

2013-14

# BUDGET PROPOSALS

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THE ROYAL BOROUGH OF  
KENSINGTON  
AND CHELSEA

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# FOREWORD

## FROM THE LEADER

This document presents the Cabinet's financial proposals for 2013-14.

It is both necessary and no surprise that we must again reduce our spending in cash terms. But it might surprise and reassure you that we have again succeeded in finding savings that do not diminish our services. This reflects:

- the sharing of senior officers with our partner boroughs - Westminster City Council (WCC) and the London Borough of Hammersmith and Fulham (LBHF)
- joint procurement across the boroughs, for instance for our main insurance contract, which secured savings for all three boroughs
- pay restraint: allowing for inflation, pay per officer is about 5½ per cent lower than it was in 2008
- recruiting to vacancies only if we are certain that staff are unable to work more efficiently to cover the necessary duties
- freeing up excellent services, such as the borough's youth service, to operate independently as a mutual and secure contracts from other customers
- the application of technology so that more transactions can be performed on-line
- contracting out of, for example, our homecare workers

The Cabinet remains mindful of the many other calls on residents' incomes. Therefore, we propose to freeze council tax for the fourth year running.

We give examples of our sustained quality of service on pages 25 to 28. I am particularly proud of the record exam results achieved within the borough; and of our contribution to the hugely successful Olympic and Paralympic Games. We continue to meet all our local manifesto pledges set in 2010.

The major capital projects of the borough also symbolise our high ambitions for the quality of life here.

**We propose to freeze council tax for the fourth year running.**

- Holland Park School occupied its magnificent new building in November 2012.
- Construction of the new Kensington Aldridge Academy and a new Kensington Leisure Centre in the north of the borough began in January 2013.
- Piper House is being refurbished to provide new flats for adults with learning disabilities and complex needs.
- We continue to modernise Kensington Town Hall in order to use space more efficiently, release other properties and cut utility and other bills.

Thank you for your interest in the work of the Council.

**Holland Park School  
occupied its magnificent  
new building in  
November 2012.**



**Councillor Sir Merrick Cockell**

Leader

Royal Borough of Kensington and Chelsea

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# INTRODUCTION

This report presents the Cabinet's budget proposals for 2013-14 and sets out its broad approach to revenue budgeting.

**Part I** provides the context for the two parts that follow by describing the Council's revenue budget, which funds the large majority of Council services and activities, and its forecast income for 2013-14. Briefer information is provided on the other elements of the Council's finances, such as housing revenue spending.

**Part II** explains the pressures on the Council's budget in future years.

**Part III** sets out the Cabinet's proposals to meet these pressures.

# PART I: THE COUNCIL'S GENERAL REVENUE SPENDING

The Council's gross revenue budget peaked in 2010-11 at £416 million. On a like-for-like basis, the gross budget for 2013-14 is estimated to be £386 million - a cash reduction of £30 million over three years and, allowing for increases in prices, a reduction of nearly 14 per cent in real terms<sup>1</sup>.

This expenditure supports a very wide range of services.

- Some - such as highways, street cleaning, planning, parking services, parks and open spaces, environmental health, refuse collection and disposal and consumer protection - meet the needs of everyday life and make the Royal Borough a pleasant place to live.
- Others provide residents with access to facilities and services such as schools, sports centres, community centres, citizen's advice services, libraries, museums and galleries.
- A third set - for example: social care; social services for adults and children; and the payment of benefits to offset housing and council tax costs - is directed at the needs of particular groups of residents.

**In April 2013 unitary and upper tier authorities take over public health activity...**

In April 2013 unitary and upper tier authorities take over public health activity, ranging from cancer prevention and tackling obesity to drug misuse and sexual health services. The reformed public health system gives local authorities an opportunity to take a more strategic role and to become a source of trusted advice for everyone whose activity might affect, or be affected by, the health of the people in their area.

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<sup>1</sup> The full 2013-14 gross budget will for the first time also include spending of a new public health grant of £21 million and funding and financing charges including Council Tax Support (CTS) payments of about £13 million.

The services and their budgets for 2013-14 are as follows:

**TABLE 1: 2013-14 BUDGETS BY SERVICE**

Service	£ m	%
Adult Social Care	75.8	18.0
Children's Services	137.0	32.6
Environment, Leisure and Residents' Services	44.6	10.6
Housing Services	32.1	7.6
Library, Archive and Heritage Services	5.4	1.3
Planning and Borough Development	6.7	1.6
Public Health	21.4	5.1
Transport and Technical Services	32.3	7.7
Corporate Services	54.5	13.0
Adult and Family Learning Services	1.3	0.3
Other e.g. financing charges	9.0	2.2
<b>Total spending on services</b>	<b>420.3</b>	<b>100</b>

Information on what each service provides can be found at **annex A**.

Two broad sources of income support general revenue expenditure.

- Funding (directly or indirectly) from the Government: this will contribute about 61 per cent of the Council's overall budget in 2013-14, down from 63 per cent in 2010-11. It comprises revenue support grant, dedicated schools grant and a variety of other specific and general grants and payments.
- Funding from local sources: this will contribute about 39 per cent of the budget, up from 37 per cent in 2010-11. It comprises council tax receipts, a variety of fees and charges, car parking income, rents from property and interest on investments.

**TABLE 2: FUNDING OF THE COUNCIL'S SERVICES**

Source	£ m	%
Revenue support grant and retained business rates	113.4	27.0
Council tax freeze grant	0.7	0.2
Dedicated schools grant	80.0	19.0
Other specific grants	4.9	1.2
Other grants and contributions	60.3	14.3
Sales, fees and charges	42.3	10.1
Car parking income	42.2	10.0
Council tax	71.1	16.9
Interest	0.4	0.1
Rents	4.9	1.2
<b>Total funding for services</b>	<b>420.3</b>	<b>100</b>

Income from council housing is excluded from **table 2** because separate accounting rules apply to it (and to the spending associated with council housing). Please see **box 1**.

### **BOX 1: HOUSING REVENUE EXPENDITURE**

Kensington and Chelsea Tenant Management Organisation (TMO) is responsible for the management of nearly 10,000 properties on behalf of the Council. Most are for rent, but about 25 per cent are now on long leases.

The funding of these properties is required, by law, to be entirely separate from the rest of the Council's finances within what is known as the Housing Revenue Account (HRA). Thus, the council tax payer cannot subsidise those in social housing. Nor can the rents and service charges paid by the tenants be used to fund unrelated council services. Under the Local Government and Housing Act 1989, it is illegal for a council to budget for a deficit on its HRA.

The Government introduced a new funding regime for social housing within the HRA in April 2012. This is known as self-financing. It aims to put local authorities in a position where the HRA can support their housing stock from its income. The reforms will improve the financial outlook for the HRA and should enable resources to be set aside for capital spending.

The rents charged to tenants will be determined in accordance with government guidelines. For 2013-14, the Council has consulted tenants on an average increase in rents of 4.5 per cent, which it judges will strike the right balance between the burden it places on tenants, the maintenance and development of the estate and the risks of incurring a future HRA deficit.

A new funding regime for local government – the business rates retention scheme - is introduced from 1 April 2013.

## FUNDING FROM THE GOVERNMENT

A new funding regime for local government – the business rates retention scheme - is introduced from 1 April 2013.

Each authority has an allocation of **revenue support grant** from government and a value for **locally retained business rates**.

The existing funding distribution system – a series of complex formulae – still underpins the formula grant value and continues to include the protection of a funding floor. Based on the Government's measure of funding change – spending power – the Council has the largest reduction in London.

The **dedicated schools grant** has undergone several changes in the last three years: perhaps the most significant is the Government's pupil premium, which has added £2.8 million in 2012-13, equivalent to 3.7 per cent of the budget for schools.

The Council receives a variety of **other grants**, some of which are for specific purposes and some of which the Council has freedom to spend according to its own priorities.

## FUNDING FROM LOCAL SOURCES

**Council tax** provides the Council's largest single source of local income. It is set each year by the Council and paid by each household in the Royal Borough. The amount paid varies according to which of eight property value bands a home falls within (based on open market prices at 1 April 1991), with a 25 per cent discount available for people who live alone.

The eight bands are set in nationally fixed proportions to band D. As there has been no comprehensive revaluation of properties since the council tax was introduced, the link between property value and council tax is somewhat tenuous.

As **table 3** shows, rates of council tax in the Royal Borough are significantly below the London and England averages. The six per cent increase in the Royal Borough's council tax since 2005-06 compares very favourably with the average increase across England of 19 per cent. Allowing for price increases, the tax levied by the Council has fallen by 16 per cent in real terms since 2005-06.

