandum from either of our websites.

We continue to work with the Audit Commission and the IDeA to ensure that the ethical governance toolkit is up-to-date and relevant. The toolkit enables authorities to assess how well they are meeting the ethical agenda and identify any areas for improvement. We have also been working with the Audit Commission to ensure that data collected from our annual returns can be used in the Comprehensive Area Assessment of local authorities.

# 2.3

## Supporting and guiding local authorities

**During 2008-09 we published a range of guidance and advice to support local authorities in the implementation and function of the locally-managed framework. This includes detailed printed guidance, online guides, templates, training materials and partnership publications.**

Following the launch of the new local framework in May 2008, we produced a comprehensive range of guidance materials that built on our own experience and that of local authorities. It focused on four key areas: local assessment and how it will operate, the role and make-up of standards committees, local investigations and local determinations.

We have recently added to this guidance after the Standards Committee (Further Provisions) (England) Regulations 2009 came into force on 15 June 2009. These regulations set the guidelines for the local standards framework and our resultant change in role to a strategic regulator. As a result, we published guidance for establishing and operating joint standards committees and guidance to standards committees on granting dispensations.

Around the same time, we also published new guidance for local authorities on other action. This is when a local authority standards committee decides to take steps other than carrying out an investigation when dealing with a complaint.

In autumn 2008, we published a Case Review Digest as a useful accompaniment to the paragraph-by-paragraph analysis of the *Case Review 2007*. The 2008 digest provided monitoring officers with any new information or cases that we thought would be helpful or interesting.

We continue to produce the bi-monthly *Bulletin* which provides members and officers with the most up-to-date policy information and news from Standards for England. In February 2009 we introduced a new electronic version of the newsletter. Users can now select which articles they would like to read and print, and search for any information contained in the *Bulletin* through our website. In the last year we also produced two issues of the *Town and Parish Standard* which was sent direct to parish clerks.

**All of these publications are available from our website.**

We continue to engage with our audiences in a number of other ways too. Our annual conference, the Seventh Annual Assembly of Standards Committees, was held from 13-14 October 2008.

The theme was *Delivering the Goods: Local Standards in Action*, and the fact that the event was fully-booked by early July was a clear indication that delegates view the Assembly as an important source of practical support and training. The conference focused on helping delegates and their authorities to effectively deliver the local standards framework, with a range of plenary sessions, workshops, masterclasses, fringe events and networking opportunities. The event achieved a 96% attendee satisfaction rating.

## Working with parish and town councils

Parish and town councillors account for approximately three quarters of all members covered by the Code of Conduct. A large proportion of parish councils generate no complaints and make no impact on the local standards framework, but others have had serious standards problems.

Standards for England has developed good working relations with representative bodies in the

sector, who are strongly supportive of the need for high standards.

During 2008-09, we have been working with the National Association of Local Councils and other partners on two strands of a project funded through the government's capacity building scheme for local councils. One workstream has been piloting the development of compacts to formalise relationships between

principal authority standards committees and parishes in their area, working with the county association of local councils. The second has tested the effectiveness of whole-parish mentoring in the sector. An evaluation report on both elements will be published in 2009-10.



## Recognising authorities with the highest standards

Sharing notable practice amongst local authorities is an important part of our new role. In addition, we feel it is valuable to publicly recognise and award authorities that successfully uphold the highest ethical standards. So in 2009, we supported the first Standards and Ethics category at the Local Government Chronicle Awards.

Six local authorities were shortlisted for the category – all of whom presented a dynamic approach to promoting ethical standards and boosting confidence in the local standards framework.

The award provided us with our first examples of notable practice in local authorities. We published this information on our website along with films showing what the judges

thought of the entries, and what they think the future priorities for standards should be.

Rossendale Borough Council was announced as the winner at the LGC Awards ceremony in London on Wednesday 25 March. The other shortlisted authorities were Ceredigion County Council, Leeds City Council, Lincolnshire County Council, Newark and Sherwood District Council and Newcastle City Council.

## Case study

# ‘Serious About Standards’



L-R:

**Dr Robert Chilton**  
Chair of Standards for England

**Andrew Neville**  
Chair of Rossendale Borough Council standards committee

**Heather Moore**  
Committee and member services manager, Rossendale Borough Council

**Dara Ó Briain**  
Compère

Rossendale Borough Council was the winner of the first Standards and Ethics Award. The council's standards agenda has made a real difference. Its influence was strong and visible through the strapline 'Serious About Standards'. The council was boosted from 'poor' to 'good' in its Comprehensive Performance Assessment by the Audit Commission. Resident satisfaction has also risen by 8% with an increased turnout at local elections.

Chief Executive Carolyn Wilkins told Standards for England that the council's strapline was used everywhere – from mugs to mousemats – meaning that people see it as “the strong heart of all the work” the council has put in place.

Carolyn shared some secrets of the council's success. She said a mixture of training and promotion, aided by the presence of a strong independently-chaired standards committee has helped.

She added: “We found [the strapline] really useful as a hook for the trainer that comes in. We've done an awful lot of training for elected members, and we have governance champions in all our teams as well who carry those messages out, supporting staff with questions that they might have around the Code of Conduct.”

Carolyn stressed that it was important in terms of good practice to ensure that the message comes from the top and is disseminated both within the authority and to the public.

# 2.4

## Identifying risk, providing solutions

### Local authority engagements

Although local authorities are usually best placed to deal with their own standards matters, there have been occasions in the past year where we have stepped in to help.

Our engagements have taken various forms, from providing advice about recruitment of independent members, to visiting authorities and assisting with training.

We are keen to continue fostering close relationships with authorities so that we are best placed to assist the community we regulate as well as having a close oversight of the standards framework in operation.

**Here are some examples of our active engagement with the local standards framework:**

#### a) Standards committee composition

The composition of the standards committee is integral to making sure that it is able to perform its functions. When an authority's standards committee is not correctly constituted, we contact the authority to discuss ways to rectify this.

One authority has had difficulty recruiting an independent chair. We passed on our knowledge of recruitment methods other authorities have used for independent members. We also discussed options for encouraging existing independent members

of the committee to become chair. The authority appointed a temporary independent chair while it continued to work to recruit a permanent independent chair. One of our relationship managers offered continuing support.

#### b) Help where it's requested

We have engaged with authorities where our support has been able to add weight to the standards committee's role in improving behaviours.

The chair of one authority's standards committee approached us over perceived ethical challenges in his authority.

We visited the authority, and met its officers and the standards committee chair. Together, we organised an ethical training day which we delivered to senior officers and members. The day was useful in raising the profile of the importance of ethical conduct and the standards framework in the authority.

It also proved to be the foundation of further work undertaken locally and with Standards for England.

#### c) Engaging through casework

We engaged with an authority that had referred an incomplete local investigation to an ethical standards officer at Standards for England following the monitoring officer leaving the authority.

We met representatives from this authority and found that the standards committee had not been

trained on the new framework. We enlisted support from a monitoring officer of a neighbouring authority. We delivered a training session on the Code of Conduct, followed by hands-on training on local assessment, using genuine case studies. This allowed the new standards committee to

be confident in their new role of assessing Code of Conduct complaints. Later the same day, we attended a formal meeting of the committee where a chair and vice-chair were elected and new procedures were adopted.

## Developing our approach to risk

Public confidence in the local standards framework is crucial to its success. One way we can guarantee this is by ensuring the local standards framework is robust.

So a key part of our new role is assessing and mitigating against

risk of standards failure, in individual authorities, in types of authorities and in the local standards framework.

This means gathering information from local authorities to spot potential problems. We are developing a risk assessment

model that will help us assess the level of risk that authorities pose to the standards framework. That way we can prioritise our engagement work to the authorities that need it the most. We will also expect to identify and respond to emerging trends in standards issues.

### Monitoring returns

We developed a **monitoring returns system** in time for the launch of the local standards framework, which allows us to collect regular information from authorities. We use this information to provide guidance and support to authorities facing problems.

The system means we can spot individual authorities that are not complying with the local standards framework or who are facing difficulties in implementing the framework.

There are two types of reports that authorities must complete for us:

**Quarterly returns** – an online form on our website that monitoring officers complete every quarter, which contains questions about the composition and function of standards committees and any cases handled locally.

**Annual returns** – an online form which asks about the arrangements authorities have in place to support the local standards framework. This annual survey gives us a picture of the culture and wider governance arrangements of an authority.

**Information from both of these can be found in the first section of this review.**

Our risk model will use information about standards committees that we collect via our annual and quarterly returns, and information relating to the authorities as a whole, from other sources such as future Comprehensive Area Assessment scores determined by the Audit Commission.

Risk management will let us identify risk before problems occur. It will help identify standards committees that may be effective yet are at risk of experiencing wider standards issues. It will also help us detect authorities which are not experiencing standards issues but are at high risk of doing so. We intend to consult closely with authorities as we develop this area of our work during 2009-10. We have also met with other strategic regulators during the last year, to share experiences and expertise.

### Sectoral risk: partnership working

In our developing approach we will work to assess specific standards risks affecting groups of authorities and how they might be mitigated.

As a precursor to this approach we have been looking at the standards risks inherent in partnerships.

We have worked with Manchester City Council and its partners to set guidelines for the culture of partnership working between local authorities and their delivery partners.

When finished, the guidelines will prescribe appropriate behaviour that can be applied to day-to-day partnership working. We hope that the project will be used as a basis for providing guidance nationally on standards in partnership working.

The project involved setting up a number of Action Learning Sets which are similar to focus groups, with Manchester's strategic, contractual and voluntary partners. We used the findings from the sets to create an online survey which was sent to all of the council's partners.

We will build on this work in 2009-10 to produce a final protocol for partnership working.

# 2.5

## Our investigations role

It is important that a mechanism exists for dealing with misconduct allegations that for whatever reason cannot be resolved at a local level. We are using and developing upon our experience in this area to deliver efficient and effective investigations.

Further details can be found in this section, along with some significant cases that have taken place over the last year.

### Taking on investigations

Our main concern when taking on cases referred to us by local standards committees is to support the framework. There are a number of factors that we consider when deciding which cases we should accept in the public interest. These include:

**The status of the member who the complaint has been made about.** For example, the authority may find it difficult to investigate an allegation about the leader of the council or the chair of the standards committee.

**The status of the complainant.** A standards committee may find it difficult to refer a matter for local investigation, if for example, the complainant is the authority's chief executive or senior officers are witnesses to the alleged conduct.

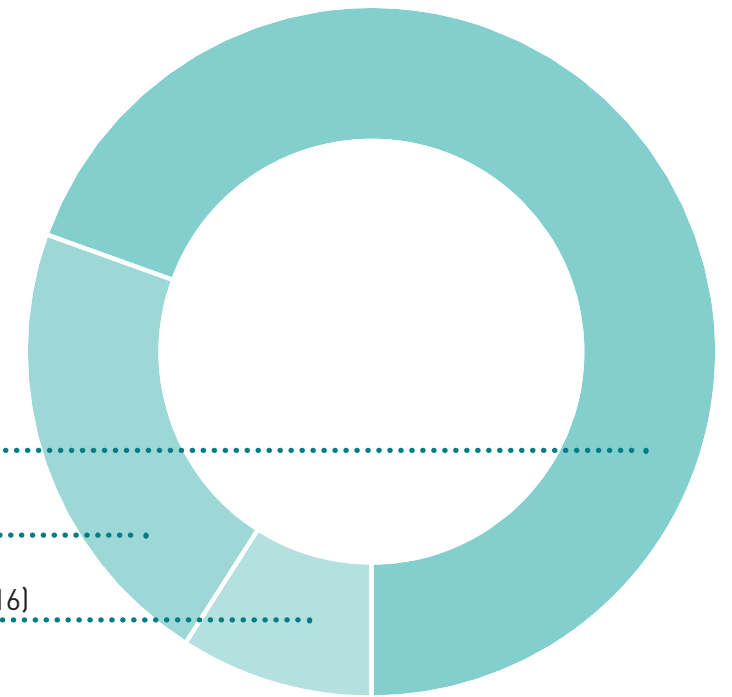
**The nature of the case.** The case might be difficult to handle locally because it is so serious or complex, involves so many members, or is linked to other investigations, for example by the ombudsman.

From 8 May 2008 to 31 March 2009, we received 177 referrals from standards committees. We make one of three decisions when assessing a referral and these are set out below together with the number of decisions taken in each<sup>17</sup>:

Accepted for investigation (123)

No further action (38)

Referred back to the standards committee (16)



Of those 123 accepted cases, 66 were completed by 31 March 2009. Of these:

- 39 found that there has been no failure to comply with the Code of Conduct.
- seven found that there had been such a failure to comply but no action needed to be taken
- there were no cases in which it was decided that the matter should be referred to the monitoring officer of the relevant authority for determination by the local standards committee
- seven cases were referred to the Adjudication Panel for England for adjudication by a tribunal. As of 31 March 2009, none of these cases had yet been heard by the Adjudication Panel
- in 13 cases, directions were issued<sup>18</sup>.

<sup>17</sup> Note: These figures are different from those reported on page 14, because single referrals from local authorities may, depending on circumstances, be divided into multiple cases by us, for example if more than one subject member is involved.

<sup>18</sup> Our ethical standards officers have the option of issuing monitoring officers with directions to take action to solve local problems – for example, training for the whole authority. The aim is to help the authority improve its own effectiveness and conduct, at a far lower cost in time and money than an investigation. Often we issue directions in situations where we believe a case has broad relevance for the overall governance of an authority.

We employ ethical standards officers to investigate potential breaches of the Code of Conduct.

Between 1 April 2008 – 31 March 2009, 123 cases were completed that had been referred for investigation by an ethical standards officer before the introduction of the local standards framework. Of these:

- 46 found that there has been no failure to comply with the Code of Conduct.

- 43 found that there had been such a failure to comply but no action needed to be taken.
- In nine cases it was decided that the matter should be referred to the monitoring officer of the relevant authority for determination by the local standards committee.

- Ten cases were referred to the Adjudication Panel for England for adjudication by a tribunal.
- In 15 cases, directions were issued.

#### Of the cases in which our investigation found that there had been a breach of the Code:

Area of the Code of Conduct	Number of investigations
Part 1 9 (1): Personal interest – failure to declare a personal interest	9
Part 1 5: Office/authority into disrepute	8
Part 1 6 a: Securing advantage or disadvantage	6
Part 2 12 (1) a: Prejudicial interest – failure to withdraw	6
Part 2 12 (1) c: Prejudicial interest – sought to improperly influence	6
Part 1 3 (1): Failure to treat with respect	4

#### You can find summaries of some of our cases on pages 52-55.

At the end of an investigation, the ethical standards officer can refer the case to the local standards committee or to the Adjudication Panel for England if the conduct which the ethical standards officer considers to be a breach is sufficiently serious to warrant some form of sanction.

The Adjudication Panel is an independent tribunal that is set up to hear and determine referrals

over the code of conduct of local authority councillors.

We sent 17 cases to the Adjudication Panel in 2008-09, ten of which are yet to be heard. The Adjudication Panel made six determinations. One case was heard in 2008-09 but referred in 2007-08. Four of the cases referred were regarding two members and were heard together by the Adjudication Panel.

