

**THE ROYAL BOROUGH OF
KENSINGTON AND CHELSEA
BUDGET PROPOSALS 2011/12**

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
BUDGET PROPOSALS 2011/12

Contents

Foreword by the Leader of the Council

Introduction

Part I: The Council's general revenue spending

Funding from central Government
Funding from local sources

Part II: The Council's budget for 2011/12

Economic background
Other pressures on the Council's budget
The financial challenge

Part III: Meeting the challenge – the Cabinet's proposals

Starting from strength
Choices
Raising more money

- Council tax
- Interest on reserves
- Fees and charges

Using reserves to offset reductions in grant
Reducing the revenue contribution to capital spending
Spending less money

- Delivering services more efficiently
- Reducing back office, administrative and managerial costs
- Savings in employee pay and benefits
- Adjustments to service levels

Summary and Conclusion

Annexes

Annex A: Current Business Group budgets and services
Annex B: Detailed savings and growth proposals by Business Group
Annex C: The Council's Key Documents

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

BUDGET PROPOSALS 2011/12

Foreword from the Leader

This document presents the Cabinet's financial proposals for the next financial year.

The difficult economic context in which these proposals have been developed is well known. The country faces the most serious economic and financial crisis since the Second World War. As part of its programme to address this the Coalition Government is making significant reductions in public spending. I believe that it is right to do this – and right that the Royal Borough should play its part in restoring public finances to balance.

There will be cash reductions in Government formula grant of over £15 million in 2011/12 and a further £9 million reduction in 2012/13. Reductions in various specific grants will mean a loss of a further £3 million in 2011/12. Alongside this the Council has to meet £7 million of cost pressures arising from inflation and other factors.

In response to this challenge the Cabinet has developed proposals that will:

- reduce spending on overheads, management and administration by £4 million;
- freeze staff pay and reduce staff benefits in order to save £1 million
- through greater efficiency and better purchasing, reduce costs by £7 million without affecting service quality;
- increase income, in part through higher fees and charges. Parking charges counter the risk of higher congestion and lower air quality in the borough following the abolition of the Western Extension Zone of the congestion charge. Altogether, income may increase in 2011/12 by a net figure of £4 million;
- close or reduce some services, saving a further £4 million;
- Anticipated reductions in spending and other reductions £3 million.

Overall, service reductions form less than 20 per cent of the adjustment that the Council must make for 2011/12. The remainder will be found from greater efficiencies – often innovative – and from income generation. We know that council tax is a significant burden for some, so with an additional grant from the Government, we can freeze council tax yet again. As a result, the Royal Borough will once again set the fourth lowest Council Tax in England.

We know that Government grant will reduce still further in future years. Because of this, the Cabinet is developing a range of responses that will

deliver the necessary savings in the medium term. These include reducing the unit cost of our most expensive services, and innovative arrangements to integrate services and share costs with our neighbours Westminster City Council and the London Borough of Hammersmith and Fulham.

It is imperative that the Council addresses the financial challenges it faces, but this does not mean it must be devoid of ambition. On the contrary, the Council will remain a significant provider of excellent public services, and we will also

- complete already funded major capital projects such as the re-building of Holland Park School and the transformation of Exhibition Road;
- meet all our other local manifesto pledges, such as continuing to invest in local policing and in our parks;
- develop our response to the Prime Minister's vision of a "Big Society", building on the Royal Borough's diverse patchwork of local community and voluntary action; and
- rise to the opportunity of leading work within the borough on public health.

Thank you.



Councillor Sir Merrick Cockell
Leader
Royal Borough of Kensington and Chelsea

Comments about this plan should be made to:
The Service Improvement Team
The Royal Borough of Kensington and Chelsea
The Town Hall, Hornton Street
London W8 7NX

Email: service.improvement@rbkc.gov.uk
Telephone: 020 7361 3691

INTRODUCTION

This report presents the Cabinet's budget proposals for 2011/12 and sets out its broad approach to revenue budgeting, council tax and the capital programme to 2013/14.

Part I provides the context for the two that follow by describing the Council's revenue budget, which funds the large majority of Council services and activities. Briefer information is provided on the other elements of the Council's finances, such as housing revenue spending and business rates.

Part II explains the ways in which the Council's budget will change in future years and the financial pressures the Council needs to meet.

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

PART I: THE COUNCIL'S GENERAL REVENUE SPENDING

The Council's gross revenue budget in 2010/11 was originally set at £415.8 million in March 2010.

This expenditure supports a very wide range of services. Some, such as highways, street cleaning, planning, parking services, parks and open spaces, environmental health, refuse collection and disposal and consumer protection meet the needs of everyday life and seek to make the Royal Borough a pleasant place to live.

Others provide residents with access to facilities and services such as schools, sports centres, community centres, citizen's advice services, libraries, museums and galleries.

A third set – for example social care, social services for adults and children and the payment of benefits to offset housing and council tax costs – are directed at the needs of particular groups of residents.

The five Business Groups that deliver these services and their budgets are shown below:

Business Group	2010/11 budget (rounded to nearest £m)
Families and Children's Services	151
Housing, Health and Adult Social Care	107
Transport, Environment and Leisure	70
Planning and Borough Development	8
Corporate Services	64
Other (e.g. finance charges)	16
Total	416

Information on the services each Business Group provides can be found at Annex A.

Two broad sources of income support general revenue expenditure.

(1) Funding directly or indirectly from central Government: this contributes 53 per cent of the Council's

overall budget and is made up of Formula Grant, Area-Based Grant, Dedicated Schools Grant and a variety of other specific and general grants and payments.

(2) Funding from local sources: This contributes 37 per cent of the budget and comprises council tax income, car parking income, a variety of other fees and charges, rents from property and interest on investments

The following table sets out the contribution made to the Council’s original 2010/11 budget by each of these sources, and a description of each of them follows below.

