

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

CABINET - 22 FEBRUARY 2007

REPORT BY THE EXECUTIVE DIRECTOR FOR FINANCE, INFORMATION SYSTEMS AND PROPERTY

REVENUE BUDGET AND COUNCIL TAX 2007/08

This paper sets out proposals for the Council's Revenue Budget and Council Tax, to be recommended to Council on 7 March 2007. It also outlines the medium term financial plan for the Council to 2009/10. Budget proposals include:

- A zero Council Tax increase for the Royal Borough for 2007/08, for the second year running;
- Total revenue spending of £494 million;
- A budget requirement of £168.2 million to be met from Grant and Council Tax;
- A Government Formula Grant increase of £4.5 million in 2007/08;
- Cost increases of £6.2 million;
- An extra 6.2 per cent per pupil for schools, met by Government grant;
- Spending growth of £3.5 million in 2007/08, offset by £3.5 million service savings and income, with reductions in contributions to specific reserves of £2.0 million.
- Greater London Authority proposals are included at the proposed budget levels at this stage. The approved precept will be available for the Cabinet meeting.

1 INTRODUCTION

- 1.1 This paper sets out proposals for the Council's 2007/08 budget and Council Tax to be recommended to Council on 7 March 2007. This is summarised in **Appendices A, B and C**.
- 1.2 The proposals are based on the Local Government Finance Settlement, the Cabinet Business Plan proposals for discussion, approved by Cabinet on 15 January 2007, and the Business Group revenue estimates considered by Overview and Scrutiny Committees during January 2007.

- 1.3 In making its budget recommendations, the Council will need to take into account the following:
- The Council's strategic objectives, including the Borough aims and the Community Strategy;
 - The overall resource position and Government guidelines on Council Tax increases;
 - The outcome of consultation exercises with the public and other service stakeholders;
 - The background of the 2006/07 financial position;
 - The potential for improvements in cost effectiveness and the Government's current target for efficiency savings each year;
 - The robustness of the estimates and budgetary risks;
 - The position on contingencies and reserves;
 - Implications for Council Taxpayers;
 - Medium term budget prospects.

2 LOCAL GOVERNMENT FINANCE SETTLEMENT

2.1 The Local Government Finance Settlement 2007/08 was issued on 18 January 2007. The key points were:

- The Royal Borough's grant allocation is confirmed at £96.5 million, as proposed at this time last year. This is a cash increase of £4.5 million.

Table 1 Formula Grant	£m
2006/07 Formula Grant	92.0
Baseline Adjustments	-0.6
Adjusted 2006/07 Formula Grant	91.4
Grant Change £m	5.1
2007/08 Formula Grant	96.5
Grant Change %	5.6%
Cash Grant Change £m	4.5
Cash Grant Change %	4.9%

- The Royal Borough has the second highest percentage grant increase in London. The Council is now contributing £5.9 million to the cost of the grant floor protection for other local authorities. London overall had a below average grant settlement for 2007/08, with 20 Councils receiving only the minimum 'floor' increase of 2.7 per cent.
- The calculation of the Royal Borough's grant allocation is shown below.

Table 2 2007/08 Formula Grant Breakdown		£m
A basic amount of £168 for every resident		34.3
A top-up for relatively high local services needs		118.5
A deduction for the relatively high local tax resources		-50.5
A deduction for our contribution to the grant floor safety net for other authorities		-5.9
	Total Formula Grant	96.5
Which consists of:		
Our share of Business Rate (allocated on a per head basis)		82.6
Our share of Revenue Support Grant (balancing figure)		13.9

- The grant increase is largely driven by the population estimates produced by the Office for National Statistics, which extrapolate past trends. The methodology underpinning these estimates is being reviewed and this creates significant uncertainty for future year grant allocations.
- The Council is protected from losses to Formula Grant of about £19 million from the formula for Children's and Younger Adults Personal Social Services (PSS). **Table 3** below shows a rough estimate of the impact of removing this damping, all other things being equal. Without this damping the Royal Borough would receive only the minimum grant increase of 2.7 per cent. The formula change remains a concern for the long term if the safety net is removed.

Table 3 Grant System Damping	2007/08 £m
System Grant With PSS Damping	102.4
Less Floor Damping Block	-5.9
Grant With SS Damping	96.5
System Grant Without PSS Damping	83.1
Add Floor Damping Block	10.7
Grant Without SS Damping	93.9
Formula Grant Difference: no protection	-19.3
Grant Difference with floor protection	-2.7

- The Government has confirmed its intention to cap authorities whose Council Tax increases are regarded as excessive:

"...we expect again to see the council tax increase in England below 5 per cent. As in previous years, we are prepared to take capping action to deal with excessive increases"¹

2.2 The Royal Borough responded to the provisional local government finance settlement consultation. The key points made in the response were to:

- welcome grant predictability and stability and the confirmation of three year grant allocations in the future
- welcome the continuing confirmation of the funding floor but regretting that the level set is inadequate to meet spending pressures
- reconfirm our strong opposition to the implementation of the new Children's and Adults Personal Social Services formulae and press for continuation of damping of the impact
- state our concerns with respect to grant baseline adjustments which are not transparent or clearly explained.
- restate our strong opposition to the threat and use of reserve powers to limit budget and Council Tax increases.

3 CONSULTATION

3.1 For the fifth year the Royal Borough has used budget consultation to inform service priorities and the level of Council Tax to be set for 2007/08 and beyond. The consultation results were reported to Cabinet on 15 January 2007.

3.2 The Council consulted the Residents' Panel to seek views on budget priorities. The large majority of residents, 79 per cent, agreed with the Council's plan to freeze the Council Tax for the second year running. 60 per cent of residents in the sample believed that the Council offers value for money.

3.3 When asked about budget priorities, residents generally wanted to see services maintained at current levels, but priorities for increased spending were identified. These were community safety, services for children and families, social care for older people and mental health, and waste management. The spending priorities accord well with the Council's proposals to increase spending on children's services and schools (the latter funded from government grant), to fund local Police and Community Safety Officers and to

¹ 18 January 2007 Communities and Local Government press release:
<http://www.communities.gov.uk/index.asp?id=1002882&PressNoticeID=2335>

protect older people's services. Residents were willing to see spending on central services reduced.

- 3.4 Spending and savings proposals are detailed in the Cabinet Business Plan and have also been open to comment by local interest groups and Overview and Scrutiny Committees (OSC). The majority of the savings and growth proposals were also published in the November Cabinet report on medium term planning. Overall, services that are protected, budget growth and savings broadly correspond with the options preferred by residents.

4 BUDGET PROPOSALS

- 4.1 The proposed revenue budget for 2007/08 totals £494 million, offset by £106 million from fees, charges and other income and £220 million from specific Government grants to services. The budget requirement to be met from Government Formula Grant and from Council Tax is £168 million. Some background on the total budget and on Council Tax figures is given in **Annex 1**, with further information in the Council's digest of financial information – 'Vital Finances'².

- 4.2 The budget includes the following for 2007/08:

- Confirmation of the second year of a freeze in the Borough's element of Council Tax for 2007/08. This should maintain the Council's position as one of the lowest Council Tax rates in the country
- Growth in spending worth £3.5 million, of which £1.2 million is funded internally by Business Groups
- £6.2 million of pay and price inflation, partially met by the £4.5 million increase in government grant
- An increase in funding for schools of 6.2 per cent per pupil, met from ring fenced grant
- Savings and extra income totalling £3.5 million
- £2 million previously contributing to reserves has been redirected to support higher spending and to keep down Council Tax
- An ambitious capital investment programme, supported through an affordable level of revenue contributions
- Maintaining a strong balance sheet.

- 4.3** Service highlights from the budget include

² This can be found at:

<http://www.rbkc.gov.uk/yourcouncil/councilfinances/vitalfinances.asp>

- £319,000 for transport of pupils with a Special Educational Need
- £240,000 to improve services for children with a disability, of which £100,000 is new funding
- £105,000 extra funding for maintaining museums and the arts
- £430,000 to protect services for older people provided jointly with the Primary Care Trust
- 130 Police Community Support Officers patrolling the borough, 76 funded by the Borough. The Metropolitan Police have reduced the cost of employing a Police Community Support Officer by £13,000 each, so the Council is now able to consider paying for other activities such as new neighbourhood safety posts and assistance with crime detection.
- £180,000 to pay for area-based initiatives, to respond to local issues in six Borough wards. This is £60k higher than was included in the draft budget reported to OSC.

4.4 Other amendments since preparing the budget for OSC include £170k for Adult Social Services in respect of pay harmonisation for manual workers under a national scheme. A further £200k will be absorbed by efficiency within the service. £130k has also been added for the Election Administration Act 2006, of which £25k is a recurring additional contribution to the election cost-smoothing reserve. Grants for Planning Delivery (£65k), children's services (£330k) and smoke-free legislation (£203k) have been received and at the moment the corresponding expenditure budgets are being held centrally pending allocation. The grants are not ring fenced. On-street parking income now reflects current income levels and takes account of the expected London-wide increase in penalty charges.

4.5 The Council will benefit from £3.2 million of Reward Grant from achieving stretched targets in the Local Public Service Agreement, which ran from 2003/04 to 2005/06. The first tranche of £1.6 million will be received in 2006/07 and is being held as 'Excellence for All' funding. This is already being recycled into a £3 million improvement programme through the Local Area Agreement. This will be delivered with our Local Strategic Partnership over the next three years.

4.6 In late February we expect to hear whether we will receive an allocation from the national Local Authority Business Growth Incentive scheme for 2006/07. This shares with local councils the benefit of the tax yield from an upward trend in business rateable value locally. The national scheme has been trebled in size since

2005/06.

- 4.7 Detailed service budgets for operating expenditure are set out in the Business Group estimates reports. These are summarised in **Tables 4 and 5** alongside centrally held budgets such as contributions to provisions and reserves. **Appendices B and C** give further information.
- 4.8 A national change in accounting practice means that in 2007/08 services will no longer be charged with a notional interest cost for their use of capital assets. In the table below the 2006/07 figures have been adjusted to put the two years on a comparable basis.

Table 4	2006/07	2007/08
	£m	£m
Family and Children's Services	44.611	45.394
Housing, Health and Adult Social Care	59.022	62.011
Planning and Conservation	5.525	5.549
Transport, Environment and Leisure Services	15.872	17.583
Corporate Services	17.209	18.139
Total Service Costs	142.240	148.676
Charges for Capital Assets and Financing	1.952	3.565
Pension Fund Liabilities 1	6.566	5.972
Contingencies and Provisions	2.889	3.245
Interest 2	-6.700	-8.200
Levies	3.417	3.501
Revenue Reserves	8.961	5.981
Capital Reserves	5.545	5.500
Total Spending	164.870	168.240

Notes:

1 This represents the amount agreed with the actuary as required to repay the Royal Borough's share of Pension Fund deficit over 13 years. The figure is revalued every three years and will be changed for 2008/09.

2 Interest has increased due to higher levels of cash balances and investment returns above budget.

- 4.9 The main reasons for the change from the 2006/07 budget are summarised in **Table 5**. Further details are given in the Business Group budget details in **Appendix C**.

Table 5	£m	£m
2006/07 Budget (including Garden Square Levies)		164.870
Pay and Price Inflation		6.184
Corporately Funded Growth	2.343	
Business Group Internally Funded Growth	1.151	
Growth		3.494
Savings		-3.522
One-Off Budgets Dropping Out		-0.820
Financing and Other Budget Changes		-1.966
Total Budget Changes		3.370
Total 2007/08 Budget Requirement		168.240
Less Formula Grant		-96.518
Add Collection Fund balance		0.248
Council Tax 2007/08		71.970
Taxbase		97,328
Band D Council Tax including Garden Square Levies		£739.45
Band D Council Tax		£727.27
Increase £ at Band D		£0
Increase % at Band D		0%

Details of growth, savings and one-off budgets dropping out are shown in **Appendix D**

4.10 The budget proposals identify £3.5 million of efficiency and other savings. £1.2 million has been recycled by Business Groups to fund local priorities and £2.3 million has been corporately funded – giving total growth of £3.5 million. The changes are listed in **Appendix D** and in the Cabinet Business Plan. Savings are informed by a review of likely areas of underspending in 2006/07 as well as savings initiatives such as procurement reviews that have been undertaken during the past year. Particular areas of underspending reviewed include:

- Police Community Support Officers – where recruitment levels have improved, and the price has been renegotiated.
- Benefits, where administration and other grants have reduced, and the impact of rent rises will be absorbed within existing budgets.
- Current land charges additional income has been vired to assist a shortfall in halls lettings income, although fresh halls marketing impetus should also help to address this.
- Income from temporary housing has been redirected to initiatives to prevent homelessness, although the budget also reflects a reduction in government subsidy.
- Parking income reflects a review of current levels being achieved, together with an increase in the London-wide charge for penalty notices. The budget has had to take account of the congestion charge impact, which is hard to call at this time.

- 4.11 The real terms General Fund growth and savings by Business Group are summarised in **Table 6** below. As far as possible front line services have been protected and savings sought from management and administration. Cashable savings in 2007/08 are not expected to meet the Treasury guideline of 1.25 per cent. However the Council should exceed the cumulative target for the three year period to the end of 2007/08.

Table 6	Locally Funded Growth £m	Savings £m	Subtotal £m	Centrally Funded Growth £m	Total £m
Family and Children's Services	0.180	-0.726	-0.546	0.580	0.034
Housing, Health and Adult Social Care	0.158	-0.587	-0.429	0.623	0.194
Planning and Conservation	0.100	-0.220	-0.120	0.000	-0.120
Transport, Environment and Leisure	0.170	-0.875	-0.705	0.270	-0.435
Corporate Services	0.543	-1.114	-0.571	0.870	0.299
Total General Fund	1.151	-3.522	-2.371	2.343	-0.028

- 4.12 Changes in levies from external bodies are set out in **Table 7** below.