#### The outcome of the six determinations made by the panel in 2008-09 were:

1	no breach
1	censure
1	disqualified for 15 months to five years
3	disqualified for up to a year

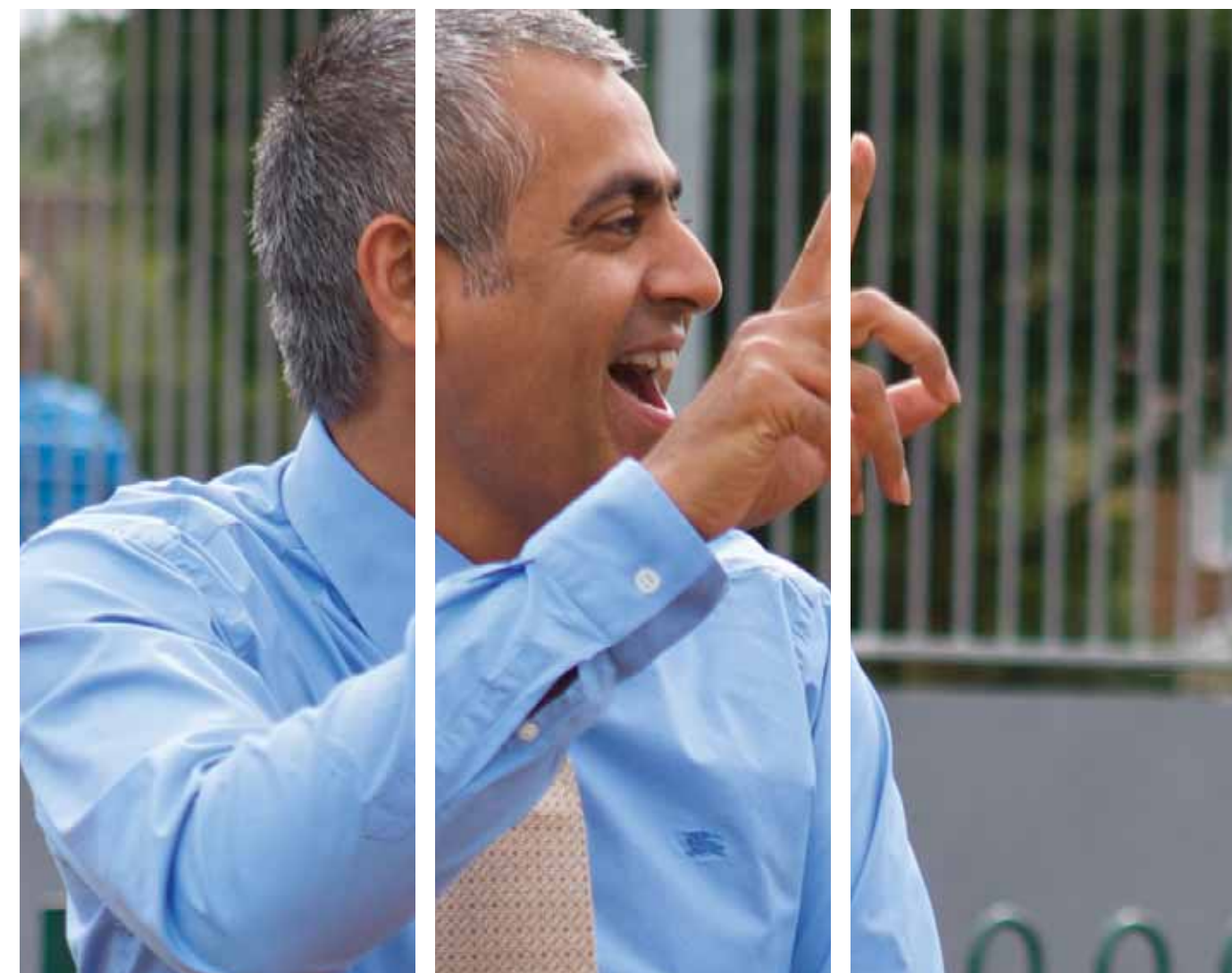
## A timely and efficient investigations process

During 2008-09 we began an organisation-wide review of the investigations process, with the help of internal and external advisers and taking account of best practice in similar organisations. At the time of publication of this *Annual Review 2008-09*, we have already achieved a significant reduction in the average time taken to conduct an investigation. This has been done by ensuring that proportionate investigations are conducted as efficiently and effectively as possible without any unnecessary delay.

We will also continue to work on the results of the review to improve upon the level of quality and consistency of our investigations in terms of thoroughness, equity and sound decision making.

In addition we aim to enhance our customer care standards, ensuring that:

- those involved in investigations are notified about decisions more quickly
- subject members get the opportunity to make an early response to an allegation
- each party in an investigation receives improved, meaningful and appropriate communication and progress updates.



## Case summaries

Here are some of our significant cases during 2008-09 that have reached a conclusion.

### Three-year ban for Dartmouth councillor

**Dartmouth town councillor Brian Boughton was disqualified for three years following a hearing by the Adjudication Panel for England.**

The ban came after an investigation by a Standards for England ethical standards officer, which found that the councillor had breached the Code of Conduct by bullying a council officer, treating a council officer and several councillors with disrespect, and bringing his office and the council into disrepute.

It was alleged that Councillor Boughton bullied and undermined the Dartmouth town clerk over a long period of time. He subjected

the clerk at one stage to almost daily visits in the council's offices, during which he would frequently become aggressive, angry and intimidating in front of officers and members. He also repeatedly accused the clerk of incompetence, to his face and to others.

The councillor was also disrespectful to other members. He referred to the mayor as a "bl\*\*dy hypocritical b\*tch" and claimed in a letter to a new member that two of their fellow councillors were showing "serious signs of dementia".

a personal or prejudicial interest. Therefore there was no breach of the Code of Conduct.

The ESO did take into account the complainant's concerns about the potential for public confusion over the use of the council's logo for political group publications. The ESO also recognised the need for clarity for all members over the proper or improper use of council resources for party political purposes. Given this, the ESO recommended that the council adopt a protocol on the proper use of council resources by political groups. They also recommended that guidance be published on the appropriate use of the council's logo with reference to the Code and the code of recommended practice on publicity.

### Ethical standards officer recommends new protocol and guidance

**In North Lincolnshire, 15 Conservative councillors were alleged to have breached the Code of Conduct. This prompted a Standards for England ethical standards officer (ESO) to recommend that the council adopt a protocol for members on the proper use of council resources for party political purposes.**

The complainant alleged that the Conservative members misused North Lincolnshire Council resources to convene a public meeting as an "Extraordinary Council Meeting". It was also alleged that they misused the council's logo on an unauthorised publication and failed to declare a personal or prejudicial interest in relation to the publication at the meeting.

The members were alleged to have misused council resources in order to call a public meeting and that the council's logo was used without prior authorisation.

However, the ESO found that there was no council business under consideration in which any of the 15 councillors could have declared

### 'Aggressive' behaviour leads to 12-month disqualification

**A husband and wife who were members of a Cornwall parish council were disqualified from office for a year after their 'aggressive' behaviour saw the parish clerk and their three fellow councillors resign.**

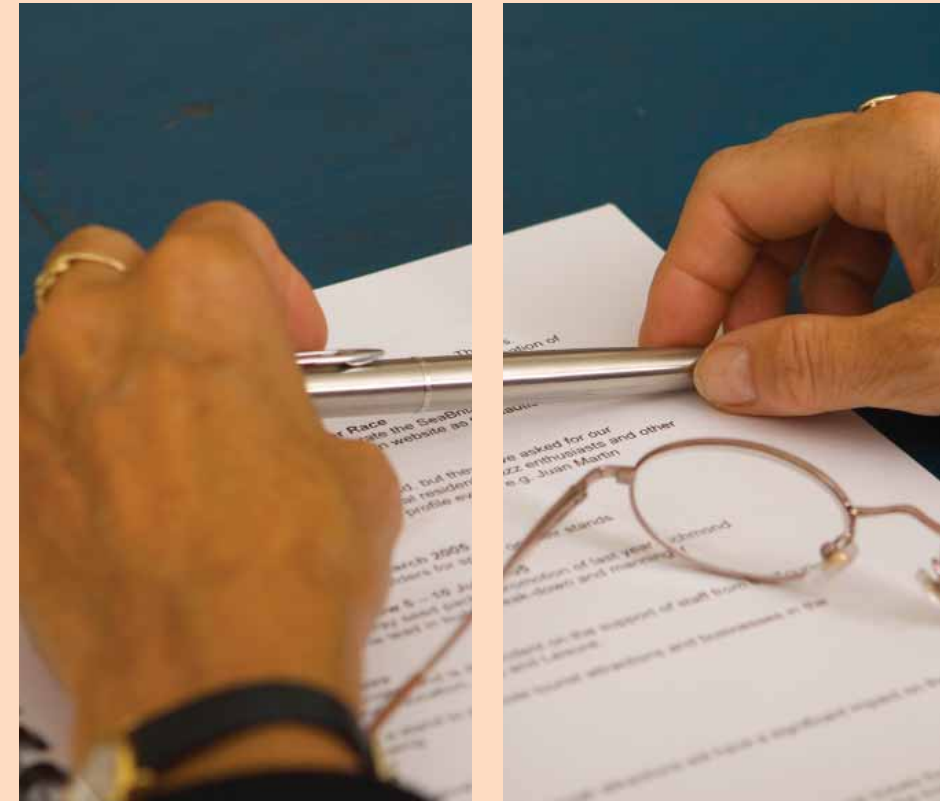
The ban, imposed at a hearing of the Adjudication Panel for England, followed an investigation by Standards for England into allegations that Peter and Sheila Montague failed to treat others with respect and brought their office into disrepute.

It was alleged that Peter and Sheila Montague behaved in an aggressive, intimidating and disrespectful way to fellow parish councillors and a member of the public in council meetings between May and June 2007. It was also alleged they made verbal and written attacks on the character and integrity of the ex-clerk to the council.

The Adjudication Panel concluded that the language in emails written by Mr Montague and approved by Mrs Montague was rude and unjustified.

It also found that Mrs Montague's shouting when other councillors disagreed with her was beyond what was acceptable in a council meeting, as was the Montagues' behaviour at a meeting on 29 June 2007. They shouted at, talked over and interrupted other councillors, were aggressive, overbearing and rude, and without justification, questioned the clerk's integrity.

The Adjudication Panel was satisfied that Mr and Mrs Montague's conduct brought their office into disrepute. This was because their behaviour seriously affected the wellbeing of several individuals and damaged the normal running of the council.



## Sought to influence planning decisions

**A former member of Wycombe District Council was disqualified from office for a year for his conduct in relation to two planning applications.**

Following an investigation by Standards for England, Councillor Anthony Dunn's case was referred to the Adjudication Panel for England for determination.

The complaint alleged that he had used his position improperly to influence the outcome of planning applications.

The ethical standards officer (ESO) concluded that Councillor Dunn had sought to influence the council's decisions on planning applications made by a company of which he is secretary. His brother was also acting as a consultant on the applications.

**It was alleged that a councillor falsely claimed to act on behalf of her local MP by removing the MP's petition from a local post office and putting it forward as her own. The petition was part of a campaign opposing the closure of 12 post offices in the constituency.**

It was also alleged that the intended recipient, Post Office Limited, did not receive the petition and that as a result of the councillor's actions, over 300 of the MP's constituents were in effect denied representation.

The councillor stated that the petition did not refer to the MP and that, had it done so, she would not have taken it. She removed it because she knew the closing date for the post office closure consultation was imminent and she felt partly responsible, as a district ward and parish councillor, for ensuring the petition reached its destination.

The ethical standards officer (ESO) found that the evidence confirmed the councillor's account that Post Office Limited had received the petition in time and that it was

The ESO's view was that Councillor Dunn had used his position improperly, sought to compromise council officers' impartiality, sought to influence decisions in which he had a prejudicial interest, and brought his office into disrepute.

The ESO also noted with concern that Councillor Dunn's breaches of the Code came after he was suspended for a month in December 2006 for similar conduct.

given due consideration as part of its consultation.

During the investigation, the ESO also obtained independent evidence showing that the petition the MP placed in the post office had all references to the MP removed from it by an unknown person. The ESO concluded that when the councillor removed it she did not know that the MP was involved and did not claim to be acting on the MP's behalf.

The ESO noted that four of the 12 of the MP's petitions were not received by Post Office Limited and one of those received had been forwarded by the National Federation of Women's Institutes.

The ESO found that the councillor had not attempted to represent the petition falsely as her own work and had not brought her office or authority into disrepute. She concluded that she had not failed to comply with the Code of Conduct.

## Planning case referred to Standards for England

**Standards for England engaged with Harrow standards committee after a high-profile member of the London Borough was alleged to have breached the Code of Conduct.**

The case was one of the first considered under local assessment by its standards committee – and the subject member was considered high profile as she was a senior member and married to the council's leader.

In the case, the complainants alleged that the subject member breached three paragraphs of the Code in relation to a planning application – namely that:

1. she failed to treat others with respect
2. brought her office or authority into disrepute
3. failed to withdraw from a meeting in which she had a prejudicial interest

As the case was considered to be of high profile, the monitoring officer sought independent legal advice through an external consultant. The case was referred to the council's assessment sub-committee, and in a report the independent consultant said that the subject member appeared to show a failure to comply with the authority's Code. As a result, the standards committee referred the case to Standards for England for investigation.

Having considered the case, the ethical standards officer found no evidence of any breach of the Code of Conduct.

Some members were critical of the standards committee's decision to refer the allegations to us for investigation. This was because it involved a high profile subject member but eventually resulted in no evidence of any failure to comply with the Code.

Once the case was completed, Harrow's monitoring officer invited the ethical standard officer to attend the standards committee and to provide information about our work.

The committee was reassured that despite the finding, the assessment sub-committee had been justified in referring the case for investigation by Standards for England. This was because the committee had identified two issues that would make the case unsuitable for local resolution:

1. the seniority of the subject member and her relationship to the leader
2. the perception that the council had a stake in the outcome (the background was a key planning development)

The standards committee was given a briefing on topics including the investigations process and the sort of cases the ethical standards officer sends to the standards committee for determination.



## About Standards for England

Standards for England\* is a non-departmental public body administered through the department for Communities and Local Government.

We are based in Manchester with 80 permanent and fixed term employees as of 31 March 2009.

During 2008-09, the Adjudication Panel for England - the independent case tribunal for standards - was part of Standards for England for administrative

purposes. During the year proposals to transfer the Panel to the Tribunals Service were confirmed and that transfer took place early in the 2009-10 business year.

In 2008-09 we have been carrying out 'behind the scenes' work to make sure that we are fit for purpose in our new role. Redesigning our structure to meet our changed needs will be completed during 2009-10.

Details of our performance and our finances during 2008-09 are available in our Annual Report which was laid before parliament on 16 July 2009.

This and other information is available on our website at [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)



**Our current Board**

(Paul Gott not present)

## Board members



**Dr Robert Chilton**  
Chair

Bob joined local government after completing a PhD on the London housing market. He worked in planning, housing and chief executives' departments of UK councils and in 1979, was appointed as director of Housing and Property Services for the Royal Borough of Kensington and Chelsea. He became assistant director of South Bank Polytechnic in 1984, and in 1986, he became chief executive of Gillingham Borough Council.

In 1989, Bob became the Audit Commission's Local Government Director and in 1995, on secondment, Bob was chief executive of the Local Government Commission. Between 1999 and 2001, again on secondment, Bob established the Greater London Authority serving as its inaugural chief executive. He was vice-chair of the National Consumer Council until September 2008.

In addition, Bob is chair of East Thames Group and deputy chair of PhonepayPlus. He is also a non-executive director of the Office of the Information Commissioner, a non-executive director of the Waste and Resources Action Programme and sits on the Home Office Audit Committee.



**Professor Judy Simons**  
Deputy Chair

Judy Simons is Emeritus professor of English at De Montfort University. She has been a board member of the Higher Education Academy and Chair of Council and a member of the strategic committee for leadership, governance and management at the Higher Education Funding Council for England. She is an Associate of the Leadership Foundation for Higher Education, a Governor of Sheffield Hallam University and a Governor of Lady Manners School, Bakewell.

She has chaired a number of national academic bodies, including the Council of University Deans of Arts and Humanities. She is also a fellow of the Royal Society of Arts and a fellow of the English Association.



**Councillor Shirley Flint**

Shirley Flint is an independent councillor at North Kesteven District Council, elected in 1995. She has previously been chair of the council's standards committee, the tenant liaison committee and the housing and environmental health committee. She is also a member of Skellingthorpe Parish Council.



### Paul Gott

Paul Gott is a barrister and a member of Fountain Court Chambers. He was appointed as junior counsel to the Crown in 1999 and appointed to the Treasury Counsel "A" Panel in 2005. He practises in commercial and employment law, with employment law specialisations in the areas of strike action, discrimination and equal pay on which he regularly advises government departments and private clients. Commercial law specialisations include civil fraud, banking and accountants' negligence.



### Elizabeth Hall

Elizabeth Hall worked for more than ten years until retirement in the Financial Services Authority, the single regulator for the financial services industry, mainly on consumer protection, complaints and financial capability. She continued as a consultant until March 2009.

She is a member of the council of Queen Mary University of London and chair of its research ethics committee. She is also chair of Bow Arts Trust, a member of the Court of the Royal Foundation of St Katharine, and a Board member of a major housing association in Tower Hamlets.

Elizabeth has several lay responsibilities in the Church of England, including as an examining chaplain for the Stepney Area.



### Councillor Mehboob Khan

Mehboob Khan has a background in private business and has been a Kirklees councillor since 1996. His current positions include being leader of Kirklees Council, deputy chief whip on the Local Government Association (LGA) and member of the LGA Safer Communities Board where he is the board lead on Community Cohesion and Prevention.

He is on the LGA Fire Services Management Committee where he is the lead on Comprehensive Area Assessment and leader of the Labour Group on West Yorkshire Fire Authority. He is also a non-executive director of NHS Kirklees, vice chair of the Socialist Group of the Council of Europe (CoE) and a member of the CoE Social Cohesion Committee.

Mehboob is additionally policy lead on Community Cohesion and PVE, member of the Labour Party NEC/Local Government Sub Committee and a member of the Labour Party National Policy Forum.



### Councillor Sir Ron Watson CBE

Sir Ron Watson CBE has been a Conservative councillor since 1969 and has held most leadership positions, including leader of the council on Sefton Metropolitan Borough Council.

He has held a number of roles at the Local Government Association, as deputy chair, chair of the Tourism and Environment Executives, and deputy chair of the Regeneration Board. He is currently vice chair of the Urban Commission, a lay member of the Mental Health Review Tribunal, chair of the Southport and Ormskirk NHS Hospital Trust and a member of the UK Delegation to the EU Committee of the Regions.

His business background is in tourism and he is a fellow of the Institute of Travel and Tourism and of the Tourism Society. Sir Ron was recently appointed to the Board of the Solicitors Regulation Authority and takes up this position on 1 January 2010.



### Elizabeth Abderrahim

Lizzie Abderrahim is the independent chair of Gloucester City Council's standards committee and a non-executive director of the 2Gether NHS Foundation Trust. She also sits as a chair of Registration and Conduct Committees of the General Social Care Council.

