

Annual Review and Report 2008-09

Committee on
Standards in
Public Life

February 2010

Chair: Sir Christopher Kelly KCB

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 material 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.

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Foreword

The work of the Committee over the past year has been dominated by our inquiry on MPs' expenses. We had already begun an inquiry into models of leadership in local authorities when we were invited by the Prime Minister to put that aside temporarily because of the perceived urgency of dealing with the developing situation in the House of Commons. One casualty of putting all our limited resources into the expenses inquiry was a regrettable delay in this annual report, which strictly speaking relates to the financial year 2008-09. The Committee will revert to its usual timetable for our next annual report.

Our goal continues to be the promotion of high standards of behaviour in the public sphere – the Seven Principles of Public Life enunciated by the Nolan Committee. The report we published on 4 November 2009 showed how far the past regime for MPs' expenses fell short of those principles. It was dishonest, in that explicitly or implicitly expenses claims came quite wrongly to be regarded as a substitute for higher pay. It was far from transparent. There was no proper system of external audit; and until last year the details of expenses claims were not publicly available. Significant efforts were devoted to keeping it that way in response to freedom of information requests – some MPs apparently believing that they should not apply to themselves arrangements which are expected of everybody else in public life.

It would be wrong to give primacy to any of the seven principles. But it is difficult to believe that the previous arrangements would have survived as long as they did if Parliament had adhered to the principle of openness from an earlier stage.

In the early stages there was also a distinct failure of leadership in the House and in the political parties in dealing with the situation as it developed. Unless those in positions of authority promote the Seven Principles by leadership and example, high standards will not be embedded in the culture of any organisation. Codes of practice achieve very little if they are not supported by effective governance. One of the sadnesses of the expenses episode is that a significant number of MPs had concerns about the situation. But little was done until a good deal of damage had been caused to the reputation of the House.

It is therefore pleasing that the Committee's recommendations were accepted in full by the leaders of all three main political parties within hours of the report being published. I hope that our recommendations for change (discussed on pages 14-16 of this report) will be implemented as a whole, putting in place a system which is both trusted by the public and, importantly, gives MPs the resources they need to do their difficult jobs.

A number of standards issues have at their root observance of the letter of a code of conduct at the expense of its underlying principles. Expanding or amending the rulebook to deal with each new example of a breach of the principles may be hard to avoid given a growing tendency for

legal representation in misconduct investigations. But it is unlikely to be sustainable. A more effective approach would be to ensure that the Seven Principles of Public Life are embedded into the culture of our public service organisations and are translated into personal values, reinforced in everyday behaviour and by systems and processes.

The results of the Committee's third biennial public perception survey were published in November 2008. The fieldwork was carried out earlier that year, before the subject of expenses had attracted such great attention. Despite this, the survey continued to show a worrying degree of distrust of those in public office, and a dissonance between the views of those responsible for standards and public perception. Healthy scepticism is important in a democracy. But deep-rooted cynicism is damaging. Only just over half of respondents in 2008 believed that public bodies were committed to upholding high standards of conduct, down from around 6 in 10 (59 per cent) in the 2006 survey. Only a third believed that wrong-doers would be held to account or punished. The public continue to express greater confidence in the media than in the authorities to uncover wrongdoing.

I would like to take this opportunity to express my warm appreciation and personal thanks to Dame Patricia Hodgson, who stood down from the Committee in 2008, and to Baroness Maddock, who stood down in 2009, for their considerable contributions to our deliberations. Our work would have been much less effective without them.

Christopher Kelly

Overview of activities

1. The Committee on Standards in Public Life was established in October 1994 by the then Prime Minister, the Rt. Hon. John Major MP. The Committee was given wide terms of reference:

“To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life.”¹

2. The following month Mr Major said of the Committee:

“It is to act as a running authority of reference – almost you might say, an ethical workshop called in to do running repairs.”²

3. This aspect of the Committee’s work was reaffirmed in 2000 as part of the Cabinet Office’s Quinquennial Review of the Committee, which concluded that there was a:

“Continuing need to monitor the ethical environment and to respond to issues of concern which may arise.”³

4. The Committee fulfils this role primarily through its formal inquiries. In addition it routinely monitors and considers issues and concerns relating to standards in public life, tracks public perception, and seeks to promote the Seven Principles of Public Life and contribute to public policy development through meetings, seminars, speaking engagements, and by responding to consultations on ethical governance.
5. This report provides an overview of the Committee’s activities over the past 18 months. It is not intended to be an exhaustive analysis of standards issues.

The Committee’s Eleventh Report: Review of the Electoral Commission

6. The Committee’s Eleventh Report (published in January 2007) made a number of recommendations relating to the mandate, governance and accountability of the Electoral Commission. It also made recommendations about the integrity of the electoral system.
7. The Committee is pleased to note that most of the major recommendations have now been implemented through the Political Parties and Elections Act, which received Royal Assent on 21 July 2009.