Table 1: Funding of the Council’s services

Source	£m	%
Formula Grant	106.0	26
Area-based grants	20.1	5
Dedicated Schools Grant	66.1	16
Other specific grants	38.7	9
Other grants	30.8	7
Sales, fees and charges	31.9	8
Car Parking income	37.8	9
Council tax	77.9	19
Interest	1.2	0
Rents	5.7	1
Total funding for services	415.8	100

Since the budget was set, central Government has withdrawn £1.6 million of grants in 2010/11 and the Council has cut its spending by nearly £3 million in order to match this reduction and to prepare for future reductions in income.

Income from council housing is excluded from the table above because separate accounting rules apply to it (and to the spending associated with council housing). See Box A.

Box A: Housing revenue expenditure

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

The funding of these properties is required by law to be entirely separate from the rest of the Council's finances: so the council tax payer cannot subsidise those in social housing; nor can the rents and service charges paid by the tenants be applied to any other unrelated Council services. The Council is also required not to incur a deficit on the balance of income and expenditure relating to social housing.

In recent years, central Government has run a funding pool across the social housing of all local authorities in England, into which rents are paid and from which contributions are made to each authority for repairs, maintenance and the interest costs arising on the money councils borrowed to build the housing in the first place. However both the previous government and the Coalition Government have debated the case for abolishing these arrangements and requiring each council to manage the costs of its own housing from the rents and service charges it receives. It is not yet certain when this change will occur.

For 2011/12, the Council is consulting tenants on an average increase in rents of about 8.5 per cent, which it judges to strike the right balance between the burden it places on tenants and the risks of incurring a future deficit on the housing revenue account.

Funding from central Government

Formula grant forms the largest component of Council income from Government. The Council's share is calculated according to a complex national formula which compares the need for spending across all local authorities in England and the resources councils can raise for themselves. It is made up of business rates redistributed from the national pool (see Box B) and revenue support grant. The £106 million in formula grant that the Council received in 2010/11 is some £10 million above what the formula alone would provide. This is because central Government phases in major adjustments to grant entitlements over a number of years and the Council, along with many in London, is on a transition to a lower entitlement.

Box B: Business rates

Instead of paying council tax businesses in the Royal Borough pay business rates based on a valuation of the property they occupy. Valuations are carried out by a government agency (the Valuation Office) and the amount businesses pay is set by Government. Councils collect business rates on the Government's behalf and the money collected is pooled nationally and used to pay formula grant. In this way a proportion of the rates paid in areas that contribute large amounts of business rate income is redistributed to those that generate lower amounts of rate income.

Some £225 million is collected by the Council each year from local businesses and added to the national pool. Of this, around £83 million is “returned” to the Council as part of its formula grant.

The **Dedicated Schools Grant** is government funding which the Council must pass on to fund the 10,200 school places in the Royal Borough’s schools.

The Council receives a variety of **other grants**, some of which are for specific purposes (such as education and social care projects) and some (such as Area Based Grant) that the Council has freedom to spend according to its own priorities.

Funding from local sources

Council tax provides the Council’s largest single source of local revenue income. It is set each year by the Council and paid by each household in the Royal Borough. The amount paid by each household varies according to which of eight property value bands their home falls within, based on open market prices at 1 April 1991 (with a 25 per cent discount available for people who live alone). The eight bands are set in nationally-fixed proportions to band D. There has been no comprehensive revaluation of properties since 1993. The link between property value and council tax is therefore somewhat tenuous, especially at the highest band H (for homes valued at £320,000 and above).

As the table below shows, rates of council tax in the Royal Borough are significantly below the London and England averages. Indeed, the council tax set by the Royal Borough has consistently been the fourth lowest in England for many years.

The 5.8 per cent increase in Royal Borough council tax since 2005/06 compares very favourably with the average increase across England of 18.6 per cent. Meanwhile prices have risen by about 16 per cent (as measured by the Retail Prices Index) so the tax levied by the Council has fallen by 10per cent in “real” terms since 2005/06.

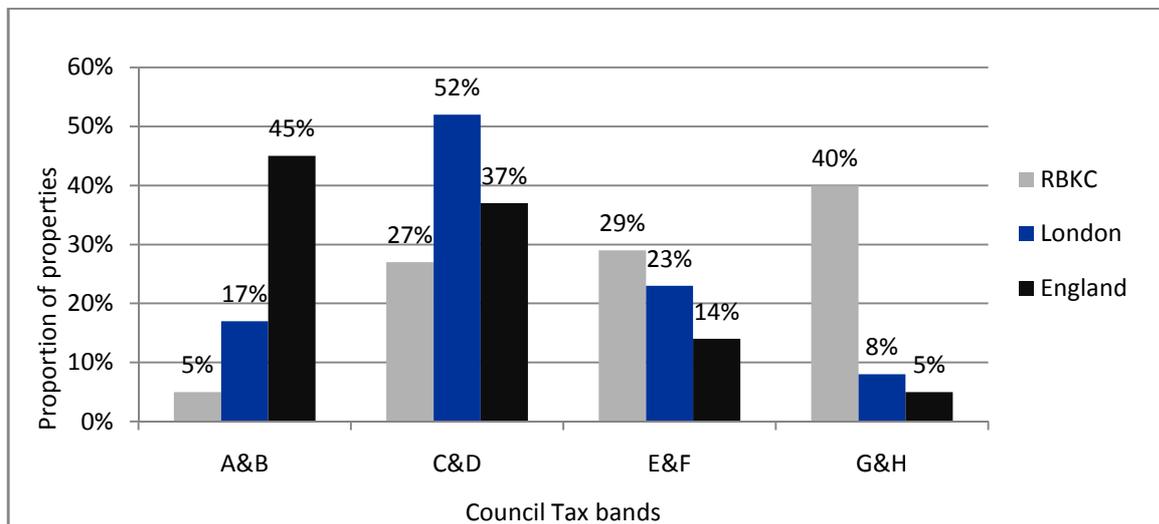
Table 2: Rates of Council Tax 2010/11

Council tax levels £	Range of property values by Band (based on 1990 property values)							
	A up to £40,000	B £40,001 to £52,000	C £52,001 to £68,000	D £68,001 to £88,000	E £88,001 to £120,000	F £120,001 to £160,000	G £160,001 to £320,000	H £320,001 and above
Royal Borough	719	839	959	1079	1319	1559	1799	2158

Average in London	872	1018	1163	1309	1600	1891	2182	2618
Average in England	959	1119	1279	1439	1759	2079	2399	2878

There is a disproportionately large number of properties in the Royal Borough that fall into the higher property bands (see the chart below), so most households pay the higher rates of council tax and the Royal Borough raises more per property than many other councils. However, the Government makes full allowance for the money the Council can raise when it determines the grant that the Council will receive. The Council's higher potential receipts from council tax are therefore effectively offset by lower Government grant.

