1. EXECUTIVE SUMMARY

1.1 This report provides an update on the Council’s three-year financial position since the last update within the Medium-Term Financial Strategy published in July 2019.

1.2 On 4 September 2019, Government announced a one-year spending review. In terms of the Local Government sector, this includes additional funding through the Social Care Grant, Winter Pressures funding and an additional power to continue the Adult Social Care Precept to deal with growing pressures.

1.3 Although this additional funding is welcomed, there are pressures on the budget. Kensington and Chelsea have increasing numbers of people requiring housing services, more vulnerable adults and children’s who have greater complexity of need and require support for longer and more children with special educational needs.

1.4 The Council’s financial position is also impacted by changing economic conditions and Brexit causes uncertainty around inflation rates and interest rates which impacts on the cost of services, the cost of borrowing and the level of income.

1.5 In July 2019 as part of the Medium-Term Financial Strategy, the Council reported a budget gap of £40m. A budget gap means that planned levels of expenditure exceed the level of income and with a statutory requirement to set balanced budget this financial challenge needs to be addressed. The increased Government funding but also the increased budget pressures means this budget gap has remained at £40m.

1.6 Over the summer, work has taken place to identify both cost reductions and opportunities for increased income and these are set out in the appendix to the report. This has identified £14m of budget reductions through outcome-based service reviews and the annual value for money exercise. Leadership Team are asked to agree that these proposals are
launched for consultation over the eight-week period until the end of January. The feedback from the consultation exercise will be considered when developing the draft budget that will be presented to Council, along with the Council Tax levels on 4 March 2020.

2. RECOMMENDATIONS

Leadership Team is asked:

2.1 To consider the Council’s financial position as set out in this report.
2.2 To note that a number of risks and uncertainties remain for both 2019/20 and future years and a further update will be presented to Leadership Team in January 2020 following publication of the 2020 Draft Local Government Finance Settlement.
2.3 To agree that the savings, income proposals and capital investment set out in the supplementary appendices are published for consultation. This will include consideration at Overview and Scrutiny Committee at their meeting on 26 November 2019, engagement with key stakeholders, businesses, partners and the wider community.
2.4 To receive the feedback from the consultation exercise and consider as part of developing the draft budget for 2020/21 that will be presented to Leadership Team in February 2020.
2.5 If Government confirms that the Capital Receipts Flexibility remains for 2020/21, to agree that authority be delegated to the Executive Director of Resources and Assets, in consultation with the Lead Member for Finance and Modernisation to use capital receipts from the sale of non-housing assets to fund revenue set up costs of service reform and transformation projects that are designed to make revenue savings should the opportunity and need arise.

3. REASONS FOR DECISION

3.1 The Council is legally required to set a balanced budget each year and this report provides an update on the financial position following the publication of the Medium-Term Financial Strategy in July 2019. It sets out the Council’s approach for both 2020/21 and the medium term in setting a balanced budget which remains a statutory requirement.

4. BACKGROUND

4.1 The last Medium-Term Financial Strategy was published in July 2019. At this time, the financial position of the Council was challenging and a budget gap of £40m was forecast for the period 2020/21 to 2023/24. Since this date, new information has emerged which has an impact on this position and this report provides an update for the next three years and the proposals to set a balanced budget for next year.

5. Introduction

5.1 The Council’s Medium-Term Financial Strategy was published in July 2019 and provided an update on the Council’s financial position and the budget challenges over the next three years. At that time, it was estimated that there would be a budget gap of £40m and the document included the Council’s planned approach for dealing with the challenge - a focus around aligning the Council’s spend with the priorities within the Council Plan.
5.2 This most recent report provides an update on the key elements of the strategy, including Government funding following the Spending Review in September 2019, demographic and budget pressures and the latest forecast in economic conditions.

5.3 Over the summer, work has taken place to identify proposals for closing the budget gap by reducing expenditure and increasing income levels. These proposals are set out in this report and subject to Leadership Team approval will be launched for consultation. Alongside the revenue proposals, this report also sets out proposed new capital investment for the next three years and will be subject to the same consultation process.

5.4 The consultation period will run for eight weeks until 17 January 2020 and the feedback will be considered in developing the draft budget for 2020/21 that Leadership Team will recommend to Council for approval on 4 March 2020.

6. Government Funding

The 2019 Spending Review

6.1 The financial year 2019/20 marked the end of the current Government Spending Review period and the four-year Local Government Finance Settlement. On 4 September 2019, the Chancellor announced the outcomes of the one-year 2019 Spending Review. Since this date, MHCLG have also published the technical consultation paper for the 2020/21 Local Government Finance Settlement, which is the best indication of the impact of the Spending Review on Local Authorities and has been used to forecast the impact on next year’s budget position as set out in this report.

6.2 Government announced that in 2020/21, there will be an additional £3.5 billion of resources for Local Government which means an increase of £2.9 billion in Core Spending Power as shown in Table 1.

| Table 1 – MCHLG Spending Limit and Local Government Core Spending power |
|-----------------------------------------------|---------------|---------------|
| Department Expenditure Limit (excluding depreciation) | 2019/20 | 2020/21 |
|                                                        | £ billion | £ billion   |
| Local Government Core Spending Power                | 6.1       | 8.6          |

6.3 The Spending Review suggested the current Social Care grant will continue, of which Kensington and Chelsea receive £1.4m and an additional £1 billion of funding of which the Council’s share is expected to be around £3.6m.

6.4 The Improved Better Care Fund (IBCF) and Winter Pressures funding is expected to continue at its current rate, which is £6.6m and £800k for Kensington and Chelsea respectively. These allocations have been incorporated into financial plans.

6.5 The Public Health grant is expected to increase by £100m, of which £20m will be in London. The Better Care Fund is expected to increase by 3.4% in real terms, in line with the overall NHS long-term settlement. The Public Health Grant is expected to remain as a separate ring-fenced grant in 2020/21.

6.6 Although the outcome of the Spending Review has identified additional funding for 2019/20 which contributes towards closing the Council’s budget gap and this is welcomed by the
Council, the majority of the funding is one off and therefore simply delays the financial pressures until the following year.

