the
Standards Board
for England

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Mr Tim Mumford
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13 September 2005

Dear Mr Mumford

Annual Review 2004–05

It gives me great pleasure to forward you a copy of the Standards Board for England's Annual Review 2004–05. I have also enclosed copies for your Chief Executive, Leader, and Chair of your standards committee. As you will see, we have continued to make significant improvements in performance this year and are looking forward to working with you in the coming year to make local investigations as effective as possible.

We set out this year to sharpen our focus, improve our efficiency, ensure the introduction of the local investigations framework was a success, and carry out a review of the Code of Conduct. This was all against the background of scrutiny of our role and the ethical framework by two influential committees. I believe we rose to these challenges and continued our good work of previous years in supporting councils to help their members achieve the highest standards of conduct.

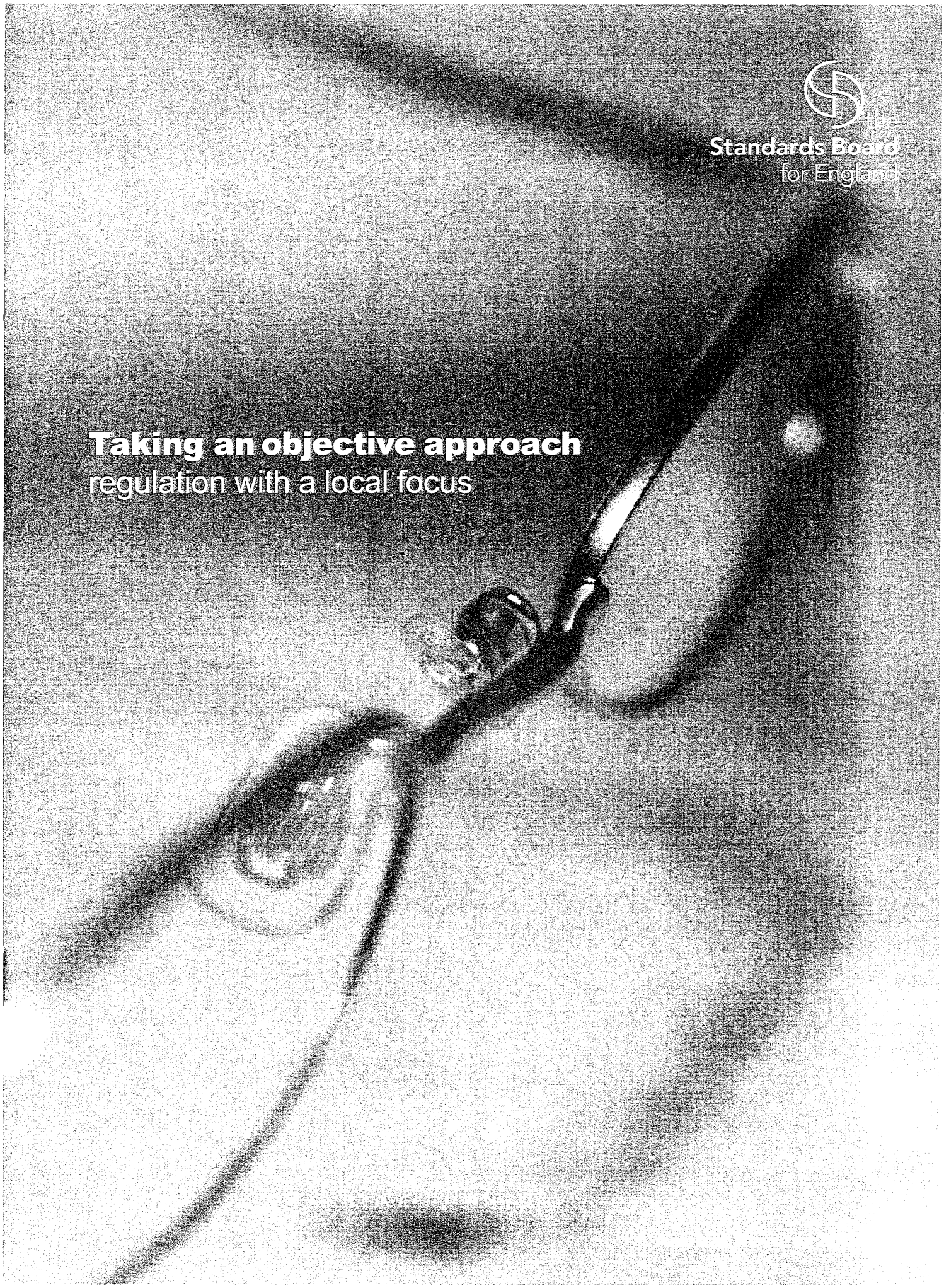
The challenge now is to build on these achievements. With more cases being handled locally, the Standards Board for England can start to concentrate resources on giving authorities the support and guidance they need to be able to take ownership of the ethical agenda while continuing to deal with the most serious cases nationally. Through our joint work with partner bodies, we want to ensure that elected members and officers work effectively together. We want to see the Code of Conduct embedded into the fabric of local democracy, so that the importance of high standards and the principles of respect and selflessness are recognised by all and become an integral part of how authorities do business.

