



Annual Report and Accounts

The Standards Board for England

2010-11

Foreword from the Chair and Chief Executive

The 2010-11 financial year was one of unprecedented challenge and adjustment for Standards for England.

As a champion of principled local politics since 2001, the organisation has played a key role in providing support and guidance to local authorities in the field of standards, conduct and values.

We began the new financial year in April with an invitation from Government to provide strategic support and guidance to a team of non-executive commissioners convened to assist with the intervention in Doncaster Metropolitan Borough Council following publication of an Audit Commission report outlining the authority's governance failings.

This was an invaluable opportunity for us to offer advice on the importance of standards and the effective management of conduct complaints in local democracy, as well as showcase evidence of the success of our on-going relationships with key stakeholders in the standards community.

April also saw a number of key organisational developments including completion of the reconfiguration of our operational arrangements and the introduction of a new pay and grading structure following the previous year's pay review – both of which achieved considerable success in ensuring the organisation's resources were concentrated on delivery of its role.

In addition to this, the 2010-11 financial year saw the conclusion of activities under Project Excellence – an analysis of our internal policies and processes which enabled us to re-engineer our case handling to ensure it is of the highest standard whilst significantly reducing the time taken to complete investigations.

The formation of a new coalition Government following the general election in May led to a shift in Government priorities affecting Standards for England and many other public bodies. The subsequent publication of the coalition agreement included an undertaking to "abolish the Standards Board regime" which is being taken forward through the Localism Bill.

In July we reassessed our business priorities in light of this announcement and following an 18.4% budget cut. Many planned activities, such as the 2010 Annual Assembly, were cancelled or ceased with immediate effect including all proactive work in supporting local authorities, leading to reduced work volumes across the organisation.

As a result, we launched our first voluntary redundancy scheme in July which led to the departure of twenty six permanent members of staff in August. Consultation on proposals for a round of compulsory redundancy from 31 March 2011 commenced in early August. However, the need for compulsory redundancy was avoided with the redeployment of four staff members and the departure of a further ten permanent members of staff under voluntary redundancy.

In September, we joined our Department for Communities and Local Government (CLG) colleagues in making details available online of expenditure on goods and services over £500 for the 2009-10 financial year.

In addition to this, since October, we have published details of all external transactions worth £500 or more in line with the Government's request for all local authorities to publish their spend data.

We have also complied with all Cabinet Office guidance on spending restrictions introduced following the change of Government in May.

The Localism Bill was presented to Parliament on 13 December 2010. Under the provisions of the bill, Standards for England and its role in ensuring that there is an established framework of local accountability would cease to exist from an Appointed Day after the Bill is approved by Parliament as will the current local standards framework. Consultation on a revised Organisational Design structure to fulfil business needs until this date concluded in January. This new structure was introduced from 1 April 2011 following completion of the latest round of voluntary redundancies.

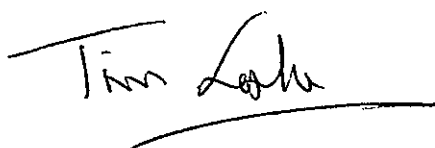
Our Chief Executive, Glenys Stacey, left the organisation in February 2011, and we would like to thank Glenys for her contribution during her three years in role. Our Director of Regulation, Tim Leslie, took up the post of Interim Chief Executive on 1 March 2011, combined with his existing role.

With the priorities of the new Government and the future of Standards for England now defined subject to Parliamentary approval, we have adapted our organisation to ensure we continue to deliver our regulatory functions whilst preparing for closure.

We believe that high standards of conduct among our local politicians is a cornerstone of effective local democracy, and we go into the 2011-12 financial year with the same determination and commitment to values which has underpinned the last decade of our existence.



