

## COUNCIL – 1 MARCH 2016

### DESTINATION KINGSTON – MEDIUM TERM SERVICE AND FINANCIAL PLAN 2016/17 TO 2019/20 AND DETAILED BUDGET AND COUNCIL TAX 2016/17

#### AMENDMENT FROM LIBERAL DEMOCRAT GROUP

#### RECOMMENDATIONS

##### Delete recommendation 1 and substitute the following:

1. approve the Medium Term Service and Financial Plan destination Kingston 2016/17 to 2019/20, and the detailed budget proposals for 2016/17 as set out in the Destination Kingston budget pack; revised in the report to Treasury Committee and the Late Material submitted to that meeting and also revised in this report (paragraph 9), subject to the following changes:

In order to retain the free provision of bio-bags to residents to continue to achieve the current rates of recycling:

- a. Remove the saving of £0.2m for 2016/17 through to 2019/20 under reference 7o

In order to retain the ring-fenced annual contribution to the Kingston Chamber of Commerce and not see that contribution included in the development of a Local Economic plan:

- b. Remove the saving of £0.024m for 2016/17 through to 2019/20 under reference 5f

In order to retain the Council's current model for delivering Community Engagement and maintain current levels of personnel engaged in this function at Neighbourhood level:

- c. Remove the saving of £0.193m in 2016/17 rising to £0.304m in 2019/20 under reference 4e

In order to retain the current provision of Neighbourhood Improvement budgets and Community grants:

- d. Remove the saving of £0.029m for 2016/17 through to 2019/20 under reference 4d

In order to retain the current provision of Youth Services:

- e. Remove the saving of £0.095m for 2016/17 rising to £0.125m in 2019/20 under reference 1n

In order to retain the existing arrangements of taking 75% of income into account rather than the proposed change to 100% in relation to Homecare charging:

- f. Remove the saving of £0.138m for 2016/17 through to 2019/20 under reference 1b

In order to maintain the grass cutting and maintenance of grass verges:

- g. Reduce the saving under reference 7f by £0.036m therefore leaving a saving of £0.124m to be achieved in 2016/17 through to 2019/20

In order to fund the changes above and achieve a balanced budget for 2016/17:

- h. Remove growth of £0.388m as contingency against the planned delivery of savings in 2016/17

- i. Remove £0.100m of expenditure related to Strategic Planning and Kingston Futures.
- j. Drawdown an additional £0.200m from the Moving Traffic Contraventions account to fund £0.2m of growth for Highways flood management
- k. Convert 22 Gloucester Rd for the provision of temporary accommodation realising £0.027m of savings in 2016/17

**Delete recommendation 5 and substitute the following**

- 5. approve the proposals for the use of On Street Parking, Bus Lane Enforcement and Moving Traffic Contraventions account surpluses as set out in Annex 13 subject to an additional draw down of £0.2m from the Moving Traffic Contraventions Account to fund the growth related to Flood Water Management on Highways.

**Delete recommendation 6 and substitute the following**

- 6. approve the Capital programme set out in Annex 10, subject to the following changes:

In order to maintain current levels of highways maintenance:

- a. Add £0.4m to the capital programme under the Highways and Transport programme

In order to ensure vehicular access for specific needs groups to the Dysart School

- b. Add £0.050m to the capital programme under the Schools Programme (Dysart Expansion project)

In order to fund the additions above:

- c. Reduce the Technology Investment Fund by £0.250m from £1.5m to £1.25m
- d. Reduce the Refresh of end user computing devices by £0.200m from £1.15m to £0.950m

In order to refurbish 22 Gloucester Road for the provision of temporary accommodation

- e. Add £0.5m to the capital programme under Housing General Fund
- f. Reduce funding for one off expenditure for the Kingston Futures programme by £0.5m in 2016/17.