I would personally like to thank the staff and Board Members of the Standard Board for England for the hard work they have put in this year. And above all, I would like to thank those of you at a local level who have risen to the challenges of handling cases locally and who continue to support our important work.

Yours sincerely

David Prince

David Prince
Chief Executive



The Standards Board for England

Taking an objective approach

regulation with a local focus

We met a number of key objectives last year, including:

- clearing our backlog of 400 investigations that built up while we were waiting for the full legislative framework to be put in place
- speeding up our investigations — completing nearly twice as many investigations this year than in 2003–04
- halving the time taken to make a decision on whether to investigate a complaint
- filtering out malicious, vexatious and tit-for-tat complaints
- focusing positively on cases with the potential to damage local democracy
- enabling successful local investigations — for example by giving guidance and helping authorities establish their processes
- encouraging local authorities to take leadership on ethics
- developing the ethical governance toolkit jointly with the Audit Commission and the Improvement and Development Agency

We will continue to work hard on our remaining targets, particularly completing cases in a more timely fashion.

"Only by local ownership and involvement can issues of ethical organisational culture be properly addressed and the overall regulatory framework for standards in local government made proportionate and strategic."
Committee on Standards in Public Life

Achievements from 2004–05

Our focus on improving efficiency, developing effective partnerships and maintaining high quality standards is helping us build a reputation as a rigorous and fair regulator.

We are now more able to strengthen local ownership of member conduct and increase public confidence in local democracy.

Confidence in local democracy

For local government to work, the public has to have complete confidence in its people and processes.

To achieve this, members of local authorities need to be seen to live up to high ethical standards. Equally, in the small number of cases where members' behaviour may have fallen short of these standards, it is important that the public sees an independent body investigate complaints thoroughly.

We play a key role in building this vital public confidence in local democracy.

Making progress

In the past year, we have made significant progress in our work to improve public confidence in local democracy. Important changes have taken place in the environment within which we work — changes that mean we can now properly fulfil our role.

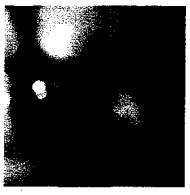
In November 2004, the final piece of the legislative framework allowing local issues to be investigated and resolved locally was put into place. This has a significant impact on the work we do. Most importantly, it paves the way for greater local ownership of, and responsibility for, the Code of Conduct. It also improves our capacity to work strategically and operationally with local authorities and standards committees.

These strong working relationships are crucial to our progress. We continue to focus on engaging with stakeholders, understanding their needs, and learning from their experiences. This approach is fuelling our development as an effective and efficient organisation.

Letter from our **Chair and Chief Executive**

External scrutiny

Our progress has been scrutinised by two important external bodies — the Committee on Standards in Public Life and the parliamentary select committee on the Office of the Deputy Prime Minister.







