

# Brighton & Hove City Council

## Audit and Standards Committee

## Agenda Item 39

**Subject:** Update Report regarding Members Expenses

**Date of meeting:** 24 January 2023

**Report of:** Executive Director Governance People & Resources

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**Ward(s) affected:** All

### For general release

#### 1. Purpose of the report and policy context

1.1 The purpose of this report is to update the Committee on actions taken in response to Committee recommendations in June 2022, having considered the findings of the Internal Audit investigation into claims by members under the Scheme for Member Allowances.

#### 2. Recommendations

2.1 That Committee note the contents of the Report.

#### 3. Context and background information

3.1 Following allegations of irregularity regarding Members' expenses claims raised in the press, an independent investigation by the Internal Audit function (part of the Orbis partnership arrangements) was commissioned. That investigation was overseen by a senior auditor employed by another authority who reviewed the Council's records, interviewed relevant officers and examined the Scheme for Members' Allowances ('the Scheme'). The report was discussed by this Committee [in June 2022](#).

3.2 The investigation did not reveal any widescale failings, however the Internal Auditor raised concerns about the way that the Scheme had been procedurally administered. Their Report, and the Report of the Executive Director for Governance, People and Resources which accompanied it, highlighted a number of issues including lack of clarity in some of the rules and inconsistency in their application. There were considered to have been failures to require documentary proof in support of some claims and it was considered that a higher level of formality in the process should have been applied.

- 3.6 The following recommendations were agreed by the Committee:
- a. A review of the Scheme should be conducted to ensure that the rules for submitting a claim for member expenses are clear and concise. This should specifically include clarifying the rules relating to claiming childcare time for travelling. The review should ensure that any ambiguity regarding the rules for claiming are removed.
  - b. A review of Section 7.2 (Member Expenses) of the Procedural Manual for Democratic Services should be conducted to ensure that there is a clear procedure for processing claims. This should include specifying who is responsible for verifying that duties occurred and who is responsible for authorising the claim. The review should also include what the verification requirements are, for example, confirming that a duty took place, the time and date of the duty, and that there is supporting evidence that childcare was provided.
  - c. Claim forms for expenses should be completed in full and submitted within the timeframe specified by the Scheme. If a claim form is not completed in full, the member of staff processing the claim should return the form to the Member and request further information.
  - d. A claim should only be accepted if it is made within the two-month timeframe specified in the Scheme.
  - e. Supporting receipts and invoices should be provided with each claim form as per the Scheme. If these are not available, the claim should be rejected.
  - f. All members of staff responsible for processing claims should be trained on the correct procedures and requirements.
- 3.7. The Committee agreed that the above would be implemented by the Executive Director for Governance, People and Resources, with the following additional recommendations proposed by members and agreed by the Committee:
- g. All Members should be supported with, and regularly reminded of, their responsibilities to submit fully completed claim forms with supporting documentation within the relevant timeframe.
  - h. Democratic Services should introduce electronic claim forms to reduce the possibility of a claim form being misplaced
  - i. Officers are instructed to consult with the Independent Remuneration Panel (IRP) regarding extending the time limit for submitting claims to three months
- 3.8 The Report asked Members to note that some of the proposed recommendations would involve convening a meeting of the Independent

Remuneration Panel to review the rules and make recommendations to full Council.

#### **4. Update on action taken in relation to the Recommendations in para 3**

- 4.1 A review of the Member Expenses Scheme requires that a meeting of the IRP be convened. A New IRP member is currently being recruited and the new Panel will convene to review the Scheme in June 2023. As part of the review, the Panel will be asked to consider extending the time limit for submitting claims to three months.
- 4.2 In response not just to recommendation h) but as a means of generating a more evolved system which is less vulnerable to human oversight/ error, a new electronic system is being introduced. On 23 September 2022, Democratic Services completed a process review of the administration of Members' allowances with exclusive focus on expenses, following the recommendations made at Audit & Standards Committee on 28 June 2022. As part of the process review of the administration of Members' expenses and to support the implementation of a new digital process of expenses claims, a process map has been undertaken which supported the scoping requirements needed to accommodate digitisation of the whole process. In October 2022 we engaged with the technical team to start scoping requirements and met in November and December 2022 to consider any adaptation necessary to accommodate the processing of expenses claimed by Members. Development work will start in January 2023 with estimated implementation by 31 March 2023.
- 4.3 The process map of the administration of member expenses which has been developed clarifies the steps and validation requirements involved in processing expense claims. Roles and responsibilities of officers have been clearly defined, all claim forms are now verified by the Democratic Services Support Officer and authorised by the Head of Democratic Services.
- 4.4 The following validation checks are conducted when an expense claim form is received:

1. That the claim form has been completed in full and includes a full description, time and date of the approved duties attended.