From 2001-07, Lizzie was a board member for the National Probation Service in Gloucestershire. She qualified as a social worker in 1984, specialising in mental health, before qualifying as a barrister. She went on to work in the not-for-profit sector where she had responsibilities which included strategic development and the training and supervision of advisers working for the Citizens Advice Bureau.

Lizzie is active in her local community where she is a trustee/director of the Westgate Community Trust and Gloucestershire Action for Refugees and Asylum Seekers. She is also a trustee of the Gloucester Relief in Sickness Fund.



### Councillor Stephen Knight

Stephen Knight is a Liberal Democrat councillor in the London Borough of Richmond upon Thames and serves as Deputy Leader and Cabinet Member for Resources.

He was formerly the political adviser to the Liberal Democrat Group at London Councils (formerly the Association of London Government) and is now vice chair of the London Councils Grants Committee as well as being an accredited member peer for the Improvement and Development Agency for Local Government (IDeA) and the Audit Commission. His previous jobs include public relations officer for the Jubilee Sailing Trust and senior public relations consultant with Argyll Consultancies PLC.

He is chair of governors of a local primary school and was a founding trustee of Richmond Youth Partnership. Stephen studied physics at Southampton University where he became president of the students' union.

Note: Board members whose terms ended in the last year were: Sir Anthony Holland, Chair (June 2008); Patricia Hughes CBE, Deputy Chair (June 2008); and Mike Kendall (March 2009).



Standards  
for England

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## **‘Confidence in Standards’**

Standards for England  
Corporate Plan 2010-13

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March 2010

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## Foreword by Chair and Chief Executive

**In May 2010 the local standards framework is two years old. Standards for England is, in parallel, two years into its role as strategic regulator of these arrangements to regulate behaviour among members of English local authorities.**

That's two years in which the system – and the regulator – have been tested in the real world of local politics. Although that's a world which routinely goes about its business calmly enough, it's also a world where tempers can fray, passions sometimes run high, motivations can be confused and decision making sometimes lacks transparency – not just to members of the public.

Where do we stand now?

Like any infant the local standards framework is learning rapidly through experience. The quality of local complaint handling and the role local standards committees can play in their authority are, inevitably, influenced by the skills and confidence members of local standards committees bring to their work. We have been greatly impressed by the appetite of local committees, and the officers who work with them, to carry out their duties.

At the same time the framework's practical application gives us, as regulator, a picture of its efficacy. Is it robust? Is it succeeding as planned or are there unintended consequences? Is it fair, proportionate and free from political bias? And, where things go wrong, have we the tools to fix them?

We've been building evidence to reach a view on all these issues - and at the end of the 2009/10 business year we passed to government the conclusions of our first review of the framework. We think it can be simplified, and yet be proportionate and effective and so still serve its full purpose.

The climate in which public services operate has changed markedly in the past two years, and will continue to do so. But there can be no doubt that standards remain critically important to the reputation of local government.

This, our third corporate plan as a strategic regulator, sets out how we intend to make further progress towards our two key **regulatory outcomes**:

- That there are high standards of conduct among members of local authorities.
- That there is an effective and proportionate standards framework, operating well.

Two years in we are in a position to say that the vast majority of local authority members are working selflessly for their communities and behaving well. We are confident that the local standards framework offers a firm foundation for public trust that standards of behaviour *are* important in local authorities, and that poor behaviour *will* be identified and dealt with.

Equally we are aware of practical difficulties, (highlighted in our review of the framework in winter 2009-10) and we know from our own experience that some authorities struggle to comply with the core requirements of the local standards framework.

We are at a point now where we are in a position to tackle these issues, tailoring our approaches as appropriate. Our aim in the coming years is to ensure that the standards framework is consistently effective across all authorities.



Bob Chilton  
Chair  
Standards for England



Glenys Stacey  
Chief Executive  
Standards for England

## Our role

Standards for England is a non-departmental public body sponsored by the Department for Communities and Local Government (CLG). We are responsible for championing, promoting and maintaining high standards of behaviour among members of English local authorities.

We have three main roles: pre-emption, prevention and protection.

### Pre-emption

We monitor and maintain the local standards framework. We support local authority standards committees in their twin roles; promoting the standards and principles that underpin the members' Code of Conduct and managing complaints locally.

### Prevention

We evaluate and assess risks to standards in individual authorities and across local government. We advise, guide and intervene, where necessary, to prevent the undermining of expected standards and to reduce consequential risks.

### Protection

We protect public decision making by investigating misconduct allegations against individual members that, for one reason or another, are unsuitable for local resolution. Under certain circumstances we can intervene to protect the integrity of the handling of complaints under the local standards framework.

### Authorities we regulate:

- 351 local authorities
- 8,350 parish councils
- 31 fire and rescue authorities
- 38 police authorities
- Six integrated transport authorities
- Eight national park authorities
- the Greater London Authority
- the City of London Corporation
- the Broads Authority
- the Council of the Isles of Scilly

**Code of Conduct:** Local authorities must have a Code of Conduct which sets out rules governing the behaviour of an authority's members. Each authority's Code must include the provisions of the Model Code of Conduct approved by Parliament. The government issued the current Model Code of Conduct for members on 4 April 2007.

**Local standards framework:** those arrangements in principal English local authorities requiring them to properly constitute standards committees, which then carry out a range of duties, as set out in the relevant Acts of Parliament and associated regulations and guidance, including handling complaints brought against members of the authority under the Code of Conduct for elected members.

We keep standards high by:

- Providing guidance and advice to standards committees and ensuring they meet their responsibilities.
- Monitoring the impact of the relevant legislation and offering government advice on options for change to assist them in meeting their objectives.
- Championing high standards of case handling and decision making.
- Helping authorities share good practice and fostering a wide, shared understanding of what high standards of conduct are and how they can be championed.

We employ 82 people (1 April 2010) in our Manchester office.

More information on Standards for England can be found at [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk). Copies of companion corporate documents, our *Annual Report*, *Annual Review*, '*An Introduction to Standards for England*' and our *Regulatory Statement* are available on line and can be ordered via our website.



## Achievements in 2009

2009-10 was a year of transformation for Standards for England, as we developed from a case-working body into a strategic regulator. We made significant changes to our organisation and the way we work.

### Focused on local needs

We have increased our focus on supporting authorities in their standards work. We have produced new material targeted at common areas of concern. We have embraced social media, through our online forum, where experiences and best practice can be discussed and shared. We produced a DVD on the local assessment process and redeveloped our web pages to make it easier to find information.

Our new relationship managers are developing strong links with authorities, to work with them to help prevent standards issues escalating and hence reduce the need for corrective action.

### Focused on delivery

We have restructured and rebalanced the organisation to transfer resources from our back office support functions to enhanced frontline services. Saving 23% on back office expenditure allows us to deliver more services for the same cost and will help us to achieve our aims more effectively and efficiently.

Our investigation function has been overhauled to ensure that we manage investigations to a timely conclusion and improve our quality control. This has led to a marked reduction in the time it takes us to investigate individual cases, something understandably important to anyone involved.

### Focused on making a difference

We conducted a review of the local standards framework to gauge its proportionality and effectiveness and identify areas for improvement. Our recommendations from this review were put to government late in the 2009/10 business year, and we are confident that this will be a basis for strengthening the framework further.

In public life, 2009 will be remembered for the MPs expenses scandal, rather than any shortfall in standards in local government. Standards for England contributed to the Committee of Standards in Public Life review on MPs' expenses to pass on our knowledge and experience of what works in the local council arena.

We have continued to work to identify and share what we consider to be notable practice, through planned research, our annual returns and review and through sponsorship of the LGC Award for standards and ethics.

We will give a full review of our work during the 2009-10 business year and the performance of the local standards framework in our *Annual Review 2009-10* to be published in September 2010.

## Our strategy and approach

### Vision

Our vision is of a local government community that demonstrates high ethical standards and appreciates the work we do to support them – and an electorate that recognises principles matter to local government.

### Mission

Our mission is to champion and promote high standards of conduct among local politicians

Our overarching approach is to continue to develop Standards for England as an effective **strategic regulator**.

The two key **regulatory outcomes** we are seeking to achieve are:

- That there are high standards of conduct among members of local authorities.
- That there is an effective and proportionate standards framework, operating well.

### Strategic regulator:

A body charged with overseeing a regulatory regime, working with the regulated community to raise compliance, in accordance with the Hampton principles<sup>1</sup>.

We set out our approach to regulation in our *Regulatory Statement*, available on our website. We believe in a balance of local self-regulation and national oversight. Our approach is to be transparent, targeted, risk-based and focused on education and prevention.

In the coming year we are continuing on the path that we set out in our Corporate Plan 2009 -10 '*The Changing Role of the Standards Board for England*' - and building on the same strategic objectives.

### Strategic objectives 2010-11

- 1) Be a respected strategic regulator, adding value to local government
- 2) Ensure the local standards framework is a success
- 3) Continue to improve our business capability and effectiveness

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<sup>1</sup> The Hampton Review of 2005 *Reducing Administrative Burdens: Effective Inspection and Enforcement* set out key principles for regulatory bodies.

These objectives cover both our commitment to delivering the two regulatory outcomes (objectives one and two) and our determination to be an effective and efficient regulator (objective three).

The following pages discuss our ambitions under each strategic objective and set out a number of specific actions we plan to achieve.

## Strategic objectives

### Objective 1: Be a respected strategic regulator adding value to local government

We believe that confidence in standards is a vital component of vibrant democratic local government. A healthy and effective standards regime needs to be credible, respected and trusted by those that it serves; in this case local residents across England.

Equally, the standards regulator must be credible and respected by the **regulated community**. Consequently we attach high importance to building our reputation and expertise in the field of standards.

#### **Regulated community:**

The appointed and elected members of the authorities for which we have responsibility, who are subject to operating under the members' Code of Conduct under the standards framework.

#### **Standards community:**

Chairs and members of standards committees, monitoring officers and others working in local authorities to support standards committees.

There are two key elements to our work under this objective:

- We will continue to shape and improve the local standards framework.
- We will implement our approach to managing risk of standards failure in local authorities.

### Activities in 2010-11

Our strategy for developing and nurturing the local standards framework to ensure it is simple, proportionate, affordable and effective will include several activities during the coming year.

- We will play our full part in implementing any agreed changes arising from the review of the framework we conducted late in the 2009-10 business year. The review took into account feedback and input from the standards community and elected members, as well as the results of independent research, and views from stakeholders. We presented a set of recommendations to our sponsor department CLG.

- We will look to implement a further, fundamental review of the Code of Conduct to assess its efficacy in the light of concerns over its complexity and scope
- We will review our own powers to see whether they are adequate to allow us to support local authorities.
- We will continue to improve working relationships with other regulators in local government – for example the Audit Commission and the Local Government Ombudsman so that we work together as effectively and seamlessly as possible. All agencies recognise the part appropriate standards can play in delivering good democratic institutions. Learning from our monitoring of local authorities contributes to Comprehensive Area Assessment, and so Total Place.
- We remain ready to support the introduction of an officer code to parallel the members' Code, should government choose, in the light of the consultation it has carried out, to introduce one.
- We will shape our research strategy to keep us well informed about attitudes to the framework and to the wider perception of local government standards.

We will continue to enhance our **risk-based approach** to the authorities we deal with. Assessing local, systemic or sectoral risks to standards or the success of the framework allows us to target our effort at those activities, situations or authorities that pose the biggest risk. This will ensure we continue to provide value for money, something that we expect to be increasingly important over the coming years.

### **Systemic risk**

Risk which, if realised, could lead to a widespread impact on standards of behaviour or the operation of the framework across several authorities.

### **Sectoral risk**

Risk which, if realised, could lead to an impact on standards of behaviour or the operation of the framework in a number of similar authorities.

We will work with authorities to manage local risk of standards failure. Our approach will be to prioritise the way we work with authorities on the basis of our risk assessment of the likelihood and impact of any failure of standards. Working through our relationship managers (officers whose principal role is to work directly with local authorities) we will take a differential approach based on this assessment to satisfy ourselves that authorities are working to

minimise risks. We envisage working with 30-40 authorities at our highest level of contact and a further 100-120 at an intermediate level, at any one time. Our approach is being developed based on our increasing experience of supporting authorities with standards issues.

The success of the local standards framework relies on our ability to see potential pitfalls or risks to standards in advance. For example, the emergence of new technologies such as internet social networking, blogs and Twitter, have presented their own unique challenges to standards. During 2009-10 we were able to produce guidance, place articles in the local government press and give a presentation at a national members' conference on this subject.

Spotting such challenges allows us to provide early advice and guidance to the standards community to help prevent problems arising. We will be developing our approach to systemic and sectoral risk, closely linked to our research programme, to help us identify trends or potential problems, and so offer appropriate advice at the earliest opportunity.

We believe the delivery of **training** in the regulated community is one of fundamental importance and this is an area in which we, as regulator, should play a more prominent role than previously. Our plans will include delivering some practical aids to help authorities with this crucial element of delivering a successful standards framework – for example the development of some e-learning tools.

In October 2010 we will once again run our highly regarded **Annual Assembly** of Standards Committees in Birmingham. It is both a chance for the standards community to meet, share information and discuss experiences and a cost-effective way for us to engage them in conversation over best practice and emerging trends. The 2009 event attracted over 800 delegates, and its usual very high satisfaction ratings.

## **Future activities 2011-13**

We are committed, over the life of this plan, to ensuring the framework is as effective as possible, informed by what our research is telling us about stakeholder and public attitudes. We will incorporate a cycle of review and improvement in our planning to make sure that the local standards framework is always effective and up-to-date

Our work on identifying and addressing sectoral and systemic risks to standards will mature and we will learn how to increase the effectiveness of this work through reviews of our actions. Similarly the way we assess risk and work directly with authorities, and the way we engage with other partners in the regulatory and local government spheres as we do so, will continue to evolve. We are committed to learning from such engagements and modifying our approaches accordingly.

Our closer working relationships with authorities, through the work of our relationship managers, will mean that we have a good understanding of the issues they face. Through those relationships we will continue to help head off problems before they occur so that we maintain high standards and reduce enforcement actions.

To ensure that we are at the forefront of standards thinking, we will work with national and international partners to share ideas and develop best practice.

We will continue to support the standards community in its development through generating significant opportunities to engage with them, share good practice and discuss issues that arise.

We are committed to ensuring our work is supported by a clear and accurate picture of the world in which we operate, and we will ensure our monitoring activities and our research programme are appropriately focused.

### **Specific activities in 2010-11**

- 1.1 Pursue implementation of the recommendations from our 2009-10 review of the local standards framework
- 1.2 Identify potential systemic and sectoral risks and evaluate mechanisms for assisting them. Then develop and implement an approach to managing identified risks
- 1.3 Roll out our risk based approach to working with local authorities, beginning with consultation and 'proof of concept' testing before full implementation in the second half of the year.
- 1.4 Hold our Annual Assembly in October 2010, to focus on sharing of good practice and knowledge and providing advice and guidance on topics of concern.
- 1.5 Deliver or support other events aligned to our priorities and targeted areas of risk or concern.
- 1.6 Implement an approach to ensure that the training needs of monitoring officers and standards committees are being met. We will make some e-learning training materials available to help ensure consistency and cost effectiveness.
- 1.7 Refine our research strategy and programme, to ensure that it will deliver the right information to shape the future of the local standards framework and help us target our work effectively.
- 1.8 Carry out a review of the Code of Conduct to assess its efficacy and make recommendations for improvement.

## Objective 2: Ensure the local standards framework is a success

A successful local standards framework is a key regulatory outcome for Standards for England. Under this objective we will develop and implement our strategy for supporting the standards community.

Our efforts are focused through the local authority monitoring officer and the standards committee. We place a great deal of emphasis on providing easy access to high class information and support, tailored as necessary to meet identified needs.

We will continue to monitor the work of the local framework, in an effective way. We wish to see authorities achieve a high level of compliance with the framework's requirements on how complaints are handled.

### Activities in 2010-11

Our **strategy for supporting the standards community** sets out how we will ensure they have easy access to the help they need – information, guidance, expert advice and communities of interest.

- We are committed to ensuring our website and its on-line resources, including our Standards Forum, are delivered to a high standard. Our forum has proved popular with monitoring officers as a way of drawing advice and help from within the community, so we will encourage and develop its use. The forum achieved 1,000 registered users in January 2010, only three months after its launch.
- We will support this with first class published material tailored to the community as a whole and sectors within it.
- We will continue to support published material with skilled advisors on the telephone.
- We will work to support sectors within the regulated community. For example, we are developing our parish strategy. This will set out how we intend to work with those involved in the parish sector to ensure the framework makes a real contribution to high standards and good governance in that sector. We will develop a product aimed specifically at the parish sector this year.
- We will continue to be a visible presence across the sector taking opportunities to share learning and advice at conferences and events. We will continue to give high priority to talking – and listening – to monitoring officers and standards committees.
- We will continue to encourage and facilitate the exchange of best practice, experience and information throughout the standards community, for example by fostering the development of networks and communities of interest within it.



- We will take a proportionate approach and help to facilitate arrangements such as shared standards committees where practical and sensible, to reduce cost and overheads.