Dr Robert Chilton OBE
Chair



Tim Leslie
Interim Chief Executive

Date: 6 July 2011

Board information

Board

Dr Robert Chilton OBE
(Chair)

Professor Judy Simons
(Deputy Chair)

Elizabeth Abderrahim

Councillor Shirley Flint

Paul Gott

Elizabeth Hall

Councillor Mehboob Khan

Councillor Stephen Knight

Councillor Sir Ron Watson CBE

Interim Chief Executive

Tim Leslie

(Glenys Stacey resigned February
2011)

Principal Office

Fourth Floor
Griffin House
40 Lever Street
Manchester
M1 1BB

Auditors

External

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Internal

RSM Tenon
4th Floor
York House
York Street
Manchester
M2 3BB

Management commentary

Format of the annual accounts

The annual accounts have been prepared in a form directed by the Secretary of State with the consent of HM Treasury in accordance with the Local Government Act 2000 as amended.

History and statutory background of Standards for England

The Standards Board for England is a corporate body that was established on 22 March 2001 by the Secretary of State under powers conferred by the Local Government Act 2000 as amended.

The Local Government and Public Involvement in Health Act 2007 introduced a significantly remodelled local standards framework in May 2008. The majority of complaints about members' behaviour are now dealt with at a local level by the standards committees of local councils. Standards committees, chaired by an independent person, are responsible for assessing complaints, initiating investigations and, where appropriate, deciding whether a member has breached the Code of Conduct and should be sanctioned.

In 2009, The Standards Board for England changed its name (for day-to-day purposes) to Standards for England.

Principal activities of Standards for England

Standards for England is a non-departmental public body sponsored by the Department for Communities and Local Government.

We are charged with upholding principled local politics. Working with local authorities, their monitoring officers and local standards committees, it is our job to promote and maintain high standards of conduct among local politicians. We want to make sure the public are in no doubt that standards and principles matter to local government.

At the start of the year under review our principal activities were:

- Providing guidance and support to authorities in operating the framework and identifying and promoting the best local practice.
- Identifying and mitigating risks to standards of member behaviour and authorities' ability to manage complaints about member conduct.
- Monitoring the operation of the local standards framework and advising Government and others on how it is working.
- Conducting investigations into complaints against members that are not suitable for local investigation.
- Conducting research that supports our work and increases our expertise in ethical standards and regulation.

However, in light of the coalition Government's intentions to 'abolish the Standards Board regime' and budgetary reductions we have revised our objectives and scaled back our activities. We continue to be funded to carry out our statutory roles of providing guidance and support and conducting investigations not suitable for local investigation.

Significant changes in non-current assets

The movement in non-current assets is shown in notes 8 and 9 to the annual accounts.

The legislative, regulatory, operational and external environment

The Local Government Act 2000 led to the creation, in 2001, of the Standards Board for England as the regulator of the conduct of members in local authorities. This was in response to a number of high profile standards failures in local government, and the Third Report of the Committee on Standards in Public Life. The Act introduced the Code of Conduct for members, enforced directly by the Standards Board.

A remodelled local standards framework was introduced by the Local Government and Public Involvement in Health Act 2007. Now most complaints about members' behaviour are dealt with at a local level by the standards committees of local councils. These standards committees are responsible for assessing complaints, initiating investigations and, where appropriate, deciding whether a member has breached the Code of Conduct and should be sanctioned accordingly. There are 438 such committees, each of which must have an independent chair. In parallel, the Standards Board for England, under the operating name Standards for England, became a strategic regulator, with overall responsibility for the effectiveness of the new system in promoting high standards of conduct. We also deal with complaints that are referred to us by local standards committees where they believe they are unsuitable for local investigation. These new arrangements began in May 2008.

For the year under review 156 complaints were referred to Standards for England. Of those 156 complaints we accepted 117 for investigation. We referred 6 back to the local standards committee for further consideration and we took no further action in respect of 33 of them. A decision to take no further action is taken if we believe that the behaviour outlined in the complaint does not constitute a breach of the Code of Conduct or is not serious enough to merit an investigation.

Following investigation, Standards for England's ethical standards officers referred 10 cases to the First-Tier Tribunal¹ during 2010-11. This resulted in 7 members being given sanctions, ranging from censure to 12 months disqualification.

Until May 2010 we monitored the operation of the local standards framework through the collection of quarterly returns from each principal authority. However the last quarterly return collected was for Quarter 4 of 2010 (January 2010 – March 2010).