¹ Hansard (HC) 25 October 1994, col 758.

² Speech at the Lord Mayor’s Banquet, 14 November 1994.

³ Report of the Quinquennial Review of the Committee on Standards in Public Life, Cabinet Office, January 2001.

Regulatory role

8. The Committee's Eleventh Report recommended that the Electoral Commission should be given a wider range of civil sanctions for non-compliance with the regulatory framework for political finance. The Committee welcomes the fact that the Act now provides the Electoral Commission with powers such as monetary penalties, discretionary requirements, stop notices and enforcement undertakings.

Advisory role

9. The Committee welcomes the fact that the Act removed the obligation on the Commission to promote awareness of current and pending systems of local and national government and the institutions of the European Union since it believes that additional role risked confusing its purpose.

Governance arrangements

10. The Committee recommended that an additional four Electoral Commissioners should be created to enable the appointment of individuals with recent experience of politics and political parties. The expectation was that three of the new Commissioners would come from the three largest parties at Westminster and one from one of the minor parties. The recommendation was that all the posts should be publicly advertised and that candidates should be expected to satisfy the same criteria that apply to other Commissioner posts and be subject to a selection process based upon merit. It is important that the new Commissioners should not act in a party political way in any Commission deliberations or decisions. That would undermine the Commission's credibility. We are disappointed that the appointment of the new Commissioners is to be through nomination by the leaders of the political parties rather than through open competition.
11. We understand that the Speaker has set up an advisory panel with an independent chair and which includes three members of the Speakers Committee and the Chair of the Electoral Commission to review the CVs of the individuals nominated by the Party leaders, to assess the CVs against the criteria for appointment, to interview the nominees and to make recommendations to the Speaker. In the absence of open competition, it is more important that due weight is given to this panel's advice.
12. The Committee welcomes the relaxation of the restrictions on the political activities of commissioners and staff. We had recommended that the period between political activity and taking up office for senior management should be five years. In the event the period is set at five years for the chief executive but only one year for other senior staff. However, we note that the chief executive has been given discretion to designate certain other Commission posts as being subject to a longer restriction period of between two and five years.

Individual voter registration

13. During the Committee's Eleventh Inquiry concerns were raised about the integrity of the electoral registration system in Great Britain. It is important that the electoral register is both accurate and complete. The Committee took the view that the current system of household voter registration is no longer appropriate as a means of establishing an accurate and comprehensive electoral register, it leaves the electoral system more open than necessary to abuse and fraud, particularly when combined with increased postal voting, and it is inconsistent with the view that in a modern democratic society, eligible individuals should take personal responsibility for registering to vote.
14. The Political Parties and Elections Bill as originally drafted did not cover individual voter registration. It was subsequently amended to make provision for it, but to a timetable that means it is unlikely to be fully operational until 2017. The length of the timetable was justified as being necessary to ensure that that significant numbers of voters are not disenfranchised by dropping off the register.
15. The Committee greatly welcomes the introduction of individual registration. We fully endorse the importance of having an electoral register which is as comprehensive as possible. But we remain concerned about the continued vulnerability of the system to fraud during the interim period. We believe that a more robust approach to the regulation of registration would – and still could – enable swifter progress to be made.

Parliamentary boundaries

16. The committee also recommended a review of the rules governing parliamentary boundaries. There is a broad consensus about the need for such a review. The current rules have led to inequalities in electoral quotas which over time have significantly eroded equal representation. There are arguments about the undesirability of constituency boundaries cutting across community boundaries. But there is the possibility that the outcome of the 2010 general election could be one political party winning the largest share of the total votes by a significant margin yet having fewer seats in Parliament than the party coming second.
17. In its official response to the report, the Government committed itself to a review of the rules. But nothing has yet happened. In the Committee's view it is important that work should begin as soon as possible so that it can inform the next parliamentary boundary review due to begin in 2012.

Party funding

18. Donations to political parties continue to be a matter of interest to the Committee. The Electoral Commission published details of donations to political parties totalling more than £51 million in 2008/09. There is a clear potential for large donations – whether from private individuals,

business, or unions – to influence, or to be perceived as influencing, political outcomes. Inter-party talks on the reforms proposed by Sir Hayden Phillips, which would have placed a cap on individual donations, were suspended in October 2007.

19. Some reforms were contained in the Political Parties and Elections Act 2009, which included new rules to limit candidate spending in the run up to a general election. However, as far as we are aware, there has been no serious subsequent effort to address the more fundamental problems with current party funding arrangements since the Hayden Phillips talks broke down.
20. The Committee expressed its disappointment at the lack of progress in this area in its last annual report. In our view it needs to be tackled after the election with more determination than has been shown hitherto.

