Standards matter:
Ethical standards in public life, best practices and current threats*

The Committee on Standards in Public Life, UK (Chair: Professor Lord Paul Bew)

Introduction

Standards of behaviour matter. They are particularly important where public money is being spent on public services or public functions. Citizens have a right to expect that holders of public office who take decisions which affect their lives should do so with impartiality, should be truthful about what they are doing and should use public money wisely. Society can expect better outcomes when decisions are made fairly and on merit and not influenced by personal or private interests. Organisations in every sector benefit from greater legitimacy when the public has confidence in their integrity. The UK economy benefits nationally and internationally from that confidence.

The UK is not alone in encountering issues about standards in public life. There are two main sources of information about mature democracies. The first source is the evaluation reports produced at periodic intervals by the Group of States against Corruption (GRECO), established under the Council of Europe. The second main source of information about the UK’s relative standing on standards issues is Transparency International’s annually published Index of Perceptions of Corruption. Somewhat uncomfortably, the most recent index placed the UK joint 17th out of the countries surveyed in 2012 – well into the top quartile, but below a significant number of others in the developed world.1

The Standards Matter report (2013) set out our key conclusions, which we hope will be of assistance to those who find themselves having to grapple with these difficult issues on a daily basis. We have also identified a number of existing and emerging risks which we believe need to be addressed more energetically before we can be confident that high standards in UK public life are being consistently achieved.

Background

The seven principles of public life2 have been widely accepted as the basis of good practice throughout the public sector. They are mentioned explicitly in the UK, Scottish, Welsh and Northern Irish Ministerial Codes, included in the corporate documentation of a large number of public sector organisations,3 and form the basis of the codes of conduct required of all local authorities. Some organisations, including the civil service, have adapted the principles to their own particular context.4 Overall, there has been a substantial increase in awareness of the importance of standards issues.

Most public sector organisations now have codes of conduct based on the seven principles, adapted to their own circumstances. A number now pay greater attention than before to standards of behaviour in their internal systems, including recruitment, induction and training. Many have improved mechanisms for bringing lapses in standards to light, though people who raise or escalate concerns are not yet consistently treated with the respect they deserve.5 There is now extensive documentation about values and conduct in the NHS6 and, among others, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have issued ethical guidance for their members.7

This increased focus on ethics has been replicated beyond the public sector. Many private sector corporations have adopted codes of conduct or statements of values with which their staff are expected to comply. In professional services there have been major efforts to improve the quality of self-regulation. Examples of professional regulatory bodies established during this period include the Bar Standards Board (2006), the Solicitors’ Regulatory Authority (2007) and the General Pharmaceutical Council (2010). Other existing bodies have taken forward work on ethical standards. These include the Institute of Chartered Accountants in England and Wales, which has published two revisions of a new code of ethics (in 2006 and 2011), and the General Medical Council, which is currently reviewing its guidance on Good Medical Practice (last published in 2006).

A number of regulators have been created, reformed or had their remits or powers changed or enhanced. New regulators include the Electoral Commission, the Parliamentary Commissioner for Standards, the Lords Commissioner for Standards, the Independent

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* Some key messages from the Fourteenth Report of the Committee on Standards in Public Life (UK), presented to parliament by the Prime Minister, January 2013.
Parliamentary Standards Authority and the Prime Minister’s Independent Adviser on Ministers’ Interests. One (the Standards Board, latterly Standards for England) has gone through a full cycle of creation, reform and abolition. One pre-existing body, the Audit Commission, is in the process of abolition.

There has been a marked increase in openness and transparency as a result of the Freedom of Information Act 2000, the use made of the Act by the media and others, and various other changes. Some of these changes, such as the publication of information about political donations, were made at the instigation of this committee. Public sector organisations are now required to be both reactively open (responding to requests for information held) and proactively transparent (producing publication schemes detailing the information which they publish). Over the same period, information recording, supply and storage have been revolutionised by the development of the internet and other technologies – which promise benefits for public life as well as hazards.