- **Fair Funding Review**

6.7 The new Fair Funding Formula which was planned for implementation from April 2020 has now been postponed until April 2021 and this remains a significant risk for Kensington and Chelsea and London in terms of how funding in the longer term is distributed across the country. Over the last 18 months the Council has taken part in various consultation exercises and lobbying of Government to ensure that the challenges facing London Local Government are reflected in the new formula, but the further delay creates further uncertainty over the longer-term financial position of the Council.

- **Business Rates**

6.8 Although considered a local tax, the Business Rates regime is largely set by Government. The Council collects on average £360m per year and based on its level of need retains around £62m. In 2018/19 and 2019/20, London became one of the Business Rate pilots. This meant that London retained 100% and 75% respectively of its business rates growth in the two years. For Kensington and Chelsea, this resulted in a one-off benefit of £3.8m in 2018/19 and an expected benefit of around £1.6m in 2019/20. Government has indicated that the pilot will no longer continue into 2020/21.

6.9 London Local Authorities will continue to engage with Government to lobby for the continuation of the pilot but in the likelihood that it does cease from April 2020, the Council will no longer benefit from the one-off additional funding that being part of the pilot generated but the rates retained is expected to increase in line with inflation as in previous years.

6.10 London Authorities are currently in the process of considering whether to continue a voluntary pool. The level of growth retained in London will be much lower but there will remain a small benefit to Kensington and Chelsea if this is agreed. An update will be provided in the next Financial Plans update report to the Leadership Team.

- **Settlement Funding Assessment**

6.11 The Settlement Funding Assessment is the total amount of core funding from Government. Over the years, the number and quantum of grants has reduced, and there are now just two main components - Revenue Support Grant and Business Rates as summarised in Table 2.

<table>
<thead>
<tr>
<th></th>
<th>2019/20 £’000</th>
<th>2020/21 £’000</th>
<th>2021/22 £’000</th>
<th>2022/23 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Support Grant</td>
<td></td>
<td>10,151</td>
<td>10,327</td>
<td>10,533</td>
</tr>
<tr>
<td>Business Rates</td>
<td>61,830</td>
<td>52,747</td>
<td>57,552</td>
<td>58,937</td>
</tr>
<tr>
<td>Total</td>
<td>61,830</td>
<td>62,898</td>
<td>67,879</td>
<td>69,470</td>
</tr>
</tbody>
</table>
6.12 The forecasts for 2021/22 onwards assume that the current funding formula continues. However, Government have suggested that the new Fair Funding Formula that they have been consulting on over the last two years will be introduced from April 2021. Indications are that funding will reduce for inner London boroughs, including and Kensington and Chelsea. Any impact of the new funding formula continues to be highlighted as a financial risk, but no financial impact has yet been incorporated into plans.

7. Council Tax

7.1 In line with the announcement in The Spending Review, the Council Tax referendum threshold is likely to remain at 2%. This means that a general Council Tax increase of up to 1.99% will not require a referendum to be held.

7.2 Recognising the ongoing pressures within Adult Social Care, Local Authorities are also expected to retain the power to introduce the Adult Social Care Precept in 2020/21 but this will not be confirmed until the draft Local Government Finance Settlement for 2020/21 is published in December. This will mean up to a further 2% increase in Council Tax can be introduced but for which the funds will be ring fenced for spend on adult social care services.

7.3 The level of council tax increase remains a decision for full Council in March 2020 following a recommendation from the Leadership Team. Every 1% increase in Council Tax generates on average £900k of income and therefore remains an important factor in addressing the financial challenge and setting a balanced budget. Further details are set out in Table 7 and 8 in terms of the impact on the budget gap of different levels of Council Tax increase. A 1.99% increase in line with the referendum threshold will mean a £4.3m budget gap remains for next year. The full increase of 3.99% (including the 2% ASC precept) will reduce the Council’s budget gap to £2.5m for 2020/21.

Core Spending Power

7.4 Core Spending Power measures the core funding available for local authority services. It includes the SFA shown in Table 2 but also takes account of the Council’s ability to raise income through Council Tax and locally retained business rates. Using the Government assumptions around Council Tax increases over the next three years, Core Spending Power is expected to increase as shown in Table 3.

<table>
<thead>
<tr>
<th>Table 3 – Core Spending Power</th>
<th>2019/20 £'000</th>
<th>2020/21 £'000</th>
<th>2021/22 £'000</th>
<th>2022/23 £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Settlement Funding Assessment</td>
<td>61,830</td>
<td>62,898</td>
<td>67,879</td>
<td>69,470</td>
</tr>
<tr>
<td>Council Tax</td>
<td>97,429</td>
<td>97,909</td>
<td>98,389</td>
<td>98,600</td>
</tr>
<tr>
<td><strong>Core Spending Power</strong></td>
<td><strong>159,259</strong></td>
<td><strong>160,807</strong></td>
<td><strong>166,268</strong></td>
<td><strong>168,070</strong></td>
</tr>
</tbody>
</table>

8. Economic Forecasts

8.1 The Council’s financial position is impacted by changes in economic conditions – mainly inflation and interest rates and forecasts. The Council usually uses forecasts published by the Office for Budget Responsibility (OBR). These forecasts are updated twice a year and
the last being in March 2019. The next planned update would be part of the Autumn Statement by the Chancellor, but this is now expected to be postponed until after the General Election. More recent updates for the inflation rate and the Bank of England interest rates have been used in this report to show the current expected trend over the next four years.

- **Inflation**

8.2 The inflation rate affects both the Council’s pay bill and the cost of services which are subject to inflationary increases each year. The latest forecasts are that inflation will remain steady at 2.1% over the next three years which is slightly above the Bank of England target rate of 2%. Every 1% increase in inflation increases costs by around £1m.

- **Interest Rate**

8.3 The interest rate determines both the cost of borrowing to fund the Council’s capital expenditure and the interest earned on income that the Council invests through its Treasury Management Strategy. The latest forecasts are showing a general increase in the cost of borrowing and a reduction in interest on investments.

8.4 The uncertainty over Brexit means that both inflation and interest rates will be carefully monitored through the next 12 months and the Council’s contingency can be used to manage any fluctuations that materialise next year that had not been anticipated.