Chart 1: Proportion of properties in council tax bands



Car parking income follows the Council's transport policies and derives from car park and pay and display bay charges, and income from penalty notices and parking bay suspensions. Subtracting the costs of running the parking service from the £37.8 million raised leaves £22 million to spend on certain, permitted Council services such as highways maintenance and special needs transport.

The Council levies a variety of **fees and charges** in order to recover some or all of the costs of providing a wide range of services (for example play services, children's centres, sports centres, pest control, streetwork permits, market traders' pitches, planning applications and entertainment licences). Cumulatively these will generate revenue income of some £30 million this year.

Rental income from some of the property the Council owns (for instance the car park in Young Street and some local shops) generates just under £6 million in revenue income each year.

The Council's approach to investing the reserves that it holds is deliberately cautious and interest rates are very low at present, so **investment income** is expected to provide a comparatively modest £1.2 million this year.

PART II: THE COUNCIL'S BUDGET FOR 2011/12

Economic background

The Coalition Government's economic policy is responding to a 6.5 per cent fall in national output with private sector output falling by more than 10 per cent – the deepest and longest economic recession since the Second World War. The recession was precipitated by excessive borrowing, followed by a collapse in confidence in the banking system. These caused a fall in tax receipts which aggravated an already unsustainable deficit in the public finances.

In order to reduce the deficit and avoid a loss of confidence in the public finances that has afflicted other European countries, the Coalition Government is raising taxes and cutting public spending. With local authority spending comprising around one quarter of all public expenditure, it is inevitable that a significant proportion of the necessary spending reductions must be found from local government.

On 20 October, the Chancellor announced that grants from central to local government would fall by 26 per cent in real terms over the four financial years 2011/12 to 2014/15. On 13 December, the Secretary of State for Communities and Local Government unveiled the details for each local authority. For the Royal Borough, these comprise cash reductions in formula grant of £15 million in 2011/12 and a further £9 million reduction in 2012/13. Some specific grants will also be reduced or abolished.

It is the view of the Royal Borough's Cabinet that these reductions represent a permanent loss of grant income to the Council. Grant will not recover significantly in the years following 2014/15 even though the economy is forecast to grow in each and every year to 2015 and the public sector's deficit should by then have fallen to low and sustainable levels.

This is because it has proved unsustainable in the UK to increase tax receipts much above 38 per cent of national output. There is therefore no headroom for increases in local authority funding, given the competing pressures, for instance of health spending and an ageing population. Furthermore, there is little political appetite to challenge this ceiling, given the poor productivity performance of the public sector and the continuing if attenuating high cost of public service pensions. Finally, the borough remains on the grant floor i.e. in transition to a lower grant entitlement.

The Cabinet therefore considers that the measures it must take over the next four years must yield sustainable and long-term reductions in Council spending – rather than a short-term fix followed by a restoration of previous spending levels.

Other pressures on the Council's budget

Alongside the changes in funding received from the Government, the Council also needs to find a way of dealing with other pressures on the budget - increased costs that it will face, or reductions in local sources of income. The main pressures that we can foresee are as follows:

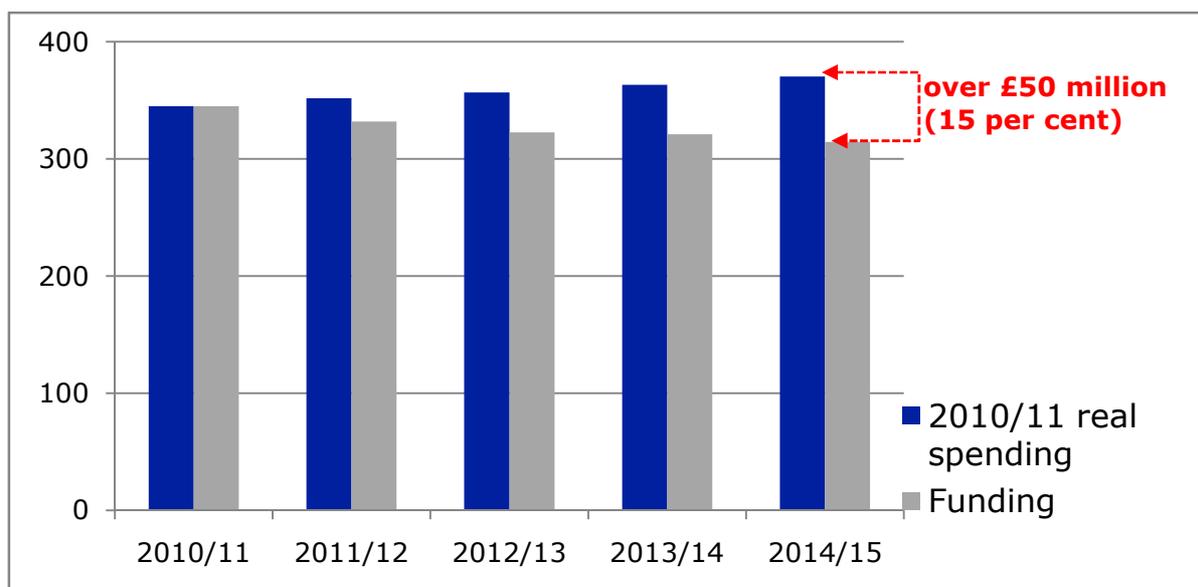
- *Any transfers of functions from central to local government may not be fully funded.* One such example is the proposed transfer of council tax benefit policy to local government in 2013/14, which will come with a 10 per cent funding cut (worth £1.3 million for the Royal Borough).
- *Costs incurred to deliver service reductions:* there will be considerable, unavoidable costs associated with budget reductions, notably redundancy payments.
- *External cost pressures* include the growing costs of the Freedom Pass costs (the scheme that provides free travel on public transport for the elderly and others)

The financial challenge

The cumulative potential effects of these changes on the Council's budget, excluding protected spending on schools, is illustrated in the chart below.