Both bodies supported the need for an independent body to oversee the framework for standards, brought to light issues that were echoed in our review of the Code of Conduct, and indicated the need for us to adopt a more strategic role — a conclusion we fully support.

The reports also challenge us to continue to improve our performance, hit all our performance targets for the coming year, and provide even greater support and guidance to our stakeholders, particularly town and parish councillors. And of course, we are committed to delivering the necessary improvements in all these areas.

For the future

Our purpose remains to increase public confidence in local government. For this to happen, local authorities and standards committees will need to take greater ownership of the ethical agenda, and embed the principles of ethical conduct into their culture. This will enable us to embrace the more strategic aspects of our role — supplying much-needed guidance and support, encouraging sharing of best practice and enabling local issues to be dealt with at a local level.

We would like to thank our staff and the Board for their continued commitment and hard work — the results of which you will read about in the remainder of this review. We look forward to building on our achievements during the next year.

Sir Anthony Holland, Chair

David Prince, Chief Executive

We have improved our work and effectiveness in three ways: tightening our criteria for referring appropriate allegations for investigation to focus on the most serious cases which we believe have the potential to damage public confidence in local democracy; passing allegations for local investigation; and faster completion of our own investigations.

Hitting targets

In the past year, we have adopted new tools and resources to help us deliver results more efficiently, while maintaining a thorough and fair approach. The completion of our electronic case management system has helped streamline our processes. We also recruited additional investigators to help us clear the backlog of cases that built up while the Standards Board for England was being established, and while the full legislative framework was being introduced.

As a result:

- We have reduced the average time taken to make a decision on whether to investigate a complaint from 20 days to 10. Our aim is to reduce this even further.
- We have halved the time it takes to complete an investigation, and are getting closer to hitting our target of completing 90% of investigations within six months.

In 2004–05, we handled

3,861

allegations and referred 24% for investigation

Dealing with local issues locally

We were able to refer cases to be dealt with by local authorities for the first time this year, following introduction of the legislation to enable this in November. This will promote local ownership of the Code of Conduct, and will help to create a stronger ethical culture within local authorities. We anticipate that about 50% of cases will be handled at a local level, either through investigation or determination.

Though we believe that local issues are best dealt with locally, it is important to strike the right balance between local ownership and national regulation. We are working towards getting this balance right so that cases are investigated in the most appropriate way. We are helping standards committees to establish themselves within local authorities by:

- providing guidance on conducting hearings
- sharing good practice guidelines
- encouraging growth of regional forums
- helping them to integrate more successfully with their authorities and become more effective

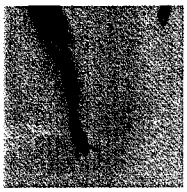
"I think the Board has made very real progress since it came into existence; I am pleased with the direction of travel and the speed of travel, the speed of improvement in case-handling, particularly recently, and I am confident that it will make a significant impact in building public confidence in the integrity and the decency of local government." Rt Hon Nick Raynsford MP, former minister for Local and Regional Government

"I would like to take this opportunity to thank the Standards Board for England staff for their help and for the efficient and impartial manner in which they have dealt with this matter." Investigated member

The regulations that enable us to refer cases for local investigation also enable us to direct local authorities to take other action to resolve their problems, such as mediation or adoption of more robust procedures. Some allegations reveal longstanding or deeply engrained issues within an authority, which cannot be addressed through investigation alone. This power to direct local authorities to take other action is important, as it allows us to tackle these problems at the root and make a lasting difference to the way an authority is run.





