

ROYAL BOROUGH OF KINGSTON UPON THAMES

FINANCE AND CONTRACTS COMMITTEE

14 FEBRUARY 2019

7:30 pm – 10:03 pm

Councillors David Ryder-Mills (Chair), Alison Holt (Vice-Chair), Rowena Bass, Mark Beynon, Liz Green, Jaesung Ha, Jason Hughes, Christine Stuart*, Sharron Falchikov-Sumner, John Sweeney and Sharon Young

* Absent

36. Public Questions

There were no questions relevant to the Committee's remit submitted by members of the public. Written replies would be given to questions which were not within the Committee's terms of reference.

37. Apologies for Absence and Attendance of Substitute Members

Councillor Andreas Kirsch attended the meeting as a substitute for Councillor Christine Stuart.

38. Declarations of Interest

There were no declarations of interest.

39. Corporate Plan

The Committee gave consideration to the Council's new Corporate Plan 'making Kingston Better, Together'.

Members noted that the Plan, which had been subject to extensive consultation with residents, staff and strategic partners, set out the Council's medium term vision, outcomes and priorities for the period between 2019-23 and was designed to provide the framework within which the Council would operate and take key decisions around the future of local services and the use of its resources. Three strategic outcomes had been identified, namely;

- A sustainable approach to new homes, development and infrastructure which benefits our communities, in a well maintained borough
- A safe borough which celebrates our diverse and vibrant communities, with local priorities shaped through participatory democracy
- Healthy, independent and resilient residents with effective support to those who need it most.

These outcomes were supported by a number of priorities and clear actions that would be developed over the next four years, together with expected delivery dates. The Plan also set out how the Council would change as an organisation in order to achieve these outcomes as well as a set of key performance indicators which would

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help measure progress. A range of core strategies sat underneath the Corporate Plan and each Directorate would develop service priorities and deliverables each year covering activities not highlighted within the main Plan.

In discussion on the content of the Plan it was agreed that more prominence should be given within it to the needs of the local business community, including greater reference to the deliverables around existing business related activity included within the relevant Directorate Plan.

The Plan would be kept under review and updated annually in order to reflect changing priorities and circumstances.

RESOLVED that –

1. the Committee endorses the draft Corporate Plan, as set out in Annex 1 to the agenda report, and recommends final approval at Full Council on 26 February 2019; and
2. the Director, Communities be authorised to make any final amendments to the draft ahead of Full Council, in consultation with the Leader of the Council.

Voting

For: Councillors Ryder-Mills, Holt, Beynon, Green, Ha, Kirsch, Falchikov-Sumner, Sweeney and Young (9)

Against: None

Abstentions: Councillors Bass and Hughes (2)

40. Medium Term Financial Strategy 2019-20 to 2022-23 and Detailed Budget and Council Tax 2019-20

The Committee gave consideration to a previously circulated pack of papers which set out the budget report for 2019/20 including the financial and policy context, the Capital Programme and Housing Revenue Account and the Medium Term Financial Strategy for the period to 2022/23, together with the Council Tax proposals for the forthcoming financial year. Members also received late material which included;

- Comments on the budget proposals from the relevant Strategic Committees, including the recommendations of the Childrens and Adults Care Committee in respect of the Schools budget
- The feedback from the consultation meeting with business ratepayers and their representatives
- Details of the Greater London Authority budget and precept and confirmation of the levies issued by the Environment Agency and the London Pensions Fund Authority (confirmation of the Lee Valley Regional Park Authority levy had yet to be received and would be reported to the Council meeting on 26 February 2019).

