

# The components of an ethical environment:

Final research report to the Standards Board for England

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# The Components Of An Ethical Environment

## Executive Summary

### *Introduction*

1. It has been four years since the new ethical framework was implemented across English local government. It is fair to say that over that period the formal investigation and adjudication processes have monopolised the headlines. The operations of these processes have been examined in detail by two national committees.
  
2. The ethical framework is in a period of transition: revisions of the statutory members' code of conduct are in train, a greater number of cases are to be dealt with locally and a local filtering system is to be introduced, a national officers' code of conduct is planned, and the Standards Board for England is seeking to develop a more strategic role in the system. As a result local government is likely to take greater responsibility for promoting and maintaining good conduct.
  
3. The research reported here looks at the different ways that local authorities try to manage standards of conduct. In particular we organised the research around five themes. The first four themes relate to general aspects of an ethical framework:
  - The potential trade off between a strict rules based system and a system designed to maintain trust within the organisation
  - The role and limits of standards committees and the value of independent overview in supporting an ethical environment
  - The importance of leadership in supporting an ethical environment
  - The importance and limits of openness and transparency in supporting an ethical environment

4. The fifth theme is related to how an ethical framework may need to adapt to new circumstances if it is to be effective and proportionate. Under this theme we looked at three areas where an ethical framework may need to be adaptable:
  - Recovery – how do authorities recover from significant ethical problems?
  - Partnerships – what ethical challenges are identified and how are they addressed?
  - Area structures/localism – what ethical challenges are identified and how are they addressed?

### ***The Study***

5. The study is based on case study research in eight local authorities. In total we conducted over 60 individual interviews and 10 discussion groups over the winter of 2005-6.
6. Across the case studies the most significant factor in explaining whether the ethical agenda has a high profile was the authorities' history of (alleged) misconduct. That is to say, authorities' approach to managing ethics and probity may be more reactive than proactive. We use these words in a value neutral way - a reactive approach may be an entirely sensible strategy.

### ***Balancing Rules and Trust***

7. There are a number of actions that can be taken locally in order to support an ethical environment: additional protocols and codes can be adopted, attempts can be made to define and support organisational values and there are a number of ways to respond to inappropriate behaviour.

### ***Additional protocols***

8. Although additional member officer protocols had been developed in all of our case studies, there was uneven awareness among interviewees of their content and existence.

9. A large number of detailed rules is not a good indicator that ethics is being taken seriously in an organisation. There was evidence from both officer and member interviews that an excessively rules based system can be counter productive.

#### *Organisational values*

10. Another approach to supporting ethical environments locally is to support organisational values. Compared to rules and protocols a values-statement is typically a more general and positive approach to defining appropriate behaviour. The difficulties associated with relying on values include that they may not be interpreted in the same way by different people and that the relationship between values and day-to-day working life is not always clear.

#### *Enforcement and support*

11. Despite the centralised structures of the ethical framework, authorities have a number of methods for preventing complaints going into the statutory system. The formal investigation and adjudication system sits at the peak of a pyramid. Beneath the statutory framework there is a variety of local non-statutory methods used for dealing with problems.
12. The robustness of the ethical framework as a whole depends on the existence and effectiveness of these non-statutory activities and their relation to the statutory framework.

#### ***Standards Committees and Independent Overview***

13. The Local Government Act 2000 required each relevant authority to establish a standards committee with a minimum of 25% of the members being 'independent' non-elected members. The committees were given statutory functions relating to the adoption, monitoring, promotion and enforcement of the code. Government has indicated that in the future standards committees will be required to have an independent (non-elected) chair and will act as an initial filter on complaints. There is the option to give standards committees

wider functions and early guidance on standards committees suggested that they may usefully take on a more proactive role.

14. In deciding whether a function should sit with the standards committee a number of factors were identified in interviews: administrative efficiency; the value of an independent view; a connection to probity and ethics; and, the maintenance of independence for possible adjudications.
  
15. A number of general limiting factors for the scope of standards committees are identified:
  - Legitimacy – how wide a function can be given to committees with non-elected chairs?
  - Politicisation – the wider the role taken on by a committee the greater the likelihood that it will become involved in politically sensitive issues
  - Overlap – some authorities already have constitution committees, governance committees, audit committees
  - There are limits to the extent to which a committee can influence the organisational environment, since this requires a day to day presence and an ability to respond quickly
  
16. A wider role for standards committees can be valuable for the following reasons:
  - Preventing ethics slipping off the agenda by establishing a work programme/timetable
  - Periodic ethical audits can highlight any systemic weaknesses
  - They provide a useful structure for learning from the experiences and cases in other authorities
  - Standards committees can provide support to relevant officers when faced with a highly politicised environment

## ***Leadership***

17. There was a general agreement from interviewees that political and officer leaders were in a strong position to influence an organisation's culture and support an ethical environment. The other side of that coin is that where leadership relations break down the effect on the operation of an authority can be seriously detrimental.
18. The majority of interviewees in leadership positions acknowledged that supporting an ethical environment was an aspect of their role – through mediation when serious problems arise, role modelling and trying to support the credibility of the ethical framework in the organisation.
19. The roles that leaders take in relation to the ethical framework vary depending on whether the authority has had a largely trouble free history or whether it has had a more turbulent past. Chief executives and political leaders had more prominent roles with respect to good conduct and the ethical environment in those authorities that had experienced difficulties. But even in those authorities with minor difficulties it is important that responsibility for managing conduct is not left solely to the monitoring officer.
20. Leadership on ethics can jar with other leadership imperatives including: maintaining political support for political leaders and maintaining neutrality and the perception of neutrality for officers. In addition political leaders can often be the target of malicious complaints and can find their position under threat as a result of relatively minor breaches.

## ***Transparency and openness***

21. Access to information is both a mechanism for supporting probity and trust and an area which can cause great tensions. It is at the heart of many examples of member-officer conflict. Organisational transparency is required to make checks and balances work but the uninhibited flow of information can make political and managerial leadership very difficult.

22. The formal mechanisms for transparency will be ineffective in the absence of a shared understanding of how information should be distributed and a willingness on the part of the leadership to apply that understanding.
23. With regard to the ethical framework openness with colleagues and peers may be as important as transparency to public scrutiny.

### ***Adaptability***

24. The circumstances within which an ethical framework operates may change and when this happens a mismatch may develop. We looked at three areas where changing circumstance required some adaptability in the approach to ethics.
25. Where an authority is recovering from an ethical crisis the way conduct is regulated varies through the process. In the early stages of recovery a strategy based primarily on rules and enforcement is likely to be adopted, later in the process the authority may try to loosen these rules and rely more on trust and values.
26. Partnerships are increasingly involved in the delivery of public services and allocation of public resources at local level. By definition they include membership from a variety of organisations, with different cultures, values and codes of conduct.
27. Although codes often do exist for partnerships there is likely to be a gap in enforcement and support, and some public sector organisations are unwilling to allow their representatives to sign up to another code. Alternative methods for trying to manage conflicts include managing the procedures for financial decision making and through peer monitoring.

28. New localist structures may also bring challenges in terms of ethics and conduct, especially where people who are not councillors have formal positions. The local structures in our case studies had not taken on the sort of power and resources that would make corruption a significant risk.

## 1. Introduction

This paper is the final report of a research project conducted by the Institute for Political and Economic Governance at the University of Manchester and commissioned by the Standards Board for England. The aims of the research as identified in the tender document were to:

- Identify the components of an ethical environment, including the key components.
- Investigate the relationships between the various components.
- Investigate the relationship between the components of an ethical environment and the behaviour of members and officers.
- Identify good practice in an ethical environment.
- Investigate the impact of decisions by the Standards Board for England on member behaviour.
- Identify what guidance/advice the Standards Board for England could provide in the future.
- Identify how future research might proceed to investigate the impact of ethics on performance and ethics on public confidence in local democracy.

### ***Background and Policy Context***

The new ethical framework was part of a legislative package which also established structures for executive political decision making in the majority of English principal local authorities. The rationale for the new framework was that public distrust in local government was damaging local democracy (see for example DETR, 1999: para 4.1). Public perception of the trustworthiness of a political institution, however, does not always accurately reflect actual standards of conduct. Prior to the legislation being established the Committee on Standards in Public Life (CSPL) judged that levels of probity in local government were generally high and this conclusion was echoed eight years later in the tenth report of the committee (CSPL, 1997 and 2005).

The third report of the CSPL published in 1997 influenced the design of the ethical framework but envisaged a far less centralised system than ultimately emerged in part III of the Local Government Act 2000. Other factors which may also have influenced the direction of the legislation included a general increase in the attention given to public service ethics across western democracies (Ridley and Doig, 1995), some high profile instances of misconduct in the 1990s and the belief that stronger executive powers for politicians would require stronger checks and balances (Doig and Skelcher, 2001: 106; Skelcher and Snape, 2001: 83-86).

As well as drafting the members' code and establishing the two national regulatory bodies the Local Government Act 2000 required relevant authorities to establish local standards committees. Currently local committees have responsibility for investigating and determining alleged breaches which are passed to them after being sorted centrally. This report comes as the Standards Board for England seeks to move to a more strategic regulatory role. As a result of proposed changes, local standards committees will be responsible for the initial stage of sorting complaints. This research does not address the procedures for local investigations and adjudications but emphasises instead actions and characteristics which may help avoid recourse to those formal (and costly) measures.

### **Overview**

The first step in the research was to review relevant literature on how organisational characteristics influence the conduct of groups and individuals. The literature review was delivered in the spring of 2005. The review identified the key issue as being about supporting and promoting an active commitment to ethical behaviour rather than a solely passive observance of a set of rules (Bovens, 1998). Active responsibility is characterised by an understanding of the underlying principles of an ethical framework and motivates people to actively assess their conduct against those principles. Passive responsibility concerns the allocation of blame or sanction after an instance of rule breaking. Passive adherence to rules can often subvert the spirit of the law and can lead to a nit-picking approach to both the interpretation and enforcement of codes.

