

# ROYAL BOROUGH OF KINGSTON UPON THAMES

Decisions 4-14 can be called in up to and including 5pm on Tuesday 4<sup>th</sup> August 2015.

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## POLICY AND FINANCE COMMITTEE

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7:30 pm – 9:30 pm

Councillors Eric Humphrey (Chair), John Ayles, Rowena Bass, Linsey Cottington, David Cunningham, Tom Davies, Kevin Davis, Andrew Day, Chris Hayes, Richard Hudson, Rebekah Moll, Julie Pickering and Rachel Reid

### 1. Apologies for Absence and Attendance of Alternate Members

Councillors Chris Hayes, Rebekah Moll and Julie Pickering attended as substitutes for Councillors Gaj Wallooppillai, Liz Green and Phil Doyle respectively.

### 2. Declarations of Interest

Councillors Eric Humphrey and Linsey Cottington declared interests in the item concerning the corporate grants programme as they were members of the Kingston Voluntary Action Management Committee. Councillor Andrew Day declared an interest in the item concerning the London Living Wage as his wife was employed by the Council. As none of these represented Disclosable Pecuniary Interests the Members remained in the meeting and participated fully in the discussions thereon.

### 3. Minutes

The minutes of the meeting of the Committee held on 14<sup>th</sup> April 2015 were confirmed as correct record.

### 4. Our Kingston Programme

#### Appendix A

The Committee received details of the launch of the Our Kingston programme designed to deliver the vision for the future of the borough set out in 'Destination Kingston', the medium term plan for 2015-2019.

Members noted the future operating model into which future service design and commissioning decisions would fit. The Our Kingston programme was designed around the following cross cutting community and organisational outcomes which would enable the Council to work together with communities and partners and maximise the collective assets and resources available;

Community

- People achieve wellbeing, independence and live healthy lives

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- A place where people prosper and reach their full potential with high quality education, skills and employment
- A safe and resilient community
- A network of engaged communities
- A borough that embraces growth and attracts investment
- A borough of choice and opportunity that has broken the mould to increase the availability of housing and jobs
- A sustainable borough with a diverse transport network and quality environment
- A borough with an identity rich in history, heritage, culture and creativity which drives its future

#### Organisational

- A Council with the capable sovereignty to effectively champion Kingston's interests
- An entrepreneurial and commercially minded Council, financially sustainable and getting the most from its assets and resources
- A Council that uses its community leadership role to facilitate better outcomes – listening and engaging with partners to create the best solutions
- A Council with a reputation for achievement forged from an embedded culture of innovation and collaboration

The first significant project to be launched under the Programme would be Outcome Based Budgeting, a new approach to resource planning organised around the outcomes set out above. This would deliver savings through smarter prioritisation of resources and a reduction of duplication, eliminating traditional departmental silos and enabling cross cutting objectives to be achieved. The results of the project work would be incorporated into the formal budget proposals for 2016/17.

Members noted that progress reports on the development of the Our Kingston project would be submitted to Committee quarterly, commencing in September 2015.

#### **RESOLVED that –**

- the Our Kingston Programme be approved and launched as the means by which the Council will deliver the vision set out in Destination Kingston.

- a cycle of quarterly reports to the Policy & Finance Committee on progress with the Programme commence from September 2015.
- outcome Based Budgeting be progressed to set the medium Term Financial Plan for 2016-20.

#### Voting

For; Councillors Bass, Cottington, Cunningham, Davis, Day, Hayes, Hudson, Humphrey and Pickering (9)

Against: None

Abstain: Councillors Ayles, Davies, Moll and Reid.

#### **5. Medium Term Service and Financial Plan - Destination Kingston Appendix B 2014/15 - 2017/18 - 2014/15 Revenue Outturn**

The Committee received a report setting out on the final revenue outturn position for 2014/15, indicating the way in which this would impact on the delivery of the medium term plan for 2015/16 to 2018/19, and describing the outturn for 2014/15 for the Council's General Fund, Housing Revenue Account and Schools Budget. The report also set out the performance of the statutory On-Street Parking Account, Bus Lane Enforcement Account and Moving Traffic Contraventions Account.

