

## **BUDGET SCRUTINY COMMITTEE**

Minutes of a meeting of the Budget Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Monday 7<sup>th</sup> December 2015 at 1000 hours.

### **PRESENT:-**

Members:-

Councillor S.W. Fritchley in the Chair

Councillors R.J. Bowler, Mrs P.M. Bowmer, J.A. Clifton, C.P. Cooper, P.A. Cooper, H.J. Gilmour, A. Joesbury, D. McGregor, C. Moesby, S. Peake, J.E. Smith, E. Stevenson, K.F. Walker, D.S. Watson and J. Wilson.

Officers:- B. Mason (Executive Director – Operations) and A. Bluff (Governance Officer).

### **0593. APOLOGIES**

Apologies for absence were received on behalf of Councillors P. Barnes, J.E. Bennett, S. Statter and R. Turner.

### **0594. URGENT ITEMS OF BUSINESS**

There were no urgent items of business to consider.

### **0595. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **0596. MINUTES – 14<sup>TH</sup> SEPTEMBER 2015**

Moved by Councillor R.J. Bowler and seconded by Councillor J. Wilson

**RESOLVED** that subject to the inclusion of Councillor McGregor's apologies, the minutes of a Budget Scrutiny meeting held on 14<sup>th</sup> September 2015 be agreed as a true record.

(Governance Manager)

### **0597. UPDATE FROM SCRUTINY CHAIRS**

#### Customer Service and Transformation Scrutiny Committee

The Chair of Customer Service and Transformation Scrutiny Committee informed Members that the Review of the CAN Rangers Service was now complete and the draft

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report had been circulated to relevant senior officers and portfolio holders for comments.

### Healthy, Safe, Clean and Green Scrutiny Committee

The Chair of Healthy, Safe, Clean and Green Scrutiny Committee informed Members that a presentation had been provided at a meeting of the Committee in relation to Houses in Multiple Occupation (HMO's) and the Committee were monitoring this. The Committee were now looking at Youth Activities in the District.

### Growth Scrutiny Committee

The Chair of Growth Scrutiny Committee informed the meeting that the Committee were looking at other approaches to scrutinise growth. Concerns had been raised at a meeting with regard to non attendance of staff and the Chair had raised this in a letter to the Chief Executive Officer and Deputy Leader and was awaiting a response.

Moved and seconded

**RESOLVED** that the update be received

## **0598. REVISED BUDGETS 2015/16**

Committee considered a report of the Executive Director – Operations in relation to the Council's revised budget for the General Fund, Housing Revenue Account and Capital Programme 2015/16, which had been undertaken during October and November. The report had been presented to the Executive on 30<sup>th</sup> November 2015.

In relation to the General Fund, financial savings of some £1.047m had been identified as a result of the revised budget process.

General expenditure had declined by some £0.342m with debt charges reduced by some £0.601m. This reduction had arisen from the fact that a capital receipt in excess of £6m was received in relation to the disposal of Sherwood Lodge. This receipt was secured after the agreement to the 2015/16 budget and as a result the Council had been able to secure a significant reduction in both its principal repayments and its interest costs which were reflected in the Revised Budgets for 2015/16.

The Council had secured an increased income of £0.256m from being a member of the Derbyshire NNDR Pool. While an additional income of £0.2m was originally anticipated from this source, this had increased as a result of economic growth, whilst at the time of setting the original budget it was considered likely that some of this funding would need to be allocated to County wide economic development initiatives.

The Council had also received Efficiency Grant of £1.064m, which had significantly improved the Council's financial position. As part of the MTFP approved in February 2015, it was agreed that this be transferred to the Transformation Reserve where it would be available to fund 'Invest to Save' schemes in line with the original conditions of the Efficiency Grant.

Housing Revenue Account (HRA) expenditure was mainly within budget showing a reduction in expenditure of £0.350m against the current budgets. The main changes

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were a recommended reduction in Repairs and Maintenance budgets of some £0.125m, together with a reduction in the provision for bad debts accounts for £0.100m. This was offset by a reduction in income mainly in respect of rental income which was reduced by £0.261m.

Taking account of the proposed budget changes, the HRA was anticipated to deliver a surplus in the current financial year of £0.010m, which was £0.005m lower than the current budget for 2015/16. That would leave a working balance at the yearend of £1.891m.

The Supporting People grant from DCC would come to an end at the end of the current financial year. Major changes to the HRA would be in the next financial year where the Government was requiring a rent reduction of 1% and was considering requiring local authorities to sell 10% of their most valuable housing stock.

The Council's Capital Programme had been updated from the original budgets to the revised budgets to reflect approvals within the year, slippage from 2014/15 and the profiling of expenditure on the individual schemes following changes approved by Members.

