

Committee on Standards in Public Life

Twelfth Inquiry on Local Leadership and Public Trust: Openness and Accountability in Local and London Government

Memorandum by the Department for Communities and Local Government

Introduction

- 1. Communities and Local Government (CLG) welcomes the Committee's review of how well the governance arrangements for London and local government across the United Kingdom reflect the Seven Principles of Public Life, and the impact these governance arrangements have had on public trust and confidence in public office holders. We are pleased to have the opportunity to contribute to the Committee's Inquiry.**
- 2. The responsibilities of CLG include taking a strategic lead across Government in relation to England on:**
 - **cohesive, empowered and active communities and citizens;**
 - **strong and accountable local government and leadership;**
 - **better local services and environment; and**
 - **regeneration and investment in our towns, cities, regions and neighbourhoods.**

Accordingly, the Department's strategic objectives include:

- **to support local government that empowers individuals and communities and delivers high quality services efficiently;**
- **to build prosperous communities by improving the economic performance of cities, sub-regions and local areas, promoting regeneration and tackling deprivation; and**
- **to develop communities that are cohesive, active and resilient to extremism.**

The Department also leads on Public Service Agreement 21 – one of the cross government public service agreements – to *Build more cohesive, empowered and active communities*, with the aim to create thriving places with shared values and a sense of belonging.

- 3. Responsibility for these matters in relation to Northern Ireland, Scotland and Wales are primarily those of the relevant devolved administration – the Northern Ireland Executive, Scottish Government, and Welsh Assembly**

Government. This memorandum therefore focuses on local governance in England, including London.

The importance of local governance

- 4. The Government's consistent aim is for better outcomes economically, socially, environmentally and culturally for people and places everywhere across the country. This necessitates:**
 - **empowering individuals and communities – giving citizens trust and confidence in local leadership and opportunity to get involved in key local public services, ensuring their voices are heard and their views make a difference;**
 - **delivering high quality public services – services that can be delivered efficiently, flexibly, meeting local needs and responding to local demands, and which are co-ordinated across all service providers and achieve equity and value for money; and**
 - **actively promoting economic development and regeneration – encouraging the creation of economically strong cities and regions which drive forward national prosperity and provide opportunity and social justice for all.**
- 5. An essential pre-requisite for achieving these goals is that there are effective governance arrangements for places everywhere, and for the delivery of public services. Such governance arrangements can be seen as embracing the structures, rules, processes and behaviours through which:**
 - **policies and strategies for a place are developed;**
 - **decisions are taken, both in relation to those policies and strategies, and to their implementation, including on the front line delivery of services; and**
 - **those decisions are reviewed and decision takers are held to account – that is to explain and provide reasons for their decisions; to accept responsibility and criticism when things go wrong and provide opportunity for redress, and to acknowledge and respond to success.**
- 6. The democratically elected local authorities will be at the core of governance for a place. This is particularly important given the devolutionary agenda which the Government has consistently pursued since 1997. However, such local governance cannot be limited simply to the processes of a local authority, but necessarily covers the role and relationships of the local authority with other partners who may have an impact on the place. Local governance thus includes how different levels of government work together to deliver the outcomes for the place. Local Strategic Partnerships, Local Area Agreements and the local authority performance regime, now centred on Comprehensive Area Assessment, are therefore all important elements of local governance.**

7. **The acid test as to the effectiveness of any local governance arrangements for a place is whether the arrangements are those best suited to secure the delivery of the outcomes - economically, socially, environmentally and culturally – that are being sought for the place. There is no one model of local governance which can be said to achieve this, not least because places are very different. To be effective, a local governance model must, above all, be appropriate to the place, and to the priority outcomes being sought for that place.**