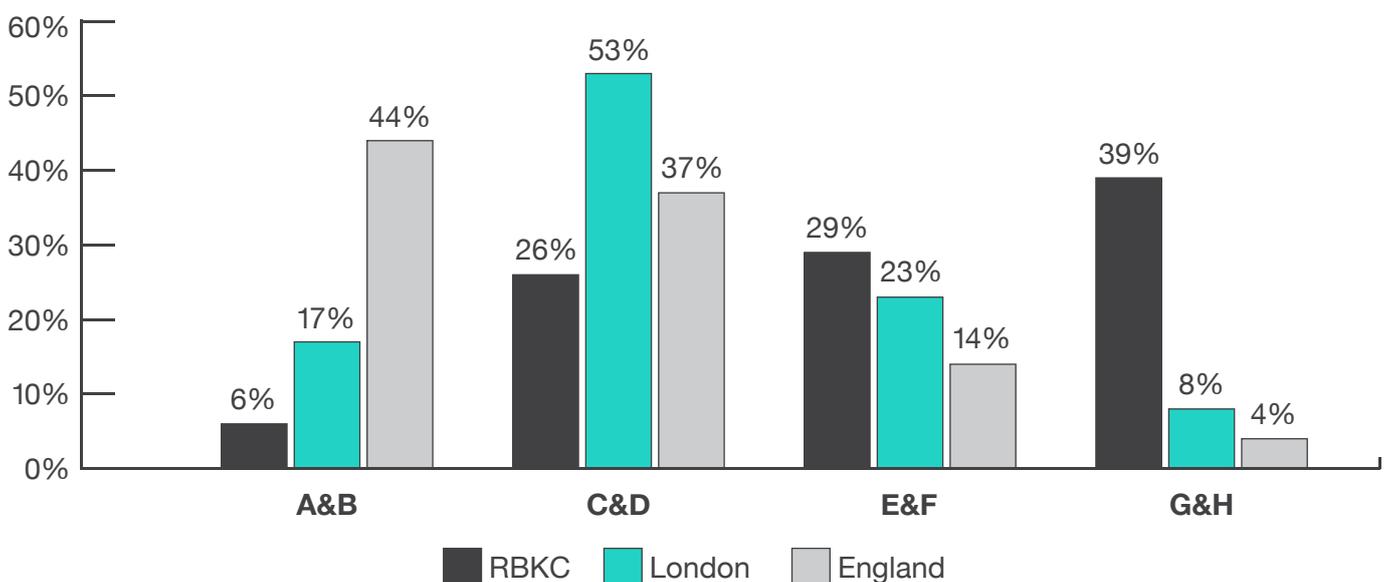
**TABLE 3: RATES OF COUNCIL TAX 2012-13**

COUNCIL TAX	Range of property values by band (based on 1991 property values)							
	A	B	C	D	E	F	G	H
	Up to £40,000	£40,001 to £52,000	£52,001 to £68,000	£68,001 to £88,000	£88,001 to £120,000	£120,001 to £160,000	£160,001 to £320,000	£320,001 and above
<b>Royal Borough</b>	£717	£837	£956	£1,076	£1,315	£1,554	£1,793	£2,151
<b>London average</b>	£870	£1,015	£1,159	£1,304	£1,594	£1,884	£2,174	£2,609
<b>England average</b>	£963	£1,123	£1,284	£1,444	£1,765	£2,086	£2,407	£2,888

There is a disproportionately large number of properties in the Royal Borough that fall into the higher property bands (see **chart 1**), so most households pay the higher rates of council tax. As such, the Council raises more per property than many other local authorities.

However, the Government makes full allowance for the money the Council can raise when it determines the grant the Council receives. The Council’s higher potential receipts from council tax are therefore effectively offset by lower government grant.

**CHART 1: PROPORTION OF PROPERTIES IN COUNCIL TAX BANDS**



The Council's approach to investing the reserves that it holds is deliberately cautious, and interest rates remain very low.

From April 2013 local authorities have been given additional powers to set locally determined council tax discount rates for empty property and second homes, replacing fixed exemptions and discounts. The Council has chosen to abolish the discount on second homes and remove the exemption on empty, unfurnished homes and empty homes undergoing repair and alteration. This increases the tax base and therefore revenue for the Council. It also creates a financial incentive for householders to restrict the periods that homes are empty and supports the Council's local policy of encouraging owners to bring empty homes back into use.

The Council levies a variety of **fees and charges** in order to recover some or all of the costs of providing a wide range of services, for example: play services; children's centres; sports centres; pest control; cemeteries; trade waste; planning applications; and liquor licences. These will generate income of about £42 million in 2013-14.

**Car parking income** follows the Council's transport policies and is derived from: residents' parking permits; pay and display bay charges; penalty charge notices; and parking bay suspensions. Allowing for the costs of running the parking service, these charges provide £26 million to spend on certain, permitted council services such as highways maintenance and special needs transport.

From April 2013, councils' finances will also be affected by the growth or decline in the **business rates**<sup>2</sup> raised in their areas. To provide an incentive to assist in economic growth, the Royal Borough will keep about 17 per cent of any growth in business rates in real terms. But if business rates income was to fall, the Council would at the margin bear the cost of 30 per cent of such reductions.

The business rates base in the borough has tended to grow only slowly but - allowing also for volatility between years and the lower share in gains than in losses, and for the potential loss on valuation appeals - the Council is forecasting a £2 million loss in 2013-14.

**Rental income** from some of the property the Council owns - including office accommodation, private residential housing, private schools and some local shops - generates just under £5 million in revenue each year.

The Council's approach to investing the reserves that it holds is deliberately cautious, and interest rates remain very low. Therefore, **investment income** is expected to provide a modest £1 million in 2013-14.

<sup>2</sup> Central government will continue to determine the amount that any one business pays in rates. The scale of such payments for any one business depends on a valuation of its property or properties by a government agency and a rate in the pound set by central government.

# PART II: SETTING THE 2013-14 BUDGET IN CONTEXT

Over 2012-13, limited economic growth has done little to raise the Government's tax receipts or reduce public spending on benefits. In his Autumn Statement of 5 December 2012, the Chancellor of the Exchequer announced, as expected, additional cuts in public spending and an extended timescale for reductions in borrowing.

The Council remains of the view that the consequent reductions in grant to local authorities represent a permanent loss of income. Grant funding for local government is due to fall by at least 28 per cent in real terms between 2010-11 and 2014-15, and will not recover thereafter as tax receipts cannot be sustainably increased as a share of national income. Pressures elsewhere in public spending, notably health, will also remain intense.

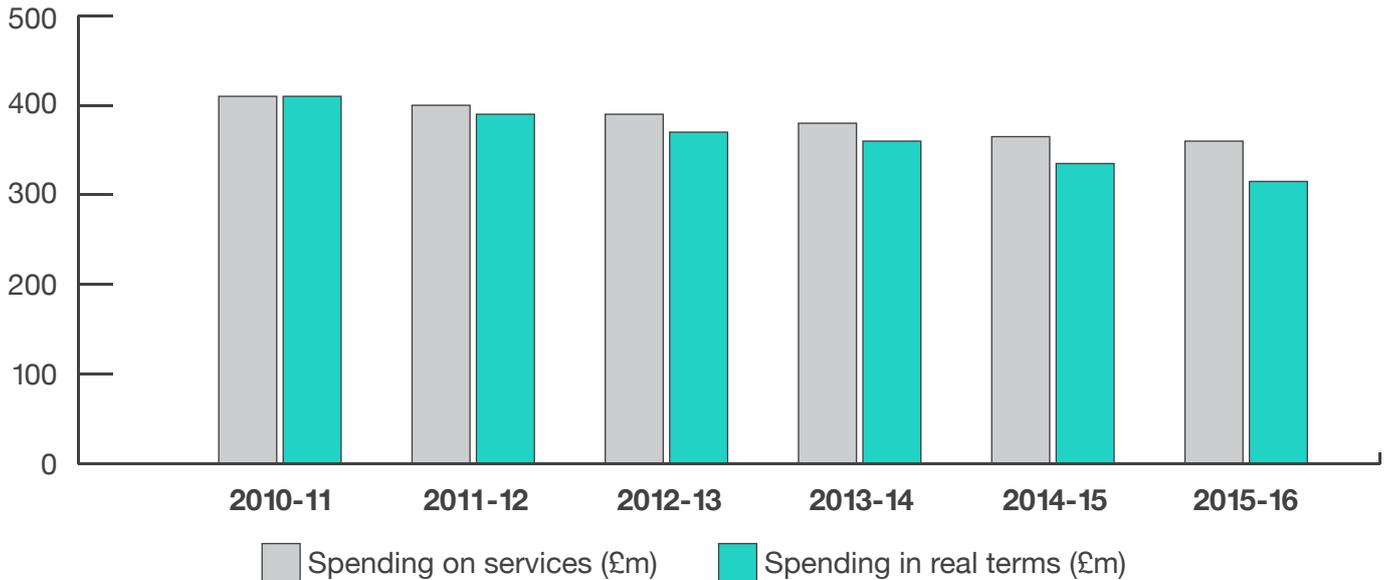
**For 2013-14, the Government is paying the Council the equivalent of an increase in council tax of one per cent (worth £0.7 million).**

Alongside reduced funding from the Government, the Council also wishes to keep council tax broadly stable. Council tax will be maintained at the same rate as that in 2009-10, reflecting both the Council's concern not to increase the burden on residents facing increases in prices and the Government's willingness to compensate councils for forgoing increases in council tax. For 2013-14, the Government is paying the Council the equivalent of an increase in council tax of one per cent (worth £0.7 million).

Although the Council will earn more from: fees and charges (some of which will rise in line with changes in the Consumer Prices Index each year); rent from its property holdings; and, in due course, from interest on its cash reserves, none of these sources will offset the reductions in grant. Therefore the Council must take measures that yield sustainable and long-term reductions in spending, rather than a short-term fix followed by a restoration of previous spending levels.

Allowing for inflation and various obligations upon the Council, for example the growing costs of the freedom pass<sup>3</sup>, **chart 2** shows the reductions in spending, or increases in income from charges, that the Council has achieved in recent years and will need to achieve in each of the next three years to match its spending and income.

**CHART 2: BUDGETED AND PROJECTED SPENDING ON SERVICES BETWEEN 2010-11 AND 2015-16**



The chart indicates that spending in nominal terms is likely to fall by 12 per cent over five years. Allowing for inflation (as measured by price increases across the whole economy – the GDP deflator) the decline is nearly 22 per cent.

<sup>3</sup> Freedom pass: a scheme that provides free travel on public transport for the elderly and others.

# PART III: MEETING THE CHALLENGE

## STARTING FROM STRENGTH

In setting out to meet this challenge, the Council starts from a position of considerable strength.

- Over the last decade, the public sector at large expanded by a third in real terms. In contrast, the Council increased its spending by just over ten per cent; this caution in part reflected the Cabinet's view that the previous government's spending levels were unaffordable.
- The Council has never drawn down on reserves merely to balance the budget. Reserve use is focused on delivering local policy initiatives and improved infrastructure and facilities. Please see **box 2**.
- The Council has sought savings from all services in each and every year to offset spending pressures and fund high priorities.
- It subjects its accounts and plans to the scrutiny of Standard & Poor's, and has been awarded a 'AAA' rating for the tenth year running.