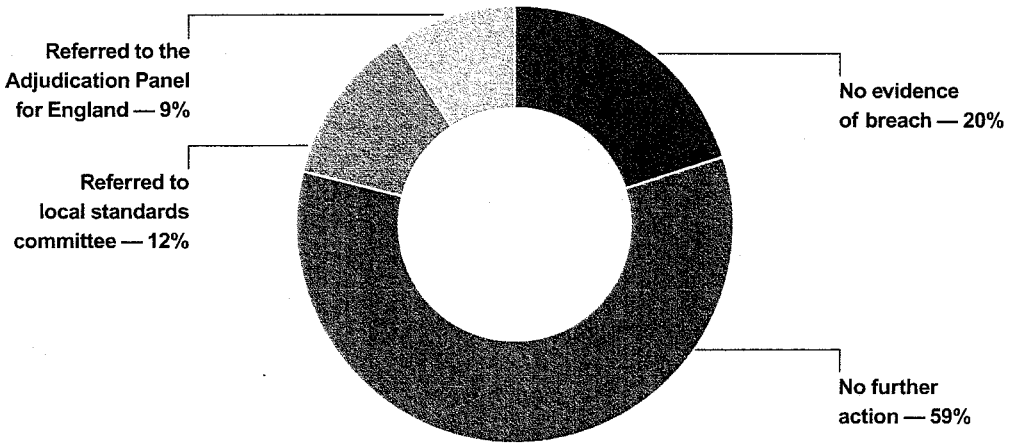


Getting the balance right

It is crucial that we use the right criteria to determine which allegations are referred for investigation. We have strengthened our referral criteria to weed out malicious and vexatious complaints, focusing on the most serious cases which we believe have the potential to damage public confidence in local democracy, and are referring fewer cases for investigation as a result. Referrals fell by 14% over 2004–05, compared to the previous year.

Now that cases are being investigated both locally and centrally, it is essential that our processes are consistent. Our referrals officers apply the same set of criteria to each case, and they share knowledge and best practice on a regular basis.

Final findings in investigations 1 April 2004 to 31 March 2005





Building strong relationships with stakeholders enables us to understand the needs of members, to help support monitoring officers and standards committees in their work, and to work more closely with central and local government.

Raising our profile

Within a short period of time, we have built a good reputation for providing clear, high quality guidance on the Code of Conduct and related matters. We've done this by actively engaging with our stakeholders to find out what they need in order to work effectively, and increasing public awareness of our work.

The proportion of complaints from the public has risen, while the number of complaints from members has fallen. This indicates growing public awareness of the Code of Conduct and the Standards Board for England, helping to reinforce public confidence in local democracy.

Engaging with stakeholders

In the past year, we have focused on engaging with our stakeholders in order to stay in touch with their changing needs and promote the ethical agenda.

We meet regularly with a variety of local government groups including:

- Local Government Association
- National Association of Local Councils
- County Associations of local councils
- Society of Local Council Clerks
- Association of Council Secretaries and Solicitors
- Society of Local Authority Chief Executives

Last year's Annual Assembly of Standards Committees, entitled 'Crack the Code', focused on how the Code of Conduct could be improved. It included workshops, fringe events, feedback and Q&A sessions, and keynote speeches. Over 700 delegates from across local government helped to make the event a success, and made a critical contribution to the review of the Code of Conduct.

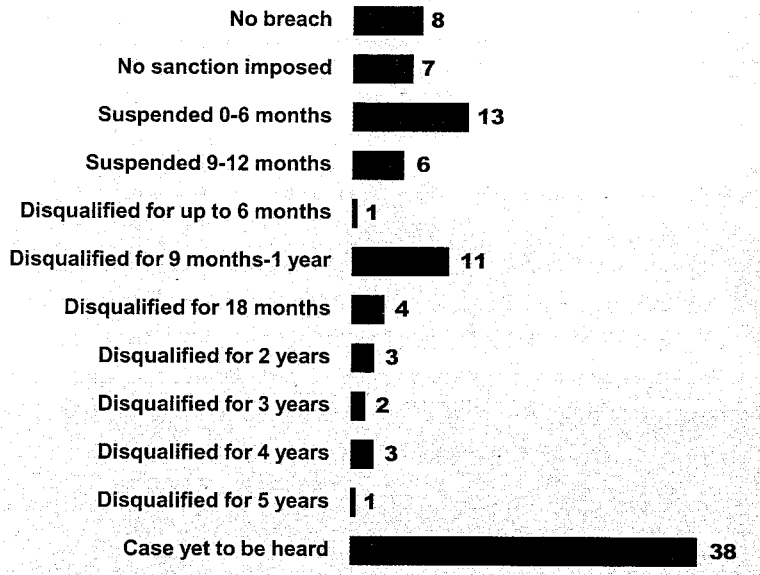
We ran a fringe event at the 2004 Local Government Association Conference, examining the relationship between members' ethical behaviour and the local government service improvement agenda. We continue to strengthen links with town and parish councils through regular newsletters and our work with county associations. Finally, we ran a series of 11 roadshows during the first half of 2005, engaging with nearly 1,000 monitoring officers and standards committee members to get input on:

- feedback and experiences relating to local investigations and determinations
- next steps for moving the ethical agenda forward
- the review of the Code of Conduct
- good practice and how it can be achieved
- improvements in our performance

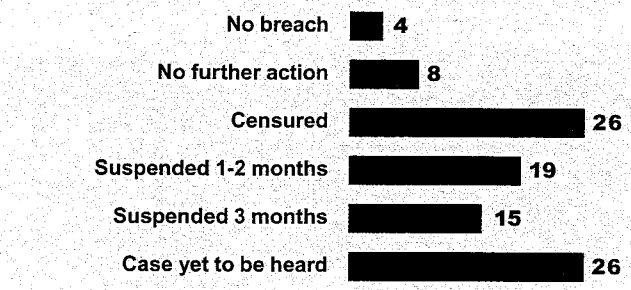
"There are 8,500 parish and town councils and some 80,000 councillors. Any national body trying to accommodate all those people faces a quite daunting task, and the Standards Board has done well to address that." Tim Ricketts, Head of Legal Services, National Association of Local Councils

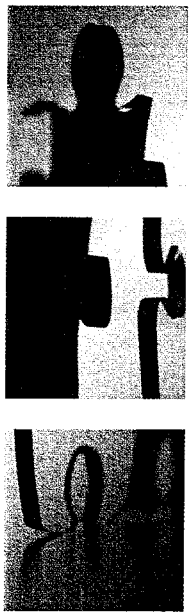
"The high quality of speakers and range of issues covered at the conference was really useful. It renewed my commitment to high ethical standards." Conference delegate, Third Annual Assembly of Standards Committees

Adjudication Panel for England determinations in cases 2004–05



Standards committee determinations in cases 2004–05





98%

of respondents rated the Third Annual Assembly of Standards Committees as very or fairly good

Maintaining the ethical framework

We work with a number of bodies to support the ethical framework and ensure that we collectively provide an efficient and effective service — they include the Audit Commission, the Improvement and Development Agency, the Local Government Ombudsman, and our Scottish and Welsh equivalents.

Some of the collaborative projects we have worked on recently include:

- inclusion of a key line of enquiry in the Audit Commission's Comprehensive Performance Assessment (CPA) to focus on standards, leadership by example, and how effectively elected members and officers are working together with mutual trust and respect

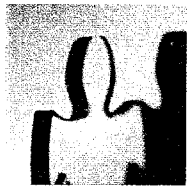
- involvement in the Audit Commission's Corporate Governance Inspection Methodology to support local authorities that receive a weak or poor rating under the CPA, where standards of conduct are an issue within the authority

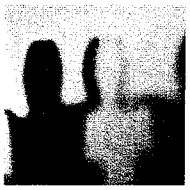
- the Local Government Diagnostic — a risk management tool funded by the Office of the Deputy Prime Minister and developed jointly with the Audit Commission and the Improvement and Development Agency. The tool helps authorities assess their ethical standards by focusing on conduct and behaviour and identifying problem areas

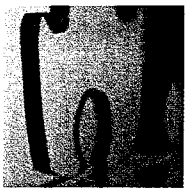
We have an excellent working relationship with the Office of the Deputy Prime Minister, which recognises that our work deals with an issue of public concern and values our efforts to establish ourselves as a credible and respected body.