Good local governance

8. **Whilst within the UK and across European and other democratic states there is a wide range of local governance models, in part reflecting that different places may need different models, there are broad principles which underlie any adequate system of democratic governance. Such principles have been expressed by the Organisation for Economic Co-Operation and Development (OECD) as transparency, accountability, accessibility, representativeness, constitutionality and protection of fundamental freedoms¹. Equally, in the European Commission's Governance White Paper, they have been expressed as openness, participation, accountability, effectiveness and coherence².**
9. **During the UK's 2005 Presidency of the EU, the then 25 Member States agreed at the Ministerial Informal Meeting in Bristol a number of elements and principles of effective democracy and good governance. These are set out at Annex A and identify four key elements of effective democratic governance:**
 - **effective citizen participation (involving society, social partners, and all levels of government) through both representative and appropriate forms of participatory democracy, designed to give communities power and influence over the decisions that affect them;**
 - **decisions and actions to be taken at the right level – be it the neighbourhood, local, regional, national or European level – the principle of subsidiarity is the guide here;**
 - **effective leadership of place; to create a vision of the place, gain the community's acceptance of that vision, and working with partners to secure its successful delivery; and**
 - **high standards of conduct, skills and communications, in particular communication between different types of professionals.**
10. **To be effective, a governance model must deliver all four of these key elements which recognise the importance of a devolutionary approach allowing decisions to be taken at the right level and which are closely**

¹ **Cities for Citizens: Improving Metropolitan Governance, OECD 2001**

² **European Governance: A White Paper, European Commission, 2001**

interconnected. For example, without effective participation, necessarily built on trust, leadership will lack legitimacy and fail to deliver the acceptance, and hence effective implementation, of its vision. Without high standards of conduct, citizens will lack the trust and confidence necessary if they are to effectively participate and be fully empowered. And without effective leadership, the participation of citizens and the highest standards of conduct will be to little or no avail in achieving the outcomes sought for people and places.

Local governance today

11. Against this background, the Government's approach has been to legislate for a framework for local governance which:

- empowers local people and councils to have a real choice about the local governance arrangements they adopt for their area,**
- which includes certain required items for any local governance arrangements, and**
- which rules out certain other aspects of governance arrangements.**

The required items are those which the Government considers are essential for there to be good local governance, and conversely those ruled out are aspects which, if included in a governance model, the Government believes would inhibit good governance. In making these judgements about good governance the Government has had regard not only to the principles of good governance (see paragraph 9), but also to its vision for local government and the outcomes it is to deliver for people and places (see paragraph 4).

12. This approach to local governance has led the Government to require that in all but the smallest principal authorities, the council's governance arrangements will be centred on an executive. It has equally led to requiring that all councils must have arrangements for overview and scrutiny, even where there is no executive, and it has led to all councils being required to have a standards committee and to adopt a code of conduct for members as part of a national conduct regime. The Government considers that any local governance model must contain all these requirements if, given the role of councils today, that governance model is to meet the test of good governance, namely delivering the principles of good governance and being well suited to secure the outcomes sought for people and places.

13. Similarly, the Government has ruled out any local governance model being based on the traditional committee system. It has done so as it believes that any governance model with the traditional committee system would not meet the test of good governance. It considers that a committee system is inefficient and opaque. With the committee system there is either no effective executive, resulting in poor strategic leadership, or there is an informal executive which, whilst providing some leadership, is necessarily opaque and lacking in accountability.

14. Annex B summarises today's local governance framework for England. It illustrates how local governance is a package of structures, procedures, rules and behaviours. These can be summarised as:

- **Structures: unitary governance or two tier governance, which in either case, may or may not include parish and town councils.**
- **Council constitutions: Executive Arrangements, Overview and Scrutiny, Standards Regime, Standards Committees and Access to information**
- **External partnerships: Local Strategic Partnerships, Local Area Agreements, Ombudsman and Standards Board.**

Within this framework there is considerable choice. Local people and councils can choose whether to have a parish council. In two tier areas the Government invited councils to come forward with proposals for new innovative unitary structures. Councils can choose the form of their executive arrangements – whether to have indirectly elected leader or directly elected mayor - and local people can through referendums also make this choice. Each council decides its code of conduct for members having regard to a national model. The form of Local Strategic Partnerships are for local choice and the Local Area Agreements reflect local priorities.