The final phase of Project Excellence, system implementation, took place in autumn 2010. The project board met in December to sign off and close the project. The project has delivered a significant reduction in the time taken to complete investigations and has brought about a number of important business changes. Key among these changes were the introduction of: caseload (in addition to individual case) management; an investigation core team; revised work flow; customer satisfaction surveys; individual case categorisation and targets; and an enhanced investigation plan. These non-system dependent changes were implemented progressively throughout 2010.

¹ The First-Tier Tribunal operates independently of Standards for England and proceedings are governed by The Tribunal Procedure (First-Tier Tribunal) (General Regulatory) Rules 2009.

We work with a number of other organisations who are also committed to improving local government and have memoranda of understanding with the Local Government Ombudsman and the Audit Commission.

The Government set out its intention to abolish the 'Standards Board Regime' in the coalition agreement published in May 2010. It is the Government's intention to effect the abolition through the Localism Bill which was introduced to Parliament on 13 December 2010. It is likely that Standards for England will cease to investigate complaints on an appointed day and will then be formally abolished by the end of the 2011-12 financial year.

It is the Government's intention that until the appointed day, allegations of misconduct can continue to be made to standards committees but that after the appointed day no further allegations can be made under the current regime. Under their proposals any cases already in the system on the appointed day would enter a transitional regime. The Government propose that any investigations being conducted by Standards for England at the time will be transferred to the local authority that made the referral. The local authority would arrange for the conclusion of the investigation, with their standards committee remaining established until the last complaint it was considering had been dealt with.

Any cases which the First-Tier Tribunal (Local Government Standards in England) is dealing with on the appointed day would be concluded by the Tribunal.

During the transitional period Government intention is that standards committees would no longer have the power to suspend members that they found to be in breach of the Code of Conduct. Also, members who had been found to have breached the Code of Conduct would no longer have a right of appeal to the First-Tier Tribunal.

Standards for England's objectives and strategies for achieving them

At the start of 2010-11 our strategic objectives were to:

1. be a respected strategic regulator, adding value to local government
2. ensure the local standards framework is a success
3. continue to improve our business capability and effectiveness

These objectives covered both our commitment to delivering the two regulatory outcomes (objectives one and two) and our determination to be an effective and efficient regulator (objective three).

Since the election of the new Government and reductions in our budget our revised objectives are to:

1. fulfil the organisation's statutory purpose and functions
2. reduce the organisation's expenditure in line with Government expectations
3. support the transition to any new arrangements

Our strategies for achieving revised objective one have been to ensure that our investigations continue to be carried out efficiently and effectively. Also, whilst we decided not to produce any fresh published guidance, we have continued to respond to the individual needs and requests of authorities, and have responded to any sector wide needs identified.

Our strategies for achieving objective two have been to implement a headcount reduction strategy, and to comply with Government spending restrictions. For example we froze recruitment and consultancy, we cancelled the 2010 Annual Assembly and we ensured that all spending above £500 required explicit approval by the senior management team.

Objective three is yet to be achieved as any new standards arrangements are still subject to Parliamentary approval.

Development and research

Standards for England commissions and undertakes research that supports the organisational goal of promoting ethical environments. Broad research topics include identifying components of ethical environments, assessing the impact of standards frameworks, and assessing our own performance. We aim to ensure that the findings generated from research add to the knowledge and debate on ethics, and that research has maximum impact on policy and practice.

At the start of the year we were conducting a number of different pieces of research including:

Partnerships work with Manchester City Council

We published a protocol which describes appropriate behaviours in partnership working, following development of the protocol with Manchester City Council and its partners last year. We have continued to work with Manchester City Council to help ensure that the protocol is embedded within the culture and processes of the authority.

Ethical Partnership checklist

We have worked with a number of local authorities to assist them in the development of ethical partnership checklists. Following the creation of the checklists we set up an online information sharing site for those involved to share ideas and documents to enable ongoing development and refinement.

Satisfaction with investigations carried out by Standards for England

Following completion of an 'in-house' investigation a questionnaire is sent to each of the involved parties. The information is collated and shared with the senior management team so that service development needs can be identified and implemented.