8.5 On 9 October 2019, the Public Works Loan Board (PWLB) added 1.00% to all its interest rates as a measure of stemming flows of new borrowing to local authorities following an increase in loans over the last six months. The move was effective immediately. At this stage, no changes have been made to the cost of borrowing to fund the capital programme, but this will remain under review and updated if further announcements are made on the three-year forecast.

9. **Revenue Expenditure**

9.1 Spending patterns do not remain static. They are volatile and year on year there are new pressures that emerge. The Council’s medium-term planning process aims to review both existing pressures as well as understanding new pressures.

9.2 The pressures facing the Council over the next four years are broadly in line with those across London. All services have undertaken a review of their budgets to identify any emerging pressures. The main known pressures for 2020/21 include:

- Increased costs from inflation on contracts and the pay award;
- The impact of the London Living Wage; and
- ‘Demographic growth’. Demographic growth covers a wide range of factors, from increased numbers of homelessness through to increased complexity of need for both vulnerable adults and children.
9.3 The additional provision that will be built into the budget for the next three years is summarised in Table 4. There is more certainty over the pressures emerging for 2020/21 and although it is early in the budget process and new pressures can still emerge between now and March 2020 when the budget is set, these are expected to be minimal. The pressures for 2021 onwards remain more speculative, will remain under review and updated as more information becomes available.

### Table 4 – Spending Pressures 2020/21 to 2023/24

<table>
<thead>
<tr>
<th>Description</th>
<th>2020/21 £’000</th>
<th>2021/22 £’000</th>
<th>2022/23 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional staffing costs resulting from disaggregation from LBHF and the establishment of new sovereign services for the Environment and Communities Directorate</td>
<td>1,400</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional staffing capacity within the Building Control service to support compliance work from the new national Government 'Building Safety Regulator' (BSR).</td>
<td>132</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional cost resulting from an increase in recycling and waste disposal costs</td>
<td>-</td>
<td>800</td>
<td>404</td>
</tr>
<tr>
<td>Introduction of the 'Build ID’ platform and Plan X digital planning guide for Spatial Planning which will improve opportunities for community engagement and allow officer to instantly assess and enquiry or application and for residents to be able to track progress.</td>
<td>46</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Establishment of a new Community Engagement Team</td>
<td>210</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on income from public WIFI Concession contract from a change in legislation.</td>
<td>185</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional staffing to deliver Human Resources and Organisational Development services previously undertaken by BT</td>
<td>436</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The establishment of a new Corporate Complaints Team</td>
<td>191</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Increased costs of the facilities management service following the termination of the previous contract</td>
<td>1,909</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional funding to implement the Economy Strategy</td>
<td>440</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional funding for the City Living Local Life Scheme</td>
<td>389</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>2020/21 £’000</td>
<td>2021/22 £’000</td>
<td>2022/23 £’000</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------</td>
<td>----------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Ongoing adult social care costs when the ILF grant will cease in April 2020.</td>
<td>470</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Additional funding to address the increasing complexity of need of vulnerable adults and people living longer</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Additional costs for children’s passenger transport service because of increasing numbers and more children with greater complexity of care needs</td>
<td>196</td>
<td>216</td>
<td>238</td>
</tr>
<tr>
<td>Additional costs for the increasing number of referrals and greater complexity of need for respite care for families with children with disabilities.</td>
<td>69</td>
<td>76</td>
<td>84</td>
</tr>
<tr>
<td>Additional costs for increased number of jointly funded social care placements</td>
<td>72</td>
<td>78</td>
<td>86</td>
</tr>
<tr>
<td>Additional costs for the Looked After Children budget to address greater complexity of care and MF growth</td>
<td>137</td>
<td>144</td>
<td>150</td>
</tr>
<tr>
<td>Increased costs from an increase in care leaver numbers, due to the age profile of current looked after children and the statutory extension of support provision to 25.</td>
<td>200</td>
<td>225</td>
<td>250</td>
</tr>
<tr>
<td>Additional costs of supporting the increasing numbers of people in temporary accommodation</td>
<td>1,735</td>
<td>909</td>
<td>800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,717</strong></td>
<td><strong>2,948</strong></td>
<td><strong>2,512</strong></td>
</tr>
</tbody>
</table>

### 10. Current Financial Position

10.1 The financial position for future years must also consider the current year’s financial position. The 2019/20 budget was agreed in March 2019. Internal monitoring is undertaken monthly and reported to Leadership Team quarterly. The next update to the end of September 2019 is due to be published in December 2019. The latest information is showing that there is a forecast underspend at the year end. However, much of this is a result of over-performance on the Treasury Management Strategy and has already been put forward as a contribution towards next year’s budget gap.

10.2 Although the overall in year position is positive, there are also a number of pressures within services that are being addressed. In some cases, these are one off but in others they reflect a long-term issue and provision has been built into future year’s budgets as set out in Table 4.

10.3 The budget set for 2019/20 includes £8.422m of General Fund savings for 2019/20. Progress on delivery of the savings is monitored in year and the latest position shows a proportion (£1.1m) is at risk of not being delivered in the current year. These will remain under review for the remainder of the year to determine whether they are now no longer deliverable, or delivery is delayed until next year. Any which now cannot be delivered will create a budget pressure for future years if alternative savings cannot be found.

10.4 A full update on the current year’s position will be presented to Leadership Team in December 2019.

### 11. Overall budget position
11.1 The Council's financial position is complex and subject to many factors and therefore the forecasts are by necessity subject to continuous review and refinement to reflect latest information as it emerges. Considering all the information in previous sections on Government Funding and spending and income pressures, there remains a budget gap of £40m over the next three years as summarised in Table 5. The one-off funding has simply improved the position for next year.

<table>
<thead>
<tr>
<th>Table 5 – Budget Gap 2020/21 to 2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Budget Gap (March 2019)</td>
</tr>
<tr>
<td>Social Care Grant (LGFS 2019)</td>
</tr>
<tr>
<td>Social Care Grant (SR19)</td>
</tr>
<tr>
<td>Budget Gap (Nov 2019)</td>
</tr>
</tbody>
</table>

11.2 The Council has a statutory requirement to set a balanced budget and therefore this budget gap must be addressed either by reducing expenditure or increasing income. The following section sets out the Council's approach to balancing the books.