The Council can achieve improvements in service and sometimes cut its recurrent costs by capital investment (described in **box 3**) or other means.

The Council has sought savings from all services in each and every year to offset spending pressures and fund high priorities.

## BOX 2: THE COUNCIL'S RESERVES

The Council holds reserves in order to:

- help fund its capital programme

Paying for capital improvements from money it has saved (rather than through borrowing) gives the Council greater flexibility, reduces risk and also marginally reduces costs.

- meet other one-off costs

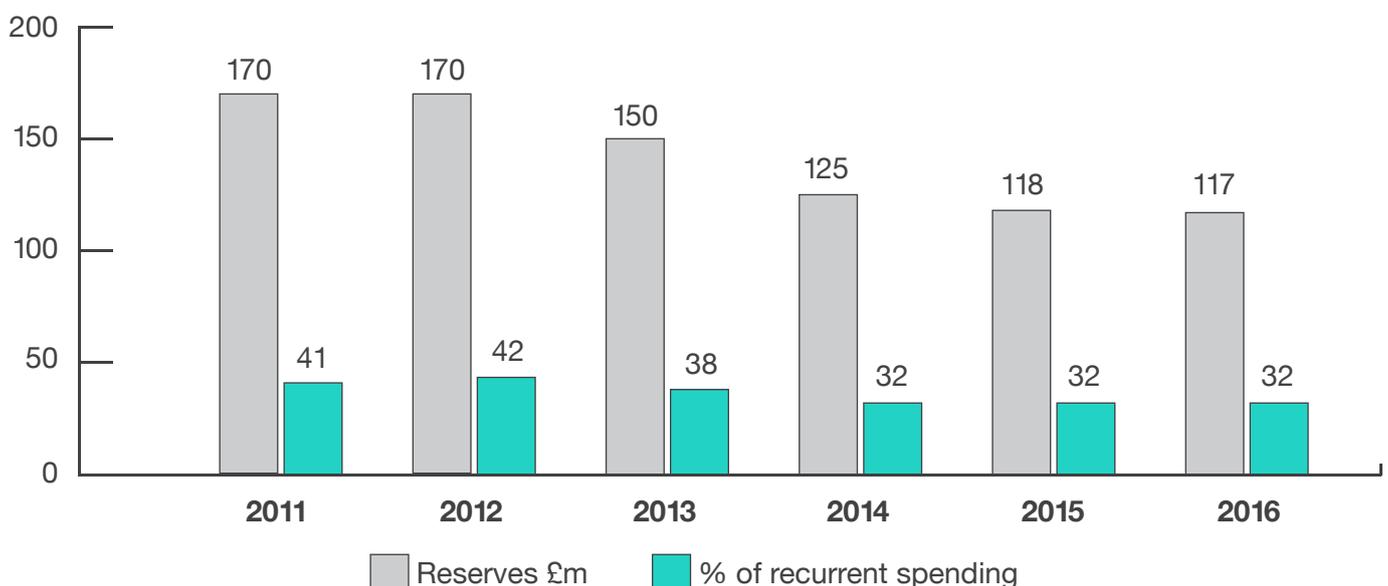
These may arise as a result of unforeseen risk, or as part of planned spending. For instance, as the Council reduces its recurrent spending it will need to make one-off payments for redundancies, early retirement of staff and to invest in information and communications technology.

- allow for payments that fluctuate between years (for example, the cost of local elections and insurance payouts)
- meet any purely temporary shortfalls between income and expenditure (for example, a grant to the Council may be cut faster than it is possible or desirable to reduce the associated expenditure)

Capital reserves are accumulated to be spent on capital projects whereas revenue reserves are part of the permanent resources of the Council and in periods where interest rates deliver real returns, the Council intends only to spend the value of the real return.

**Chart 3** shows the recent and projected level of the Council's reserves. Over this period, total reserves will fall from £170 million as at 31 March 2012 to £117 million by 31 March 2016. The capital expenditure reserve is projected to diminish as the Council's capital spending exceeds the contributions from recurrent income. Similarly, part of the Council's income from parking is used to fund related capital projects. This reserve is also falling.

**CHART 3: THE ROYAL BOROUGH'S RESERVES AS AT 31 MARCH EACH YEAR**



**BOX 3: THE COUNCIL'S CAPITAL PROGRAMME**

The Council spends significant sums to improve its buildings, schools, streets and other property. The Council has contributed to the new Chelsea Academy, has re-built Holland Park School and has transformed Exhibition Road. It will build a new primary school at Warwick Road and plans to re-build the primary school at Middle Row.

These and many other investments improve the quality of life in the Royal Borough. In particular, they enable children whose families live in the borough to go to school in the borough. As the Royal Borough's schools achieve very high standards, they also improve the life chances of children from less advantaged backgrounds.

The Council has substantial capital assets also, such as: land; offices; dwellings; vehicles; roads; bridges; and buildings under construction, that are valued at some £1.4 billion. These need to be properly maintained if they are to serve the Royal Borough well.

Spending on these assets is known as capital spending and is recorded separately from our spending on services. It is funded through a combination of: proceeds from the sale of property, known as capital receipts; government grants and contributions from others; and use of the Council's reserves. The Council has been prudent and has not borrowed any money to pay for capital expenditure.

The Council's ambitious capital programme to deliver new and refurbished schools, better sports facilities and enhanced parks and open spaces will reduce the available reserve balances, as shown in **chart 3**. It is likely that capital receipts will fund much of the most notable additions to the programme – an academy for Kensington and a rebuilt Kensington Leisure Centre.

## SPENDING LESS

Given the modest contribution that can be made from increasing the Council's income, efforts to balance the budget have to focus mainly on reducing spending. This is feasible, often without damaging the services to residents.

- Research on pay differentials between the public and private sector indicates at least a 2.2 per cent premium for the former. The Council awarded no pay increase for inflation in 2010, 2011 or 2012. For 2013, in line with the Chancellor's expectation for pay awards in the public sector, staff on local terms and conditions will receive a one per cent nominal pay increase. Those employed on national terms may see a similar award depending on the progress of negotiations. There remains a performance related pay scheme. About 500 staff may, on average, receive around a 1.5 per cent increase in pay related to performance.
- Public service pensions have grown in cost and are now much more generous than those available in the private sector. The local government pension scheme will be reformed in 2014-15 to: match the pensions earned from that year to average earnings rather than final earnings; and to delay the date at which such pensions are paid through matching the start of payment to the state pension age. Although the rate of accrual will be more generous, the net effect of the changes should be to reduce the Council's pension liability and thus its rate of contribution to the pension fund.
- Above all, there remains scope for greater efficiency in the Council, notably through bi- and tri-borough working, smarter procurement and better use of assets.

Proposals for savings in 2013-14 are set out in **annex B**.

## UNIT COSTS

In principle, data on the costs of providing an item of service can be very useful. They can:

- show where the borough may be more or less efficient than other councils or private sector suppliers
- help to calibrate a difference of quality, which the borough may wish to retain or adjust
- sometimes provide a useful indicator of the costs of expansion or reduction of the service at the margin, which can assist the Council to get the most from its overall budget

In practice, it can often be more complicated, for example: because the unit cost is not independent of the scale of the service; or because there are variations in the way that different suppliers attribute overheads.

The following tables set out some examples of the costs arising from an item of service in the borough. They exclude the costs of central overheads such as the Council's Finance, Human Resources and Information Technology departments.

TABLE 4: ADULT SOCIAL CARE

Service	Estimated unit cost in 2012-13	Commentary
A <b>week's care in a residential setting</b> for an older person	£766 (residential care) £621 (nursing care)	<p>The Council looks after 240 older people in care homes run by the independent sector (excluding cases funded by Inner North West London (INWL) NHS).</p> <p>In common with other councils, the Council also seeks to support people who prefer to remain in their own homes for as long as possible - often judged to be better for their health.</p> <p>The total gross budget (excluding INWL NHS funding) is £5.8 million.</p> <p>In general, the Royal Borough's costs are higher than our tri-borough neighbours in WCC and LBHF. This may be attributable to the differences in service users' needs and to the Royal Borough's attempts to place more people locally. For example, if placed locally, the average cost of a week's residential care for an older person with dementia is up to £1,163.</p>
An <b>hour's care</b> of an elderly person <b>in his or her own home</b>	£14-£15	A tri-borough re-procurement of home care services is to be undertaken in 2013-14. The aim is to reduce the overall cost of home care by providing an intensive initial service followed by a longer term reduced package of care for service users.
A <b>home meal</b>	About £7	<p>For reasons of commercial confidentiality, we cannot offer a precise number, but we can say that:</p> <ul style="list-style-type: none"> <li>• this rate is slightly lower than in WCC and LBHF</li> <li>• the tri-boroughs are offering a new contract for this service and its scale may mean suppliers are able to offer a more competitive price without sacrificing quality</li> </ul> <p>The total budget for the borough is £0.4 million, of which 40 per cent is met from contributions.</p>

TABLE 5: CHILDREN'S SERVICES

Service	Estimated unit cost in 2012-13	Commentary
The cost per place at the four managed children's centres	£18,872	Children's centres deliver 191 places at an annual cost of £18,872 per place. The average charge to parents is £11,700 with an annual subsidy of £7,172 per place. An option is to test the market for interest from across the private, social enterprise and voluntary sectors in delivering the childcare service.
The funding delegated to a school in the borough for a child at primary school	£5,854	Although this is funded by a specific government grant, the scale of the grant reflects the choice made by the Council in the last decade to fund its schools generously. The average funding per primary school pupil in London is £4,745.  The total budget is £38.6 million.
The funding delegated to a school in the borough for a child at secondary school	£7,297	This is also funded by a specific government grant and the scale of the grant reflects the choice made by the Council in the last decade to fund its schools generously. The average funding per secondary school pupil in London is £6,425.  The total budget is £21.8 million.
The average cost per pupil, in fees and transport to and from school, for a child with special educational needs	£28,766	This service is difficult to compare as each child will have specific and different needs. Nevertheless the borough incurs relatively high costs as it sends more of its children outside of the borough than other boroughs, often to independent schools.  The total budget is £7.4 million.
The average cost of a child in care in the borough	£1,040 per week	This is based on an average number of 120 children in care. This budget area comprises four main elements: residential care; fostering and adoption; leaving care; and looked after children support services.  The total gross budget is £6.5 million.
Youth Service spending per young person aged between 13 and 19	£172	This compares to an average in London of £83. It reflects the relatively high priority the borough places on providing activities and guidance for young people.  The total gross budget is £5.9 million.