Table 7	2006/07 £m	2007/08 £m	Change %
London Boroughs Grants	0.657	0.693	5.5%
Environment Agency	0.112	0.179	59.8%
London Pensions Fund Authority	1.525	1.443	-5.4%
Garden Square Levies	1.085	1.186	9.3%
Total	3.379	3.501	3.6%

5 BUDGETARY RISKS

- 5.1 This year's budget needs to be set in the context of an assessment of the future year's risks.

Grant risks

- 5.2 Specific grants for 2007/08 have been closely in line with expectations, although a number are set at lower levels than previously. Grants can sometimes be changed mid-year, as has happened with Asylum Grants in the past, and has been suggested in relation to temporary accommodation subsidy. **Appendix E** lists the grants included in the budget.

Demand risks

- 5.3 Significant progress has been made in managing the children's and adults' social care budgets that have overspent in previous years. However it is not always possible to control fluctuations in numbers of high cost placements, such as children referred by the courts to secure accommodation. The cost of special educational needs

transport has grown rapidly in the past year, and this will be reviewed during 2007/08.

- 5.4 There are risks to income from demand changes, particularly in areas such as land charges, hall lettings, building control and planning income, which are sensitive to the economic cycle. There are financial and environmental benefits from bringing commercial waste collection back in-house but, this also exposes the Council to income risks previously taken by the Council's waste contractor. The most significant income risk remains the extension of the congestion charge which is tentatively estimated to have approximately £4 million full-year impact.
- 5.5 Cost increases arising from pay and prices changes are covered in-year from the annual contingency budget e.g. continued uncertainty over the impact of the next pay round; catch-up changes arising on the re-tendering of contracts and uncertainty over interest rates. Pay awards are assumed at 2.5 per cent, higher than the Chancellor's guideline of two per cent, but below the current level of inflation, with the Retail Price Index running at 4.4 per cent in December 2006.

Service Risks

- 5.6 As part of its routine risk management, the Council's Management Board regularly reviews 'unplanned service risks' as a corporate exercise. Scanning the horizon in this way is part of the Council's risk mitigation process, but the budget also includes a contribution (£625k) to address in-year problems. As an example, the Government has recently published a consultation on Home Information Packs that could lead to changes in the basis of charging for land charge searches.

6 CONTINGENCIES AND RESERVES

Contingencies and Central Provisions

- 6.1 The budget contains contingency provision for uncertainties and central provisions where it is not possible at this stage to identify specific Business Group budgets to which to allocate expenditure. The amounts for 2006/07 and estimate for 2007/08 are shown in **Table 8**.

Table 8	2006/07	2007/08
	£m	£m
Contingencies		

General Contingency (includes pay and prices)	2.600	2.600
Licensing appeals	0.200	0.200
Planning costs	0.050	0.050
Total Contingencies	2.850	2.850
Centrally held budgets		
Unallocated Grant - net expenditure	0.039	0.395
Total Centrally held	0.039	0.395
Total Contingencies and Centrally held	2.889	3.245

Reserves

- 6.2 The budget contains central provisions, contingencies and earmarked reserves that help to ensure that risks do not de-stabilise service provision during the year.
- 6.3 The Council's financial environment is constantly changing, as are the demands on services and the needs of the Borough. The Council continuously reformulates its priorities in response to these issues.
- 6.4 Reserves therefore remain an important part of the Council's financial strategy. They are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience in the face of risks to its income sources.
- 6.5 The Council therefore holds revenue reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities, such as insurance or pensions; and to enable the Council to resource policy developments and initiatives without a disruptive impact on Council Tax. Some expenditure, e.g. building maintenance, is managed through reserves to avoid the impact of lumpy spending patterns. At the same time, the Council relies on interest earned through holding reserves to support its general spending plans.
- 6.6 A full list of reserves, projected over the next three years, is given at **Appendix F** together with a statement of the Council's formal policy on reserves.
- 6.7 Capital reserves represent a large part of the total. They play a crucial role in funding the Council's capital investment programme, and renewing assets while avoiding expensive borrowing costs. The planned use of the Capital Expenditure and Car Parking reserve to meet capital investment is set out in the Capital report on this agenda.
- 6.8 **Table 9** shows budgeted revenue movements on reserves.

Table 9	2006/07	2007/08
	£m	£m
Pensions Reserve	-0.074	
Specific Grant Loss Reserve	0.660	
Demand Growth Reserve	1.350	
Service Risks Reserve	0.625	0.625
Local Initiatives Reserve	-0.075	
Economic Development Reserve	-0.100	
Better City Life Reserve	0.600	0.600
Severance Reserve	0.500	0.500
Business Group Specific Reserves	0.649	0.600
Sub Total	4.135	2.325
Car Parking Reserve (Revenue)	4.826	3.656
Total Revenue Reserve Movements	8.961	5.981
Capital Expenditure Reserve	5.545	5.500
Total Reserve Movements	14.506	11.481

6.9 The use of the Car Parking Reserve is governed by legislation, but surpluses held in the reserve can be used to help pay for highway maintenance and improvements, public transport services, off-street parking, spending in support of the Mayor of London's Transport Strategy, and environmental improvements including parks, open spaces and the street scene.

6.10 The amount of the reserve planned to be released in 2007/08 is £18 million and forecast future year releases are shown in **Table 10**. The potential use that could be made, within the extended freedoms, is £34 million as detailed in **Appendix F**. However, the reserve continues to be used with great caution while we await the impact of the Congestion Charge zone expansion.

Table 10	Forecast 2006/07 £m	Forecast 2007/08 £m	Forecast 2008/09 £m	Forecast 2009/10 £m
Balance Brought Forward	36.3	36.6	33.4	26.8
Add surplus from On-Street Car Parking	22.5	21.5	21.4	21.1
Less Funding of Revenue Expenditure	-17.4	-17.9	-18.4	-19.0
Less Funding of Capital Expenditure	-4.8	-6.8	-9.6	-6.4
Total Movement	0.3	-3.2	-6.6	-4.3
Balance Carried Forward	36.6	33.4	26.8	22.5

Note: Figures may not sum exactly due to rounding.

Capital funding for 2008/09 and 2009/10 includes £2.7 million in each year for the continuation of the programme of York Stone Paving which is only included in the capital programme if funds are sufficient.

Working Balance

6.11 The Council's working balance at the end of 2005/06 was £13.2 million, 2.3 per cent of the gross cost of services and eight per cent of the net budget requirement. Based on the indicative out-turn for 2006/07 it is expected that the reserve can continue to be

maintained at a constant proportion of the budget i.e. £13.5 million.

- 6.12 Business Groups are reviewing the carry forward budgets remaining unused from 2004/05 on the basis that they will be released back to the General Fund after two years if unspent, unless exceptional circumstances apply.
- 6.13 The Cabinet is requested to confirm for the Council's budgetary framework, that the minimum level of working balance should be £10 million. This means that Council approval is required to reduce the working balance below that level.

7 Robustness of the budget

- 7.1 The Executive Director for Finance, Information Systems and Property is required formally to advise on the robustness of the budget figures used to calculate the Council Tax, and on the adequacy of reserves. I am satisfied that the Budget calculations are robust and that the budget takes account of liabilities and financial risks, but in particular assumes that we will not rely on withdrawals from reserves to meet recurrent revenue commitments. I consider that current levels of unallocated reserves are strong, and contribute to the Royal Borough's sound financial position, taken into account in both the Standard & Poor's AAA credit rating and our reconfirmed external auditor's level 4 assessment of financial standing as part of the Comprehensive Performance Assessment (this is the highest rating).

8 ROYAL BOROUGH COUNCIL TAX

- 8.1 The budget proposals outlined above and summarised in **Appendix A** produce a Council Tax freeze - a Band D figure for the Royal borough's element of the tax of £727.27, excluding Garden Squares.
- 8.2 Just over half of the budget requirement comes from local taxes, with 43 per cent coming from Government Formula Grant. This means that varying spending by one per cent increases the Council Tax by 2.3 per cent. Varying spending plans by £1 million would add £10 (1.4 per cent) to the Band D Council Tax.
- 8.3 **Table 11** below shows the proposed tax calculation for the Royal Borough's own expenditure, excluding Garden Squares and the Greater London Authority precept. This also takes into account an estimated £248k shortfall on the collection of Council Tax for past

years. There will be an additional payment for properties where the Garden Square also makes a levy.

Table 11 Royal Borough Council Tax	£m
Budget requirement 2007/08	168.240
Less Garden Square Levies	-1.186
Add Council Tax Collection Deficit	0.248
Subtotal	167.302
Funded by Formula Grant	-96.518
Leaving Funding Required from Council Tax	70.784
Divided by Band D Equivalent Taxbase	97,328
= Council Tax at Band D 2007/08	£727.27
Council Tax at Band D 2006/07	£727.27
Increase £	£0
Increase %	0%

- 8.4** The Council agreed the tax base of **97,328** on the 24 January 2007. At the same time the tax bases for the Garden Squares were agreed. However the tax base for four of the Garden Squares has subsequently been revised following notification of changes since the tax bases were set:

Collingham Gardens	increased from 189 to 190
Iverna Court	increased from 237 to 240
Nevern Square	increased from 329 to 334
Stanley Crescent	increased from 191 to 193.

The Royal Borough Council Tax for each Band is detailed in **Appendix H.**

9 TOTAL COUNCIL TAX

- 9.1 The Greater London Authority is expected to finalise its 2007/08 precept, the amount it is asking the Borough to collect on its behalf, at the London Assembly meeting on the 14 February 2007. **Table 12** shows the consultation Band D Council Tax figure for 2007/08. The precept figures may therefore alter. Any change will be reported verbally at the Cabinet meeting.

Table 12	2006/07	2007/08	Change
	£	£	%
Metropolitan Police	210.82	223.60	6.1
London Fire and Emergency Planning	45.63	47.12	3.3
Transport for London	4.16	4.13	-0.7
Greater London Authority*	29.32	30.00	2.3
+Deficit/-Surplus on Collection Funds	-1.32	-0.97	-26.5
Total GLA Precept Band D	288.61	303.88	5.3

* Includes £20 funding for the Olympic and Paralympic Games

9.2 The estimated total Council Tax increase (excluding Garden Square levies) is shown in **Table 13**.

Table 13	2006/07	2007/08	Change
		£	%
The Royal Borough	727.27	727.27	0.0%
Greater London Authority Precept	288.61	303.88	5.3%
Total Council Tax Band D	1,015.88	1,031.15	1.5%

9.3 Royal Borough and total Council Tax rates for each Band are shown in the **Table 14**. The table shows the percentage of dwellings falling under each band, and that Band G is the most common. For properties in areas covered by Garden Square levies the amounts for each band are detailed in **Appendices F and G**.

Table 14	Royal Borough	Greater London Authority	Total	% of Dwellings in Band
Band	£	£	£	%
A	484.85	202.59	687.44	1%
B	565.65	236.35	802.00	4%
C	646.46	270.12	916.58	10%
D	727.27	303.88	1,031.15	16%
E	888.89	371.41	1,260.30	15%
F	1,050.50	438.94	1,489.44	14%
G	1,212.12	506.47	1,718.59	23%
H	1,454.54	607.76	2,062.30	17%

10 MEDIUM TERM FINANCIAL PLAN

10.1 The medium term financial plan extends the financial planning horizon to 2009/10. It is based on the following elements:

- A review of significant external changes likely to impact
- A framework of medium term financial planning principles
- And a projection of the Council's spending and resources.

External drivers

- 10.2 The Government's Comprehensive Spending Review 2007 (CSR 2007) will set out the proposals for public expenditure for 2008/09 to 2010/11. The Pre-Budget report in December 2006 provided early warning of a target of three per cent cashable efficiency gains for public services. This could translate into roughly £5 million a year for the Royal Borough. This is considerably greater than the level of service budget reductions planned in the current budget.
- 10.3 CSR 2007 will set spending and grant totals for local government for three years ahead and correspondingly the Council will be expected to formulate three-year spending and tax plans. Minimum funding guarantees and damping arrangement formally expire at the end of 2007/08. The Council's government grant allocation is at risk from three factors – the potential unravelling of internal damping for adverse formulae changes, negative changes to key data such as resident population estimates and a lower funding floor for future years' settlements. Technically the Government could review population and grant retrospectively, through Grant Amendments, but this is considered unlikely.
- 10.4 The Council also relies on £48 million of specific grants excluding Benefits Grant and Dedicated Schools Grant. This poses a risk where grants may be discontinued or where distribution mechanisms change, e.g. Supporting People Grant for assisted housing which continues to fall annually. Some specific grant allocations are currently protected by damping to Children's and Adults Personal formulae and are therefore at risk in future years. The Council can influence the level of its specific grant only at the margin, and a large portion of its core resourcing is therefore outside its direct control.
- 10.5. **Appendix E** lists the grants that are built into the Council's budget plans for 2007/08. There are no guaranteed future year allocations until the next round of funding announcements in autumn 2007 after the summer 2007 CSR. Given the pending review of the population estimates, it is possible that the Council will return to minimum annual grant increases, and will see a grant standstill. As we found at the time of the last Census, our grant entitlement is particularly sensitive to shifts in the population estimate. This reinforces the need for the Council to maintain flexibility in its own budgeting.
- 10.6 The absence of Government forward planning guidelines beyond 2007/08 makes it difficult to predict how other damping arrangements will be carried forward, especially the impact of the formula changes for social services children and young adults,

which together lock in around £19 million of potential grant losses in damping arrangements.

10.7 Schools minimum funding guarantees also expire in 2008/09. The Department for Education and Skills is in the process of reviewing the Dedicated Schools Grant distribution formulae and this poses a potential threat to the current allocation.

10.8 Other budget risks include:

- The Landfill Allowances Trading Scheme. Due to the delay in granting planning permission for an incinerator, the Western Riverside Waste Authority is likely to face a shortfall in its Allowances compared with the amount of waste it takes to landfill. The potential impact for the Council is up to £3 million a year from 2009/10, which will be time limited if the incinerator is approved.
- The capital programme will eventually run down interest income as the capital expenditure reserve is depleted. However, voluntary debt payments previously set aside should enable the Council to absorb the impact of the new capital programme over the next three years.
- The Government is planning to review the threshold for temporary accommodation subsidy, and is likely to reduce current levels of income in this service area.
- A further Pension Fund Revaluation will come into effect in 2008/09 and it is possible that increasing longevity will increase liabilities. Employees will also be making increased pension contributions from 2008/09.