Members noted that the General Fund Revenue budget was underspent by £66,000. This had been achieved by bringing forward by 8 months the policy approved by the Council in March 2015 of drawing down £2m from the statutory parking and traffic enforcement reserves to fund qualifying expenditure. This had resulted in an additional contribution of £1.333m in 2014/15. Overspends within Health & Adults Services and Learning & Childrens Services had been offset by underspends in Place Services, One Council Services and Other Corporate Services. It was agreed that £376,000 of Neighbourhood Committee underspends would be carried forward for use by those Committees in 2015/16.

The General Fund Balance now represented 6.5% of the 2015/16 net budget requirement, an improvement of 0.1%. Planned investment for the final projects of the One Kingston Programme from Strategic Reserves was lower than anticipated which had improved the position of the reserve to fund future transformational expenditure.

It was noted that the Housing Revenue Account (HRA) was £142,000 underspent in 2014/15, thereby increasing the HRA balance to £3.308m.

The report also advised that the Schools budget was overspent by £11,000. Along with planned additional use of £1.4m this reduced the central balance of unspent Dedicated Schools Grant from £2.240m to £829,000. The Statutory On-Street Parking Account had exceeded income projections by £472,000. This gave a net spend of £280,000 against the income which reduced the balance to £2.225m at 31 March 2015. The Statutory Moving Traffic Conventions Account had exceeded income projections by £748,000, providing a net spend of £135,000, thereby reducing the account balance to £749,000.

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**RESOLVED that –**

1. the action taken to achieve the revenue net under spend for the General Fund for 2014/15 and its application to increase the General Fund Balance as set out above be noted.
2. for 2014/15, Neighbourhood Committees net under spends be carried forward for use by those Committees in 2015/16.
3. The On Street Parking Account (Annex 1 to the agenda report ); the Bus Lane Enforcement Account (Annex 2 to the agenda report) and the Moving Traffic Contraventions Account (Annex 3 to the agenda report ) be approved for submission to the Mayor of London and the Secretary of State respectively.
4. the 2014/15 outturn positions on the Housing Revenue Account and Schools budget be noted.

Voting – Unanimous

**6. Revenue Support Grant**

**Appendix C**

The Committee considered a report which set out the work being undertaken to achieve greater financial independence for the borough and to ensure that the economic rewards of growth were retained for local benefit.

Members noted that the Council had been engaged in dialogue with Central Government on the possibility of changes to the way in which the local government funding system applied to Kingston. Early indications were that the conditions were favourable for constructive discussions, taking advantage of the prevailing national agenda in favour of localism and devolution. Achieving a different balance of financial settlement had the potential to favourably impact on the medium term financial position. It also fundamentally linked to the Council's aims for local democratic renewal. The freedom to make meaningful local decisions, including those relating to fiscal matters, was considered an intrinsic part of a vibrant local democracy.

The Council's proposition to Government would be based on;

- retaining a greater share of tax raised in Kingston for the benefit for the borough
- Removing the current reliance on central government funding
- Piloting a model of self sufficient and autonomous local government

Members noted that the element of the Council's funding which related to Business Rates was likely to perform much better over the medium term than the Revenue Support Grant (RSG) provided by Government. The lower the Council's reliance on

RSG the less exposed it would therefore be to the changes in local government funding as a result of the Government's deficit reduction strategy.

The Council would continue to work with other boroughs in South London and across the capital to advance wider devolution of powers and public service reform. This would include exploration of a Business Rate Pool for South London which might of itself increase the amount of business rates retained in Kingston. Some external support would be engaged at modest cost to address some of the issues raised in the conversations with the Department for Communities and Local Government.

**RESOLVED that –**

1. The principle of financial independence for Kingston be endorsed;
2. The work undertaken on this issue to date be noted; and
3. The future work programme and continued contribution to South London and London-wide work on devolution be endorsed.

Voting – Unanimous

**7. Grants to Voluntary Organisations: Emerging Needs and New Initiatives Grants 2015/16 and Community Investment Fund Update** **Appendix E**

The Committee considered proposals for the allocation for grant support to voluntary organisations under the Emerging Need and New Initiatives Grant programme for 2015/16. The grants were intended for one off projects or pump-priming/development activity and could include a contribution to overheads.