15. The Government has adopted a similar approach in London where, following a city-wide referendum in 1998, a directly elected executive Mayor of London was established to provide strategic leadership to the capital, scrutinised by an elected London Assembly. It is this form of governance which the Government believes is essential if in the context of London the test of good governance is to be met. Annex C looks at London governance arrangements in more detail.

Future local governance

16. The framework for local governance today and the local governance arrangements in place across the country follow a process of reform begun in 1998 with the White Paper *Modern Local Government: In touch with the people*. In the resulting reforms of local governance put in place by the Local Government Act 2000, the Government saw as a priority that there needed to be improvements in the effectiveness, transparency and accountability of local government.

17. These reforms, as indeed future reforms from 2006 onwards were in the context of the Government adopting a devolutionary approach to governance. The Government believes that wherever possible powers should be devolved to the lowest practical level. The Scotland Act 1998 and Government of Wales Act 1998 enabled the creation of the Scottish Government and National Assembly for Wales, its approach to local governance has been to devolve power to councils, and indeed it believes that councils should devolve powers to local communities where it is practical to do so.

18. The 2006 White Paper - *Strong and Prosperous Communities* - built on this devolutionary approach.... It recognised the importance of local governance being effective, accountable and responsive and the 2008 White Paper - *Communities in Control* - focused on the priority of local governance arrangements being such as to empower local people and communities; that is, to pass more power to more people through every practical means.
19. In 2007, an evaluation³ of the 2000 Act reforms showed that there was general agreement that the aim of enhancing effective leadership has been met, that the new executive arrangements have bedded down well, that the reforms have made a positive contribution to democratic renewal and accountability. However, the picture on checks and balances – particularly overview and scrutiny – was more variable, although the study concluded that the then standards regime was working as an effective mechanism. Overall, the study concluded there was a consistent relationship between authorities with stable and empowered political leadership and better service performance and greater citizen satisfaction.
20. The study also concluded that the impact of the changes introduced by the Act on citizens' sense of trust in local government and electoral turnout have been limited. It found that the proportion of citizens expressing positive trust for their local authority was on average approximately 43%, and the proportion actively expressing distrust 27%. The study commented that “in the context of a civic culture that appears to have an ingrained lack of trust in politicians local government's rating could be seen as not too disappointing”.
21. A further study⁴ published in April 2008 shows a steady increase in the level of public trust in local government, from 52% (% of people who trust “a lot” or “a fair amount”) in 2001, to 60% by 2007. Indeed, councils are the only public institution to register such a consistent increase. However, trust in the Greater London Authority fell from 47% in 2005 to 44% in 2007.
22. Against this background, further reforms were made in 2007 strengthening the leadership capacity of executive arrangements as well as enhancing overview and scrutiny in particular to enable scrutiny and review to be effective in the context of Local Area Agreements. In the Local Democracy, Economic Development and Construction Bill currently before Parliament further reforms are being taken forward. These are focussed on strengthening overview and scrutiny, enhancing democracy and providing new powers to hold officers to account, thereby further empowering local people. In addition, the standards regime is being reformed in light of the Committee on Standards in Public Life's recommendations that it should be

³ New Council Constitutions: The Outcomes and Impact of the Local Government Act 2000, CLG 2007.

⁴ The State of Local Democracy: The Impact of Policy Changes on Accountability and Public Confidence, Cardiff Business School, Cardiff University and INLOGOV, University of Birmingham, 2008.

a locally based regime with the Standards Board having the role of a strategic regulator.

Local Governance and the Seven Principles of Public Life

23. Finally in this Memorandum, we look specifically at the relationship between the Seven Principles of Public Life and good local governance. The Seven Principles fundamentally relate not to governance models but to the conduct of those holding public office, whether as elected office holders or officers, as they carry out their duties. These principles apply equally to strategic decision takers, to those who through scrutiny hold such decision takers to account, to those delivering front line services and to those representing the communities that have elected them. These principles are not about what structures and rules should be in place, nor about the forms of particular governance models. However a governance model may facilitate conduct in accordance with the principles, or indeed may mitigate against such conduct.