Much of the literature reviewed concluded that such active responsibility could not rely *only* on the good will or character of individuals, instead it also required the support of appropriate organisational processes. When examining some of the more high profile examples of poor conduct in local government it is difficult to support the conclusion that they *only* reflect the personalities and values of those individuals who broke the rules. How did those individuals come to be in leadership positions? Was there consensus in the authority regarding what was and was not acceptable? Did others in the authority know what was happening and did they do anything to intervene? In many instances the most serious examples of misconduct appear to rest on a wider supporting base of apparently minor poor conduct.

One of the key challenges faced in supporting good conduct is that the drivers of individual conduct are complex. An instance of misconduct may be a result of habitual behaviour or an individual responding instrumentally to a situation or a misunderstanding of the requirements of the code or it may be a reflection of the personality of the individual involved. In some instances members may breach the code because in a particular situation they believe it is the right thing to do.

The complexity of individual motivation is multiplied by the effect that organisations' contexts can have on individuals' conduct. There may be a permissive organisational context where although misconduct might be isolated, other people who witness its occurrence tolerate it or fail to take action to prevent inappropriate behaviour. An organisation may be so conflict ridden that an individual may feel that he or she can achieve little without also breaching codes and protocols.

A regulatory system which operates in a legalistic manner and at arms length will face difficulties in responding to such subtleties. Local actors may be in a better position to respond flexibly to context. This research looks at the role that local authorities, standards committees, political groups play in supporting good conduct.

## ***The General Approach***

The general approach developed in the literature review focused on how organisations support what we have called active responsibility over and above only passive adherence to codes of conduct. The data collection for the report was conducted in eight case study authorities. We describe the methodology and the purpose of the case studies and present an outline of the case authorities in the following two sections. The five themes that structure the report are introduced below:

### *Theme 1 – balancing rules and trust*

There is evidence that a tight system of regulation may undermine the publicly-spirited motivation of the individuals being regulated. ‘Intrinsic motivations’ such as values and ethos, it has been argued, can be crowded-out by sanctions or incentives (Frey and Jegen, 2001). One challenge for relevant local authorities and for the national institutions of the ethical framework is to try to find methods of supporting the intrinsic motivation of people whilst continuing to ensure that those few who do seriously or persistently breach the rules are discouraged. Local policies and actions can affect this balance by drafting additional protocols, by defining organisational values and with activities to support the ethical framework such as training, persuasion and mediation.

### *Theme 2 – independent overview: the role of standards committees*

The legislation required local authorities to establish standards committees including in their membership people who are independent of the organisation. These committees are responsible for dealing with cases passed down from the Standards Board for England. In addition there may be scope for standards committees to act as what an OECD (1996: 27-44) report calls a co-ordinating body for ethics, the research examines the potential and limits of this role in local authorities.

### *Theme 3 - leadership*

Much of the research on the role that leadership plays in supporting good conduct in an organisation has focused on the private sector (for example, Sims, 2000; Sinclair, 1993). As a recent study points out there has been less research attention given to the importance of ethical leadership in the public sector (Morrell and Hartley, 2006). The research in this report examines how people in leadership positions understand their role in relation to supporting good conduct across their authority.

### *Theme 4 – transparency*

If it becomes more difficult to hide misconduct is less likely to occur. Various organisational policies and procedures are designed to support greater transparency – requirements to register and declare interests, whistleblowing policies, decision-making procedures and the freedom of information act. Access to information may also be at the root of dispute and misconduct in political organisations and has been at the heart of a number of cases heard by the Adjudications Panel for England.

### *Theme 5 – adaptability*

The final substantive section of the report suggests that approaches to ethics for local authorities need to be adaptable to changing circumstances. We identified three areas to investigate where local government faces shifting challenges: recovering from crisis; partnership; and, the new localism.

## **2. Method**

The focus of the research is on how passive and active forms of responsibility interact and how local action might support them. We also tried to understand more about the range of organisational devices that can be used by local bodies to support an ethical environment. Finally, we examined if and how case study authorities are adapting their ethical framework to new challenges and new practices. This chapter outlines the way we approached the data collection.

### ***Case Study Research***

The research is based on data collected in eight case studies. From the perspective of the current research the key advantage in using case study research is that it allows us to develop a holistic analysis. Case studies are useful tools for studying the interaction between organisational features and the behaviour and views of individuals who work in the organisation. A second advantage for using case study research is that many of the questions examined have yet to be conceptualised in a way that allows reliable quantification.

This is not to deny that case study research faces problems. From the perspective of quantitative research case studies face two problems: difficulty in making inferences about causality from few cases and difficulty in generalising findings to a wider set of organisations. We can, however, examine:

- The selection of explicit policies related to supporting an ethical environment, the reasoning behind them and whether there have been problems implementing them
- The perceived benefits and drawbacks of different actions
- The extent of less formal actions to support an ethical environment, including leadership styles
- The extent to which individuals in different roles see ethics as prominent in the operation of their authority and how they understand the demands of ethical principles

We should make clear that the research will not offer a sophisticated assessment of the 'ethical performance' of case authorities. Nor do we attempt to come to a judgement on any alleged instances of misconduct or inappropriate behaviour.

### ***Case Study Selection***

In each of the eight cases there is a core element and then the cases are split into three groups. Each group focuses on a sub-theme: one group focused on localism; one on recovery; one on partnerships. The original intent was to conduct nine cases but we were only able to arrange eight. The case study that we lost was in the partnerships group. We have tried to mitigate this loss by looking at how cases from the other groups look at ethics in partnerships.

Where a research project is based on a small number of case studies severe limits are placed on the representativeness of the sample. This was especially the case with the current study because we wanted to include three authorities which had experienced substantial conduct problems in the past and this further limited the available options. We did try to get some variation in certain characteristics: political management systems, political context, urban/rural authorities.

Linking all the characteristics of the cases together would destroy the promised anonymity. In particular the case studies include two mayoral authorities which would be easily recognised. Four of the eight authorities were Labour led (one minority), three were Conservative and one was led by minority Liberal Democrat administration. There was one District, four Metropolitan Boroughs, a London Borough, a Unitary and a County council.

### ***Data collection***

Three sources of data were used in the project: one to one interviews, documentary analysis and in five of the eight authorities it was also possible to arrange discussion groups with officers and members.

### *One-to-one interviews*

In total we conducted 61 interviews, including chief executives and monitoring officers in all eight case authorities, seven political leaders, seven independent chairs a variety of opposition politicians and other senior officers. Research interviews provide data on both the worldview of interviewees – how they see the ethical framework in relation to their role – and data on the processes and structures in their organisation.

Typically interviews took 40 – 60 minutes and researchers tried to maintain a conversational style allowing interviewees to reveal interpretations and information which may not have come to light with a more structured approach. That conversational interviews achieve more valuable responses is a view that is found in some of the literature on elite interviewing: ‘closed-ended questions are efficient for researchers and allow respondents the convenient option of not taking the exercise seriously,’ (Putnam, 1973: 18). Kirk and Miller (1986) make the general point that quantitative research has many procedures for ensuring the reliability of the data collected through standardised collection and analysis but that this reliability is achieved at the cost of weakened validity – the meaningfulness of the data becomes less certain. A topic guide for interviews is provided as an annexe to this section.

### *Documentary sources*

As well as research interviews the researchers accessed a number of documentary sources from the authorities – including various protocols, the minutes and agendas of standards committees and specific reports. Although these offer useful supplementary data one of the key themes of the research is that the ‘official’ version of how an organisation works does not always reflect the reality. This does not mean that values statements, codes and constitutions are meaningless, only that their salience needs to be assessed by how they operate in practice.

### *Discussion groups*

The aim was to try to get beyond the core of the organisation to get some idea of how the ethical framework is understood by non-executive members and officers outside the management team (although still with management responsibility). It is indicated in the body of the research where quotes came from this source.

## **Annexe to section 2**

### **TOPIC GUIDE WITH SUGGESTED QUESTIONS**

#### **1. INDIVIDUAL BACKGROUND**

*How long have you been at the authority? And in your current role?*

#### **2. ORGANISATIONAL CONTEXT**

*How antagonistic is the political atmosphere?*

*Is there a history of good relations between members and officers?*

*Have there been any issues of concern about misconduct in recent history (including officer misconduct)?*

*Is ethical governance a high profile issue in the authority?*

#### **3. RULES AND TRUST**

*Generally, do you think protocols and codes are useful instruments for supporting good conduct, what are the limits?*

*What makes a protocol or code effective?*

*What is the process of developing a protocol or code locally?*

*Have there been any attempts to define organisational values?*

*Are there methods for resolving potential conflicts between people in the organisation?*

*Any other informal methods of managing conduct*

*Do party groups and leaders play a role in managing standards of conduct of their members?*

#### **4. LEADERSHIP**

*Does the leadership of the organisation play a role in supporting good conduct?*

*Is there a shared view across political and officer leadership about what is required to support ethical conduct in the organisation?*

*What methods are available to leaders for encouraging ethical conduct in an organisation?*

*Are there danger signs in an organisation that indicate there may be some problems developing?*

## **5. TRANSPARENCY**

*What is the value of transparency, what are the drawbacks?*

*Has there been a change in the way that written documents are produced as result of the Freedom of Information Act? What about emails?*

*What is the impact on policy development and implementation?*

*What are valid reasons for being less open?*

*Have there been any disagreements around members' access to information?*

## **6. INDEPENDENT OVERVIEW**

*Does the standards committee have a high profile in the authority?*

*What value is there to having an independent member's perspective?*

*Is there a value in a wider role for standards committee?*

*What sort of information does the committee have for assessing the general ethical health of the authority?*

*How is the standards committee connected into the rest of the organisation?*

### **3. Case Context**

This section describes the characteristics of the authorities we visited. The results of the research are presented in subsequent chapters but here we provide brief pen pictures of the case study authorities. These descriptions are based on the perceptions of interviewees rather than a systematic measurement tool such as an ethical audit so there is an element of judgement involved.