"We believe that the Board is an essential and very necessary part of the overall architecture of the framework for local government in this country." Rt Hon Nick Raynsford MP, former minister for Local and Regional Government

And we are developing our relationships with members of parliament, many of whom have themselves been local authority members. We will be attending all main party conferences, and we are inviting MPs to meet with senior officers and Board members, in order to raise awareness of our work.



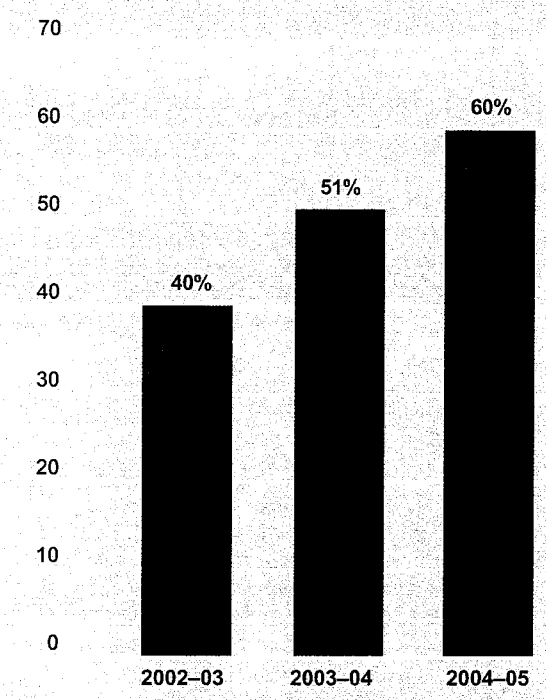




'In your hands'

The Fourth Annual Assembly of Standards Committees takes place in Birmingham in September 2005 and is entitled 'In your hands'. The two-day conference will focus through practical sessions and workshops on the role of standards committees in shaping the ethical agenda and putting it into practice, particularly in light of the introduction of local investigations and determination regulations.

Percentage of complaints that came from members of the public



We continually strive to raise the quality of our work by reviewing our performance, consulting with stakeholders and asking for feedback, and commissioning research.

In the past year, we have also been scrutinised by two high-profile, influential bodies — the Committee on the Office of the Deputy Prime Minister and the Committee on Standards in Public Life.

External scrutiny

In the report to its Tenth Inquiry, the Committee on Standards in Public Life stressed that there is a key role for the Standards Board for England as a strategic regulator. It made a large number of potentially far-reaching recommendations, some of which we have already implemented or begun to implement.

It asked the government to consider changes to the regulations to enable complaints to first be assessed locally, by the local authority. The government is considering the recommendation carefully and we await their final decision.

The committee also suggested several revisions to the Code of Conduct, which we are considering in more detail as we prepare our recommendations for the Office of the Deputy Prime Minister.

Parliamentary inquiry

The parliamentary select committee, the Committee on the Office of the Deputy Prime Minister, recognised the importance of having an independent regulator overseeing standards of conduct in local government and noted the progress we have made so far in speeding up investigations. It attributed the delays in investigations to date to the absence of regulations allowing local investigation and challenged us to continue to improve our performance in this area.

The select committee took a different opinion to the Committee on Standards in Public Life on the local filtering of complaints, stating: "Rather than being a unique weakness of the current system, we believe that central initial assessment of complaints by experienced officers applying a consistent set of criteria is one of its unique strengths."

The committee also welcomed the review of the Code of Conduct and made several recommendations for improvement and amendment.

Evaluating our work

Our programme of research helps us to understand clearly the needs and concerns of our stakeholders and how we can better support them. We use this programme to develop effective practice, to monitor progress, to measure satisfaction and to benchmark current ethical concerns.