Taking these changes together it is evident that the Council faces the biggest financial challenge it has had to meet for many years. In total the Council must find just over £50 million in savings or increased income over the next four years.

Chart 2: the Council's funding gap (£ million)



PART III: MEETING THE CHALLENGE

Starting from strength

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

The Council has a long and successful track record of budget management. It has constructed its budget and resourced its services cautiously and realistically and has many years' experience in identifying ways to drive out significant levels of savings.

We have already made a start. In its emergency budget in June 2010 the Coalition Government withdrew £1.6 million of grants in 2010/11, which the Council has matched through reduced spending. Moreover the Council has this year cut its spending by an extra £3 million in preparation for future reductions in income.

We have sources of income that make us less reliant than other councils on government grants or council tax.

The Council has reserves amounting to £169 million as at 31 March 2010. Because they can only be spent once, it is not sensible to use reserves to pay for day to day running costs. Their purpose is therefore to meet one-off costs such as major building projects (new schools or major streetscape improvements, for example) – which provide long-lasting benefits for residents. They can also be used to reduce running costs, for instance by funding the acquisition of new information technology or the payment of redundancy costs.

Choices

Baldly put, the choices available to the Council to balance the books are to

- raise more money;
- use reserves to offset the loss of grant;
- reduce the revenue contribution to capital spending; or
- spend less money.

Raising more money

We can do this by raising council tax, increasing the returns we receive on investments or increasing the various fees and charges paid by the users of some services.

The Council levies one of the lowest council taxes in the country. We know that residents value this. An increasing proportion of residents would prefer to see services reduced, or other charges increased, rather than see council tax rise. The Council recognises that council tax comprises a significant financial outlay for many people in the Royal Borough, especially in households where the value of their home places them in the highest council tax band but their ability to earn income is constrained by age or other circumstances. Maintaining low levels of taxation is therefore a Cabinet priority.

The Government, too, wants to see council tax levels kept low, and has offered local authorities an incentive not to increase their tax levels in 2011/12. The Government has said that councils that do not raise their council tax next year will receive a sum equivalent to a 2.5 per cent increase in council tax. In the Royal Borough, this would amount to some £1.9 million. Because of its desire to keep taxes low, and with this incentive in place, the Council has decided to freeze council tax next year.

The Council receives some £1.2 million in interest on its reserves. This comparatively small return on such large sums of money reflects the prevalence of low interest rates and the cautious approach the Council takes to investment. A riskier investment portfolio would yield a higher rate of return, but would also place Council funds – which the Royal Borough effectively holds in trust for the benefit of its residents – at greater risk. The Council believes that it would not be prudent or right to do this. Income from reserves is expected to increase gradually as interest rates recover to more typical levels.

Fees and charges are an important source of income for the Council. Together they contribute some £70 million or 17 per cent of the budget. We know from consultation that residents would prefer to see increases in fees and charges than increases in council tax.

While the Council uses parking charges to influence behaviour, not to make money, the resultant income can be used to reduce the burden on local tax payers. This is done by using the car parking income to fund a number of transport related activities, such as highway maintenance or special needs transport, that would otherwise fall to the revenue budget. This year the Council has undertaken a review of its charges with the intention of reinforcing or adjusting their policy impact.

The changes in traffic management policy are expected to lead to a £3.1 million increase in net income. The Council has also decided to increase or introduce fees and charges in a variety of other services, such as play services, pest control and pre-planning application advice. These will yield an additional £1 million.

The Council generates some £5.7 million in rents by letting out property it owns (such as shops and car parks). New and revised leases will enable the Council to increase this by £100,000 next year.

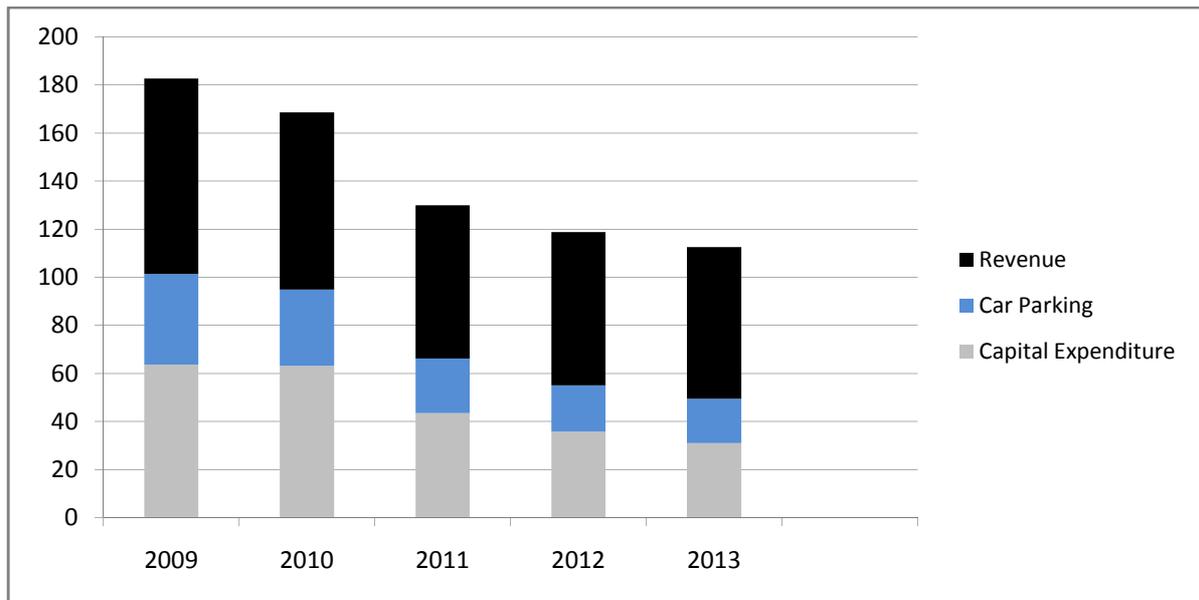
Use reserves to offset reductions in grant

