

Britain: Local councillors investigated for misappropriating anti-poverty funds

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Investigations are under way into alleged corruption by members of a local Labour council in South Yorkshire. Funds allocated for initiatives against poverty are said to have been squandered on lavish conferences, expensive hotels, trips abroad, and the procurement of prostitutes.

In mid-November last year, South Yorkshire Police launched a probe into misuse of funds, and leading councillors from Rotherham Borough Council were suspended. The allegations relate to the National Local Government Forum against Poverty (NLGFP) and the misappropriation of donations from approximately 200 councils across the country. The donated money ran into hundreds of thousands of pounds, which was allegedly misused by Labour councillors and NLGFP officials.

In January 1992 local Rotherham politicians set up an Anti-Poverty Initiative within the town council. The declared objectives of the unit were to wipe out poverty, raise incomes, develop communities, improve council services and be sympathetic to low income families. At the time, the glaring contradiction of the enormous salaries of the appointed officials--the equivalent of \$100,000--and their supposed aim of tackling poverty drew much hostile comment.

The project grew dramatically, soon reaching a nationwide scale. By the time of the launch of the National Local Government Forum against Poverty early in 1993, it was described as an "alliance of authorities throughout England, Scotland and Wales." Councillor Reed, also Rotherham's deputy council leader, became the convenor of the "independent" NLGFP. At the beginning of 1996, Rotherham councils' input into the forum was taken over by the newly created Community Regeneration Department, which was also chaired by Councillor Reed. Reed has now been suspended and is

under investigation for fraud, as are two other council officers, Bob Bone and John Cook, and the director of the Community Regeneration board, Peter Nettleton. All four officials deny any wrongdoing.

The investigation was sparked by a separate inquiry into the murder of a prostitute, Samantha Class, who was bludgeoned to death in Hull two years ago. Detectives dealing with the case uncovered information leading to the offices of the NLGFP. A prostitute questioned by Humberside Police about Class's death said that a number of prostitutes had taken "conference organiser" contracts with the NLGFP. She described how women would hand out badges and escort guests at meetings across the country. The meetings were followed, she alleges, by offers of sex in hotel rooms paid for by NLGFP. It is understood that the prostitute has given police details of conferences at expensive hotels in cities such as Norwich and Southampton and is said to have records of her employment by the NLGFP.

Other allegations include NLGFP guests claiming exaggerated expenses for five-star hotels. When the charges were announced, Garvin Reed rebutted the allegations. He explained, "A number of people would choose to stay in lesser accommodation like bed and breakfast places and claim the full amount of expenses. There is nothing illegal in that."

The largest contribution made to the NLGFP, £800,000, was from Rotherham Council. The recently concluded internal inquiry by the council stated that it had lost control of the NLGFP. Council leader Billington said, "Something went very wrong indeed, and I am extremely angry about it.... I want the council to be squeaky-clean. And I want to make sure our relations with outside bodies are on a proper and sound basis."

It seems ludicrous to suggest that the council leadership were unaware of what had been going on. In 1994 the council took the decision to underwrite the budget of the NLGFP to the tune of £400,000. No reports were ever published of the forum's operations--a statutory requirement for such organisations. Moreover, the constitution of the NLGFP prevented it from being held publicly accountable.

Nor is Rotherham such an aberration when one considers that the neighbouring Labour Council of Doncaster is also under police investigation for fraud on an even larger scale, involving councillors taking expenses for foreign trips and purchasing racehorses. Such is the fallout from the scandal that none of the town's 21 districts (wards) has been left unaffected. So far, at least 13 serving or former councillors have been arrested, including Malcolm Glover, who was appointed as a "clean pair of hands" after the scandal broke in 1997.

Both Rotherham and Doncaster are located in a former coal field region. The closure of virtually all the deep-mining pits in the area over the last decade and a half has had a devastating impact, creating chronic unemployment, social deprivation and the re-emergence of poverty related diseases such as tuberculosis.

The other main industry in the area--steel production--has also seen hundreds of thousands of jobs destroyed in the past two decades. Over a thousand steelworkers were made redundant in nearby Sheffield at the end of last year. The setting up of the NLGFP was no doubt partly due to the general feeling of anger and hostility towards the developing social crisis in the area.

The NLGFP never drew up any policies to deal with poverty. Although this expresses the high degree of cynicism on the part of those involved in the project, the more fundamental reason must be sought in the broader political developments that shaped the organisation. The Labour Party was passing through an important transitory period. First under the leadership of Neil Kinnock and then John Smith, the party made its historic break with social reformism. Initiatives such as the NLGFP harked back to Labours' reformist past, when the plight of working people and the poor was a significant concern. They soon became incompatible with the changed political landscape. The NLGFP and

similar bodies became yet another means of building closer relations between local government and the business community.



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