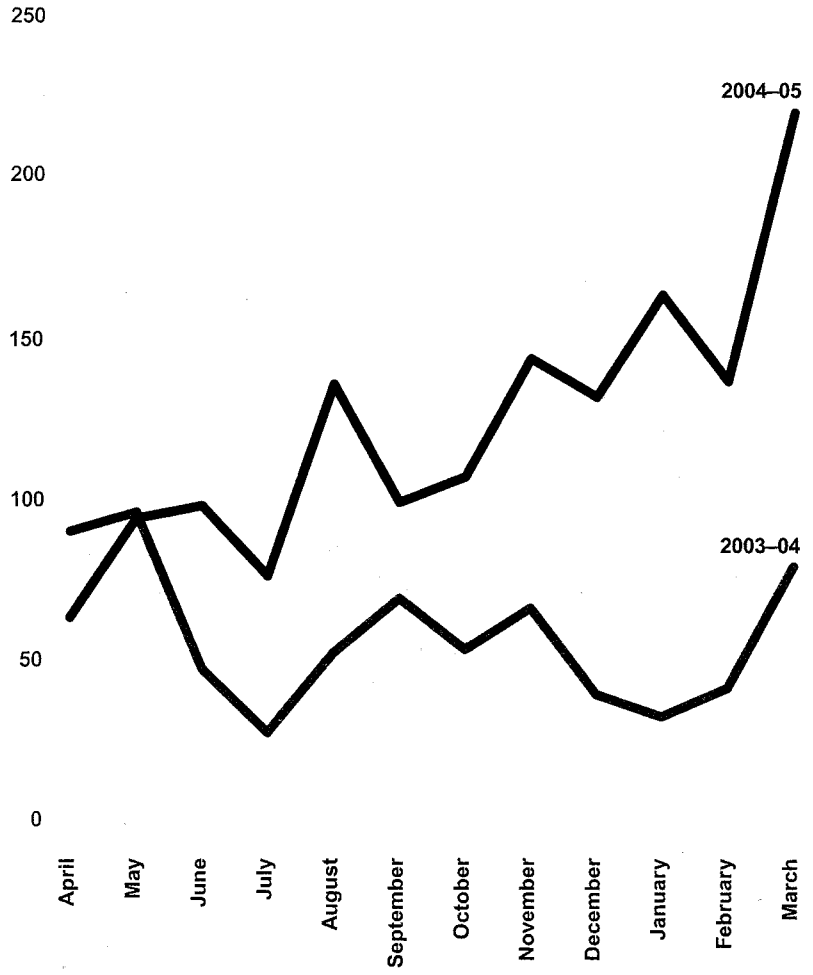
We conducted two research projects last year — *Supporting Monitoring Officers* (Teesside Business School) and *The Needs of County Associations* (the Centre for Local Policy Studies in the School of Environment at the University of Gloucester and INLOGOV at the University of Birmingham).

In the coming year, we will be conducting research on:

- establishing whether there is a link between high ethical standards and good governance
- identifying the components of an ethical environment and good practice; considering ethics beyond compliance with the Code of Conduct; and looking at constitutions, member-officer relationships, the role of standards committees and monitoring officers
- investigating the public's perception of ethics in local government and the Standards Board for England

"70.2% of survey respondents rated the Standards Board for England's legal advice as good and the Standards Board is regarded as giving the ethical agenda gravitas." *Supporting Monitoring Officers*, Teesside Business School

Investigations completed — year-on-year comparison 2003–04 and 2004–05



A Code for the future

The Code of Conduct has now been in place for over three years, so this is the ideal time to examine its effectiveness and highlight areas for improvement. We launched our consultation on the review of the Code in February, sending out leaflets to a wide range of stakeholders and members from all the organisations we cover.

We asked a number of open questions relating to areas which we believe are of the most concern to members, including disclosure of information, the role of the Code in members' private lives, the duty to report breaches, and personal and prejudicial interests.

We received over 1,000 responses to consultation from all areas of local government, political parties, consumer groups, professional bodies and fellow regulators. Early indications show broad agreement for the changes that the Board is recommending. We are preparing a report and recommendations to present to the government in the autumn.