The Council holds reserves in order to

- help fund its capital programme. Paying for capital improvements from money it has saved than through borrowing gives the Council greater flexibility, reduces risk and also marginally reduces costs;
- meet other one-off costs: these may arise as a result of unforeseen risk or as part of planned spending (for example, as the Council reduces its recurrent spending, it will need to make one-off payments for instance for redundancies and early retirement of staff and to invest in Information and Communications Technology (ICT));
- allow for payments that fluctuate between years: for example, the cost of local elections and insurance payouts; and
- meet any purely temporary shortfalls between income and expenditure: for example, a grant to the Council may be cut faster than it is possible or desirable to reduce the associated expenditure.

The graph below shows the recent and projected state of the Council's reserves relevant to its recurrent and capital expenditure on services.

Chart 3: The Royal Borough's Reserves as at 31 March each year



Over this period, the total will fall from £182.7 million as at 31 March 2009 to less than £120 million by 31 March 2013 and will continue to decline beyond then. The capital expenditure reserve is projected to diminish as the Council’s capital spending exceeds the contributions from recurrent income; similarly, part of the Council’s income from parking (which arises mainly from pay and display tickets) is used to fund related capital projects. This reserve is also falling.

Reserves are a source of one-off funding. They cannot sensibly be used to meet a recurrent deficit. As mentioned above, the Cabinet believes that the loss of grant it faces will be permanent, and as such it can only be dealt with sustainably through increases in income or reductions in recurrent spending.

Reducing the revenue contribution to capital spending

We spend significant sums to improve our buildings, schools, streets and other property. The Council has contributed to the new Chelsea Academy; is re-building Holland Park School and transforming Exhibition Road. It is building a new primary school at Warwick Road and plans to re-build that at Middle Row.

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

The Council also has a substantial capital stock (land, vehicles, roads, bridges and buildings under construction) cumulatively valued at some £1.6 billion. These need to be properly maintained if they are to serve the Royal Borough well.

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

The Council's ambitious capital programme to deliver new and refurbished schools, better sports facilities and enhanced parks and open spaces will reduce the available reserve balance from the current level of £61 million to an estimated £25 million over the next three years. Over the same period the Car Parking Reserve balance (another important source of funds for one-off spending) would reduce from £32 million to an estimated £15 million. This is a substantial reduction of over £50 million in the Council's resources.

In addition to the schemes already in the Capital Programme, there are several potential schemes in the pipeline, such as Council funding for a new Kensington Academy, the redevelopment of Warwick Road Primary School and the Central Library condition works.

The Council currently contributes £5.5 million from its revenue budget to its capital expenditure each year. This enables the Council to support its capital programme without borrowing money – thereby avoiding the costs associated with doing so. The revenue contribution also reduces the rate at which reserves are depleted and enables the Council to sustain a capital programme that not only maintains existing capital assets but also supports new capital projects that benefit local residents. As such, it forms an important component of a balanced Council budget.

Full details of the programme are available on the Council's website.

Spending less money

The proposals to freeze council tax and the revenue contribution to capital spending at the current levels means that our efforts to balance the budget have to focus on increases to fees and charges and reducing our spending. The changes to fees, charges and other income outlined above would increase the Council's net income by an estimated £4.1 million next year. The balance needs to be found through reduced spending.

The Council agrees with the Government that reductions in public spending should be found in ways that seek to minimise the impact on front-line services. We can do this by delivering services more efficiently, by reducing back office, managerial and administrative costs and by making savings on employee pay and benefits. Alongside these measures, the Cabinet is proposing some adjustments to some service levels.

(a) Delivering services more efficiently

Reorganising the way in which staff work or the facilities, ICT and other equipment that they use can yield efficiency savings without reducing levels of service. The restructuring of the assessment service in Adult Social Care, which will save £190,000 per year, is a good example. The closure of the Golborne Education centre will produce efficiencies and reduce waste, and the services it provides will be relocated to the Latimer Education Centre.

Smarter contracting can yield significant savings too. Combined savings from reductions in the amount the Council purchases from companies or contractors (for things such as energy or waste collection for instance) will amount to over £1 million.

Sometimes efficiency improvements can be made on a relatively small scale. But there are also opportunities for more significant and radical reorganisations which can yield large savings over longer time periods. Major Council change programmes such as Stronger Families and Here to Help are expected to yield significant cost reductions in the coming years.

(b) Reducing back office, managerial and administrative costs

Residents' overall satisfaction with the Council and with the services it delivers are amongst the highest in London, and stand comparison with any in the country. We believe that one reason for this is the investment that the Council makes in the management, systems and support services that underpin front-line delivery.

Although the Council has not had to sacrifice the quality of its backroom and managerial services to meet budget demands, it has made a concerted effort to control and reduce such costs in recent years. By the start of next year the Council's management costs will be 15 per cent (or £3 million) lower than they were three years ago. It has also worked hard to reduce levels of sickness absence and reduce the use of consultants and contract staff and there are further savings to be made here (amounting to £380,000 in Family and Children's Services, for instance).