We will continue to produce and distribute quality advice and guidance to simplify the work of local standards committees and help prevent standards issues arising. Our guidance products in 2010-11 will also help to improve consistency and reduce the overall cost burden of the framework to the taxpayer.

During 2009-10 we published a wide range of on-line advice and guidance to help monitoring officers / standards committees with their work, to a high degree of satisfaction. Nevertheless in the coming year we intend to review our communications with the standards community to ensure we deliver what they need in ways that are accessible and cost effective.

We will continue to monitor standards activity and practices at authorities to track performance and monitor trends. The information is gathered and returned to us by monitoring officers in **quarterly and annual returns**, as a requirement of the framework. Although it is vital that we obtain a local picture, we appreciate the need to minimise the requirements so that the effort and cost of reporting is kept to reasonable levels. Therefore, we will be reviewing our monitoring approach to make sure that we are only collecting information we need.

Local authorities must be able to respond to and resolve complaints about members' behaviour in a fair and timely manner. We work with authorities, generally and specifically, to ensure that cases are handled effectively.

Cases investigated locally are critical to the success of the framework. These now form the bulk of cases undertaken in England, so collectively have a great impact on the success of the framework. We began work to assess the quality of local case handling late in 2009-10. This work will continue and allow us to identify where we can further help local standards committees be effective.

**926** Cases investigated / being investigated by local standards committees

**125** Cases investigated / being investigated by Standards for England

New cases, Jan-Dec 2009

Handling those cases which, for one reason or another, are not suitable for local investigation, remains an important part of our work. We will build on the improvements we have made to our own **case handling** through our Project Excellence, delivered last year. For example, communicating more effectively with all the parties in cases to keep them informed of progress is one area that we will continue to develop as we get feedback from our customer satisfaction forms.

Working in consultation with stakeholders, we will explore the options for a '**standards maturity model**'. We want to consider whether there are benefits in describing levels of standards maturity for authorities, setting out what standards, behaviours and levels of compliance are typical at each level.

### **Future activities 2011-13**

We will continue to support the standards community in its work. We will keep our engagement and communications under review and consider what guidance and advice products might best help local standards committees to be effective and efficient.

We are keen to foster strong mutual support networks for local standards committees and to ensure information to support them is readily available through their preferred channels of communication.

We will continue to pay close attention to authorities' performance under the local standards framework, further refining our monitoring arrangements based on their value to us in our work and on feedback from the standards community.

While we will continue to require authorities to show high levels of compliance with their responsibilities, we intend to increase our focus on the *quality* of local standards work. We will build on our 2010-11 work on the quality of local case handling, and look to help standards committees ensure sound decision making at all stages of the complaints handling process.

We will continue to keep our criteria for accepting cases under review and take steps to ensure our casework continues to be of a high standard. Our most serious cases are referred to the First-tier Tribunal (Standards in Local Government) - formerly the Adjudication Panel for England, which also hears appeals against local decisions. We're committed to developing an active relationship with the First-tier Tribunal whereby strong feedback mechanisms help both of us to operate to best effect.

## **Specific activities in 2010-11**

- 2.1 Review our communication with monitoring officers and standards committees to improve our approach and effectiveness
- 2.2 Review our approach to periodic monitoring and to identifying and managing information about local authorities (as part of developing knowledge management work in Standards for England) so as to enable both the effective monitoring of framework performance and the effective management of entity risk.
- 2.3 Assess the quality of local case handling. Implement recommendations to help local standards committees manage cases well.
- 2.4 Develop our liaison with groups from within the regulated and standards communities. Provide tools and materials and assist with the development of supportive networks within the standards community
- 2.5 Continue the production of accurate and timely guidance supporting the effective operation of the local standards framework
- 2.6 Explore options for a 'standards maturity model' that defines a set of standards benchmarks against which an authority can set aspirations and judge attainments.
- 2.7 Continue to deliver timely, high quality investigations for cases that we accept. We will also start a cycle of annual reviews of our referral and acceptance criteria, to ensure the categories of cases we accept support our regulatory outcomes.

### Objective 3: Continuing to improve our business capability and effectiveness

To be effective, we recognise the need to continually invest in our business capability: our skills, knowledge and supporting systems. 2009/10 was a major year of change for us; we implemented a new organisational design, which transferred resources from back office functions to the front line, improving our delivery capability and clarifying accountabilities across the organisation. That design becomes fully operational on 1 April 2010.

While we do not envisage such dramatic change over the period covered by this plan, we are committed to continuous improvement. This is influenced both by best business and regulatory practice and through our commitment to providing a quality service to our regulated community, learning through consultation with and feedback from those we work with.

Our focus for 2010-11 will be on ensuring high standards of governance, developing an organisation-wide approach to quality management and improving our knowledge management.

#### Activities in 2010-11

In 2010 we will fully benefit from our new **organisational design**. The structural diagram on page 24 shows how our three directorates will deliver our work, supported by a small, focused corporate Chief Executive's department.

Our projects portfolio will be redesigned this year, to reflect our new structure and the reduction in size of our change programme. We will undertake a post implementation review of our organisation design project, to make sure that we have met all the objectives and design principles that we set out to achieve in our new organisation.

This year we will support the new design by implementing a simplified, fair pay system based on job evaluation.

We will roll out **business process improvements** and systems improvements developed in our Project Excellence last year to other parts of the business. In Project Excellence we invested in improving the processes and systems that support our investigations functions, so that we can complete cases more quickly while maintaining high quality.

It is important for an organisation working in the field of standards to seek to operate to the highest standards itself. Consequently we will continue to work to ensure our **governance**, at all levels, is of a high quality.

We plan to develop an organisation-wide approach to **quality management**, to better assess how well we are delivering our various products and services.

For us, as for other regulators, data, information and knowledge about those we regulate is a key commodity – it needs to be kept up-to-date, validated, and above all joined up across the different tasks within Standards for England. We plan to develop our **knowledge management** to ensure we are working as smartly, effectively and efficiently as we can.

We wish to see better sharing and use of information within the organisation, so that we are better equipped to understand the authorities we are working with.

Our **employees** are key to our success. We value their skills, enthusiasm and endeavour. We are working to ensure high levels of engagement, training and leadership at Standards for England. In 2008-9, we ran our first staff survey to find out how we were performing internally. It probed issues such as our leadership, communication and reward. The results endorsed our need to reshape as a strategic regulator and fed in to work to implement our new organisational design. We will run the survey again early in the coming year to gauge improvements and take further action in the coming year based on the results.

At Standards for England, we pride ourselves on providing a far reaching service and delivering **value for money** from our low-cost base in Manchester. However, in the current economic climate, we recognise that pressure on public spending is likely to be increasing, so we will look for further ways to save on our non-pay spending and redirect funds to our front-line services.

### **Future activities 2011-13**

In the second and third years of this plan we will continue to push ahead with the work we began in the first year with its focus on quality and knowledge management.

Our work involves collaboration and communication with a number of other regulators and organisations working in the local government and ethics fields. We value these working relationships and will look to ensure they are sustained and strengthened across the changing local public service and regulatory landscapes. We're keen to ensure these relationships work well at a practical level, allowing us to deliver 'joined up' services from the local authority perspective – our developing links with the Audit Commission are a good example.

We are committed to keeping up-to-date with regulatory thinking and we will periodically assess and measure ourselves and our rate of development. We first did this in 2009-10 and this exercise informs our prioritisation and our development. We believe the Hampton principles – applied with regard to our specific role – are a firm blueprint for excellence in regulation. They help us give due regard to our effectiveness and the impact we have on those we regulate, and we will periodically benchmark ourselves against them to identify potential areas for improvement in the work we do.

### **Specific activities in 2010-11**

- 3.1 Defining and implementing a quality management approach within the organisation, to embed quality assurance within the key operational activities and develop a culture of continuous improvement
- 3.2 Implement the outcomes of our pay review to rationalise our pay scales to deal with inequalities in pay and reward and simplify our pay structure
- 3.3 Undertake a further internal staff survey to measure the impacts of the improvements we have made to the business and our people management
- 3.4 Further develop our leadership strategy throughout all levels of management within the organisation to increase our leadership capabilities
- 3.5 Expand the business process improvements identified in last year's Project Excellence to other areas of the business.
- 3.6 Conduct a corporate governance review and act on the results to ensure we operate our business to high standards
- 3.7 Repeat a review of our regulatory performance against the Hampton Principles undertaken in 2009, to measure our improvement and highlight further areas for development
- 3.8 Develop and implement an organisational approach to knowledge management
- 3.9 Identify further savings from our non-pay budget to increase our efficiency and re-invest into frontline services
- 3.10 Undertake a post-implementation review of the effectiveness of the organisational design changes we have introduced, to ensure that we have achieved our objectives and are working effectively in the new structure

### **Strategic objectives 2010-13:**

- 1) Be a respected strategic regulator, adding value to local government
  - a. Ensure there is an effective standards framework across all local government arrangements.
  - b. Make a demonstrable difference to local standards.
  - c. Be recognised as a centre of excellence in the field of ethical governance.

- 2) Ensure the local standards framework is a success
  - a. Ensure that the framework is felt to be fair and proportionate and that complainants and those complained about feel they have been treated fairly.
  - b. Identify failings in the local system and respond accordingly.
  - c. Support standards committees in promoting high standards, so enhancing the reputation of local government.
- 3) Continue to improve our business capability and effectiveness
  - a. Understand and be responsive to the needs of those we work with.
  - b. Have the right skills and apply our resources to meet these needs.
  - c. Make sure that we operate in line with modern regulatory good practice.

## Measures of success

Our role is to help government achieve its aims and, as we do that, deliver value for money. To bring transparency to our service delivery, we have a set of key performance indicators (KPIs) that are agreed by CLG, our sponsor department. The business areas covered by the KPIs are those that contribute most directly to the achievement of our overall objectives. By achieving the targets, we will be demonstrating our effectiveness.

For the business year 2010-11, our KPIs reflect our developing focus on the overall success of the standards framework, as well as the regular indicators of our service performance.

We report on our success against our key performance indicators in our annual reports, laid before parliament in the early summer after the end of the preceding business year.

Key Performance Indicators 2010-11				
Ref	Title	Description	Measure	Objective
1	Risk-based approach	Successful implementation and delivery of risk based relationship management approach	Consultation, proof of concept and implementation delivered to milestones	1
2	Local case handling	Monitoring the quality of local case handling so as to assess the effectiveness of our work to improve local performance	Complete our review of local case handling and implement any revised monitoring arrangements	2
3	Investigations	Deliver the investigations we undertake within the agreed performance timeframes	90% of all investigations to be completed within 6 months. 100% to be completed within 12 months.	2
4	Customer satisfaction	Customer satisfaction with our investigations	Implement improved customer satisfaction monitoring and set a benchmark % satisfaction level	2
5	Local compliance Framework requirements	Ensure a high level of compliance with the minimum requirements of the Standards Framework	95% of authorities are fully compliant with legal requirements by year end	2
6	Review implementation	Implement agreed recommendations from the Framework review	Meet agreed milestones set following CLG consideration of the review	1



7	Confidence in the Framework	Confidence among the regulated community and public	Improved % confidence in 1. local authority ability to uncover breach and 2. confidence that breaches will be dealt with appropriately. To be reported March 2012	1, 2
8	Capability development	Continue our capability development programme	1- Implement improved business processes and supporting systems for Liaison & Guidance and Relationship Management 2- Fully implement a revised information architecture to improve our information storage and retrieval	3
9	Value for money	To achieve efficiencies within our support functions and focus expenditure on service delivery	23% saved on our back office costs between 2009/10 and 2010/11	3

# How we are organised

## Board

- Strategy
- Scrutiny

## Chief Executive

- Corporate planning
- Strategic relations

**Lead objectives:** 1, 2, 3  
**Lead KPIs:** 8,9

## Director of Risk

**Lead objectives:** 1a, 1b  
**Lead KPIs:** 1, 5

### Outcomes:

- Effective systemic risk management
- Effective sectional risk management
- Effective entity risk management
- Effective identification of high risk authorities
- Active management of high risk authorities
- Effective Intervention in individual authorities
- Evaluation and assessment of all authorities

### Functions:

- Risk assessment and relationship management
- Entity risk management development
- Interventions
- Systemic and sectional risk solutions design
- Risk solutions delivery

## Director of Regulation

**Lead objectives:** 2a, 2b, 2c  
**Lead KPIs:** 2,3

### Outcomes:

- Public trust in the redress mechanisms
- Timely investigations to quality standard
- Compliance monitoring effective and in line with modern regulatory standards
- Guidance, advice and support is customer focused, effective and efficient
- Authority information is kept up to date and directed
- Self-supporting standards community driving the standards agenda

### Functions:

- Publications
- Guidance and advice
- Monitoring and entity risk map data management
- Misconduct allegations assessment for acceptance
- Misconduct investigations
- Establishing and maintaining standards community networks

## Director of Standards

**Lead objectives:** 1c, 3a, 3b, 3c  
**Lead KPIs:** 4, 6, 7

### Outcomes:

- Standards Board operates to best practice standards
- Standards Board engaged in and prepared for strategic developments affecting the local standards framework and its operation
- Standards Board recognised as leading expertise in ethical standards, able to influence and shape the local standards framework
- Standards Board knowledge is structured and is accessible, knowledge grows and is shared

### Functions:

- Quality management
- Knowledge management
- Environment scanning
- Identifying systemic and sectoral issues
- Research to support the business
- Corporate legal advice

## Funding

Our funding for 2010-11 has been agreed at a slightly reduced level from 2009-10, which reflects the changes to the business that we made within that year.

The budget table below describes our investment and funding plans for the next three years.

<b>Expenditure summary (£'000)</b>	<b>Plan 2010-11</b>	<b>Plan 2011-12</b>	<b>Plan 2012-13</b>
Salary, pension & on costs	3,756	3,756	3,756
Other expenditure	4,190	4,190	4,190
<b>Revenue expenditure</b>	<b>7,946</b>	<b>7,946</b>	<b>7,946</b>
Capital expenditure	200	200	200
<b>Total expenditure (DEL)</b>	<b>8,146</b>	<b>8,146</b>	<b>8,146</b>
Add: Revenue	-339	-339	-339
Less: Depreciation	-410	-410	-410
<b>Grant-in-aid</b>	<b>7,397</b>	<b>7,397</b>	<b>7,397</b>

The 2011-12 and 2012-13 submissions are maintained at the same values as 2010-11 figures pending the outcome of government's next spending review.

### Assumptions made

- Staffing levels will remain broadly constant.
- The level of investigations investigated in house will remain broadly consistent at 2009-10 levels.
- There will be no significant changes to the standards framework.



# Annual Report and Accounts

The Standards Board for England

2008-09



**The Standards Board for England**

**Annual Report and Accounts 2008-09**

Presented to Parliament pursuant to Section 13 of Schedule 4  
to the Local Government Act 2000.

Ordered by the House of Commons to be printed on 16 July 2009.

If you would like a copy of our Annual Review 2008-09, please contact us at:

Standards for England, Fourth Floor, Griffin House, 40 Lever Street,  
Manchester M1 1BB

Enquiries line: 0845 078 8181    [enquiries@standardsforengland.gov.uk](mailto:enquiries@standardsforengland.gov.uk)

[www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)

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# Foreword from the Chair and Chief Executive

## The 2008-09 financial year was a time of significant change for the Standards Board for England.

The local assessment framework went live on 8 May 2008, sending to local standards committees a significant proportion of the work which had previously been the 'bread and butter' of the Standards Board.

And while the Standards Board's focus, early in the year, was to complete the task of ensuring those local standards committees were adequately briefed and supported to take on that new role, during the year the Standards Board turned its attention to its own new role: how it would develop its approach to becoming a strategic regulator.

One key aspect of that is understanding how the new system is operating. Our quarterly monitoring system, which requires online returns from monitoring officers in councils throughout England, went live for the first time in June 2008.

The monitoring system has been a great success; we are appreciative of the support of those monitoring officers who have supplied us with rich and timely data about their local activity. Those quarterly returns are supplemented by a wider range of information gathered in an annual questionnaire, again developed as an online facility during the year, and completed for the first time in April 2009.

Our Annual Assembly, at Birmingham's National Exhibition Centre in October, also reflected the change to the local framework. A record number of over 750 delegates had a healthy appetite for sharing good practice, and fed back to us a range of 'hot topics' which helped us formulate our plans for further support and guidance.

In the latter part of the financial year, the Standards Board turned its attention to its own readiness for its strategic regulator role. On the one hand we have begun to develop our approach to a key platform of regulatory work – how will we set about assessing and managing risks of standards failure? This was informed by our early experiences of engaging with authorities where the standards framework has failed to flourish or been swamped by difficulties. On the other hand we have taken an honest look at the internal structures and roles within the organisation and come to an agreement about the need to change.

Congratulations are due to Rossendale Borough Council, in Lancashire, the first winner of the Local Government Chronicle's Award in the standards and ethics category, sponsored by the Standards Board. Promoting the positive benefits of ethical standards and local efforts to promote them will become an increasingly important aspect of our work.

It is customary in the foreword to annual reports to make reference to any risks or uncertainties facing the organisation.

