

Afternoon discussion

Restoring public trust – a clash between public and private values? Lord Bew, Chair, Committee on Standards in Public Life

Wednesday 23 May 2018

Background:

The IBE's recent survey of the [British public's attitude to business ethics](#) showed that the public's opinion of business behaviour appears to be improving, with over half (52%) now saying they consider that business behaves ethically.

Although this recovery is encouraging, it may be that business is positively benefiting from the scandals that have hit other sectors, including Westminster.

Public private partnerships have been the subject of public debate since they began in the late 1980s. The collapse of Carillion has brought fresh calls to examine the ethical standards of private companies who deliver public services under contract to government.

But there is also an issue of trust in the ability of governments to procure services and manage these contracts appropriately.

Politicians remain the least trusted profession in Britain, according to the 2017 Ipsos MORI Veracity Index, which reveals the esteem the British public holds for a variety of professions.

This has led to questions being asked about how far we can trust government to protect the public purse.

Introduction:

Philippa Foster Back opened the event by welcoming the audience. She introduced Lord Bew to the audience and highlighted the importance of the work of the Committee on Standards of Public Life. Lord Bew is the Chair of the Committee, which advises the Prime Minister on the standards of conduct for public life. She highlighted that there is an increased awareness among members of the public about how public services are delivered. Since public services no longer remain the sole responsibility of public providers, it is also necessary and timely to revisit the topic, first addressed by the IBE in 2005, on how private companies should live up to high ethical standards in the delivery of public services.

On the 10 May 2018, the Committee on Standards of Public Life published its report [The Continuing Importance of Ethical Standards for Public Service Providers](#). It is the Committee's eighteenth report and as previous reports on this topic provides guidance to the Government on how to reinforce ethical standards and an ethical culture in the delivery of public services. He reiterated that the Committee is an advisory, non-partisan body, solely responsible for advising the Prime Minister. It does not have any regulatory or enforcement capacities.

Presentation:

Lord Bew began his presentation by thanking the IBE for its support when drafting this report.

Lord Bew said the Committee was established in 1994 under the Chairmanship of Lord Nolan. At the time, the public was alarmed about the standards of public life, following instances such as the "cash for questions" scandal. In response to this crisis, the then, Prime Minister John Major, set up the Committee.

The Committee first set the following principles for public life:

- **Honesty:** *Holders of public office should be truthful.*
- **Accountability:** *Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.*
- **Integrity:** *Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.*

- **Selflessness:** *Holders of public office should act solely in terms of the public interest.*
- **Openness:** *Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing*
- **Objectivity:** *Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.*
- **Leadership:** *Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.*

These have become known generally as the Nolan Principles.

Lord Bew highlighted that these principles still guide the Committee today and have become a measurement of how to judge standards in public life. Although all principles are desirable, he underlines that they are insufficient in securing high ethical standards on their own, but instead can only work if they coexist with a liberal democratic society. Issues surrounding trust and transparency are particularly ambiguous. They do need to be promoted, but he cautioned against treating them as efficient measures on their own. The principles have been widely accepted and there have been some notable positive changes in the delivery of public services, but more work needs to be done to hold public service providers accountable.

Lord Bew pointed out that more thorough discussion around the application of the seven principles in the private sector began in 2013, as the Government asked the Committee to extend its work to all providers of public services. Some key points he drew out during the presentation included:

- **A greater awareness about ethical standards among the public.** While the public does not have any ideological or sentimental preferences when it comes to who provides the public services, they are more concerned about the quality and ethical standards of those services and their providers. As a result, the awareness among private companies in this sector has risen, many of which now have a specific infrastructure in place which controls the ethical standards in public service contracts.
- **Leadership and the right culture are crucial.** Codes of Conduct have evolved over the past few years and have become more meaningful. However, they have little effect without the right culture and leadership. Lord Bew underlined the importance of leadership in public life. Leaders are the key in promoting high ethical standards and leaders, especially those in public life, cannot delegate this responsibility to their staff.
- **Application of the Seven Principles in the private sector.** The seven principles are often regarded as a potential point of conflict for the private sector. Especially, the value of selflessness which is seen as difficult to apply in private companies.

The key question in discussions about how to apply this value in the private sector revolves around whether it is reasonable to expect that directors in the private sector should adopt this principle when they have a duty to shareholders to promote the success of the company.

Lord Bew reiterated that the Committee is well aware of this tension. He acknowledged that the application of the seven principles in the private sector is not always straightforward, but also that there is no reason why they should not work in there. The principles have been tried and tested over the last 30 years and the Committee is confident that they can and should be applied as a measure of ethical standards in public life, independent of who is providing the services.

- **More consistency in applying the seven principles.** Public service providers have developed greater awareness of their responsibility to uphold ethical standards in the delivery of public services, but remain reticent in describing how they apply the seven principles to their work.
- **Enforcing the seven principles** does not solely remain a matter of government. Private companies carry an equal responsibility for developing effective internal governance mechanisms, which ensure the implementation of the seven principles.

Following the presentation, the audience was given the opportunity to ask questions. The audience was particularly interested in the application of selflessness in the private sector and the origin of the Nolan Principles

and the suggestion made that perhaps either selflessness be replaced or an eight principle be added – stewardship. This term applies equally to people working in the public, private or third sector.