Third biennial survey of public attitudes towards conduct in public life

21. The Committee published the results of its third biennial survey of public attitudes towards conduct in public life in November 2008.
22. The survey gathered information from face-to-face interviews with a random sample of 2000 people across the UK. It offered an opportunity to assess public attitudes, expectations and perceptions about the behaviour of those in public life and to make comparisons with the results of previous surveys conducted in 2004 and 2006. The field work was conducted earlier in 2008, before MPs' expenses became such a major issue in the eyes of the public, and should be interpreted with that in mind. The survey was carried out on behalf of the Committee by BMRB Social Research. We are grateful for the work of our Research Advisory Board who oversaw it.
23. The research contained similar questions to those used in the previous two reports. On this occasion there were separate samples in Northern Ireland, Scotland and Wales so that we were able to make comparisons between the different jurisdictions. Also included were new questions on the integrity of the electoral system and the role of the media in influencing public perceptions. The full survey results are available on the Committee's website.⁴
24. The main findings were that:
 - Most people thought that standards of conduct of office holders in the UK overall were 'fairly high' (38 per cent) or neither high nor low (also 38 per cent). But 20 per cent rated standards as 'low', compared with 12 per cent in both 2004 and 2006. This time 41 per cent believed that standards have fallen, as against 30 per cent in earlier surveys. Public confidence that the authorities are committed to upholding standards and that people will be punished for wrong doing also declined (from 59 per cent to 52

⁴ http://www.public-standards.gov.uk/Library/SOPA_bookmarked.pdf

per cent for confidence, and from 44 per cent to 33 per cent for punishment).

- People continued to show very high levels of confidence in the honesty of front line professionals, but lower levels of trust in national politicians. A new survey measure suggests that confidence may have been underestimated in the past. On the new measure, 44 per cent say they would trust government ministers 'a lot' or 'a fair amount' to tell the truth, compared to 94 per cent for family doctors, 83 per cent for head teachers, 42 per cent for estate agents and 33 per cent for tabloid journalists.
- People's beliefs in what values should underlie public office have remained broadly similar over the three surveys. While 'telling the truth' remains the behaviour that most people value, fewer people in 2008 (47 per cent) rank it among the three most important values than in previous years (53 per cent) and almost as many people in 2008 chose financial prudence (44 per cent).
- People were less satisfied with the way in which government ministers perform their jobs in 2008 than in previous years. For example, 22 per cent of people thought that all or most government ministers tell the truth, compared with 27 per cent in 2006. In contrast, people's confidence that MPs' decision making in the House of Commons will be guided by factors that the public believes to be acceptable had risen, with 63 per cent expressing confidence in comparison to 52 per cent in 2004.
- Levels of confidence in the electoral system were reasonably high, but people were attracted to the greater security and accuracy of individual voter registration.
- People living in Wales, Scotland and Northern Ireland were consistently more positive about standards of conduct in their own country than about standards in the UK as a whole. 47 per cent of respondents rated standards of conduct in Wales as high compared with 39 per cent rating standards in the UK as a whole as high. In Scotland, 47 per cent rated standards of conduct in Scotland as high, compared with 42 per cent for the UK. In Northern Ireland, 49 per cent of respondents rated standards overall in Northern Ireland as high, compared with 41 per cent for the UK.

25. In January 2009 the Committee hosted a seminar which involved key regulators, polling organisations, the media and academics to discuss the results of the research.

Committee inquiry into local leadership

26. In December 2008, the Committee launched a review of governance systems and models of leadership in local government. Our intention was to look at elected mayors in London and elsewhere, and at the cabinet model of decision-making introduced by the Local Government Act 2000, and to assess the extent to which these reforms had succeeded in their aim of

clarifying how local decisions are made and improving local accountability and public trust.

27. In the event, the Committee held only two out of its planned eight public hearings before the inquiry was suspended on 31 March 2009 to enable us to bring forward our planned review of MPs' expenses.
28. The evidence that the Committee had received up to the point of suspension does not suggest that structures or models of governance adopted in local government affect observance of the Seven Principles of Public Life. The skills and behaviour of the individuals filling the key leadership roles are more important than structures. The more collegiate approach inherent in the committee system was thought by some to give individual councillors greater involvement and influence in the decision-making process. It might also help with succession planning, as it provides less experienced councillors with exposure to the decision-making process and give more junior officers the opportunity to work with politicians. But so far there is no suggestion that the old committee system resulted in a better understanding or observance of the Seven Principles of Public Life than do any of the new arrangements. Similarly we received no evidence of a link between the model of decision-making adopted and the level of public trust.
29. The evidence of the impact of overview and scrutiny committees in providing a forum through which decisions can be challenged and examined publicly, and the reason for decisions can be publicly tested, was mixed. Overview and scrutiny committees appear to have had more success in suggesting policy development than in holding the executive to account. The reasons for this were suggested as inadequate support, an unwillingness to criticise or question publicly initiatives from one's own party and the perception in some quarters of scrutiny as a second class role. It was suggested to the Committee that scrutiny works better in councils where there is no overall control.
30. Submissions to the Committee's inquiry pointed out that the complex web of central government, local government and delivery bodies blurs the lines of accountability. Arrangements for local public sector partnerships or partnerships that cross sectoral boundaries to engage business and the Third Sector may be thought to have advantages in terms of engagement and service delivery. But they can make it difficult to see where accountability lies.
31. The Local Democracy, Economic Development and Construction Act 2009 received Royal Assent in November 2009. The Act places a duty on local authorities in England and Wales to promote a good understanding of their functions and their democratic arrangements. It imposes a new duty on single tier and county councils to have a designated scrutiny officer to support the work of overview and scrutiny committees. It also seeks to strengthen the scrutiny of local public sector partnerships.
32. We are currently considering how best to return to the local government inquiry now our work

