



Local government: transparency agenda

Standard Note: SN/PC/06046

Last updated: 4 August 2011

Author: Keith Parry

Section Parliament and Constitution Centre

The Coalition's *Programme for Government* promised to “throw open the doors of public bodies, to enable the public to hold politicians and public bodies to account”. In June 2010 ministers announced a programme for greater transparency in local government. This included encouraging councils to publish online details of all items of expenditure over £500, a move that would unleash an “army of armchair auditors”.

In February 2011, the Government consulted on a draft code of recommended practice on data transparency. This set out minimum expectations of the data to be published by local authorities. In parallel with this, the *Localism Bill 2010-12* includes provisions on pay transparency. Councils will be required to publish and approve a pay policy statement focusing on levels of remuneration of chief officers. This note provides further detail on these and other aspects of the transparency agenda.

This information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as being up to date; the law or policies may have changed since it was last updated; and it should not be relied upon as legal or professional advice or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.

This information is provided subject to [our general terms and conditions](#) which are available online or may be provided on request in hard copy. Authors are available to discuss the content of this briefing with Members and their staff, but not with the general public.

Contents

1	Background	3
2	Progress	4
3	Guidance	5
4	Code of practice	5
5	Pay transparency: the <i>Localism Bill</i>	6
6	Responses	6

1 Background

The Coalition's *Programme for government* contained a section on government transparency. This stated:

The Government believes that we need to throw open the doors of public bodies, to enable the public to hold politicians and public bodies to account. We also recognise that this will help to deliver better value for money in public spending, and help us achieve our aim of cutting the record deficit. Setting government data free will bring significant economic benefits by enabling businesses and non-profit organisations to build innovative applications and websites.¹

Among the commitments specifically affecting local authorities were the following:

- We will require all councils to publish meeting minutes and local service and performance data.
- We will require all councils to publish items of spending above £500, and to publish contracts and tenders in full.
- We will ensure that all data published by public bodies is published in an open and standardised format, so that it can be used easily and with minimal cost by third parties.

The **programme for greater transparency** in local government was outlined by Eric Pickles at the beginning of June 2010.² Councils were being urged to publish details of all spending over £500 in full and online. The changes would unleash "...an army of armchair auditors" as well as encouraging people, including the voluntary sector and small business, to pitch for contracts. The press release stated:

Financial disclosure will act as a trigger enabling local taxpayers to see how councils are using public money, shine a spotlight on waste, establish greater accountability and efficiency, open up new markets and improve access for small and local business and the voluntary sector.

It continued:

Building on excellent work already under way in some councils, the route map sets down a plan of action that will see a wealth of data being made available online including:

- **Local government salaries** - Government will consult on greater disclosure of senior staff salaries by name and job descriptions
- **Councillor allowances and expenses** - Greater clarity on councillors' costs
- **Council minutes and papers** - consistent publication of what is being discussed and what has been decided
- **Job vacancies** - showing local people what kind of jobs are contributing to the wage bill, driving down advertising costs and allowing comparison of pay ranges

¹ HM Government, *The Coalition, Our programme for government*, May 2010, section 16

² DCLG, *Eric Pickles – new era of transparency will bring about a revolution in town hall openness and accountability*, 4 June 2010

- **Frontline service data** - including rubbish and recycling rates, council tax collection rates and details of major planned projects
- **Licensing applications and decisions** - giving residents more clarity on what was happening in their area and an early opportunity to raise concerns or objections
- **Planning applications and decisions** - making sure residents have online access to information about planning applications that could affect them and the look and feel of their area, and making it easier for them to influence emerging development ideas
- **Food hygiene reports for food outlets** - one example of information which is routinely collected and of interest to residents, but not currently shared in an easily accessible format

Some of this information is already in the public domain but not always in a format that makes it easy to be republished, re-used or mashed up by outside groups, without charge or copyright hindrance. A key part of the change will be getting information in the public domain in a standardised format.

As to the timetable:

The Government is looking to progress this agenda quickly and has set out a timetable for change:

- Initial guidelines about how to publish payments over £500 will be produced by developers, and published online at www.data.gov.uk (external link) for comment and debate.
- This will be followed by guidelines on how to publish contracts and invitations to tender over £500.
- In **September** draft Codes of Practice on payments over £500 and contracts/invitations to tender over £500, informed by the online discussions, will be published for formal consultation.
- Final Codes of Practice will be published in **November**, so all authorities are able to publish in **January 2011**.