TABLE 6: ENVIRONMENT, LEISURE AND RESIDENTS' SERVICES

Service	Estimated unit cost in 2012-13	Commentary
Annual maintenance costs for a hectare of <b>park</b>	£34,000	<p>This is higher than in LBHF, reflecting the different maintenance specifications and Member / park user expectations. Higher quality parks may directly influence local property values.</p> <p>The total budget is £3.7 million.</p>
Annual <b>refuse collection</b> per flat or house	£55	<p>This is quite comparable to costs in LBHF.</p> <p>The total budget is £4.9 million.</p>
Annual <b>street sweeping and cleansing</b> of 100m of street	£1,674	<p>This is rather more than in LBHF, reflecting a higher specification for street cleansing. The latest Annual Survey of Londoners (ASL) shows that 78 per cent of our residents are satisfied with street cleansing, compared to a London average of 61 per cent.</p> <p>The total budget is £7.0 million.</p>
Average cost of a <b>visit to a sports centre</b>	29 pence	<p>This is the net cost of all payments to the leisure contractor and income received from visitors. It includes maintenance costs payable by the contractor but does not include maintenance costs outside of the contract that are incurred directly by the Council. Nor does it include the capital charge for the use of the land and building. It is also an average of all different kinds of visitors and does not differentiate between the leisure facilities used in each visit. The unit cost is lower than for LBHF reflecting the different contracted prices and levels of usage.</p> <p>The net budget is £0.2 million.</p>

TABLE 7: TRANSPORT AND TECHNICAL SERVICES

Service	Estimated unit cost in 2012-13	Commentary
Annual cost of maintaining and lighting a <b>street light</b>	£111	This is less than in LBHF, which has recently awarded a street lighting term contract similar to RBKC and closed the Direct Labour Organisation which maintained these assets.  The budget is £1.2 million.
Annual cost of <b>maintaining 1km of road</b>	£6,375	The Council uses a higher quality resurfacing method than LBHF, which is more expensive.  The budget is £1.3 million.
Annual cost of <b>maintaining 1km of pavement</b>	£5,916	The cost is higher than in LBHF because RBKC works and method of working are to a higher specification. For example, all paving stones are hand pointed and smaller areas are paved at a time, minimising inconvenience to residents. The method adopted by RBKC provides better value for money in the long term as it reduces the need for more expensive reactive maintenance later and protects the asset.  The budget is £2.5 million.

TABLE 8: CORPORATE SERVICES

Service	Estimated unit cost in 2012-13	Commentary
The annual cost of a <b>police community support officer (PCSO)</b>	£23,000	The annual cost of one PCSO will increase in 2013-14 to £24,000. The current five year agreement ends in March 2014. Early discussions are underway about arrangements for 2014-15 onwards.
<b>Internal audit</b> cost per £1 million of Council spending	£938	An estimated figure for 2012-13.
Total cost of ownership of a <b>Council laptop</b>	£486	This figure is obtained from the Society of Information Technology Management benchmarking data and is for 2011-12.
Staff cost of a <b>transaction in the customer service centre</b>	£4.63	This cost is based across a range of services including residents' parking, council tax and housing benefits.
Staff cost of a <b>transaction</b> with a customer <b>on the telephone</b>	£2.26	This cost is based across a range of services, some of which are purely transactional such as: parking; council tax; planning; and registrars, others are more outcome support based services such as: adult social care; and housing.

The number of households supported in temporary accommodation continues to grow, partly due to households who can no longer afford to live in private rented accommodation in the borough and for whom the Council has a duty to find accommodation.

The average gross cost of such accommodation for households needing two bedrooms is around £250 a week, although rates vary between locations. Currently, most of this cost is met by central government but the introduction of a benefits cap during 2013-14, and subsequently the universal credit, is likely to result in the Council funding a higher proportion of these costs. The Council has a duty to balance the cost to the taxpayer with finding accommodation of suitable quality.

## SERVICES OF HIGH QUALITY

Although it has reduced its spending, the Council has sought ways to do this, such as through cooperation with neighbouring boroughs, which do not reduce the quality or coverage of its services. This section sets out several examples of how the Council is either maintaining or improving its services, despite the financial challenges.

The borough is spending £98 million on its **schools** in 2012-13 – 25 per cent of its total recurrent spending. Our schools go from strength to strength.

**In June 2012, Chelsea Academy received a rating of 'outstanding' from the Office of Standards in Education (OFSTED).**

- In June 2012, Chelsea Academy received a rating of 'outstanding' from the Office of Standards in Education (OFSTED). It achieved that rating for each of: pupil achievement; quality of teaching; pupil behaviour; and leadership.
- Our schools are rated 'good' in all areas of Inspection of Safeguarding and Looked After Children services.
- Our GCSE pass rate (five or more GCSE grades A\* to C, including English and Maths) is 80 per cent.

**Adult social care** spending amounts to £83 million, second only to schools. The Council:

- is one of only two in London to continue providing services to those assessed with a 'moderate' level of need
- successfully supports a high proportion of people with social care to remain independent in their own homes, achieving very low rates of admission to residential care
- successfully promotes greater choice and control, with 90 per cent of individuals supported at home receiving a personal budget, a third of whom take it in the form of a direct payment
- provides high quality, accessible advice and information through the People First website, helping people make their own arrangements for support
- achieves high levels of service user satisfaction, with two thirds of people who receive social care reporting that they are 'extremely' or 'very' satisfied

**About 18,600 households in the borough depend on prompt and accurate payment of their housing benefit.**

Good progress is being made in developing more integrated working with community health services, which will enhance benefits to residents; streamline assessments; and increase access to services, with services due to be co-located by April 2013. This will improve residents' experiences further, helping to reduce emergency hospital admissions and promote greater independence.

Reduced government grant means the budget for providing **supported housing** for residents with complex needs, mental health and physical or learning disabilities is under significant pressure. In 2003-04 the grant allocation was £12 million. By 2012-13 it was reduced by half.

To remodel service delivery and achieve the necessary efficiencies, the Council used market tested hourly support rates from the 2008 West London Framework as a benchmark for negotiation with the incumbent providers; and strives to ensure that the people accessing these services genuinely require the support and can achieve greater independence with the right level of assistance.

The Council's housing stock is managed by the **Kensington and Chelsea TMO** which continues to implement a cost reduction programme to ensure the HRA does not fall into deficit. To date, real service costs have been reduced by £1.5 million and resident satisfaction is increased from 68 per cent in 2008 to 79 per cent in 2011.

About 18,600 households in the borough depend on prompt and accurate payment of their **housing benefit**. We process new claims within 14 days, and changes in circumstances in 7½ days, compared to an average performance across 19 London boroughs of 25 and 12 days respectively.

There are a range of services that most or all residents use, which are covered in the Annual Survey of Londoners. The table below compares the proportion of residents in the borough who rated some of these services as good or excellent in 2012 compared with the average of such scores across London.

TABLE 9: RESIDENTS' POSITIVE RATINGS OF SERVICES

	Parks and open spaces	Street cleaning	Refuse collection	Leisure and sports facilities
Budget in 2012-13	£3.7 m	£7.0 m	£4.9 m	£0.2 m
Royal Borough's rating by residents	78%	78%	75%	46%
London residents' rating	70%	61%	68%	41%
Difference	+8	+17	+7	+5

Source: ASL 2012 - percentage of residents rating services as 'excellent' or 'good'.

**There are now 18 friends of parks groups and amenity groups with local residents working with the Council to improve their facilities.**

We believe that these high ratings are well deserved! For example, **the Parks Team** has had a highly successful year by obtaining a record-breaking number of parks awards. Six parks and one cemetery now hold the national Green Flag award and we achieved five gold and two silver London in Bloom awards. There are now 18 friends of parks groups and amenity groups with local residents working with the Council to improve their facilities.

The highly acclaimed training and apprenticeship scheme continues to turn out well-qualified staff and a well-prepared team was able to respond to the variety of needs associated with the Diamond Jubilee and Olympic celebrations. We are extremely proud of the quality of our parks and look forward to hearing the results in September of this year's London in Bloom campaign.

The **libraries** service combined its services with neighbouring boroughs, WCC and LBHF, ensuring that all six libraries in the Royal Borough remain open with their current, published opening hours and lower management costs.

The merging of the three services has opened up access to a million books and various specialist services across the three boroughs to Kensington and Chelsea residents. Stock procurement processes have been streamlined and we are able to get new books on the shelves more quickly.

The library service continues to invest in its buildings. Four of the six will have seen improvements such as: providing more computers and laptop access points; creating a better space for community learning; introducing self-service; and improving the children's libraries.

Government has also passed responsibility to local government, with funding, for community care grants and crisis loans.

In the first half of 2012-13 libraries saw a 1.9 per cent increase in visitors and a 2.1 per cent increase in items borrowed compared to the same period in the previous year. The library service has also seen a ten per cent increase in children joining the summer reading challenge scheme and a nine per cent increase in numbers completing the challenge.

The transfer of responsibility for **public health** services from the NHS to local government will be dealt with locally by the creation of a Public Health Directorate. Working on behalf of the tri-borough councils, the directorate will help to: improve people's health; protect the public from health hazards such as infectious diseases; and support the effective commissioning of health services by clinical commissioning groups. Some £60 million a year across the three boroughs is expected to transfer across to support this work from April 2013.

