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REVIEW OF MEMBERS' ALLOWANCES, PAYMENTS AND SUPPORT

Introduction

The Chair of the Standards Committee asked the Chief Executive to conduct a review into members' allowances, payments and support. Following some publicised cases elsewhere in the Public Sector, he wanted a stocktake to make sure that our processes would withstand scrutiny. The review was to encompass the following areas:

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| (a) Mobile telephones | (i) Mileage Claims |
| (b) Home telephones | (j) Members' Allowances |
| (c) ICT Support | (k) Mayor's Allowance |
| (d) Car Park tickets | (l) Deputy Mayor's Allowance |
| (e) Conferences and courses | (m) Vehicle Hire |
| (f) Travel | (n) Carers' and child care allowance |
| (g) Hotel Accommodation | (o) Pensions |
| (h) Meals | (p) Hospitality |

The review determined the current procedure or system in operation, examined a sample of transactions and identified whether the current rules were being followed. It also checked the clarity of understanding of members' allowances, what they covered and other benefits to which members could be entitled but were not claiming. A key component was to assess whether our processes were clear, were being used effectively, were correctly administered and recorded and, most importantly, did not expose members or officers to possible accusations of misconduct.

Summary

The present set of rules and guidance lacked detail in many cases and this has led to some inconsistency. However, there was no evidence of any significant deviation from rules and, in those areas where there was insufficient guidance, expenditure and reimbursement were usually in line with what would be considered appropriate and proportionate. There were examples of inadequate authorisation, supporting evidence or receipts before the reimbursing of costs; this could leave the Council open to criticism if we lack both the framework and process to deliver total transparency in the expenditure of public funds. The recommendations made are designed to codify the rules and to introduce processes to ensure that officers and members follow them.

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The Council is meeting the current legal requirement in publishing members' allowances but many other authorities disclose much more. The Council has recently received Freedom of Information requests for detailed information about named Councillors' allowances and expenses, and new legislation which goes live in January 2009 will require us to put into the public domain more data in a variety of classes, one of which includes Councillors' allowances and expenses. It would therefore be prudent to produce a more comprehensive set of rules and guidance and publish it on our website, and then establish a system from next Financial Year to give details of individuals' allowances and reimbursements.

REVIEW FINDINGS

The Strategic Director (Resources) undertook the review during August and September 2008; he collected and analysed supporting evidence, receipts and procedure notes. The following sections give the findings.

Mobile telephones

Expense incurred by members in the use of mobile telephones on Council business is provided for in the level of members' allowances but the amount is unspecified. Mobile telephones are not generally provided to members but the review identified that three mobile telephones had been issued to members. One has now been returned and work is under way to return the remaining two. There were no material personal calls made on these telephones.

Recommendation: It is recommended that the Council formally adopts a policy not to issue mobile telephones to members and it should be specified that the costs of mobile telephone calls made on council business are covered within the basic allowance paid to all members.

Home telephones

Telephone costs on Council business are provided for in the level of members' allowances. Additional telephone lines were installed in the homes of many members several years ago to allow the use of fax machines. Before e-mail and access to the internet were commonplace, this was an important way to communicate with members. Such provision has now been superseded by computer connections and second telephone lines are no longer needed. However, 16 supplementary telephone lines are still live (and with rental being paid) in members' homes; 11 of these are not in use and are now being cancelled. We are contacting the members with the remaining five active lines with the aim of withdrawing them.

ICT support

In 2004, members' basic allowances were increased to cover the costs of purchasing computer hardware and software, and to pay for broadband connection. On 10 October 2006, Executive approved a new members' ICT policy which gave members freedom to decide on which equipment to purchase for their own use. This

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arrangement replaced the ICT support provided to members by the County Council's IT service provider, ITNet. The current policy provides members with support in identifying appropriate network solutions, hardware and software; installation of hardware and software; fault diagnosis and resolution; and training.

The current level of support provided is being met within existing resources although there appeared to be a lack of understanding of what was included in the communications. The Chief Executive had previously been concerned that members who were also representatives of the County Council were unwittingly receiving allowances from each authority for the same provision; he had written to the affected members to highlight the concern and members had taken action as they deemed appropriate.

It was discovered that there were some instances where the VAT had not been recovered from members for ICT hardware purchased by the Council on their behalf.

Recommendations: It is recommended that:

- The principles of the Members' Allowance Scheme relating to ICT be clarified.
- A review of ICT hardware purchased on behalf of members be undertaken and any outstanding amounts of money be recovered.

Car Park Season Tickets

Town centre car park season tickets are issued to members on request. They are for their personal use on Council business only and members sign a form acknowledging these provisos; the limitations on use were publicised recently. A sample review of member car park usage identified that there was frequent use by certain members on Saturdays and Sundays, and at other times when there was apparently no official Council business scheduled. Also, there were a number of short duration visits to car parks away from the Council Offices. One member was regularly using a railway station car park at times which would indicate daily commuting without reimbursing the Council; he has been requested to reimburse the Council accordingly.