Members noted that £50,000 was available for Emerging Needs grants and Small grants, of which £10,000 was usually set aside for Small grants awarded under Directors delegated authority. Some 44 applications had been received for Emerging Needs grants totalling £118,983. 18 applications had been received for Small grants totalling £13,772. The extent of over subscription made decision making difficult and reduced awards or no awards were to be made in some cases.

This was the final year of the Emerging Needs and New Initiatives Grant strand in its present form. In the light of proposals due to be considered later in the meeting relating to the Grants to Commissioning initiative work would need to be undertaken to identify what grant strands might be appropriate for the future against this potentially changing background.

The Committee also took the opportunity to rectify a misunderstanding with the Surrey Tamil School which had believed that it had been awarded a Community Investment Fund grant of £4,000pa for three years from 2013/14 whereas the award had been for one year only. In the light of the School planning its three year programme based on its understanding of the commitment it was agreed that the position should be regularised so that the School was not disadvantaged. Having

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been awarded a lesser sum of £2,500 in 2014/15 it would therefore now receive a sum of £5,500 in 2015/16 in order to fulfil the full £12,000 over the three years.

**RESOLVED that –**

1. Emerging Needs and New Initiatives Grant aid be offered to the voluntary organisations for 2015/16 as set out in Annexes 1 and 2 of the agenda report.
2. The award to Surrey Tamil School set out above be agreed; and
3. The arrangements for the allocation of small grants be noted.

Voting – Unanimous

**8. Corporate Grants Programme – Moving to a Commissioning Approach Appendix D**

Members gave consideration to proposals to move towards a commissioning approach in respect of the Council's corporate grants programme.

The Council was seeking to redefine relationships between communities service providers and individuals and the Voluntary and Community Sector (VCS) had an essential role to play, not just as potential providers of services but also in helping to shape and define them. Around £13.7m was spent by the Council commissioning services from VCS organisations each year.

It was now proposed that the existing corporate grants programme cease with effect from 1<sup>st</sup> April 2016 and the majority of the annual grants budget of £1.538m be moved into commissioning budgets, aligned to appropriate outcomes. Ongoing agreements or residual funding that the Council had already awarded on a multi year basis would be honoured for the duration of the agreement. A sum of £100,000 would be set aside from the budget to help organisations through the first two years of change, allocated on a case by case basis through an application process. A further £120,000 would be retained for one off discretionary grants for emerging needs up to a maximum of £3,000 and £50,000 for small grants under £750 determined by Officers under delegated powers.

The Committee received and noted each of the 148 individual responses to an online consultation and the outcome of six focus groups for VCS representatives, as well as the full Equality Impact Assessment. It was noted that 62% of respondents had expressed a level of support for the proposals.

Members did, however, take account of concerns raised both in the consultation responses and in verbal submissions by representatives of VCs groups at the meeting. Issues included;

- the implications of potentially increased competition within the sector,
- the organisational impact of engaging in commissioning including administrative demands and the distraction from delivery of services

- uncertainty of outcome for individual organisations.
- the consultation methodology applied
- a potential liability for VAT
- the potential erosion of collaborative working within the sector
- the risk of domination by a small number of large charities

The Committee acknowledged that change was difficult but expressed the view that the new arrangements would ultimately prove beneficial to the VCS, increasing the sums available to it through the opportunities to widen activities. While the Council had undertaken a number of events on the way in which it commissioned services it was clear from the consultation that further work was needed to ensure a greater understanding within the VCS. The process for commissioning services would follow the Council's Commissioning framework and process and the Council was committed to working with strategic partners in supporting all organisations through the understanding of this process, particularly the 20 or so smaller organisations that received grants of between £3-10,000 and had no experience of commissioning. Most of the VCS organisations were, it was noted, already familiar with the concept and the recipients of very small grants were not affected by the changes

It was emphasised that the process would be proportionate and flexible to manage the burden on smaller organisations. Competition would not be required in every case. Commissioners would work with partners to ensure that they had an understanding of the service delivery. Where possible the Council would commit to longer contracts in order to allow organisations more certainty than was presently the case. Social value and local provision would be taken into account in order to ensure that a small number of large organisations did not monopolise the provision. It was acknowledged that VAT could impact on cash flows but it would not ultimately reduce income and systems could be put into place to minimise the bureaucratic burdens.

