

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA****CABINET - 22 JUNE 2011****REPORT BY THE EXECUTIVE DIRECTOR FOR FINANCE,  
INFORMATION SYSTEMS AND PROPERTY****CLOSURE OF ACCOUNTS 2010/11**

This paper provides details of budgets amounting to £3.2 million that will be carried forward from 2010/11 to 2011/12. It applies Cabinet's decision in May to transfer any remaining underspend to the Capital Expenditure Reserve and Severance Reverse split equally. It confirms that the General Fund working balance at 31 March 2011 remains £10 million and that General Fund reserves are £160 million.

**FOR INFORMATION****Background**

1. The accounts for 2010/11 are substantially closed and the unaudited draft accounts will be reported to the Audit Committee for review on 21 June 2011.
2. The external audit begins in July 2011 and the accounts must be signed off by 30 September 2011, with any significant changes being reported back to the Audit Committee and a copy being sent to all Council Members.
3. A full report on the outturn of the detailed Business Group and other accounts will be presented to the Cabinet meeting on 21 July 2011 and Scrutiny Committees in June/July 2011.

**Budget Carry Forward to 2011/12**

4. Budgets available for carrying forward from 2009/10 to 2010/11 amounted to £2.9 million, of which £1.5 million has been released to Business Groups in 2010/11 to fund revenue and capital expenditure.
5. The Council has a policy of releasing items in the reserve for two years or more back to the General Fund unless there is exceptional

justification. The relevant items have been reviewed and £0.5 million has been returned to the General Fund as no longer required.

6. There has been slippage in budgeted expenditure for 2010/11 of £3.2 million which has been approved to be carried forward to 2011/12 in accordance with my delegated authority as follows:

| <b>Business Group</b>                       | <b>£</b>         |
|---|------------------|
| Family and Children's Services              | 0                |
| Housing, Health and Adult Social Care       | 1,976,000        |
| Planning and Borough Development            | 325,035          |
| Transport, Environment and Leisure Services | 388,000          |
| Corporate Services                          | 557,190          |
| <b>Total All Business Groups</b>            | <b>3,246,225</b> |

7. Details of individual items for each Business Group are shown in the attached **Appendix 1**.
8. The balance on the Budget Carry Forward Reserve is therefore £4.1 million at 31 March 2011.

## **OUTTURN 2010/11**

9. At May Cabinet, I reported an underspend for 2010/11 of £4.5 million, in addition to an unspent contingency. Taking account of the contingency, further underspends reported by Business Groups and other factors listed in the table below, the estimated underspend on the General Fund is now a total of £11.6 million.

|   | <b>£m</b>  |
|---|------------|
| Business Group increased underspending            | 1.5        |
| Contingency budget not required                   | 2.7        |
| Windfall Value Added Tax repayment                | 0.5        |
| In-year savings in excess of in-year grant losses | 1.5        |
| Budget for pension costs not required             | 0.9        |
|   | <b>7.1</b> |

10. The balance of the underspend will be transferred equally to the Capital Expenditure Reserve and Severance Reserve, as agreed at Cabinet in May. Allowing for the slippage of £3.2 million added to the Budget Carry Forward Reserve, there is a net underspend of £8.4 million.

11. The final position can be summarised as follows:

|  | <b>£m</b>   |
|--|-------------|
| <b>Working balance 1 April 2010</b>                | <b>10.0</b> |
| Add 2010/11 General Fund underspend                | 11.6        |
| Less 2010/11 underspendcarried forward to 2011/12  | -3.2        |
| Balance transferred to Capital Expenditure Reserve | -4.2        |
| Balance transferred to Severance Reserve           | -4.2        |
| <b>Working balance 31 March 2011</b>               | <b>10.0</b> |

12. The General Fund reserves were £159 million at 31 March 2010 and are now at £160 million at 31 March 2011. The forecast position for 31 March 2011 was £138 million. The change is substantially driven by capital programme slippage – a reduced drawdown on the Capital Expenditure Reserve – driven by a range of projects most significantly £6 million of schools related spend the majority of which should be completed in 2011/12. There is also a reduced drawdown from the Car Parking Reserve as in-year Car Parking income shortfalls were matched by Transport, Environment and Leisure Services spending reductions and the final drawdown on the reserve reflected this.

### **LEGAL, FINANCIAL, PERSONNEL AND EQUALITIES IMPLICATIONS**

13. There are no direct, legal personnel or equalities implications arising from this report. The financial implications are included within the body of the report.

### **RECOMMENDATIONS**

14. The Cabinet is recommended to:
- a) note the current estimate of net General Fund underspend of £11.6 million;
  - b) note the slippage of spending of £3.2 million on the General Fund carried forward to 2011/12;
  - c) note the transfer of any remaining underspend balance of £8.4 million to the Capital Expenditure Reserve and Severance Reserve split equally as agreed by May 2011 Cabinet; and
  - d) note the Working Balance is confirmed at the agreed minimum a £10 million at 31 March 2011 as set out in the Council's medium term financial strategy and reserves policy.