10.9 Over the medium term radical changes in local government funding are possible, driven by the Government's response to the Lyons Inquiry (reporting spring 2007) and the recent Local Government White Paper. It is also possible that Local Area Agreements including statutory targets will play a greater role in channelling grant allocations than hitherto.

11 MEDIUM TERM FINANCIAL PRINCIPLES

- 11.1 The Borough's residents expect Council services of a high standard. The challenge is to meet this expectation within affordable limits. The Council therefore ensures that it plans for the future and makes provision for both known and likely increases in its costs. The Council's financial planning is guided by medium term financial principles, and these are unchanged from 2006/07. These are set out in the Cabinet Business Plan, and reproduced in **Appendix J**.

12 THE COUNCIL'S RESOURCES AND PLANS

Spending projection

- 12.1 **Table 15** projects the budget requirement over the next three years. These figures are for illustration and will vary as new information emerges during the planning period. Assumptions include:
- cost increases due to inflation of 2.5 per cent. There is some limited additional headroom for potential market increases. The Grounds Maintenance contract will impact further in 2008/09.
 - an illustrative £3.5 million cashable savings (although this is unlikely to meet the potential new government cashable efficiency target of three per cent).
 - an illustrative £2.5 million growth estimate from new demands, policy initiatives and commitments.
 - specific grant changes are financially neutral, with losses matched by spending reductions.
 - pension costs do not increase significantly and that immediate impacts can be absorbed by using the balance of the Pensions reserve created to cushion the impact of change.
 - budget sharing with the Primary Care Trust (PCT) is profiled as planned with the 2007/08 additional contribution dropping out.
 - extra financing costs of capital investment are absorbed for the next three years.

- losses in specific grants are matched by expenditure reductions. This could require some hard choices, for example, free recycling bags have been funded from waste performance grant.
- no increase in Formula Grant – i.e. the council is held at the grant floor. If not at the floor the estimated grant increase would be two per cent - £1.9 million. This would reduce the Council Tax projection by 2.7 per cent.

12.2 The projection focuses on the budget requirement. **Table 15** does not take specific account of future policy growth where commitments have not yet been made. There may be additional funding from a further year of the Local Authority Business Growth Incentive scheme grant payable in 2007/08.

Table 15	2007/08	2008/09	2009/10
	£m	£m	£m
Starting Budget including Garden Squares	164.9	168.2	171.7
Cost Increases	6.2	6.3	6.5
Growth	3.5	2.5	2.5
Less Savings	-3.5	-3.5	-3.5
One-off budgets dropping out	-0.8	-0.3	-0.5
Financing Changes and Other	-2.1	-1.5	-0.5
Budget Requirement	168.2	171.7	176.2
Less Formula Grant	-96.5	-96.5	-96.5
Collection Fund Balance	0.2	0.0	0.0
Projected Council Tax	71.9	75.2	79.7
Tax Base	97,328	97,820	98,300
Projected Council Tax Increase	0%	4%	5%

Reserves

- 12.3 Reserves play a pivotal role in the medium term planning for financial sustainability. Details of projected reserve balances and movements are shown in **Appendix F**. The biggest reserves are the Capital Expenditure Reserve and the Car Parking Reserve both of which will play a large part in financing the Council's ambitious capital investment plans.
- 12.4 Over the next three years, the Council expects to rely heavily on the Capital Expenditure Reserve to fund some £47 million of investment, with a further £23 million to be drawn from the Car Parking Reserve for capital investment. Release of reserves will be at a measured pace as the Council's revenue budget currently relies on the interest generated on cash balances.
- 12.5 The Council is also planning to release other reserves held to meet future liabilities, such as the annual reduction in Supporting People Grant.

Conclusion

- 12.6 The Council faces external risks to its resource base and continuing pressures and risks from demand led budgets. It will strive to deliver demonstrably high standards of service to residents, responding to community issues. It takes a medium term approach to its finances. Its financial position is soundly based and the Council will continue its aim to deliver a relatively low Council Tax.

13 LEGAL IMPLICATIONS

- 13.1 The Council is required to set a balanced budget. The Chief Finance Officer is also required, under the Local Government Act 2003, Part 2, Section 25, to report on the robustness of the estimates made for the purpose of calculating the Council Tax and the adequacy of reserves. These requirements are met as set out in the report.

14 EQUALITIES IMPLICATIONS

- 14.1 Assessments of the equalities implications for budget items are included in the Service Budget Reports submitted to Overview and Scrutiny Committees or will be included in more detail in relevant key decision reports.

15 RECOMMENDATIONS

- 15.1 The Cabinet is recommended to approve the estimates for submission to Council as summarised in **Appendix A**:
- (1) The Business Group Revenue Estimates for 2007/08 amounting to **£148.676 million** as summarised in **Appendices B and C**.
 - (2) Contingency and central budgets of **£3.245 million**, as detailed in paragraph 6.1 (**Table 8**).
 - (3) Financing budgets of **£1.337 million** (Asset Management Revenue Account, Pension Fund liabilities, Investment Income and Capital Financing Account).
 - (4) Levies of **£3.501 million**, as set out in paragraph 4.12 (**Table 7**).

- (5) Transfers to General Fund Reserves of **£5.981 million** (Revenue) and **£5.500 million** (Capital) as set out in paragraph 6.8 (**Table 9**).

Cabinet is also asked to **recommend** to Council:

- (1) The revised Band D equivalent tax bases in respect of:
Collingham Gardens (190)
Iverna Court (240)
Nevern Square (334)
Stanley Crescent (193)
- (2) A revenue budget requirement for 2007/08 general expenses of **£168.240 million**.
- (3) A Council Tax requirement for general expenses of **£71.970 million** for 2007/08.
- (4) A basic amount of Council Tax for 2007/08 at Band D of **£727.27** and for other Bands as set out in **Table 14**.
- (5) A requirement for Garden Square Levies for 2007/08 as its special expenses of **£1.186 million** as set out in **Appendix G** (subject to any amendment reported verbally at the meeting).
- (6) Royal Borough Council Taxes for all Bands in all areas for 2007/08, as set out in **Appendix H**.
- (7) Total Council Tax including Greater London Authority requirements, for all Bands in all areas for 2007/08 as set out in **Appendix I** (subject to any amendment reported at the meeting, following the Greater London Authority's final 2007/08 precept announcement).
- (8) The basis for Medium Term Financial Planning as set out in **Appendix J**.
- (9) That the General Fund Working Balance should not be reduced below £10 million in 2007/08 within the budgetary framework.

Sue Beauchamp

Executive Director for Finance, Information Systems and Property

Background papers

Budget files

Local Government Finance Settlement files (grant notifications for 2007/08). Details can be found at:

<http://www.local.odpm.gov.uk/finance/0708/grant.htm>

Council Tax Consultation 2007/08 – report to Cabinet 15 January 2007

Council Tax Base 2007/08 – approved by Council 24 January 2007

Vital Finances – digest of financial material. This can be found at:

<http://www.rbkc.gov.uk/yourcouncil/councilfinances/vitalfinances.asp>

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Index of Attachments

Appendix A	Overall Revenue Budget Summary
Appendix B	Business Group Budget Summary
Appendix C	Business Group Service and Subjective Budgets
Appendix D	Growth, Savings and One-off budgets dropping out
Appendix E	Government Grants
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Appendix G	Garden Square Levies
Appendix H	Royal Borough of Kensington and Chelsea Council Tax
Appendix I	Total Council Tax including Greater London Authority Precept
Appendix J	The Medium Term Financial Planning Strategy
Annex 1	Background Financial Information

REVENUE BUDGET SUMMARY

DESCRIPTION	Budget 2006/07	Budget 2007/08	% Change
Service Budgets	£'000	£'000	
Family and Children's Services	51,003	45,394	
Housing, Health and Adult Social Care	59,798	62,011	
Planning and Conservation	5,545	5,549	
Transport, Environment and Leisure Services	18,365	17,583	
Corporate Services	21,296	18,139	
Service Budgets Total	156,007	148,676	
Contingency and central budgets	2,889	3,245	
Net Cost of Services	158,896	151,921	
Transfer to/from Asset Mgt Revenue A/c	(9,894)	3,450	
Pension Fund Liabilities	6,566	5,972	
Interest and Investment Income	(6,700)	(8,200)	
Net Operating Expenditure	148,868	153,143	2.9%
Transfers to(+)/ from(-) reserves:-			
Capital Financing Account (incl MRP)	(1,921)	115	
Transfer to Capital Reserves	5,545	5,500	
Transfer to Revenue Reserves	8,961	5,981	
TOTAL EXCLUDING LEVIES	161,453	164,739	2.0%
Levies			
London Boroughs Grants Committee	657	693	5.5%
Environment Agency	112	179	59.8%
London Pensions Fund Authority	1,525	1,443	-5.4%
Garden Squares	1,085	1,186	9.3%
Total Levies	3,379	3,501	3.6%
Formula Grant Adjustments - prior years	38		
TOTAL ROYAL BOROUGH EXPENDITURE INCL LEVIES	164,870	168,240	2.0%
EXTERNAL FINANCE:-			
Formula Grant	(91,975)	(96,518)	4.9%
Collection Fund Surplus - Council Tax	(1,318)	248	
Total External Finance / Collection Fund	(93,293)	(96,270)	3.2%
TOTAL RBKC COUNCIL TAX REQUIREMENT	71,577	71,970	0.5%
PRECEPTS:-			
Greater London Authority	27,974	29,576	5.7%
TOTAL LOCAL TAX REQUIREMENT	95,332	101,546	6.5%
TAX BASE - BAND D EQUIVALENTS	96,927	97,328	0.4%
COUNCIL TAX - BAND D	£	£	
Royal Borough (excluding Gardens)	727.27	727.27	
Greater London Authority	288.61	303.88	5.3%
TOTAL BASIC COUNCIL TAX - BAND D	1,015.88	1,031.15	1.5%
Royal Borough (average including Gardens)	738.47	739.45	0.1%
Greater London Authority	288.61	303.88	5.3%
TOTAL BASIC COUNCIL TAX - BAND D	1,027.08	1,043.33	1.6%

BUSINESS GROUP BUDGET SUMMARY**TABLE 1 – SUBJECTIVE SUMMARY**

SUBJECTIVE ANALYSIS	2006/07 Budget £'000	2007/08 Budget £'000
EXPENDITURE		
Employee Related Expenses	105,521	109,848
Premises Related Expenses	14,629	15,399
Transport Related Expenses	742	766
Supplies and Services	37,866	36,919
Third Party Payments	125,570	127,108
Transfer Payments	110,878	112,771
Capital Charges (1)	21,617	7,999
Schools Delegated Budgets (3)	52,977	55,493
TOTAL EXPENDITURE	469,799	466,303
LESS INCOME		
Government Grants	214,775	219,744
Other Grants, Reimbursements and Contributions	20,004	20,701
Customer and Client Receipts - Sales, Fees and Charges	74,024	71,514
- Rents	4,944	5,645
Interest	45	23
TOTAL INCOME	313,792	317,627
NET EXPENDITURE	156,007	148,676

TABLE 2 – BUSINESS GROUP SUMMARY

BUSINESS GROUP SUMMARY	2006/07 Budget			2007/08 Budget		
	Gross Expenditure £'000	Income £'000	Net £'000	Gross Expenditure £'000	Income £'000	Net £'000
Family and Children's Services	145,942	94,939	51,003	145,223	99,829	45,394
Housing, Health and Adult Social Care	103,606	43,808	59,798	105,528	43,517	62,011
Planning and Conservation	7,758	2,213	5,545	7,573	2,024	5,549
Transport, Environment and Leisure Services	70,689	52,324	18,365	69,796	52,213	17,583
Corporate Services	195,911	174,615	21,296	192,884	174,745	18,139
Total Business Group Expenditure	523,906	367,899	156,007	521,004	372,328	148,676

Notes:-

- (1) Capital Charges – the original 2006/07 budgets included a notional interest charge applied to net current replacement cost but a change to the accounting standards has removed this element.
- (2) Gross expenditure from Business Groups includes some double counting in inter charges between Business Groups. This is eliminated in Table 2.
- (3) School budgets include employee and other expenses.