It has been a turbulent time beyond our walls. The 2009 credit crunch will affect future public spending and could lead to cuts in our budgets. Equally, the issue of standards in public life has achieved an even higher public profile early in 2009 and it is unclear if or whether regulatory frameworks may be realigned as a consequence.

Set against these uncertainties we can offer some positives:

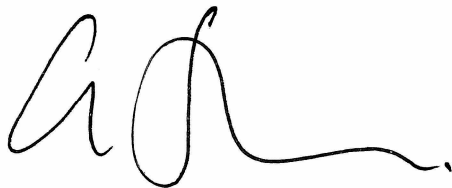
- We are confident the local standards framework is established and working effectively.
- We are confident that our own redevelopment as a strategic regulator is on track and can be completed by the middle of the 2009-10 financial year.
- We are confident that we will be able to offer the present, and future governments, sound advice on how the local standards framework may be further developed to improve its efficacy and proportionality.

We look forward to continuing our progress in the year ahead in making a real and demonstrable difference to local democracy.

**Dr Robert Chilton OBE**  
Chair



**Glenys Stacey**  
Chief Executive



Date: 13 July 2009

## Board information

### Board

Dr Robert Chilton OBE  
(Chair – term began 1 July 2008)

Sir Anthony Holland  
(Chair – term ended 30 June 2008)

Judy Simons  
(Deputy Chair – term began 14 July 2008)

Patricia Hughes CBE  
(Deputy Chair – term ended 30 June 2008)

Paul Gott

Elizabeth Hall

Shirley Flint

Mehboob Khan

Sir Ron Watson CBE

Elizabeth Abderrahim  
(Term began 14 July 2008)

Mike Kendall  
(Term began 14 July 2008 and  
resigned 20 March 2009)

Stephen Knight  
(Term began 4 March 2009)

### Chief Executive

Glenys Stacey

(David Prince retired 2 June 2008)

### Principal Office

Fourth Floor  
Griffin House  
40 Lever Street  
Manchester  
M1 1BB

### Auditors

#### External

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

#### Internal

Bentley Jennison  
26 Pall Mall  
Manchester  
M2 1JR

# Management commentary

## Format of the annual accounts

The annual accounts have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with the Local Government Act 2000 as amended.

## History of the Standards Board for England

The background to the Standards Board for England and its main tasks are explained in the Annual Report.

## Statutory background

The Standards Board for England is a corporate body established on 22 March 2001 by the Secretary of State under powers conferred by the Local Government Act 2000 as amended.

## Principal activities of the Standards Board for England

The Standards Board for England is a non-departmental public body sponsored by the department for Communities and Local Government. Its principal activities are explained in the Annual Report.

## Significant changes in tangible fixed assets

The movement in tangible fixed assets is shown in note 11 to the annual accounts.

## The Standards Board for England's key responsibilities

The Standards Board for England (the Standards Board) was formally established in March 2001. Although set up by an act of Parliament, we are a public body acting independently of the government.

We provide a national oversight of how local authorities manage and ensure high ethical standards.

Our key responsibilities are:

- Monitoring the performance of local authority arrangements for ensuring high standards of conduct.
- Engaging with authorities to promote notable practice and minimise the risk of poor standards of conduct.
- Providing support and guidance to standards committees and members on understanding the Code of Conduct, and on how to deal with complaints about the conduct of members of their council or authority.
- Investigating the most serious cases where the local standards committee believes it is not best placed to deal with the matter and we agree with them.

## The legislative, regulatory, operational and external environment

In order for the Standards Board to operate as a strategic regulator, it is necessary for us to monitor the performance of local authorities in the local assessment of complaints and their ethical governance arrangements. Monitoring in this way will enable us to identify those authorities which are most at risk of experiencing ethical problems, and target our resources to support those authorities.

As well as the individual risks faced by authorities we are also looking to identify systemic and sectoral risks and will work with authorities to effectively manage these risks.

Our approach will also enable us to collect and disseminate notable practice. In this way, we can support and drive up the performance of local authorities.

We continue to take responsibility for the Code of Conduct and recommend changes designed to keep it up-to-date in light of experience. We continue to

issue appropriate guidance on case handling and Code-related issues.

In the past year, the Standards Board has sought to strengthen its links with other regulators and key stakeholders who are committed to improving local government.

We have worked with the Audit Commission to ensure the incorporation of standards and conduct issues into the new assessment framework, the Comprehensive Area Assessment (CAA), which the Audit Commission introduced in 2009 to replace the CPA. Information collected by the Standards Board, as part of its monitoring role, will be a source of evidence in the Audit Commission's 'use of resources' assessment.

We have further updated the ethical governance toolkit in partnership with both the Audit Commission and the Improvement and Development Agency for local government (IDeA). The toolkit enables authorities to assess how well they are meeting the ethical agenda and identifies how they can further improve their arrangements. It consists of four main elements which are each administered by either the Audit Commission or the IDeA.

The toolkit is consistent with the framework for Good Governance in Local Government, which we have endorsed and developed in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). We have particularly supported its emphasis on upholding standards of conduct and behaviour as an integral part of good governance.

Toolkit materials are available from the IDeA's website, but we recommend that authorities use trained practitioners, who will be able to constructively challenge existing processes, procedures, culture and behaviour. The Audit Commission's 'governance toolkit' builds on this work

and has been endorsed by the Standards Board.

As part of our research programme in 2008-09 we commissioned the following research projects:

■ **The Satisfaction with the Standards Board for England and Attitudes to the Ethical Environment tracker survey 2009 is now complete.**

A survey is undertaken every other year to assess satisfaction levels of members and officers with the Standards Board, and other attitudes to the ethical environment.

As with the previous years, the 2009 survey results suggest a positive trend in the satisfaction levels of our stakeholders. Overall, findings suggest that the proportion of stakeholders who speak highly of the Standards Board has continued to increase over time. There has also been positive progress in terms of those who believe that members' standards of behaviour have improved, and those who are satisfied with the published information and guidance provided by the Standards Board.

The reasons for increased satisfaction relate to the day-to-day activities of the Standards Board, and the support we provide. This includes: quality, clarity, and promptness of the support and guidance; support provided for devolution of powers to local standards committees; sound decision making and fairness in investigations. The report also highlighted some areas where we have room for future improvement, such as: our judgements and decision making, and the timeliness of our communications.

■ **Partnerships work with Manchester City Council.**

We have worked with Manchester City Council and its partners to develop a protocol of appropriate behaviours in partnership working. Action Learning Sets (ALSs), which are similar to focus groups, have been undertaken with Manchester's strategic, contractual and voluntary partners. The findings from the ALSs informed an online survey which was sent to all of the City Council's partners. A stakeholder event is being organised and is due to take place in September where a wider invite again will ask people to come and discuss the draft protocol. At this point, the protocol will be refined further and a final draft will be written in September 2009.

■ **The contribution of standards committees in ensuring a strong standards framework: Examples of effective practice.**

The aims of the project are to:

- Identify and describe effective practice undertaken by standards committees.
- Demonstrate how the effective practice of standards committees contributes to ensuring an ethical environment.
- Identify any impacts that the activities of standards committees have on public perceptions of local government

A final report will be available in July 2009.

■ **Is the Standards Framework proportionate?**

Research has been commissioned to look at the extent to which the general public, members and officers view the local standards framework as proportionate. It is expected that the findings from this review will feed into the review about the proportionality of the framework. The final report will be available in August 2009.

■ **Assessing the Impact and Effectiveness of the Ethical Framework in Local Government in England.**

The Standards Board has commissioned researchers from the Centre for Local and Regional Government at Cardiff University to undertake a five-year study of this subject.

We are currently carrying out case studies over a five-year period, which will aim to assess the impact and effectiveness of the local standards framework.

We will continue to work with local and national stakeholders to share information, promote improvement and embed high standards locally. To do this effectively, we will continue to set up and maintain new networks of key stakeholders where they do not already exist. In addition, we have continued to develop support for parish and town councils, taking seriously our role as the only national regulator that has substantial engagement with these councils.

Experience has shown that the responsibility for setting and upholding ethical standards needs to be shared as widely as possible. To this end, we have continued to work with a range of government bodies and external organisations, combining our expertise and theirs in the pursuit of higher standards.

**The Standards Board's objectives and strategies for achieving them**

On 8 May 2008, management of the standards framework, including the handling of the majority of complaints, was devolved to local standards committees. Since that time, the role of the Standards Board has been that of a strategic regulator and 2008-09 has been a year of transition and change for us. We believe that the locally-based approach helps embed high standards of ethical conduct in each authority which,

in turn, increases the public's trust in their locally elected representatives.

The Standards Board works with local government and other organisations, including the Department for Communities and Local Government, to champion and promote high standards of member conduct across local government. We set ourselves three key objectives in order to achieve this:

- To encourage, promote and embed a culture of high standards and good governance locally.
- To support authorities to manage standards issues locally, while acting as a model of good practice.
- To maintain high standards of case handling by the Standards Board and to promote high standards of case handling locally.

We work proactively in a supportive and informed manner in order to meet our objectives, making use of our experience of handling cases to help local authorities and to add value to the local regime. We perform our duties and exercise our powers in a way that is fair and open, and that preserves our independence and integrity. On a day-to-day basis this involves issuing guidance and recommendations, providing advice and supporting those with difficulties or where standards may have broken down. We also seek to provide independent, impartial and timely investigations into those cases that cannot be investigated locally.

We refer to the Hampton principles of good regulation to ensure that we are a transparent and accountable regulator which takes a consistent, targeted and proportionate approach to the work we do.

### Resources available to the entity: key strengths

As part of the Standards Board's commitment to continuous improvement, our approach to process mapping has been reviewed and necessary changes implemented during 2008-09. In addition,

we have revised our internal quality auditing programme. Both of these will assist in the improvement of quality control by ensuring that employees follow their procedures.

The Standards Board continues to encourage staff to gain the appropriate professional, management and other expertise necessary to achieve our objectives. As part of our ongoing commitment to training we launched a selection of online e-learning modules. We also continue to recruit from a broad range of backgrounds to ensure that we have the right blend of knowledge and experience to operate as effectively as possible.

### Key relationships with stakeholders (central government) that might affect the organisation's long-term position

In October 2007, the Local Government and Public Involvement in Health Act was passed. The key change in the act was the provision for local standards committees to gain responsibility for receiving complaints and deciding whether they should be investigated. This act, together with its accompanying regulations, which were laid before Parliament on 17 April 2008, established the Standards Board's strategic regulatory role, supporting and ensuring the effectiveness of the local standards framework.

The Standards Board has continued to support the implementation of the 2007 act as further regulations have come into force. In parallel, in autumn 2008, the government consulted on a range of issues relating to codes of conduct for local authority members and employees.

The consultation included proposed amendments to clarify details of the members' Code of Conduct, as last revised in 2007. The Standards Board presented a response to that consultation. The government's view of the representations it received has not yet been published.

The Standards Board enjoys good working relationships with its sponsor department, Communities and Local Government. The importance of the Code of Conduct to government was highlighted by Sadiq Khan MP, Parliamentary Under-Secretary of State at Communities and Local Government from October 2008 to June 2009, when he said: "It is important that the conduct regime continues to be a success. I do not think it is an exaggeration to state that the conduct regime helps to underpin one of the foundations of a healthy democracy; trust in our elected representatives."

## Directors' report

### 1) Review of the development of the Standards Board for England and its position at the balance sheet

On 8 May 2008 the Standards Board ceased receiving and assessing allegations that members had breached the Code of Conduct. From that date onwards standards committees became responsible for receiving and assessing such allegations.

When assessing allegations, standards committees can make one of three findings:

- take no action
- refer the allegation to the monitoring officer for investigation or some action other than investigation
- refer the allegation to the Standards Board for England

During 2008-09 we have accepted 177 cases for investigation (please see Section 5 of this directors' report for more details).

The Adjudication Panel for England is an independent tribunal operating independently of the Standards Board, established by Part III, Chapter IV of the Local Government Act 2000. It was set up as a disciplinary body to hear and determine allegations concerning the

conduct of local authority members. Subsequent regulations allowed the Adjudication Panel to act as an appellate body to determine appeals against the decisions of local standards committees. The Adjudication Panel consists of a president and panel members who are appointed by the Lord Chancellor on advice from the Judicial Appointments Commission. This is in accordance with the established procedure for judicial appointments. The Adjudication Panel was integrated by the Tribunals Service and Communities and Local Government in 2009 into a new unified tribunals' structure. The current President is David Laverick.

The Standards Board's ethical standards officers referred 17 cases to the Adjudication Panel during 2008-09. In all, they heard five cases during the year (including cases carried over from the previous year). This resulted in four members being given sanctions, ranging from suspensions to disqualifications.

Overall satisfaction with the Standards Board since its inception continues to improve. The majority of our stakeholders support the devolved ethical framework (72%) and agree with the requirement to sign up to the Code (94%).

Aspects of our work which have been rated as successful include:

- Defining standards of behaviour for members
- The quality and clarity of the support and guidance we provide
- Keeping local government informed about what we are doing.

Our role has changed and 2008-09 has been a transitional period for us. We are still uniquely placed to maintain public confidence in standards of conduct across local government and in how allegations of misconduct are dealt with.



## **2) Indication of likely developments**

Over the coming months, the Standards Board will continue to monitor the effectiveness of the local standards framework and support and engage with standards committees where necessary. We will be able to make use of our first full set (four quarters) of monitoring information, as well as the first data from the annual returns. This, and other information we gather through our strategic role, will enable us to fully implement our risk-based approach to overseeing the local standards regime and to proactively identify those authorities which may be in need of our guidance and support.

Our system of working is designed to be proportionate and flexible, and our risk-based approach will not only allow us to identify individual authorities where standards may be breaking down, but also to uncover systemic and sectoral risks where different solutions may be appropriate.

New ways of working within the Standards Board will also enable us to share guidance and good practice recommendations with a wide range of stakeholders at an individual and group level.

A consultation on possible changes to the Code was launched by Communities and Local Government last year. We expect a revised Code to come into force over the coming months, with clarification made around members acting in a private capacity and behaviour leading to a criminal conviction. Additionally, we may see the introduction of a Code for officers. Any changes made to the Code will be accompanied by new guidance from the Standards Board and we will also be looking to update our existing framework guidance now that it has been in use for a year.

## **3) Post balance sheet events**

The Standards Board for England's financial statements are laid before the Houses of Parliament by the Comptroller and Auditor General. FRS21 requires the Standards Board for England to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Standard Board for England's management to the Comptroller and Auditor General or HM Treasury. The authorised date of issue is 16 July 2009.

## **4) Board members and executive directors**

The Board members who served in the year ending 31 March 2009, together with details of their remuneration, are shown in the remuneration report to the annual accounts. Details regarding the appointment and remuneration of the Chief Executive, who is not a member of the Board, are shown in the remuneration report.

Dr Robert Chilton OBE was appointed as Chair with effect from 1 July 2008.

Sir Anthony Holland's term as Chair ended on 30 June 2008.

Patricia Hughes CBE – term ended on 30 June 2008.

Judy Simons became Deputy Chair on 14 July 2008.

Elizabeth Abderrahim was appointed on 14 July 2008.

Mike Kendall was appointed on 14 July 2008 and resigned on 20 March 2009.

Stephen Knight was appointed on 4 March 2009.

## **5) Complaints referred to the Standards Board**

The Standards Board no longer considers complaints sent to us directly. Since 8 May 2008 we receive only those

complaints referred to us by local standards committees. These account for about five per cent of complaints nationally. We decide whether to accept these cases for investigation, and we make this decision based on the public interest as expressed in the criteria set out in our *Local assessment of complaints* guidance. We have accepted 177 cases for investigation in the year ending 31 March 2009. In general we do accept these cases, but in some instances we have used our discretion either to send a complaint back to a standards committee for local investigation or other action, or to take no action. This is usually because in our opinion the complaint would not disclose a potential breach of the Code of Conduct, even if it were proven. This is to ensure that we focus on those allegations that have the potential to damage the public's confidence in local democracy.

## 6) Going concern

The balance sheet at 31 March 2009 shows net assets of £267,000. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Standard Board's other sources of income, may only be met by future grants or grants-in-aid.

These will be met from our sponsoring department, Communities and Local Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need. Grant-in-aid for 2009-10, taking into account the amounts required to meet the Standards Board's liabilities falling due in that year, has already been included in the department's estimates for the year. These have been approved by Parliament and there is no reason to believe that the department's future sponsorship and future parliamentary approval will not be forthcoming. It has therefore been considered appropriate to adopt a going concern basis for the

preparation of these financial statements.

## Operating financial review

The expenditure for the year 2008-09 before interest receivable, notional cost of capital and taxation amounted to £7,565,000. Corporation tax of £4,000 is payable on interest receivable.

Details of the Standards Board's pension scheme and financial instruments are shown in notes 15 and 17 respectively.

## Key performance indicators

A number of key performance indicators were monitored during the 2008-09 financial year. In order to support our developing role as a strategic regulator,

we reviewed and revised our KPI measures mid-year. Table 1 below sets out our performance against target for the first half of the year, and Table 2 details performance for the second half.