The Committee was therefore of the view that the proposals should be adopted and asked for regular reports back to Members to ensure that implementation was proceeding smoothly.

**RESOLVED that -**

1. The policy set out above and in the agenda report which changes the management and administration of the current corporate grants programme to a commissioning approach from April 2016 be approved and as a consequence:
  - £1,052,650 (less LBGS) of current grants allocation be transferred to commissioning budgets in 2016/17

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- £100,000 be retained for transition funding in 2016/17
- £120,000 be retained for discretionary grants up to £3k each (emerging needs)
- £50,000 be retained for small grants up to £750 each
- Existing grant commitments for 2016/17 and 2017/18 continue to be honoured.

2. reports on progression with the implementation of the proposals be reported back to the appropriate Committee at the end of September 2015 and in three monthly intervals thereafter.

Voting

For; Councillors Bass, Cottington, Cunningham, Davis, Day, Hayes, Hudson, Humphrey and Pickering (9)

Against: Councillors Ayles, Davies, Moll and Reid.(4)

Abstain: None

## 9. Annual Equalities Update

## Appendix F

The Committee noted details of progress with the implementation of the Equality and Community Cohesion Action Plan during the course of 2014-14 and approved the equality objectives for the 2015-16 Plan. Members also received an overview of the staff monitoring information in respect of the six equalities strands of race, gender, disability, sexual orientation, religion or belief and age.

Significant actions to improve equalities and community cohesion over the last year included;

- Reinvigoration and further promotion of staff equalities groups, including a new carers group, which had resulted in increased membership.
- Launch of the Kingston Domestic and Sexual Violence Strategy with the aim of all those at risk to be 'free from fear' by 2017.
- Development of the Older People Mental Health Strategy with a focus on dementia friendly communities,
- Review of the equalities implications of the service and budgetary proposals within the Medium Term Financial Strategy 2015-16
- Reduction in the gap in attainment between boys and girls achieving 5 or more A\*-C grades at GCSE
- improvement in the early identification of child sexual exploitation through the Multi-Agency Safeguarding Hub

- A number of equalities events including Black History Month, Disability History Month, LGBT History Month, a Holocaust Memorial Event, International Womens Day and National Carers Week

Objectives to improve equalities and community cohesion detailed in 2015-16 action plan included:

- i. Further monitoring of the impact of the Welfare Reform Act in relation to all equality strands.
- ii. Maintenance and refresh data on website to include all equality strands to enable service commissioners to be able to undertake EQIAs in an informed way.
- iii. Refinement of the Programme and project management toolkit to make it easier to do equality assessments at all points in the process.
- iv. Management of the corporate grants programme in line with any changes that emerged from the Grants to Commissioning consultation taking account of equalities issues and community cohesion.
- v. Broaden the choice of foster care placements so that looked after children could be placed in safe and stable placements closer to their home.
- vi. Increase looked after children's participation in their statutory reviews and their active involvement in care planning.
- vii. Provision of books in a number of different languages to reflect community need, including books in Korean supported by links developed with the Korean Cultural Service.
- viii. Ensure that Bookstart was delivered via Health Visitors to 95% of babies and toddlers in the Borough.
- ix. Increase participation of groups that traditionally participated less in sport and physical activity such as women and girls, older people, disabled people and young people at risk.
- x. Ensure at least 90% of service users had either an adequate or good knowledge of the funding reform aspects of the Care Act by March 2016.

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**RESOLVED that –**

1. progress in the 2013-14 action plan be noted; and
2. the equalities objectives for the next year outlines in the 2015-16 action plan be endorsed

Voting – Unanimous

**10. London Living Wage**

**Appendix G**

The Committee gave consideration to the implications of adopting the London Living Wage (LLW) for directly employed and agency staff in accordance with the request of Council at its meeting on 15 January.