BUSINESS GROUP SERVICE AND SUBJECTIVE SUMMARIES
FAMILY AND CHILDREN'S SERVICES

Item	Notes	2006/07 Budget £,000	2007/08 Budget £,000
EXPENDITURE			
Employee Related Expenses	1	32,895	34,820
Premises Related Expenses		2,864	3,154
Transport Related Expenses		278	296
Schools Delegated Budgets (1)		52,977	55,493
Supplies & Services (2)		18,522	18,323
Third Party Payments	2	18,553	19,072
Transfer Payments		38	39
Departmental recharges		3,770	3,930
Charges from other BGs		998	809
Central Support Services		6,107	6,830
Capital Charges	3	8,865	2,340
Transfer Rent Charges		75	117
TOTAL EXPENDITURE		145,942	145,223
INCOME			
Government Grants	4	23,143	23,350
Dedicated School's Grant (3)		56,977	60,272
Other Grants & Contributions		1,206	1,859
Customer & Client Receipts			
Sales (4)		131	133
Fees & Charges		5,015	5,502
Rents (Other)		182	183
Buy-back of Delegated Services		3,798	3,869
Recharges to Other Revenue A/Cs			
Departmental		3,770	3,930
Charges to other BGs		717	731
TOTAL INCOME		94,939	99,829
NET EXPENDITURE		51,003	45,394

2006/07 Budget			Service	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
£'000	£'000	£'000		£'000	£'000	£'000		
			Cabinet Member for Family & Children's Services					
			Education Services					
213	0	213	Corporate & Democratic Core	239	0	239		FCS
			Individual Schools Funds					
1,840	0	1,840	Delegated individual nursery school budgets	1,884	0	1,884	4 School's in the Borough with 229 places.	FCS
29,256	0	29,256	Delegated individual primary school budgets	30,940	0	30,940	28 School's in the Borough with 7,000 places.	FCS
18,731	2,869	15,862	Delegated individual secondary school budgets	19,277	3,080	16,197	4 School's in the Borough with 3,536 places.	FCS
3,150	794	2,356	Delegated individual special school budgets	3,392	84	3,308	2 School's, 1 in the Borough with 135 places.	FCS
7,911	7,909	2	Grants devolved to schools	6,832	6,832	0		FCS
60,888	11,572	49,316	Total	62,325	9,996	52,329		
			LEA Centrally Held School Funds					
8,402	680	7,722	Schools strategic management	3,406	697	2,709		FCS
3,779	2,119	1,660	Non-delegated schools grants	4,460	2,135	2,325		FCS
2,417	787	1,630	Facilitating school improvement	2,214	911	1,303		FCS
7,953	1,280	6,673	Supporting special education needs	8,755	2,257	6,498		FCS
3,382	2,156	1,226	Assuring access to schools	3,514	2,209	1,305		FCS
25,933	7,022	18,911	Total	22,349	8,209	14,140		
	56,977	-56,977	Dedicated School Grant	0	60,272	-60,272		
1,941	3,251	-1,310	Inter-authority recoupment	2,142	3,414	-1,272		FCS
			Non-School Funding					
3,679	662	3,017	Strategic Management of non-school services	3,627	667	2,960		FCS
3,371	1,421	1,950	Pre-school education	4,879	2,898	1,981		FCS
1,427	1,305	122	Adult education	1,316	1,195	121		FCS
2,184	1,646	538	Community education	2,164	1,677	487		FCS
355	38	317	Support for students	352	39	313		FCS
4,930	2,098	2,832	Children & young people services	4,857	2,203	2,654		FCS
1,313	0	1,313	Grants to Voluntary Organisations	1,362	0	1,362		FCS
211	200	11	Training & Employment	173	170	3		FCS
17,470	7,370	10,100	Total	18,730	8,849	9,881		
106,445	86,192	20,253	Total Education Services Spending	105,785	90,740	15,045		FCS

2006/07 Budget			Service	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
£'000	£'000	£'000		£'000	£'000	£'000		
			Cabinet Member for Family & Children's Services					
			Family Services					
5,295	5,295	0	Management & Support Services (Recharged)	5,010	5,010	0		FCS
32	0	32	Corporate & Democratic Core	31	0	31		FCS
174	0	174	Service Strategy	46	0	46		FCS
			Services for Children & Families					
8,001	626	7,375	Commissioning & Social Work	7,772	429	7,343		FCS
9,275	1,148	8,127	Children Looked After	9,209	1,486	7,723	160 Looked After Children Supported	FCS
			Family Support Services	7,007	1,695	5,312	5 Family Centres and support to voluntary bodies	FCS
6,594	1,778	4,816	Youth Justice	1,072	397	675		FCS
865	298	567	Other Family Services	3,636	836	2,800	110 care leavers supported	FCS
3,155	601	2,554	Total	28,696	4,843	23,853		
27,890	4,451	23,439	Asylum					
1,417	953	464	Asylum Service Budget	1,123	851	272		FCS
-4,709	-4,709	0	Adjustment for Recharged Services Income	-4,373	-4,373	0		FCS
30,099	5,990	24,109	Total Family Services	30,533	6,331	24,202		
			Cultural & Related Services					
46	0	46	Corporate & Democratic Core	44	0	44		FCS
			Culture & Heritage					
2,042	2,009	33	Libraries Management & Support Services	2,140	2,110	30		FCS
6,660	545	6,115	Libraries Services	6,109	467	5,642	Central Library & 5 Branch Libraries.	FCS
110	0	110	Archives & Heritage	81	0	81		FCS
540	203	337	Sports Development & Community Recreation	531	181	350		FCS
9,352	2,757	6,595	Total	8,861	2,758	6,103		
9,398	2,757	6,641	Total Cultural & Related Services	8,905	2,758	6,147		
145,942	94,939	51,003	Total Cabinet Member for Family & Children's Services	145,223	99,829	45,394		

HOUSING, HEALTH AND ADULT SOCIAL CARE

Item	Notes	2006/07 Budget	2007/08 Budget
		£,000	£,000
EXPENDITURE			
Employee Related Expenses	1	26,654	27,329
Premises Related Expenses		1,496	1,382
Transport Related Expenses		146	141
Supplies & Services		4,159	3,815
Third Party Payments	2	62,454	64,757
Recharges from:			
Other Business Group Charges		892	972
Business Group Support		0	0
Inter Business Group			
Central Departments		5,864	5,943
Capital Financing Charges	3	1,941	1,189
TOTAL EXPENDITURE		103,606	105,528
INCOME			
Government Grants	4	19,141	19,203
Other Grants, Reimbursements & Contributions		18,346	18,273
Customer & Client Receipts			
Fees & Charges		4,517	4,404
Rents (Other)		59	126
Interest		40	18
Recharges to Other Revenue A/Cs			
Departmental		0	0
Other Business Groups		1,705	1,493
TOTAL INCOME		43,808	43,517
NET EXPENDITURE		59,798	62,011

**HOUSING, HEALTH AND ADULT SOCIAL CARE
Service Summary**

2006/07 Budget			Service	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
£'000	£'000	£'000		£'000	£'000	£'000		
116	0	116	Corporate and Democratic Core - Adults	123	0	123		ASC
267	0	267	Adult Social Care Service Strategy	254	0	254		ASC
5,686	412	5,274	Services for Older People	5,822	329	5,493		ASC
			Assessment and Care Management					
2,557	624	1,933	Nursing	3,203	753	2,450	135 older people in supported in homes	ASC
9,910	2,905	7,005	Residential	8,900	2,306	6,594	212 older people supported in homes	ASC
686	103	583	Supported Accommodation	824	103	721	53 older people in supported accommodation	ASC
7,890	2,555	5,335	Home Care	7,957	2,540	5,417	1,252 older people receiving home care	ASC
3,206	754	2,452	Day Care	3,062	705	2,357	178 older people attending day centres	ASC
512	180	332	Meals	429	175	254	317 older people receiving meals at home	ASC
2,392	917	1,475	Other Services	3,073	1,196	1,877		ASC
32,839	8,450	24,389		33,270	8,107	25,163		
2,108	39	2,069	Services for People with a Physical Disability or Sensory Impairment	2,275	38	2,237		ASC
			Assessment and Care Management					
979	294	685	Residential	1,019	298	721	29 people supported in residential homes	ASC
1,560	60	1,500	Home Care	1,681	68	1,613	221 people receiving home care	ASC
155	0	155	Day Care	128	0	128	8 people attending day centres	ASC
639	0	639	Equipment and Adaptations	648	0	648	164 people in receipt of community equipment	ASC
512	235	277	Other Services	529	236	293		ASC
5,953	628	5,325		6,280	640	5,640		
844	134	710	Services for People with Learning Disabilities	876	135	741		ASC
			Assessment and Care Management					
6,929	4,662	2,267	Residential	8,015	4,941	3,074	130 people in residential and supported care	ASC
406	0	406	Supported Accommodation	422	0	422	18 people in supported accommodation	
373	0	373	Home Care	387	0	387	37 people receiving home care	ASC
2,688	215	2,473	Day Care	1,985	215	1,770	39 people attending day centres	ASC
545	113	432	Other Services	561	95	466		ASC
11,785	5,124	6,661		12,246	5,386	6,860		

HOUSING, HEALTH AND ADULT SOCIAL CARE

2006/07 Budget			Service	2007/08 Budget			Outputs	Head of Service	
Exp	Income	Net		Exp	Income	Net			
2,240	464	1,776	Services for Adults with Mental Health Needs	2,243	288	1,955	80 people supported in residential and supported care	ASC	
			Assessment and Care Management					ASC	
2,245	1,197	1,048	Residential	2,105	1,012	1,093			
569	45	524	Supported Accommodation	593	46	547		27 people in supported accommodation	
550	267	283	Home Care	642	269	373		53 people receiving home care	ASC
2,472	451	2,021	Day Care	2,466	452	2,014		217 people attending day centres	ASC
1,073	175	898	Other Services	1,075	179	896			ASC
9,149	2,599	6,550		9,124	2,246	6,878			
			Services for Other Adults						
1,849	874	975	Substance Misuse	2,028	982	1,046	420 substance misusers supported	ASC	
788	420	368	HIV/AIDS	747	369	378	60 people with HIV/AIDS supported	ASC	
2,637	1,294	1,343		2,775	1,351	1,424			
45	0	45	Supported Employment	47	0	47	3 attending employment workshops	ASC	
			Public Transport						
4,684	0	4,684	Concessionary Fares	4,963	0	4,963	21,463 people in receipt of Freedom Passes	ASC	
878	0	878	Taxicard	933	0	933	2,026 membership of the Taxicard service	ASC	
5,562	0	5,562		5,896	0	5,896			
98	428	-330	Miscellaneous Adult Social Care	0	428	-428		ASC	
6,567	6,567	0	Adults' Management and Support Services	6,471	6,471	0		ASC	
-6,221	-6,221	0	Adjustment for Internal Recharges	-6,185	-6,185	0			
68,797	18,869	49,928	Adult Social Care Total	70,301	18,444	51,857			
			Housing Services						
124	0	124	Corporate and Democratic Core - Housing	160	0	160		HS	
412	0	412	Housing Strategy	396	0	396		HS	
12,350	11,509	841	Homelessness and Housing Advice	12,948	12,042	906	1,038 in temporary accommodation	HS	
1,269	127	1,142	Registered Social Landlords and Housing Advances	1,268	103	1,165	150 new homes through Let's Start	HS	
11,984	11,613	371	Supporting People	11,772	11,394	378	3,468 people in Supporting People services	HS	
26,139	23,249	2,890	Housing Services Total	26,544	23,539	3,005			

HOUSING, HEALTH AND ADULT SOCIAL CARE Service Summary

2006/07 Budget			Service	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
			Environmental Health					
1,220	171	1,049	Food and Training	1,301	185	1,116	1,500 inspections; 3,600 candidates trained	EH
505	4	501	Trading Standards	538	4	534	3,472 enforcement activities	EH
674	18	656	Environmental Quality	717	21	696	Includes 5 air quality monitoring stations	EH
727	2	725	Health and Safety	737	3	734	1,200 inspections	EH
897	207	690	Mortuary, Coroners and Pest Control	932	212	720	4,500 pest control inspections/visits	EH
1,510	5	1,505	Noise and Nuisance	1,528	5	1,523	10,000 service requests	EH
2,030	176	1,854	Housing Private Sector	2,085	259	1,826	1,200 residential inspections and 70 dwellings improved	
7,563	583	6,980	Environmental Health Total	7,838	689	7,149		
			EXECUTIVE FUNCTIONS					
3,900	3,900	0	Executive Group	3,650	3,650	0		HHASC
1,015	1,015	0	Housing Management and Support Services	1,217	1,217	0		HS
1,837	1,837	0	Environmental Health Management and Support Services	1,919	1,919	0		EH
-5,645	-5,645	0	Adjustment for Internal Recharges	-5,941	-5,941	0		
1,107	1,107	0	Executive Functions Total	845	845	0		
103,606	43,808	59,798	Housing, Health and Adult Social Care Total	105,528	43,517	62,011		

PLANNING AND CONSERVATION

SUBJECTIVE SUMMARY	Notes	2006/07 Budget	2007/08 Budget
		£'000	£'000
EXPENDITURE			
Employee Related Expenses		3,476	3,502
Transport Related Expenses		83	96
Supplies and Services	1	498	430
Third Party Payments	2	529	520
Central Departments	3	1,496	1,330
Departmental Recharges		1,721	1,766
Capital Charges		43	30
TOTAL EXPENDITURE		7,846	7,674
INCOME			
Government Grants	4	388	183
Other Grants, Reimbursements and Contributions			
Customer and Client Receipts			
Fees and Charges	5	1,720	1,749
Other		20	20
Recharges to Other Accounts		173	173
TOTAL INCOME		2,301	2,125
NET EXPENDITURE		5,545	5,549

Notes

- 1 Insurance costs for tree root damage have reduced by £55,000 through efficiencies achieved by the management of self-insured risks
- 2 A key recommendation of the Royal Borough review of IT required a simplification of charges and this led to a re-centralisation of ISD support and maintenance costs, reducing the budget by £56,000
- 3 Central Support Services recharges have decreased by £99,000 with the removal of capital interest charges on administrative buildings
- 4 Variable phasing of spending of Planning Delivery Grant
- 5 Planning Application fees income had been increased by £30,000 to meet budget reduction targets in the Cabinet Business Plan 2007/08

PLANNING AND CONSERVATION Service Summary

2006/07 Budget			Service Summary	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
£'000	£'000	£'000		£'000	£'000	£'000		
			Cabinet Member for Planning Policy, Housing Policy and Transportation					
1,877	1,106	771	Building Control	1,854	1,107	747	1,500 Building Regulations applications	BC
3,129	1,081	2,048	Planning Services Development Control, Planning Information Office, Land Charges	3,103	905	2,198	3,200 Planning Applications; 1,200 enforcement cases; 7,000 land charges searches	HDC
876	111	765	Policy	795	110	685	Production of the LDF	PP
842	3	839	Design and Conservation	821	3	818	1,000 planning application observations	PP
762	0	762	Arboriculture	751		751	8,000 street trees managed	PP
7,486	2,301	5,185	Total Cabinet Member for Planning Policy, Housing Policy and Transportation	7,324	2,125	5,199		
360	0	360	Corporate and Democratic Core	350		350		
7,846	2,301	5,545	TOTAL PLANNING AND CONSERVATION	7,674	2,125	5,549		
			SUPPORT FUNCTIONS					
320	3	317	Executive	263	3	260		EDPC
412	68	344	Technical Support	368	68	300		HOBS
519	13	506	Central Support	596		596		HOBS
362	0	362	Development Control Support	412		412		HOBS
165	0	165	Forward Planning Support	171		171		HOBS
1,777	84	1,693	FULLY RECHARGED	1,810	71	1,739		

TRANSPORT, ENVIRONMENT AND LEISURE SERVICES Subjective Summary

Item	Notes	2006/07 Budget	2007/08 Budget
		£'000	£'000
EXPENDITURE			
Employee Related Expenses		12,818	13,632
Premises Related Expenses		4,223	4,521
Transport Related Expenses		103	107
Supplies & Services		4,886	5,220
Third Party Payments		37,140	37,546
Transfer Payments		6	0
Central Support			
Central Departments		6,674	6,359
Other Departments		110	98
Capital Charges	1	4,729	2,313
TOTAL EXPENDITURE		70,689	69,796
INCOME			
Government Grants		264	277
Other Grants, Reimbursements & Contributions		392	396
Customer & Client Receipts			
Fees & Charges	2	50,333	50,047
Rents		926	951
Interest		1	1
Recharges to Other Revenue A/Cs			
Other Departments		408	541
TOTAL INCOME		52,324	52,213
NET EXPENDITURE		18,365	17,583

Notes

- 1 A change in accounting standards has removed the interest element from capital charges.
- 2 There is an expected drop in Parking income as a result of the implementation of the Congestion Charge Zone.