#### ***The eight case study authorities***

##### *Case A*

In the first case study there was a consensus among interviewees that the authority had experienced few problems relating to poor conduct. There appeared to be a shared understanding of what was acceptable behaviour and the ethical agenda had a low profile compared to most of the other cases. The authority has a recent history of political stability, the lead group has a safe majority and relationships between party groups are generally good. There was little evidence of difficulties in member officer relations. No accusations of officer politicisation were made from the opposition members interviewed or from officers. There were some isolated issues around member access to information and inappropriate behaviour. The local standards committee had dealt with one instance of misconduct prior to the implementation of the new ethical framework.

##### *Case B*

In the second authority the 'legacy' of previous ethical problems was still apparent. There were continuing accusations about impropriety which some interviewees felt reflected an atmosphere of unjustified suspicion and others felt was a result of continued improper behaviour. Other consequences of past problems included a large number of often very detailed rules and regulations and intense public scrutiny.

The authority had a minority leadership with a hung council. There were some accusations of officer politicisation and there were limited concerns about difficult

work relations between officers and members. A number of allegations of misconduct have been made, none of which have led to any serious sanction as yet. As the case study was being completed new allegations were being made.

#### *Case C*

In the third authority there had been few problems and the ethical agenda attracted little attention. There appeared to be a shared understanding of what was unacceptable behaviour although there was still occasional concern about inappropriate behaviour. Problems related to community relations had led to more prominence being given to how the authority presented itself to the public.

The authority had a minority administration and there was some evidence of attempts by political groups to agree the limits to acceptable political competition. Member officer relations were generally good with some isolated incidences of problems related to blurring of the line between members' and officers' roles. There had been two cases investigated by the Standards Board for England relating to councillors at the authority.

#### *Case D*

In the fourth case study the lead political group was in a dominant position and had been for a long period. Recently there appears to have been generally good relations between members and officers. There were some concerns relating to a senior member's behaviour towards officers. One allegation of a breach of the statutory code has been investigated fully by the Standards Board for England.

#### *Case E*

The fifth authority had recently experienced a serious breakdown in relations involving senior personnel which had resulted in a high profile Standards Board investigation. There is a new senior officer team and some change in political leadership resulting from these problems. There were contrasting views among interviewees about the current health of the organisation: most felt the problems had dissipated whilst a minority felt that some underlying tensions persist.

The problems appear to have been related to particular relationships rather than a reflection of generalised poor conduct. There was some suggestion that professional distance between members and officer had not been consistently maintained. The majority political group was in a strong position and there were generally good relations with opposition parties.

#### *Case F*

In the sixth authority, there were no indications of significant problems of misconduct. The lead group had a majority in the council but control had changed hands in the recent past. There have been deliberate attempts to improve relations between parties over recent years. There were some indications that political environment was becoming more antagonistic – for example alleged political motivation for Standards Board complaints. A number of allegations of breaches had been investigated none of which received serious sanction but the process had caused some resentment.

#### *Case G*

The seventh case study authority had experienced significant problems in the past with corporate governance, performance and ethical conduct. The current political and officer leadership appears to have been successful in improving the situation. Member officer relations appear to have improved, there was evidence of occasional difficulties but they were far less damaging than they would have been in the past.

#### *Case H*

The final case study had experienced few problems relating to misconduct and the ethical agenda had a low profile. Interviewees described a culture of politeness and respect. The lead group had a safe majority and the political atmosphere was not very antagonistic. There had been one case where a member had breached the code.

## **Summary**

Among our cases the profile of the ethical framework and related activities appeared to be most closely related to the historical experience of the authority. Cases A and H have experienced some isolated examples of inappropriate behaviour none of which were interpreted as having any serious consequences for the authority – i.e. there were no major reputational impacts, or impacts on the workings of the authority.

In cases C, D and F there was more awareness and discussion of the ethical framework. In cases C and F current or past community tensions had led to a focus on the way that the authorities presented themselves to the public and the behaviour of members and officers. Case D had not experienced many specific examples of misconduct but there were enough examples from nearby authorities for a precautionary approach to be adopted.

In cases B, E and G the ethical agenda had a high profile either as a reaction to recent problems (case E), a wish not to lapse back into problems experienced some time ago (case G) or a similar desire to avoid a relapse, mixed with the suspicions of some interviewees that previous conduct problems had not been fully resolved (case B).

A high profile for the ethical framework does not necessarily mean it is viewed positively. In cases E and F part of its profile was due to significant criticism about the experience of some members with the Standards Board for England. There was also criticism of the constraints that regulation can impose on the legitimate activities of members and officers. Similarly, a low profile does not necessarily mean that there is no work going on to resolve tensions as they arise. Cases A and H may appear to be operating without significant tension but interview evidence suggests that the lead members and officers are occasionally mediating conflicts.

Party politics is often presented as a cause of misconduct and a source of malicious allegations. In the two authorities where there had been fewest problems relating to misconduct, the lead groups had strong electoral positions and political conflict was

quite restrained. There is, however, no straightforward relationship between the political atmosphere and tensions in an authority. In case E where relations between party groups were generally good there was still a very serious breakdown in member-officer relations.

## 4. Rules Based and Trust Based Strategies

There's almost no incentive to deal with values and ethics proactively but there are many instruments to deal with poor behaviour subsequently **Chief executive**

One of the challenges for relevant local authorities and for the national institutions with responsibility for overseeing the ethical framework is to ensure that those few who do seriously or persistently breach the rules are discouraged whilst at the same time the good will of other members is maintained. The trick of successful regulation is to find a 'synergy between punishment and persuasion' (Ayres and Braithwaite, 1992: 25). Persuasion as an initial strategy is less time and resource intensive for regulators than immediate recourse to a quasi-judicial process and it is less painful and confrontational for the members concerned. But, so the argument goes, persuasion is more effective when conducted with the implicit but recognised threat of regulatory escalation if misconduct persists (Ayres and Braithwaite, 1992).

Relevant authorities operate within a national ethical framework which constrains local discretion. Within the limits of this shared framework authorities may adopt additional rules and protocols, try to support organisational values and develop local methods of enforcement and dissemination. Such local discretionary action needs to manage the balance between tightly defined and enforced rules on the one hand and relying on persuasion and supporting public spirited motivation on the other hand.

### ***Additional Local Protocols***

One way of tackling ethical issues locally is to develop additional protocols and codes. For example, all the authorities visited had member-officer protocols and employee codes of conduct and all but two had planning codes in their constitutions.

Protocols work in two ways – the first is pre-emptive as a guide for behaviour and the second is 'after the event' as a tool for adjudicating disputes after they arise. There were examples of both ways of using protocols in the case study authorities. Taking the member-officer protocols as an example:

We have a very clear member-officer protocol, very straight forward so its easy to understand. If it takes you a day to understand what you should do, you won't refer to it **Leader**

The member-officer protocol is always in the back of your mind **Leader**

These quotes from different authorities suggest that the protocol is used pre-emptively to influence day to day relations. If a protocol is aimed at preventing problems from arising then it is likely to require work on raising awareness of its content and application. There was an uneven awareness of the member-officer protocol in our case studies. A manager in one of the discussion groups was not aware that a member-officer protocol existed. As the monitoring officer in that authority pointed out, if there is little conflict arising then the development and support of a member-officer protocol will not be a priority. Similarly, participants in a member discussion group in another authority were unaware of the existence of a member-officer protocol.

More commonly, interviewees understood the member-officer protocol as a document to refer to in the event of disputes rather than to pre-empt problems. For example, one of the statutory officers we interviewed had used her authority's protocol to try to manage demands for information made by a member.

One danger with the development of additional protocols is that they can accumulate into a system of rules that is complex and difficult to grasp. There was some evidence of 'protocol fatigue' on the part of members, a feeling especially highlighted in discussion groups. There were also complaints about the content of protocols. For example, in one case this was focused on changes to the planning protocol which members felt prevented them representing the views of their constituents. The complaints were not limited to members, officers as well could be frustrated by what was perceived as an excessively regulated work environment:

I couldn't believe how many rules and regulations there were. They create a static, risk averse culture focused on internal processes... Not feeling trusted doesn't make you feel good **Senior officer**

The quote above and the concerns raised by members are examples of protocols designed to support ethical conduct but which also create tensions with other principles valued by interviewees. For members the tension related to a sense that their proper democratic role was being undermined and for the officer quoted above it was a direct trade-off between policies to support probity and organisational performance.

Another problem identified was that when a policy or protocol is written in very precise language, some may assume that if a behaviour is not proscribed then it is acceptable – a ‘minimal compliance’ attitude to good conduct:

Very often trying to capture what is and isn’t right is very difficult, there are a lot of unwritten rules. As soon as you start to be very explicit about things you can get into trouble, because people say well where does it say that? **HR manager**

In some authorities standards committees are given responsibility for managing the system of additional protocols for governing member conduct. For example the chair of the standards committee in one case described some desirable features protocols should display:

Avoid language which appears to be over prescriptive and strident.  
Identify four or five key elements and don’t be deflected. Don’t have a document that is overly long and tries to be all things to all men. Without making the world over bureaucratic and over prescribed I think some small markers needed putting down.

### *Values and Trust*

The criticisms of the addition of more rules and protocols include that they can become difficult to understand, complex, encourage a minimal compliance attitude and divert attention from the real purpose of the organisation. An emphasis on the more general principles of behaviour may avoid some of these problems. One of the recommendations of the recent review of the statutory code of conduct was that the

ten principles of conduct in local government should be included as a preamble to the code in local authorities' constitutions. In interviews there were few unprompted reference to these principles.

Two of our case study authorities had put effort into developing systematic organisational values and these values did have a higher profile than the nationally defined principles. The relation between an organisation's values and the ten principles devised nationally can be unclear. In one of the authorities which had developed an explicit approach to organisational values the officer discussion group described a number of factors that they felt had made the strategy successful:

- The values were developed in consultation with members and all levels of staff
- External views were sought from stakeholders
- Credibility: there is a belief that the leadership of the organisation is committed to supporting the values and will act according to the values
- The values mean something in the context of the everyday operation of the organisation
- The values influence organisational processes, in particular appraisal and appointments

As an officer in a group discussion pointed out the process of implementing values involved significant resources. A systematic strategy for organisational values may be more likely to be adopted where there appears to have been a breakdown of organisational values in the past.