Approved duties for the purpose of payment of allowances are:

1. Attendance at:
  - a. the council or any of its committees and sub committees
  - b. the bodies to which the council makes appointments or nominations;
  - c. a meeting, the holding of which is authorised by the council or any of its Committees or sub committees, provided that it is a meeting to which councillors of at least two political groups of the council have been invited;
2. Attendance at LGA and its committees or any association of which the council is a member;

3. Any other duty approved by any Committee or officer of the council acting under delegated powers, for the purposes of the discharge of the functions of the council or its Committees or sub committees
  2. That the claim has been made within 2 months of the date on which the approved duty was carried out.
  3. That the claim amount is within the maximum rate for the expense type (i.e., Travelling allowance, Child/Dependent Care allowance) that can be reimbursed as per the Member Allowances Scheme 2019-23
  4. That the relevant receipts or supporting information accompany the claim.
- 4.5 If any of the validation checks are not met, the claim is rejected and payment is not authorised. Full reasons are provided to the Councillor on why the claim has been rejected to enable them to address any of the issues raised and an opportunity to provide further information.
  - 4.6 Where a claim form has been submitted but has not been completed in full, a request for further information is sent to the Member. Assistance and advice is also provided on the details that are required for the claim to be processed.
  - 4.7 The two-month timeframe specified in the Scheme is being enforced and is flagged at the verification stage. A recent claim received three months after the approved duty was carried out was rejected as being received out of time, a reminder on the requirement to submit within two-months was provided to the Member.
  - 4.8 Checking that claims are made, with the appropriate form completed and relevant receipts attached is a key validation check conducted by Democratic Services as part of processing a claim. In the absence of this, the claim is rejected and a further request for information is sent to the Member.
  - 4.9 Training on recording, processing and validating Member expenses has been delivered to officers involved with administration of Member Allowances and Expenses. As set out above, an electronic system for processing claims will shortly be introduced and, in the interim, Democratic Services have adopted provisionally the measure of ensuring all claims submitted by Members from April 2022 are scanned.
  - 4.10 Claims forms are currently held and may be obtained from Democratic Services. The Members Shared Area on the Intranet is currently being updated where claims forms will shortly be available for download. As per the Allowances Scheme, "Members are asked not to make claims for any duty or function where there may be doubts as to whether it is an approved duty. In the case of any difficulty of interpretation, councillors should refer to

the Executive Director Governance, People & Resources, or the Head of Democratic Services". The Head of Democratic Services has provided guidance on the claim requirements to Individual Member enquiries and will continue to be on hand to support Members in submitting fully completed claim forms in compliance with all validation requirements for processing claims. Training will be delivered as part of the new members' induction on how to make claims via the electronic system.

## **5. Community engagement and consultation**

- 5.1 This is an internal matter in that it concerns the arrangements the Council has in place to administer allowances to which members are entitled to claim. While there is not considered to be any need for consultation or engagement with the public, this report is placed in the public domain in order to encourage public confidence that appropriate steps are being taken to make remedy the weaknesses which have been identified.

## **6. Conclusion**

- 6.1 The report seeks to update the Committee on steps taken in response to recommendations previously agreed.

## **7. Financial implications**

- 7.1 There are no financial implications arising directly from the report.

Name of finance officer consulted: Peter Francis      Date: 12/01/23

## **8. Legal implications**

- 8.1 The proposals in the report comply with the requirements in the scheme for members allowances and the Members Allowances Regulations. The steps taken will provide greater assurance to the public and ensure proper administration of the scheme.

Name of Legal officer consulted: Elizabeth Culbert      Date: 06/01/23

## **9. Equalities implications**

- 9.1 Although Members are eligible to claim travel and childcare allowances if they come within the Scheme, the provisions regarding childcare allowances are likely to affect women and those with young children more than other Members. It is therefore important that the Scheme and the administrative requirements that go with it are effective and do not put disproportionate administrative burden on Members who need childcare carers' allowance.

## **10. Sustainability implications**

- 10.1 There are no sustainability implications directly arising from the report.

**Background documents**

None

**Appendices**

None