12. Addressing the Budget Gap

12.1 The small-scale changes in previous years will not be sufficient to deal with the financial challenge over the next three years. Budget reductions of £40m requires a much more fundamental review of the services the Council provides and how they are provided. The process for identifying budget reductions has been bought together as part of a cross Council three-year programme, referred to as ‘The Futures Programme’.

12.2 The Futures Programme seeks to provide the challenge and support across the council to ensure the Council uses an evidence-based approach to identify transformation opportunities which improve or maintain outcomes while also reducing costs. This evidence will come from a range of sources:

- How services meet the priorities in the Council Plan;
- The demand and feedback from users of the service;
- The cost and performance of the service;
- Benchmarking and how we compare to other authorities; and
- Sharing of best practice with other authorities or organisations.

12.3 This longer-term approach to financial planning will ensure that the Council is developing sustainable plans that will direct resources to delivering the Council Plan, ensure outcomes are maintained or improved whilst also balancing the books and building financial resilience and sustainability in the future.

12.4 Where appropriate the Council will invest now in areas of service delivery such as prevention and supported self-help systems to improve lives of residents in the longer term and reduce the need for high cost reactive services in the future.

Grenfell
12.5 Since June 2017, the Council’s primary focus has been the response to the tragedy at Grenfell Tower, particularly the rehousing of former residents of the Tower and Grenfell Walk and the provision of practical, emotional and humanitarian support to the bereaved, survivors and others affected.

12.6 In January 2019, the Council agreed a strategy to support the long-term recovery of those affected and this will continue to be implemented over the next five years. The Council has allocated £50m to fund these recovery services.

**Adult Social Care**

12.7 Adult Social Care has statutory duties under the Care Act 2014 and is delivering long-term support to approximately 2,073 people in Kensington and Chelsea. Adult Social Care services benchmark as delivering good outcomes and high performance compared to our statistical neighbours, as well as low cost. Spend on learning disability services is specifically being benchmarked as delivering good outcomes at a comparatively low cost.

12.8 Going forward, Adult Social Care in Kensington and Chelsea faces two key strategic challenges:

- **Demand is changing:** Need for local services is becoming more complex and demand for complex long-term support is increasing. An estimated 55% of the population are over 65, the fourth highest percentage in London.

- **Health integration:** Funding from health for integrated services and integrated budgets forms a significant proportion of the total spend on social care and integrated services. The Council’s future plans are significantly influenced by, and dependent on, our partnership with health and the future of health and social care integration across North-West London. Proposals are progressing at pace within the North West London Collaboration of CCG’s (NWLCCG - to integrate 8 CCG’s into 1 new commissioning organisation for health for the north-west area). NWLCCG faces significant financial challenges over the coming period. The Council maintains a strong commitment to health and social care integration, particularly where this has a direct, evidence-based and positive impact on outcomes for the borough’s residents.

12.9 The Council do know, however, that there are opportunities to deliver even better value for money for our residents and service users. This will be delivered by looking at how to best support residents and service users at all stages of the customer journey through Adult Social Care in line with the vision below.

> "The residents of Kensington and Chelsea are supported and empowered to stay healthy, independent and safe; receiving the right level of support at the right time".

**What will this mean for residents?**

- Residents are closely involved in the end to end design and delivery of the new approach to adult social care;
- Easily accessible and up to date information and advice about community resources, equipment, technology, and services to promote health and wellbeing and self-help are available;
- Strong and self-reliant communities with visible community leaders and navigators;
Increased choice and control over how vulnerable adults live their lives and meet desired outcomes;
Conversations which are focused on strengths and finding creative and tailored support solutions;
Carers who are connected to up to date resources, information, and peer support groups to sustain them in their caring roles;
More employment and volunteering opportunities for working age adults with learning disabilities and mental health’ and
Flexible accommodation options that support independence and the individual’s life journey.

12.10 A single business case is being developed to deliver the vision and transform Adult Social Care in Kensington and Chelsea. This approach moves towards taking a holistic view of services users’ journey, from pre-contact with the Council to longer term support. The approach focuses on how the Council, partners and the community can support adults differently, towards improved or maintained outcomes that maximise independence and are more efficient for the Council.

12.11 The business case will capture a three / four-year programme of work focused on transforming the service so that people are supported differently. The programme will change how the Council delivers reablement, supports younger adults, uses new and innovative technology, supports communities to be resilient through working differently with the voluntary sector, and how social work staff are supported to increase the use of strengths-based practice. These changes are expected to deliver cost reductions in the long term.

12.12 As part of last year’s budget setting process savings for Adult Social Care were agreed for 2020/21. The savings are based on projects that have commenced in the current financial year and will continue into 2020/21. These include a strategic review of contracts and consistency of policies and processes across the Bi-Borough that will result in £1m of savings.

Children and Family Services

12.13 Children and Family Services have recently been rated as ‘Outstanding’ by Ofsted and its Partners in Practice initiative means that the Council is leading the development of the Centre for Systemic Social Work. The number of vulnerable children in the borough is low compared to others, services for care leavers are good and educational attainment at all levels is above both the London and national average.

12.14 However, there are challenges. The number of unaccompanied asylum seekers continues to increase and therefore services are being tailored to meet individual needs. There is continued work with Looked After Children and Care Leavers to improve educational outcomes and improve placement stability and schools’ exclusions continue to be above the London average.

12.15 The Council’s spend on Children and Family Services is higher than neighbouring boroughs and although performance and outcomes are high as evidenced by the recent Ofsted inspection, the Council believe that similar outcomes can be achieved whilst also reducing costs through the transformation and re-design of services, a focus on prevention
and early intervention and a multi-agency approach both internally and externally to work in partnership to maximise impact. The vision for Children and Family Services is

‘To deliver outstanding services that enable all children and young people to reach their full potential including those who are most vulnerable’.

What will this mean for residents?

- Children and young people at the heart of what the Council does;
- Independence and achievement are promoted, enabling families to be ambitious;
- Good relationships are crucial and is promoted through the systemic practice model; and
- Children growing up in their own families and working to make this happen while keeping them safe.