**Delete recommendation 15 a) and 15 b) and substitute the following**

- 15. resolve that the following amounts be calculated for the year 2016/17 in accordance with Sections 31 to 36 of the Act

- a) The aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act, taking into account the total of special items included in e) below. 416,944,805
- b) The aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. 332,023,500

The changes to recommendation 15 do not have any impact on the subsequent calculations in the remainder of this recommendation

## BACKGROUND INFORMATION

- The amendments proposed by the Liberal Democrats are summarised in the table below:

### Revenue Budget

Ref	Item	Effect in 2016/17 £000s	Description
7o	Cessation of free provision of bio-bags	200	Remove the proposed saving in order to retain the existing provision of free bio-bags to residents
5f	Annual Contribution to the Kingston Chamber of Commerce	24	Remove the proposed saving in order to retain the annual contribution to the Kingston Chamber of Commerce and not see that contribution included in the development of the Local Economic plan
4e	Implement Communities review to create a new function for community engagement	193	Remove the proposed saving in order to retain the Council's current model for Community engagement
4d	Neighbourhood Improvement budgets & Community Grants	29	Remove the proposed saving in order to retain the current provision of Neighbourhood Improvement budgets & Community Grants
1n	Re-commissioning of Youth Service activities	95	Remove the proposed saving in order to retain the current provision of Youth Services
1b	Charging policy for Homecare	138	Remove the proposed saving in order to retain the existing arrangements of taking 75% of income into account rather than the proposed change to 100%
7f	Parks and Open Spaces maintenance contract	36	Remove part of the proposed saving in order to retain the maintenance of grass verges.
	Growth – Savings contingency	(388)	Remove the proposed growth for contingency against savings delivery
	Moving Traffic Contraventions Reserve	(200)	Draw down an additional amount from the reserve to fund the growth related to flood water management in highways
	Kingston Futures	(100)	Review General Fund revenue expenditure on Strategic Planning and Kingston Futures and reduce in 2016/17
	Temporary Accommodation – 22 Gloucester Rd	(27)	Convert 22 Gloucester Rd site for use as Temporary Accommodation and realise part year saving in 2016/17

### Capital Programme

Programme	Item	Effect in 2016/17 £000s	Description
Highways/ Transport	Highways Maintenance	400	Add £0.4m of capital expenditure to highways maintenance in order to retain current levels of funding
Schools	Dysart Expansion	50	Add £0.05m of capital funding to the Dysart expansion project in order to provide vehicular access to special needs groups
ICT	Technology Investment Fund	(250)	Reduce the Technology Investment Fund to £1.25m
ICT	Refresh end-user computing devices	(200)	Reduce the Refresh end-user computing devices to £0.950m
General Fund Housing	Conversion of 22 Gloucester Road site	500	Add £0.5m of capital expenditure to convert 22 Gloucester rd site for provision of temporary accommodation
One off investment	Kingston Futures	(500)	Review one off expenditure under the Kingston Futures programme and fund conversion of Gloucester Rd from earmarked funding currently allocated to Kingston Futures

- All other recommendations would remain unchanged by these proposals.

### **Savings Contingency**

3. Growth of £0.388m was provided in the 2016/17 budget as a one off for that year to mitigate the effects of delay in delivery of any of the £12.492m savings planned for 2016/17. The amendment reduces the level of savings required by £0.688m to £11.804m and also reduces to zero the contingency set aside to mitigate any delay in the delivery of those savings.

### **Moving Traffic Contraventions Reserve**

4. The Council is required to maintain a separate account for income and expenditure relating the enforcement of Moving Traffic Contraventions under Part 6 of the Traffic Management Act 2004. Any surplus on the fund may be applied for specified types of expenditure, mostly relating to transport. The additional draw down from the reserve would be used to fund the proposed growth of £0.2m relating to highways flood water management, thereby freeing up £0.2m of General Fund resource and reducing the Moving Traffic Contraventions reserve balance by the same amount.

### **Kingston Futures**

5. The proposed amendment would review Strategic Planning and Kingston Futures expenditure from the General Fund budget in 2016/17. This budget commitment is currently £0.929m funding sixteen posts and the proposed amendment would reduce this expenditure by £0.1m.
6. One off expenditure for Kingston Futures in 2016/17 is funded from a mixture of Place and Strategic reserves; allocated Section 106 monies and London LEP, TfL and GLA funding. Estimated expenditure in 2016/17 is £1.330m on core functions and £1.704m on discretionary items, leaving £0.730m of allocated funding for one off expenditure in 2017/18. Some of the funding is linked to the delivery of specific items. The proposed amendment would review this expenditure with a view to reducing it and diverting £0.5m of resource to fund the capital costs of conversion of the recently declared surplus site at 22 Gloucester road for the provision of temporary accommodation, delivering the proposed ongoing revenue saving of £0.1m (part year of £0.027m in 2016/17).