**FOR INFORMATION**

NICHOLAS HOLGATE  
**EXECUTIVE DIRECTOR FOR FINANCE, INFORMATION  
SYSTEMS AND PROPERTY**

**Background papers**

2010/11 closing files

**Officer Contact**

Mr Hitesh Jolapara (Tel 020 7361 2316 email: Hitesh.Jolapara@rbkc.gov.uk)

## APPENDIX 1

### SLIPPAGE CARRIED FORWARD DETAILS

#### HOUSING HEALTH AND ADULT SOCIAL CARE

| Item   | £                | Justification   | Portfolio  |
|--|------------------|---|--|
| <b>Social Care Reform Grant (Personalisation)</b>  | 493,000          | October 2010 Cabinet originally agreed to carry forward part of this underspend in the quarter two budget monitoring report. This is funding allocated by the Department of Health for the transformation of social care over three years from March 2011. A wide ranging change programme has been implemented but key elements of the work are ongoing and spending has been programme to enable this to continue in 2011/12.       | Cabinet Member for Adult Social Care, Public Health and Environmental Health |
| <b>Stroke Grant</b>  | 25,000           | This carries forward grant funding to fund a time limited post in 2011/12. A review of stroke related services within the borough has identified areas for improvement and this will develop and implement the related action plan in 2011/12.  | Cabinet Member for Adult Social Care, Public Health and Environmental Health |
| <b>Department of Health Funding for Social Care</b>  | 454,000          | May 2011 Cabinet agreed to carry forward this funding as part of the quarter four budget monitoring report. The Department of Health allocated funds to health authorities for reablement and social care that benefit health. These were to be passporting to local authorities. The value of funding available for the 2010/11 was only issued in January 2011. As a result proposals for its use could not be actioned in 2010/11. | Cabinet Member for Adult Social Care, Public Health and Environmental Health |
| <b>Carers Grant</b>  | 150,000          | October 2010 Cabinet originally agreed to carry forward this underspend as part of the quarter two budget monitoring report. Health authority funding received in 2010/11 will be applied in 2011/12 to ensure that the benefits of the new Carers Hub are realised.  | Cabinet Member for Adult Social Care, Public Health and Environmental Health |
| <b>Air Quality and Contaminated Land Grant (Environment, Food and Rural Affairs)</b>                         | 50,000           | May 2011 Cabinet originally agreed to carry forward this underspend in the quarter four budget monitoring report. Late announcement of this Environmental Health related grant partly contributed to this grant not being fully spent in 2010/11. Plans for using the balance of the funds will be implemented in 2011/12.  | Cabinet Member for Adult Social Care, Public Health and Environmental Health |
| <b>Overcrowding Grant (Communities and Local Government)</b>   | 72,000           | May 2011 Cabinet originally agreed to carry forward this underspend in the quarter four budget monitoring report. The department for Communities and Local Government allocated this funding for time limited and defined posts. Delays in recruitment mean that spending is due to continue into 2011/12.  | Cabinet Member for Housing and Property                                      |
| <b>Funding for the Transition to the New Housing Benefit Regulations (Communities and Local Government).</b> | 732,000          | February 2011 Cabinet originally agreed to carry forward this underspend in the quarter three budget monitoring report. Central government announced one-off funding for local authorities to prepare for the housing benefit for private sector rent changes due to be implemented in 2012   | Cabinet Member for Housing and Property                                      |
| <b>HHASC Total Carry Forward Bids</b>  | <b>1,976,000</b> |   |  |

## PLANNING AND BOROUGH DEVELOPMENT

| Item  | £              | Justification   | Portfolio                          |
|---|----------------|---|------------------------------------|
| <b>Purchase of Monitoring System</b>            | 40,000         | May 2011 Cabinet originally agreed to carry forward this underspend in the quarter four budget monitoring report. This is funding for the acquisition of a monitoring system for the policy team.   | Cabinet Member for Planning Policy |
| <b>Development Control Post</b>                 | 65,000         | May 2011 Cabinet originally agreed to carry forward this underspend in the quarter four budget monitoring report. This meets the one-off staffing cost arising from the need to extend funding for one staff member for twelve months to allow for a redesign of processes within the Business Group.                                   | Cabinet Member for Planning Policy |
| <b>Personal Search Fees and Risk of Reclaim</b> | 34,355         | This sum represents the late (March 2011) receipt of a government grant towards the cost of reclaims of Personal Search fees. No claims have yet been agreed but this carry forward will provide a budget from which some claims may be met.  | Cabinet Member for Planning Policy |
| <b>Earls Court Project Costs</b>                | 185,680        | Projects which should have been carried out by the Strategic Sites Team during 2010/11 had to be delayed because of the need to commit resources to the Earls Court project. This carry forward will allow additional temporary staff to be employed to undertake the delayed work. Income is due from the developer to meet this cost. | Cabinet Member for Planning Policy |
| <b>PBD Total Carry Forward Bids</b>             | <b>325,035</b> |   |                                    |