Some of the costs incurred by councils in recent years have arisen because of requirements imposed by the previous government or through

organisations such as the Audit Commission and other regulators. The present Government has made an early start on dismantling the apparatus of reporting, regulation and requirements that had accumulated in previous years, and their removal provide an obvious and welcome opportunity to reduce costs. Other functions are transferring to other organisations and Council support for them can cease (the transfer of student support to Student Finance England will save £158,000).

Notwithstanding this “low hanging fruit”, further and deeper cuts will be needed in our back office, administrative and managerial costs over the next few years. Proposals for next year include £447,000 in management savings in the Transport Environment and Leisure Services Business Group alone.

Reductions of this sort are not without consequences. For instance, staff supervision and support may reduce, and front-line staff and supervisors may have to pick up some management tasks. The direct impact on service users will be less, however, than would be the case with cuts to front-line staff.

(c) Savings in employee pay and benefits

The Council’s pay bill represents some 25 per cent of gross expenditure. This pays for around 2,600 staff, a number that has increased by 5 per cent since 2000 (compared to 10 per cent across local government as a whole). A proportion of the pay bill meets the Council’s obligations to the Local Government Pension Scheme, as explained in Box C.

Box C: The Local Government Pension Fund

There is a Local Government Pension Scheme (LGPS), to which the majority of the Council’s employees belong. Employees contribute an average of 7 per cent of their pay into the fund. The Council currently contributes 21.5 per cent of payroll which comprises an ongoing contribution of 13.3 per cent to cover future service liabilities and an additional 8.2 per cent that, over 13 years from the last valuation in 2007, would make up the projected deficit. The result of the independent valuation of the fund, as at 31 March 2010, is that the Council will maintain its total contribution rate at 21.5 per cent of payroll for the next three years. On current projections this will recover the past service deficit in full by 2020/21.

Retired employees receive pensions generally calculated according to the salary they earned in their final year of employment and the number of years they have been in the LGPS. Pensioners also enjoy some protection from inflation. Such “final salary” pension schemes are common in public services, but are comparatively expensive for employers. In view of the burden that the main public service schemes place on the taxpayer, the Coalition Government has appointed Lord Hutton to review these schemes, including the LGPS and will report later in the year. The Government has already changed the basis of indexation of pensions from RPI to CPI with the expected effect of

The Council has already taken a variety of measures, such as tougher management of sickness absence and tighter recruitment of temporary staff and consultants (who tend to be comparatively expensive) and these efforts will continue. However, the Cabinet believes that in order to make savings on the scale required action to reduce staff costs significantly must be taken.

Staff pay has already been frozen for 2010/11. The Cabinet proposes that this freeze should continue for 2011/12 and it is quite likely to be extended to 2012/13. Cabinet also believes that, in the current financial circumstances, the retention of the subsidised private healthcare scheme from which some staff benefit can no longer be justified, and that adjustments should be made to reduce the costs of the performance pay scheme operated for senior staff.

These measures will save a total of £1.2 million in 2011/12.

(d) Adjustments to service levels

In its search for ways to reduce costs the Council has sought, as in previous years, to find savings that do least damage to services. Such is the level of savings required now, however, that some adjustments to the range and level of services that the Council provides will also be necessary.

In some cases, these changes make sense because the level of service the Council provides, when compared to the level of demand for it, does not provide value for money. The planned rationalisation of social care day services in North Kensington is a good example of this type of change.

In others, an external event, such as the redevelopment of an area, has prompted a service review which has identified a better way of meeting demand for that service (the closure of the Latymer Children's Centre is the best example).

Some of the most difficult savings arise from the reduction or removal of the specific grants that the Council has previously received from

Government. A range of services that were set up with such funding (to provide young people with careers advice, fund events run by community groups and improve young people's health, for instance) will cease when the grants that supported them are removed. Some of these losses (around £1.4 million) were anticipated, because the grants were already known to be ending; the actual loss of such grants amounts to some £3.6 million more than this.

The proposed changes in service levels will yield a further £4.5 million in savings towards the total the Council must reach.

Details of the Cabinet's proposals to increase income and reduce costs in 2011/12 are set out in Annex B. Alongside the proposals to save money the table also gives details of growth items that the Cabinet proposes to approve. Most of these are small, but provision needs to be made for a variety of changes in parking income which cumulatively amount to some £2.1 million. The Council's financial planning disciplines require any such growth to be met by additional, offsetting savings within the Business Group in question.

Planning for savings in the longer term

The plans set out above and in Annex B deal with the pressures the Council faces in 2011/12; but further challenges and tougher decisions, lay ahead in order to achieve the required reductions in subsequent years.

Evidence shows that some of the Council's services, such as Adult Social Care, Children's Services and Highways, have high unit costs compared to other Councils – even when the Royal Borough's location close to central London is taken into account. These services account for a significant proportion of the Council's overall budget, and concerted efforts will be needed to get such unit costs down if we are to make savings on the scale required.

An important contributor to future savings will be the innovative joint work being undertaken by the Royal Borough with its neighbours in Westminster and Hammersmith and Fulham. The three councils are developing plans to integrate the management and delivery of a range of their services with the aim of each saving at least £10 million per year by 2014/15.

Despite the reductions described above the Council will continue to play a major role in sustaining and improving the quality of life of those who live in the Royal Borough, and the experience of those who visit and work here. Because the Council has sought to achieve savings through measures that do not affect front-line services, the Council will continue to deliver the large majority of its current services.

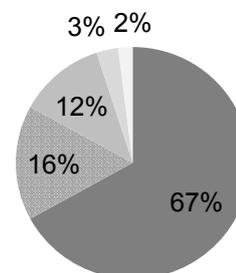
Overview of the Business Groups

Family and Children's Services

Family and Children's Services (FCS) brings together all of the Council's services for children and young people alongside libraries and adult and family learning. The Business Group comprises three main operational areas and two strategic and support functions.