**Table 1 – Performance against key performance indicators: 1 April 2008 – 30 September 2008**

KPI	Target	Performance 2008-09
% of correspondence receiving an initial response within 5 working days of receipt. Includes faxes & emails but excludes case related correspondence	90%	Achieved: 91%
% of telephone enquiries (other than case related enquiries) to receive a substantive response within 2 working days	90%	Achieved: 99%
15 working days average taken for case summaries to be published on the website after receipt	15 working days	Achieved: 13 working days
Average time taken from receipt of allegations from Standards Committees to notification of decision	10 working days average for notification	Achieved: 8 working days
% of cases accepted for investigation by the SBE to be completed within 6 months	90%	Not achieved: 79%
Inductions and performance reviews are undertaken for all eligible staff. Corporate training programme is delivered as part of PDPs.	1. 90% inductions completed within 3 weeks	Achieved: 92%
	2. 90% performance reviews completed on target:	N/A. Not monitored at mid year position
	3. Training calendar established as according to PDPs	Achieved
	4. 85% training course feedback shows training meets objectives	Achieved: 99%
Diversity project undertaken assessing impact of diversity on recruitment and stakeholders	Project completed within timescales	Achieved: A gap analysis has been completed and implementation planned
% staff drawn from ethnic minorities	19%	Achieved: 19%
% of number of invoices paid within terms	90%	Achieved: 94%
Budgets are approved by DCLG: Budgets planned within time constraints and on appropriate assumptions	Funding bid submitted on time and approved	Achieved: 2008-09 budget has been approved on time
Budgets are managed in line with planning, with no overspend	Budgets are spent within 5% variance (reported quarterly)	Achieved: 15% under spend

Failure to meet the KPI on case completion was due to a higher than anticipated number of complex cases which needed significant investigatory resources. These included a series of linked cases relating to a single authority.

**Table 2 – Performance against key performance indicators: 1 October 2008 – 31 March 2009**

KPI	Target	Performance 2008-09
Effective transfer of investigation responsibilities: The number of code complaints requiring redirection to standards committees in 6 months after May 8 2008	Not more than 400	Achieved: 145
Collecting monitoring information:		
-authorities complete monitoring returns at the end of each quarter	-65% by due date -90% by two weeks after due date	Achieved: 91% Achieved: 100%
-authorities submitting complete annual report electronically at the end of the business year	-65% by due date -90% by two weeks after due date	Achieved: 93% Achieved: 98%
Monitor local performance of standards committees:		
-Developing individual action plans for authorities of concern	-Within 3 months from receipt of data triggering concern	Achieved: 100%
-Monitor action taken on action plan	-3 months after implementation	Achieved: 100%
-Monitor action taken on action plan	-6 months after implementation	Achieved: 100%
Produce clear and accurate guidance and advice to reflect major changes in legislation: Publish guidance on local assessment and changes to standards committees	Within one month of relevant legislation coming into force	Achieved
Promote understanding of current standards issues and procedures: Deliver an Annual Assembly event	90% attendee satisfaction rating	Achieved: 96% attendee satisfaction rating
High standards of case handling nationally: Average time taken from receipt of allegations from Standards Committees to notification of decision	10 working days' average for notification	Achieved: 7.7 working days' average
Timely investigations: Percentage of standard cases accepted for investigation by the SBE to be completed within 6 months	90%	Achieved: 91%

Performance against all applicable KPIs has been achieved.

## Employment issues

This year we have continued progress in a number of key human resource (HR) areas, leading to more effective strategic HR support to the organisation and improvements in day-to-day HR service delivery.

- With our change in role in May 2008, we completed the closure of our Referrals Department and our London Office.
- We have continued to review and update our HR policies and procedures to ensure they are fit for purpose and support our organisational objectives.
- We have redeveloped our performance review process to improve clarity and consistency, and ensured the process is embedded in our performance management framework.
- We have further developed our learning and development strategy including the development of a new online training solution to assist and enhance our learning and development activity with the aim of improving participation and efficiency.
- We have delivered Internal Governance training to all employees across the organisation, improving levels of understanding and compliance with governance policies and procedures.
- We have carried out a staff survey to identify levels of employee satisfaction which will help us identify ways we can improve the working lives of staff and shape our organisation in our new role as a strategic regulator.
- We have continued our work on diversity, carrying out a gap analysis on our current position.
- This has led to improvements in our diversity impact assessment process

and diversity awareness training for employees.

- We have improved our management reporting through the development of a quarterly HR Dashboard which provides senior management and the Board with headline HR information to be used as part of performance management.
- We have developed an overarching People Strategy to complement and support our operating model. The strategy sets out our vision for the way we will manage and support our people for the next three years. As part of this strategy we will have the following three key people goals which will determine our priorities:
  1. **To be effective in the way we work.**
  2. **To have the right people in place to do the work.**
  3. **To have a continually improving workforce.**

## Environmental issues

The Standards Board is committed to adopting policies to promote the conservation of energy, reducing waste, minimising greenhouse gases, and encouraging the recycling of materials whenever consistent with the efficient use of public funds.

The Standards Board's environmental working group meets on a regular basis to develop new initiatives and to discuss current environmental issues and the ways to implement them.

Some activities carried out during the 2008-09 financial year were:

- an environmental audit of the Standard's Board's office and its activities
- stopping the use of plastic cups in the office in favour of reusable mugs and glasses

- 100% of our electricity is from a provider that supplies from renewable sources

### Better payment practice code

The Standards Board complies with the British Standard for Achieving Good Payment in Commerce Transactions (BS7890) in its treatment of all its suppliers. We also comply with the Late Payment of Commercial Debts (Interest) Act 1998. Excluding disputed items, key performance indicators show that 97% of suppliers' invoices were paid within the supplier's credit terms.

### External auditors

The auditors for the year ended 31 March 2009 are the National Audit Office. Their fee for the audit of the financial statements was £32,500.

### Audit information

As Accounting Officer, I Glenys Stacey confirm that as far as I am aware there is no relevant audit information that the external auditors are unaware of and I have taken all necessary steps to ensure that they are aware of all relevant information.

### Disclosure of registered interests by Board members and higher-paid employees

The Standards Board maintains a comprehensive register of interests for Board members and higher-paid employees, which is available for public inspection on our website ([www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)) or on application to the secretary to the Board. Members of the public may also visit the Standards Board's offices during normal working hours to inspect the register.

# Remuneration report

## Remuneration and employment policy and methods used to assess performance

### Remuneration policy

All staff operate under a job family performance related pay system, whereby each job is assigned a salary band, which is grouped with those jobs at the same grade and in the same family.

Salary ranges are externally benchmarked and are reviewed every year based on consideration of average earnings and inflation. The benchmarks give a range for both the public and private sector and an average of both is usually applied to the mid-point in the salary scales. The ranges then have a span of 15% either side of that mid-point. This process ensures that salaries are competitive and enables the Standards Board for England (the Standards Board) to recruit, retain and motivate high calibre staff, from the public and private sectors, whilst still retaining fairness and equity.

Performance is assessed on an ongoing basis through a performance management system. The system monitors and tracks achievement against objectives agreed at the beginning of the financial year, and development against competencies agreed for the role. Performance is formally reviewed every six months, and a performance rating is given annually.

The performance rating is used to establish individual percentage salary increases. This is assessed on a matrix of the performance rating awarded against the individual's position in the salary band.

### Policy on recruitment

In most cases, all permanent and fixed term vacancies will be advertised both internally and externally. External recruitment activity should be through press or web advertising initially for permanent vacancies; the use of recruitment agencies is permissible in certain circumstances.

All candidates will be screened and interviewed using a competency based interview, accompanied by appropriate selection methods or tools. This may include group exercises, online and/or written ability tests. They will be specifically related to job requirements and should measure the person's actual or inherent ability to do or train for work.

### Decisions on pay

Decisions on pay have been delegated to the Standards Board's senior management team when they are within the rules set out in the pay guidelines.

The guidelines set the rules for pay on recruitment, pay on promotion, pay for temporary and additional responsibility allowances, and for the annual pay review. Pay decisions made within these guidelines are made by a senior manager in conjunction with the Human Resources (HR) manager or an HR adviser. Any pay changes outside of these guidelines require approval from Communities and Local Government.

Approval on the overall annual salary review (including senior management pay) is made by the remuneration committee. The remuneration committee members consist of the audit committee members, the Head of Governance and Client Services and the HR manager.

## Salary

Salary includes basic salary and allowances. Allowances consist of either an Acting Allowance, for those staff acting up to a high grade or job on a temporary basis; or an Additional Responsibility Allowance, for those staff taking on additional responsibilities for a temporary period.

No other allowances or benefits in kind are paid to Standards Board employees.

## Pension benefits

All staff are entitled to join the Greater Manchester Pension Fund, which is part of the nationwide pension scheme for local authorities, the Local Government Pension Scheme (LGPS). The scheme is a 'final salary' scheme. Employer's contributions are set at the rate of 14% of pensionable earnings.



## Part of the Remuneration Report subject to audit

The Board consists of ten members, including the Chair and the Deputy Chair, and members are initially appointed by the Secretary of State on renewable contracts lasting up to 36 months. Details of the Board members' emoluments for the year were as follows:

Name	Position	Date of original appointment	Contract end date	2008-09 Fees and other remuneration £	2007-08 Fees and other remuneration £
Dr Robert Chilton	Chair	01/07/08	30/06/11	<b>30,600</b>	-
Sir Anthony Holland	Chair	07/02/01	30/06/08	<b>10,201</b>	40,804
J Simons <sup>1</sup>	Deputy Chair	13/02/06	13/07/11	<b>10,757</b>	7,702
P Hughes	Deputy Chair	22/03/01	30/06/08	<b>2,673</b>	10,691
R Taylor	Member	22/03/01	30/10/07	-	4,850
P Gott	Member	13/02/06	12/02/12	<b>7,418</b>	7,273
E Hall	Member	13/02/06	12/02/12	<b>7,418</b>	7,273
S Flint <sup>2</sup>	Member	23/10/06	23/10/09	<b>7,915</b>	7,273
B Fraenkel <sup>3</sup>	Member	23/10/06	23/10/09	-	6,807
M Khan	Member	23/10/06	23/10/09	<b>7,418</b>	7,273
R Watson <sup>4</sup>	Member	23/10/06	23/10/09	<b>8,673</b>	7,273
E Abderrahim	Member	14/07/08	13/07/11	<b>5,349</b>	-
M Kendall <sup>5</sup>	Member	14/07/08	13/07/11	<b>5,349</b>	-
S Knight	Member	04/03/09	03/03/12	<b>559</b>	-

No pension contributions are payable for Board members.

<sup>1</sup> Became Deputy Chair on 14 July 2008. Remuneration includes overtime payments of £826 (2007-08 £429).

<sup>2</sup> Includes £498 of overtime payments.

<sup>3</sup> Resigned 7 March 2008.

<sup>4</sup> Includes £1,255 of overtime payments.

<sup>5</sup> Resigned 20 March 2009.

## Senior management team and chief executive officer costs (excluding Board members)

The salary and the value of any taxable benefits in kind of the senior management team of the Standards Board reporting to the chief executive were as follows:

Name	Position	2008-09 Remuneration £'000	2007-08 Remuneration £'000
Glenys Stacey <sup>1</sup>	Chief Executive	125-130	-
David Prince <sup>2</sup>	Chief Executive	20-25	115-120
Paul Hoey	Director of Strategy and Guidance	80-85	75-80
Hazel Salisbury <sup>3</sup>	Director of Casework	85-90	85-90
Lisa Klein <sup>4</sup>	Head of Investigations	-	5-10
Sara Goodwin <sup>5</sup>	Head of Legal Services	60-65	75-80
Chris Boothman <sup>6</sup>	Head of Legal Services	-	45-50
Kathy Farrand <sup>7</sup>	Head of Referrals	105-110	65-70
Richard Scott <sup>8</sup>	Head of Communications	45-50	-
Tim Bogan <sup>9</sup>	Head of Communications	65-70	65-70
Navin Gokool <sup>10</sup>	Head of Governance & Client Services	65-70	65-70
Allister Duncan <sup>11</sup>	Head of Corporate Services	-	70-75
Sharon Penn	Adjudication Panel Manager	45-50	40-45
Freda Sharkey <sup>12</sup>	Acting Head of Legal	40-45	-

- 1) All senior management are employed on permanent contracts.  
2) No taxable benefits were provided to the senior management team.

<sup>1</sup> Appointed 1 April 2008.

<sup>2</sup> Appointment ended 2 June 2008.

<sup>3</sup> Appointment ended 20 March 2009.

<sup>4</sup> Appointment ended 31 January 2007. Remuneration relates to backdated pay increase.

<sup>5</sup> Appointment ended 31 July 2008. Remuneration in 2008-09 includes £37k paid in accordance with the terms of our redundancy policy.

<sup>6</sup> Appointment ended 20 April 2007. Remuneration relates to backdated pay increase.

<sup>7</sup> Appointment ended 30 May 2008. Remuneration in 2008-09 includes £98k paid in accordance with the terms of our redundancy policy.

<sup>8</sup> Appointed 21 April 2008.

<sup>9</sup> Appointment ended 23 May 2008. Remuneration in 2008-09 includes £40k paid in accordance with the terms of our redundancy policy.

<sup>10</sup> Appointed 1 October 2007.

<sup>11</sup> Appointment ended 28 September 2007. Remuneration in 2007-08 includes £34k paid in accordance with the terms of our redundancy policy.

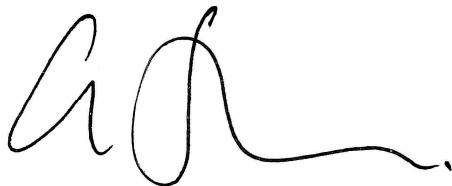
<sup>12</sup> Appointed 18 August 2008.

## Pension benefits

Name	Accrued pension at age 60 at 31.3.09 & related lump sum £'000	Real increase in pension & related lump sum at age 60 £'000	*CETV at 31.3.08 £'000	CETV at 31.3.09 £'000	Real increase in CETV £'000
Glenys Stacey	0-5	0-2.5	-	30	30
Paul Hoey	75-80	5-7.5	230	314	85
Kathy Farrand	40-45	0-2.5	118	143	25
Sharon Penn	20-25	0-2.5	67	100	33
Navin Gokool	10-15	0-2.5	25	38	13
Richard Scott	0-5	0-2.5	-	10	10
Freda Sharkey	0-5	0-2.5	-	32	32
Sara Goodwin	0-5	0-2.5	10	16	6

\*Cash equivalent transfer value

Signed by  
Glenys Stacey



Chief Executive and Accounting Officer

The Standards Board for England

Date: 13 July 2009

And on behalf of the Board  
Dr Robert Chilton OBE



Chair

The Standards Board for England

Date: 13 July 2009

## Statement of the Board's and the Accounting Officer / Chief Executive's responsibilities

Under the Local Government Act 2000 as amended, the Secretary of State, with the consent of HM Treasury, has directed the Standards Board for England (the Standards Board) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Standards Board and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts, the accounting officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

The Accounting Officer of Communities and Local Government has designated the Chief Executive as Accounting Officer of the Standards Board. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Standards Board's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

## Statement on internal control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Standards Board's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible. This is in accordance with the responsibilities assigned to me in *Managing Public Money*.

The Standards Board has a comprehensive set of policies and procedures in place, which are appropriate for the business needs of the organisation, and which represent an effective key element of the overall internal control system and ensure the full implementation of HM Treasury guidelines.

In addition, the system of internal control includes:

- An annual corporate planning process in which performance targets and strategic, operational and financial parameters are agreed by the Board. The Board regularly monitors and reviews performance against the key performance indicators contained within the corporate plan and activities specified within the operational plan.

The corporate plan, which contains our three-year strategic plan, is subject to scrutiny by Communities and Local Government and approval by the Secretary of State. The plans of individual business units are scrutinised to ensure their consistency with the overall operational and corporate plans.

- Delegation of budgets to appropriate levels of management, with accurate and timely monthly management accounts produced for all budget holders. An effective budget management system is in place which

helps ensure that all expenditure is approved at an appropriate level and that any virement of budgets is properly controlled.

- Regular reviews by senior management and the Board of monthly, cumulative and annual financial reports, which indicate financial performance against forecasts, and highlight variances and any remedial action being taken.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to an acceptable level, commensurate with our business objectives, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on a continuous cycle formulated to:

- identify and prioritise the risks to the achievement of the Standards Board's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Standards Board for the year ended 31 March 2009 and up to the date of the approval of the *Annual Report and Accounts*, and accords with Treasury guidance.

### Capacity to handle risk

The Board has oversight responsibility for ensuring that I, as Accounting Officer, discharge my risk management responsibilities efficiently, effectively and economically.

## The risk and control framework

The Standards Board has a risk management policy and strategy, which includes a methodology for measuring the relative levels of risk to the organisation. A review cycle has been established which ensures that the corporate risk register is comprehensively reviewed on a regular basis.

Risks are identified at a corporate and operational level. The identification of corporate risk is carried out by the senior management team and mapped into a dynamic tracking matrix. The risk matrix is reviewed monthly by members of the senior team and then reported to the Board. Once agreed, senior team members are required to amend their mitigating actions. In addition, specific risk reviews are identified monthly and reported to the senior team and the Board as necessary.