TRANSPORT, ENVIRONMENT AND LEISURE SERVICES – SERVICE SUMMARY

2006/07 Budget			Service	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
£'000	£'000	£'000		£'000	£'000	£'000		
			Cabinet Member for Regeneration, Environmental Management and Leisure					
			Waste Management					
12,485	119	12,366	Operations - Cleansing	12,621	146	12,475	65k tonnes of refuse from 84k premises; cleansing 460km footways	WM&L
2,566	4,276	-1,710	Commercial Waste and Revenue Services	2,502	4,438	-1,936	Collection of 25k tonnes of waste from 3,200 premises	WM&L
6,947	226	6,721	Waste Disposal	7,192	210	6,982	WRWA	WM&L
2,551	274	2,277	Recycling	2,408	277	2,131	Collection of 12k tonnes from 84,000 premises	WM&L
881	881	0	Regulation of Street Trading	905	905	0	359 licensed sites	WM&L
87	165	-78	Traders Stores	83	170	-87	57 stores and 2 retail outlets	WM&L
			Leisure & Parks					
1,374	150	1,224	Sports Centres	1,020	197	823	2 Sports Centres - Kensington and Chelsea	WM&L
4,295	271	4,024	Parks and Open Spaces	4,276	282	3,994	8 main parks and 100 smaller open spaces (40.3 hectares)	WM&L
646	592	54	Cemeteries	652	648	4	2 Cemeteries - Hanwell and Gunnersbury	WM&L
			Arts and Museums					
266	0	266	Arts Development and Support	394	0	394		WM&L
1,851	1,523	328	Holland Park Theatre	2,162	1,818	344	38,000 tickets sold for 48 performances in 2006	WM&L
1,061	372	689	Museums and Galleries	622	266	356	4 facilities with 33,000 visitors in 2004/05	WM&L
1,033	455	578	Licensing	1,212	536	676	1,000 licensed premises	EDTELS
558	104	454	Notting Hill Carnival	572	115	457		WM&L
			Parking					
1,445	2,047	-602	Car Parking Off-Street	1,114	1,946	-832	2 Car Parks-Ken.Town Hall has 450 spaces and Young Street 254	PO
17,377	39,564	-22,187	Car Parking On-Street	17,269	38,743	-21,474	Approx. 40,300 live residents permits/18,500 suspensions p.a.	PO
55,423	51,019	4,404	Total Cabinet Member for Regeneration, Environmental Management and Leisure	55,004	50,697	4,307		

TRANSPORT, ENVIRONMENT AND LEISURE SERVICES SERVICE

2006/07 Budget			Service	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
			Deputy leader and Cabinet Member for Planning Policy, Housing Policy and Transportation					
			Transportation and Highways					
8,114	766	7,348	Highway Maintenance	8,063	790	7,273	208km of public highway, of which,12.5km maintained by TfL 10,500 street lights,3,500 signs/ bollards and 12,300 Parking Signs	T&H
2,395	27	2,368	Public Lighting	2,336	27	2,309		T&H
361	357	4	Rechargeables and Other Street Works	415	402	13		T&H
3,087	74	3,013	Traffic Section	2,529	72	2,457		T&H
721	30	691	Transportation and Road Safety	745	30	715	40 major Planning applications and 500 minor ones	T&H
14,678	1,254	13,424	Total Deputy leader and Cabinet Member for Planning Policy, Housing Policy and Transportation	14,088	1,321	12,767		
51	51	0	Adjustment for Recharged Services Income and Internal Recharges	195	195	0		
338	0	338	Corporate and Democratic Core	310	0	310		
199	0	199	Environmental Strategy	199	0	199		
70,689	52,324	18,365	TOTAL TRANSPORT, ENVIRONMENT AND LEISURE SERVICES	69,796	52,213	17,583		
			FULLY RECHARGED SERVICES					
1,551	5	1,546	Executive	1,596	3	1,593		EDTELS
2,855	369	2,486	Contact Centres & Business Support	3,063	501	2,562		WM&L
1,756	31	1,725	Contracts & Enforcement Support	1,763	31	1,732		WM&L
1,280	3	1,277	Transportation and Highways Administration	1,315	3	1,312		T&H
7,442	408	7,034	FULLY RECHARGED	7,737	538	7,199		

CORPORATE SERVICES Subjective Summary

Item	Notes	2006/07 Budget	2007/08 Budget
		£,000	£,000
EXPENDITURE			
Employee Related Expenses		31,014	31,708
Premises Related Expenses		6,231	6,502
Transport Related Expenses		141	134
Supplies and Services		10,281	9,515
Third Party Payments	1	8,484	6,536
Transfer Payments		107	110
Cost of Benefit Payments		112,131	113,796
Central Support			
- Departmental		13	13
- Central Departments		21,375	20,568
Capital Charges	2	6,238	2,093
TOTAL EXPENDITURE		196,015	190,975
INCOME			
Government Grants		4,925	4,892
Housing and Council Tax Benefit Grant		109,937	111,567
Other Grants and Contributions		60	173
Customer and Client Receipts			
- Fees and Charges	3	12,288	9,659
- Rents		3,777	4,385
Interest		4	4
Recharges to Other Revenue A/Cs			
- Departmental		1,674	351
- Central Departments		42,054	41,805
TOTAL INCOME		174,719	172,836
NET EXPENDITURE		21,296	18,139

Notes:

- 1 Recentralisation of ISD maintenance and support budgets from service departments now appear as recharges rather than third party payments.
- 2 A recent change to the accounting standards has removed notional interest charges from Capital Charges
- 3 With the recentralisation of ISD budgets as described in 1 above, the charges income no longer is received for service departments

CORPORATE SERVICES Service Summary

2006/07 Budget			Service Summary	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
£'000	£'000	£'000		£'000	£'000	£'000		
			Cabinet Member for Corporate Services					
			SUPPORT SERVICES					
10,056	1,063	8,993	Finance	9,384	997	8,387	Financial management, treasury, pensions, payment and income service, audit and risk management, accounting services and customer services	EDFISP
1,283	174	1,109	Property Services	1,289	174	1,115	Property advice and Valuation service	EDFISP
5,396	499	4,897	Personnel	5,566	385	5,181	Payroll and personnel service for 4,100 employees	DPGS
19,935	2,808	17,127	General Services	16,640	2,133	14,507	Maintenance of 5 corporate buildings	DPGS
1,531	52	1,479	Governance	2,069	37	2,032	Supporting 520 meetings a year	DLA
3,046	925	2,121	Legal Services	3,067	925	2,142	Legal advice	DLA
41,247	5,521	35,726	Total Cabinet Member for Corporate Services	38,015	4,651	33,364		
			Leader of the Council					
9,484	3,762	5,722	Information Systems	8,269	523	7,746	System development and support, IT planning, data standards	EDFISP
576	11	565	Communications	602	11	591	Manages the Council's publicity	HC
10,060	3,773	6,287	Total Leader of the Council	8,871	534	8,337		
51,307	9,294	42,013	RECHARGED	46,886	5,185	41,701		

CORPORATE SERVICES Service Summary

2006/07 Budget			Service Summary	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
			Cabinet Member for Corporate Services					
1,794	1,847	-53	Services to the Public - Land Charges, Registrars, Electoral Registration	1,694	2,105	-411	Processing 5,000 land charge searches	DPGS
195	0	195	Emergency Planning	207	0	207	Maintains the plan for civil emergencies	DPGS
648	1	647	Civic Ceremonial	590	1	589	Support for the Mayor	DLA
2,637	1,848	789	Total Cabinet Member for Corporate Services	2,491	2,106	385		
			Cabinet Member for Finance and Property					
118,415	114,134	4,281	Housing and Council Tax Benefits	119,734	115,940	3,794	Administering 21,000 Benefits claims	EDFISP
3,243	1,430	1,813	Local Taxation Administration	3,055	1,446	1,609	Administering 90,000 council tax demands	EDFISP
2,670	3,152	-482	Commercial Lettings	1,180	3,900	-2,720	Managing 310 commercial properties	EDFISP
124,328	118,716	5,612	Total Cabinet Member for Finance and Property	123,969	121,286	2,683		
			Cabinet Member for Service Improvement					
488	0	488	Service Improvement Team	485	0	485	Manages CPA process, performance improvement activities	DSSI
253	0	253	Community Relations	261	0	261	Promotes good community relations	DSSI
3,132	115	3,017	Voluntary Sector Support	3,025	118	2,907	30 voluntary organisations supported	DSSI
389	0	389	Public Consultation	427	0	427	Co-ordinates the Council's consultation exercises	DSSI
4,262	115	4,147	Total Cabinet Member for Service Improvement	4,198	118	4,080		
			Cabinet Member for Community Safety					
3,496	676	2,820	Community Safety	2,906	676	2,230	50 PCSOs, co-ordinates community safety initiatives	DSSI
3,496	676	2,820	Total Cabinet Member for Community Safety	2,906	676	2,230		DSSI

CORPORATE SERVICES Service Summary

2006/07 Budget			Service Summary	2007/08 Budget			Outputs	Head of Service
Exp	Income	Net		Exp	Income	Net		
			Cabinet Member for Regeneration, Environmental Management and Leisure					
760	485	275	Economic Regeneration	662	240	422	Co-ordinates regeneration activities, including Local Area Agreement	DSSI
935	1,302	-367	Drugs Intervention Programme	1,496	1,398	98	Co-ordinates community action against drugs	DSSI
248	0	248	Westway Development Trust	252	0	252	Schools use of Westway Sports Centre	DSSI
1,943	1,787	156	Total Cabinet Member for Regeneration, Environmental Management and Leisure	2,410	1,638	772		
1,849	63	1,786	Non Distributed Costs	1,962	0	1,962		
6,193	166	6,027	Corporate and Democratic Core	6,153	22	6,131		
196,015	132,665	63,350	TOTAL CORPORATE SERVICES (before recharges)	190,975	131,031	59,944		
	42,054	-42,054	Recharges to Services	0	41,805	-41,805		
196,015	174,719	21,296	TOTAL CORPORATE SERVICES	190,975	172,836	18,139		

GROWTH AND SAVINGS 2007/08

Growth Items	Budget Change 2007/08
	£'000
Family and Children's Services	
Services for children with disabilities	240
Increased cost of speech and language therapy	21
Special Educational Needs Transport	319
Family Services demand pressures, eg Hillingdon judgement	140
Implementation of Adoption Inspection recommendations	40
Total Family and Children's Services	760
Housing, Health and Adult Social Care	
Replacement Primary Care Trust funding	110
Primary Care Trust Joint Services Interim Support	320
Environmental Health 'Scores on Doors' Initiative	23
Implementation of single status	170
Investment in Environmental Health Service initiatives	66
Cost of new requirement to pay nursing staff at NHS rates	62
Additional funding for the Shop Mobility Scooter Loan Scheme	30
Total Housing, Health and Adult Social Care	781
Planning and Conservation	
Replacement of Planning Delivery Grant funding	100
Total Planning and Conservation	100
Transport, Environment and Leisure Services	
Congestion charge: off street	100
Coordinating local input to Olympics and Paralympics	30
Arts service development – including Museum maintenance	105
Contractual impact of congestion charge zone	35
Increased Licensing staffing	60
Pump-priming funding for Business Transformation Initiative	50
Increased spending on public toilets	45
Increased spending on World's End Place	15
Total Transport, Environment and Leisure Services	440
Corporate Services	
Police Community Support Officers	280
Enhanced members allowance scheme	280
Responding to residents – area initiatives	180
Additional costs of new election legislation	130
Reduced external income for Information Systems	155
Improvements to customer service	90
Enhanced Council Tax recovery	50
Re-organisation of Governance Services	48
Reduced income from halls lettings	200
Total Corporate Services	1,413
TOTAL GROWTH	3,494

Savings	£'000
Family and Children's Services	
Savings from rehousing social work teams	-85
Reduced Area Child Protection Committee budget (not needed for service delivery)	-7
Savings from reducing numbers of Looked After Children	-100
Deleted schools based social work post	-35
Reduced budget for training and development of school staff	-162
Reduced community learning costs e.g. rationalised support and management services	-102
Savings from new library stock procurement contract	-25
Local Area Agreement funding for the Healthy Schools Programme	-10
Restructured Employments Project Team	-8
Revised play centre fees	-45
Rationalised Policy, Performance and Resources Section	-84
Rationalisation of support to the voluntary sector	-63
Total Family and Children's Services	-726
Housing, Health and Adult Social Care	
Increased Environmental Health Service training income	-10
Reduced contribution to 'Lets Rent' scheme	-6
Reduced Environmental Health Service costs	-26
Increased Houses in Multiple Occupation licensing income	-10
Administration charge for Social Housing Grant	-22
Increased home care charges	-100
Savings from the closure of Tavistock Hostel	-100
Reduced mental health budgets	-17
Reduced learning disability budgets	-34
Rationalisation of the assessment service for older people	-67
Commercial income from the retail unit at the reopened Ellesmere	-80
Residential and Day Care Centre for Older People	
Savings from review of older people's day care services	-40
Rationalisation of support to the voluntary sector	-75
Total Housing, Health and Adult Social Care	-587
Planning and Conservation	
Increased Planning Application fee income	-30
Savings from management and staffing rationalisation	-135
Insurance cost reduction	-55
Total Planning and Conservation	-220
Transport, Environment and Leisure Services	
Increased licensing income	-70
Increased income from the 'Too Big for the Bin' service	-25
Reduced Commercial Waste Service consultancy budget	-30
Reduced waste management publicity budget	-10
Improved Commercial Waste Service debt collection	-50
Withdrawal of the loss making part of the Commercial Waste Service	-61
Reduced waste management budget (not needed for service delivery)	-50
Reduced commercial waste disposal costs	-110
Increased Commercial Waste Service income	-10
Reduced Holland Park water bills due to completion of bore hole	-10