Those living on the lowest incomes in the borough may be under the greatest financial pressure. Government has passed responsibility to local government for **council tax support** (formally council tax benefit) but with ten per cent less funding. Rather than pass the forecast £1 million reduction on to claimants, and for the first time seek contributions to council tax from those entirely dependent on income support, the Council has instead fully funded a new local service so that the poorest households will not suffer a decline in their income through paying council tax.

Government has also passed responsibility to local government, with funding, for **community care grants** and **crisis loans**. These are offered to families and individuals with no resources at all, to overcome critical episodes in their lives. Using our own government funding and that from our tri-borough partners, we have established what we believe to be a highly efficient and economical service to serve residents from all three boroughs.

Finally, we aim to achieve as high a standard in collecting council tax as we do in delivering services. We typically collect a higher proportion of **council tax** due (about 96.6 per cent) than the average for inner London, yet suffer fewer complaints than all but three other boroughs across all of London.

## CONCLUSION

To sum up, the Council continues to take a distinctive, medium-term view of its responsibilities.

On the revenue budget, the Council still plans to:

- keep council tax in the bottom quartile for London, minimising any increase over the medium term
- maintain its cash spending via the voluntary and community sectors
- reduce its other spending, with scope for savings provided by: tri-borough working; cutting public sector pay in real terms; reducing the cost of public service pension provision; and by bearing down on high unit costs

The Council should therefore be able, for the great majority of its services, to maintain and sometimes improve them.

Due to the strong control exerted on its revenue spending, the Council can continue to plan ahead for, and fund, the major capital projects that will make the Royal Borough an even better place to live. By pooling national and local resources and working together across council borders, the three councils believe they can achieve better outcomes for their residents.

**The Council should therefore be able, for the great majority of its services, to maintain and sometimes improve them.**

ANNEX **A**

**OVERVIEW  
OF THE  
SERVICES**

The Council's general revenue budget supports a wide range of services delivered by departments:

- Adult Social Care
- Children's Services
- Environment, Leisure and Residents' Services
- Housing Services
- Library, Archive and Heritage Services
- Planning and Borough Development
- Transport and Technical Services
- Corporate Services

Presented in the new Council structure under tri and bi-borough arrangements, **annex A** provides information on what each department delivers; how 2013-14 budgets are broken down; and describes some of the key services each budget pays for. Public Health is a new service to local government and will be included next year.

**Some of the key services the budget pays for:**

- 292 older people in residential and nursing homes, and 81 people in supported accommodation
- 757 older people receiving home care
- 458 service users with direct payments for all client groups
- 211 people with learning disabilities, physical disabilities, sensory impairment or mental health needs in residential and supported care
- 336 people supported to overcome drug or alcohol problems, and 15 people with HIV / AIDS
- 31,401 people issued with a freedom pass
- 3,106 members of the taxicard service
- 2,236 people issued with a blue disabled parking badge

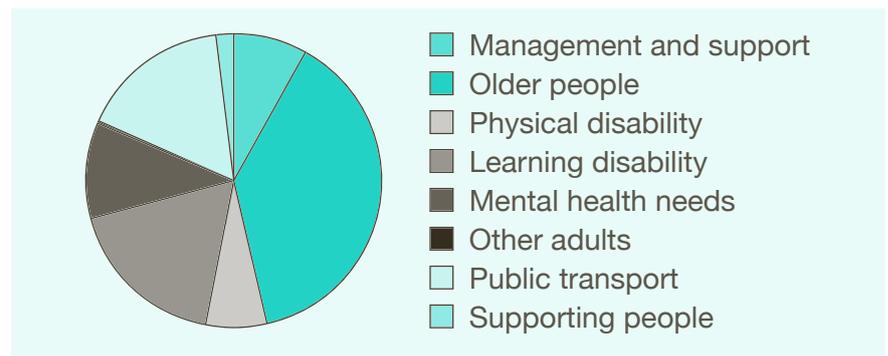
## ADULT SOCIAL CARE

The Adult Social Care service commissions and provides a range of services to improve the well-being of residents, particularly those in need of support. The service is delivered on a tri-borough basis, jointly with LBHF and WCC, since 1 April 2012.

**Adult Social Care:** assessing social care needs; commissioning and providing services in partnership with other statutory agencies and the voluntary and independent sector – to older people, people with disabilities and those with problems relating to mental health and substance misuse; protecting vulnerable adults; and providing information and professional support.

### The service's budget 2013-14

- 8.3 per cent management and support
- 38.1 per cent older people
- 6.8 per cent physical disability
- 17.8 per cent learning disability
- 10.4 per cent mental health needs
- 0.4 per cent other adults
- 16.3 per cent public transport
- 1.8 supporting people



### Some of the key services the budget pays for:

- 1,437 and 1,267 three and four year-olds attending nursery settings
- 6,928 places in primary schools
- 3,833 places in five secondary schools (including the new Chelsea Academy)
- educating 386 children with special educational needs resident in the borough, and 74 pupils attending two special schools
- educating 132 pupils attending non-maintained schools (including 25 pupils in the Pupil Referral Unit)
- being a corporate parent to 156 looked after children
- eight children's centres and support for 75 private, voluntary and community organisations and 50 childminders
- support for 174 young people leaving care
- 220 young people supported by the Youth Offending Team
- 6,100 young people attending youth support services

## CHILDREN'S SERVICES

Children's Services comprises three main operational areas and one strategic and support function.

**Schools, quality and standards:** education of children in schools; early years, including children's centres; support for children with special educational needs and disabilities; and services delivered through and to schools.

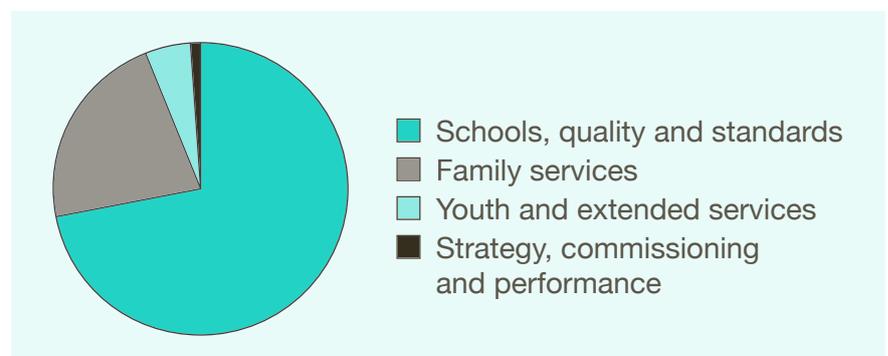
**Family services:** keeping children safe; supporting children and families who need help; caring for children 'looked after' by the Council; supporting children with disabilities; and reducing youth offending.

**Youth and extended services:** youth services and the Connexions service; extended services, such as play centres and out of hours learning; children and young people's participation.

**Strategy, commissioning and performance reporting:** strategic planning, commissioning, procurement and contract management; policy, performance and management information; and public information and response, including complaints and information for parents.

### The service's budget 2013-14

- 72 per cent schools, quality and standards
- 22 per cent family services
- 5 per cent youth and extended services
- 1 per cent strategy, commissioning and performance



**Some of the key services the budget pays for:**

- *collecting about 56,500 tonnes of refuse from 86,000 homes – approximately 30 per cent of which is recycled*
- *four museums and galleries with over 30,000 visits*
- *two cemeteries - Gunnersbury and Hanwell*
- *Opera Holland Park, with 46,500 tickets sold at 47 performances*
- *managing eight major parks and many smaller open spaces*
- *two leisure centres with over 650,000 visits*

## ENVIRONMENT, LEISURE AND RESIDENTS' SERVICES

While the work of Environment, Leisure and Residents Services is diverse, everything it does is linked by a commitment to improve the quality of life in the Royal Borough, whether through enhancing and protecting the physical environment or by helping residents improve their lifestyles.

### CLEANER, GREENER AND CULTURAL SERVICES:

**Waste management and enforcement:** refuse collection; recycling; street cleaning; market management; preventing litter; removing highway obstructions and hazards; and liaising with police safer neighbourhood teams.

**Culture:** arts; museums; Opera Holland Park; filming; events; and the Notting Hill Carnival.

**Leisure:** parks and open spaces; ecology; leisure centres; and adult sports development.

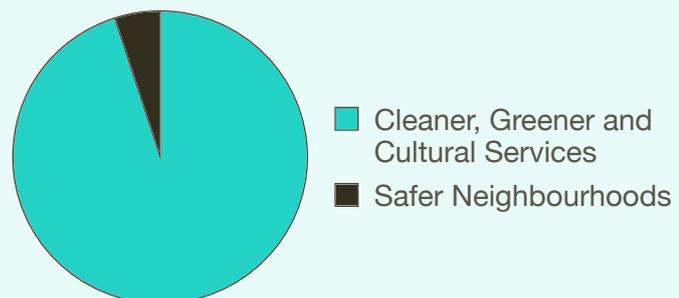
### SAFER NEIGHBOURHOODS:

**Community safety:** parks police; and CCTV.

**Business improvement:** the climate change programme; performance monitoring; health and safety; research and consultation; and workforce development.

### The service's budget 2013-14

- 95 per cent Cleaner, Greener and Cultural Services
- 5 per cent Safer Neighbourhoods



**Some of the key services the budget pays for:**

- 1,235 households in temporary accommodation
- 2,128 users of 'supporting people' services

## HOUSING SERVICES

**Housing and strategic development:** assisting those who are homeless or need support to manage their tenancy and live independently in the community; helping those who have difficulty finding affordable accommodation; managing the Council's relationship with the TMO; and developing and enabling projects that provide new accommodation options for residents.

