

6 October 2006



Sir Michael Lyons
Lyons Inquiry into Local Government
Room 3/12
1 Horse Guards Road
London SW1A 2HQ

Sir Anthony Holland
Chair

1st Floor, Cottons Centre
Cottons Lane
London SE1 2QG

Tel: 020 7378 5004

Enquiries: 084 5078 8181

Fax: 020 7378 5006

Tony.holland@standardsboard.co.uk
www.standardsboard.co.uk

Alan Michael

Re: *National prosperity, local choice and civic engagement*

I enclose the Standards Board for England's comments on the above report, which we welcome.

We would be happy to discuss these issues further with you or your team, and are happy for these comments to be in the publicly available part of your evidence.

I hope that this is helpful, and I look forward with interest to your next Report.

Yours ever

Tony

Sir Anthony Holland
Chair

Enc.

The Standards Board for England welcome the findings of your inquiry into local government as outlined in your report 'national prosperity, local choice and civic engagement'. We also welcome the opportunity to provide further comment on the report.

We support your call for central and local government to develop a system which would increase the likelihood of public services being able to respond to the needs of local people, and the emphasis on the importance of greater devolution and the wider role that local government could play in place shaping. However, we think before these benefits can be realised the public must be reassured that the individuals and bodies involved in delivering public services are representative of the communities they serve, and are working to agreed high standards.

The key message in our original submission was that high standards of behaviour should be designed into any system of local governance. The accountability gap created by an emphasis on partnership working could present a risk to public confidence if individuals and bodies involved in decision-making resulting from devolution are not operating to a consistent and agreed standard of conduct.

Citizens should expect and experience high standards of behaviour and probity whenever decisions are taken or resources allocated that affect lives and communities. Otherwise, the risk is even greater public disengagement from the democratic process.

Below, we outline the key challenges posed by the moves towards greater devolution and partnership working, as well as possible solutions to these challenges. We believe that an accountability mechanism for certain types of behaviour and an agreed set of values is necessary. This would ensure that, those involved in decision-making at a local level are maintaining the high standards the public has the right to expect.

We also believe that achieving good standards of behaviour necessitates the provision of adequate training for officials, elected members and community representatives alike.

Devolution

Your report rightly outlines many benefits of devolution, including greater value obtained from public services, enhanced innovation and greater public trust in our system of local and central government. However, if the accountability gap created by devolution is not addressed these benefits may be undermined. For example, area structures may be dominated by individuals or groups who effectively disenfranchise other citizens. This could lead to decision-making based on self-interest, foster NIMBYism and leave less influential groups/individuals isolated and disengaged from the process. This highlights that decision-making which is representative of the wider interest of communities is paramount and that decision-making must be underpinned by high standards of behaviour and values which encourage an environment of inclusion and influence.

It is our firm view that consideration needs to be given to the development of systems which enable a proportionate and consistent response to the gaps that could be created in accountability. Currently, in local government, elected and appointed members must sign up to a Code of Conduct and there is also a proposed Code of Conduct for officers. However, non-elected individuals/bodies who are involved in decision-making (as a result of devolution), whilst often subject to different forms of accountability, are not subject to the same rules governing their behaviour. This can lead to confusion and a lack of consistency. Therefore any new system needs to ensure that those involved in decision-making at a local level are operating to the same expected levels of behaviour and are subject to the same local scrutiny.

In addition, the system also needs to strike an effective balance between rules and trust. Too much regulation can lead to a system of rules that are difficult to decipher and enforce, and will deter participation. However, an absence of rules or guidelines can lead to a system that lacks credibility and is open to different interpretations and abuse.

Partnerships

Partnership working also presents accountability issues. The differences between organisations in terms of openness and transparency, difference in the codes of conduct they are working to and the possibility that people may enter partnerships with the aim of maximising self-interest(s) may conflict with the wider public good and present a risk.

In our initial submission we suggested that the inquiry should consider using a combination of approaches detailed below depending on local circumstances to deal with such issues:

- 1) A trust based approach; as a minimum citizens and communities would agree to a set of overarching principles such as the Nolan principles.
- 2) A strategy for regulating individuals; everyone involved in devolved decision-making would sign up to a single and agreed standard of behaviour which would be enforced at a local level.

For example, where a partnership organisation is contributing to debate rather than making decisions which involves the spending of money, then there should be an agreed set of values or principles by which those involved in the partnership should abide and should be able to be held to account.

- 3) An institutional design strategy to ensure representativeness and the development of structures that will lessen risk. For example, people on partnership bodies may be selected via application rather than election to prevent individual's pursuing personal objectives at the expense of the public interest.

The individuals and groups who are involved in decision-making at a local level as a result of devolution and partnership working are not, currently, subject to the same rules governing their behaviour as are, for example, elected members on the same bodies. In addition, they are not always subject to the same level of scrutiny and there needs to be a level playing field.

Moreover some partners may already be subject to other supervisory or regulatory regimes, so rather than applying added tiers of bureaucracy a balanced approach is advised. It is important that thinking should be directed towards identifying the main areas of risk, avoiding duplication of existing regulatory systems and so limiting unnecessary regulation.

In addition to the measures suggested above, sustaining high standards of behaviour in organisations requires that officials and elected members have access to, and attend, appropriate training events on values and on what constitutes high standards of behaviour. Essential to this is an indication of the required cultural direction for organisations which will help embed good practice within the existing infrastructures.

Disengagement from democracy resulting from low public trust in individuals and bodies involved in public services are key challenges. A conclusion in your report is that greater devolution would lead to greater public trust in the system of local and national government. However, unrepresentativeness, poor behaviour, a lack of values, perceived

or real, and a failure to close the accountability gap may well undermine public trust in any new system.

In pursuit of the goal of increased public trust, and subsequently increased engagement in democracy, we believe that devolution needs to be accompanied by measures to close this accountability gap and ensure that those involved in decision-making buy into consistent and agreed standards of conduct in order to ensure good behaviour and values underpin decision-making.