Savings	£'000
Increased cemeteries income	-41
Increased Kensington Leisure Centre car park income	-30
Reduced road maintenance budget	-40
Reduced pavement maintenance and street furniture budget	-40
Reduced street lighting budget	-40
Increased street works income	-20
Savings from Parking Service budgets	-192
Insurance cost reduction	-46
Total Transport, Environment and Leisure Services	-875
Corporate Services	
Savings from mainframe computer retirement	-270
Reduced software licence procurement costs	-40
Reduced Financial Services costs	-72
Increased Court Fee income	-20
Reduced Revenues Section processing and staff costs	-90
Increased income from commercial lettings	-67
Reduced Governance costs (Civic Ceremonial)	-18
Reduced Governance and Legal Services costs	-39
Reduced Media and Communication Team costs	-6
Reduced Personnel costs	-71
Saving on photocopying procurement	-80
Increased Land Charges income budget	-200
Reduced Policy and Partnership Unit budgets	-35
Increased rental income from Baseline Studios	-30
Efficiency saving from the management of self-insurance risks	-54
Rationalisation of support to the voluntary sector	-22
Total Corporate Services	-1,114
Total Savings	-3,522

One-off budgets dropping out	2007/08 £'000
Corporate Services	
Village Retail Commission	-100
Children's Act Preparation	-150
Local election	-150
Temporary archivist	-20
Total Corporate Services	-420
Family and Children's Services	
Language development	-15
Newly qualified teachers	-45
Library stock boost	-100
Youth Service equipment	-100
New school admissions systems	-40
Total Family and Children's Services	-300
Housing Health and Adult Social Care	
Housing consultancy	-75
Transport Environment and Leisure Services	
Eurobins	-25
Total	-820

APPENDIX E

GOVERNMENT GRANTS

This table shows the latest specific grant allocations and budgets for 2006/07 and 2007/08. Allocations for 2008/09 and beyond will not be confirmed before the Government's next Comprehensive Spending Review is issued in summer 2007.

Grant	Original Budget 2006/07 £'000	Budget 2007/08 £'000
Family and Children's Services		
Asylum Seekers Support	953	851
Carers	184	179
Child and Adolescent Mental Health Service	896	685
Children's Fund	290	284
Children's Services	894	1,230
Connexions	1,317	1,279
Dedicated Schools Grant	56,977	60,272
Children and Young Persons Unit	93	0
Information Sharing Index	0	152
Learning and Skills Council (Sixth Forms)	5,454	5,741
Human Resources Development Strategy	117	114
National Training Strategy	252	245
Schools Standards	1,399	1,399
Standards Funds	8,452	7,483
Sure Start (General) and Transformation Fund	1,381	2,327
Sure Start (Local)	1,318	1,095
Teenage Pregnancy Local Implementation	91	91
Youth Opportunities Fund	0	131
Young People's Substance Misuse	53	65
Total Family and Children's Services	80,121	83,623
Transport, Environment and Leisure Services		
Waste Performance and Efficiency Grant (Revenue)	264	277
Total Transport, Environment and Leisure Services	264	277
Housing, Health and Adult Social Care		
Access and Systems Capacity Grant	1,972	2,216
AIDS/HIV Support	325	294
Carers	734	714
Commission for Social Care Inspection	4	4
Delayed Discharge	404	421
Homelessness	875	900
Human Resources Development Strategy	137	133
Climate Change	-	12
Improving Information Management	143	139
Individual Budget Pilots	200	150
Mental Capacity Act	-	67
Mental Health	843	793
National Training Strategy	296	288
Preserved Rights	1,061	997
Preventative Technology	126	213
Renovation (Housing General Fund)	150	210
Supporting People	11,613	11,394
Young People's Substance Misuse	258	258
Total Housing, Health and Adult Social Care	19,141	19,203

Grant	Original Budget 2006/07 £'000	Budget 2007/08 £'000
Planning and Conservation		
Planning Delivery Grant	469	251
Total Planning and Conservation	469	251
Corporate Services		
Community Safety Related	1,921	1,872
Housing and Council Tax Benefit	109,937	111,567
Housing Benefits Administration	2,348	2,348
London Development Agency	56	-
National Non Domestic Rates Cost of Collection	600	615
Total Corporate Services	114,862	116,402
TOTAL ALL BUSINESS GROUPS	214,857	219,756

This list does not include either Local Public Service Agreement Performance Reward Grant estimated at £3.2 million or the final allocation for 2006/07 under the Local Authority Business Growth Incentive (LABGI) Scheme (due to be announced in February 2007).

RESERVES AND BALANCES AND RESERVES POLICY

Reserves are an important part of the Council’s financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience. Several of the Council’s key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future risks, such as increased demand and costs and to help absorb the costs of future liabilities. Earmarked reserves are reviewed annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three year period.

There are a number of larger earmarked reserves of strategic importance that have been given additional scrutiny and examined over a longer future timescale. Other than the Car Parking Reserve none are being used to support recurring expenditure.

- **Capital Expenditure Reserve** – projections of the use and balances on this reserve are contained in paragraph 6.9 of the report to the Cabinet on the 22 February 2007 entitled *Capital Programme 2007/08 – 2009/10*
- **Car Parking Reserve** – projections of the use and balances on this reserve are contained in paragraph 6.10 of this report. Originally the reserve could only be used to fund expenditure on statutorily defined purposes directly related to transport. The Traffic Management Act 2004 extended the powers to include highways maintenance and environmental improvements. The maximum eligible expenditure for funding in 2007/08 is shown in the table below.

Service / Purpose	2007/08 Budget £'000
Revenue	
Special needs transport, school permits and youth transport	1,824
Social Services: concessionary fares, taxicard, welfare transport	6,438
Street tree maintenance and replacement	395
Transportation, highways services, waste management, leisure services	23,030
Community transport	134
Total Revenue	31,821
Less Contribution from Car Parking Reserve (Revenue)	-17,818
Balance met from within Council Tax Budget	14,003
Capital	
Eligible schemes	6,811
Less Contribution from Car Parking Reserve (Capital)	-6,811
Balance	0

The Reserves Policy is set out below. The table that follows provides details of the purpose of each earmarked reserve, the forecast additions to and withdrawals from the reserves, and the projected balance at the end of the next three years. The balances may be reduced as required to meet future plans and liabilities not yet known.

RESERVES POLICY

Strategic context

1. The Council's financial environment is perpetually changing, as are the demands on services and the needs of the borough. The Council is constantly reformulating its priorities in response to these issues. At the same time we are aware of national spending plans that project lower growth over the next few years, and of risks to our own funding streams.
2. Reserves play an important part in the Council's medium term financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience.
3. The Council therefore holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on Council Tax.
4. Capital reserves play a crucial role in funding the Council's capital investment programme and avoiding expensive borrowing costs. At the same time, the Council relies on interest earned through holding reserves to support its general spending plans. The Capital Expenditure Reserve is used to create future capacity to meet future capital investment.
5. Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan.

Purposes

6. Reserves are therefore held for the following purposes, some of which may overlap:
 - Providing a working balance e.g. Housing Revenue Account, general reserve.
 - Smoothing the impact of uneven expenditure profiles between years, e.g. local elections, structural building maintenance, carrying forward expenditure between years.
 - Holding funds for future spending plans, e.g. capital reserve, and for the renewal of operational assets, e.g. repairs and renewal and IT renewal. Meeting future costs and liabilities so as to cushion the effect on services e.g. the Pensions Reserve, the Supporting People Reserve (reduction in grant for supported housing), and the Insurance Reserve, for self-funded liabilities arising from insurance claims.
 - To provide resilience against future risks, e.g. the demand reserve, and the capacity to manage risk.

- To create policy capacity in a context of forecast declining future external resources, e.g. Better City Life.
7. All earmarked reserves are held for a specific purpose. This, together with a summary on the movement on each reserve, is published annually, to accompany the annual Statement of Accounts. A proposal to vary the use of a reserve is subject to normal virement limits.
 8. The use of some reserves is limited by regulation. The Collection Fund balance must be set against tax levels, not applied to expenditure. Reserves established through the Housing Revenue Account can only be applied within that account. Schools reserves are generally ring-fenced, although there are certain regulatory exceptions.

Management

9. The Executive Director for Finance, Information Systems and Property reports annually on the adequacy of the reserves, as part of the Council tax setting and budget report.
10. The approval of the Cabinet Member for Finance and Property is required to the release of reserves (unless already agreed by Council or Cabinet), under the Council's constitution (Part Four D - Financial Procedure Rule 2.07).
11. The following matters apply to individual reserves:
 - the General Fund working balance will not fall below £10 million, within the Council's budgetary framework, i.e. without the approval of Council. Its expected normal value is 6 per cent of the net budget requirement (adjusted for Dedicated Schools Grant).
 - the Capital Expenditure Reserve is applied to meet future investment plans and is available either to fund investment directly or to support other financing costs. The reserve can also be used for preliminary costs of capital schemes e.g. feasibility.
 - the Car Parking Reserve will be applied to purposes for which there are specific statutory powers. This is broadly defined as transport and environmental improvements (the latter as defined in the Traffic Management Act 2004). This is subject to review if further regulations are issued under the Act relating to the powers to apply parking surpluses.
 - the revenue and capital expenditure plans in the budget for 2007/08 to 2009/10 envisage that the Capital Expenditure Reserve will not fall below £15 million and the Car Parking Reserve would not fall below £20 million by the end of 2009/10, so as to arrange an orderly impact on the Council's revenue resources, given the use of interest generated to support the level of the Council Tax, and so as to be able to fund pipeline capital schemes.
 - the pensions reserve is available to smooth the impact of triennial valuations for the Council Tax whilst enabling the Council to meet liabilities.

**RESERVES AND BALANCES FORECAST
(31 MARCH EACH YEAR)**

Reserves and Balances	Purpose	2007 £'000	2008 £'000	2009 £'000	2010 £'000
Capital Expenditure	To fund capital expenditure	57,302	44,502	37,702	23,002
Car Parking	On-street parking surpluses for use on transport, highways and environmental improvements	36,649	33,449	26,849	22,549
Insurance	Meets future self-insurance liabilities	6,171	6,171	6,171	6,171
Strategic Regeneration	Funding for strategic regeneration	5,632	5,582	5,582	5,582
Pension Fund Revaluation	To meet employer's contribution increases	5,376	5,376	0	0
Demand Growth	Meets volatile growth pressures	5,297	5,297	5,297	5,297
Local Initiatives	For locally determined projects	4,933	4,933	4,933	4,933
Repairs and Renewals	Provides for replacement of equipment	3,538	3,676	3,676	3,676
Specific Grant Loss	Safeguard against adverse changes in specific grant regimes	2,910	2,910	2,910	2,910
Supporting People	Phase in impact of reducing government grant allocations	2,135	1,560	399	0
Chelsea Academy Co-Sponsorship	Funding for the new school held until paid over to government	2,000	2,000	2,000	2,000
Service Risks	To mitigate unplanned service problems	1,875	1,075	1,075	1,075
Excellence All Round	Funding for new initiatives linked to delivery of the Local Area Agreement	1,611	2,155	1,098	1,098
Severance	To meet costs arising from job losses	1,368	1,868	1,868	1,868
Better City Life	Resources for new local policy priorities	1,294	1,300	1,300	1,300
Value Added Tax (VAT) Liability	Meet potential future liabilities	1,070	1,070	1,070	1,070
Corporate	To replace office systems	851	212	117	117

Reserves and Balances	Purpose	2007 £'000	2008 £'000	2009 £'000	2010 £'000
Information Systems (IS) Initiatives					
Cost Reduction	Funding for invest to save opportunities	693	669	1,000	1,000
Building Alterations	For special repairs and maintenance work	358	278	128	128
Manresa Road Dilapidations	To modify the listed premises for new leaseholders	351	0	0	0
General Services Building Maintenance	Evens out the cost of the annual maintainance programme	260	113	0	0
Property Strategy Fund	Feasibility studies and condition surveys for capital planning	250	199	0	0
Risk Management	Pump priming for initiatives	219	219	219	219
West Chelsea Initiative	Rent income to be spent in South West Chelsea	172	125	125	125
Economic Development	For investment in economic development and regeneration initiatives	129	169	169	169
Public Art	Purchase and installation of public art in the Borough	102	102	102	102
Bridge Repairs	For periodic repairs required to the bridges	96	61	61	61
Community Safety	Funding Community Safety initiatives in the Borough	82	69	19	0
Street Trading Account	Under or overspends on street trading	61	61	61	61
Canalside House	For major repairs and equipment replacement	53	53	53	53
Local Elections	To smooth the cost of local government elections every four years	50	125	200	275
Strategic Communications	Provides a campaigning, lobbying and communications capacity	44	44	0	0
Mortuary	Contribution to prospective capital works on Horseferry Road Mortuary (jointly with Westminster)	26	26	26	26