Recommendations: It is recommended that all members be reminded of the rules governing Car Park Season Ticket usage.

Conferences and Courses

Payment of allowances for attending conference and courses is provided for in the Local Authorities (Members' Allowances) (England) Regulations 2003. Those regulations describe the types of events for which allowances may be paid. Our process is for members wishing to attend conferences or courses to gain approval from the Leader. If approved, attendance should be booked and arranged by the Members' Services Section so that any related expenditure may be accounted for centrally.

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Administration and authorisation for member attendance at conferences and courses were incomplete. The administrative process for authorisation was not being used consistently; there were no clear guidelines to support the process and, while the sample of conferences and courses attended appeared both appropriate and proportionate, written authorisation had not always been supplied.

Recommendations: It is recommended that:

- Approval criteria be developed in conjunction with the Leader to ensure transparency and consistency of authorisations; this should include the expected costs.
- A booking for a conference or course is not made until appropriate approval has been obtained.
- A full audit trail be kept.

Travel

The Members' Allowances Scheme states that allowances for travel on Council business are the same as those for employees; this does not cover certain member obligations. The review identified that first class rail travel had been claimed on many occasions without justification of the criteria for authorisation. Also, taxis had been used when a more economic form of transport would have been available. Finally, the accounting for the reimbursement of travel where a member is representing another organisation is unclear.

Recommendation: It is recommended that a comprehensive policy for members' travel be produced.

Hotel Accommodation

Again, there was insufficient guidance for members on the use of hotel accommodation. However, the review identified that costs incurred in relation to hotel accommodation was appropriate and in line with the more comprehensive rules for officers. There were additional items identified on some bills, such as alcoholic drinks. At present no policy exists for the reimbursement for these additional items, and so it is left to the discretion of the authorising officer. This could place members and the authoriser in an awkward situation if the claim were challenged subsequently.

Recommendation: It is recommended that new guidelines are published to cover the costs of accommodation and subsistence. The cost of alcoholic drinks should not be reimbursed.

Meals

The Members' Allowances Scheme states that allowances for subsistence are the same as those for Council employees. Reimbursement for breakfast, lunch and dinner is payable when authorised following production of a receipt. Reimbursement

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for subsistence may be claimed where official duties prevent a member from taking a meal at their normal dining place; those analysed were in order.

The review found that the Council has been traditionally providing food and refreshment in advance of meetings. This approach is preferred by members, particularly if they come to meetings directly from work or from other outside commitments and do not have time to take a meal; this was considered an appropriate solution. Some food and refreshment had been made available for party meetings, group meetings and inner caucus meetings in members' offices. Expenditure on food and refreshments for such meetings is not chargeable to the public purse.

Recommendations: It is recommended that:

- The rules governing meals for reimbursement and those provided in the Council offices be expanded and included in the new allowances scheme. The cost of alcoholic drinks should not be reimbursed.
- Food and refreshments should not be provided at any meeting which is political in nature.

Mileage Claims

The Members' Allowances Scheme says that allowances for mileage are the same as those for officers. The review found that some claim forms lacked the necessary supporting information: there were authorisations and declarations without signatures, insufficient detail of the official meeting attended and insufficient start/end journey information. There were claims being made where it appeared that the meeting attended was not official Council business; Political group meetings and informal meetings and briefings should not attract mileage reimbursement. Some claims which fell to Stevenage Borough Council should have been claimed from Stevenage Homes Limited.

Recommendation: It is recommended that an updated mileage reimbursement procedure be produced to remove ambiguity.

Members' Allowances

The current Members' Allowance Scheme took effect from 1 April 2008 and was made under the provisions of The Local Government Act and The Local Authorities (Members' Allowances) (England) Regulations 2003. The scheme is approved annually and is reviewed from time to time by an independent remuneration panel. It meets all current regulations.

Recommendation: In order to aid transparency it is recommended that the Standards Committee consider whether the inclusion of other payments/reimbursements covered within this review should be published in line with best practice.

Mayor's Allowance

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Part Two of the Local Government Act 1972 allows payment to the Mayor 'for the purpose of enabling him to meet the expenses of his office such allowance as the council thinks reasonable.' Responsibility for setting this allowance is delegated to the Strategic Director (Resources). The review identified a budget of £21,270 for 2008/09 made available in support of Mayoral activities. Approximately half of this budget is made available to the Mayor's secretary for various events held on behalf of the Mayor and for relevant donations, hospitality and tickets. The payments incurred to date appeared in line with the type of expenditure expected to be incurred by the Mayor but had not been audited. The remaining budget is then used to provide an allowance to the Mayor.