Environment and Communities

12.16 Services within the Environment and Communities portfolio cover a range of statutory and discretionary services for all 160,000 residents who live in the borough, the 56,000 who visit each day, the 1 million who come to the carnival each year and the 15,000 businesses in the borough.

12.17 Resident satisfaction with services is high across a number of environmental services and with the borough’s parks and open spaces. The borough’s libraries have high visitor numbers and three of the fifteen museums in the borough are among the most visited in the country. However, there are areas of challenge. The recycling rate is in the lower quartile for London, air pollution levels are high, 83% of our housing is deemed “unaffordable” and whilst we are the 7th lowest for Serious Youth Violence, overall crime levels are the third highest in London. The vision for Environment and Communities is to

‘Preserve and improve the place, with a vibrant cultural offer accessible to all, keep residents and visitors safe, a more joined up environmental enforcement and deeper community engagement’.

What will this mean for residents?

- More homes that are genuinely affordable;
- Visible development and revitalisation of streets and the borough as a whole;
- A safe place for people, tackling extremism, crime and anti-social behaviour;
- Access to excellent libraries, sports and leisure facilities, including parks and open spaces;
- Clean streets;
- Improved air quality and promotion of sustainable modes of transport;
- A centre of culture, growth and investment; and
- Joined up and effective environmental enforcement.

Housing

12.18 Housing and the numbers who are homelessness are key challenges facing Kensington and Chelsea. The borough is one of the most expensive places to live in the country with house prices averaging £2.1m and outstripping average earning by 40 to 1. The Council has more than 3,000 families waiting for a new home on the Housing Register of which
more than 2,300 families are in temporary accommodation. The vision for Housing Needs and Supply is

‘A safe, secure and affordable home is vital for ensuring all residents have the best possible chances in life, narrowing the gap and promoting equal opportunities for all’

What will this mean for residents?

- Supporting recovery for those affected by the Grenfell tragedy;
- Improving the safety, quality and security of people’s homes;
- Delivering more genuinely affordable housing in the borough;
- Putting residents at the heart of housing services;
- Supporting the borough’s most vulnerable residents; and
- Preventing and relieving homelessness.

12.19 The Council will work with residents in the design and delivery of services but also adopt a joined-up approach with partners to ensure the maximum impact for residents. In October 2019, Leadership Team approved the first phase on the Borough’s New Homes Programme which will see 600 new homes built in the borough, of which at least 300 will be for social rent. This will add to our existing 6,500 existing Council units.

Resources and Assets and Support Services

12.20 The delivery of front-line services must be supported by strong ‘back office’ and support functions. The vision for these services is to:

‘Enable the Council to operate efficiently, effectively and in compliance with legal requirements and Council policy and provide a key interface with residents and service users.

What will this mean for residents?

- Maximising resources;
- Developing a skilled and high performing workforce;
- Empowering staff to lead, drive change and deliver value for money;
- Ensuring investment is targeted at the things that really matter to residents, enabling improvement of outcomes and delivery of the priorities outlined in the Council Plan; and
- Providing a seamless experience for customer interaction with the Council.

12.21 All councils are facing economic and financial uncertainty and one of the biggest challenges for Kensington and Chelsea is delivering all of this at a time when Government funding in the longer term is decreasing, spending pressures are increasing and the impact of change in economic conditions remains uncertain.

12.22 The new approach taken through the Futures Programme is allowing services to identify proposals for budget reductions or income generation to balance the books while still delivering on the Council Plan priorities. The budget proposals that have been identified for next year are a combination of outcome-based service reviews which propose a change in the way we provide services or generate income and efficiencies through the annual value for money exercise.
• Outcome Based Service Reviews

12.23 As a result of the work over the summer, £6m of budget reductions have been identified across a range of services. Full details are set out in Appendix 2. Leadership Team are asked to approve for these to be launched for consultation.

• Value for Money Efficiencies

12.24 A number of the budget reductions that have been identified are considered service efficiencies and in the main relate to internal changes within the Council and do not have a direct impact on front line services. These total £8.6m and a summary is set out in Table 6 and the full list is set out in Appendix 3.

Table 6 – Summary of Budget Reductions

<table>
<thead>
<tr>
<th></th>
<th>2020/21 £’000</th>
<th>2021/22 £’000</th>
<th>2022/23 £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiencies</td>
<td>(7,836)</td>
<td>(460)</td>
<td>(325)</td>
<td>(8,621)</td>
</tr>
<tr>
<td>Service Reviews</td>
<td>(2,863)</td>
<td>(2,184)</td>
<td>(932)</td>
<td>(5,979)</td>
</tr>
<tr>
<td><strong>Total Budget Reductions</strong></td>
<td>(10,699)</td>
<td>(2,644)</td>
<td>(1,257)</td>
<td>(14,600)</td>
</tr>
</tbody>
</table>

12.25 If all the proposed savings are agreed following consultation, this will contribute £14.6m towards the budget gap over the next three years. Although it remains early in the year and a budget gap remains for next year, officers are confident that the Council will be in a position to set a balanced budget for 2020/21. There is no planned use of reserves.

12.26 As highlighted in Section 7, the level of Council Tax remains a decision for Council. Tables 7 and 8 shows the impact on the budget position of a 1.99% increase in line with the referendum threshold or a 3.99% increase if the Adult Social Care precept is introduced.