## TRANSPORT, ENVIRONMENT AND LEISURE SERVICES

| Item  | £              | Justification   | Portfolio  |
|---|----------------|---|--|
| <b>2012 Olympic Special Events Officer</b>                        | 58,000         | The London Organising Committee of the Olympic Games require the appointment of a fixed term post up to September 2012 which will have responsibility for large scale events and chairing the augmented safety advisory groups (including Earls Court, Cycle Race, Notting Hill Carnival, Exhibition Road, Torch Relay and Diamond Jubilee).  | Cabinet Member for Transport, Environmental Management and Leisure |
| <b>One off grant for the 2011 Notting Hill Carnival</b>           | 30,000         | This payment should prevent London Notting Hill Ltd going into liquidation and should help towards ensuring that there is an orderly and organised 2011 carnival.   | Cabinet Member for Transport, Environmental Management and Leisure |
| <b>Funding for Planned Contributon to Exhibition Road Project</b> | 300,000        | The Cabinet agreed that £850,000 of the funding for Exhibition Road should come from the footway planned maintenance revenue budget which then included the York stone enhancement. £550,000 is already set aside. However, the £2.5 million reduction in this revenue budget means that final tranche of £300,000 will take up a much more significant portion of the planned work programme than initially envisaged. Therefore a carry forward from general underspending will provide level of revenue funding required without impacting on the annual planned maintenance work programme. | Cabinet Member for Transport, Environmental Management and Leisure |
| <b>TELS Total Carry Forward Bids</b>                              | <b>388,000</b> |   |  |

## CORPORATE SERVICES

| Item  | £              | Justification  | Portfolio   |
|---|----------------|--|---|
| <b>Mayor's Allowance</b>  | 15,380         | This phases the Mayor's Allowance to better reflect the actual term of office commitments. This amount is a carry forward of the underspend on the current Mayor's Allowance.  | Cabinet Member for Civil Society                      |
| <b>Area Initiatives</b>   | 65,030         | This carries forward in 2011/12 the underspend on area initiatives in Golborne, Colville, Notting Barns, Norland. The last year of funding for this initiative is 2010/11.   | Cabinet Member for Civil Society                      |
| <b>Tri-Borough Work</b>   | 13,300         | It was agreed that facilities management work at a cost of £39,000 commissioned by the London Borough of Hammersmith and Fulham would be shared. This will be completed in 2011/12.  | Cabinet Member for Civil Society                      |
| <b>Revenues Information Technology</b>                              | 19,000         | The completion date for E-forms development for Benefits and Council Tax has slipped due to problems with installation. In addition work to import data from Telephonetics / Siemens automated phone line has taken longer than expected. These will be completed 2011/12.   | Cabinet Member for Finance and Information Technology |
| <b>Information Systems Department Data Centre</b>                   | 50,000         | Data Centre improvements will be completed in 2011/12 (second electrical supply for air conditioning).   | Cabinet Member for Finance and Information Technology |
| <b>Queen's Diamond Jubilee</b>                                      | 9,480          | It was agreed that a fund would be built up for the Queen's Diamond Jubilee from underspends.  | Cabinet Member for Civil Society                      |
| <b>Property Transformation Programme Property Condition Surveys</b> | 200,000        | Initial work carried out as part of Property transformation programme has revealed that condition surveys are required on over 100 properties. This will establish the physical condition of the sites to assess suitability, safety and to programme future works and prevent costly reactive maintenance. The expectation is that after these surveys are completed future surveys would be funded from ongoing budgets. | Cabinet Member for Housing and Property               |
| <b>Property Transformation Programme</b>                            | 25,000         | The restructure process is nearing completion. To recruit to remaining vacant posts it has been agreed to engage external recruitment consultants. This amount represents their cost plus the cost of advertising.   | Cabinet Member for Housing and Property               |
| <b>Learning Management System</b>                                   | 50,000         | February 2011 Cabinet originally agreed to carry forward this underspend in the quarter three budget monitoring report. The Learning Management System will be replaced in 2011/12.  | Cabinet Member for Civil Society                      |
| <b>Termination Costs (Community Safety Team)</b>                    | 110,000        | The funding for this service has been reduced and this is a rough estimate of the cost of reducing the service in line with funding.   | Cabinet Member for Civil Society                      |
| <b>CS Total Carry Forward Bids</b>                                  | <b>557,190</b> |  |   |