In addition to our own research we commissioned the following pieces of research:

- Assessing the impact of the ethical environment
- Stakeholder tracker survey
- Assessing the impact and effectiveness of the ethical framework in local government in England
- Public perceptions of ethics

However, as with other areas of our work, we scaled back our research activities during the year under review. The following projects continued:

- Partnership work with Manchester City Council
- Ethical partnership checklist
- Notable practice identified through research on assessing the impact of standards committees carried out last year was published on our website.
- Satisfaction with investigations carried out by Standards for England

We have continued to provide advice to overseas agencies concerned with ethics, and to learn from their experiences. As well as presentations to a political ethics group and international local government delegations as part of the Government's initiative to encourage democracies in transition, we contributed to a Council of Europe Handbook on Public Ethics.

Resources available to the entity: key strengths

Standards for England continues to encourage its staff to gain the appropriate professional, management and other expertise necessary to achieve our objectives.

Key relationships with stakeholders (central Government) that might affect the organisation's long-term position

Standards for England enjoys a good working relationship with its sponsor department, the Department for Communities and Local Government. The Chief Executive meets with officers from the Department on a monthly basis to discuss key developments and to report on the organisation's performance against its objectives.

Directors' report

1) Review of the development of Standards for England and its position at the statement of financial position date

Since 2008 Standards for England has been a strategic regulator only handling those cases that a local authority believes cannot be handled locally.

Information about Standards for England's case handling during 2010-11 can be found on page 8.

2) Indication of likely developments

In light of the coalition Government's intention to abolish 'the Standards Board regime' the organisation has revised its business objectives. The revised business objectives are set out on page 9.

Our business plan consists of activity to support local authorities, either individually or collectively, where there has been an expressed need either from local government or the local community for our advice or assistance. Activities will have to meet the following criteria:

- a) Does the particular activity form part of our statutory function?
- b) If we were not to carry out the activity, would there be a risk that a local authority, or local authorities collectively, may not be able to meet their statutory functions?

The proposal to abolish the organisation is included in the Localism bill. In anticipation of its abolition, the organisation has

implemented a headcount reduction strategy.

3) Board members and executive directors

The Board members who served in the year ending 31 March 2011, together with details of their remuneration, are shown in the remuneration report to the annual accounts. Details regarding the appointment and remuneration of the Interim Chief Executive, who is not a member of the Board, are shown in the remuneration report.

4) Complaints referred to Standards for England

Standards for England investigates complaints against members that are not suitable for local investigation. As we no longer collect information about the operation of the local standards framework we are unable to say what percentage of complaints nationally this represents. We decide whether to accept cases referred to us by local standards committees, and we make this decision based on the public interest as expressed in the criteria set out in our *Local assessment of complaints* guidance.

We have accepted 117 cases for investigation in the year ending 31 March 2011. In some instances we have used our discretion either to send a complaint back to a standards committee for local investigation or other action, or to take no action. Where we take no action this is usually because, in our opinion, the complaint would not disclose a potential breach of the Code of Conduct, even if it were proven. This is to ensure that we focus on those allegations that have the potential to damage the public's confidence in local democracy.

5) Going concern

The Statement of Financial Position at 31 March 2011 shows net liabilities of £5,673k. This reflects the inclusion of liabilities falling due in the future which, to the extent that they are not to be met from Standards for England's other sources of income, may only be met by future grants or grants-in-aid.

These will be met by the Department for Communities and Local Government. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be issued in advance of need. Grant-in-aid for 2011-12, taking into account the amounts required to meet Standards for England's liabilities falling due in that year, has already been included in the Department's estimates for the year. These have been approved by Parliament

Following the general election on 6 May 2010, the new coalition Government announced that the 'Standards Board regime' would be abolished. Parliament will need to enact legislation in order to effect this

and the exact timing and eventual decision on this matter is currently uncertain. In light of this the Board has reviewed the appropriateness of the preparation of the 2010-11 financial statements on a 'going concern' basis. Whilst closure is probable and it is therefore appropriate to recognise all associated closure costs, it would not be appropriate for the Board to pre-empt the will of Parliament. Consequently, these accounts have been prepared on a going concern basis. This is discussed in note 21 to the accounts.