Table 7 – Impact on the Budget Gap (1.99% increase in Council Tax)

<table>
<thead>
<tr>
<th></th>
<th>2020/21 £’000</th>
<th>2021/22 £’000</th>
<th>2022/23 £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Gap (Nov 2019) – before savings</td>
<td>15,000</td>
<td>15,000</td>
<td>10,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Proposed Budget Reductions</td>
<td>(10,699)</td>
<td>(2,644)</td>
<td>(1,257)</td>
<td>(14,600)</td>
</tr>
<tr>
<td>Budget Gap (Nov 2019) – if savings approved</td>
<td>4,301</td>
<td>12,356</td>
<td>8,743</td>
<td>25,400</td>
</tr>
</tbody>
</table>

Table 8 – Impact on the Budget Gap (1.99% increase in Council Tax and 2% ASC precept)

<table>
<thead>
<tr>
<th></th>
<th>2020/21 £’000</th>
<th>2021/22 £’000</th>
<th>2022/23 £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Gap (Nov 2019) – before savings</td>
<td>13,200</td>
<td>15,000</td>
<td>10,000</td>
<td>38,200</td>
</tr>
<tr>
<td>Proposed Budget Reductions</td>
<td>(10,699)</td>
<td>(2,644)</td>
<td>(1,257)</td>
<td>(14,600)</td>
</tr>
<tr>
<td>Budget Gap (Nov 2019) – if savings approved</td>
<td>2,501</td>
<td>12,356</td>
<td>8,743</td>
<td>23,600</td>
</tr>
</tbody>
</table>

13. Financial Position 2021/22 to 2022/23
13.1 There remains a budget gap for 2020/21 and over the three-year period. There are already several ideas for service re-design and transformation across all departments that are being further developed, including a number of cross cutting themes. There will also be potential for new ideas that will emerge over the next few months. Officers are confident there are further opportunities and updates will be reported as appropriate through Financial Plans and Budget reports to Leadership Team and in full in next year’s Medium-Term Financial Strategy published in July 2020. The aspiration is that a three-year balanced budget can be set in March 2021.

13.2 The cross cutting workstreams that are being developed across departments will ensure a cohesive approach to review and redesign and breaking down traditional silos.

- **Contracts and Commissioning**

13.3 This cross-cutting project is aimed at delivering a strong corporate procurement function to support commissioners in procurement and contract management. The Council currently spends £230m with third party organisations and the voluntary sector so ensuring good strong contract management skills is crucial.

13.4 A new Procurement Strategy is being developed and will be published shortly. In addition to offering guidance around the full Commissioning Cycle, it will include guidance for implementing social value and the Council’s London Living Wage commitment.

13.5 The way the Council works with the Voluntary Sector to develop their capacity to work alongside the Council to deliver services is important. The Council recognises that it is not always the most appropriate organisation to deliver services and developing the capacity within the third sector will provide a step towards a systems-based approach to supporting people that live in Kensington and Chelsea.

- **Income and Commercial Opportunities**

13.6 Balancing the budget relies on reducing costs but also increasing the opportunities to expand existing income streams and create new income streams. This will include income from fees and charges, rental income, investment income, income from traded services and opportunities for alternative delivery models.

13.7 This workstream will initially focus on fees and charges and investment income. It is important that the Council is clear on its approach and principles on how it charges for discretionary services and these are set out in the draft Charging Policy in Appendix 4. This will be supplemented by a practical toolkit for managers who are responsible for the annual review of their fees and charges.

13.8 If agreed, all the Council’s existing charges and opportunities for new income will be subject to review over the two years to ensure they align with the policy.

13.9 For 2020/21, the proposal is for where appropriate all fees and charges to increase in line with the target rate of inflation of 2%. In some cases, this level of increase is not viable, such as where there is market competition or by increasing the charge will reduce demand which will have an adverse impact on outcomes or income levels. These cases are expected to be minimal. Each individual charge will be subject to an annual review and the proposed charges for 2020/21 will be presented as part of the papers to Overview and
Scrutiny Committee on 26 November 2019. These proposed price increases are expected to generate around £1.4m of additional income for the Council.

- **Customer Delivery**

13.10 The Council plan gives the commitment to develop a Customer Access Strategy with the aim of improving the quality of the customer experience. This will include improvements to the website and increasing availability of digital channels for resident self-service. The strategy is expected to be published in 2020.

- **Use of Assets**

13.11 The Council has 696 assets held within its general fund valued in the region of £900m ranging from libraries, schools, museums, community centres to residential properties and a wide range of commercial investment properties.

13.12 This project will adopt a place based approach to review all of the assets in its portfolio with a view to shaping the estate to meet the Council's operational needs in the most effective and efficient way, generate income to support front line services, increase community use, enable the community to own and manage parts of the estate where appropriate in support of the Council’s social aims and where possible use surplus assets to create or allow investment in new housing and in the development and support of the local economy.

- **People Strategy**

13.13 The Council's staff are a key asset and average spend per year is currently just over £100m. In July 2019, the People Strategy was launched, which is the plan for making the Council a better place to work. It supports Kensington and Chelsea’s new values and the culture change programme, but most importantly it gives us a clear vision on how things will be done at the Council and how services will work together in the future to support each other.

13.14 An action plan is in the process of being developed but there are three immediate areas of focus that will support the new values and culture change while at the same time contributing to the budget position:

- Review of the Council’s organisation structure to ensure accountability and decision making is distributed appropriately through the organisation;
- Review of ‘back office’ support functions across the Council to remove duplication; and
- Identify and understand the use of agency staff and where possible develop processes and controls to reduce reliance which in turn reduces costs.

13.15 Each of these cross-cutting projects will have a governance process in place which ensures officers from across the Council are working differently together to improve ways of working and there is a council wide approach to finding solutions. These are expected to deliver a mix of cost reductions, increased income and improved partnership working to ensure a systems approach to service delivery both internal and external. Any contribution towards the financial position is expected to be from 2021.
14. Capital

14.1 The Council’s Capital Strategy was published in July 2019 alongside the Medium-Term Financial Strategy and provided the foundations for the Council’s decision-making process around capital investment. An essential part of all the Council’s capital investment – current and new is that it is very clearly links to the delivery of the priorities in the Council Plan.

14.2 The current capital programme will see investment of £370m over the next three years. A key part of developing the new capital programme is reviewing this planned spend but also anticipating the requirement for new investment. The Council undertakes an annual process which identifies new investment for health and safety requirements, rolling maintenance programmes, investment into the Borough’s infrastructure and open spaces or an investment that leads to additional income or a reduction in costs.

14.3 The proposed new capital investment ranges from small and essential investment such as the Council’s IT infrastructure through to large scale investment such the proposal to invest in a purchase programme of new accommodation to reduce the number of people on the housing waiting list and homelessness.