on MPs' expenses has been completed and in the light of other developments since the inquiry was suspended.

Standards frameworks for local government in England and Wales

33. In May 2008, responsibility for receiving, assessing and investigating complaints about councillor behaviour in England transferred from Standards for England to local standards committees. In line with the recommendations in the Committee's Tenth Report, Standards for England has now taken on the role of strategic regulator.⁵ Initial indications are that the transfer has in the main gone smoothly, although there are emerging concerns about the cost of, and the length of time being taken to conclude, some investigations.
34. In our Tenth Report we expressed the view that local authorities in Wales could benefit from the introduction of similar more localised arrangements.⁶ We still believe this to be the case. The importance of public bodies taking, and being seen to take responsibility for ensuring high ethical standards has been a recurring finding in the Committee's reports.
35. Standards for England have reported that standards of behaviour of local councillors in England remain high. There are no significant changes in the volume of complaints being received. 15 councillors (out of an estimated 21,000, excluding parish councillors) were suspended or disqualified during 2008-09 and in a further ten cases members were suspended pending some action on their part.⁷ In Wales the number of complaints about community or parish council behaviour doubled over the year, but as in England only a small number of complaints result in a sanction.⁸ Standards for England public perception survey results show that these statistics have not translated into improved public perceptions. There has been a small increase in the number of people who rate councillor behaviour as low and who think it has got worse over the last two years.⁹

Freedom of information

36. The Committee has had a long-standing interest in the operation of the Freedom of Information Act 2000, linked to our objective of promoting openness as one of the Seven Principles of Public Life.
37. In March 2009, working with the Constitution Unit, the Committee hosted a seminar involving representatives of central and local government, FOI campaigners and the media to explore issues relating to the working of the Act.

⁵ Committee on Standards in Public Life *Getting the balance right: Implementing standards of conduct in public life, January 2005 (cm 6407)*

⁶ *Ibid* p53

⁷ Standards for England Annual Review 2008-09

⁸ Public Services Ombudsman for Wales Annual Report 2008/09

⁹ Standards for England, Public Perceptions of Ethics 2009

38. The Constitution Unit has recently concluded a study on the impact of the Act on central government. The study concluded that the Freedom of Information has improved transparency and accountability, but it has not achieved its secondary objectives of improving government decision-making or improving public understanding of government decision-making.¹⁰ The Constitution Unit has now launched two further research projects, assessing the impact of the Freedom of Information Act on local government and on Parliament.
39. The Committee will continue to monitor developments.

Whistleblowing

40. In February 2009, the Committee gave evidence to the Public Administration Select Committee (PASC) inquiry into Leaks and Whistleblowing in Whitehall which followed the arrest of a civil servant and an MP in connection with leaks from the Home Office. Neither was eventually charged with any offence.¹¹
41. The distinction between leaks and whistleblowing depends both upon the motive of the individual disclosing the information and upon the procedures that the individual has followed before releasing information. Leaking is an illicit activity, which may be made for personal reasons or be politically motivated. Whistleblowing following agreed procedures can be an instrument of good governance and an important safeguard against fraud, malpractice or maladministration.
42. In its Tenth Report, in 2005, the Committee recommended that:

“All regulators should review their procedures for handling whistleblowing by individuals in bodies under their jurisdiction, drawing upon best practice (for example the Audit Commission and Financial Services Authority).”¹²

And that:

“Leaders of public bodies should reiterate their commitment to the effective implementation of the Public Interest disclosure Act 1998 and ensure its principles and provisions are widely known and applicable in their own organisation. They should commit their organisations to following the four key elements of good practice i.e.

- *Ensuring that staff are aware of and trust the whistleblowing avenues;*

¹⁰ Constitution Unit, *ESRC End of Report Award Form*, <http://www.ucl.ac.uk/constitution-unit/files/research/foi/projects/ESRCEndofAwardReportSep2009.pdf>

¹¹ House of Commons Public Administration Select Committee, *Leaks and Whistleblowing in Whitehall*, Tenth Report of Session 2009-09, HC 83, August 2009. The inquiry was launched in December 2008 and heard oral evidence from the Chair of the Committee on Standards in Public Life and Dr Brian Woods-Scawen in February 2009.