In terms of the values that shape member conduct party groups and party loyalty are an important influence. In addition, a number of external bodies such as IDEa provide relevant support, for example senior politicians in a number of the case study authorities had experienced political mentoring and were positive about the programme.

The absence of strategies for developing and supporting organisational values does not imply the absence of values. In one of our case study authorities, for example, interviewees referred to an informal understanding throughout the organisation of how individuals should treat each other. In another authority, member and officer interviewees agreed that there was a shared understanding of what was and was not appropriate behaviour despite the relevant protocols having a low profile. This suggests that the way people behave in organisations is influenced by tacit as well as explicit values. Figure 1 below draws out the distinction between tacit and explicit organisational values, based on how they are defined, how they are disseminated and how they are supported and encouraged.

**Figure 1: Organisational Values: Tacit and Explicit**

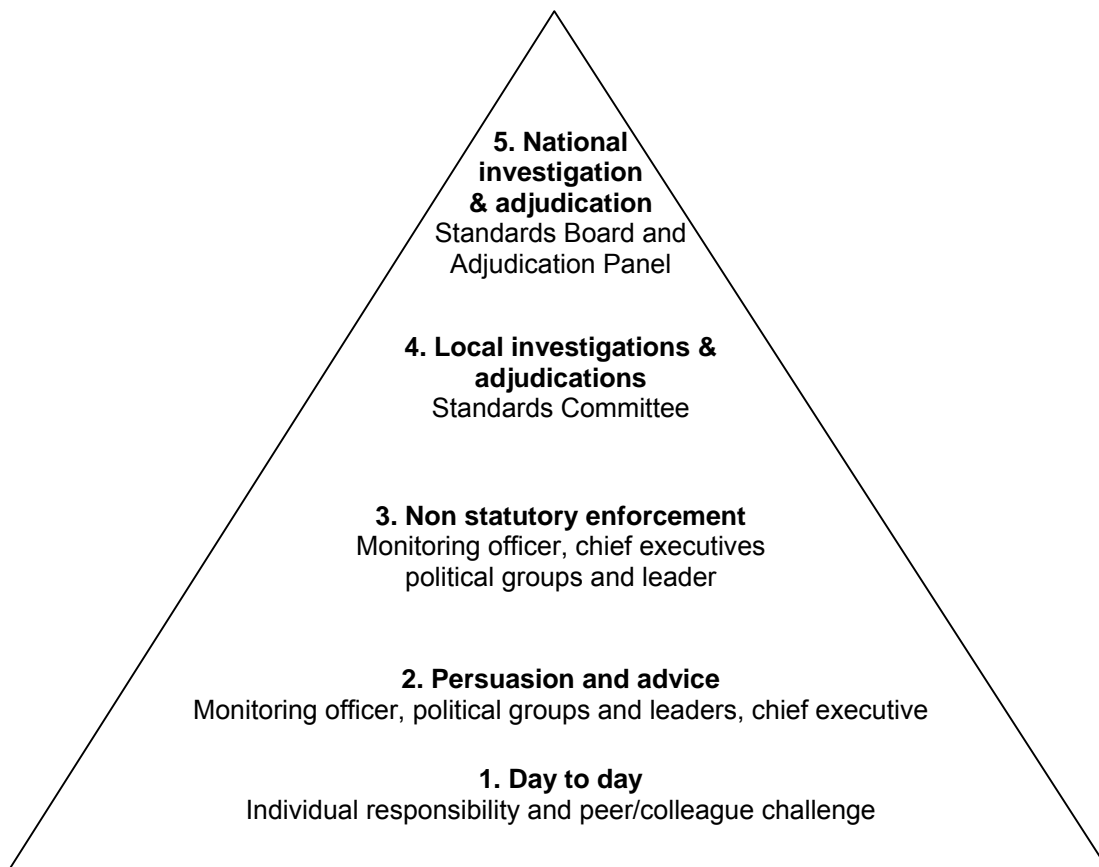
| Tacit  | Explicit  |
|--|---|
| Organisational values remain tacit   | Explicit list of values, sometimes with descriptions of associated behaviour. |
| Learning by doing, imitating others, through experience, mentoring for new members | Deliberate communication strategy, workshops, training.                       |
| Peer enforcement   | Assessed in appraisals  |

*Local Enforcement*

When disputes or accusations of poor conduct do arise there was evidence from our case study authorities that some local enforcement was occurring. In the face of inappropriate behaviour or conflict there is a selection of interventions available ranging from low key persuasion and advice through to the formal procedures of the statutory framework. Interviewees recognised many advantages to using a persuasive approach but there were also limitations and dilemmas.

Ayres and Braithwaite (1992: 35) describe the idea of an enforcement pyramid consisting of a wide base of ‘day-to-day’ enforcement activity and peaking with the most formal approach to enforcement (see figure 2).

**Figure 2: An Enforcement Pyramid**



Authorities that are able to prevent conflict from escalating have a selection of methods with which to address problems. At the wide base of the pyramid is the most frequently used method – peers and colleagues question behaviour that may be inappropriate as part of the day to day operation of the organisation. In one authority there was a deliberate effort to make sure officers did not ‘walk by’ if they saw a member or officer being disrespectful. Similarly, senior officers in another authority would challenge the council leader if they felt that he had been too robust with junior officers. In an authority which had experienced some problems with conduct in the past, the chair of the standards committee saw evidence of peer monitoring among members:

I think the eyes of the other members are on you, so there is that sort of collective feel.

The way that committees are chaired was also identified as playing an important role in preventing day-to-day problems arising.

We've suggested that the way that committees are chaired can be flashpoints. A good chair can help prevent someone feel that they are being got at, that must be a good thing **Chair of standards committee**

I think there is an obvious role for the chair, and I've seen it. A chair at a specific meeting has said to members I think it is inappropriate of you to ask that question of the officer. But also if they think people are getting a little bit too strong, a good chair will bring that back. If they are not a very strong confident chair they might let that run until an officer objects  
**Officer**

If the issue is more serious or persistent, as a next stage it may then be passed on to an officer or politician in a leadership position who seeks to resolve the issue using a persuasive approach and without implying that individuals in question are necessarily acting maliciously. The aim is to resolve issues in a non judgemental manner but with the message implicitly backed by the authority of the leadership position:

You've got to make it look like you're trying to get them out of trouble,  
**Leader**

With the next layer the authority of the leadership position is exercised far more explicitly and with a more directive approach, perhaps with the implied threat of future reference to the Standards Board for England. In some authorities the local standards committee takes a role in the enforcement of non-statutory protocols although this was not a major feature in any of our case studies.

The statutory system sits at the peak of this pyramid. Where a system is working well the most stringent sanctions and formal procedures of the statutory system near the top of the pyramid should be the least frequently used.

Interviews from our case studies suggest that the successful operation of the framework as a whole relies on:

1. The existence and effectiveness of the bottom local 'non-statutory' approaches.

Organisations of integrity have ways of allowing people to talk to each other that seek to resolve relationship breakdowns, that seek to listen before judging, **Chief executive**

In one case study which had experienced a significant breakdown in relationships, members in the group discussion recognised that the organisation's internal conflict resolution procedures had been ineffective and this had contributed to problems escalating.

2. A key question is under what circumstances should non-statutory methods be used and when should the statutory system be turned to? Some of the relevant considerations identified in interviews were persistence of inappropriate behaviour, whether the complaint was related to discrimination or financial impropriety, the level of experience of the person involved, an assessment of motivation for the behaviour.

What I try to do is not to keep raising the temperature so that positions get polarised, but always keeping the distinction between bad behaviour and downright obnoxiousness - there is a real distinction **Chief executive**

The decision about whether to put a complaint into the formal system may not be in the hands of a local authority. If a member of the public, a councillor or an officer decides they want to send a complaint to the Standards Board for England then they have that right. The authority may still try to offer complainants an alternative route to resolution for particular issues if they go through the local authority rather than the national standards framework.

3. The existence of the statutory processes in the background can help give credibility to the local enforcement activity. In most of the case studies we visited there was little active role for standards committees in the bottom three layers of the enforcement pyramid. Rather, it was the senior officers and members who would try to persuade or mediate when problems arise and the existence of the statutory system allowed them to present such action as advice or guidance – aimed at keeping members out of trouble.

It is only with the top two interventions that the formal apparatus of the ethical framework becomes involved. The exceptions were one authority where the standards committee had a role when the local protocols were breached and another where the standards committee was chaired by an elected member who had built up a reputation amongst councillors and had an understanding of the operation of the local authority. In the latter, the chair of the standards committee played the 'informal arbiter' role in a manner that most of the interviewees felt was effective.

## 5. Independent Overview: The Role of Standards Committees

My observation of the issues it has dealt with is that it has done quite well. I think that's because of the external influence and perspective on it **Chief executive talking about the standards committee**

One of the reforms associated with the new ethical framework was the requirement to establish a standards committee in each relevant authority. Suggested terms of reference for these committees are listed in the modular constitution issued with the Local Government Act 2000<sup>1</sup> and the statutory responsibilities are listed in figure 3. There is also the potential for the committees to develop a proactive approach to their role, something that has been encouraged by the Standards Board for England (SBE, 2002). In this section we look at the different functions undertaken by local standards committees in our case study authorities.

### Figure 3: Statutory Responsibilities of Standards Committees

|   |
|---|
| <p>Give the council advice on adopting a local code of conduct;<br/>Monitor the effectiveness of the code;<br/>Train members on the code, or arrange for such training;<br/>Promote and maintain high standards of conduct for members; and<br/>Help members to follow the code of conduct.</p> |
|---|

A key feature of the committees is that independent (non-elected) members should make up at least 25% of their membership<sup>2</sup>. In its response to the Committee on Standards in Public Life report on the ethical framework, the Government has indicated that in the future it will require standards committees to be chaired by an independent member but it rejected the recommendation that committees should be required to have a majority of independent members.