This process is reflected at an operational level with a risk matrix. The matrix was developed for risks which are monitored and reported to the senior team as appropriate.

The Standards Board audit committee regularly monitors the organisation's risk management performance. The audit committee met three times during the year and is made up of three Board members and an external independent member.

Among other tasks, the committee has reviewed the major corporate risks and the level of assurance provided against each one, and has assessed the acceptability of the residual risk. The committee reviewed the updated corporate risk register and highlighted significant risks to inform the Board's own consideration of the register.

The following governance panels are standing committees which will be retained with their existing terms of reference:

- audit committee

- remuneration committee

In addition, the following meets as required:

- legal proceedings panel

In addition to the actions mentioned above, the following has continued:

- The Board receives regular reports on all significant issues and every Board report contains a mandatory section on risks and financial consequences.
- The comprehensive business planning process ensures that new risks, or changes to existing risks, are identified at each stage of the process, from horizon scanning through to the agreement of detailed business plans for each department and the management of individual projects.
- The use of a Quality Management System (QMS) in respect of case management.
- The reporting of performance against key performance indicators.
- Reports from the Chair of the Standards Board audit committee to the Board and the presentation to the Board of the committee's minutes.

## Significant events in the year

The control and risk assessment processes have been applied to key initiatives during the year:

- The Local Government and Public Involvement in Health Act 2007 placed new duties and responsibilities on the Standards Board, which evolved into a strategic regulator from 8 May 2008. We introduced new processes for our new functions which were process mapped using our quality mapping system. The risks of the new functions were managed as part of the dynamic risk tracking system introduced this year.

- In response to this and after six months of operation, the Board agreed a review of the operating model for the organisation.
- The review encompasses changes to existing processes such as conducting investigations and the development of a new approach to our strategic regulatory role. These changes have been managed through a series of defined projects with specific resources and governance arrangements, including individual risk assessments. The overall risk of the review of the operating model is reflected in both corporate and operational risk matrices.
- Project Excellence is a review of our investigations process which will enable us to deliver a customer focused and dynamic service.
- Entity risk management is being used to design and implement the framework and processes for categorising the organisations we are responsible for, based on the likelihood and impact of infractions occurring. The Entity Risk Management (ERM) model will become the basis for decision-making and targeted action within the Standards Board, as we embrace our strategic regulator role.
- A review of the organisational design and implementation of the key elements of a new structure. The appointment of senior positions within the new organisational structure.
- Knowledge management – delivering solutions and cultural change to the way that information and knowledge is stored, protected, shared and disseminated within and outside the organisation. This will also include some of the common requirements from the other major projects. Our Information Technology Portfolio will support the projects by delivering solutions to their IT support requirements. It will also ensure that we have an effective, robust and appropriate infrastructure and technical architecture to support our activities, through a controlled development plan.
- All of these projects are managed through governance boards consisting of senior team members and where appropriate Board members. There is dedicated project management resource to support all the main projects and the senior team are briefed on the risks and interdependencies. To underpin this transition, all QMS processes will be reviewed.
- The IT Systems and Strategy projects for the new core systems needed to underpin the Standards Board's new regulatory role were implemented early in 2008-09. Subsequent refinements and change requests have been managed and approved by the senior team. A detailed strategy for IT development linked to the introduction of the entity risk management approach has been developed.
- We are undertaking a review of our business continuity plans and will be implementing improvements identified.
- Following the loss of disks by HMRC, data handling in government has taken on a significantly higher profile. The Cabinet Secretary has asked all sponsoring departments to review their key data held and the handling procedures that are in place. We have reviewed and reissued guidance to staff on the handling of data in transit and use of laptops, and are reviewing all our procedures in light of the further guidance issued by the Cabinet Secretary. Following this we commissioned an independent Information Security Risk Assessment to help us understand where we are at risk of security breaches or lapses. This indicated that there are a number of risk areas and an action plan has been developed and approved. The majority of risks are being

incorporated into the knowledge management project for implementation over the next 12 months.

### Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the following:

- the work of the internal auditors
- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework
- comments made by the external auditors in their management letter
- other reports such as specially commissioned reports on document management and other specialist matters.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the audit committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place. In particular, the recommendations contained in audit reports are regularly tracked and generally implemented within planned timescales.

The Board continues to take overall responsibility for monitoring my performance, and that of my executive officers, in delivering a sound and effective system of internal control. They do this in receiving and considering reports from the audit committee on the work outlined earlier and the outcome of the internal and external audit reports.

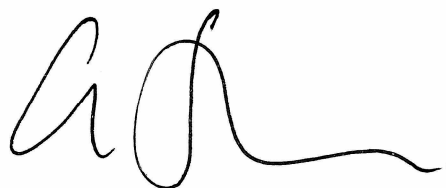
At regular intervals, the internal auditors provide the audit committee and Accounting Officer with reports on the areas of activity subject to audit. The reports include the internal auditors'

independent opinion on the adequacy and effectiveness of the Standards Board's system of internal control during the report period. Management gives careful consideration to their recommendations, which have been accepted in virtually every case, and their prioritised implementation monitored by the audit committee. The development and maintenance of the control framework has continued to be informed by work undertaken by the senior management team. The content of the management letter provided by the external auditors also played a vital role.

The audit committee is the mechanism employed by the organisation to enable detailed scrutiny of the internal control system and provides a forum, independent of management, where both the internal and external auditors can raise matters of concern regarding any weaknesses or failures in the system. I regularly attend the audit committee and consider all the reports made to it and the recommendations made by it.

The Standards Board continued to employ Bentley Jennison as internal auditors for the 2008-09 period, operating to Government Internal Audit Standards. The work of the internal auditors has been carried out in accordance with the agreed plan, subject to the changing analysis of the risk provided by the risk management processes.

Signed by  
Glenys Stacey



Accounting Officer and Chief  
Executive, the Standards Board for  
England

Date: 13 July 2009



# Independent Auditors' Report to the Houses of Parliament

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Standards Board for England for the year ended 31 March 2009 under the Local Government Act 2000. These comprise the Income and expenditure account, the Balance sheet, the Cash flow statement and Statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration report that is described in that report as having been audited.

### Respective responsibilities of the Standards Board for England, Accounting Officer/Chief Executive and auditor

The Standards Board for England and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Board's and Accounting Officer's/Chief Executive's Responsibilities. My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland). I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have

been properly prepared in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State. I report to you whether, in my opinion, the information, which comprises the Management commentary included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In addition, I report to you if the Standards Board for England has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Standards Board for England's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Standards Board for England's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the forward from the chair and chief executive, the board information and the unaudited part of the remuneration report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Standards Board for England and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Standards Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

### Audit opinion

In my opinion:

- The financial statements give a true and fair view, in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State, of the state of the Standards Board's affairs as at 31 March 2009 and of its net expenditure for the year then ended;
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government Act 2000 and directions made thereunder by the Secretary of State; and
- Information, which comprises the management commentary, included within the Annual Report, is consistent with the financial statements.

### Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Report

I have no observations to make on these financial statements.

**Amyas C E Morse**  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

July 2009

## Income and expenditure account

	Notes	2008-09 £'000	2007-08 £'000
Income	6	324	317
<b>Total income</b>		<b>324</b>	<b>317</b>
Staff costs	2	4,112	5,286
Administrative expenditure	7	3,777	5,496
<b>Total operating expenditure</b>		<b>7,889</b>	<b>10,782</b>
<b>Net expenditure</b>		<b>(7,565)</b>	<b>(10,465)</b>
Interest receivable	8	21	48
Notional cost of capital charge	9	(7)	(7)
Net pension interest and expected return on assets	15	(65)	(40)
<b>Net expenditure on ordinary activities before taxation</b>		<b>(7,616)</b>	<b>(10,464)</b>
Taxation	10	(4)	(10)
<b>Net expenditure on ordinary activities after taxation</b>		<b>(7,620)</b>	<b>(10,474)</b>
Reversal of notional cost of capital	9	7	7
<b>Net expenditure carried forward</b>		<b>(7,613)</b>	<b>(10,467)</b>

All amounts relate to continuing operations.

Net expenditure is funded by Grant in Aid as explained in accounting policy 1.6.

<b>Statement of recognised gains and losses</b>	2008-09 £'000	2007-08 £'000
Actuarial (loss) / gain from staff pension fund	(520)	1,384
<b>Recognised gains and losses for the period</b>	<b>(520)</b>	<b>1,384</b>

## Balance sheet

	Notes	2008-09 £'000	2007-08 £'000
Tangible fixed assets	11	1,088	1,433
Debtors due after more than one year	12	14	5
		<b>1,102</b>	<b>1,438</b>
<b>Current assets</b>			
Debtors	12	307	462
Cash at bank and in hand		710	618
<b>Total assets</b>		<b>2,119</b>	<b>2,518</b>
<b>Current liabilities</b>			
Amounts payable within one year	13	(685)	(1,076)
Provisions	22	-	(309)
<b>Total assets less current liabilities</b>		<b>1,434</b>	<b>1,133</b>
<b>Long-term liabilities</b>			
Pension liability	15	(1,167)	(1,018)
<b>Total assets less total liabilities</b>		<b>267</b>	<b>115</b>
<b>Pension reserve</b>	14	<b>(1,167)</b>	<b>(1,018)</b>
<b>General reserve</b>	14	<b>1,434</b>	<b>1,133</b>
<b>Total reserves</b>		<b>267</b>	<b>115</b>

Signed by  
Glenys Stacey



Chief Executive and Accounting Officer, the  
Standards Board for England

Date: 13 July 2009

And on behalf of the Board  
Dr Robert Chilton OBE



Chair, the Standards Board for England

Date: 13 July 2009

## Cash flow statement

	Notes	2008-09 £'000	2007-08 £'000
<b>Net cash outflow from operating activities</b>	3	<b>(8,098)</b>	(10,873)
<b>Returns on investments and servicing of finance</b>			
Interest received	8	21	48
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	11	(116)	(422)
<b>Financing</b>			
Grant in aid received	5	8,285	10,060
<b>Increase/(decrease) in cash in the year</b>	4	<b>92</b>	<b>(1,187)</b>

## Notes to the Annual Accounts

### 1.1) Basis of accounting

The financial statements are drawn up in accordance with a direction given by Communities and Local Government, with the approval of HM Treasury in accordance with the Local Government Act 2000 as amended. The financial statements are prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP) and the Companies Act requirements, the disclosure and accounting requirements contained in HM Treasury's *Fees and Charges Guide*, and the accounting and disclosure requirements given in *Managing Public Money* and in the *Government Financial Reporting Manual*, insofar as these are appropriate to the Standards Board for England (the Standards Board) and are in force for the financial year for which the statements are prepared. The financial statements are prepared under the modified historical cost convention. The financial effect of revaluing fixed assets was considered immaterial and therefore they have been disclosed at their historical cost value.

### 1.2) Going concern

The balance sheet at 31 March 2009 shows net assets of £267,000. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the Standards Board's other sources of income, may only be met by future grants or grant-in-aid from the Standards Board's sponsoring department, Communities and Local Government. This is because, under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant-in-aid for 2009-10, taking into account the amounts required to meet the Standards Board's liabilities falling due in that year, has already been

included in the department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the department's future sponsorship and parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### 1.3) Capitalisation of fixed assets

In accordance with the Financial Memorandum, only items which cost more than or equal to £2,500 gross of VAT are capitalised, other items being written off as expenditure and included within the appropriate heading in the income and expenditure account.

### 1.4) Depreciation

Depreciation is provided on all tangible fixed assets on a straight line basis over their estimated useful lives, except for assets under construction, which are not depreciated until those amounts are brought into use. The estimated useful lives are as follows:

- office equipment – three years
- furniture and fittings – five years
- computer equipment – three years

No depreciation is charged on assets under construction.

### 1.5) Valuation of fixed assets

Fixed assets are valued at Net Book Value. The financial effect of revaluing fixed assets was considered to be immaterial and therefore they have been disclosed at their historical cost value.

### 1.6) Grant-in-aid

Grant-in-aid used to finance activities and expenditure which support the statutory and other objectives of the

entity are treated as financing, credited to the general reserve, because they are regarded as contributions from a controlling party.

### 1.7) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

There are no deferred tax implications for the Standards Board at the end of the financial year.

### 1.8) Value added tax

The Standards Board for England registered for value added tax (VAT) on 21 March 2003 under special registration, which limits the Standards Board to account for VAT only on conference activity and publication sales. As agreed with HM Revenue and Customs, other activities of the Standards Board are not registered.

All irrecoverable VAT is included as part of the expenses concerned, and capitalised as part of the cost of fixed assets acquired as appropriate.

### 1.9) Operating leases

Leasing charges in respect of operating leases are recognised in the income and expenditure account in equal amounts over the life of the lease agreement as incurred.

### 1.10) Pension

Contributions to the Greater Manchester Pension Fund are made in accordance with actuarial recommendations and are charged to the income and expenditure account as they are incurred.

Benefits accrue at the rate of 1/60<sup>th</sup> of pensionable salary for each year of service. In calculating the real increase in accrued pension, inflation has been assumed to run at 3.1% throughout 2008-09. Pensionable salary includes performance related pay.

Details of the Standards Board's pension scheme are shown in note 15.

### 1.11) Notional cost of capital

In order to disclose the full cost of the Standards Board's activities, an amount is included for the notional cost of capital.

The notional cost of capital has been calculated at the Treasury rate of 3.5% on average net assets during the year.

Notional cost of capital is reversed out after net expenditure on ordinary activities after taxation.

## 2) Staff Costs

	2008-09 £'000	2007-08 £'000
<b>Permanent staff costs, including the Chief Executive were:</b>		
Wages and salaries, including performance related pay	2,936	4,193
Social security costs	363	343
Pension costs	456	452
	<b>3,755</b>	4,988
<b>Board members</b>	<b>128</b>	116
Temporary staff costs	229	147
Staff on secondment	-	35
<b>Total staff costs, including the Chief Executive</b>	<b>4,112</b>	<b>5,286</b>

The employer's contribution is calculated at the rate of 14% recommended for all the Standards Board for England's employees by the pension fund actuaries. Glenys Stacey and David Prince were both members of the Standards Board for England's pension scheme, to which the Standards Board contributed at the appropriate rate, during their employment on a full-time basis.

<b>Number of persons employed during the year</b>	<b>2008-09 £'000</b>	2007-08 £'000
<b>Permanent staff including Chief Executive</b>	<b>79</b>	100
Board	9	10
	<b>88</b>	110
Contract staff	3	3
Seconded staff	0	1
<b>Total number of staff</b>	<b>91</b>	<b>114</b>



### 3) Reconciliation of operating deficit to net cash outflow from operating activities

	2008-09 £'000	2007-08 £'000
<b>Net expenditure</b>	<b>(7,565)</b>	<b>(10,465)</b>
Depreciation charges	461	394
Decrease in debtors	146	331
(Decrease) in amounts payable within one year	(391)	(924)
(Decrease) in provisions	(309)	(296)
FRS 17 adjustments	(436)	97
Adjustments for tax accrual	(4)	(10)
<b>Net cash outflow from operating activities</b>	<b>(8,098)</b>	<b>(10,873)</b>

### 4) Reconciliation of net cash flow to movement in net funds

	2008-09 £'000	2007-08 £'000
Cash at bank and in hand carried forward	710	618
Less: cash at bank and in hand brought forward	(618)	(1,805)
<b>Increase/(decrease) in cash in the year</b>	<b>92</b>	<b>(1,187)</b>

### 5) Grant-in-aid

Grant-in-aid is receivable from Communities and Local Government to fund revenue expenditure, the purchase of tangible fixed assets, and capital projects.

	2008-09 £'000	2007-08 £'000
<b>Amounts received</b>	<b>8,285</b>	<b>10,060</b>

### 6) Other income

	2008-09 £'000	2007-08 £'000
Conference income	322	312
Publication income	2	5
<b>Total</b>	<b>324</b>	<b>317</b>

Conference income is generated through individual spaces sold at the Annual Assembly where the individual sale price is calculated on the basis to optimise attendance.

Other income is net of VAT.

## 7) Administrative expenditure

	2008-09 £'000	2007-08 £'000
Relocation cost (Note 20)	-	976
Payments made under operating leases	355	961
Rates and service charges <sup>1</sup>	158	148
Conferences	606	573
Depreciation	461	394
Professional fees <sup>2</sup>	541	429
Computer expenses	451	499
Other administration costs	287	456
Training	150	231
Communications <sup>3</sup>	246	208
Travel and subsistence	185	227
Recruitment costs	130	228
Office equipment	18	11
Internal auditors' fee	26	35
Subscriptions	63	39
External audit fee <sup>4</sup>	39	32
Miscellaneous costs	32	25
Refurbishment	22	4
Office supplies	7	20
<b>Total</b>	<b>3,777</b>	<b>5,496</b>

<sup>1</sup> Rates and service charges in 2007-08 included a rates refund of £62,000 which included amounts backdated to previous years.

<sup>2</sup> Professional fees consist of the following expenses: specialist fees, audio typist fees, legal fees, judicial review, high court appeals, Adjudication Panel representatives, and local Standards Board representatives.