Local government standards

The committee’s Third Report in 1997 addressed ethical standards in local government. The report called for a restructuring of the framework of standards in local government with the aim of achieving clarity about standards of conduct while devolving greater responsibility to local government for devising and regulating those standards.

The Local Government Act 2000 went well beyond what had been proposed. It created a statutory code of conduct for local authority members, independently chaired statutory standards committees for each principal local authority, an independent regulator of local authority standards (the Standards Board for England) and a separate independent body (the Adjudication Panel for England) to which the most serious cases could be referred. These arrangements did much to improve the conduct of elected members.

A number of adjustments were made in 2007 following recommendations from the committee in the light of criticism of the system as bureaucratic and bogged down with trivial complaints. The Standards Board (which became Standards for England) was made more strategic. Local standards committees and monitoring officers were given responsibility for filtering complaints.

The Localism Act 2011 abolished Standards for England, removed the ability of local authorities to suspend members as a sanction for poor behaviour and disbanded local standards committees. It introduced a new offence of failing to declare or register a pecuniary interest. Following amendments to the original Bill during its passage through parliament it also required local authorities to develop their own code of conduct based on the seven principles of public life and to appoint an Independent Person to be consulted during the investigation of any complaint.

The new, slimmed down arrangements have yet to prove themselves sufficient for their purpose. We have considerable doubt that they will succeed in doing so and intend to monitor the situation closely. The arrangements place a particular onus on the Local Government Association to provide leadership for the sector and to ensure that they work in practice.

But amid these positive developments, it is disturbing that questions continue to be raised about the integrity of a number of our key institutions. The controversy that followed revelations about MPs’ expenses in 2009 still casts a long shadow over parliament. In the last six years there have also been issues relating to the expenses of members of the House of Lords, political donations for political access, inappropriate behaviour by local councillors, electoral fraud, concerns over lobbying, the ‘revolving door’ between the civil service and private sector, and the apparent failure of procedures for escalating concerns in a number of public bodies. In the last few months of 2012 alone, issues were raised about unethical (or in some cases possibly criminal) behaviour on the part of the police; the historical behaviour of the armed forces, police and security service in Northern Ireland; and high profile problems in hospitals and care homes, the BBC, national journalism and banks.

Active governance

One of our key conclusions is that rather than introducing new principles, more codes or additional regulators, the current requirement is instead to ensure that ethical standards are actively addressed at an organisational level across the public sector, and indeed more widely. In addition to the requirements set out in the previous paragraph, two other elements are needed.

- Embedding of ethical principles in the policies, practices and culture of each organisation, reinforced by peer pressure. High standards cultures constantly convey the message that behaving ethically is essential and failing to live up to principles is unacceptable. Banking is not the only sector with examples of organisations with superficially commendable codes of conduct, which bear little relation to the behaviour actually encouraged and rewarded by organisational culture. Codes need to be supported by appropriate induction and training, reflected in appraisal, and reinforced by rewards and sanctions. A striking finding from our focus groups is the
importance which people attach to the imposition of timely and effective sanctions for poor behaviour and their belief that this seldom occurs

- Robust, effective leadership. It is the leaders of any organisation who are best placed to set an appropriate tone and promote the right culture. Elected representatives, board members and managers at all levels should exemplify the high standards of behaviour they require of others. Organisations need to make sure they grow or recruit leaders with the necessary values.

The risks of failure to anticipate problems in advance are obvious. Every unresolved issue takes its toll on public confidence. Measures put in place in the face of a media frenzy risk being disproportionate. It is preferable for individuals and organisations to take responsibility for acting before being forced to do so.

All organisations should make sure that they have appropriate procedures in place to deal with low-level inappropriate behaviour such as bullying and harassment, as well as more dramatic transgressions of ethical codes. The Advisory, Conciliation and Arbitration Service (ACAS) notes that:

Bullying and harassment are not only unacceptable on moral grounds but may, if unchecked or badly handled, create serious problems for an organisation including: poor morale and poor employee relations; loss of respect for managers and supervisors; poor performance; lost productivity; absence; resignations; damage to company reputation; and tribunal and other court cases and payment of unlimited compensation.

