

**ROTHERHAM BOROUGH COUNCIL  
REPORT TO CHAIRMAN AND MEMBERS OF THE STANDARDS COMMITTEE**

1. **Meeting** Standards Committee
2. **Date of Meeting** 11<sup>th</sup> December, 2003
3. **Title** Members Allowances
4. **Originating Officer** T.C. Mumford, Head of Legal and Democratic Services.  
Ext. 3500
5. **Issue**  
To consider arrangements for the payment of Members Allowances, in view of recent publicity.
6. **Summary**  
It is appropriate to submit a report on this issue following press coverage in recent weeks concerning an erroneous claim for travel allowance submitted by Councillor Roger Stone in 1998, and more general press allegations regarding the payment of Members Allowances.
7. **Clearance/Consultation**  
I have discussed this issue with the Chairman, the Chief Executive and the Head of Corporate Finance.
8. **Timing**  
Appropriate in view of recent press coverage.
9. **Background**  
In recent weeks there have been several newspaper articles concerning a claim made in February 1998 by Councillor Roger Stone, now Leader of the Council. The claim was in respect of rail fare for a trip to Motherwell in connection with Steel Action, of which Councillor Stone is Chairman and the Council's appointed representative. Press articles concerning this issue have appeared in the Yorkshire Post, the Star and the Advertiser since the end of October. More recently, the Advertiser on 28<sup>th</sup> November, 2003, under the heading "A Licence to Print Money" referred to more general allegations of missing receipts which left the door open for widespread abuse of the expense claims system during the 1990's.

(a) Councillor Stone

Councillor Stone acknowledges that he submitted an erroneous claim for rail fare when he had, in fact, travelled to Motherwell in an officer's car and returned in the car of a former Deputy Leader of the Council, Garvin Reed. Councillor Stone has said that he originally intended travelling by train but discovered that former Councillor Reid was also attending a meeting in the same region at the same time. They discussed their arrangements and agreed to share transport and a hotel room. Councillor Stone has said that he was constantly travelling all over the country, week by week, on Steel Action business. He was constantly having to submit expenses claims and sometimes mistakes are made.

Councillor Stone acknowledges that on this occasion an erroneous claim was made and is sure that he has repaid the money. Officers have examined the Council's records, but in view of the volume of entries and the fact that this

episode occurred some five years ago, cannot demonstrate conclusively evidence of the repayment.

The Police interviewed Councillor Stone at the end of December 1998, not specifically about this incident, but because as part of the Forum investigation they were looking into all overnight stays associated with former Councillor Reed. The Police were made aware by Councillor Stone of this erroneous claim. They did not consider it necessary to take any action, other than to make the former Chief Executive aware of it.

(b) The Allowances System

At the time in question, and until very recently, there were two distinct procedures for the payment of allowances to Members.

Under the Local Government and Housing Act 1989 and associated Regulations, the Council had to make a scheme for the payment to Members of basic and special responsibility allowances. Basic allowance is payable to all Members and is the same for each Member. It is intended to recognise the time commitment of all Councillors, including inevitable calls on their time such as meetings with officers and constituents, and incidental costs such as the use of their homes. Special responsibility allowances are payable to those Members who have significant responsibilities. There are defined categories such as membership of the Cabinet, acting as Leader or Deputy Leader of a political group, or chairing a committee. Basic and special responsibility allowance are paid monthly to Members through the payroll system and there is no need for individual claims. Since April 1999 the Council has sought the advice of an Independent Panel on the levels of basic and special responsibility allowance, and it is now a requirement to do this, as contained in the most recent regulations.

The other system was for the payment of various allowances under the Local Government Act 1972. In particular, under section 174 of the 1972 Act, Members could claim allowances where they had necessarily incurred expenditure on travel and subsistence respectively in performance of an approved duty. Payments could be made up to maximum figures prescribed by the Secretary of State and until April these were up-rated annually. Unlike basic and special responsibility allowance, payments for travel and subsistence had of necessity to be individually claimed by Members.

(c) Investigation by the District Auditor

Objections to the Council's accounts for 1998/99 (the financial year after that in which Councillor Stone submitted his erroneous claim) were made in connection with the payment of Councillor's expenses. The District Auditor conducted a series of meetings with some officers and Members, and reviewed Members' expense claims under the system operating in 1998/99. Repayments of small sums were made by two Members and a former Member.

Having considered the matter, the District Auditor did not conclude that there was unlawful expenditure. Where it was clear that claims had been incorrectly made, the amount of the overpayment had been repaid so there was no loss in the Council's accounts. He felt that the issues involved were not significant enough to require him to issue a report in the public interest. He did, however, conclude that the objections made had identified errors in the claims made by individual Councillors and exposed weaknesses in the systems the Council had in place to

check those payments and claims. He therefore made a number of recommendations to the Council to improve its procedures. These are attached at Appendix A.

A report on the objections to the 1998/99 accounts, together with a copy of the District Auditor's report was submitted to the Committee on 16<sup>th</sup> November, 2000. The Committee noted the report and welcomed the District Auditor's recommendations. They also noted the very small amounts of money involved and the findings that there was no evidence of any deliberate wrong doing.

#### **10. Argument**

The incident involving Councillor Stone occurred in February 1998, which precedes the District Auditor's investigation and implementation of the changes he recommended. The procedures for the claiming and payment of allowances are now considerably improved with less opportunity for error.

Advice to Members about claiming allowances is contained in a Code of Practice, a copy of the current edition of which is attached at Appendix B. Members are given some training about allowances as part of the induction process. A training seminar for Members has been arranged for 15<sup>th</sup> January, 2004, which will also cover the Code of Conduct.

The Government has now changed the system of allowances. Travel and subsistence will no longer be claimable under the powers contained in the 1972 Act and the Secretary of State will no longer prescribe maximum figures. Instead it will be the responsibility of each Council to deal with travel and subsistence as part of its allowances scheme. The Independent Panel will now be required to advise upon these issues as well as upon basic and special responsibility allowances. A copy of the Panel's recent report is attached at Appendix C and a copy of the Council's decision following consideration of the issue including the Panel's recommendations is attached at Appendix D. These changes will require amendments to both the scheme and the Code of Practice, both of which are presently being updated.

The changes made should have the effect of simplifying the making and processing of claims to some extent. There will no longer be any requirement for Members to submit claims for mileage within the Borough as this will be covered by the lump sum of £500.00. The Council has, however, elected to retain subsistence for approved duties within the Borough as under the previous system.

#### **11. Risks and Uncertainties**

The changes introduced following the District Auditor's report, and awareness raising with Members through training and advice from the Town Hall Manager have had the effect of reducing errors in the claiming and payment of allowances over the last few years and should continue to do so in future. This process will be aided by some stream-lining of the procedures following the recent changes. There will always remain the risk that a Member may inadvertently make an incorrect claim, particularly, perhaps, if claiming sometime after the event and Members are encouraged to claim no less frequently than on a monthly basis. However, greater insistence than previously upon the production of receipts should ensure that such an incorrect claim is identified and drawn to the Member's attention.

#### **12. Finance**

No direct financial consequences flow from this report.

13. **Sustainability**  
Not applicable.

14. **Wards Affected**  
All.

15. **References**  
Report of the District Auditor regarding objections to the 1998/99 accounts.

16. **Presentation**  
The Standards Committee is looking at the Council's procedures for the claiming and payment of Members' Allowances, in the light of recent publicity.

17. **Recommendations**  
That the Committee considers this report, considers whether existing procedures are regarded as satisfactory and makes any suggestions for improvement.