14.4 A summary is set out in Table 8 and full details of the new investment is set out in Appendices 5, 6 and 7.

Table 8 - Proposed New Capital Investment

<table>
<thead>
<tr>
<th>Directorate</th>
<th>2019/20 Current Budget £'000</th>
<th>2020/21 Current Budget £'000</th>
<th>2021/22 Current Budget £'000</th>
<th>2022/23 Current Budget £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children and Family Services</td>
<td>1,160</td>
<td>12,000</td>
<td>3,750</td>
<td>-</td>
</tr>
<tr>
<td>Resources and Assets</td>
<td>1,133</td>
<td>3,710</td>
<td>2,090</td>
<td>3,616</td>
</tr>
<tr>
<td>Environment and Communities</td>
<td>210</td>
<td>4,139</td>
<td>4,134</td>
<td>975</td>
</tr>
<tr>
<td>Housing Needs and Supply</td>
<td></td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>New bids funded from Special Projects Reserve</td>
<td>-</td>
<td>1,806</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total new investment</strong></td>
<td><strong>2,503</strong></td>
<td><strong>24,292</strong></td>
<td><strong>12,974</strong></td>
<td><strong>7,591</strong></td>
</tr>
</tbody>
</table>

14.5 In terms of the funding of the Capital Programme, it is anticipated that the small scale and one-off investment set out in Appendix 6 will be funded through the Special Projects Reserve.

14.6 Of the remaining, it is expected that investment which is linked to the borough’s highways, infrastructure and open spaces will be funded through the Car Parking Reserve and additional capital grants will be available for some investment such as for additional school places. Where appropriate, Section 106 and CIL monies may be utilised. These external
funding sources will not be sufficient to full fund the programme and therefore there will be a borrowing requirement. The anticipated costs of borrowing have been included within financial plans but the final decision for the funding of the capital programme is delegated to the Executive Director of Resources and Assets as Section 151 Officer and will be published in the budget report to Leadership Team in February 2020.

15. Capital Receipts Flexibilities

15.1 The 2015 Spending Review announced flexibilities for local authorities to use capital receipts from the sale of non-housing assets to fund revenue set up costs of service reform and transformation projects. Eligible projects are those which are designed to generate ongoing revenue savings in the delivery of public services or transform service delivery to reduce costs or demand for services in future years. This Council is working on the assumption that this flexibility will continue into 2020/21 but this will not be confirmed until the Local Government Finance Settlement is published. If Government confirms continuation, Leadership Team is asked to agree delegation to the Executive Director (Resources and Assets) in consultation with the Lead Member to agree where appropriate use of capital receipts to fund eligible spend.

16. Consultation

16.1 Leadership Team are asked to recommend that the budget proposals set out in Appendices 2 and 3 and capital investment proposals set out in Appendices 6 and 7 are launched for consultation. The consultation and communications plan will include both targeted consultation and engagement with key stakeholders and individuals impacted as well as a borough wide consultation.

Although the Council is in a pre-election period, a decision to launch the proposals at Leadership Team on 13 November for consultation will ensure that there is an adequate time period for all stakeholders to consider the proposals and provide feedback and for Lead Members to consider before the draft budget is put forward to Leadership Team in February 2020. Any delay in the consultation process will limit time for stakeholders to respond because the budget and Council Tax levels must be agreed by Council on 4 March 2020

- Borough Wide Consultation

16.2 A dedicated web page will be set up and launched on 14 November 2019 following the Leadership Team meeting. The webpage will have a dual role – to highlight the Council’s financial position and how money is currently spent across services and secondly will include details of the individual budget proposals and capital investment for 2020/21.

16.3 Consultees will be asked whether they support each of the proposals and will be given an opportunity to provide additional comments. This will provide both quantitative and qualitative feedback that can be considered as part of developing the draft budget.

16.4 An eight-week programme of regular communications will follow Leadership Team through to mid-January 2020 and will include:

- Communication through social media;
- Communication through the Council’s digital and print publications;
Engagement with the Social Council and its Advisory Board to encourage feedback from the Voluntary Sector; and
Engagement with businesses across the borough.

- **Targeted Consultation**

  16.5 In some cases, the borough wide consultation described above will not be sufficient and a separate and targeted consultation plan with a specific set of stakeholders or individuals directly impacted from the change will be required. Full details are set out against relevant proposals in Appendix 2 and includes:

  - Review of Multi Agency Safeguarding Hub;
  - Review of Pre-birth to five pathways.
  - Increased income through the registrar’s service.
  - Planning Service – Business Improvement
  - Review of temporary accommodation.

- **Overview and Scrutiny Committee**

  16.6 The oversight of the budget process is the responsibility of Overview and Scrutiny Committee. Subject to agreement by Leadership Team, this report will be presented to Overview and Scrutiny Committee on 26 November 2019. This will then follow with a six-week period to 17 January 2020 for Members of the Overview and Scrutiny Committee to consider each of the proposals. Feedback will be provided to Lead Members at the Overview and Scrutiny meeting on 28 January 2020.

  16.7 The feedback received throughout the consultation process will be taken into account as part of developing the draft budget for 2020/21 which will be considered by Leadership Team in February 2020 as part of the Budget and Council Tax report.

  16.8 The financial position set out in this report assumes that all proposed savings are agreed. Any rejected savings will need to be replaced by alternative savings on a £ by £ basis.

- **17. Risk Management**

  17.1 The Council’s Risk Strategy and Strategic Risk Register are a key part of the Council’s decision-making approach. The Strategic Risk Register, which is considered and agreed by the Risk and Control Board, is regularly presented to the Audit and Transparency Committee. The register contains a mixture of risks specific to the Council (e.g. related to the Grenfell Recovery, the Public Inquiry and Lancaster West Refurbishment and Notting Hill Carnival) and then key risks which are typically found on registers across London or nationally among local authorities (e.g. balancing the budget, fragility of the social care market, cyber security and safeguarding residents).

  17.2 The likelihood of all the budget risks occurring in any one year is low but financial plans must ensure the financial consequences of any risks are reflected in the budget. Risks will remain under regular review in terms of both likelihood and impact and the Council’s contingency and reserves strategy are in place for managing any which do materialise.
17.3 Full details of the financial risks facing the Council were set out in the Medium-Term Financial Strategy that was published in July 2019. Many of the risks remain the same but there are three main updates which have already been discussed through the report but are also summarised in this section:

**Funding**

17.4 The 2019 Spending Review announced new one-off funding for social care and although this was welcomed, the one-off nature of the funding fails to offer Local Authorities the stability needed for medium term financial planning. The new funding formula is expected in April 2021 and the expectation is that Kensington and Chelsea will see a reduction, but the quantum remains unknown and therefore remains a key risk.