Members noted that all but four of the 33 London boroughs, and a number of high profile public sector employers, now had a minimum pay rate at the LLW level of £9.15 per hour or higher, although 17 did not adhere to all parts of the commitment. The Council's lowest hourly pay rate was £8.67, some 33% higher than the National Minimum Wage of £6.50 per hour. A number of initiatives to remove the lowest pay points and give pay awards weighted towards the lowest earners had brought recent relative improvement lowest rate of pay. However, some 272 staff, comprising 223 in schools, which were not obliged to follow the Council's pay recommendations, and 49 others (15 of whom were in the Household Reuse and Recycling Centres) received less than the LLW.

The Committee took the view that it was not desirable to immediately increase basic pay rates to the LLW level. This would be costly, create contractual implications should the Council ever wish to change its policy, would include payments for overtime and to casual workers at the LLW level, which was not a requirement of the LLW, and technically complex to implement and operate given the need to maintain existing pay rates for schools which chose not to adopt the Living Wage.

As the rate of increase of the LLW was outside the Council's influence, and as future local government pay settlements could further reduce or remove the difference from the London Living Wage, it was therefore agreed to achieve LLW pay rates by paying to staff within scope a one off individual supplement at the end of the current financial year, and in subsequent years if re-approved. The supplement would bring salary for basic hours worked up to the LLW in retrospect. It would be pensionable but non-contractual and not paid to otherwise eligible staff who had left the Council's employment prior to 31<sup>st</sup> March. It would not apply to overtime hours or casual workers. This would allow the Council to commit to the current LLW level but have the flexibility to reconsider annually and to permit some schools to opt in to the arrangement and others not. Based on current pay scales the cost of implementation would be £49,535. The maximum cost for implementation in schools would amount to £42,627 although the decision to implement would, in each case, be for individual governing bodies. Costs of £58,568 in respect of the Household Waste and Recycling Centre were unlikely to be incurred because the service was due to be contracted out in October 2015 and staff transferred to the successful bidder.

It was agreed that Schools should be notified of the Council's decision and encouraged to adopt the same approach.

**RESOLVED that –**

- 1) the Council adopts the London Living Wage from 1 April 2016, and implements it by a retrospective payment, the following March, of the difference between the London Living Wage then in force (pro rata), and normal basic pay;
- 2) overtime pay and payments to casual workers be excluded from the provisions set out in 1) above, in line with the expectations of the Living Wage Foundation;
- 3) school governing bodies be encouraged to take similar action; and
- 4) the policy be regularly reviewed in the light of local government pay settlements.

Voting – Unanimous

**11. Shared Internal Audit Service**

**Appendix H**

The Committee gave consideration to the inclusion of the London Borough of Merton within the shared internal audit service arrangements.

Members noted that the principle of expansion of the existing service shared between Kingston and Richmond had already been established and the depletion of staff numbers and loss of resilience following the establishment of the new five borough shared investigations service had led to discussions with Merton on joining the audit partnership. Benefits of expansion would include increased resilience and the potential to realise future savings and economies of scale. Any savings would be made through improved audit processes and the development of in-house expertise in areas such as contract and IT audit currently procured externally. More significant savings would be anticipated when other authorities joined the shared service.

Both the shared service and Merton's services were highly regarded and it was proposed that there would be no change in the level of existing activity. The two current Heads of Internal Audit would remain responsible for each of the authorities with one of those officers taking the lead as the head of the shared service and the other deputising. The Head of the Shared Service would be responsible for the management of a shared pool of staff and resources across the partnership to deliver the respective audit plans. The new arrangements were due to come into effect on 1<sup>st</sup> October 2015 and the proposals had been endorsed by the Audit and Governance Committee.

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**RESOLVED that –**

1. The proposal to extend the shared Internal Audit Services with the London Borough of Richmond to include the London Borough of Merton from 1<sup>st</sup> October 2015 be agreed; and
2. Responsibility for finalising the detailed terms of the shared service be delegated to the Director of Finance and Head of Corporate Governance, in consultation with the Lead Member for Policy and with the Chair of the Audit and Governance Committee.

