

House of Commons: Written Statement (HCWS292)

Department for Communities and Local Government

Written Statement made by: **The Secretary of State for Communities and Local Government (Mr Eric Pickles)** on 23 Feb 2015.

Protecting Public Money

I would like to update the House with steps that my Department is taking to protect taxpayers' money.

Government lobbying Government

Under the last Administration, there was an endemic practice of government bodies hiring lobbyists to lobby the government and political parties, as illustrated in the answer of 10 October 2013, *Official Report*, Column 395W. In 2010, I instructed all our arms' length bodies to cancel such contracts.

Reflecting commitments made by the Conservative Party in Opposition, the Cabinet Office also subsequently published clear guidance to non-departmental public bodies to stop payments being made to lobby. This includes firms and consultants engaged in the enthusiasms of "political consultancy", "stakeholder management", "strategic communications", "public affairs", "policy tracking", "advocacy", "strategic counsel" and "engagement with public policy makers and opinion formers".

In 2011, my Department issued a revised Code of Recommended Practice on Local Authority Publicity making clear that local authorities should not incur any expenditure in retaining the services of lobbyists for the purpose of the publication of any material designed to influence public officials, Members of Parliament, political parties or the Government to take a particular view on any issue.

There is nothing wrong with private organisations using their own money to hire commercial firms for advice, provided it is done in an open and transparent manner; and this Government has legislated to put such transparency on a statutory footing.

But 'lobbying on the rates' is a wasteful, corrosive and zero sum game for the public sector. The public sector never lobbies for lower taxes and less state spending – and is a prime example of 'public choice' theory in action – state bureaucracies using public funds to expand their state empires.

Lobbying by "Sock Puppets"

However, the practice of government lobbying government is not just confined to quangos. The Institute of Economic Affairs has undertaken extensive research on so-called "sock puppets"; they have exposed the extensive practice of taxpayers' money being given to pressure groups and supposed charities, in turn being used to lobby the Government and Parliament for more money and more regulation. This is an issue which needs to be addressed.

My Department has set an example to the rest of Whitehall by amending our standard grant agreements to impose a new anti-lobbying, anti-sock puppet clause. The simple, short but effective clause says:

"The following costs are not Eligible Expenditure:- Payments that support activity intended to influence or attempt to influence Parliament, Government or political parties, or attempting to

influence the awarding or renewal of contracts and grants, or attempting to influence legislative or regulatory action”.

We hope this can and will be rolled out more widely across the public sector.

Lobbying by Local Enterprise Partnerships

It has come to the Government's attention that a small number of Local Enterprise Partnerships have been hiring public affair consultancies to lobby the Government and Parliament.

BBC Look East has recently investigated how Hertfordshire Local Enterprise Partnership used the lobbyists to bid for government cash and set up meetings with MPs, MEPs and civil servants. I am aware of at least another five Local Enterprise Partnerships which have been paying for lobbyists.

Using taxpayers' funds to lobby government wastes public money and undermines transparency. Such lobbying will not expand the quantum of public funding available to Local Enterprise Partnerships. Unless action is taken, more Local Enterprise Partnerships may feel pressured to follow suit, diverting taxpayers' money away from enterprise and regeneration.

It is the firm view of the Government that the same principles should apply to Local Enterprise Partnerships, as councils and quangos. Local Enterprise Partnerships should not be hiring lobbyists to influence the awarding or renewal of contracts and grants, or to attempt to influence legislative or regulatory action. This covers lobbying in the broadest sense, as defined in the Cabinet Office guidance. Any Local Enterprise Partnerships which currently have hired lobbyists should terminate their contracts. They should pick up the phone instead.

My Rt Hon Friend, the Member for Tunbridge Wells (Greg Clark), the Minister for Universities, Science and Cities, will be writing to Local Enterprise Partnership shortly.

Lobbying by local authorities

Thanks to the transparency agenda which this Government has championed, it also has come to my attention that a number of local authorities may be paying for lobbyists in potential non-compliance with the Code of Recommended Practice on Local Authority Publicity. Ministers are prepared to use our powers under the Local Government Act 1986, as amended by the Local Audit and Accountability Act 2014, to stop such practices.

I hope this sends a clear signal how this Government will stand up and protect the interests of taxpayers, and rein in the spendthrift practices of state bureaucracy.