At our seminar on local government participants told us that those local authorities that dealt most robustly with instances of bullying and harassment were also those who managed to avoid more serious ethical problems.

Principles and codes of conduct

Principles alone are often not enough as a guide for behaviour in everyday life. Research undertaken with the public demonstrates that there can be genuine disagreement about what they imply in specific circumstances. Codes should never, however, override principles. Behaviour can technically be within the rules set out in a code and yet still offend against underlying principles and values as judged by peers or the general public (whose views may, of course, differ). The lack of transparency of financial loans to political parties, for example, while technically within the political donation rules of the time, offended against the principle of openness that the rules had been designed to reflect. This was readily acknowledged by the political parties themselves when the practice came to light in 2006.

Principles and codes should therefore be viewed as complementary rather than as alternatives. It is essential to get the right balance between the two. That balance may change over time. To be effective, codes need to be seen as relevant, every day and not exceptional; proportionate – giving enough detail to help guide actions without being so elaborate that people lose sight of the underlying principles; adapted to the needs and context of each organisation; clear about the consequences of non-compliance; they need to be personalised and, wherever possible, framed positively. A trial by the Cabinet Office’s Behavioural Insights Team supported experimental findings that making people explicitly aware of other people’s good behaviour is more effective than telling them what not to do.

Research by the Institute of Business Ethics (IBE) indicates no direct relationship between the mere existence of codes and actual standards of behaviour (in private sector companies).

Embedding ethics at the outset

A good place for organisations to start is at the beginning, by employing people, including on their boards, whose values are a good fit with their own. At the most basic level, employers need to ensure that applicants understand what the organisation stands for and what that means in practice. Some organisations have gone further in attempting to probe the values of potential staff at interviews. Potential employees who understand and accept an organisation’s ethical principles in the course of their recruitment are more likely to be comfortable reflecting those principles in their work. This may both increase their potential contribution and help to reinforce the wider culture of the organisation.

It is important that legislatures, like other organisations, take ethical training seriously. Political parties have a clear interest in impressing on their members the importance of attending such ethical training as is provided. Members who are aware of the standards expected are less likely to inadvertently behave inappropriately in ways which could lead to damaging publicity and loss of reputation for their party or the institution as a whole.

Leadership

The place of leadership among the seven principles has sometimes been misunderstood. It is not a call for all public servants to be leaders. It refers instead to the importance of public servants demonstrating the other six principles in their everyday work, thereby providing an example to each other and helping create a culture in which high standards are the norm. Lord Nolan thought, and we agree, that the principles of public life, including exemplifying standards, were the responsibility of ‘all who serve the public in any way’.

Exemplifying high standards is particularly important for those in management positions. It is even more so for those at the very top, because it is they who set the tone for an
organisation. Surveys and studies of ethics and standards have also repeatedly shown that the public expect theirparliaments to act as exemplars, and for legislators to liveup to the standards they require of others.

Prime responsibility for the maintenance of high standards in public organisations must always lie with individuals andorganisations themselves. The public tends, however, to be cynical about self-regulation. The requirement for independent scrutiny can sometimes be met, in part, by theinjection of an outside element into an organisation’s ownprocesses, as is now the case for most of the professions. The General Medical Council for example, has, over theyears, introduced an increasing lay element into its deliberations about the fitness to practise of doctors. Since 2009 it has been composed of an equal number of medical and lay members. We ourselves recommended in our Twelfth Report that lay members be added to the House of Commons Standards and Privileges Committee. We are pleased that this recommendation has now been implemented.