¹² *Getting the Balance Right: Implementing Standards of Conduct in Public Life*, January 2005, Recommendation 37

- *Provision of realistic advice about what the whistleblowing process means for openness, confidentiality and anonymity;*
 - *Continual review of how the procedures work in practice; and*
 - *Regular communication to staff about the avenues open to them.”*¹³
43. Some positive steps have since been taken. But we remain concerned that clear and accessible whistleblowing arrangements have yet to be fully embedded in many public bodies.
44. The Committee believes that it is important that all public bodies should develop a culture of openness through routine disclosure and a regime which encourages people to raise any concerns they may have about illegitimate behaviour, rendering leaking unnecessary as a means of bringing about change.
45. The Committee will continue to take an interest in this issue and looks forward to seeing the Government’s response to PASC’s Report.

Standards of conduct in the House of Lords

46. In January 2009, the *Sunday Times* published allegations that four members of the House of Lords had sought to abuse their positions for personal financial gain. These allegations damaged the reputation of the House of Lords, and raised questions about the regulation and enforcement of the Lords Code of Conduct. In its evidence to the subsequent review of the code of conduct chaired by Lord Eames, the Committee suggested that:
- The Code of Conduct should be amended to make clear that Peers should take account of the public good in determining their actions, and should abide by the spirit as well as the letter of the Code.
 - There should be a permanent independent Commissioner to investigate allegations of malpractice and promote good standards of behaviour in the Lords.
 - A range of proportionate sanctions should be available covering both minor and serious breaches of the Code.
47. The Committee welcomes the subsequent decision by the Lords to establish a permanent Commissioner on Standards and to revise the Code of Conduct to place a greater emphasis on principles and the need to act *“in favour of the public interest”*.¹⁴
48. We remain of the view that proportionate and meaningful sanctions must be available for any improved regulatory framework to operate effectively. The current power available to the House of Lords to suspend a member who has been found to have breached the code of conduct *“for*

¹³ Ibid, Recommendation 38

¹⁴ Paragraph 7 of the revised Code of Conduct

*a defined period not longer than the remainder of the current Parliament*¹⁵ is weaker than the sanctions available against Members of Parliament in the Commons, who may be subject to expulsion from the House. We therefore support the provision being made in the current Constitutional Reform and Governance Bill to allow the House of Lords to expel Peers who commit serious breaches of the Code.

49. The SSRB published the outcome of its review of the financial assistance available to members of the House of Lords in November 2009. The proposals bring much needed clarity to the rules relating to the overnight accommodation allowance, the allowance which has caused most concern. The House of Lords has since agreed the architecture and principles of the new system proposed by the SSRB and is now considering their implementation. We will follow developments with interest. We have noted that, unlike the new arrangements in the Commons, the Lords are for the time being at least to remain responsible for the determination of their own arrangements for reimbursing expenses, rather than handing over that function to an independent body.

MPs' expenses and allowances

50. Revelations about the expenses regime in the House of Commons has been the single most damaging issue for public trust in politicians since 'cash for questions' led to the first Nolan Committee report almost fifteen years ago.
51. The Committee first expressed concern about the system of allowances and expenses for Members of Parliament in its 2006 annual report (published in June 2007). In April 2008, it published a set of principles which it believed should underpin the system for reimbursing MPs' expenses. It submitted these principles to the review then being undertaken by the Members Estimate Committee (MEC). In July 2008, following the rejection by the House of Commons of a number of MEC recommendations, we considered whether to launch our own inquiry into MPs' expenses. We decided to defer the decision, after assurances about the introduction of robust external audit and a comprehensive rewrite of the rule book on MPs' expenses – the Green Book – by the then Advisory Panel on Members' Allowances.
52. When it became apparent that the subsequent review by the Advisory Panel had not addressed all the issues about MPs' expenses, we decided to conduct our own independent inquiry. We subsequently brought forward the timing at the request of the Prime Minister. The inquiry was launched in April 2009. We published our proposals for a comprehensive package of reform on 4 November 2009.¹⁶ These proposals were developed following an extensive investigation

¹⁵ House of Lords Committee for Privileges, *The Powers of the House of Lords in respect of its Members*, First Report of Session 2008-09, HL 87, p. 5

¹⁶ The Committee's political representatives: Oliver Heald MP; Baroness Maddock; and the Rt. Hon Alun Michael JP MP did not take part in this inquiry to avoid any real or perceived conflicts of interest.

which included a review of international practice, over 700 written responses to the committee's consultation paper and a programme of nine public hearings.