<sup>1</sup> The modular constitution can be found at <http://www.odpm.gov.uk/index.asp?id=1133794>

<sup>2</sup> Throughout this report when we use the term 'independent member' mean the non-elected members on standards committees rather than elected members who are politically independents

### ***Lapdog, Watchdog or Guide dog?***

We examined terms of reference for each of the case study standards committees and asked interviewees their views on role and functioning of the committees. The terms of reference over and above the legislative minimum we found in our case studies are described in table 1 below. We also looked at the agendas of the committees over the council year, and these are summarised in the annexe to this section.

Debate about what roles the standards committees should play has been driven partly by the requirements of the current Comprehensive Performance Assessment, partly by recent national guidance about audit committees and partly by local views on the potential and limits of the committees.

In all of our case authorities extra functions had been written into the terms of reference of the committee in addition to the statutory minimum. Table 1 shows the distribution of the four most common additional functions. Six out of eight standards committees were given responsibility for oversight of the whistleblowing policy, seven had a role in responding to or overseeing elements of organisational regulation (ombudsmen, external audit or corporate complaints policies), six were involved in overseeing additional protocols such as the member officer protocol and five had an additional role related to oversight of the authority's constitution. There were also some idiosyncratic roles taken on by the committees including an advisory role with respect to the local strategic partnership and the council's area structures.

Annexe 1 shows the issues discussed in meetings of standards committees over the current council year (some committees still had one meeting left scheduled in the year when this information was collected). The number of meetings vary from one to seven over the year. Responding to national consultations and reports appears to be a significant part of the role of the committee in most of our case authorities, other activity relates to drafting and monitoring protocols and training for conduct of determinations.<sup>3</sup>

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<sup>3</sup> The research was conducted in a year which had few local elections, in other years member induction is likely to have a more prominent role.

**Table 1: Standards committees common additional terms of reference**

|  | <b>A</b> | <b>B</b> | <b>C</b> | <b>D</b> | <b>E</b> | <b>F</b> | <b>G</b> | <b>H</b> |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| Whistleblowing procedures                        |          | Y        | Y        | Y        | Y        | Y        | Y        |          |
| Ombudsmen/external auditor/complaints            | Y        | Y        | Y        | Y        |          | Y        | Y        | Y        |
| Local protocols: adopting, monitoring, enforcing |          | Y        | Y        | Y        | Y        |          | Y        | Y        |
| Constitution overview                            |          | Y        | Y        | Y        |          | Y        | Y        |          |

| <b>Case</b> | <b>Other roles</b>  |
|-------------|---|
| <b>B</b>    | monitoring mandatory training   |
| <b>D</b>    | can withhold allowances from suspended members; monitor and review members and officer register of interests; adjudicates on disputes re: childcare expenses; advisory body to local strategic partnership and community forums |
| <b>F</b>    | chair may speak at council; receive internal and external audit reports and may make recommendations to head of paid service (although it is not the audit committee)   |
| <b>H</b>    | appointment of independent investigator in the event of complaints against statutory officer; chair and vice-chair interview independent members for remuneration panels  |

The formal terms of reference and agendas are indicators of what a standards committee may do but they do not alone determine the way they conduct their business. The style of the chair of the committee, its members and the officer support are also important factors.

Three ideal types of standards committees can be identified – lapdogs, watchdogs and guide dogs<sup>4</sup>. The *lapdog* committee is ineffective at playing the regulatory role because it does not have the resources to fulfil its role or because there is inappropriate political influence. We did not find any examples of this type in our case studies but there was some evidence of party political influence in the operation of two of the committees.

The *watchdog* version of the committee is focused closely on member conduct, the operation of the statutory code and making sure that members of the committee are prepared for conducting an adjudication if required. In one of our authorities the work programme was limited to only the watchdog role, all of the other authorities adopted a wider programme to varying degrees. There are positive and negative ways of viewing the watchdog style. The negative view is that if committees are seen only as enforcement mechanisms they will not gain support from members. The positive view is that this approach assumes that members and others in the organisation can be trusted to be responsible for their own behaviour without having to be guided by a standards committee. One of the independent members we spoke with explicitly drew on experience as a magistrate to support this understanding of the way that the committee should work.

The *guide dog* approach to standards committees fulfils the statutory roles but also sees itself as supportive rather than only regulatory. Work programmes for this type of committee are wider than for 'watchdog' committees and may include a more general overview of training for members, responsibility for revising protocols and some wider organisational processes such as overview of whistleblowing procedures and complaints procedures. Two independent chairs who typified this view are quoted below:

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<sup>4</sup> The idea for this typology comes from Ashworth et al. (2002)

The thing I enjoy most is to drive the agenda so as to avoid the mantraps. I think there is an appetite to push things at the supportive end of the business. The most important roles are advice, guidance and support.

We showed that what we wanted to do was help councillors do their job well rather than sit in the background waiting for judgement.

The two chairs quoted above had both experienced working in managerial positions in other public organisations. One of these chairs was very careful about maintaining a distance from the organisation – avoiding meeting lead politicians or attending certain meetings. The other was more willing to discuss issues with the authority's chief executive when they arose, for example lessons to be learnt from particular standards cases.

There was little demand from most of our case studies for the committees to take a significantly more active role and maintaining the independence and impartiality of the committee was one of the reasons given. The people we spoke to who were not involved with the standards committee understood its role to be focused very much on the statutory code and holding determinations when required.

I think matters of behaviour should be something separate from matters of audit and constitution, all those together can be a difficult basket **Chief executive**

One independent chair had recently resigned because he had no sympathy with the more proactive direction he felt the standards committee was being encouraged to take through the Comprehensive Performance Assessment.

Reflecting on the case studies a number of limiting factors influence the role that standards committees take on. There is the question of legitimacy – how wide a set of functions can be given to a committee with a non-elected chair in an elected

organisation? In three of our case study authorities this had been the source of some disagreement relating to the role and actions of the standards committee.

A second limiting factor is that where a wider role is taken on by the committee there may be a greater chance that committees will become politicised. Duplication was also a factor: some authorities already have constitution committees, governance committees, audit committees which overlap with some of the functions that standards committees might otherwise perform. On the other hand one officer we spoke to was reluctant to establish another committee with all the associated administrative costs dedicated solely to looking at audit and saw the standards committee as a convenient alternative.

A fourth factor limiting the scope of committees' work programmes was a general doubt about the value of more frequent meetings and a wider programme.

I suppose it could be once every month and we could have an artificial agenda, but I'm not sure the total health of the organisation would benefit from that **Chair Standards Committee**

Finally, there are limits to the extent to which a committee meeting periodically through the year can influence organisational culture; this requires a day to day presence and an ability to respond quickly.

On the positive side a more proactive committee and the development of a work programme can help to make sure that issues of probity are not sidelined in an organisation. A similar benefit is gained by performing periodic reviews of the robustness of an organisation's ethics for example conducting an ethical governance audit. Standards committees are also useful structures for monitoring developments nationally and activities in other authorities. Finally, they can provide support to officers when faced with a highly politicised environment where decisions may not be made on merit.

## Annexe to section 5

| Case A |  |
|--------|--|
| 1      | <p><b>May</b></p> <p>Indemnities for members<br/>           Response to national review of code<br/>           Reappointment of Parish sub committee<br/>           Independent members' forum – verbal report</p> |

| Case B |   |
|--------|---|
| 1      | <p><b>June</b></p> <p>Terms of reference and schedule of meetings<br/>           Review of constitution<br/>           National review of code<br/>           Role of committee chairs in supporting ethical conduct<br/>           Annual report</p>   |
| 2      | <p><b>June</b></p> <p>Local adjudication</p>  |
| 3      | <p><b>July</b></p> <p>Proposed revisions to constitution</p>  |
| 4      | <p><b>September</b></p> <p>Monitoring report 'Whistleblowing'<br/>           Monitoring report 'Registration of gifts and hospitality' (also parish sub)<br/>           Recommendation of adjudication panel (also parish sub)</p>  |
| 5      | <p><b>October</b></p> <p>Proposed revisions to constitution</p>   |
| 6      | <p><b>December</b></p> <p>Presentation on anti-fraud and corruption<br/>           Draft workplan (also parish sub)<br/>           Review of local democracy<br/>           Project monitoring process<br/>           Standards board newsletter (also parish sub)<br/>           Parish sub only: dispensation</p> |
| 7      | <p><b>February</b></p> <p>Ethical governance toolkit – light touch healthcheck<br/>           Update improving local democracy<br/>           Draft workplan</p>  |

| <b>Case C</b> |   |
|---------------|---|
| <b>1</b>      | <b>July</b><br>Future work of committee   |
| <b>2</b>      | <b>September</b><br>Guide to codes and protocols<br>Role of standards committee<br>Report on national cases<br>Report on chair discussion with group leaders  |
| <b>3</b>      | <b>November</b><br>Update on member induction and development<br>Approval of guide to rules and protocols<br>Publication of ESO decision about former member<br>Case summaries and guidance to adjudication panel |
| <b>4</b>      | <b>February</b><br>ODPM paper on standards regime<br>DVD about investigations and hearings<br>Proposed training for newly elected members and standards committee members<br>Updating on national cases           |

| <b>Case D</b> |   |
|---------------|---|
| <b>1</b>      | <b>June</b><br>Applying national report to own context<br>Review of protocols<br>Review of own terms of reference<br>Report on operation of national system<br>Update on SBE roadshow   |
| <b>2</b>      | <b>October</b><br>Report: Chair's meeting with leaders of community forum<br>Content of standards committee website<br>Feedback from SBE conference<br>Drafting IT protocol<br>Report on whistleblowing<br>Training on adjudications  |
| <b>3</b>      | <b>December</b><br>Matters arising from minutes<br>Information pack and protocol for members on external bodies<br>Draft protocol regarding licensing   |
| <b>4</b>      | <b>February</b><br>Presentation on role of Standards committee related to CPA<br>Proposal to co-opt independent member of standards on to Audit Board<br>ODPM paper on standards regime<br>Update on terms of reference, Adjudication Panel decisions, council resources during elections<br>Training for Standards committee members<br>Report on the Civic Awards |