Current risks to ethical standards

The first generic risk we have identified stems from the introduction of a wide range of new ways of delivering public services – clinical commissioning groups, academies, elected police and crime commissioners (PCCs) and so on. Some of these new ways of working will entail services being delivered by people not previously involved in public service, or in different roles from those they previously occupied. It was in just such a climate that Lord Nolan’s committee produced their first report. It is essential to take care in all these cases to design governance structures which actively promote the right ethical behaviour.

The natural place to look for requirements to promote high standards of ethical behaviour is in the specification of contracts let by the public sector for the provision of services. We found it difficult to find much evidence of this, except where the contract was to procure ethical goods (such as Fair Trade or Forest Stewardship Council certified products). Unless the public sector does specify ethical requirements in its contracts it is unlikely that the market will operate to drive up ethical as well as quality standards and value for money.

Our second generic concern is the potential effect on efforts to promote high ethical standards of cuts in organisational budgets resulting from the current climate of austerity. The main risk is that financial constraints may reduce management support for investment in the promotion of high ethical standards or create a temptation for organisations or individuals to cut corners.

While there should be a presumption that efficiency gains in standards, as elsewhere, should be secured where possible, we must take care that the infrastructure supporting standards is not fatally undermined, nor corners cut that could undo the improvements which have been made or further damage confidence and trust. A secondary risk is that budget cuts may undermine the commitment of some individuals to public service values. We intend to continue monitoring these risks.

We also have a number of concerns about specific issues, among them:

- Political lobbying (levels of transparency)
- Political party funding
- Increased potential for electoral fraud (through technological and other recent changes)
- Local government standards
- Behaviour and conduct of the police
- Interchange between public and private sectors
- Special advisers operating at the boundary of politics and the civil service

Conclusions

Our key message is this: much of the basic infrastructure to support high standards is now in place.

Most public services and public office-holders have adopted statements of high level principles and codes of practice, and are subject to some form of external scrutiny. But it is self-evident, not least from recent events, that these mechanisms by themselves are not enough. Many of those whose integrity has been called into question in recent months and years seem to have behaved inappropriately not because they were unaware of what was expected but because they did not find it expedient. High standards of behaviour need to be understood as a matter of personal responsibility, embedded in organisational processes and actively and consistently demonstrated, especially by those in leadership positions. This report presents some ideas about how this may be achieved.

Conclusion one

The basic building blocks for promoting high standards remain much as identified by the original Nolan Committee – a set of broadly expressed values which everyone understands, codes of practice elaborating what the principles mean in the particular circumstances of an organisation, effective internal processes to embed a culture of high standards, leadership by example and proportionate, risk-based external scrutiny.

Many organisations delivering public services, including those voluntary, private sector, mutual or social enterprise organisations taking on contracts from the public sector, already regularly assess how well they measure up to best practice in ethical governance. All organisations need to actively review their current practices as a matter of routine, making sure that they consider all those factors affecting
individual behaviour, including recruitment processes, appraisal and reward structures, leadership and contemporaneous prompts to good behaviour alongside formal codes and sanctions for poor behaviour.

**Conclusion two**

The need now is for ethical standards issues to be addressed actively at the organisational level. High standards do not occur automatically. Nor should they be taken for granted. High standards are everyone’s personal responsibility. But personal behaviour is shaped by organisational culture. High standards need to be actively driven by leadership and example.

Ethical issues should feature regularly on the agendas of the boards of public bodies and, where appropriate, on risk registers. All such boards should consider whether ethical risks have been adequately addressed and actively monitor standards of behaviour throughout their organisations, either themselves, or through their audit and risk committees.

Permanent secretaries and chief executives of all organisations delivering public services should take personal responsibility for ethical standards in their organisations and certify annually, in their annual report or equivalent document, that they have satisfied themselves about the adequacy of their organisation’s arrangements for safeguarding high standards.

**Conclusion three**

New ethical risks are being created by the development of new models of service delivery. There is a growing area of ambiguity occupied by people contracted to deliver public services who may not be public office-holders. We strongly believe that the ethical standards captured by the seven principles should also apply to such people.