- **Family Services:** Keeping children safe; supporting children and families who need help; caring for children 'looked after' by the Council; supporting children with disabilities; and reducing youth offending.
- **Schools, Quality and Standards:** Education of children in schools; early years, including children's centres; support for children with special educational needs and disabilities; and services delivered through and to schools.
- **Community Learning:** Youth services and the Connexions service; adult and family learning; extended services, such as play centres and out of hours learning; children and young people's participation; and the Library Service.
- **Strategy, Commissioning and Performance Reporting:** Strategic planning, commissioning, procurement and contract management; policy, performance and management information; and public information and response, including complaints and information for parents.
- **Resources:** Finance; information technology; and property and capital strategy.

The Business Group's budget 2010/11



- 67% Schools, Quality and Standards
- 16% Family Services
- 12% Community Learning
- 3% Strategy, Commissioning and Performance
- 2% Resources

Some of the key services the budget pays for

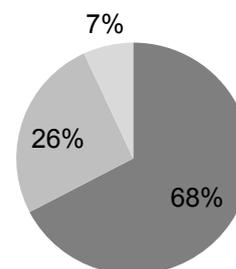
- 1,437 three and 1,267 children four year-olds attending nursery settings
- 6,928 places in primary schools
- 3,833 places in five secondary schools (including the new Chelsea Academy)
- Educating 386 children with special educational needs resident in the borough and 74 pupils who attend two special schools
- Educating 132 pupils attending non-maintained schools (including 25 pupils in the Pupil Referral Unit)
- Being a corporate parent to 156 children looked after
- Eight children's centres and support for 75 private, voluntary and community organisations and 50 childminders
- Support for 174 young people leaving care
- Kensington Central Library and five branch libraries, with nearly 1.2 million visits
- 9,838 enrolments and 6,348 adult learners
- 220 young people supported by the Youth Offending Team
- 6,100 young people attending youth support services

Housing, Health and Adult Social Care

The Housing, Health and Adult Social Care (HHASC) Business Group has three main functions which commission and provide a range of services to improve the well-being of residents, particularly those in need of support.

- **Housing and Strategic Development:** Assisting those who are homeless or need support to manage their tenancy and live independently in the community; helping those who have difficulty finding affordable accommodation; managing the Council's relationship with the Tenant Management Organisation (TMO); and developing and enabling projects that provide new accommodation options for residents.
- **Environmental Health:** Mainly statutory regulatory services dealing with a wide range of complex public health and consumer protection issues in the areas of: trading standards; noise and nuisance; pest control; health and safety in the workplace; environmental quality; food safety; infectious disease control; private sector housing and public health training.
- **Adult Social Care:** Assessing social care needs and commissioning and providing services – in partnership with other statutory agencies, such as NHSKC, and the voluntary and independent sector – to older people, people with disabilities and those with problems relating to mental health and substance misuse; protecting vulnerable adults; and providing information and professional support.

The Business Group's budget 2010/11



- 68% Adult Social Care
- 26% Housing Services
- 7% Environmental Health

Some of the key services the budget pays for

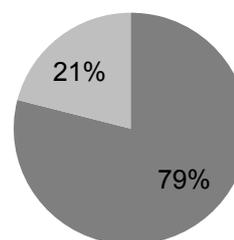
- 323 older people in residential and nursing homes and 979 people in supported accommodation
- 1,425 older people receiving home care
- 200 people with learning disabilities, physical disabilities, sensory impairment or mental health needs in residential and supported care
- 436 people supported to overcome drug or alcohol problems, and 41 people with HIV/AIDS
- 26,201 people issued with a Freedom Pass
- 2,843 members of the Taxicard service
- 2,861 people issued with a Blue Disabled Parking Badge
- 1,142 households in temporary accommodation
- 3,309 users of 'Supporting People' services
- 1,509 food safety inspections
- 14,490 pest control inspections/visits
- 10,336 service requests to the Noise and Nuisance Service

Planning and Borough Development

The Business Group's budget 2010/11

The Planning and Borough Development (PBD) Business Group comprises three key teams.

- **Building Control:** Surveyors who ensure buildings conform to building safety and fire regulations and provide specialist surveying services.
- **Planning Services:** Determining planning applications; developing planning policy; protecting trees and the historic environment; promoting good design; and looking after street trees.
- **Administrative and business support.** E-planning, consultation processes including web publication of planning documents, archiving, technological developments for greater public engagement in the planning service, naming and numbering services and local land charges.



- 79% Planning Services
- 21% Building Control

Some of the key services the budget pays for

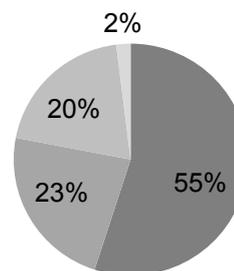
- Processing 1,250 building regulation applications and 3,500 planning applications annually
- Handling 1,200 enforcement cases
- 5,000 full searches of the local land charges register and 3,500 personal searches
- Producing the Local Development Framework
- Caring for 7,000 trees on the Royal Borough's streets

Transport, Environment and Leisure Services

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

- **Waste Management:** Refuse collection; recycling; street cleaning; and market management.
- **Enforcement:** Preventing litter; removing highway obstructions and hazards; liaising with police Safer Neighbourhood Teams; and CCTV.
- **Culture:** Arts; museums; Opera Holland Park; filming; events; and the Notting Hill Carnival.
- **Leisure:** Parks and open spaces; ecology; leisure centres; adult sports development; and Parks Police.
- **Transportation:** Developing local transport policies and programmes.
- **Highways:** Managing and maintaining the Royal Borough's streets.
- **Parking:** On-street and off-street parking, including enforcing parking regulations.
- **Licensing:** Liquor and special treatments licensing
- **Business Improvement:** Climate Change Programme; service delivering planning; performance monitoring; health and safety; research and consultation; and workforce development.