Members noted that the Council was now financially self-sufficient and no longer received revenue support grant from central government, needing to find its funding

for essential services from maximising the collection of Council Tax, Business Rates and other income, adopting a more commercial approach to service delivery and asset management and enabling the borough's sustainable economic growth. The budget was designed to support the Council in meeting the significant challenges it faced in ensuring services for its residents and some of its most vulnerable communities were protected against a backdrop of increasing demand in terms of volume and complexity and decreasing resources available to fund those services. Its main outcomes included:

- Growth and investment in services of £7.182m to meet key priorities and demand pressures
- The identification of £12.099m of revenue savings
- An average Council Tax band D of £1,551.19, a 4.99% increase in the Council tax set by Kingston including the Adult Social Care Precept
- An increase in the Band D Council Tax set by the Mayor of London for Greater London Authority services of 8.9%. to £320.51
- An in year budget contingency of £445,000 to provide additional prudent cover in light of increasing service demand risks and to manage any pressures and service issues arising created by UK exit arrangements from the European Union
- An increased General Fund reserve of £16.592m for 2019/20, an increase of £3.5m to ensure prudent cover for managed risks
- An estimated total of £31m reserves, including £10m of earmarked reserves available for specific purposes in 2019/20 including increasing the resources available to invest in transforming the Council to meet the continuing financial and service demand challenges
- A General Fund Capital programme over four years of £168m to provide infrastructure investment in Kingston.
- The provision of £22.849m of resource, the full government allocation, for Special educational Needs Services for Kingston

The Committee approved both the overall budget proposals and those relating to services within its area of responsibility. In so doing it noted areas of growth and budget reductions for services together with details of the Capital Programme including new schemes.

Issues raised by Members during the course of the debate included the sufficiency of the £445,000 set aside to assist with Brexit preparations. It was noted that the additional Government allocation of £105,000 in both 2018/19 and 2019/20 could be utilised to augment the contingency fund. Advice was being sought on whether the 2018/19 allocation could be rolled forward into the new financial year but there was not yet any clarity on what the additional burdens might be.

In making its recommendations to Council the Committee had regard for the comments of the Section 151 Officer on the robustness of the estimates and the adequacy of the reserves, the identified budget risks, the implications on Council Tax setting and the Equality Impact assessment undertaken on the budget reductions proposed for 2019/20.

RESOLVED that –

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1. The comments of the Strategic Housing and Planning Committee, Community Engagement Committee, Children and Adults Care and Education Committee and Environment and Sustainable Transport Committee be noted;
2. The Director, Corporate and Commercial be authorised to make any necessary changes to the GLA precept and the Wimbledon and Putney Common Conservators levy in the Council Tax Calculation in Annex 3 to the Budget Report Pack prior to submission to Budget Council, once the final decisions have been confirmed by these bodies;
3. Council is RECOMMENDED to approve the budget proposals and Council Tax for 2019/20 as set out in the Budget Report Pack report and annexes.
4. Council is RECOMMENDED to authorise the relevant officers to take necessary action to deliver the agreed budget and service changes, including increasing relevant fees and charges in line with inflation.
5. Council is RECOMMENDED , in accordance with the requirements of the Local Government Act 2003, to note the comments of the Director of Corporate and Commercial in regard to the robustness of estimates and the level of reserves and balances as set out in the section “Comments of the Director of Corporate and Commercial (S151 Officer) ” in paragraphs 25 to 31 of the Budget Report Pack;
6. Council is RECOMMENDED in accordance with sections 32 to 36 of the Local Government Act 1992, to calculate the amounts in Annex C to the agenda report (amended Annex 3 to the Budget Report pack) for the financial year 2019/20.
7. Council is RECOMMENDED to approve the new Capital Strategy including the detailed capital programme for 2019/20 to 2022/23 as set out in Annex 11 to the Budget Report and the Treasury Strategy including the Annual Investment Strategy, prudential indicators and the Minimum Revenue Provision (MRP) policy as set out in Annex 12 to the Budget Report.
8. Council is RECOMMENDED to approve the pay policy at Annex A to the agenda report
9. Council is RECOMMENDED to approve the Schools Budget for 2019-20 in line with paragraph 17 and Enclosure 1 of Annex B to this report;
10. Council is RECOMMENDED to approve the proposals outlined for the Central School Services Block including the transfer of £27k to the High Needs Block (ref. paras 26-28 of Annex B to the agenda report);
11. Council is RECOMMENDED to approve the proposals outlined for the Early Years Block, including the increase of the SEN Inclusion Fund to allow for high needs support for early years children (ref. paras. 29 - 35 of Annex B to the agenda report);
12. Council is RECOMMENDED to approve the proposals outlined for the High Needs Block (ref paras. 36-39 of Annex B to the agenda report)
13. Council is RECOMMENDED to approve the proposals outlined for the Schools Block (ref. paras 20-25 of Annex B to the agenda report) and the Schools Funding Formula outlined in Enclosure 2 of Annex B to the agenda report and the Schools Allocations in Enclosure 3 of Annex B to the agenda report, including a Minimum Funding Guarantee of -1.5% per pupil (ref. paras 22-23).