24. As explained above, the Government sees that high standards of conduct is one of the elements of good governance. Conformity with the Seven Principles is the touchstone of high standards of conduct and the local governance models which are available to councils have therefore been designed to:

- facilitate and promote conduct in accordance with the Seven Principles; and**
- provide confidence that conduct contrary to the principles**
 - i. is rendered unlikely through rules, incentives and the creation of a culture; and**
 - ii. if such conduct occurs, is likely to be readily and appropriately dealt with.**

25. The following required items for local governance arrangements particularly contribute to facilitating conduct in accordance with the Seven Principles:

- the required standards regime centred on a model code of conduct based on “The General Principles” - ten principles, approved by Parliament, essentially incorporating the Seven Principles of Public Life to which are added principles on personal judgement, respect for others, duty to uphold the law and stewardship (see appendix to Annex B);**
- the requirements for overview and scrutiny and access to information whereby decision takers are held to account so that:**
 - i. decision takers are known;**
 - ii. decisions can be challenged and examined publicly; and**
 - iii. the reason for the decision can be publicly tested.**
- the requirement for a formal executive, whereby it is clear and transparent who is responsible for what and that there is a clear centre of**

leadership appointed by transparent and open rules so that local people know who to hold to account, to praise and who to blame.

Conclusion

26. High standards of conduct, which can be characterised as conduct in conformity with the Seven Principles of Public Life, is one of a number of interconnected essential elements of good local governance – other essential elements including citizen participation, effective leadership and decisions being taken at the right level. Through our reforms over the last decade, we have sought to create a statutory framework to deliver across the country good local governance, necessarily tailored to the circumstances of particular places, and through which local people and communities can achieve success – economically, socially, environmentally and culturally. Whilst we are not complacent and recognise there remains more to do, particularly to strengthen overview and scrutiny and to empower citizens, the evidence we have is that we have gone a considerable way to deliver good governance for our towns, villages, counties and cities, including London.

ELEMENTS AND PRINCIPLES OF GOOD GOVERNANCE

1. Key elements of the effective democratic governance of places are –
 - effective citizen participation (involving society, social partners, and all levels of government) through both representative and appropriate forms of participatory democracy, designed to give communities power and influence over the decisions that affect them;
 - decisions and actions to be taken at the right level – be it the neighbourhood, local, regional, national or European level – the principle of subsidiarity is the guide here;
 - effective leadership of place; to create a vision of the place, gain the community's acceptance of that vision, and working with partners to secure its successful delivery; and
 - high standards of conduct, skills and communications, in particular communication between different types of professionals.
2. Governance means the rules, processes and behaviour that affect the way in which powers are exercised.
3. In any context good governance is characterised by the five principles of openness, participation, accountability, effectiveness, and coherence.
4. Effective democracy and good governance at the European, national, regional, and local level are built on the six pillars of pluralist democracy, the rule of law and constitutionality, Human Rights, a fair and accurate media, an effective and active civil society, and a fair and open market-based economy.
5. Sustainable communities also means safeguarding the interests of future generations.
6. European values, standards and norms on Human Rights, democracy and the rule of law are expressed in the acquis of the Council of Europe, in particular in the European Convention on Human Rights and Fundamental Freedoms and the European Charter of Local Self-Government.
7. There is great diversity of governance arrangements across Europe's cities, towns and regions; governance arrangements, whilst meeting European values, need to reflect the traditions, culture, and circumstances of the place.
8. The Principles of Metropolitan Governance (Appendix I) adopted and published by the OECD in 2001 in "Cities for Citizens – Improving Metropolitan Governance" can be seen as a bench mark for the governance of metropolitan areas and as a pointer to what may be good governance in other areas.