Voting – Unanimous

**12. Anti-Social Behaviour, Crime & Policing Act 2014 Public Spaces Protection Order and Fixed Penalty Notice Arrangements Appendix I**

The Committee received details of consultation on the establishment of a Public Spaces Protection Order (PSPO) in respect of dog fouling in public places and gave consideration to the charges to be applied to all Fixed Penalty Notices (FPNs) issued as an alternative to prosecution in respect of PSPOs and Community Protection Notices (CPNs) under the Anti-Social Behaviour, Crime & Policing Act 2014.

Members noted that there had been no representations or comments received regarding the public places listed in the draft order. FPNs would be issued as part of the enforcement pilot for any breach of the PSPO . It was proposed that the charge be set at a maximum of £100 but reduced to £60 if paid within 10 days of the FPN and that this same level should apply to any other FPN issued for breach either of a PSPO or CPN.

The introduction of the dog fouling PSPO meant that it would be necessary to revoke a Designation Order made in 1997 which required dog owners in most parts of the borough to remove faeces left by their dog on public land. The Order had not been enforced for some years and there was uncertainty over its scope. The new arrangements would provide for a more consistent means of dealing with dog fouling.

**RESOLVED that -**

1. the Director of Place be authorised to make a Public Spaces Protection Order (dog fouling) in the form shown in Annex 1 of the agenda report (the Order) under Section 59 Anti Social Behaviour, Crime and Policing Act 2014. and the Corporate Solicitor be instructed to execute the Order:
2. the amount of the fixed penalty payable under any Fixed Penalty Notice issued in respect of breaches of the Order be set at £100, reduced to £60 if paid within 10 days of the Notice;
3. the Director of Place be authorised to take the steps to revoke the Royal Borough of Kingston upon Thames Dogs (Fouling of Land) Designation Order

1997 and the Corporate Solicitor be instructed to execute the Revocation Order: and

4. Fixed Penalty Notices issued for breaches of any further Public Space Protection Orders made and Community Protection Notices (CPNs) issued, under the Anti-social Behaviour, Crime and Policing Act 2014 (the 2014 Act), be set at the level proposed above, reduced to £60 if paid within 10 days of the Notice, in those cases where breaches are dealt with by way of FPNs, as opposed to by prosecution.

Voting – Unanimous

**13. Kingston Town Centre Management Board Appointment** **Appendix J**

The Committee was asked to consider the appointment of an elected Member to fill the vacancy on the Kingston Town Centre Management Board which had arisen as a consequence of the death of Councillor Chrissie Hitchcock.

**RESOLVED that –**

The Head of Corporate Governance be authorised to accept a nomination from the Leader of the Opposition in respect of the vacancy on the Kingston Town Centre Management Board following the by-election for the Grove Ward on 16<sup>th</sup> July 2015.

Voting – Unanimous

**14. Appointments to Internal Working Groups** **Appendix K**

**RESOLVED that –**

The appointments to the Member Working Groups set out at **Annex 1** be approved for the 2015/16 Municipal Year.

Voting – Unanimous

**15. Standing Order 32 - Urgent Action** **Appendix L**

The Committee noted details of action taken by the Director of Childrens Services, the Director of Finance and the Capability Lead, Commissioning, in consultation with the Chairs of this Committee and the Children, Youth & Leisure and Policy & Finance Committees, to procure temporary accommodation to enable the opening of the proposed Academy on the North Kingston Centre site for Year 7 pupils at a cost of approximately £600,000. It had been necessary to act under urgency powers contained in Standing Order 32 because of the need to place orders with suppliers in time to meet the requirement for the accommodation to be fully operational by September 2015.

In response to questions relating to the need for urgency it was emphasised that the failure of the Education Funding Agency to progress the scheme within the promised timescales had left the Council with no option but to step into the breach in order to ensure that the school opened on time. The purchase would be funded from

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unallocated monies, probably drawn from Section 106 contributions for education projects.

**16. Urgent Items Authorised by the Chair**

There were no urgent items.

Signed.....Date.....

(Chair)