Voting:

Items 1,2,4,5,6,8,9 & 11 – Unanimous

Item 3

For: Councillors Ryder-Mills, Holt, Beynon, Green, Ha, Kirsch, Sweeney and Young (8)

Against: Councillor Falchikov-Sumner (1)

Abstention: Councillors Bass and Hughes (2)

Items 7,8 &13

For: Councillors Ryder-Mills, Holt, Beynon, Green, Ha, Kirsch, Sweeney and Young (8)

Against: None

Abstention: Councillors Bass, Falchikov-Sumner and Hughes (3)

Item 10

For: Councillors Ryder-Mills, Holt, Bass, Beynon, Green, Ha, Hughes, Kirsch, Sweeney and Young (10)

Against: None

Abstention: Councillor Falchikov-Sumner (1)

41. Revenue and Capital Budget Monitoring 2018-19 - Month 9

The Committee received details of the forecast outturn position for revenue and capital expenditure in the 2018/19 financial year based upon monitoring at month 9 and noted some key risks which had a potential impact on the outturn as well as the 2019/20 budget and the medium term position

Members noted that an overspend on the revenue budget of £1.163m was currently projected, which was an improvement of £815,000 since the month 6 position was reported to the November meeting. The forecast variance was as a consequence of a number of issues including:

- A shortfall of income in relation to new investment in commercial property which had not yet proceeded. The associated growth in capital financing was also therefore not currently required which reduced the impact of this loss of income to a net £1.5m
- Delays in delivering expected savings from Commissioning and Contract Management (£1.75m), although these had been offset by one off savings from contracts in-year.
- Ongoing pressures in relation to Unaccompanied Asylum Seeking Children (UASC) and Special Educational Needs (SEN) Transport within the Achieving for Children budget. The total AfC forecast overspend was £1.57m.

The value of compensating underspends had, however, increased due to a number of factors including implementation of expenditure restraint, recovery action plans being implemented by the Strategic Leadership Team and the identification of other underspends.

On the basis of the figures presented the current forecast for the year end General Fund balance, held to mitigate against the financial risks inherent in delivering Council services was £11.929m compared with an expected balance of £13.092m if a balanced outturn position was achieved.

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In order to more closely monitor the delivery of savings plans in year, in addition to the usual budget monitoring arrangements, a Red, Amber or Green rating had been applied to all savings proposals. It was noted that £7.070m of savings were rated Red meaning that there were not deliverable within 2018/19. These proposals had been removed from the budget for 2019/20 presented to the Committee at the same meeting.

The Committee also noted that a forecast underspend of £850,000 was expected within the Housing Revenue Account (HRA), an increase of £205,000 since Month 6.

An overspend of £1.176m was forecast on the School's Budget compared with £2.262m at month 6. As in recent years the ongoing pressure stemmed primarily from the High Needs Block and both current and future demand for services to support children and young people with Special Educational Needs.

The General Fund capital programme was forecast to deliver an underspend of £27.472m in 2018/19 with an overspend of £2.555m over the four year programme. The Housing Revenue Account (HRA) capital programme was forecasting an overspend of £108,000 in year and an underspend of £3.392m across the four years of the programme. Additions and changes to the capital programme approved included:

- An additional budget for the Dementia Nursing home project of £350,000 in 2018/19, £102,000 in 2019/20 and £4.812m in 2020/21, taking the total budget for the project to £15.554m.
- The inclusion of additional Disabled facilities Grant provided for 2018/19 of £155,000
- Additional highways funding of £396,000 in 2018/19.
- Additions to the schools maintenance programme including roofing and flooring projects at various schools drawn down from existing reserves and reflected in forecasts
- Reductions in school maintenance grant allocations of £2.078m in 2020/21 and 2021/22
- Additional in budget forecast of Home Improvement Grant allocation, to be drawn down from existing reserve.
- Additional project for Guildhall estate remedials drawn down from existing reserve and reflected in forecast.