<sup>3</sup> Communications costs comprise the following expenses: conferences, publications, guidance/advice, website development, Bulletins, the Case Review, the Annual Report and Review, complaints leaflets and other communications.

<sup>4</sup> External Audit fees include £6,000 for the audit of the 2007-08 Balance sheet as part of the planned transition to International Financial Reporting Standards.

**8) Interest receivable**

	2008-09 £'000	2007-08 £'000
Interest receivable	21	48

**9) Notional cost of capital**

	2008-09 £'000	2007-08 £'000
Opening assets	115	(527)
Closing assets	267	115
Average	191	(206)
At 3.5% on the average of net assets during the year	7	7

**10) Taxation**

Corporation tax is charged on interest receivable. The tax charge is £4,000 for 2008-09 and is current tax only. The tax charge for 2007-08 was £10,000. The decrease is due to the lower interest rates during the year.

## 11) Tangible fixed assets

	Assets under construction £'000	Computer equipment £'000	Office equipment, furniture and fittings £'000	Total £'000
<b>Cost</b>				
At 1 April 2008	387	1,210	2,055	3,652
Transfers	(456)	389	67	-
Additions	86	30	-	116
Disposals	-	(170)	(1,037)	(1,207)
<b>At 31 March 2009</b>	<b>17</b>	<b>1,459</b>	<b>1,085</b>	<b>2,561</b>
<b>Depreciation</b>				
At 1 April 2008	-	958	1,261	2,219
Charge for the period	-	251	210	461
Disposals	-	(170)	(1,037)	(1,207)
<b>At 31 March 2009</b>	<b>-</b>	<b>1,039</b>	<b>434</b>	<b>1,473</b>
<b>Net book amounts</b>				
At 31 March 2008	387	252	794	1,433
<b>At 31 March 2009</b>	<b>17</b>	<b>420</b>	<b>651</b>	<b>1,088</b>

Assets under construction as at 31 March 2009 relates to computer software which had not been brought into service at the balance sheet date.

## 12) Debtors

	2008-09 £'000	2007-08 £'000
<b>Amounts falling due within one year:</b>		
Prepayments	280	241
VAT debtor	12	14
Other debtors	15	207
	<b>307</b>	<b>462</b>
<b>Amounts falling due after one year:</b>		
Prepayments	-	-
Other debtors	14	5
	<b>14</b>	<b>5</b>

During the accounting period 2008-09 there were no material debts written off and no material provision for bad or doubtful debts at the year end.

The organisation has no significant exposure to credit risk as its only income is conference revenue which is received prior to the conference.

Total balance of staff loans outstanding at the year end was £28,856.

This amount is broken down into two categories:

1. Season ticket loans which amounted to £10,156.
2. Housing loans for staff relocating to Manchester on a permanent basis, this amounted to £18,700.

## 13) Creditors

<b>Creditors – amounts falling due within one year</b>	<b>2008-09 £'000</b>	<b>2007-08 £'000</b>
<b>Amounts falling due within one year:</b>		
Creditors	337	449
Accruals	259	334
Deferred income	89	122
Other taxation and social security <sup>1</sup>	-	126
Other creditors <sup>2</sup>	-	45
<b>Total creditors</b>	<b>685</b>	<b>1,076</b>

Creditor days at 31 March 2009 were 25.4 days (2008: 22.4 days). No interest is charged on these amounts by suppliers.

<sup>1</sup>As at 31 March 2009 amounts outstanding to other government bodies:  
HM Revenue & Customs: PAYE £0 (2007-08 - £72,928)  
National Insurance £0 (2007-08 - £53,263)

<sup>2</sup>As at 31 March 2009 amounts outstanding to other bodies:  
Greater Manchester Pension Fund £0 (2007-08 - £44,023)

## 14) Reserves

	2008-09 £'000 Pension Reserve	2008-09 £'000 General Reserve	2008-09 £'000 Total	2007-08 £'000 Pension Reserve	2007-08 £'000 General Reserve	2007-08 £'000 Total
Brought forward	(1,018)	1,133	115	(1,930)	1,403	(527)
Net expenditure	-	(7,613)	(7,613)	-	(10,467)	(10,467)
Grant-in-aid received	-	8,285	8,285	-	10,060	10,060
Actuarial (loss)/gain	(520)	-	(520)	1,384	-	1,384
Settlements and curtailments	-	-	-	(335)	-	(335)
Movement between reserve	371	(371)	-	(137)	137	-
<b>Balance carried forward</b>	<b>(1,167)</b>	<b>1,434</b>	<b>267</b>	<b>(1,018)</b>	<b>1,133</b>	<b>115</b>

## 15) Pension

The Standards Board for England is an admitted body to the Greater Manchester Pension Fund, which operates under the Local Government Pension Scheme Regulations. It is a defined benefit scheme based on final pensionable salary.

The most recent triennial valuation was carried out as at 31 March 2007 and has been updated by independent actuaries to the Greater Manchester Pension Fund to take account of the requirement of FRS17 in order to assess the liabilities of the fund as at 31 March 2009. Hymans Robertson carried out the actuarial valuation on 31 March 2009, for the purposes of FRS17. Liabilities are valued on an actuarial basis using the projected unit method of valuation, which assesses the future liabilities discounted to their present value.

The Standards Board also pays pensions direct to ex-employees who were awarded additional benefits under the Standards Board's early retirement scheme. These pension costs are funded from grant-in-aid as they are paid. The pension charge for the period is shown below.

The net pension liability as at 31 March 2009 is estimated to be £1,167,000. The employer makes a contribution of 14% for each employee's pensionable salary who joins the scheme, which amounts to £310,000 in 2008-09 with prior year amounts being £373,000. Employer contribution rates will increase in 2009-10 to 14.9% and to 15.8% in 2010-11.

Note 15b contains cost charged to the income and expenditure account for the year ended 31 March 2009, along with an analysis of the amount recognised in the Statement of recognised gains and losses. Also shown are the movement of the net expenditure over the year and the history of experience gains and losses, expressed as a percentage of assets and/or liabilities.

Certain FRS17 assumptions are set by the Board (for example salary increases). The actuary has stated the assumptions in this report are reasonable, largely being determined by the latest formal funding valuation.

### 15a) Balance sheet disclosure as at 31 March 2009

Assumptions as at	31 March 2009 % p.a.	31 March 2008 % p.a.
Inflation/Pension increase rate	3.1	3.6
Salary increase rate	4.6	5.1
Discount rate	6.9	6.9

Assets (Employer)	31 March 2009		31 March 2008	
	Expected Returns %	Assets £'000	Expected Returns %	Assets £'000
Equities	7.0	3,875	7.7	3,704
Bonds	5.4	926	5.7	1,096
Property	4.9	405	5.7	510
Cash	4.0	579	4.8	558
<b>Total</b>	<b>6.3</b>	<b>5,785</b>	<b>6.9</b>	<b>5,868</b>

Net pension liability as at	31 March 2009 £'000
Estimated employer assets (A)	5,785
Present value of scheme liabilities <sup>1</sup>	(6,952)
<b>Total value of liabilities (B)</b>	<b>(6,952)</b>
<b>Net pension liability (A-B)</b>	<b>(1,167)</b>

<sup>1</sup>It is estimated that this liability comprises of approximately £5,396,400, £1,042,600 and £513,000 in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2009.

## 15b) Revenue account costs for the year to 31 March 2009

### Analysis of amount charged to net expenditure

Amount charged to net expenditure	Year to 31 March 2009	
	£'000	% of Pay
Service cost <sup>1</sup>	200	9.3
Expected return on employer assets	(430)	(20.1)
Interest on pension scheme liabilities	495	23.1
Past service cost <sup>2</sup>	103	4.8
Curtailement and settlements	153	7.1
<b>Total</b>	<b>521</b>	<b>24.3</b>
<b>Actual return on plan assets</b>	<b>(1,052)</b>	

<sup>1</sup> The service cost figures include an allowance for administration expenses of 0.2%.

<sup>2</sup> The past service costs includes £103,400 in respect of retrospective changes to member benefits that came into effect on 1 April 2008.

### Recognition of defined benefit obligation

	Year to 31 March 2009 £'000
<b>Opening defined benefit obligation</b>	<b>6,886</b>
Current service cost	200
Interest Cost	495
Contribution by Members	165
Actuarial (Gains)	(985)
Past Service Cost	103
Losses on Curtailments	153
Benefits paid	(65)
<b>Closing Defined Benefit Obligation</b>	<b>6,952</b>



## 15b) Revenue account costs for the year to 31 March 2009 (continued)

### Reconciliation of fair value of employer assets

	Year to 31 March 2009 £'000
<b>Opening Fair Value of Employer Assets</b>	<b>5,868</b>
Expected Return on Assets	430
Contributions by Members	165
Contributions by the Employer	892
Actuarial Gains/(Losses)	(1,505)
Benefits Paid	(65)
<b>Surplus/(deficit) at end of year</b>	<b>(5,785)</b>

### Difference between expected and actual return on employer assets

	2008-09 £'000	2007-08 £'000	2006-07 £'000	2005-06 £'000	2004-05 £'000
Value of scheme assets	5,785	5,868	4,674	3,822	2,637
Expected return on scheme assets	430	342	267	199	147
Actual return on scheme assets	1,052	183	294	653	256
Difference between expected and actual return	622	(159)	27	454	109
% of this forms of scheme assets	10.8%	(2.7)%	0.6%	11.9%	4.1%

### Total actuarial loss

	2008-09 £'000	2007-08 £'000	2006-07 £'000	2005-06 £'000	2004-05 £'000
Value of scheme liabilities	6,952	6,886	6,604	4,544	3,122
Experience gains and losses on scheme liabilities	-	(1,043)	11	(4)	-
% of scheme liabilities	0.0%	(15.1)%	0.2%	(0.1)%	0.0%
Actuarial gain / (loss)	(520)	1,384	(1,192)	(221)	109
% of scheme liabilities	(7.5)%	20.1%	(18.0)%	(4.9)%	3.5%

### Amounts recognised in Statement of Recognised Gains and Losses (SRGL)

	Year to 31 March 2009 £'000
Actuarial (Losses)	(520)
Actuarial (Losses) recognised in SRGL	(520)
<b>Cumulative Actuarial Losses</b>	<b>(440)</b>

## 16) Lease commitments

Annual commitments under operating leases	2008-09 £'000	2007-08 £'000
<b>Land and buildings on leases expiring:</b>		
Within one year	3	161
Within two to five years	207	217
<b>Other operating leases on leases expiring:</b>		
Within one year	1	1
Within two to five years	7	8
<b>Total</b>	<b>218</b>	<b>387</b>

## 17) Financial instruments

HM Treasury guidance requires that the accounts of the Standards Board for England contain disclosures in respect of financial instruments (financial assets and financial liabilities) maintained by the Standards Board.

The Standards Board's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Board's operations. The Board has various other financial instruments, such as receivables and payables, which arise directly from its operations. The main risk arising from the Board's financial instruments are as follows:

### Financial risk

The Board's Finance department manages financial risks relating to operations. The Board considers that the only risk arising from its financial instruments is interest rate risk (see below).

### Interest rate risk

The Standards Board is exposed to interest rate risk on bank balances. Apart from short-term receivables and payables, the only financial instrument maintained during the period was cash held on current account. The Standards Board regards the risk as minimal.

Interest rate risk exposures are measured using by monitoring prevailing interest rates and are supplemented by the review of economic forecasts. There has been no change to the Standards Board's exposure to interest risk or the manner in which it manages and measures the risk.

## **17) Financial instruments (continued)**

### **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established a policy for management of the Standards Board short, medium and long-term funding and liquidity management policies.

The Standards Board maintains adequate reserves by continuously monitoring forecast and actual cash flows. The liquidity analysis of financial assets and liabilities are given in notes 12 and 13.

There has been no change to the Standards Board's exposure to liquidity risk or the manner in which it manages and measures the risk.

### **Capital risk**

The Standards Board manages its reserves to ensure that it will be able to continue as a going concern. The reserve structure is shown in note 14.

There has been no change to the Standards Board's exposure to capital risk or the manner in which it manages and measures the risk.

## **18) Related party transactions**

The Standards Board for England is a non-departmental public body sponsored by Communities and Local Government. Communities and Local Government is regarded as a related party, as are other entities that it sponsors. The Standards Board had material transactions with Communities and Local Government during the financial year by way of grant-in-aid of £8,285,000.

None of the Board members, key management or other related parties have undertaken any material transactions with the Standards Board.

Greater Manchester Pension Fund is considered a related party and the Standards Board had transactions of £892,000 during the year (2007-08: £373,000).

## **19) Capital commitments**

The Standards Board does not have any capital commitments at present and is not likely to have any in the future.

## 20) Relocation cost

The Standards Board supports the government's policy of relocating national bodies from London, and relocated to Manchester in April 2007. The costs incurred to relocate included in administrative expenditure on the Income and expenditure account are as follows:

Description	2008-09 £'000	2007-08 £'000
Staff costs	-	273
Office supplies	-	19
Staff relocation costs	-	156
Professional fees	-	102
Recruitment costs	-	84
Travel and subsistence	-	56
Other administration costs	-	259
Computer expenses	-	8
Training	-	19
<b>Total</b>	<b>-</b>	<b>976</b>

## 21) Contingent liabilities

Given the nature of the business undertaken by the Standards Board, there exists the possibility that legal or other costs may arise subsequent to these accounts, in respect of cases completed or legal decisions given in 2008-09 or previous years.

## 22) Provisions

	Relocation £'000	Other £'000	Total £'000
At 1 April 2008	75	234	<b>309</b>
Arising during the period	-	-	-
Utilised during the period	(75)	(234)	<b>(309)</b>
<b>As at 31 March 2009</b>	-	-	-

## 23) Post balance sheet events

The Standards Board for England's financial statements are laid before the Houses of Parliament by the Comptroller and Auditor General. FRS21 requires the Standards Board for England to disclose the date on which the accounts are authorised for issue. This is the date on which the accounts are certified by the Comptroller and Auditor General.

## Accounts direction

### Accounts direction given by the First Secretary of State with the consent of the Treasury, in accordance with paragraph 13(b) of Schedule 4 to the Local Government Act 2000

- 1) The annual accounts of the Standards Board (hereafter in this accounts direction referred to as “the Board”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for 2006/07 and subsequent years shall be prepared in accordance with:
  - a) the accounting and disclosure requirements given in Government Accounting and in the Government Financial Reporting Manual issued by the Treasury (“the FReM”) as amended or augmented from time to time, and subject to Schedule 1 to this direction;
  - b) any other relevant guidance that the Treasury may issue from time to time;
  - c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Board and are in force for the year for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.
- 2) Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards, and also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.
- 3) This direction shall be reproduced as an appendix to the annual accounts.
- 4) This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

**Paul Rowsell**

An officer in the Department for Communities and Local Government

Date: 27 March 2007

## Schedule 1

- 1) Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
- 2) The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

## Schedule 2

### Additional disclosure requirements

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

#### 1) The notes to the annual accounts

- a) an analysis of grants from:
  - i) government departments
  - ii) European Community funds
  - iii) other sources identified as to each source;
- b) For grants from the Department for Communities and Local Government, the following information shall also be shown:
  - i) the amount that the Board is entitled to receive for the year
  - ii) the amount received during the year
  - iii) the amount released to the income and expenditure account for the year
  - iv) the amount used to acquire or improve fixed assets in the year
  - v) movements on amounts carried forward in the balance sheetand the note should make it possible to reconcile any of the amounts in (i) to (v) above, to each of the other amounts;
- c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;
- d) details of employees, other than members of the Board, showing:
  - i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Board, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)

- ii) the total amount of loans to employees.
- iii) employee costs during the year, showing separately:
  - wages and salaries
  - early retirement costs
  - social security costs
  - contributions to pension schemes
  - payments for unfunded pensions
  - other pension costs
  - amounts recoverable for employees on secondment or loan to other organisations

(The above analysis shall be given separately for the following categories:

- employed directly by the Board
  - on secondment or loan to the Board
  - agency or temporary staff
  - employee costs that have been capitalised);
- e) an analysis of liquid resources, as defined by accounting standards;
  - f) in the note on debtors, prepayments and payments on account shall each be identified separately;
  - g) a statement of debts written off and movements in provisions for bad and doubtful debts;
  - h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Board's operations.
  - \*i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with the Board), between the Board and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:
    - i) transactions and balances of £5,000 and below are not material



- ii) parties related to board members and key managers are as notified to the Board by each individual board member or key manager
- iii) the following are related parties:
  - 01) subsidiary and associate companies of the Board
  - 02) pension funds for the benefit of employees of the Board or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
  - 03) board members and key managers of the Board
  - 04) members of the close family of board members and key managers
  - 05) companies in which a board member or a key manager is a director
  - 06) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
  - 07) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
  - 08) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
  - 09) settlements in which a board member or a key manager is a settlor or beneficiary
  - 10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest
  - 11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer
  - 12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary
  - 13) the Department for Communities and Local Government, as the sponsor department for the Board.

For the purposes of this sub-paragraph:

- i) A key manager means a member of the Board's management board.
- ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.
- iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control

the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at board meetings of the company.

\*Note to Schedule 2 paragraph 2 (i): under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.



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