In all cases where new methods of delivering public services are being created, commissioners and providers should give careful thought to the mechanisms necessary to maintain expected high standards of behaviour and promote the seven principles of public life.

Public servants designing and commissioning services should, in a consistent and proportionate way, address ethical issues throughout the procurement process. Contractors and others should acknowledge the particular responsibilities they bear when delivering public services, paid for by public money, to individuals who may not have the choice of going elsewhere.

Where powers to regulate standards are devolved to promote local responsibility and leadership, care should always be taken to ensure that there is independent scrutiny, that the results of such scrutiny are made publicly available and that those who have responsibility for imposing sanctions have adequate legal or other powers to do so.

**Conclusion four**

Low and declining levels of confidence in the integrity of public institutions remain a matter of concern. While trust is a complex phenomenon, there is scope for trying to increase public confidence in public office-holders and public institutions by addressing the outstanding standards issues identified in this report and by being more attentive to, and active in, addressing emerging issues rather than waiting until pressures for reform become irresistible.

Public office holders and organisations should seek to improve their own trustworthiness by consistently and reliably exemplifying high standards of ethical behaviour, openness and accountability and establishing and promulgating robust mechanisms for detecting and dealing with wrongdoing. They should endeavour to increase public understanding of their role and work and should aim to create a culture, which harnesses the power of the media to promote high standards and deter or expose misconduct.

The outstanding ethical issues identified in this report should be actively addressed before they become even more problematic and further undermine confidence in our public institutions.

**Endnotes**

1 The index is based on measures of perceptions of corruption in the countries surveyed. Perceptions are important for confidence reasons. But they may diverge from underlying substance. It is probable that, in the UK as in other countries, they will be influenced by a wide range of factors that may have little or nothing to do with actual evidence of corruption – the way the media reports stories, for example, or dissatisfaction with the substance of the policies being pursued by the government of the day. It is also possible that effective regulation could have perverse effects on perceptions, by uncovering nefarious practices which might have previously occurred without anyone being aware of them. During our inquiry into party funding we were told that the relative absence of concerns relating to political finance in Sweden (one of the countries ranking above the UK in the Transparency International index) could be caused by a different political culture in which cheating is less likely. Or it could be explained by the limited nature of regulation there.

2 See p. 53.

3 Including the Charity Commission governance framework, 2005 (reviewed annually); HM Treasury, Corporate governance in central government departments: Code of good conduct, 2005 (revised 2011); and the Commissioner for Public Appointments, Code of practice for ministerial appointments to public bodies, 2009 (revised 2012).

4 Minister for the Civil Service, Civil Service Code, November 2010.

5 A YouGov survey for Public Concern at Work (PCAW) in 2011 found that 19 per cent of respondents viewed the word ‘whistleblower’ negatively and 35 per cent neutrally.
6 For example, an NHS Constitution, setting out six core NHS values, was originally published in January 2009 and subsequently revised in March 2011, and the Professional Standards Authority for Health and Social Care (PSA) (formerly the Council for Healthcare Regulatory Excellence (CHRE)) has published new standards for members of NHS Boards and CCG governing bodies in England (November 2012).


9 Lord Justice Leveson made this point in paragraph 99 of the executive summary of the Leveson Inquiry.

10 ACAS, Bullying and harassment at work: A guide for managers and employers, July 2011, p. 3.


13 A large number of research, academic, medical, legal and other professional bodies now also have ethics committees which are specifically tasked to address the ethical issues arising in their areas of expertise.

14 Committee on Standards in Public Life, MPs’ expenses and allowances: Supporting parliament, safeguarding the taxpayer (Twelfth Report), Cm 7724, November 2009, recommendation 51.
It is to act as a running authority of reference – almost you might say, an ethical workshop called in to do running repairs.

Sir John Major, 1994

The Committee on Standards in Public Life (CSPL) advises government on ethical standards across the whole of public life in the UK. It monitors and reports on issues relating to the standards of conduct of all public office holders.

