

ROYAL BOROUGH OF KENSINGTON AND CHELSEA

FAMILY AND CHILDREN'S SERVICES SCRUTINY COMMITTEE

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

IN-YEAR REVENUE BUDGET SAVINGS 2010/11

This paper proposes that the Cabinet cuts revenue spending in 2010/11 by up to £2.9 million, in response to the reduction in specific grants announced on 24 May 2011.

FOR DISCUSSION

1. Introduction

1.1 The Council's revenue budget for 2010/11 is based on

- Formula Grant from central Government of £106.0 million;
- area based grants of £20.1 million, almost entirely hypothecated in practice to particular services such as Supporting People; and
- specific grants of £104.8 million, notably Dedicated Schools Grant of £66.1 million.

1.2 As part of a saving of £6.2 billion in 2010/11, central Government announced reductions of £1.165 billion in grants to Local Authorities. The estimated loss to the Royal Borough is tabulated below.

	£ million
Education specific grants	1.31
Supporting People administration	0.17
"Prevent"	0.07
Home Office Area Based Grant	0.03
Free swimming	[0.09]
Total	[1.67]

1.3 Other grants, notably Performance Reward Grant and that for business growth were also reduced. The borough might have gained from those but had not built such receipts into the budget for 2009/10.

1.4 Cabinet in July will discuss the proposals for in-year budget reductions as set out in the attached appendix that should deal with the immediate loss of grant in 2010/11 and provide time to consider the implications of these grant losses i.e. whether and how to extricate ourselves from spending associated with the specific grants.

- 1.5 In the Business Planning process for 2010/11 preliminary work was done to plan for public spending reductions in year. Business Groups were asked to identify additional contingent savings of up to £3 million in spending funded by Formula Grant as an adjustment that could be implemented in response to potential cuts in grant. However, these savings were not included in the Cabinet Business Plan nor included in the budget approved by Council in March.
- a. The starting point for specific grants was agreed to be a reduction in the spending funded by such grants (or further reductions in spending funded by Formula Grant) were such grant reductions to occur.
 - b. It is expected that further grant reductions, both in formula grant and specific grants may be made in 2011/12 and later years. It is therefore proposed to implement the contingent savings in 2010/11 in order to place the Royal Borough in a better position to deal with the expected further financial tightening in future.
 - c. A significant assumption is that staff on national rates of pay get no increase in 2010/11, the same as already agreed for those employees on local (Hay) ranges.
 - d. The list of identified, contingent savings as it now stands is set out at **Annex 1** for this Business Group, distinguishing a full year effect from what would be saved in 2010/11 if agreed in July.
 - e. Scrutiny Committees are requested to note the proposed reductions and provide any comments to Cabinet before the latter makes its final decision in July 2010.**

CONTINGENT SAVINGS FOR 2010/11

Contingent Savings Proposals	Budget Change Full Year £'000	Non- HAY Pay Saving	Achievable from July 2010 £'000
Additional Income from Children's Centres through reduced CIN places and review of charges	-353		-203
Cease direct provision of the Education Business Partnership	-20		-
Cease the current Twinning arrangements	-17		-17
Rationalisation of posts transferred from the Learning & Skills Council	-50		-50
Maximise usage of Professional Development Centre	-50		-
Efficiency savings in the Fostering Service	-40		-30
Supplementary schools	-70		-
Reduction in Agency staff costs	-		-20
Reduction in school meals contract expenditure	-50		-80
Total Family and Children's Services	-650	-240	-400
Residential and Nursing Placements - savings have been achieved through reducing inflationary increases paid to providers	-112		-112
Review of Older People's Day Centres	-35		-35
Removal of management layer within the In-House Home Care Service	-95		-95
Deletion of one Technical Officer within the Environmental Health Service	-36		-36
Deletion of a Housing Policy Officer (part of the saving has already been included in the 2010/11 budget)	-23		-23
Review the current level of personal assistants and administrators	-15		-15
Review of the Business Group's Training Function	-70		-70
Assumed savings arising from current reviews	-34		-34
Surplus provision to repay service users who were wrongly charged for after care services after being compulsorily admitted to hospital under the Mental Health Act 1983	-180		-180
The successful negotiations with the Ellesmere contractor resulted in one-off funds being available which were not assumed when the Capital Budget was set. These can be redirected towards meeting this savings target in 2010/11	-200		-200
Total Housing, Health and Adult Social Care	-800	-270	-800
Salaries - vacancies/early retirements	-46		-46
Brighten up the Borough Fund	-5		-5
Scanning (related to lower no of apps)	-10		-
DC Postage costs (related to lower no of apps)	-10		-
DC Advertising (related to lower no of apps/could be £35k if legislation changes)	-9		-

Income from pre planning applications advice fees	-20		-10
Total Planning and Borough Development	-100	-26	-61
Deletion of Business Transformation Budget	-50		-50
On street parking enforcement contract efficiency	-13		-13
Reduced Pay and Display maintenance expenditure	-55		-55
Transportation and Highways Supplies and Services	-90		-90
Introduce new, more efficient street washing machines	-20		-20
Reduce contributions to cleansing innovations and maintenance funds	-30		-30
Review of street sweeping beats	-180		-180
Stop weekend recycling collections from Lancaster West Housing Estate	-18		-18
Notting Hill carnival traders fees	-10		-10
Income from filming in the Royal Borough	-50		-50
Total Transport, Environment and Leisure Services	-516	-110	-516
Management Cost Review savings	-35		-35
Cease contribution into the Repairs and Renewals Fund for equipment replacement	-90		-90
Reduce Business Group contingency	-50		-50
Deletion of a Senior Auditor post	-50		-
Deletion of a senior management post	-80		-80
Deletion of a Senior Solicitor post	-40		-40
Reduction in consultancy costs for investigating trading opportunities	-52		-52
Total Corporate Services	-397	-138	-347
	TOTAL CONTINGENT SAVINGS	-2,463	-2,124
	TOTAL NON-HAY PAY SAVINGS	-784	
	TOTAL DELIVERABLE CONTINGENT SAVINGS		-2,908