"The instructions or the guidance on local determination committees and dual-hatted committee members are particularly good... I would say that all these publications are very easily available on their website, very easy to access and very easy to read." Denis Wilson, Chairman, Northamptonshire County Council Standards Committee

Providing vital support

We have provided a range of support and guidance for local authorities to help them work more effectively and maintain high standards of behaviour.

This year we have published:

- guidance for monitoring officers on local investigations
- guidance for members on interests relating to membership of lobby groups and dual-hatted status
- newsletters for monitoring officers, standards committees and parish councils
- a second volume of the *Case Review*, using real cases to examine issues relating to the Code of Conduct

We have more publications planned for the coming year, including a guide to conducting investigations for monitoring officers, a good-practice guide for standards committees, a DVD guiding monitoring officers and standards committees through the process of local investigations and hearings, a third volume of the *Case Review* and the usual complement of newsletters.

We aim to meet the growing demand for more specific types of guidance and support, particularly to help monitoring officers carry out investigations. We also plan to draw best practice information from concluded cases, which will help us identify the need for new guidance and training materials.

About us

The Standards Board for England was established as an independent public body under the *Local Government Act 2000*.

We are responsible for promoting high standards of conduct and investigating allegations of misconduct.

The Board
Chair: Sir Anthony Holland
Deputy: Patricia Hughes CBE

John Bowers QC
Celia Cameron CBE
Peter Chalke CBE
Professor Alan Doig
Margaret Pratt
Paul Sabapathy CBE
Roger Taylor
Councillor Louise Bloom

What we do
We oversee and promote the Code of Conduct — a set of rules that all members of local authorities must follow when elected or appointed.

We assess allegations of misconduct and refer appropriate ones for investigation, focusing on fair, effective treatment of the most serious cases.

We expect cases to be dealt with at a local level wherever appropriate, and provide guidance and support to standards committees and monitoring officers in order to achieve this.

About the Code of Conduct
The Code of Conduct is a set of rules defined by parliament that members of local authorities must adhere to. It details how members should behave, relating specifically to issues such as the misuse of authority resources, and the recording of interests on a public register. It is compulsory for all members to sign up to the Code.

Who we cover
Over 100,000 elected and co-opted members of:

- 8,500 parish councils
- 386 district, borough, unitary, metropolitan, county and London borough councils
- 43 police authorities
- 31 fire and civil defence authorities
- 7 national park authorities
- 6 passenger transport authorities
- the Broads Authority
- the Greater London Authority
- the Council of the Isles of Scilly
- the Common Council of the City of London

The Board considers whether the allegation is within its jurisdiction and is appropriate to refer for investigation.

▶ If it is not, the case is rejected. The relevant parties are informed.

▼

If it is, the case is passed to an ethical standards officer.

The relevant parties are informed.

▶ An ethical standards officer refers the case to a local level. The relevant parties are informed.

▼

An ethical standards officer oversees an investigation.

▼

The ethical standards officer prepares a draft report.

This is sent to all relevant parties, who have an opportunity to comment.

▼

A final report is prepared following any further investigation needed.

There are four possible outcomes.

▼

A.
There is no evidence of a breach of the Code of Conduct. The relevant parties are informed.

▼

B.
An ethical standards officer concludes that on the balance of probabilities: (i) there is no breach of the Code of Conduct or (ii) there is a breach but no further action is necessary. The relevant parties are informed.

▼

C.
An ethical standards officer refers the case to be determined by a standards committee at local level. The relevant parties are informed.

▼

The standards committee holds a hearing. The standards committee can impose sanctions including suspension or partial suspension from office for up to three months.

▼

D.
An ethical standards officer refers the case to The Adjudication Panel for England. The relevant parties are informed.

▼

The Adjudication Panel for England holds a hearing. The Adjudication Panel for England can impose sanctions including suspension for up to one year and disqualification for up to five years.

The process of **handling allegations**