GOV.UK website, 2013

The Committee on Standards in Public Life was established in October 1994 by the then Prime Minister, Sir John Major, following a number of high profile cases of misconduct by public office-holders.

It was initially given 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.

Additional terms of reference have twice been announced: in 1997, to allow for the investigation of the funding of political parties, and in 2013, to clarify the committee’s relation to Scotland, Wales and Northern Ireland and to set the definition of ‘holders of public office’ as ‘all those involved in the delivery of public services, not solely those appointed or elected to public office’. The main purpose of the committee, however, is the same today as when first established.

The committee is made up of an independently-appointed chair, six non-political members from a range of backgrounds (civil servants, business leaders, academics, etc.) appointed by the prime minister and three political members, one from each of the three main UK parties.

The committee is an advisory non-departmental public body (NDPB) sponsored by the Cabinet Office. This means that it is funded by the government and supported by a secretariat of civil servants, but is still fully independent. It is a standing committee, with a non-statutory basis.

The committee’s main activity is to consider and report publicly on standards, issues and risks. This involves gathering evidence through written submissions, seminars, public hearings, consultations and research, as appropriate, and presenting its findings as a report to the prime minister laid before parliament. The committee has so far carried out 14 inquiries, listed below.

The committee also carries out ongoing ‘standards checks’, reviews of developments and emerging risks, published in its annual reports. It responds to consultations and supplies evidence to other inquiries, and until recently it carried out a biennial survey of attitudes to standards in public life, now in its last iteration.

A recent triennial review has confirmed the committee’s continuing role and has also recommended more streamlined working methods, possibly resulting in more short reports on emerging as well as current issues and in collaborative work with other bodies e.g. in the collection of survey data.

Summary of key reports

• First Report (1995): The committee’s first report, produced under the chairmanship of Lord Nolan, looked at a broad section of public office-holders and drew three key conclusions:
  – All public bodies should draw up codes of conduct incorporating the seven principles of public life (a list of principles formulated in the first report, and which the committee has continued to use ever since – see opposite page)
  – Internal systems for maintaining standards should be supported by independent scrutiny
  – More needed to be done to promote and reinforce standards of conduct in public bodies, in particular through guidance and training, including induction training

• Twelfth Report – MPs’ expenses (2009): This inquiry reviewed the system by which MPs’ expenses and allowances are paid, following highly controversial revelations in 2008–09 about its widespread abuse. Its key recommendations included the establishment of a new independent regulatory body (now the Independent Parliamentary Standards Agency (IPSRA)) to determine the pay, pensions and expenses of MPs, and a wide range of improvements to the existing rules
• Thirteenth Report – party funding (2011): This inquiry looked at the system by which UK political parties receive their funding, and concluded that large donations from individuals and groups fostered suspicion that undue influence was being gained. It therefore recommended a cap on donations of £10k, and a corresponding increase in public funding for parties. However, at the time of writing, these recommendations have not been acted on and problems are still outstanding.

• Fourteenth Report – review of best practice (2013): The committee’s most recent report was a review of recent developments and lessons learned over the committee’s lifetime. It reached four conclusions, backed up with a range of best practice guidance points:
  – The basic building blocks for promoting high standards identified in the first report (codes of conduct, independent scrutiny and training – see above) remain just as relevant and applicable today
  – The most pressing need now is for ethical standards issues to be addressed at an organisational level, not with more rules and regulation, but through leadership and example
  – The risks involved in new models of public services delivery, with greater emphasis on contracting private companies, need to be recognised and addressed
  – Levels of trust in the integrity of public institutions in the UK are worryingly low. This should not be dismissed as inevitable or cyclical, but can and should be addressed

The seven principles of public life

NB The seven principles were established in the committee’s first report in 1995; the accompanying descriptors were revised following a review in the Fourteenth Report, published in January 2013.

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

The principles

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

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

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

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

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

Honesty
Holders of public office should be truthful.

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