Reserves and Balances	Purpose	2007 £'000	2008 £'000	2009 £'000	2010 £'000
Southern Row	Contributions to tenants to fund major works	20	20	20	20
Legal Advice To Schools	Self explanatory	18	18	18	18
Private Health Care Liabilities	For variances on the private healthcare contract	14	14	14	14
Brighten Up the Borough	Funding of environmental projects in the Borough	6	6	6	6
Colville Learning Support	To provide additional funds for the Colville Learning Support Group	3	3	3	3
Budget Carry Forward	Earmarked under-spending from previous years	890	850	350	100
Subtotal General Fund Reserves		143,909	126,360	104,621	85,028
General Fund Working Balance	Non-earmarked funds held	13,500	13,700	14,000	14,300
Total General Fund		157,409	140,060	118,621	99,328
HRA Major Repairs	For investment in the housing stock	12,812	4,005	321	952
HRA Working Balance	Non-earmarked funds held	4,341	7,137	5,154	3,235
HRA Lancaster West Estate Management Board	Grant earmarked under management agreement	457	409	409	409
HRA Controlled Repairs	To fund committed repairs projects	96	96	0	0
HRA Information Technology	To fund continuing information technology development	27	0	0	0
HRA Allocations	Housing related initiatives	13	0	0	0
Total Housing Revenue Account		17,746	11,647	5,884	4,596
Schools Reserves	Balances held by schools	5,144	5,144	5,144	5,144
Collection Fund Balance	A statutory account to hold balances on collection of Council Tax	-344	0	0	0
Total Reserves and Balances		179,955	156,851	129,649	109,068

APPENDIX G

GARDEN SQUARE LEVIES

ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES KENSINGTON IMPROVEMENT ACT 1851				
(1)	(2)	(3)	(4)	(5)
CODE	GARDEN SQUARE	BAND D EQUIVALENTS	GARDEN LEVY	GARDEN TAX BAND D
			£	£
900	Addison Gardens	119	35,000	294.12
901	Arundel Gardens/Ladbroke Gardens	249	35,500	142.57
902	Avondale Park Gardens	27	1,000	37.04
904	Barkston Gardens	250	28,000	112.00
906	Bina Gardens (West)	185	19,500	105.41
907	Bolton Gardens	112	26,000	232.14
908	Bramham Gardens	388	34,000	87.63
909	Brompton Square	187	14,500	77.54
912	Campden Hill Square	83	20,000	240.96
913	Campden House Court	228	20,425	89.58
914	Clarendon Rd/Lansdowne Rd	49	12,500	255.10
915	Collingham Gardens	190	23,000	121.05
916	Cornwall Gardens	658	54,000	82.07
917	Courtfield Gardens (East)	223	19,000	85.20
918	Courtfield Gardens (West)	455	65,000	142.86
921	Earls Court Square	294	18,500	62.93
922	Edwardes Square	238	46,500	195.38
925	Gledhow Gardens	266	34,000	127.82
928	Hereford Square	77	15,000	194.81
929	Holland Rd/Russell Rd	189	17,500	92.59
930	Hornton St/Holland St	109	10,000	91.74
933	Iverna Court	240	12,000	50.00
936	Kensington Square	110	12,000	109.09
939	Lexham Gardens	302	26,000	86.09
942	Moreton & Cresswell Gardens	112	16,400	146.43
944	Nevern Square	334	34,000	101.80
945	Norland Square	166	24,000	144.58
948	Ovington Square	220	17,500	79.55
951	Pembridge Square	235	39,600	168.51
952	Philbeach Gardens	309	39,000	126.21
955	Royal Crescent	177	37,000	209.04
958	St James's Gardens	155	18,000	116.13
959	Stanley Crescent	193	25,000	129.53
960	Stanley Gardens (North)	125	26,000	208.00
961	Stanley Gardens (South)	168	44,880	267.14
962	Sunningdale Gardens	30	2,500	83.33
965	Wetherby Gardens	361	55,600	154.02

ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES TOWN GARDENS PROTECTION ACT 1863				
CODE	GARDEN SQUARE	BAND D EQUIVALENTS	GARDEN LEVY	GARDEN TAX BAND D
			£	£
975	Arundel Gardens/Elgin Crescent	267	30,000	112.36
977	Blenheim Crescent/Elgin Crescent	248	37,500	151.21
978	Emperor's Gate	224	4,480	20.00
979	Ladbroke Grove	56	2,800	50.00
980	Lansdowne Rd/Elgin Crescent	136	20,165	148.27
981	Lansdowne Rd/Lansdowne Crescent	179	42,000	234.64
982	Lansdowne Walk / Lansdowne Rd (Hanover)	156	25,503	163.48
984	Montpelier Gardens	109	38,500	353.21
986	Notting Hill	39	6,500	166.67
			1,185,853	

APPENDIX H ROYAL BOROUGH OF KENSINGTON AND CHELSEA COUNCIL TAX

	ROYAL BOROUGH COUNCIL TAX - BY BAND							
	A	B	C	D	E	F	G	H
PROPERTIES NOT IN GARDEN SQUARES	£ 484.85	£ 565.65	£ 646.46	£ 727.27	£ 888.89	£ 1050.50	£ 1212.12	£ 1454.54

KENSINGTON IMPROVEMENT ACT 1851		ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES BY BAND							
CODE	GARDEN SQUARE	A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
900	Addison Gardens	680.93	794.41	907.90	1,021.39	1,248.37	1,475.34	1,702.32	2,042.78
901	Arundel Gardens/Ladbroke Gardens	579.89	676.54	773.19	869.84	1,063.14	1,256.44	1,449.73	1,739.68
902	Avondale Park Gardens	509.54	594.46	679.39	764.31	934.16	1,104.00	1,273.85	1,528.62
904	Barkston Gardens	559.51	652.77	746.02	839.27	1,025.77	1,212.28	1,398.78	1,678.54
906	Bina Gardens (West)	555.12	647.64	740.16	832.68	1,017.72	1,202.76	1,387.80	1,665.36
907	Bolton Gardens	639.61	746.21	852.81	959.41	1,172.61	1,385.81	1,599.02	1,918.82
908	Bramham Gardens	543.27	633.81	724.36	814.90	995.99	1,177.08	1,358.17	1,629.80
909	Brompton Square	536.54	625.96	715.39	804.81	983.66	1,162.50	1,341.35	1,609.62
912	Campden Hill Square	645.49	753.07	860.65	968.23	1,183.39	1,398.55	1,613.72	1,936.46
913	Campden House Court	544.57	635.33	726.09	816.85	998.37	1,179.89	1,361.42	1,633.70
914	Clarendon Rd/Lansdowne Rd	654.91	764.07	873.22	982.37	1,200.67	1,418.98	1,637.28	1,964.74
915	Collingham Gardens	565.55	659.80	754.06	848.32	1,036.84	1,225.35	1,413.87	1,696.64
916	Cornwall Gardens	539.56	629.49	719.41	809.34	989.19	1,169.05	1,348.90	1,618.68
917	Courtfield Gardens (East)	541.65	631.92	722.20	812.47	993.02	1,173.57	1,354.12	1,624.94
918	Courtfield Gardens (West)	580.09	676.77	773.45	870.13	1,063.49	1,256.85	1,450.22	1,740.26
921	Earls Court Square	526.80	614.60	702.40	790.20	965.80	1,141.40	1,317.00	1,580.40
922	Edwardes Square	615.10	717.62	820.13	922.65	1,127.68	1,332.72	1,537.75	1,845.30
925	Gledhow Gardens	570.06	665.07	760.08	855.09	1,045.11	1,235.13	1,425.15	1,710.18
928	Hereford Square	614.72	717.17	819.63	922.08	1,126.99	1,331.89	1,536.80	1,844.16
929	Holland Rd/Russell Rd	546.57	637.67	728.76	819.86	1,002.05	1,184.24	1,366.43	1,639.72
930	Hornton St/Holland St	546.01	637.01	728.01	819.01	1,001.01	1,183.01	1,365.02	1,638.02
933	Ivema Court	518.18	604.54	690.91	777.27	950.00	1,122.72	1,295.45	1,554.54
936	Kensington Square	557.57	650.50	743.43	836.36	1,022.22	1,208.08	1,393.93	1,672.72
939	Lexham Gardens	542.24	632.61	722.99	813.36	994.11	1,174.85	1,355.60	1,626.72
942	Moreton & Cresswell Gardens	582.47	679.54	776.62	873.70	1,067.86	1,262.01	1,456.17	1,747.40
944	Nevern Square	552.71	644.83	736.95	829.07	1,013.31	1,197.55	1,381.78	1,658.14
945	Norland Square	581.23	678.11	774.98	871.85	1,065.59	1,259.34	1,453.08	1,743.70
948	Ovington Square	537.88	627.53	717.17	806.82	986.11	1,165.41	1,344.70	1,613.64
951	Pembridge Square	597.19	696.72	796.25	895.78	1,094.84	1,293.90	1,492.97	1,791.56
952	Philbeach Gardens	568.99	663.82	758.65	853.48	1,043.14	1,232.80	1,422.47	1,706.96
955	Royal Crescent	624.21	728.24	832.28	936.31	1,144.38	1,352.45	1,560.52	1,872.62
958	St James'S Gardens	562.27	655.98	749.69	843.40	1,030.82	1,218.24	1,405.67	1,686.80
959	Stanley Crescent	571.20	666.40	761.60	856.80	1,047.20	1,237.60	1,428.00	1,713.60
960	Stanley Gardens (North)	623.51	727.43	831.35	935.27	1,143.11	1,350.95	1,558.78	1,870.54
961	Stanley Gardens (South)	662.94	773.43	883.92	994.41	1,215.39	1,436.37	1,657.35	1,988.82
962	Sunningdale Gardens	540.40	630.47	720.53	810.60	990.73	1,170.87	1,351.00	1,621.20
965	Wetherby Gardens	587.53	685.45	783.37	881.29	1,077.13	1,272.97	1,468.82	1,762.58

TOWN GARDENS PROTECTION ACT 1863		ROYAL BOROUGH COUNCIL TAX - GARDEN SQUARES BY BAND							
CODE	GARDEN SQUARE	A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
975	Arundel Gardens/Elgin Crescent	559.75	653.05	746.34	839.63	1,026.21	1,212.80	1,399.38	1,679.26
977	Blenheim Crescent/Elgin Crescent	585.65	683.26	780.87	878.48	1,073.70	1,268.92	1,464.13	1,756.96
978	Emperor's Gate	498.18	581.21	664.24	747.27	913.33	1,079.39	1,245.45	1,494.54
979	Ladbroke Grove	518.18	604.54	690.91	777.27	950.00	1,122.72	1,295.45	1,554.54
980	Lansdowne Rd/Elgin Crescent	583.69	680.98	778.26	875.54	1,070.10	1,264.67	1,459.23	1,751.08
981	Lansdowne Rd/Lansdowne Crescent	641.27	748.15	855.03	961.91	1,175.67	1,389.43	1,603.18	1,923.82
982	Lansdowne Walk / Lansdowne Rd (Hanover)	593.83	692.81	791.78	890.75	1,088.69	1,286.64	1,484.58	1,781.50
984	Montpelier Gardens	720.32	840.37	960.43	1,080.48	1,320.59	1,560.69	1,800.80	2,160.96
986	Notting Hill	595.96	695.29	794.61	893.94	1,092.59	1,291.25	1,489.90	1,787.88

APPENDIX I

**TOTAL COUNCIL TAX
INCLUDING GREATER LONDON AUTHORITY PRECEPT**

	TOTAL COUNCIL TAX - BY BAND							
	A	B	C	D	E	F	G	H
PROPERTIES NOT IN GARDEN SQUARES	£ 687.44	£ 802.00	£ 916.58	£ 1031.15	£ 1260.30	£ 1489.44	£ 1718.59	£ 2062.30

KENSINGTON IMPROVEMENT ACT 1851		TOTAL COUNCIL TAX - GARDEN SQUARES BY BAND							
CODE	GARDEN SQUARE	A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
900	Addison Gardens	883.52	1030.76	1178.02	1325.27	1619.78	1914.28	2208.79	2650.54
901	Arundel Gardens/Ladbroke Gardens	782.48	912.89	1043.31	1173.72	1434.55	1695.38	1956.20	2347.44
902	Avondale Park Gardens	712.13	830.81	949.51	1068.19	1305.57	1542.94	1780.32	2136.38
904	Barkston Gardens	762.10	889.12	1016.14	1143.15	1397.18	1651.22	1905.25	2286.30
906	Bina Gardens (West)	757.71	883.99	1010.28	1136.56	1389.13	1641.70	1894.27	2273.12
907	Bolton Gardens	842.20	982.56	1122.93	1263.29	1544.02	1824.75	2105.49	2526.58
908	Bramham Gardens	745.86	870.16	994.48	1118.78	1367.40	1616.02	1864.64	2237.56
909	Brompton Square	739.13	862.31	985.51	1108.69	1355.07	1601.44	1847.82	2217.38
912	Campden Hill Square	848.08	989.42	1130.77	1272.11	1554.80	1837.49	2120.19	2544.22
913	Campden House Court	747.16	871.68	996.21	1120.73	1369.78	1618.83	1867.89	2241.46
914	Clarendon Rd/Lansdowne Rd	857.50	1000.42	1143.34	1286.25	1572.08	1857.92	2143.75	2572.50
915	Collingham Gardens	768.14	896.15	1024.18	1152.20	1408.25	1664.29	1920.34	2304.40
916	Cornwall Gardens	742.15	865.84	989.53	1113.22	1360.60	1607.99	1855.37	2226.44
917	Courtfield Gardens (East)	744.24	868.27	992.32	1116.35	1364.43	1612.51	1860.59	2232.70
918	Courtfield Gardens (West)	782.68	913.12	1043.57	1174.01	1434.90	1695.79	1956.69	2348.02
921	Earls Court Square	729.39	850.95	972.52	1094.08	1337.21	1580.34	1823.47	2188.16
922	Edwardes Square	817.69	953.97	1090.25	1226.53	1499.09	1771.66	2044.22	2453.06
925	Gledhow Gardens	772.65	901.42	1030.20	1158.97	1416.52	1674.07	1931.62	2317.94
928	Hereford Square	817.31	953.52	1089.75	1225.96	1498.40	1770.83	2043.27	2451.92
929	Holland Rd/Russell Rd	749.16	874.02	998.88	1123.74	1373.46	1623.18	1872.90	2247.48
930	Horton St/Holland St	748.60	873.36	998.13	1122.89	1372.42	1621.95	1871.49	2245.78
933	Iverna Court	720.77	840.89	961.03	1081.15	1321.41	1561.66	1801.92	2162.30
936	Kensington Square	760.16	886.85	1013.55	1140.24	1393.63	1647.02	1900.40	2280.48
939	Lexham Gardens	744.83	868.96	993.11	1117.24	1365.52	1613.79	1862.07	2234.48
942	Moreton & Cresswell Gardens	785.06	915.89	1046.74	1177.58	1439.27	1700.95	1962.64	2355.16
944	Nevern Square	755.30	881.18	1007.07	1132.95	1384.72	1636.49	1888.25	2265.90
945	Norland Square	783.82	914.46	1045.10	1175.73	1437.00	1698.28	1959.55	2351.46
948	Ovington Square	740.47	863.88	987.29	1110.70	1357.52	1604.35	1851.17	2221.40
951	Pembridge Square	799.78	933.07	1066.37	1199.66	1466.25	1732.84	1999.44	2399.32
952	Philbeach Gardens	771.58	900.17	1028.77	1157.36	1414.55	1671.74	1928.94	2314.72
955	Royal Crescent	826.80	964.59	1102.40	1240.19	1515.79	1791.39	2066.99	2480.38
958	St James'S Gardens	764.86	892.33	1019.81	1147.28	1402.23	1657.18	1912.14	2294.56
959	Stanley Crescent	773.79	902.75	1031.72	1160.68	1418.61	1676.54	1934.47	2321.36
960	Stanley Gardens (North)	826.10	963.78	1101.47	1239.15	1514.52	1789.89	2065.25	2478.30
961	Stanley Gardens (South)	865.53	1009.78	1154.04	1298.29	1586.80	1875.31	2163.82	2596.58
962	Sunningdale Gardens	742.99	866.82	990.65	1114.48	1362.14	1609.81	1857.47	2228.96
965	Wetherby Gardens	790.12	921.80	1053.49	1185.17	1448.54	1711.91	1975.29	2370.34