2 Progress

Robert Neill, a CLG Minister, reported in a parliamentary answer on 3 March 2011 that “all local authorities in England, except Nottingham City Council, have published details of their £500 spend online.”³ The Deputy Leader of Nottingham CC, Graham Chapman, has been quoted as saying:

We have said that we will publish accounts over £500 if it becomes a legal requirement to do so. We are happy for information to be transparently available for public scrutiny but feel that the time and money needed to implement this change is wasteful and a distraction at a time when we are coping with £60m of cuts in government funding.⁴

³ HC Deb 3 March 2011 c569W

⁴ “Nottingham refuses ‘to waste time and money’ putting spending details online”, *Public Finance*, 8 February 2011

The DCLG website provides links to the relevant webpages of authorities which have published local spending data.⁵ The Directgov website has a page – *Finding out how your council spends your money* – which provides links to data on council spending, inspection of council accounts, senior salaries and councillors’ allowances.⁶

3 Guidance

Guidance on publishing local spending data has been produced by the Local Public Data Panel.⁷ The Local Government Group and “key partners” (including DCLG and CIPFA) have produced “additional practical guidance” for practitioners in a set of guides covering publication of local spending data, senior salary information and new contracts and tenders data.⁸

4 Code of practice

The Government consulted in February 2011 on a code of recommended practice on data transparency.⁹ The draft code incorporates a set of principles and minimum expectations of data to be published. The paper suggests that:

As a minimum, the datasets that should be released are:

- Expenditure over £500, (including costs, supplier and transaction information). Any sole trader or body acting in a business capacity in receipt of payments of at least £500 of public money should expect such payments to be transparent.
- Grants and payments under contract to the voluntary community and social enterprise sector should be clearly itemised and listed.
- Senior salaries, names (with the option for individuals to refuse to consent for their name to be published) job descriptions, responsibilities, budgets and numbers of staff. “Senior salaries” is defined as being all salaries which are above £58,200 (irrespective of post), which is the Senior Civil Service minimum pay band.
- An organisational chart of the staff structure of the local authority.
- Councillor allowances and expenses.
- Copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector.
- Policies, performance, audits and key indicators on the authorities’ fiscal and financial position
- Data of democratic running of the local authority including the constitution, election results, committee minutes, decision - making processes and records of decisions.¹⁰

⁵ DCLG, *Local government expenditure over £500*

⁶ Directgov, *Finding out how your council spends your money*; see also also: *Armchair auditors should act on their rights to inspect town hall books*, DCLG press release, 22 July 2011.

⁷ HM Government, *Local spending data guidance*

⁸ See: *LG Group Transparency Programme* Further explanation in notes to editors of DCLG press release, *More than sixty councils open books to armchair auditors*, 1 October 2010.

⁹ DCLG, *Code of recommended practice for local authorities on data transparency: consultation*, February 2011. See also: *Town hall transparency: Pickles’ code to decipher middle management maze*, DCLG press release, 7 February 2011.

¹⁰ *Ibid*, para 9

The code is being issued under section 2 of the *Local Government, Planning and Land Act 1980*. It is intended to “strengthen” ministerial expectations on the publication of data. The paper explains:

This proposed Code is intended to provide a high level but formal statutory basis to the local transparency agenda, support current sector standards and complement publication and disclosure requirements under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (SI 2004/3391). It is for local authorities working with others, to determine detailed implementation arrangements.¹¹

The consultation period closed on 14 March 2011.

5 Pay transparency: the *Localism Bill*

Part 1, chapter 6 of the *Localism Bill 2010-12* contains provisions relating to pay accountability. The Bill requires local authorities to prepare and publish a pay policy statement for the financial year 2012-13 and subsequent years. This must be approved by a resolution of the authority before it comes into force. The statement focuses in particular on the levels of remuneration of chief officers, including any performance-related elements and bonus schemes. However, government amendments carried at Lords committee stage extended the scope of the pay statement to include the lowest-paid employees and the relationship between chief officer remuneration and that of the rest of the workforce. The Minister, Lord Taylor of Holbeach, said:

Our amendments set out the requirement for relevant authorities to approve and publish a pay policy statement which, in addition to the measures already in the Bill, must set out an authority's policies on remuneration of its lowest-paid employees and the relationship between the remuneration of its chief officers and the rest of its workforce. As Will Hutton set out in his report on fair pay in the public sector, published on 15 March, there is value in ensuring that decisions about senior pay are taken in the context of similar decisions on lower-paid staff. Such an approach broadens the debate beyond discussion about salary amounts of top earners and into whether the pay of those individuals is justified.¹²

Lord McKenzie of Luton, Opposition spokesman, indicated Labour support for this approach:

Although significant growth in executive pay is largely a private sector phenomenon, we support the thrust of greater transparency. We also support the Government's approach to tackling this in the manner provided, rather than as in the other two options set out in the impact assessment.¹³

The first pay policy statement must be prepared and approved before the end of March 2012, and must take into account any guidance published by the Secretary of State.