### The service's budget 2013-14

- 0.7 per cent housing strategy
- 75.1 per cent homelessness and housing advice
- 2.1 per cent Registered Social Landlords and housing advances
- 20.8 per cent supporting people
- 1.3 per cent housing management and support



**Some of the key services the budget pays for:**

- *Kensington Central Library and five branch libraries, with nearly one million visits (942,757) per annum*
- *373,516 items in stock to choose from*
- *Nearly 800,000 items issued (790,760)*
- *128 computers available for customers to use free of charge*
- *42,579 active members*
- *A summer reading challenge with 244 children completing the challenge*
- *Home library service delivered to 291 members*
- *Bookstart packs delivered to 4,104 children*

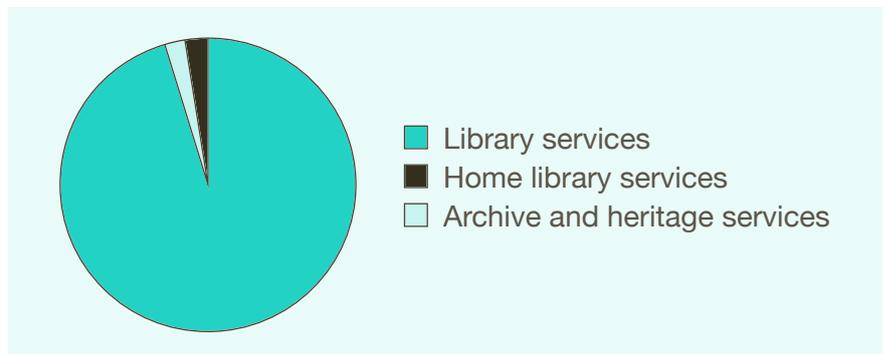
## LIBRARY, ARCHIVE AND HERITAGE SERVICES

The Library, Archive and Heritage Service has a vital role to play in the delivery of the Royal Borough's mission to be 'ambitious for tomorrow'. Our libraries are invaluable community assets that can support residents' efforts to work with one another to improve the quality of life in their local communities.

The books, knowledge, information, advice and activities that residents of all ages can access through the libraries can help them to improve their health and family life, enhance their job prospects and enrich their social life and sense of community.

### The service's budget 2013-14

- 96.4 per cent library service
- 2.3 per cent home library service
- 2.3 per cent archive and heritage services



**Some of the key services the budget pays for:**

- *determining over 5,500 planning applications and 1,200 enforcement cases annually*
- *undertaking about six major consultations a year to keep the policy framework up to date and to respond to local issues*
- *carrying out 6,000 full searches of the local land charges register and 1,000 personal searches*
- *caring for 7,000 trees on the Royal Borough's streets and handling about 700 listed building applications*
- *processing 1,250 building regulation applications each year*
- *maintaining the planning web pages and making publicly available through the web the archive of historic information*

## PLANNING AND BOROUGH DEVELOPMENT

The Planning and Borough Development service comprises four groups:

**Development management:** determines planning applications, including consultation with neighbours, and taking cases to committee where required; provides a fee-paying advice service, allowing applicants to be informed before submitting the application; and enforces where works are undertaken unlawfully.

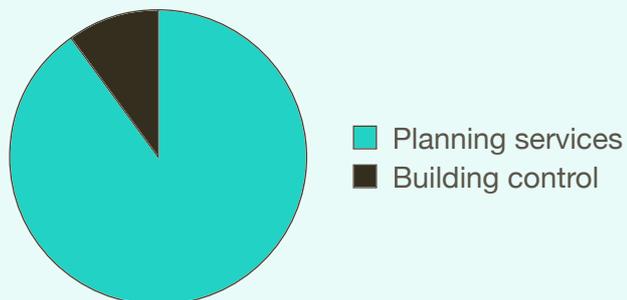
**Policy, design and neighbourhoods:** ensures the policy framework – against which planning applications are determined – is up to date and fit for purpose; works with neighbourhoods; protects trees and the historic environment; promotes good design and our town centres.

**Building control:** ensures buildings conform to building safety and fire regulations; and provides specialist surveying services.

**Administrative and business support:** manages the web-site; develops smarter technology; maintains the street naming and numbering register; and undertakes local land charges services.

### The service budget 2013-14

- 90 per cent planning services
- 10 per cent building control



**Some of the key services the budget pays for:**

- *monitoring of 1,284 licensed premises including: Licensing Act 2003 (1,029), Gambling Act 2005 (43), special treatment licences (206) and six 'assorted others'*
- *issuing around 38,000 residents' parking permits and 19,000 parking bay suspensions*
- *187 licenses granted for houses in multiple occupation*
- *two major bridges - Albert Bridge and Chelsea Bridge*
- *operating and maintaining 13,500 lighting points, including street lights, illuminated signs and bollards*
- *maintaining over 200km of footways*
- *833 food safety inspections*
- *34,088 pest control inspections / visits*

## TRANSPORT AND TECHNICAL SERVICES

**Transportation:** developing local transport policies and programmes.

**Highways:** managing and maintaining the Royal Borough's streets.

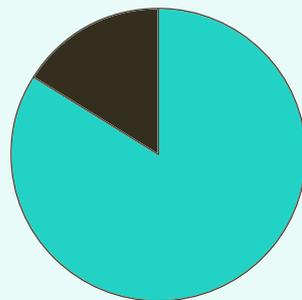
**Parking:** on-street and off-street parking including enforcing parking regulation.

**Licensing:** liquor and special treatments licensing.

**Environmental Health:** mainly statutory regulatory services dealing with a wide range of complex public health and consumer protection issues in the areas of trading standards; noise and nuisance; pest control; health and safety in the workplace; environmental quality; food safety; infectious disease control; private sector housing; and public health training.

### The service's budget 2013-14

- 84 per cent Transportation and Highways services
- 16 per cent Environmental Health



■ Transportation and Highways  
■ Environmental Health

### Some of the key services the budget pays for:

- providing about 60 PCSO
- collecting council tax of £96 million from 87,000 dwellings and £270 million of business rates and business rates supplement
- payment of over £170 million of council tax benefit and housing benefit
- managing 270 properties in the commercial portfolio, with over 315 leases
- payroll and human resources services for 3,972 employees, including for schools
- promoting local employment
- support for around 600 Member and senior management level meetings each year
- managing the Council's buildings
- £3 million of support for a range of voluntary organisations in the Royal Borough
- 9,838 enrolments and 6,348 adult learners

## CORPORATE SERVICES

Corporate Services includes both public facing services and the Council's administrative and management functions. There are four main areas.

**Public services:** community safety; adult and family learning; collecting council tax and business rates; paying housing benefit and council tax benefit; emergency and business continuity planning; governance services, which includes managing local and general elections; registrars; and the Economic Development Team.

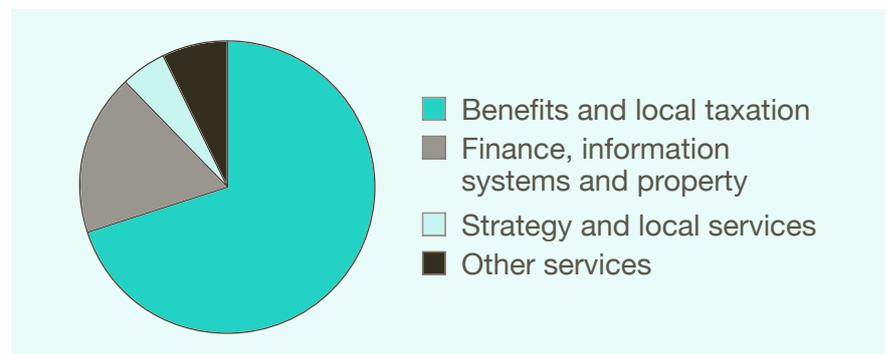
**Community engagement:** media services, community relations and equalities, consultation, grants to the voluntary sector and the Mayor's office.

**Resource management:** finance, information technology, property management and human resources.

**Corporate management:** service improvement, programme management, legal services, corporate property (centralised property services) and the Town Clerk's office.

### The service budget 2013-14

- 70 per cent benefits and local taxation
- 18 per cent finance, information systems and property
- 5 per cent strategy and local services
- 7 per cent other services



ANNEX B

**PROPOSALS  
FOR SAVINGS  
2013-14**

Due to the nature of the Council's decision making processes, decisions on some of the savings proposals (such as those subject to consultation) will only be taken after the budget has been agreed by the Council in March.

Any change arising from such decisions will be dealt with as a variation to the 2013-14 budget through the Council's usual financial management arrangements.

**Please note:** percentages shown reflect the proportion of gross savings delivered through each category excluding the growth (G) detailed in the table.

Key	Description	Actual 2011-12 £'000	Actual 2012-13 £'000	Proposed 2013-14 £'000	Total £'000	%
MC-R	Management / administration costs reduced	-3,928	-1,275	0	-5,203	9
EPB-R	Employee pay and benefits reduction	-1,243	0	0	-1,243	2
EE-I	Improved economy / efficiency	-5,754	-8,641	-5,613	-20,008	36
P-S	Procurement saving	-1,215	-2,087	-307	-3,609	6
SLC	Service level change	-4,304	-828	0	-5,132	9
AFR	Anticipated funding reductions	-1,487	0	0	-1,487	3
PCR	Pension contribution reduction	-1,389	0	0	-1,389	2
INC-I	Increased income	-6,172	-4,038	-2,561	-12,771	23
TRI	Bi and tri-borough savings	0	-2,235	-3,004	-5,239	9
G	Less growth	2,614	6,179	1,406	10,199	0
	<b>Total net savings</b>	<b>-22,877</b>	<b>-12,924</b>	<b>-10,079</b>	<b>-45,881</b>	<b>100</b>

2013-14 SAVINGS PROPOSALS		
	ADULT SOCIAL CARE £63 MILLION	£'000
G	Ending of temporary funding replaced by permanent savings within assessment and care management	150
TRI	Tri-borough savings - joint procurement	-379
TRI	Tri-borough savings - integrated case management	-250
EE-I	Reduction in posts within assessment and care management	-313
EE-I	Savings arising from the deletion of vacant posts within the Self-directed Support Team	-121
EE-I	Deletion of under spending budgets for brokerage services, following transfer of functions	-166
EE-I	Reduction in budget for occupational therapy equipment	-100
EE-I	Deletion of unused miscellaneous budgets	-136
EE-I	Savings arising following the retendering of the home meals service	-50
EE-I	Savings in mental health administration and support services	-50
EE-I	Reduction in budget for mental health placements reflecting lower costs being incurred	-50
EE-I	Reduction in the residential rehabilitation placements budget (substance misuse service) reflecting lower costs being incurred	-25
EE-I	Savings arising in the budget for short breaks for people with a learning disability following a restructuring and retendering of the service	-87
EE-I	Savings from a new model of care and support at Piper House	-262
EE-I	Savings from the rationalisation and remodelling of supported housing services	-148
EE-I	Staffing savings arising from a review of day services	-32
	<b>Total Adult Social Care</b>	<b>-2,019</b>

Reductions of £629,000 from tri-borough arrangements will arise from joint procurement and integration of case management proposals. Staffing savings amounting to £316,000 will arise, for the most part, within the Assessment Team and Self-directed Support Team.