Appendix I: OECD Principles of Metropolitan Governance, 2001
from “Cities for Citizens – Improving Metropolitan Governance” (OECD, 2001)

There is no one model of metropolitan governance. It is clear that (in addition to the broad principles which underlie any adequate system of democratic government – transparency, accountability, accessibility, representativeness, constitutionality, and protection of fundamental freedoms) a number of principles can also be applied in order to define the adequacy of systems of governance for metropolitan regions in the 21st century:

Cities for Citizens: Cities should be developed, not only to meet the needs of the economy, but also to help fulfil the aspirations of people for a higher quality of life through measures that can also maintain and enhance the attractiveness and liveability of cities.

Coherence in Policy: the objectives and institutional frameworks of metropolitan governance should be adapted to and focused on key local problems such as economic development, affordable housing, congestion, sprawl, safety, environmental quality, and the regeneration of older areas, which should be tackled simultaneously, taking into account linkages and trade-offs.

Co-ordination: Metropolitan governance must reflect the potential and needs of the entire urban region. The roles and responsibilities of each level of government in respect of metropolitan areas should be clearly defined in order to facilitate policy coherence and cross-sectoral integration. Given the administrative fragmentation of metropolitan regions, co-ordination is also necessary among local authorities across jurisdictions, and between elected authorities and various regional boards or agencies with functional or sectoral responsibilities.

Endogenous Development: Rather than basing economic development mostly on attracting investment through financial and fiscal incentives, emphasis should be put on investment in infrastructures and human development to take best advantage of local resources. Metropolitan governance can help to set priorities, taking a coherent approach to development based on the strengths and opportunities of a region.

Efficient financial management: Metropolitan governance should allow for the costs of measures to be reflective of benefit received and assure complete transparency, accountability and monitoring. It should also guarantee that all parts of the urban region are considered in assessments of the appropriate level for and of the costs and benefits of public services.

Flexibility: In order to adapt as necessary to economic and social trends, technological innovation and spatial development, institutions have to be open to changes. A forward-looking, prospective approach is also indispensable to allow for flexibility as well as sound strategic planning.

Participation: Given the growing diversity and size of metropolitan regions, governance must allow for the participation of civil society, social partners and all levels of government involved in the metropolitan area. New technologies and methods of communication can encourage and support more interactive policy environments, bringing government close to people.

Particularity: Except where the case for standardisation is justified, policies and institutions of government must be crafted to fit the unique circumstances of various parts of the country and to achieve the best cost efficiency of measures.

Social cohesion: Metropolitan governance should promote a mix of population, non-segregated areas, accessibility and safety, and the development of opportunity, and facilitate the integration of distressed urban areas.

Subsidiarity: Services must be delivered by the most local level unless it has not sufficient scale to reasonably deliver them, or spill-overs to other regions are important.

Sustainability: Economic, social and environmental objectives must be fully integrated and reconciles in the development policies of urban areas, as reflected in the concepts of the healthy city and the ecological city; in the context of the wider bio-region, this implies greater co-operation between urban and rural areas.

LOCAL GOVERNANCE FRAMEWORK - ENGLAND

Set out below are some of the key elements of the current local governance framework in England.

Structure

1. From 1 April there will be 353 principal local authorities in England, broadly falling into 3 categories:
 - 125 unitary authorities (including metropolitan and London Borough councils), in general providing all local government services to their areas;
 - 27 county councils and 201 district councils in two tier areas providing between them the range of local government services to their areas.
2. Within both unitary and two-tier areas, there are also some 9000 parish councils which vary enormously in size and activities, representing populations ranging from less than 100 to up to 77,000.

Council Constitution

Executive Arrangements

3. All councils serving a population of above 85,000 are required to adopt one of two executive governance models, a directly elected mayor and cabinet; or an indirectly elected council leader and cabinet. In the mayor and cabinet executive, the mayor is directly elected by local government electors in an authority's area, whereas in the leader and cabinet executive, the leader of the council is a councillor elected by his/her fellow councillors.
4. The decision on which model to adopt may be taken by the council following consultation with the local community or directly by local people through a binding referendum following a petition. In both models, the directly elected mayor or indirectly elected leader will have a range of policies to implement while in office with the help of their cabinet.