53. The Committee's key recommendations are:

- The Independent Parliamentary Standards Authority (IPSA) should determine the pay and pensions of MPs as well as their expenses and should have the power to investigate and invoke non-parliamentary sanctions analogous to those operated by Her Majesty's Revenue and Customs (HMRC);
- Support for mortgage interest should be brought to an end, with appropriate transitional provisions of one more Parliament or for five years. Any capital gains made during the transitional period attributable to public support should be surrendered to the taxpayer.
- Going forward, MPs should be reimbursed only for rent or hotel costs. IPSA should use a central agency to source, maintain and handle payments on suitable properties. The arrangement should start for new MPs entering at the next Parliament.
- The expenses scheme should only cover additional accommodation costs wholly, exclusively and necessarily incurred in pursuit of MPs' parliamentary duties – council tax, utility bills, telephone line rental and calls, security, contents insurance and removals at the beginning and end of a tenancy. The costs of cleaning, gardening, furnishings and other items should not be reimbursed or otherwise covered.
- MPs with constituencies within reasonable commuting distance of Parliament should no longer be entitled to additional accommodation and the London cost allowance should be reduced for all London MPs to the level proposed by the independent pay review body in 2007. The Committee have proposed a higher rate for those who commute from outside the Greater London area to reflect their higher travel costs.
- The practice of employing family members should be brought to an end immediately, with transitional arrangements for existing employees until the end of the next Parliament or for five years.
- The communications allowance should be abolished.
- The £25 overnight subsistence allowance should in future only be available to MPs staying in hotels and against receipts.
- Only MPs whose departure is involuntary should receive the resettlement grant from the election after next. MPs who voluntarily step down will instead receive eight weeks' pay. Removal of the grant should also be considered as a sanction for those who are found to have abused the system.

- MPs should not be prohibited from limited paid employment such as journalism outside the House, providing any such activity remains in reasonable limits. But it should be transparent and information about it should be drawn to voters' attention at election time.
- All expenses should be accompanied by receipts or documentary evidence and receipts or documentary evidence should continue to be published.

54. The Committee welcomes the fact that all of the three main party leaders support the Committee's recommendations in full and that legislation will now be brought forward to implement the Committee's recommendations on oversight and enforcement of the new expenses regime. IPSA is currently conducting its statutory consultation on the expenses scheme and the Committee will be responding to that.

Appendix 1: About the Committee

Terms of reference

1. The Committee on Standards in Public Life was established under the chairmanship of the Rt. Hon. Lord Nolan by the then Prime Minister, the Rt. Hon. John Major, in October 1994, with the following terms of reference:

“To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life”.

2. Our remit covers ministers, civil servants and advisers, Members of Parliament and UK Members of the European Parliament, board members and senior officers of NDPBs and of NHS bodies, non-Ministerial office holders, members and other senior officers of other bodies discharging publicly-funded function and elected members and senior officers of local authorities.
3. On 12 November 1997, the then Prime Minister, Tony Blair, announced additional terms of reference:

“To review issues in relation to the funding of political parties, and to make recommendations as to any changes in present arrangements.”

Status

4. The Committee is an independent advisory non-departmental public body (NDPB). Its members are appointed by the Prime Minister. Seven of its members, including the chairman, are appointed by the Prime Minister through open competition and under the rules of the Office of the Commissioner for Public Appointments (OCPA). Three of the members are appointed by nomination by the three main political parties. The Committee is not founded in statute and has no legal powers, either to compel witnesses to provide evidence or to enforce its recommendations. In particular it has no powers to investigate individual allegations of misconduct. It presents its recommendations directly to the Prime Minister.

Funding and administration

5. The Committee receives its budget from the Cabinet Office. Day-to-day responsibility for financial controls and budgetary mechanisms are delegated to the Secretary of the Committee. The Secretary and the rest of the secretariat are permanent civil servants employed by the Cabinet Office.

Policy on openness

6. As an integral part of its first report the Committee defined and endorsed the Seven Principles of Public Life, which have since been adopted widely. The Committee has always sought to implement these principles in its own work, including the principle of openness.
7. The Secretary of the Committee has responsibility for the operation and maintenance of our publication scheme under the Freedom of Information Act 2000. Most of the information held by the Committee is readily available to everyone, and does not require a request under the Freedom of Information Act to access it. The Committee can be contacted in writing, by email, by telephone or by fax. The public can also access information via the Committee's website and can request copies of publications promoted on the website. Further details are on the website. Requests for information under the Freedom of Information Act should be made to the Secretary to the Committee at the following address:

Committee on Standards in Public Life
35 Great Smith Street
London SW1P 3BQ

Phone: 020 7276 2595

Fax: 020 7276 2585

Email: public@standards.x.gsi.gov.uk

Website: www.public-standards.org.uk

Appendix 2: Members of the Committee

Sir Christopher Kelly KCB (Chair)

Appointed 1 January 2008 **Term ends** 31 December 2012

Christopher Kelly is Chair of the NSPCC and of the Financial Ombudsman Service. He was previously a civil servant. Between 1970 and 1995 he worked in HM Treasury, latterly as Director of Monetary and Fiscal Policy and then Director of the Budget and Public Finances. Between 1995 and 1997 he was Head of Policy Group at the then Department of Social Security. From 1997 to 2000 he was Permanent Secretary of the Department of Health. Since leaving the Civil Service he has chaired, or been a member of, a number of advisory and other groups in the public, private and voluntary sectors.