In relation to the Government's Autumn Statement, there would be a shift of resources to adult social care; Revenue Support Grant would cease over the period of the next MTFP and New Homes Bonus would be subject to consultation. With respect to New Homes Bonus the Government was proposing a reduction in the payment period from 6 to 4 years and introducing more targeted incentives.

The Derbyshire wide NNDR Pool would continue in 2016/17 and would attract further funding to the Council. In the longer term the Government was looking at the localisation of NNDR, which would have a significant impact as it would be accompanied by other financial burdens being placed on local authorities.

A report in relation to the draft budget for 2016/17 would be presented to the Budget Scrutiny Committee at its meeting on 21<sup>st</sup> January 2016. The budget would then be agreed by Council in February 2016.

Members raised various questions in relation to the reduction in new homes bonus, 'rent conversion', the loss of £4m in rental income to the Authority, potential increase in rent arrears when housing benefit was paid monthly directly to tenants, relet times on void properties and the Council's capacity to build new council houses due to the Government reducing rents and potentially requiring local authorities to sell 10% of their most valuable housing stock. The Executive Director – Operations responded to the issues raised.

A Member raised a concern that budgets were again under spent. The Executive Director – Operations replied that in developing the revised budgets, budget managers had been consulted and were in agreement of the budget changes proposed. The revised budget had also been developed with a clear objective of ensuring that no budget changes were proposed that had a significant adverse impact on the service provision being delivered to local residents.

Moved by Councillor J.E. Smith and seconded by Councillor J. Wilson  
**RESOLVED** that the report be noted.

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### **0599. ANTI FRAUD BRIBERY AND CORRUPTION STRATEGY**

The Executive Director – Operations provided a slide presentation to the meeting in relation to the Council's Anti-Fraud, Bribery and Corruption Strategy (including the Money Laundering Policy).

The following points were highlighted in the presentation;

- Last year's training focused on Good Governance.
- The decision making, managerial processes, standards and culture of an organisation.
- Clear link between good governance and good management / outcomes for local people.
- Where good governance fails there are clearly financial, reputational, adverse service implications – clear organisational failures.
- A key element of deterring, preventing and detecting fraud is the Council's Anti Fraud Policy.
- Currently reviewing Anti Fraud and Risk Management Strategies.
- The Strategy sets out our values, informs about our standards, and makes clear we will not tolerate abuse.
- A joint strategy across both Councils – but is evolutionary from current strategies.
- Part of a rolling programme of refreshing our key Strategies.
- Applies equally to Employees, Elected Members and others who do business with the Council.

#### **Anti Fraud / Corruption and Money Laundering**

- Zero Tolerance of Fraud and all forms of Malpractice
- This is an agreed Council Policy

*"It is a criminal offence for an employee to receive or give any gift, loan, fee, reward or advantage for doing or not doing anything or showing favour or disfavour to any person in their official capacity. It is for the employee to demonstrate that any such rewards have not been corruptly obtained."*

#### **Expectations of Officers**

The public is entitled to demand of a local government employee conduct of the highest standard, and public confidence in his/her integrity would be shaken were the least suspicion to arise that he/she could in any way be influenced by improper motives."

- Applies to relationship with contractors, recruitment, friends etc.
- Declare any interest, take no part in decisions

#### **Definition of Fraud / Corruption**

- The intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain.
- Failure to disclose information where there is a legal duty to do so.
- False Representation / Abuse of Position/Inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

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### **Money Laundering**

- Entering into or becoming involved in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person
- Legitimising cash or other financial resources.
- Risks to Council – contractual payments / cash payments
- Notify any concerns to a Senior Officers

### **Impact of Fraud**

- Reputational and Financial Loss to the Council
- The organisation may be liable if it has not taken appropriate steps to prevent Bribery / Money Laundering, etc.
- Any potential personal gain is insignificant when compared against the risk
- Most frauds are for insignificant amounts and leaves individual open to criminal / disciplinary charges.
- Fraud is not worth it – loss of job, hard to find employment at a similar level.

### **Measures to Prevent and Detect Fraud**

- An organisational culture opposed to fraud.
- Spreading awareness of fraud (including training) and the need to report any concerns.
- Confidential Reporting Policy
- Constitution supported by Members and Officer Code of Conduct
- Internal Control Arrangements reviewed by Internal Audit.
- Work of Internal and External Audit, Department of Work and Pensions etc.
- National Fraud Initiative (Data Matching)

A Member felt that the definition of fraud given was not a particularly clear definition. The Executive Director – Operations replied that he would look to see if that section of the Strategy could be improved and ensure that this was reflected in the Strategy.

Moved by Councillor D.S. Watson and seconded by Councillor J. Wilson

**RESOLVED** that the presentation be noted.

The meeting concluded at 1120 hours.