Overview and scrutiny

5. All principal local authorities are required to have at least one overview & scrutiny committee to review and scrutinise decisions and actions of the executive or the council and make reports or recommendations to the council or executive; and undertake a review and make recommendations on any matter affecting the local authority area or its inhabitants.
6. Committee membership comprises councillors who are not members of the executive and reflects the political balance of the authority. Non-council members can also be co-opted onto the committee. Amongst other things a scrutiny committee has the power to 'call-in' an executive decision it is particularly

concerned about, during a short period after that decision is made. The effect of call-in is to suspend the implementation of that decision for a short period whilst the overview and scrutiny committee holds a meeting to consider it. The decision can then be referred back to the executive for further consideration, or – if the overview and scrutiny committee believes the decision was taken outside the policy or budget framework – be referred to the full council for consideration.

7. There are separate arrangements established by other Acts for overview and scrutiny committees if they are investigating health service or crime and disorder matters.

Standards Regime

8. The Code of Conduct for local authority members is a fundamental aspect of the standards regime. Introduced for the first time in 2001, it governs the behaviour of local authority members when they are discharging their duties in public life and contained key elements such as; treating people with respect, not bringing your office into disrepute, the declaration of personal and prejudicial interests and not using your position to gain personal advantage. The Code is founded on “The General Principles” – ten principles which have been approved by Parliament and are set out in The Relevant Authorities (General Principles) Order 2001 (SI 2001 No 1401). These are at the appendix to this annex.
9. The Code was revised in 2007 to be simpler, clearer and more proportionate. It was also modified to allow councillors more freedom to represent their constituents where they might also have a personal interest in the matter being discussed. Consultation on further modification to the Code, to extend it into private life so that if a local authority member commits a criminal act this is caught by the code, has just concluded and revision of the legislation to reflect this will follow in due course.

Standards Committees

10. Under the 2000 Act every local authority must also establish a standards committee. The standards committee must be chaired by an “independent member” (i.e. some one who is not a member or officer of the authority or a friend or family member of an officer or member of the authority) and at least two elected members of the authority. The general functions of the standards committee are to promote and maintain high standards of conduct by members of the authority and assist members in observing the code.
11. In May 2008 certain aspects of the conduct regime were devolved to local authorities, with local authority standards committees now responsible for the behaviour of their own members and responsible for investigating all but the most serious allegations of breaches of the Code of Conduct. Where, following an investigation by a local authority monitoring officer a standards committee determines that a member has failed to comply with the code it may impose a sanction on the member. The sanctions available to a standards committee range from censure to the suspension of a councillor from office for up to six months.

12. In more serious allegations of misconduct a standards committee may refer an allegation to the Adjudication Panel to determine and, where appropriate, impose a sanction.

Access to information

13. Local authorities are required to make the majority of information it holds publicly available. The general position is that local authorities are required to make all information it holds publicly available unless it is specifically prevented from doing so by other legislation such as the Data Protection Act 1998. Such exemptions are limited.
14. More generally, in terms of council meetings, the Local Government Act 2000 provides that where local authority executives take key decisions collectively, or where there is substantive discussion with officers present, such meetings must generally be held in public and records of all key decisions must be kept. There must be at least five clear days between papers relating to key decisions being made publicly available and such decisions being taken. Special procedures apply if key decisions need to be made urgently.

External partnerships

Local Strategic Partnerships

15. The Local Strategic Partnership (LSP), is a single body that brings together at a local level the different parts of the public sector as well as the private, business, community and voluntary sectors so that different initiatives and services support each other and work together. It is a non-statutory partnership which is responsible for developing and driving the implementation of Community Strategies and Local Area Agreements (LAAs) and the membership and priorities of LSPs will vary from place to place depending on the local issues that need tackling.