6 Responses

The Centre for Public Scrutiny examined the nature of public accountability in its response to consultation on the draft code of practice. The paper stated:

Accountability and transparency are two different things. Publishing information (irrespective of quantity or format) will not automatically lead to better, or more accountable, decision-making. Information requires context to be useful and it is the

¹¹ *Ibid*, para 5

¹² HL Deb 28 June 2011 c1639-40

¹³ *Ibid*, c1641

actions that people are able to take in making use of the information that will hold authorities to account, not the existence of the information itself. This is more about culture, attitude and the approach to decision-making in the authority. The Code should make some reference to these principles.¹⁴

Having identified the principles which might be said to constitute good governance and accountability, it continued:

The current, and previous, debate and discussion on these issues has been limited almost entirely to technical discussions about format and accessibility. Debate on substantive use, purpose and principles has been almost entirely absent. This is regrettable, because without such debate the publication of data will be a compliance-based, procedurally structured tool which will add little to either openness, transparency or accountability. The Code needs to address this weakness by putting publication of expenditure data into the wider governance context that we have set out above.¹⁵

A number of commentators have suggested that there needs to be greater emphasis on quality and useability of data rather than quantity. This issue had been tackled by Baroness Hanham, a CLG Minister, in a speech to the Centre for Public Scrutiny Conference in November 2010. She said:

There will be some armchair auditors who will pore through data and challenge their council on some aspect or other.

And alongside this, releasing the data in its rawest state will enable businesses and non-profit organisations to build innovative applications and websites which will make the data easier to understand.

We are already seeing good examples of this on websites such as Openly Local, Where Does My Money Go, Armchair Auditor and Spotlight on Spend and through tools such as You Choose.

On the other hand, pages of figures on endless excel spreadsheets will mean nothing to many ordinary citizens. Councils will, rightly, want to present their data in such a way as to make it more meaningful to individuals and community groups. This is why transparency is integral to the Big Society.

For some groups - communities of interest, or brought together in a locality - there will be lobby groups who will interpret data for their benefit to help them push for change. It will also, in some cases, be the media who will use your data.¹⁶

Jon Graham, Managing Director of CIPFA Business, wrote in *Public Service* that "What is intended and is most desirable is a user friendly document, easily understood by ordinary members of the public."¹⁷ Councils must, in his view, set out the reasons for particular spending decisions so that a more informed judgement could be made. Additionally, he referred to the need for effective feedback mechanisms:

¹⁴ Centre for Public Scrutiny, *Consultation response: code of practice for local authority data transparency*, 14 March 2011, p1

¹⁵ *Ibid*, p3

¹⁶ Baroness Hanham, *Speech to Centre for Public Scrutiny Conference: Implications of new government*, 10 November 2010

¹⁷ Jon Graham, *Are councils buying in to the transparency agenda? Public Service*, 28 December 2010

Public bodies need to provide mechanisms for people to comment on spending and for their views to be taken on board. Rather than just provide fuel for critics, public opinion must direct change and improve performance.¹⁸

Emma Maier, Editor of *Local Government Chronicle*, indicated that the paper was “broadly supportive” of the transparency agenda although she personally considered that there was too much emphasis on financial data:

Often forgotten in the debate is the availability of other datasets – from A-level results to bus timetables or details of vacant dwellings. These types of datasets offer (amateur) developers the opportunity to produce some really exciting tools that add real value to citizens in their everyday lives, and will, I suspect, be better used than the financial information.¹⁹

The Taxpayers’ Alliance called for the inclusion of HR transparency in the programme:

We said that public bodies subject to the code should publish a complete list of job titles and job descriptions of every single member of staff. We don’t think it’s necessary to publish remuneration details of staff on junior salaries. But it is important that taxpayers know what staff are employed to do and how many there are doing certain things. Publication of this information would surely lead to more informed debate about priorities in council spending which, in turn, would lead to more care in recruitment and staff allocation.²⁰

The *LGC* reported that the Local Government Association’s response to consultation on the draft code had said it was “fundamentally inconsistent and wrong to create legal or quasi-legal codes for transparency and open data that are more prescriptive and detailed for local government than those required of the public services more widely.”²¹

¹⁸ *Ibid*

¹⁹ Emma Maier, *The transparency agenda: LGC’s editorial line*, 31 August 2010

²⁰ The Taxpayers’ Alliance, *HR transparency in local government*, 24 March 2011

²¹ “Quick and messy’ data mantra backfires”, *Local Government Chronicle*, 2 June 2011, pp4-5