Lloyd Clarke QPM

Appointed 1 November 2004 **Re-appointed** 1 November 2007 **Term ends** 31 October 2010

Lloyd Clarke is a Trustee of the Guinness Trust and a Member of the Guinness Partnership Board. He is also a Board member of the Guinness Northern Counties Housing Association and he chairs their Audit Committee. He was previously a police officer for thirty-one years with West Yorkshire Police retiring as the Deputy Chief Constable. Between 2000 and 2005, he was the Chief Executive and Chief Constable of the Ministry of Defence Police and Guarding Agency. Since leaving the police service he has worked with different public bodies particularly looking at aspects of security and good governance.

Oliver Heald MP

Appointed 1 March 2008 **Term ends** 28 February 2011

Oliver Heald was called to the Bar in 1977 and has practised as a barrister on the South Eastern Circuit. He is a specialist in employment law. He was elected as Member of Parliament for North East Hertfordshire at the General Election of April 1992. He has served as a Minister in the Department of Social Security and is a former Shadow Leader of the House of Commons. He is currently a member of the Work and Pensions Select Committee and of the Committee of Selection.

Rt. Hon. Alun Michael JP MP

Appointed 9 October 2006 **Term ends** 8 October 2009

Alun Michael is a former journalist, youth worker, magistrate and councillor. He has represented Cardiff South & Penarth since 1987. He has served as Deputy Home Secretary, Secretary of State for Wales and Founding First Secretary (First Minister) of the National Assembly for Wales. He was later Rural Affairs Minister and then Minister of State for Industry and the

Regions. He is currently a member of the Justice Select Committee and the Welsh Affairs Committee.

Sir Derek James Morris MA Dphil

Appointed 1 March 2008 **Term ends** 28 February 2011

Sir Derek Morris has been Provost of Oriel College, Oxford since 2004. Prior to that he was Chairman of the Competition Commission (formerly the Monopolies and Mergers Commission). From 1970 to 1997 he was Fellow in Economics at Oriel College. In 2004-05 he chaired the Morris Review of the Actuarial Profession.

Dame Denise Platt DBE

Appointed 1 July 2008 **Term ends** 30 June 2011

Denise Platt is an Audit Commissioner and the Chair of the Independent Advisory Panel for the Local Innovation Awards. From 2004 until 2009 she was the Chair of the Commission for Social Care Inspection (now the Care Quality Commission). She has held a variety of posts both nationally and locally in local government and social care. She is involved with a number of voluntary organisations and is the chair of the National AIDS Trust (NAT). She is a governor of the University of Bedfordshire and a member of the Independent Review Board of the Cheshire Fire and Rescue Service.

David Prince CBE

Appointed 1 June 2009 **Term ends** 31 May 2012

David Prince is the former chief executive of the Standards Board for England. He held senior positions at the Audit Commission as Managing Director, Strategy and Resources and Chief Executive, District Audit. Previously his career was in local government, where posts included Chief Executive, Leicestershire County Council and Director of Finance and Administration, Cambridgeshire County Council. He holds non-executive independent appointments as lay member of the General Social Care Council and as member of Leicestershire Police Authority, the audit committee of the Rural Payments Agency and the performance and best value committee of the Bar Standards Board.

Dr Elizabeth Vallance JP

Appointed 26 April 2004 **Re-appointed** 1 November 2007 **Term ends** 31 October 2010

Elizabeth Vallance was Head of the Department of Politics at Queen Mary, University of London where she is now an Honorary Fellow. She is a Sloan Fellow of the London Business School and chairs the Council of the Institute of Education, University of London. She is Chairman of ICAN, the national children's communication charity and is a non-executive director of Charter

European Trust plc and of The Medical Protection Society. She sits as a Presiding Magistrate on the Inner London Bench.

Dr Brian Woods-Scawen DL CBE

Appointed 1 Jan 2004 **Re-appointed** 1 November 2007 **Term ends** 30 June 2010

Brian Woods-Scawen is a Chartered Accountant and was a partner in PricewaterhouseCoopers from 1980 until 2003. He is currently a non-executive board member of a number of organisations in the private and public sectors. He holds public appointments as a non-executive board member of the Department of Business Innovation and Skills, the Government Office for the West Midlands, the Pensions Disability and Carers Service and the Office for Legal Complaints.

Dame Patricia Hodgson resigned from the Committee in October 2008 and **Baroness Maddock's** term of office ended in October 2009.