Local Area Agreements

16. Everywhere in England currently has a Local Area Agreement (LAA), which sets out up to [35] key priorities for a local area agreed between government and the local authority and its partners in the area. These priorities are specifically tailored to the needs of the area. LAAs simplify some central funding, help join up public services more effectively and allow greater flexibility for local solutions to local circumstances, with councils at the heart of the process.
17. LAAs devolve decision making, recognising that 'one size does not fit all' and local services should reflect what local people want. They give more flexibility to local authorities and other public sector organisations in the ways they deliver services and make them more accountable to local people.

Local Government Ombudsman

18. The Local Government Ombudsman was set up by the Local Government Act 1974 and is charged by Parliament to provide redress for members of the public who believe they have suffered injustice as a result of maladministration by bodies within their jurisdiction. The Ombudsman may also give advice and guidance to councils on administrative practice. Only members of the public can complain to the Ombudsman. The legislation prevents councillors making a complaint to the Ombudsman in their official capacity, nor can the Ombudsman consider complaints from corporate bodies, such as parish councils.

Standards Board and Adjudication Panel

19. The Standards Board for England is the independent non-Departmental Public Body charged with promoting and maintaining high standards of conduct in local Government by providing advice and guidance to councils. Until May 2008 the Standards Board also investigated complaints and on average received around 3,500 complaints a year, 66% of which were from the public by 2007-2008. The Standards Board retains responsibility for investigating the most serious breaches but otherwise has a new role, that of strategic regulator for local authorities.
20. The Adjudication Panel is a separate independent body established to hear serious cases. Cases are heard by case tribunals drawn from the members of the Adjudication Panel and can impose penalties for breaches of the code of conduct ranging from censuring the member to disqualification from office for five years.

Performance Framework

21. From 2009, council performance will be monitored through the new Comprehensive Area Assessment (CAA). The CAA looks at how well local services are working together to improve the quality of life for local people. It will make straightforward independent information available to people about their local services, helping them make informed choices and influence decisions.
22. Combining the perspectives of the seven partner inspectorates, CAA will provide a joint assessment of outcomes for people in an area and a forward look at prospects for sustainable improvement. For the first time, local public services will be held collectively to account for their impact on better outcomes. This means that CAA will look across councils, health bodies, police forces, fire and rescue services and others responsible for local public services, which are increasingly expected to work in partnership to tackle the challenges facing their communities.

THE GENERAL PRINCIPLES

Selflessness

Members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

Honesty and Integrity

Members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.

Objectivity

Members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

Accountability

Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

Openness

Members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

Personal Judgement

Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for Others

Members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers, and its other employees.

Duty to Uphold the Law

Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship

Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

Leadership

Members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

LONDON GOVERNANCE

1. The creation of the Greater London Authority – consisting of a directly elected Mayor of London and elected London Assembly – was one of the Government’s major steps in its first term of office towards a more devolved, democratic United Kingdom. It not only restored city-wide government to London fourteen years after the abolition of the Greater London Council, but more importantly, introduced a new, radical approach to governing the capital.
2. The Greater London Authority Acts⁵ set out a unique statutory framework specifically designed to reflect the complexities of governing a major world city like London. This framework has given the Mayor significant powers and responsibilities – largely devolved down from central Government - to make a real difference to the future direction of London and lives of Londoners.

Openness and accountability at the GLA

3. The Government believes that the GLA Acts put the Committee’s principles of openness and accountability at the heart of the GLA. The GLA’s statutory framework is specifically designed to ensure the Mayor provides strong leadership to London in a way which is open, transparent and clearly demonstrates his accountability to Londoners.
4. First and foremost, the London Assembly was specifically created to hold the Mayor to account on behalf of Londoners and provide the main focus of political scrutiny. The Mayor is required to produce a periodic report to the Assembly and attend meetings of the Assembly to answer questions ten times a year. The Assembly has also significant scrutiny powers, including the power:
 - to summon GLA and functional body officials, as well as any person in receipt of a grant or contract with the GLA, to give evidence at an Assembly meeting;
 - to require the disclosure of relevant documents from GLA and functional body officials, as well as any person in receipt of a grant or contract with the GLA; and
 - to hold non-binding confirmation hearings in relation to key Mayoral appointments.
5. Second, there are a set of specific duties on the Mayor to ensure his decision making is open and transparent to Londoners, including duties to consult on his draft strategies for London and to hold two People’s Question Times and a public State of London debate each year.
6. Finally, the GLA is subject to the statutory local government frameworks in place to ensure good corporate governance and financial standing. These include the

⁵ For the purpose of this memorandum, the references to the GLA Acts refer to the GLA Act 1999, as amended by the GLA Act 2007.