Operating financial review

The net expenditure after interest for the year amounted to £5,309k. This includes redundancy costs of £696k, a pension cost adjustment of (£1,453k) and £961k of anticipated closure costs to be incurred in 2011-12. This compares to a previous year amount of £7,533k, representing a reduction of 32.2% in net operating expenditure.

Details of Standards for England's pension scheme and financial instruments are shown in notes 14 and 16 respectively.

Key performance indicators

In light of the intended abolition of the organisation a decision was reached with DCLG to reduce the number of key performance indicators monitored during the year. Table 1 below sets out our performance against target for the year.

Table 1 – Performance against key performance indicators: 1 April 2010 – 31 March 2011

KPI	Target	Performance 2010-11
Deliver the investigations we undertake within the agreed performance timeframes.	i. 90% of all investigations to be carried out within six months ii. 100% of all investigations to be carried out within twelve months	Achieved i. 92% ii. 100%
To ensure effective management of our budget to allow the delivery of our headcount reduction strategy.	Achieve headcount reduction strategy within delegated budget.	Achieved Over 50% reduction in staff headcount achieved within delegated budgetary resource.

Employment issues

In May 2010, we reviewed our business priorities and activities. A number of activities planned for the next year were subsequently cancelled. This has had a significant impact on our people strategy which supported our business plan. As a result we revised the people strategy in October 2010 to take account of the changes to our planned work.

Our people strategy now has three revised people goals which are

- To support the workforce reduction strategy
- To continue to be effective in the way we work
- To have a continually improving and supported workforce

We are still continuing to deliver both strategic and day-to-day HR operational activities.

In July 2010, we launched a voluntary redundancy scheme providing employees with the opportunity to leave early. In August 2010, we began

consultation on proposals to make workforce reductions as a result of reductions in both reactive and proactive work volumes, experienced since the announcement. In November 2010, we ran a second voluntary redundancy scheme allowing those at risk of compulsory redundancy to leave on voluntary terms and other staff who may want to leave early. Over the course of the year we have achieved a 51% reduction in headcount as a result of voluntary redundancies and taking into account voluntary resignations.

Over the coming months our focus will be on supporting the business in terms of the Board's strategic approach to the management of this organisation to ensure we have sufficient but not excess capacity in place to maintain particular regulatory functions (casework and guidance) and also retain capacity to deliver the closure of the organisation.

Other activities include supporting the workforce that remain with us to maintain morale and motivation at a difficult time, as well as providing career transition

support to those leaving due to redundancy.

Environmental issues

Standards for England remains committed to improving its carbon footprint, energy efficiency and recycling of materials in a way which is consistent with the effective use of public funds.

Environmental policy is managed by our facilities and health and safety adviser who has reported regularly to the senior management team on significant issues and has continued to improve our environmental performance.

Some activities carried out during the 2010 – 11 financial year were:

- improved the energy efficiency rating for the building for the second year running
- obtained 100% of electricity supplied from renewable resources
- saved 109 trees through shredding and recycling of waste paper

Better payment practice code

Standards for England complies with the British Standard for Achieving Good Payment in Commerce Transactions (BS7890) in its treatment of all its suppliers. We also comply with the Late Payment of Commercial Debts (Interest) Act 1998. Excluding disputed items, 94.3% of suppliers' invoices were paid

within 10 working days or the supplier's credit terms if less.

External auditors

The auditors for the year ended 31 March 2011 are the National Audit Office. Their fee for the audit of the financial statements was £35,380.

Audit information

As Accounting Officer, I, Tim Leslie, confirm that as far as I am aware there is no relevant audit information that the external auditors are unaware of and I have taken all necessary steps to ensure that they are aware of all relevant information.

Disclosure of registered interests by Board members and higher-paid employees

Standards for England maintains a comprehensive register of interests for Board members and higher-paid employees, which is available for public inspection on our website (www.standardsforengland.gov.uk) or on application to the secretary to the Board. Members of the public may also visit Standards for England's offices during normal working hours to inspect the register.