The Committee's work is supported by a Research Advisory Board. The current membership of the Board is:

- Dr Mark Philp (Chairman), Fellow and Tutor in Politics, Oriel College, University of Oxford
- Jean Martin, Senior Research Fellow, Social Inequality and Survey Methods, Department of Sociology, University of Oxford
- Professor Cees van der Eijk, Professor of Social Science Research Methods, Director of Social Sciences Methods and Data Institute, University of Nottingham

Members attendance (1 April 2008 - 31 March 2009)

The table below shows the total number of meetings that each current member of the Committee could have attended and the number they actually attended.¹⁹

	Committee Meetings	Actual Attendance
Sir Christopher Kelly	13	13
Lloyd Clarke	13	10
Oliver Heald	13	12
Sir Derek Morris	13	12
Rt. Hon Alun Michael	13	12
Dame Denise Platt ¹⁷	10	8
David Prince ¹⁸	n/a	n/a
Dr Elizabeth Vallance	13	12
Dr Brian Woods-Scawen	13	10

Remuneration

Those Committee members who do not already receive a salary from public funds may claim £240 for each day they work on Committee business. Sir Christopher Kelly is paid a flat rate of £50,000 a year. All members are reimbursed for any actual expenses incurred. Details of fees and expenses claimed in 2008-09 are available from the Committee's website.

Code of practice and register of interests

In accordance with the best practice recommended in its first report, and in line with the Government's proposal that all advisory NDPBs should adopt a board members' code, members of the Committee formally adopted a code of practice in March 1999. The code was readopted in June 2001, in May 2004 and again in January 2005. Members provide details of any interests that might impinge on the work of the Committee through the Committee's Register of Interests, which is available on the website. The code of practice is published on the Committee's website.

¹⁷ Dame Denise Platt DBE Joined the Committee on 1 July 2008.

¹⁸ David Prince CBE joined the Committee in June 2009.

¹⁹ Baroness Maddock's term of office ended on 31 October 2009.

Appendix 3: Financial information

Expenditure and income in 2008-09

	£
Total budget allocation	644,000
Staff costs and fees	369,490
Other running costs	241,940
Capital	0
Total gross expenditure	611,430
Income	70,375 ²⁰
Total net expenditure	541,055

1. The budget allocation in 2008-09 was £644,000. Total expenditure as in the table above was £541,055, leaving an unallocated provision of £102,945.
2. As an advisory non-departmental public body (NDPB), the Committee receives its delegated budget from the Cabinet Office. The Cabinet Office Accounting Officer has personal responsibility for the regularity and propriety of the Cabinet Office Vote. Responsibility for certain levels of authorisation, methods of control and day to day mechanisms have been delegated to the Secretary to the Committee.
3. The Secretary is responsible for setting out clearly the outputs and outcomes which the Committee plans to deliver with the resources for which they have delegated authority, and for reporting regularly on resource usage and success in delivering those plans. She is also responsible for maintaining a sound system of internal control over the resources for which she has delegated authority, and for providing the accounting officer with assurances that those controls are effective.

²⁰ For reimbursement of former secretary's salary while on secondment and contributions towards the Committee's public perception research.

Appendix 4: Reports and publications

The Committee has published reports on the following subjects:

- MPs' Expenses and Allowances: Supporting Parliament, Safeguarding the Taxpayer (Twelfth Report (Cm7724)) (November 2009)
- Review of the Electoral Commission (Eleventh Report (Cm7006)) (January 2007)
- Getting the Balance Right: Implementing Standards of Conduct in Public Life (Tenth Report (Cm6407)) (January 2005)
- Defining the Boundaries within the Executive: Ministers, Special Advisers and the permanent Civil Service (Ninth Report (Cm 5775)) (April 2003);
- Standards of Conduct in the House of Commons (Eighth Report (Cm 5663)) (November 2002)
- Standards of Conduct in the House of Lords (Seventh Report (Cm 4903)) (November 2000)
- The Funding of Political Parties in the United Kingdom (Fifth Report (Cm 4057)) (October 1998)
- Local Government in England, Scotland and Wales (Third Report (Cm 3702)) (July 1997)
- Local Public Spending Bodies (Second Report (Cm 3270)) (June 1996)
- Members of Parliament, Ministers, Civil Servants and Quangos (First Report (Cm 2850)) (May 1995)

The Committee is a standing committee and can therefore later re-visit an area on which it has reported and monitor whether and how well its recommendations have been put into effect.

The Committee has so far conducted two reviews and a stock-take:

- A review of recommendations contained in the First and Second Reports relating to standards of conduct in Executive Non-Departmental Public Bodies (NDPBs), NHS Trusts and Local Public Spending Bodies (Fourth Report) (November 1997)²¹
- A review of recommendations contained in the First Report relating to Members of Parliament, Ministers, Civil Servants and proportionality in the public appointments system (Sixth Report entitled Reinforcing Standards (Cm 4557)) (January 2000).
- A stock-take of the action taken on each of the 308 recommendations made in the Committee's seven reports since 1994 (The First Seven Reports - A Review of Progress) (September 2001).

Since 2004, the Committee has also undertaken three biennial surveys of public attitudes towards conduct in public life. Findings were published in 2004, 2006 and 2008.

²¹ This report was not published as a Command Paper.

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