Traditionally (as no written procedures could be found) the Mayor requests a lump sum to fund the purchase of appropriate attire for the coming mayoral year. For example, one Mayor requested a lump sum of £4,267 (Gross); no receipts to support this lump sum were provided and yet the specific amount requested suggests that the funding was used for identifiable items. The Mayor receives a further £500 (Gross) each month. The allowance element of the mayoral budget resides outside the scope of the Independent Remuneration Panel's report.

Recommendations: it is recommended that:

- The allowance element for the Mayor be included in the next Independent Remuneration Panel review.
- The principles underlying the payment of a lump sum at the start of the mayoral year be investigated.
- If it is deemed that a lump sum could be paid at the start of a mayoral year, it should be supported by appropriate receipts.

Deputy Mayor's Allowance

Part Two of the Local Government Act 1972 allows payment to the Deputy Mayor 'for the purpose of enabling him to meet the expenses of his office such allowance as the council thinks reasonable'. Responsibility for setting this allowance is delegated to the Strategic Director (Resources). The Deputy Mayor's allowance is outside the scope of the independent remuneration panel's review. A budget of £5,000 has been set for 2008/09. This budget funds a monthly payment of £416.67 (Gross). The primary role of the Deputy Mayor is to chair Council in the absence of the mayor and to attend mayoral engagements in the absence of the mayor.

Recommendation: It is recommended that the Deputy Mayor's allowance be included in the next Independent Remuneration Panel review.

Vehicle Hire

There is no policy or legislation which makes specific provision for the hiring of vehicles for members. However, the review determined that over the last three years significant use has been made of private vehicle hire (with driver/chauffeur). Much of the usage (although not all) appears to relate to instances where multiple

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civic engagements had been booked, with either the Deputy Mayor or Mayor Designate being driven to an engagement while the Mayor was using the mayoral car.

Vehicle hire for the Mayor was also identified where the mayoral car was unavailable. There is a provision with the leased mayoral car where a suitable alternative vehicle would be made available when the mayoral car was being serviced or maintained. It would seem this provision had not been exercised, and private vehicle hire was arranged instead at a cost to the Council.

The review also highlighted some instances where vehicle hire had been arranged for members other than the Mayor or his representative. As no policy exists for the provision of vehicles for members it cannot be determined whether this provision was appropriate. However, the Council could be criticised for not having sufficient authorisation to justify such expenditure, on the basis that vehicle hire would only be provided where the member is representing the Council and no other suitable transport is available or appropriate.

Recommendations: It is recommended that:

- The provisions within the lease car agreement for the mayoral car be implemented at each occasion the car is unavailable due to servicing or maintenance.
- That a policy be developed (and an authorisation process created) for the provision of vehicle hire for members, based on the assumption that hire vehicles will only be permitted where the member is representing the Council and no other suitable transport is available or appropriate.
- That a principle should be approved to cover the attendance of the Mayor or one of his surrogates at functions or events.

Carers' and Child Care Allowance

This allowance is specified in the Members' Allowances Scheme. It allows an hourly rate to be claimed (to a maximum of 20 hours per month) towards the cost of child or dependant adult care, while members are engaged on official duties. Claims must be supported by a valid receipt and payments to relatives are excluded. The review identified no allowances paid in respect of carers and child care. However, this may be due to little publicity and information available on this particular allowance.

Recommendation: It is recommended that specific details of this allowance be included and promoted in the new Members' Allowances Scheme.

Pensions

Pensions for eligible members were introduced in May 2003 under the Local Government Act 2000. The review identified 14 members currently in the pension scheme; all issues regarding eligibility and deductions were being followed.

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Hospitality

The Council's Constitution includes a Members' Code of Conduct, based on relevant legislation, which requires members to declare gifts or hospitality with an estimated value of £25 or more. Such declarations should be made in writing to the Council's Monitoring Officer. Detailed guidance on the acceptance of gifts and hospitality is available from the Monitoring Officer. A review of the declarations' book found that some members were actively completing entries on gifts and hospitality received. However, the paucity of entries suggested that there could be a number of members (across all political groups) who were not making the required declarations.

Recommendation: It is recommended that the Standards Committee remind each Political Group Leader of the importance of keeping the declaration book up to date.

CONCLUSION

A comprehensive review of members' allowances, payments and support was conducted; there was no evidence of any significant deviation from rules and, in those areas where there was no specific guidance, expenditure and reimbursement were usually in line with what would be considered appropriate and proportionate.

The present set of rules and guidance does not have enough detail in many cases; this should be rectified by the early production and approval of a more comprehensive document. Moreover, there have been examples of officers and members not securing or providing sufficient authorisation, supporting evidence or receipts before the reimbursing of costs. Although there appears to have been no wrongdoing, we leave ourselves open to criticism if we lack both the framework and process to deliver total transparency in the expenditure of public funds.

The recommendations in this paper are designed to codify the rules and to introduce processes to ensure that officers and members follow them. It is also recommended that we publish the rules and the resultant expenditure annually on our website in much greater detail than at present. Although we meet the minimum criteria, it would improve public confidence if we followed the best practice which we have found elsewhere.