Savings totalling £789,000 have also been identified from reductions in budgets currently forecast to under spend due to changes in demand or changes to the way services are provided.

Further savings of £285,000 follow the rationalisation and re-tendering of services, including supported housing, short breaks and meals services.

2013-14 FINAL SAVINGS PROPOSALS		
	CHILDREN'S SERVICES BUDGET £46 MILLION	£'000
TRI	Tri-borough Senior Management Team savings	-133
TRI	Tri-borough Youth Offending Team savings	-70
TRI	Tri-borough Local Safeguarding Children Board savings	-25
TRI	Tri-borough education (general fund) savings	-145
TRI	Tri-borough commissioning savings	-300
TRI	Tri-borough private fostering savings	-82
TRI	Tri-borough fostering trading savings	-67
TRI	Tri-borough procurement (general fund) savings	-167
TRI	Tri-borough other middle management savings	-266
EE-I	Youth Service Mutual savings	-245
EE-I	Children's centre savings	-300
EE-I	Current expenditure on the pilot two year old programme transferred to the dedicated schools grant	-175
EE-I	Provision of growth funding for the expansion of the two year old pilot transferred to the dedicated schools grant	-150
TRI	Reduction in management and administration by the tri-borough delivery of the two year project	-75
EE-I	Review of early years service and implementation of early help	-100
G	Increase in rent costs	30
	<b>Total Children's Services</b>	<b>-2,270</b>

The Council will continue to support families, but reduce the cost by making services more effective and more efficient, and by targeting those families most in need. At the core are services that: encourage families to be less reliant on the help provided by the Council; and help parents parent, whilst we remain steadfastly vigilant with regards to our duty to safeguard vulnerable children and young people.

The Council will either discontinue services that do not provide value for money or find more cost effective means of delivering them. For example: £245,000 will be saved by youth support and development services through the creation of the Youth Service Mutual and re-commissioning services that do not provide value for money.

The children's centre strategy will deliver an initial £300,000 of savings within the early years' budget, through the reconfiguration of children's centre management and support services, and by more effective deployment of resources through improved commissioning.

The current phase of tri-borough work has focused on options for a combined children's services department. In the short term, cost reductions are being delivered through rationalised management and in the longer term, savings will be delivered through: aggregated procurement; reduced duplication; harmonised pay and conditions; and optimised working practices. The tri-borough proposals will generate savings of about £1.3 million in 2013-14.

2013-14 FINAL SAVINGS PROPOSALS		
	ENVIRONMENT, LEISURE AND RESIDENTS' SERVICES BUDGET £36.3 MILLION	£'000
EE-I	Arts and events service review	-30
INC-I	Aim to increase income generation as part of a review of the Arts and Museums department	-39
INC-I	Review filming fees and charges	-30
TRI	Share cemeteries management post with LBHF under new bi-borough working arrangements	-13
EE-I	Prune surplus horticultural works budget	-65
TRI	Bi-borough review of the parks service with LBHF	-25
P-S	Renegotiate contract for purchase of refuse and recycling sacks	-50
EE-I	Cut recycling publicity and initiatives	-30
P-S	Negotiated savings in the street cleansing contract	-207
EE-I	Waste management and street enforcement service review	-65
INC-I	Overachievement of commercial waste income	-200
TRI	Bi-borough review of the commercial waste service with LBHF to establish optimum service delivery models	-56
INC-I	Review street traders stores income	-20
EE-I	Business support service review	-45
INC-I	Review Holland Park car park charges to keep charges in line with on street pay and display tariffs	-15
TRI	Bi-borough review of the parks police service with LBHF	-54
TRI	Further bi-borough environmental service reviews with LBHF	-38
TRI	Share senior management with LBHF under new bi-borough working arrangements and further reduce back office support costs	-51
	<b>Total Environment, Leisure and Residents' Services</b>	<b>-1,033</b>

For 2013-14 the net budget for Environment, Leisure and Residents' Services will be reduced by £1.03 million in order to help the Royal Borough achieve its medium term financial strategy.

The service is committed to maximising efficiency from external income and contracts and also from back office functions. Our priority is to protect front line services as far as possible. This commitment is demonstrated in the table above where we aim to achieve savings of £445,000 by delivering more services in a new way with the LBHF; £235,000 by generating additional income; and £322,000 through negotiations on third party contract spend.

We aim to maximise efficiency through commissioning services and generating additional income before looking to make savings from our internal workforce or front line services. There will be no adverse impact on front line services as a result of the above efficiency proposals.

2013-14 FINAL SAVINGS PROPOSALS		
	HOUSING SERVICES BUDGET £14.9 MILLION	£'000
EE-I	Restructuring of the Housing Options Team	-36
EE-I	Remodelling and re-procurement of supported housing services	-374
	<b>Total Housing Services</b>	<b>-410</b>

The Housing Options Team is undergoing a service re-design and restructuring of roles, thereby improving efficiency. The service will focus on high priority applicants, with intensive support to enable more effective moves.

With the introduction of new eligibility criteria there has been an increase in the number of voids across services, and the need to remodel a number of services to target resources more efficiently is recognised.

Supported housing services will be remodelled and contracts rationalised. They will then be re-procured from a new framework agreement thereby securing the best procurement outcome. Savings of £374,000 have been assumed in the budget.

2013-14 FINAL SAVINGS PROPOSALS		
	LIBRARY, ARCHIVE AND HERITAGE SERVICES BUDGET £6.1 MILLION	£'000
TRI	Library services tri-borough proposals	-128
	<b>Total Library, Archive and Heritage Services</b>	<b>-128</b>

As a result of restructuring, the Library, Archive and Heritage Service has made savings of £500,000 in 2011-12. These savings were achieved by service efficiencies and the introduction of self-service in Chelsea and North Kensington libraries. Both branches also underwent small refurbishments.

In 2012-13 further savings of £293,000 were achieved as a result of the tri-borough reorganisation. These savings were achieved by reducing layers of senior management, amalgamating a number of back office functions and introducing new working practices.

Further savings of £128,000 are planned in 2013-14 which will result from the full year effect of existing tri-borough savings and new tri-borough initiatives. A libraries property strategy has been developed which will see improvements to the Central Library and replacement of North Kensington Library over the next two years.

2013-14 FINAL SAVINGS PROPOSALS		
	PLANNING AND BOROUGH DEVELOPMENT BUDGET £4.8 MILLION	£'000
EE-I	Reduction in spending on legal fees	-96
INC-I	Use of flood grant to meet cost of post supporting flood defence activities	-37
EE-I	Reduction in spending on pre-application postage by using electronic comms	-9
INC-I	Additional income from local land charges fees from increased workload	-50
EE-I	Saving half a post by transfer of responsibility for planning information office	-22
INC-I	Increase in planning fees income due to fee increase	-150
G	Workload increase resulting from the review of policy on subterranean development	64
	<b>Total Planning and Borough Development</b>	<b>-300</b>

The key aims for Planning and Borough Development in seeking savings for 2013-14 focus on maintaining front line services, particularly those that go to the heart of the Council's statutory duties and reputation. Therefore the 2013-14 savings target will not be for frontline staff but for 'other costs' such as the legal budget.

The staffing saving of £22,000 has been achieved through the transfer of the operation of the planning information office to customer services. A large saving is also planned in the legal services budget representing around 16 per cent of the total. A more experienced team of senior staff should mean that the department is better placed to resolve day to day legal matters, added to savings on the legal aspects of public enquiries.

Currently a policy officer is working very largely on flood risk matters. However, the intention for 2013-14 onwards is to pay for this post from government flood risk management funding, thereby saving the cost of a post.

Additional income is anticipated from land charges and planning fees. A 15 per cent national increase in planning fees, the first increase for four years, has been implemented with effect from November 2012. This is estimated to generate an additional £150,000 per year.

2013-14 FINAL SAVINGS PROPOSALS		
	TRANSPORT AND TECHNICAL SERVICES BUDGET -£10.1 MILLION	£'000
INC-I	Street works and permits income	-50
INC-I	Temporary road traffic regulation income and price change	-200
INC-I	Wi-fi concession fee income	-88
INC-I	Licence fee income	-20
INC-I	Kensington Town Hall car parking income	-205
INC-I	Parking suspension fees from utilities	-94
EE-I	Reduced street lighting costs	-100
EE-I	Sharing of personal assistant support	-30
EE-I	Parking salary budget	-100
EE-I	Parking enforcement contract spend	-100
EE-I	Parking support services	-150
EE-I	Introduction of GPS - online bookings	-45
EE-I	Traffic and transportation consultancy budgets	-120
TRI	Bi-borough service reviews	-275
G	Earl's Court licence fees	78
G	Bus shelter contract	82
G	Removal of wheel clamping operation	226
INC-I	Parking income	-226
	<b>Total Transport and Technical Services</b>	<b>-1,417</b>

A review of income from highways together with a benchmarking exercise has provided an opportunity for Transport and Technical Services to increase its income, bringing certain fees and charges (typically from utility companies) in line with neighbouring boroughs. Income levels in relation to temporary road traffic regulations are above current levels and budgets have been re-aligned accordingly.