TOWN GARDENS PROTECTION ACT 1863		TOTAL COUNCIL TAX - GARDEN SQUARES BY BAND							
CODE	GARDEN SQUARE	A	B	C	D	E	F	G	H
		£	£	£	£	£	£	£	£
975	Arundel Gardens/Elgin Crescent	762.34	889.40	1016.46	1143.51	1397.62	1651.74	1905.85	2287.02
977	Blenheim Crescent/Elgin Crescent	788.24	919.61	1050.99	1182.36	1445.11	1707.86	1970.60	2364.72
978	Emperor's Gate	700.77	817.56	934.36	1051.15	1284.74	1518.33	1751.92	2102.30
979	Ladbroke Grove	720.77	840.89	961.03	1081.15	1321.41	1561.66	1801.92	2162.30
980	Lansdowne Rd/Elgin Crescent	786.28	917.33	1048.38	1179.42	1441.51	1703.61	1965.70	2358.84
981	Lansdowne Rd/Lansdowne Crescent	843.86	984.50	1125.15	1265.79	1547.08	1828.37	2109.65	2531.58
982	Lansdowne Walk / Lansdowne Rd (Hanover)	796.42	929.16	1061.90	1194.63	1460.10	1725.58	1991.05	2389.26
984	Montpelier Gardens	922.91	1076.72	1230.55	1384.36	1692.00	1999.63	2307.27	2768.72
986	Notting Hill	798.55	931.64	1064.73	1197.82	1464.00	1730.19	1996.37	2395.64

THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY

The following is an extract from the Cabinet Business Plan

The medium term strategy remains consistent with previous years. Residents demand a high standard of Council services. The challenge is to deliver this expectation, within affordable limits and in the face of financial constraints. The Council therefore ensures that it plans for the future and makes proper provision for both known and likely increases in future costs.

An emphasis on sound finances

The Council's budgetary strategy focuses on:

- maintaining Council tax in the bottom quartile for London, subject to the distortions of the grant system;
- improving cost effectiveness, efficiency and income generation;
- managing and mitigating future budget risks, such as the loss of specific grants and increased demand led expenditure, by forward planning;
- monitoring income and expenditure and making adequate contingencies and provisions;
- redirecting resources from lower priorities to higher priorities;
- protecting services by funding the costs of inflation;
- using external financing and cost sharing opportunities where possible;
- a focus on how the Council procures goods and services to achieve good value;
- planning for the medium term, taking into account the uncertainty of future Government grants over the long term; and
- lobbying for the interests of the residents of the borough on issues of strategic importance for the finances of the Council.

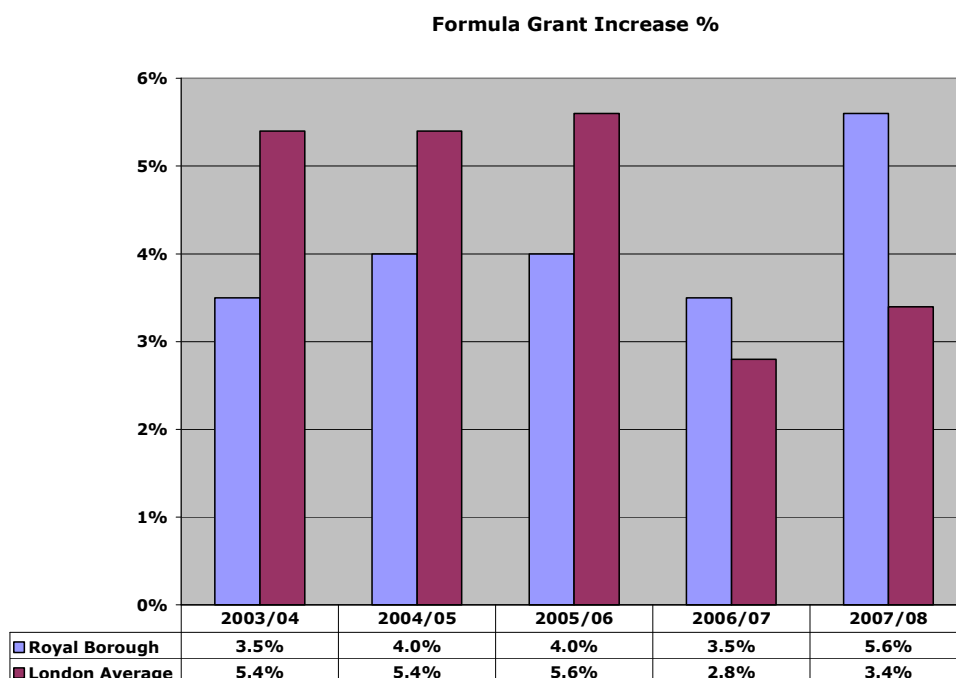
The Council has also established a framework of medium term financial management principles, aimed at maintaining its strong financial base. In summary, the Council will:

- maintain strong corporate governance, including an effective approach to risk management;
- retain efficient Council Tax collection systems;

- combat fraud and employ well trained anti-fraud staff;
- conduct close monitoring of the budgetary position throughout the year, supported by the overview and scrutiny process;
- maintain financial and budgetary resilience by holding:
 - not less than £10 million in working balances;
 - earmarked reserves to mitigate future liabilities and risks to funding sources that could affect the revenue budget and destabilise service provision;
 - reserves to meet the costs of the capital investment programme over the next three years; and
- maintain the Council's 'AAA' (highest) Standard & Poors credit rating, an external validation of our financial standing.

BACKGROUND FINANCIAL INFORMATION

Grant Increases Five Year Trend



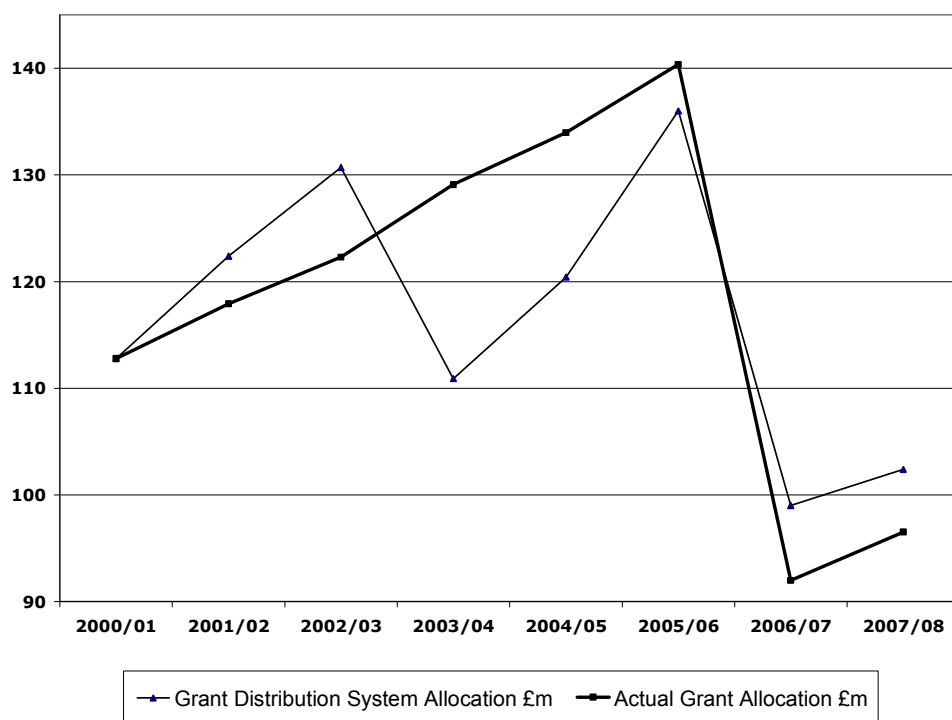
Royal Borough Grant 'Damping'

Since 2001/02 the amount of Formula Grant the Council receives has been subject to damping arrangements, to reduce annual fluctuations from formula and other changes, e.g. resident population estimates. The table shows how the actual grant and the unconstrained 'system' result differ.

Royal Borough Grant 'Damping'				
Year	Grant Distribution System Allocation £m	Actual Grant Allocation £m	Difference £m	Status
2000/01	112.8	112.8	0.0	
2001/02	122.4	117.9	-4.5	Ceiling
2002/03	130.7	122.3	-8.4	Ceiling
2003/04	110.9	129.1	18.2	Floor
2004/05	120.4	133.9	13.5	Floor
2005/06	136.0	140.3	4.3	Floor
2006/07	99.0	92.0	-7.0	Scaled
2007/08	102.4	96.5	-5.9	Scaled

The graph below shows the volatility of the grant distribution system underneath actual ('damped') grant allocations. The large drop in 2006/07 is the result of the £53 million transfer of schools budget funding into Dedicated Schools Grant.

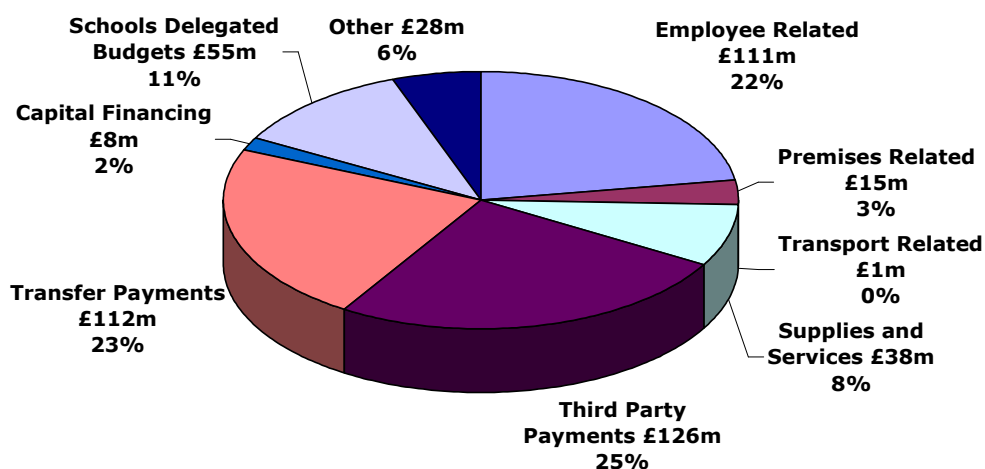
Grant Distribution System Versus Actual Formula Grant Allocation



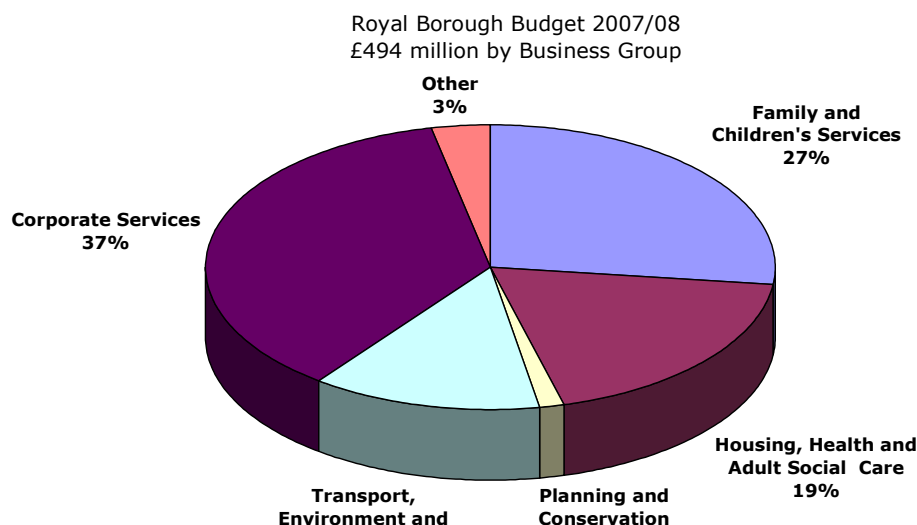
Royal Borough Budgets

The charts below show the type of expenditure in the budget and how this is funded – the total for 2007/08 is £494 million gross.

**Royal Borough Budgets 2007/08
£494 million by Subjective**



The chart below shows how the gross spending of £494 million is split between the Business Groups and other budgets. The rest includes contingencies and provisions held centrally, levies and reserve contributions.



The final pie chart shows how the borough's expenditure is funded.