RESOLVED that -

1. the forecast outturn position in respect of the General Fund including the impact of ongoing expenditure restraint and mitigating actions, for 2018/19 be noted;
2. the 2018/19 forecast outturn position on the Housing Revenue Account be noted;
3. the forecast in respect of the Schools Budget and the Dedicated Schools Grant (DSG) for 2018/19 be noted;
4. the forecast outturn position in respect of the capital programme for 2018/19 to 2021/22 be noted;

5. the changes to the capital programme set out in paragraphs 56 to 62 of the agenda report be noted;
6. Any additional business rate income from the pool pilot that is not required to deliver a balanced budget in 2018/19 is put into the general fund reserve at the year end.

Voting – Unanimous

42. CIL and S106 Biannual Monitoring Report

The Committee received details of S106 and Community Infrastructure Levy (CIL) income received and agreements entered into for the first half of the 2018/19 financial year and the proposed allocation of funds.

Members noted that S106 contribution agreements totalling £582,559 had been entered into across the Borough in the period between 1 April and 30 September 2018 and contributions totalling £751,633 received in the same period following the trigger of various developments. In total there was £2,933,112 of S106 contributions not presently allocated to a project. It was agreed that £208,823 of this sum should be allocated to the Community Parks programme for the delivery of a number of previously identified and agreed physical improvements to parks and green spaces within the Borough, and a further £26,569 to the SHEDx community led regeneration project based in Tolworth.

In response to a question from a resident, Members regretted that Risborough Green, Old Malden was not included on the list of parks and open spaces due to benefit from the funding but it was agreed that discussions would take place with Ward Members and others in order to establish how the provision of play facilities at the site could be taken forward. It was noted that further sums would become available through the individual Neighbourhood Committees which might be used for the purpose.

It was also noted that the Council had collected £85,590 of CIL on behalf of the Mayor of London to contribute to the funding of Crossrail, some 4% of which could be retained to meet the cost of administering the charges. A further sum of £170,820 had been collected between April and September for the Kingston CIL for infrastructure within the Borough. Total cash receipts for Kingston CIL now stood at £1,298,656, of which 80% was to be allocated for strategic infrastructure across the Borough, 15% for infrastructure priorities at a neighbourhood level within which the CIL was raised by development and 5% allocated to administration costs.

RESOLVED that –

1. the information and analysis provided on financial contributions agreed, received, and spent during the monitoring period of 1 April to 30 September 2018, be noted;
2. the Mayoral CIL and Kingston CIL income received for the period of 1 April to 30 September 2018, be noted; and,
3. the allocation of funds, as detailed in Table 4 of the agenda report, be approved.

Voting

Items 1 & 2 – Unanimous

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Item 3:

For: Councillors Ryder-Mills, Holt, Beynon, Green, Ha, Kirsch, Falchikov-Sumner, Sweeney and Young (9)

Against: None

Abstentions: Councillors Bass and Hughes (2)

43. Urgent Items Authorised by the Chairman

There were no urgent items.

44. Financial Assistance to a Maintained School

The Committee resolved to exclude the press and public from the meeting during consideration of this item under Section 100(A)(4) of the Local Government Act 1972 on the grounds that it was likely that exempt information, as defined in paragraph 3 of Part I of Schedule 12A to the Act, would be disclosed and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Members gave consideration to the provision of financial assistance to a Maintained School. Having regard for the circumstances of the School, the legal and financial implications of the proposed course of action and associated risk assessment, and having heard from the Headmaster of the School, it was

RESOLVED that –

the action recommended in the agenda report be approved.

Voting:

For: Councillors Ryder-Mills, Holt, Bass, Beynon, Green, Ha, Kirsch, Falchikov-Sumner, Sweeney and Young (10)

Against: None

Abstention: Councillor Hughes (1)

Signed.....Date.....
Chair