A price increase in 2011 set the hourly tariff rates in line with pay and display parking charges. This increase in income represents the full year effect for 2013-14.

A number of expenditure budgets have also been reviewed. The resulting reductions cover a large number of individual budgets supporting the main parking activities, ranging from: information technology; office supplies; postage; payment processing; and card charges.

All major services, both back office and front line, were reviewed in 2012-13. Savings proposals include: more staff sharing with LBHF; less duplication of effort in both boroughs; and joint procurement opportunities. The aim is to maintain or improve services at the same time as making them more efficient.

The parking policy unit has carried out an extensive review of fees and charges across parking. This has resulted in certain fees and charges being increased. The Council also wishes to see what the effect of ceasing clamping will have on illegal parking in the borough. The full year cost of ceasing clamping is £226,000.

2013-14 FINAL SAVINGS PROPOSALS		
	CORPORATE SERVICES BUDGET £18.6 MILLION	£'000
EE-I	Restructuring of the Financial Systems Team	-63
EE-I	Balance of budget on deletion of Head of Resource Utilisation post	-69
TRI	Reduction in salary cost of Head of Insurance	-40
EE-I	Deletion of investigator posts	-40
TRI	Reduction in audit contract fees arising from new single service under bi-borough	-40
EE-I	Information technology staffing savings (e.g. efficiencies, technological developments).	-209
INC-I	Wi-fi concession fee income	-89
EE-I	Reduced senior management and support costs (revenues and benefits)	-70
EE-I	Deletion of Council Tax Property Officer post	-35
EE-I	Cessation of the council tax information booklet (web based approach)	-45
EE-I	Reduce overtime by 50 per cent (revenues and benefits)	-25
EE-I	Managing under performance (benefits)	-100
INC-I	Increases in summons costs	-20
INC-I	Charging for council tax copy bills	-10
INC-I	Income from surplus operational property sites and new leasing arrangements	-565
TRI	Shared use of operational space, recovery of market tri-borough lettings	-150
P-S	Facilities management contract rationalisation	-50
TRI	Outsourcing of facilities management - bi-borough Total Facilities Management	-200
EE-I	Operational property running cost savings	-385
EE-I	Reduction in number of customer service advisers	-112
EE-I	Deletion of Administrator post in Council / Scrutiny Team	-51
EE-I	Reduction in Members' allowances and costs generally e.g. hospitality	-64
EE-I	Reduction in 'responding to residents' consultancy budget	-15
EE-I	Reduction in Members' Scrutiny consultants budget	-10
EE-I	Savings on police community support officers budget	-47
INC-I	Reduced subsidy for organisations hiring Council premises	-25
EE-I	Reduction in officers within the central policy teams	-55
INC-I	Increased registrars income	-56
EE-I	Reduced Media and Communications Team staffing costs	-26
EE-I	End the Head Start trainee scheme	-80
EE-I	Reduction in corporate learning and development budget	-58
EE-I	Deletion of vacant business administration post	-27
EE-I	Reductions in supplies and services budgets	-19
EE-I	Absorption of cost increases across the service	-81

<b>2013-14 FINAL SAVINGS PROPOSALS</b>		
	<b>CORPORATE SERVICES BUDGET £18.6 MILLION</b>	<b>£'000</b>
G	Loss of income pending redevelopment of Young Street site	519
TRI	Tri-borough communications and office accommodation	25
G	Local budget realignment	257
INC-I	Wi-fi contract income	-372
	<b>Total Corporate Services</b>	<b>-2,502</b>
	<b>Total net 2013-14 savings</b>	<b>-10,079</b>

Corporate Services savings and growth proposals reflect a long term trend of real term reductions in net spending. Cost reductions and increased income delivered for 2013-14 represent around four per cent of controllable budgets and are not anticipated to impact on service delivery.

Savings from bi and tri-borough arrangements continue to make a contribution to savings in 2013-14 including: tri-borough insurance; bi-borough audit contract fees; income from shared accommodation; together with anticipated savings from the tri-borough Total Facilities Management contract which is expected to come into effect part way through the year.

The new Corporate Property Department continues to make contractual savings in property running costs of £385,000, equating to about three per cent of the total. These, together with anticipated additional income from surplus operational property sites and new leasing arrangements of £565,000 (an increase of about 13 per cent), make a significant contribution to the proposed reduction in the service's costs. Allowance is being made within the budget for the temporary loss of income relating to Young Street car park pending its redevelopment.

Staffing savings continue to be achieved by restructuring of teams and technological improvements which will deliver savings with no effect on the level of service. These include staff reductions within financial services (17 per cent of full time equivalent (FTE) staff), revenues and benefits (four per cent of FTE), customer services (three per cent of FTE) and information systems (four per cent of FTE). Senior management costs have also been reduced within revenues and benefits services where the Director post is now filled on a part-time basis.

The small reduction on PCSO (£47,000) at three per cent of the annual budget represents an achievable reduction on a traditionally under spent budget.

Although not directly attributable to Corporate Services, income from Metro Wi-fi across the borough relating to the installation of O2 wi-fi on-street has also been incorporated into the budget. This income, which will be receivable for a five year period, is for the benefit of the Council as a whole and has reduced the call for savings from other services.

Maintenance of funding for voluntary organisations remains a priority and it has once again been possible to hold the grants budget steady in cash terms.

ANNEX **C**

**THE  
COUNCIL'S  
KEY  
DOCUMENTS**

## GOVERNANCE INFORMATION

The Council's committee documents

[www.rbkc.gov.uk/committees](http://www.rbkc.gov.uk/committees)

Forward Plan of all the Council's Key Decisions

[www.rbkc.gov.uk/councilanddemocracy/howwemakedecisions/forwardplan.aspx](http://www.rbkc.gov.uk/councilanddemocracy/howwemakedecisions/forwardplan.aspx)

Scrutiny (including the Annual Report and Annual Work Programme)

[www.rbkc.gov.uk/councilanddemocracy/whatisscrutiny.aspx](http://www.rbkc.gov.uk/councilanddemocracy/whatisscrutiny.aspx)

Council performance (including the Kensington and Chelsea Performance Report)

[www.rbkc.gov.uk/councilanddemocracy/performance/performance-monitoring.aspx](http://www.rbkc.gov.uk/councilanddemocracy/performance/performance-monitoring.aspx)

Report to Taxpayers

[www.rbkc.gov.uk/councilanddemocracy/performance/performance-monitoring/reporttotaxpayers.aspx](http://www.rbkc.gov.uk/councilanddemocracy/performance/performance-monitoring/reporttotaxpayers.aspx)

Council Finances (including the Statement of Accounts, capital programme and Revenue Budget)

[www.rbkc.gov.uk/councilanddemocracy/howthecouncilmanagesmoney.aspx](http://www.rbkc.gov.uk/councilanddemocracy/howthecouncilmanagesmoney.aspx)

Vital Messages (consultation database)

[www.rbkc.gov.uk/councilanddemocracy/consultation.aspx](http://www.rbkc.gov.uk/councilanddemocracy/consultation.aspx)

## STRATEGIES AND PLANS

Community Strategy 2008-18: The Future of Our Community (including A Picture of Our Community)

[www.rbkc.gov.uk/voluntaryandpartnerships/kcp/publicationsanddocuments.aspx](http://www.rbkc.gov.uk/voluntaryandpartnerships/kcp/publicationsanddocuments.aspx)

Joint Strategic Needs Assessment

[www.rbkc.gov.uk/voluntaryandpartnerships/healthandwell-being.aspx](http://www.rbkc.gov.uk/voluntaryandpartnerships/healthandwell-being.aspx)

Carers' Joint Strategy 2009-13

[www.rbkc.gov.uk/pdf/Carers%20Joint%20Strategy202009-13.pdf](http://www.rbkc.gov.uk/pdf/Carers%20Joint%20Strategy202009-13.pdf)

A Bright Future for Us All: An Older People's Strategy for Kensington and Chelsea 2007-17

[www.rbkc.gov.uk/voluntaryandpartnerships/jsna/currentstrategyandresearch/olderpeoplesstrategy.aspx](http://www.rbkc.gov.uk/voluntaryandpartnerships/jsna/currentstrategyandresearch/olderpeoplesstrategy.aspx)

Tenancy Strategy January 2013

[www.rbkc.gov.uk/housing.aspx](http://www.rbkc.gov.uk/housing.aspx)

Early Help and Targeted Services Strategy

[www.rbkc.gov.uk/healthandsocialcare/earlyhelpforfamilies/earlyhelpstrategy.aspx](http://www.rbkc.gov.uk/healthandsocialcare/earlyhelpforfamilies/earlyhelpstrategy.aspx)

Planning policies (including the Core Strategy)

[www.rbkc.gov.uk/planningandconservation/planningpolicy.aspx](http://www.rbkc.gov.uk/planningandconservation/planningpolicy.aspx)

Visitor Strategy 2009-20

[www.rbkc.gov.uk/environmentandtransport/ourservicecommitment.aspx](http://www.rbkc.gov.uk/environmentandtransport/ourservicecommitment.aspx)

Arts and Culture Policy 2009-20

[www.rbkc.gov.uk/leisureandlibraries/cultureservice/artsandculturepolicy.aspx](http://www.rbkc.gov.uk/leisureandlibraries/cultureservice/artsandculturepolicy.aspx)

Environment Strategy 2006-2011 and Climate Change Strategy 2008-15

[www.rbkc.gov.uk/environmentandtransport/climatechange.aspx](http://www.rbkc.gov.uk/environmentandtransport/climatechange.aspx)

Crime and Community Safety Plan 2010-13

[www.rbkc.gov.uk/communityandlocalife/keepingthecommunitysafe.aspx](http://www.rbkc.gov.uk/communityandlocalife/keepingthecommunitysafe.aspx)



THE ROYAL BOROUGH OF  
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