| <b>Case E</b> |   |
|---------------|---|
| <b>1</b>      | <b>May</b><br>Revision to planning protocol<br>Amendment of statement on harassment at work<br>Report on ombudsmen cases<br>Report on register of gifts and hospitality<br>List of investigators<br>SBE bulletin<br>SBE annual assembly |
| <b>2</b>      | <b>September</b><br>List of investigators<br>Consultation on reform of ombudsmen service<br>Report on a national case<br>Report of remuneration panel<br>CSPL report<br>SBE annual assembly   |
| <b>3</b>      | <b>November</b><br>Review of HR issues in constitution<br>Ombudsmen complaint   |
| <b>4</b>      | <b>February</b><br>Proposal for ethics month<br>Update on complaints procedure<br>Correspondence with SBE<br>Report on national case<br>SBE bulletin, Standards Committee news<br>ODPM paper on standards regime                        |

| <b>Case F</b> |   |
|---------------|---|
| <b>1</b>      | <b>June</b><br>Report related to local adjudication<br>Summary of recent local decisions by the SBE<br>Training needs of Standards committee members<br>SBE Roadshow<br>Consultation on code<br>Supporting monitoring officers<br>SBE report: supporting Monitoring officers<br>Law report on national case |
| <b>2</b>      | <b>July</b><br>Review of training<br>Proposals regarding audit committee<br>Corporate complaints  |
| <b>3</b>      | <b>January</b><br>ODPM paper on standards regime<br>Report on high court appeal<br>Guidance on sanctions for Adjudication Panel for England<br>Report back on joint training for adjudications  |
| <b>4</b>      | <b>March</b><br>Training for adjudications<br>Discussion on ODPM paper on standards regime<br>Recent decisions  |

| <b>Case G</b> |   |
|---------------|---|
| <b>1</b>      | <b>June</b><br>Review of members code of conduct  |
| <b>2</b>      | <b>July</b><br>Training on the code<br>Report on SBE roadshow<br>Summary of case                                  |
| <b>3</b>      | <b>October</b><br>SBE annual assembly<br>Annual report of the SBE<br>Response to consultation on the members code |
| <b>4</b>      | <b>January</b><br>Appointment of independent members<br>Standards bulletin  |

| <b>Case H</b> |   |
|---------------|---|
| <b>1</b>      | <b>June</b><br>Confidential reporting policy<br>Consultation on review of code<br>Report on ODPM select committee<br>Report on member attendance at meetings<br>Encouraging and clarifying member participation<br>Ethical governance report from IDeA<br>Annual monitoring of corporate complaints and ombudsmen reports |
| <b>2</b>      | <b>December</b><br>Confidential reporting policy<br>Summaries of cases of former members<br>Report back from SBE annual assembly<br>Reform of public sector ombudsmen service consultation<br>Adoption of Member / officer protocol<br>I.T. protocol  |
| <b>3</b>      | <b>February</b><br>Confidential reporting policy<br>ODPM paper on standards regime<br>SBE's DVD going local   |

## 6. Leadership

‘Organisations are mirrors of their leaders. It’s an often unacknowledged aspect of leadership’ **Leader**

The part that an organisation’s leaders have in supporting an ethical environment has been the subject of a great deal of research interest. There has also been research on the particular responsibilities of leaders and how their own conduct can be monitored. Much of this work has focused on the ability of leaders to shape cultures in private sector organisations, for example Sim’s case study of Salomon Brothers Bank (2000). There has been some criticism of this focus on leaders’ influence over organisational cultures (e.g. Sinclair, 1993). One important criticism is that organisational cultures are complex and difficult to manage and the influence that leaders might have over them should not be exaggerated. This criticism is particularly salient in the context of local democracy where there are multiple sources of leadership – from the senior officers and from senior politicians from the various parties.

It is still important, however, to examine the relationship between leadership positions and standards of conduct in organisations. Even if the more ambitious accounts of leaders’ control over culture cannot be sustained there are still important leadership effects. Research conducted in Australian local government found that the behaviour of leaders had a strong influence on workers’ perceptions of a good ethical environment. The study was conducted by the Independent Commission Against Corruption (ICAC, 2000), it found that important elements of the leadership role included setting an example, communicating the importance of ethics, an encouragement of worker autonomy and impartial treatment. The survey found that the behaviour of immediate supervisors is important as well as that of more senior leaders.

A number of researchers have tried to link ‘charismatic’ or ‘transformational’ theories of leadership with an organisation’s ethical environment. For example

Grojean et al. (2004) put a great deal of emphasis on the idea that leaders might play a critical role in establishing a 'values based climate'. A similar connection is explored by Sosik (2005), charismatic leaders use inspiration based motivation and role modelling to try to influence the behaviour of others in their organisations. Other work on transformational leadership includes Lord and Brown's (2001) discussion of how leaders might 'prime' values, whilst Turner et al. (2002) present research that managers who score high on a (self reported) moral reasoning survey, were perceived by their workers as displaying more transformational types of leadership behaviours than those who scored low on the moral reasoning survey. A similar methodology has recently been applied in local government (Morrell and Hartley, 2006).

### ***The Importance of Leadership***

In all the case studies leadership was recognised as crucial to supporting an ethical culture within the authority. This was the case in all the authorities including those that had not experienced significant difficulties in the past. There was some variation in exactly how wide the leadership responsibility stretched and how it was performed.

The balance that needs to be struck is to be able to provide a lead on ethics whilst encouraging individuals further down the organisation's structure to self monitor and peer monitor. A statutory officer we interviewed described the concept of shared leadership in operation – the message about leadership and ethics was filtered through a group of the top 40 leadership positions and through a wider group of middle managers.

### ***Officer Leadership***

Although monitoring officers have a particular role with respect to the ethical framework there was a consensus that the support of the other statutory officers was also crucial.

I feel personally responsible for ethical management because of the role I play in the organisation. **Monitoring officer**

There were limits to the role that monitoring officers can play, in two of the case studies monitoring officers were reluctant to become involved in mediating conflicts in case problems were subsequently sent into the formal system and they found themselves 'conflicted out' – unable to support a local determination because of their previous involvement. A monitoring officer trying to maintain impartiality may then feel less able to get involved in mediation processes.

Chief executives and other senior officers played a prominent role in supporting good conduct in those authorities which had experienced conduct problems in the past. Even in those authorities that experienced few conduct problems chief executives were occasionally involved in resolving disputes between members and officers.

#### *Political leadership*

There's no real appetite among group leaders to look at behaviour of members as community leaders. I don't think they've even contemplated it **Senior officer**

The extent to which political leaders saw supporting good conduct as part of their role varied partly depending on the history of the organisation, but also related to the personal style of the political leader. Primarily the role was related to discipline of group members or in one authority supporting an unpopular reform of the constitution proposed by the standards committee.

The disciplinary role of political leaders can cause difficulties because they rely on maintaining the support of their group in order to hold on to their position. As one of the political leaders we spoke with pointed out, having to repeatedly challenge group members about their conduct can make a leader unpopular.

## **Leadership Roles in Context**

Table 2, below, relates different aspects of ethical leadership to the context in which leadership has to operate. The left hand side of the table describes the sorts of roles and priorities that ethics presented to leaders when operating in a context of generally good conduct. The right hand side of the table describes the roles and challenges facing leadership in authorities which are trying to recover from serious ethical problems.

**Table 2 Ethical Leadership in Context**

|                         | <b>Organisations maintaining good conduct</b>   | <b>Organisations recovering from poor conduct</b>   |
|-------------------------|---|---|
| <b>Who?</b>             | Primarily monitoring officer, but corporate management team, statutory officers need to send consistent message.<br>Buy-in from political leaders | Primarily chief executive and political leaders with a coalition of senior officers and politicians   |
| <b>Goals</b>            | Organisational resilience   | Organisational change   |
| <b>Leadership roles</b> | Role modelling<br>Ensuring problems can be identified as they occur – e.g. through corporate management team<br>Occasional mediation              | Role modelling<br>Conflict management<br>Establish credibility<br>Raising the profile of good conduct   |
| <b>Problems</b>         | Low profile for ethical issues<br>Easy to slip off the agenda<br>Identifying early warning signs  | Challenging inappropriate behaviour whilst trying to maintain trust<br>Avoiding becoming tied up in rules<br>Making changes permanent<br>Making a clear break with the past |

Where the organisation had not experienced conduct problems in the past then it is likely that the ethics and conduct will only periodically be an important issue requiring action from senior officers and politicians. In such circumstances it is

more likely that the monitoring officer will play the lead role whilst it is still important that other senior officers and political leaders offer support. The goal of leadership is to ensure that the organisation is resilient against potential difficulties developing. Specific roles for leaders may include setting an example through their own conduct, keeping channels of communication open so that if conduct does deteriorate it is recognised early, and occasionally resolving disputes.

In the three cases that we chose because they had faced conduct problems in the past there was a greater leadership focus on supporting an ethical framework than in the others. The goal in these circumstances is organisational change to ensure that the systemic and cultural weaknesses of the past are resolved. The types of activities identified by interviewees included more explicit role modelling and a greater focus on conflict management. Credibility is a key issue for leaders in such situations. Both individual credibility and providing support to the credibility and profile of the ethical framework were important factors. A final key task identified was to try to make a clear break with the past. One factor which can keep a conflict ridden organisation in crisis is a circle of tit-for-tat accusations which prevent a healthy working atmosphere from developing.

## 7. Transparency

Transparency has a central place in the working of any democratic or public organisation that sees responsiveness to the public as an important element of its mission. In relation to ethics, transparency may have regulatory and preventative effects. First, transparency facilitates 'after the event' examination of decisions and decision-making processes: making it easier to both attribute responsibility and to learn from past problems and successes. Second greater transparency, by facilitating backward looking scrutiny, can act as an incentive for individuals to behave in an ethical manner. Third, people may be more likely to behave in a principled manner when they are subject to public oversight, not just because they have a self interest (although this may be important) but also because they are reminded that they are agents of the public.