Audit Commission's financial and audit framework for local government, the best value regime, and the ethical standards framework for local authority elected members – where openness and accountability are key underlying principles.

7. The Government believes that the GLA's statutory framework, as it stands, provides the necessary statutory underpinning to enable it to flourish as a democratic and publicly accountable institution at the heart of London's life. It would be inappropriate for either Parliament or the Secretary of State to prescribe in more detail how the GLA should operate. It must be for the Mayor and Assembly themselves to ensure that there is the necessary political culture at the GLA to support openness, accountability and the other Seven Principles of Public Life.

Mayoral appointments at the GLA

8. The Government believes it is entirely appropriate for the Mayor to have the power under the GLA Acts to appoint up to twelve staff members (including two political appointments) at the GLA. The Mayor has a unique role providing strategic direction to London, and he needs a small team of often high profile advisers who he can trust and be closely identified with the delivery of his objectives and priorities for London.
9. The statutory framework is clear that ten of the Mayor's twelve appointments must be made on merit, and that all appointments are covered by the wider political restriction provisions for local government officials under the Local Government and Housing Act 1989.

Accountability of functional bodies

10. The Government believes that there are clear accountability arrangements in place under the GLA Acts for the four functional bodies - Transport for London, London Development Agency, Metropolitan Police Authority, and London Fire and Emergency Planning Authority - although the particular governance arrangements for each functional body varies reflecting the specific nature of the functions it provides.
11. Ultimately, political accountability for each functional body rests with the Mayor in virtue of his specific powers over that body, including the power to appoint its members, set its budget through the GLA budget setting process, issue directions and guidance to the body, and chair the body (in case of TfL and MPA). But each functional body is an independent public body, and the body's members are accountable for the activities of that body operating within its statutory framework – a position similar in many ways to the accountability arrangements for a Non-Departmental Public Body sponsored by a Secretary of State.
12. It is primarily the role of the London Assembly to hold each functional body to account for its actions on behalf of Londoners. Its scrutiny powers enable it to require the chair, any member or a senior official of each functional body to attend an Assembly meeting for questioning or provide the Assembly with relevant documents.

Openness and accountability in relation to London's other public bodies

13. The statutory framework for the GLA under the GLA Acts is deliberately designed to ensure the GLA's role is strategic and does not duplicate the role of the local tier of government – the boroughs and City of London Corporation – responsible for local services in London.
14. The Government believes that it is entirely right for London Boroughs to be actively engaged and interested in the work of the GLA, given its impact on their local areas and communities in London. The Mayor is required under the GLA Acts to consult London Boroughs on a wide range of functions, including draft Mayoral strategies, the use of his general power, and annual budget setting process. It would, however, be inappropriate for boroughs to have a statutory role holding the Mayor to account for his actions; this should be primarily the role of the Assembly which is able to take both a strategic city-wide perspective of his activities and a more local perspective through its constituency members.
15. Similarly, central Government, including the Government Office for London, and the Government's agencies continue to play an important role shaping the future direction of London and the delivery of its key public services through regulation, tax and spending decisions, and the direct delivery of key services such as the welfare system, National Health Service and the criminal justice system.
16. It would be inappropriate for the Assembly to scrutinise Ministers and senior civil servants from central Departments, including GOL, about their activities in relation to London as it is the role of Parliament to hold them to account. The Government has recently indicated its intention to bring forward proposals shortly to strengthen Parliament's scrutiny of activities by central Government and its agencies in London.⁶

⁶ Harriet Harman's statement to the House as part of the debate on regional accountability, 12 November 2008.