### **ICT Capital Expenditure**

7. Reductions of £0.250m to the Technology Investment Fund and £0.200m to the Refresh of end user devices ICT programmes would defer necessary expenditure from 2016/17 to 2017/18. This would reduce total planned capital expenditure from £2.65m to £2.2m in 2016/17

### **Additional comments from the Director of Finance in relation to the proposed amendment**

8. Recommendation 12 requires the Council to take note of the requirements of the Local Government Act 2003 and the comments of the Director of Finance in regard to the robustness of estimates and the level of reserves and balances.
9. In respect of the original budget proposals, these comments are set out in paragraphs 38 to 44 of section 1 of the Destination Kingston budget pack. When considering the proposed amendment, these comments require some additional commentary which is set out below for consideration by the Council.

10. This amendment would not adversely affect the Council's responsibility to set a balanced budget for 2016/17 and can therefore be legitimately considered by the Council.
11. The proposals recommended to Council by Treasury Committee and then revised in the final report to Council include a balanced budget for 2016/17 and a budget gap of £3.652m in 2017/18; £10.879m in 2018/19 and £15.715m in 2019/20. These gaps are calculated on the basis of no increases to Council Tax either by the Government's 2% Social Care precept or a general increase of 1.99% in the years 2017/18, 2018/19 and 2019/20. The proposals include an additional table that show the reduction in the budget gap if those Council Tax increases were made in those years.
12. This amendment proposes a combination of reductions in growth; use of the Moving Traffic contraventions reserve and new savings in order to preserve a balanced budget for 2016/17. The changes, however, would add £0.534m to the budget gap in 2017/18; £0.605m in 2018/19 and £0.656m in 2019/20. This is because of the one off nature of the funding of the 2016/17 changes from the reserve and the growth for savings contingency as well as the proposed savings removed being larger in later years than in 2016/17.
13. Given the already significant financial challenges facing the Council, careful consideration needs to be given to any decision which has a negative financial impact during the period covered by the Medium Term Financial Plan. The budget gap will have to be closed in each year through additional savings or further Council Tax increases.
14. The removal of growth as a contingency to mitigate effects in the possible delay in delivery of any of the planned savings of £11.8m (as per the amendment), while legitimate, would increase the risk of adverse impact on the Council's General Fund balance.
15. The removal of £0.1m of expenditure related to Strategic Planning and Kingston Futures would delay the delivery of statutory plan making and opportunity area framework planning as included in the Kingston Futures programme.
16. The use of the recently declared surplus site at Gloucester Rd for temporary accommodation would introduce savings to the temporary accommodation budget of approximately £0.1m for a full year and £0.027m in 2016/17 to take into account the time needed to undertake capital conversion works. This would remove the site from any possible disposal and increase the risk of potential additional capital borrowing costs (MRP) to the General Fund should other disposals, programmed to fund future capital commitments, be delayed.
17. Although the balance on the Moving Traffic Contraventions Reserve is forecast to increase in the medium term. The total balance of this reserve, the On-Street Parking reserve and the Bus Lane Enforcement Reserve is forecast to decrease over that period meaning that the legitimate use of an additional draw down would add to the overall level of risk within this area.
18. The level of General Fund reserves would remain adequate for 2016/17 in accordance with the requirements of the Local Government Act 2003 when considering all of the proposed amendments to the General Fund revenue budget.

19. The reduction in 2016/17 of capital expenditure related to ICT would have some impact in that year but remain manageable. It would defer that expenditure to future years and reduce capacity within the capital programme in those years.
20. A review of Kingston Futures expenditure with the aim of reducing it by £0.5m will reduce the ability to fund planned specific expenditure in either 2016/17 or 2017/18. Detailed work would also be required to ensure that where funding is reduced for specific items that that funding is not linked to the delivery of specific projects. In overall terms this consideration is not likely to mean that the proposed amendment is not viable.