There is a selection of mechanisms designed to allow greater transparency. At the individual level registration of interests and gifts are intended to allow the identification of conflicts of interest. Rules related to decision-making such as forward plans and the scheme of delegations aim to make clear who is responsible for decisions, when decisions are to be made and what background papers are available. The freedom of information act and the public interest disclosure act are designed to provide generic support for organisational openness.

There have been some prominent examples of elected and employee whistleblowers in local government. Whistleblowing is intended to ease the flow of information about certain types of concern by allowing an individual to raise issues without fear of damaging their own career. Such information can be disclosed internally to senior officials, externally to responsible regulatory bodies or externally to other bodies such as the press, interest or campaign groups or specific individuals.

Whistleblowing laws and policies set out the protection from organisational retribution that an individual who reports specific types of concerns can expect. Whistleblowing reforms in other western democracies have had a mixed record. In the USA the early performance of whistleblowing reforms introduced in the early 1980s was poor and required strengthening in 1989 (Bovens, 1998: 201-206). The main factor discouraging whistleblowing was identified as the view that no action would result from a report of illegal or wasteful activity. The implementation of similar provisions in Australia (NSW Protected Disclosures Act 1994) was also difficult. An evaluation reported a 'lacklustre' response by public organisations in New South Wales. A key lesson was that the statutory requirements of the Act could not work in a vacuum, '... the real task is for public sector managers to create environments of trust in which employees feel confident that their managers will deal appropriately with such reports' (ICAC, 1997a: 7). In particular there had been limited organisational effort in publicising the different routes for concerned workers to raise an issue and little or no communication to workers about the specifics of the Act. The majority of employees surveyed were not confident that they would be protected if they made a report (ICAC, 1997b: 5).

There are some general unintended consequences relating to transparency (discussed in Bovens, 1998: 199-200). Threat of exposure may lead an organisation's members to attempt to limit access to information to a small trusted group and to work in an informal manner. Formal procedures for supporting transparency may be used instrumentally as a weapon for settling grudges.

There was some limited evidence that mechanisms associated with transparency were leading to some unintended consequences, although these sorts of views were not common in our interviews:

Managers won't write anything down and then they have nothing to give **Senior manager**

You have to be careful what you put in an email because someone will always keep an email **Leader**

Generally in our case studies the formal mechanisms for transparency did not come out as high profile in relation to deterring unethical conduct. This may be because local government is already rather more open than parts of the public sector and a certain level of transparency is taken for granted.

No significant concerns were expressed about the requirement of members to declare interests. One interviewee was annoyed by the £25 threshold on gift registration whilst also recognising that to many members of the public this may appear a significant amount and that public perception was the key guide. A number of our case studies listed declarations of interests on websites and there were also systems to proactively update the register of interests periodically through the council year.

Some officer interviewees were more exercised by what they thought was overly bureaucratic systems for expenses. These views were expressed in one of the authorities which was recovering from problems in the past and one of the lines of conflict it faced was over how much detail should be provided to members on expenses claims of officers and members and how much officer time it took to provide it. The view of some members was that they were being denied information and this was inevitably suspicious, whilst the view from most of the officers we spoke to was that it was costly and in many ways distracted from the examination of the fundamental health of the authority:

There are things that tell you whether the organisation is going ok or not – and its not going through people’s expenses claims **Senior officer**

The general limits of transparency are widely agreed, commercial and individual confidentiality, the difficulty of getting the best price in procurement because of required openness, it can cause difficulties in the policy process and there is the sheer administrative burden.

There is also some tension with respect to the first theme discussed earlier in the report. The strategy of resolving issues relating to certain types inappropriate behaviour outside the formal is a method for avoiding transparency, 'it's called not washing your dirty linen in public' as a senior officer put it.

## 8. Adaptability

Moving the goalposts is part of the rules of the game **Leader**

Changes in the way that public organisations operate and public services are delivered are a constant feature of the environment in which local government works. In some instances this can bring into question the way that public service ethics is defined and enforced. We look at three examples which may require some adaptability in the way an ethical framework is understood or applied. First, we look at the challenges faced by authorities as they try to recover from ethical problems. Second, decisions about public resources are being made by partnerships with a mixed membership of local authority councillors and officers, personnel from other parts of the public sector and some private citizens. Third, local structures and community groups are increasingly being used for consultative and delivery functions.

### ***a. Recovery***

In most organisations the standards of conduct, ethics and probity will vary through time. Events may spark conflict between people, there may be slips in procedures and there may be particular individuals who do not treat others with proper respect. In most instances either the source of the conflict will resolve itself or individuals whose conduct is causing difficulties will change their behaviour, move on, be moved on or be isolated.

In a few instances, on the other hand, there is what one interviewee called a gradual slide as problems of misconduct spread or worsen. In these few instances, deterioration of conduct can have implications for service delivery, public trust and corporate governance generally. Misconduct, commonly bullying, was a factor in a number of the 'poor' local authorities which have been subject to intervention by national government (Skelcher et al, 2004).

### *Impact*

Three of our case studies were selected because they had experienced high profile ethical crises within the previous decade. A broad definition of an ethical crisis is an instance or series of instances of misconduct which call in to question the viability of the way an organisation operates and/or leads to serious consequences for the operation of the organisation. This definition is intended to exclude organisations that are merely unlucky (as opposed to careless) with the misconduct of a member or officer and avoid significant costs. All three of our cases had been subject to some sort of external intervention. It should be noted here that there is a potential bias in any attempt to study organisational crisis – only the ones which become ‘public knowledge’ can be identified for study. As an independent chair of a standards committee pointed out, the organisations whose problems come to external attention are not always the ones that have greatest difficulties.

An intriguing set of questions revolve around the mechanisms which relate poor ethics to performance failure and governance failure. Whilst in one case there appeared to be multiple dimensions to the organisational failure, in another the conflict seemed to be relatively isolated, and in a third some interviewees were arguing that the over-reaction to the ethical crisis was limiting performance improvement.

The impact of a crisis is hard to quantify. The range of adverse effects on an organisation expands far beyond the immediate impact of the initial instances of misconduct. In one of our authorities the scale of financial impropriety was small relative to the overall budget managed but the reputational impact was significant, a long shadow of mistrust had stretched over the organisations’ operation, a risk averse and static culture was perceived to have developed.

In another case although conflict was apparently limited to a small group of individuals at the top of the organisation as the problems developed indirect effects to some extent spread through the authority. In an officer discussion group there was an awareness of a sense of uncertainty permeating through the authority.

Members had also become uncertain about where the boundaries of accountability were. Legal costs to the organisation, costs in terms of sick pay, early retirement and compensation were significant. Costs to individuals in terms of health, legal costs and anxiety are not as publicly apparent but are equally real. The council's public reputation had not been particularly damaged, but the same could not be said for its reputation within the local government sector.

In the third case study the leader described a previous '... culture of bullying intimidation and threats to officers from members' which was linked to a variety of organisational weaknesses. The relation between poor ethics and organisation problems flows both ways, in one of the cases an interim manager argued that the dysfunction meant that members needed to shout to be heard.

#### *Underlying factors*

Two of the three case studies had experienced their initial crises some years ago. As a result of the recovery process many of the people who were in the organisation at the time had since left and so it was difficult to identify underlying causes. We would argue that some of the themes we have discussed throughout the report have an important role to play. An organisation that only has the statutory means of resolving conflict may be vulnerable to problems escalating. Lack of, or poor, leadership was clearly an issue in the three cases – an inability among the key officers to develop a common position and support each other being particularly problematic. In addition, some common themes came up in interviews and deserve further exploration:

*Insularity* – members and sometimes officers had little contact with the rest of the local government community. This may be an issue because it means that taken for granted assumptions about how things are done may be left unchallenged.

*Robust recruitment and HR processes* - how do you get into and get ahead in an authority? One interviewee referred to officers who felt unable or unwilling to challenge senior member or support challenge. The incentive was to 'keep your head down'.

*Lack of, or poor, training and development for members and officers* – in all of the cases there had been limited understanding of leadership roles of members, and there was also evidence of weaknesses in officer development.

### *Challenges in recovery*

A number of challenges face an organisation as it tries to recover from an ethical crisis, some of those identified in interviews are listed in figure 4.

**Figure 4: Challenges in recovery**

|      |  |
|------|--|
| I.   | Playing out and crisis management              |
| II.  | Leadership change – style or personnel         |
| III. | Organisational hygiene and renegotiating rules |
| IV.  | Challenging and isolating misconduct           |
| V.   | Moving from hard to soft regulation            |

- I. After problems become apparent it is likely that more issues will come to the fore, there may be a period of crisis management when things get worse as underlying conflicts are played out, or other organisational weaknesses come into the open as people inside or outside the organisation become more vigilant.
  
- II. In each of our three cases there was turnover in leadership positions. This is not to say that incumbents cannot play a role in helping an organisation to recover and some key positions did remain unchanged but leaders have to be able to credibly convince the organisation that they can lead change. In each of our cases leaders were moved on by external pressure and/or a loss on internal support. Interim management can play an important role in the early stages of recovery. The strength of the interim position is that the holder knows that he or she is only there for a limited time.

One interim manager described elements of the initial strategy:

- Close the doors to members and cut down on communications
- From the start plan an exit
- Ensure the organisational procedures are right: level of delegations/ constitution
- Try to isolate the most difficult members, trying to get members to moderate
- Encourage whistleblowing by officers
- Support external training and mentoring for members

III. Getting the basic rules and regulations of the organisation in order was a key task. In all of the authorities the process involved a reassessment of the policy making procedure and especially the relative roles of members and officers, delegations and policies around bullying. The difficulties here are to try to understand what changes are needed in an environment where many different interpretations of past problems are being offered and also to avoid over-regulation.