**Brexit**

17.5 The impact of Brexit has remained a risk over the last year. It could impact several different factors which determine the Council’s financial position in terms of cost of services, the supply of good and services and the supply of labour. However, the impact is still very uncertain and although the Council has a Brexit Planning group in place to manage these risks, the financial impact is still not possible to estimate.

**Changes in Government**

17.6 The uncertainty around Brexit is also causing uncertainty in Government. A general election has been called for 12 December 2019 and any change in Government has the potential to impact on the Council’s financial position in terms of changes in legislation or funding for Local Government.

17.7 The budget gap has been estimated at between £23m and £26m over the next three years but if any of these risks or those highlighted back in July do materialise, this could increase, and further savings or income will be required to deliver a balanced budget and the delivery of these savings.

**18. Schools Budget**

18.1 Although Schools Funding does not directly impact on the Council’s General Fund, it remains a key financial concern for Kensington and Chelsea, particularly in terms of high needs. The Spending Review announced an increase in the schools’ budget by £2.6 billion in 2020/21, £4.8 billion in 2021/22 and £7.1 billion in 2022/23. In 2020/21, this means per pupil funding will be £3,750 at primary and £5,000 at secondary schools, Kensington and Chelsea already receive per pupil funding above this and expect to receive only inflationary increases of 1.8%.

18.2 There is also new funding for high-needs of more than £700 million. Officers are currently considering the financial impact for Kensington and Chelsea schools.

18.3 An additional £400m of additional funding has also been announced for Further Education and £66m for Early Years. The final allocations for the Council are not yet known and an update will be provided to Leadership Team in the next Financial Plans update.
19. HRA

19.1 This report concerns the General Fund budget. The Housing Revenue Account (HRA) is “ring-fenced” from the general fund and the budget for the HRA and 30-year business plan will be considered as a separate report and reported to Leadership Team in February 2020 following consultation with the Tenants Committee.

20. Treasury Strategy

20.1 The detailed Annual Treasury Management Strategy will be reviewed and presented to Members for approval as part of the budget setting process in March 2020 alongside the 2020/21 Budget and Council tax report. The Treasury Strategy and estimates of borrowing costs will consider the estimated funding requirements of the capital programme and the expected level of prudential borrowing over the next three years.

20.2 As well as borrowing, the Council’s treasury activities include the investment of surplus cash balances and the Council continues to regard the security of the principal sum it invests as the key objective of its treasury management activities on investments.

20.3 Monitoring of treasury management is a key control to ensure that activity is in line with the approved treasury strategy and the half-year review of Treasury Management activities is included as a separate report elsewhere on the agenda.

21. Budget Process

21.1 Although there remains a budget gap from 2021/22 onward and the work will continue internally to identify opportunities to balance a three-year budget, the focus over the next few months will be on setting the budget, Council Tax and Capital Programme for 2020/21. The process will be similar to previous years and the key dates are set out in Table 9.

Table 9 – Key Dates in 2020/21 Budget Setting Process

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 November</td>
<td>Leadership Team</td>
<td>Update on Financial Position and Recommendation on savings / income proposals published for consultation</td>
</tr>
<tr>
<td>26 November</td>
<td>Overview and Scrutiny Committee</td>
<td>Consultation on draft revenue and capital budget proposals</td>
</tr>
<tr>
<td>11 December</td>
<td>Leadership Team</td>
<td>Update on financial position, including draft Local Government Finance Settlement (if published).</td>
</tr>
<tr>
<td>28 January 2020</td>
<td>Overview and Scrutiny Committee</td>
<td>Report back on feedback from the consultation of the budget proposals and capital investment</td>
</tr>
<tr>
<td>12 February</td>
<td>Leadership Team</td>
<td>Draft 2020/21 Budget and Council Tax and Capital Programme</td>
</tr>
<tr>
<td>4 March 2020</td>
<td>Council Budget Setting Meeting</td>
<td>Approves 2020/21 Budget, Council Tax and Capital Programme</td>
</tr>
</tbody>
</table>

22. CONSULTATION AND COMMUNITY ENGAGEMENT

22.1 Consultation and community engagement plans are set out in Section 12.

23. HUMAN RESOURCES AND EQUALITIES IMPLICATIONS
23.1 The Council has a current establishment of 2,062 FTE (2,234 people) and a total salary bill of over £100m (excluding schools and adult education). At this stage it is not possible to guarantee that the changes to transform services and generate new income streams will not be without staffing reductions. Where staff are affected then the Council’s usual HR procedures will be followed which will include consultation with the individuals concerned and their trade union representatives.

24. **LEGAL IMPLICATIONS**

24.1 The legal implications are included in the Medium-Term Financial Strategy where relevant” under the Legal Impactions sub heading.

25. **FINANCIAL, PROPERTY, IT AND ANY OTHER RESOURCES IMPLICATIONS**

25.1 The financial, property and ICT implications are addressed throughout the report and accompanying appendix.

_Taryn Eves_

_Director of Financial Management_

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report

*Kensington and Chelsea Council Tax Report 2019/20 (March 2019)*

*Government Spending Review 2019*

*2019/20 Monitoring Report – Quarter 1 (see Leadership Team agenda)*

Mandatory clearance requirements for all Key and Executive Decision reports

Cleared by Finance (officer’s initials) [TE]

Cleared by Corporate Finance (officer’s initials) [TE]

Cleared by Director of Law (officer’s initials) [MC]

Cleared by Communications (officer’s initials) [NT]

**Appendices**

Appendix 1 – Summary table of all the budget proposals.

Appendix 2 – Two-page summary for each of the Outcome Based Service Reviews

Appendix 3 – Full list of the efficiencies from the Value for Money exercise

Appendix 4 – Draft Charging Policy for Discretionary Services

Appendix 5 – Summary table showing proposed capital investment

Appendix 6 – New Capital Investment – Funded by Special Projects Reserve

Appendix 7 – New Capital Investment – Funded from other sources