IV. Challenging and isolating misconduct. Interim managers 'are in a unique position to hold a mirror to people's behaviour', as one interviewee put it. One organisation had been so dysfunctional in the past that officers and members felt compelled to pursue their aims in an aggressive manner. A twin approach was described for overcoming these problems. One approach was to offer alternative strategies and to show that they had a good chance of being effective. The other approach related to the few members who were the persistently intimidating and that was to use the formal standards procedures where required and to try to encourage parties to take responsibility through de-selection.

V. Moving from hard to soft regulation. The approach to points III and IV may change through the process of recovery. In early stages, and where the poor behaviour is systematic, there is an advantage to being quite robust on rules

and enforcement. There is a danger though that if a tight regulatory strategy persists it can become counter productive. One authority in particular was grappling with this problem but to some extent it was found in the other two. The shift from hard to soft regulation involves de-emphasising the rules, regulations and enforcement approach and moving more to a values and peer monitoring strategy.

Given the past I would have thought there would have been a lot of work in establishing the right environment where people's personal ethics are supported within the organisation. Instead it was - highly controlled, disempowering, over inspected, over audited **Senior officer**

This transition can be difficult to manage for some interviewees the uncertainty and risk associated with that sort of shift were uncomfortable. The risks of not attempting to loosen overly burdensome regulations are, in the view of other interviewees, a direct trade-off with performance.

Finally, a number of risk factors can make recovering from conflict and crisis more difficult:

*Political factors:* in one of our cases a number of the elected members had become involved in local politics specifically as a result of the difficulties the authority had experienced. Some interviewees felt that these members were prone to interpreting all organisational problems as resulting from probity issues. There can be great difficulty for an organisation to regain its reputation in such circumstances. On the other hand, in one authority a cross party coalition had been able to work closely to help the organisation deal with issues.

*External process:* where a Standards Board investigation focuses on senior members - the impact of going through the process can be

extremely disruptive to the authority. In one of our cases the length of the investigation of a leading politician was highlighted as exacerbating some of the difficulties it was facing.

*Reputation:* a bad reputation can last much longer than the problems that generate it. The cost of bad reputation can be found in poor morale, suspicion and difficulty recruiting.

### ***b. Partnerships and new forms of service delivery***

I think there are challenges in the crossover between the public and private sector **Leader**

A recent Audit Commission (2005) report highlighted concerns about a potential 'accountability gap' in the way that governance of partnerships work. The report also identified some limits to the capacity of local authorities to monitor their own involvement with partnerships. To avoid these identified risks the report recommends that authorities develop a database of the partnerships in which they are involved, establish clear criteria for evaluating partnerships, be willing to scale down involvement in partnerships, agree and review governing documents and publicise the nature of the partnerships and establish procedures for complaints and redress.

There may also be potential issues about the ethical framework in which partnerships operate. From our interviews the potential issues are that different partners work from different cultures particularly with respect to openness and transparency, there is inconsistency in the codes that partners are working to and inconsistency in how codes are enforced.

Members come at it from the view of a democratic deficit, officers come at it from the point of view of accountability, performance management and whose responsibility it is. And you've got a third element which is where is the ethical framework and how convinced

are we that this is an organisation or a partnership which works to a set of values that we think is important? **Chief executive**

On some partnerships the authority asked people to adopt a code of conduct but there is no power, all you can do is ask. Trying to influence those other groups isn't a waste of time but there is nothing the standards committee can do if they don't **Chair of Standards Committee**

There is evidence that some authorities are thinking about the ethical framework in which partnerships operate. There is significant variety in the powers and structures of partnerships which makes general conclusions difficult to draw.

With structures such as an Arm's Length Management Organisations (ALMO) a local authority can exercise an influence at an early stage when the organisation is being set up.

We developed a very robust training programme and it's ongoing. We engaged external lawyers to develop the management agreement for the ALMO. They started by talking about ethical standards and probity right at the very first shadow board. It's done right at the outset then its drip, drip, drip. They're constantly reminded of their accountability and responsibility **Officer**

There are some challenges in developing an ethical framework for a partnership. Firstly, members of the partnership are often representing organisations which have their own code of conduct. In one example partners were unwilling to allow their staff to sign a detailed code, partly because they may want to allow substitution on the partnership. In that situation in order to support an ethical framework for a partnership authorities rely on peer monitoring, training, persuasion and robust procedures for decisions related to resource allocation.

### ***c. Localism and area structures***

Many authorities are developing area based structures and the Government has signalled that it wishes to encourage greater devolution within local government. The primary aim is to reconnect people to the public sector.

To what extent should local authorities try to develop an ethical framework for these new structures? The risks associated with the reforms, and hence the appropriate response, will depend on the level of resources that the local structures can access and the way that the structures are designed.

There are at least three areas where devolution within authorities may lead to a gap with the ethical framework:

*Capture* – area structures may be dominated by individuals or groups who effectively disenfranchise other citizens, either simply because of a particular style they have or because they represent marginal political views.

*Probity* – where area structures or individual ward councillors are given the power to allocate resources or make decisions (for example related to planning).

*Member-officer relations* – area structures may appear to change the relationship between council employees and members, especially when the council has a devolved corporate structure for delivering services. Ward councillors may feel that they have some role in directing the work of council staff.

Three broad responses are available for local authorities, a light touch strategy that does not seek formal regulation and sanction – what we called a trust based strategy; a strategy focused on regulating individuals; and an approach that focuses on procedures and structures.

A trust based strategy has the advantage of being consistent with the reasoning behind the reforms - that citizens and communities have the capacity to understand their interests and express them in a reasonable way. A light touch approach might include some generally agreed overarching principles, training for councillors to play the community leadership role would pay attention to managing conduct and probity in meetings.

A strategy of regulating individuals would apply a code of conduct to all the members of area structures, including residents and partners. Should the same code apply to partners and residents as to councillors – including the threat of sanction? This has the virtue of simplicity and consistency but in at least one case partners have refused to let their employees sign the statutory code. In terms of the resource requirements such a move would require extra training and potentially large enforcement costs.

A final general approach would involve developing the structures and processes in a way that lessens risks of impropriety. For example, chances of capture may be lessened by the approach used to select people such as through a structured application procedure.

There are risks in over-regulation not only in the cost of implementation: training, dissemination and enforcement. There is also the risk that regulation will undermine the original purpose of area structures – it may put people off attending if meetings appear to be overly regulated; it may put people off participating if they have to sign up to too stringent a code.

In the cases we looked at there was actually extremely limited resources being devolved locally, so although there were formal constitutions and rules the judgement was that there was little real risk of impropriety.

## 8. Conclusions

The whole local government framework deals with finding out where there has not been performance. We need to shift the pendulum back so there is a focus on leadership, modelling behaviour, agreement and acceptance of organisational values, with much more emphasis on peer enforcement and peer empowerment. **Chief executive**

Active engagement with ethics exists where conduct and probity play a part in how individuals operate in their day to day working lives. Supporting active responsibility requires persuasion, culture, mentoring and peer monitoring. A passive attitude to ethics relates to adherence to an existing set of rules, supported by a realistic risk of sanction for breaches. Support for passive responsibility requires transparent, impartial, and legalistic processes.

Most regulatory systems are a mix of the active and passive elements. Systems that rely only on supporting active responsibility can lack public credibility and may not be taken seriously by those being regulated. Systems that rely only on enforcing passive responsibility are prone to overload in the face of large numbers of complaints, inflexibility in the face of variations in context and may contribute to a risk averse and distrustful environment.

The person quoted at the start of this section suggests that the balance has shifted too far towards a centralised rules and enforcement approach. Local action can partly counterbalance this tendency and the research has looked at how our case study authorities try to support active responsibility in member and officers. We identified five important components of an ethical environment locally.

The first component concerns finding the balance between rules and trust in supporting good conduct. A complicated and extensive set of additional rules and protocols is not an indicator that an organisation has got to grips with the ethical agenda. Complicated systems of rules are difficult to communicate and enforce

and may simply be ignored by the people they are intended to regulate. How local authorities respond to concerns about conduct can also affect the balance between rules and trust. The quasi-judicial processes of the statutory systems can solidify positions into 'accuser' and 'accused'. In some instances this is appropriate but in many examples of disputes or alleged misconduct it may be useful to allow some space to discuss the circumstances surrounding the problems rather than jumping into formal procedures.

The second component we looked at was the role of the standards committee. All standards committees have responsibility for determining allegations either passed down from the Standards Board for England or investigated locally. None of our authorities' standards committees were among the most active in the country, although only one saw its role as being only about responding to allegations. The extent to which standards committees take on a wider remit depends on local factors such as: the existence of related committees such as audit or governance committees; the skills and experience of the independent members; and the limits placed on the work programme by questions of democratic legitimacy and the need for independent members to maintain impartiality.

In local authorities that have not experienced any apparent difficulties standards of conduct can slip off the agenda. Standards committees working to a programme, ensuring there is a programme of training relating to the ethical issues, periodically performing a general assessment of conduct in the authority can help keep the ethical framework on the agenda.

The third component relates to the role of leadership in supporting an ethical environment throughout an organisation. The majority of senior officers and politicians we interviewed did see supporting good conduct in the organisation as part of their role, through mediation and enforcement when serious problems arise, role modelling and trying to support the credibility of the ethical framework in the organisation.

Transparency is the fourth component we looked at in the case studies. The majority of interviewees agreed in principle that transparency was desirable but there were concerns raised about detrimental effects, especially relating to the development of policy.

Finally, there was an awareness of the need to adapt the ethical framework to changing needs. Interviewees from one authority in particular disagreed over the extent to which the response to a previous crisis had left it overburdened with regulation. On the other two issues, partnerships caused greater concern than localism and area structures. As yet the latter have rarely developed into structures with important decision making powers.

Partnerships were more clearly a concern because in some instances they influence the allocation of significant resources. The key question appears to be about probity and potential conflicts of interest. There is no consensus on the best approach to dealing with such issues, in one case there was an agreed procedure for declaring interests at partnership meetings in another the issue was tackled by peer monitoring and through making sure that the decision making procedures were rigorously applied.

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