The Business Group's budget 2010/11



- 55% Waste Management and Leisure
- 23% Transportation and Highways
- 20% Car Parking on Street
- 2% Licensing and Environmental Strategy

Some of the key services the budget pays for

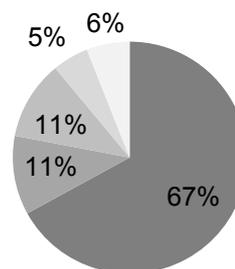
- Cleaning of 460 km of pavements and roads
- Collecting about 56,500 tonnes of refuse from 86,000 homes and, approximately 30 per cent of which is recycled
- Issuing and monitoring of 330 street trading licences, 59 traders' stores and 1,000 licensed premises
- Issuing around 38,000 residents' parking permits and 19,000 parking bay suspensions
- Two major bridges – Albert Bridge and Chelsea Bridge
- Four museums and galleries with over 30,000 visits
- Two cemeteries – Gunnersbury and Hanwell
- Opera Holland Park, with 46,500 tickets sold at 47 performances
- Operating and maintaining 13,500 lighting points, including street lights, illuminated signs and bollards
- Managing eight major parks and many smaller open spaces
- Two leisure centres with over 650,000 visits
- Maintaining over 200km of footpaths

Corporate Services

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

- **Public services:** Community safety; collecting Council Tax and business rates; paying Housing Benefit and Council Tax Benefit; emergency and business continuity planning; governance services, which includes managing local and general elections; registrars; and the Regeneration Team.
- **Community engagement:** Media services; community relations and equalities; consultation; and grants to the voluntary sector.
- **Resource management:** Finance; information technology; property management; and human resources.
- **Corporate management:** Service improvement; programme management; legal services; general services such as building maintenance; and the Town Clerk's office.

The Business Group's budget 2010/11



- 67% Benefits and Local Taxation
- 11% Finance, Information Systems and Property
- 11% Personnel and General Services
- 5% Policy and Partnerships
- 6% Other Services

Some of the key services the budget pays for

- Providing 76 Police Community Support Officers
- Collecting Council Tax of £97 million from 87,000 dwellings and £235 million of Business Rates
- Payment of over £130 million of Council Tax Benefit and Housing Benefit
- Managing 425 commercial interests
- Payroll and human resources services for 4,317 employees
- Promoting local employment
- Support for over 600 official meetings a year
- Managing Council buildings
- Over £2 million of support for a range of voluntary organisations in the Royal Borough

Proposals for Savings for 2011/12

Due to the nature of the Council's decision-making processes, decisions on some of the savings proposals (such as those that are subject to consultation) will only be taken after the budget has been agreed by Council in March. Any change arising from such decisions will be dealt with as a variation to the 2011/12 budget through the Council's usual financial management arrangements.

Please note that totals shown are net of local and corporate growth proposals, which are also detailed.

Key:

INC-I	Increased income
MC-R	Management / Admin costs reduced
EE-I	Improved economy / efficiency
SLC	Service level change
P-S	Procurement saving
EPB-R	Employee pay and benefits reduced
AFR	Anticipated funding reductions
PCR	Pension contribution reduction
G	Growth

2011/12 FINAL SAVINGS PROPOSALS		
Family and Children's Services - 2010/11 budget: £55 million		£'000
INC-I	Revised and tailored Play Service charges	-50
EE-I	Reduced use of contract staff and consultants	-180
EE-I	Improved attendance and effectiveness of staff	-200
EE-I	Closure of ContactPoint (the national children's database)	-20
MC-R	Reduced directorate PA support	-50
SLC	Closure of Latymer Children's Centre due to the development of the Latymer area	-273
EE-I	Rationalisation of office space	-60
SLC	Revised arrangements for one-to-one support to children with a disability (while maintaining packages of support to families)	-20
EE-I	Centralised management of training expenditure	-20
MC-R	Deletion of vacant post of Director of Children's Services including associated support costs	-250
MC-R	Reduced 'looked after children' management costs	-26
EE-I	Miscellaneous savings across the Business Group eg reduced used of taxi service and ending subscriptions	-90
INC-I	Additional income from Children's Centres	-162
INC-I	Increased income from the Education Business Partnership	-20
EE-I	Efficiency savings in Fostering Services by flexible use of commissioned staff	-10
EE-I	Savings from Youth Offending Team by sharing services with other local	-50

	authorities	
MC-R	Reduced student support management costs due to the function's transfer to Student Finance England	-158
INC-I	Increased Professional Development Centre car park income from the Notting Hill Carnival	-7
MC-R	Reduced number of business support officers in Family Services	-200
SLC	Rationalised alternative education provision (Closure of Golborne Education Centre)	-152
EPB-R	Employee Private Health Care Scheme - cessation of Council contribution	-83
P-S	Share of corporate procurement savings	-67
Total Family and Children's Services		-2,148
Housing, Health and Adult Social Care - 2010/11 budget: £83 million		£'000
MC-R	Deletion of post within Housing Needs	-39
P-S	Amalgamation of Housing Advice Services Kensington and Chelsea with the Home Improvement Agency	-50
EE-I	Reduced incentive payments to Temporary Accommodation providers	-40
MC-R	Deletion of Trading Standards Technical Officer post	-36
MC-R	Deletion of Team Manager post within Trading Standards	-55
INC-I	Increased Pest Control income	-20
EE-I	Health and Safety training for staff to be delivered by another Health and Safety Team	-35
MC-R	Deletion of Administrative Assistant post in Support Services	-25
MC-R	Deletion of Business Development Officer post in Public Health Training Service	-25
MC-R	Deletion of Private Sector Housing Team Manager post	-50
MC-R	Deletion of Administrative Assistant post due to loss of grant funding	-15
MC-R	Savings within Noise and Nuisance Service	-85
MC-R	Deletion of Head of Service post	-65
MC-R	Deletion of Personal Assistant post	-10
MC-R	Deletion of post within the Service Improvement Team	-30
MC-R	Deletion of Business Planning and Service Improvement Manager post	-50
MC-R	Deletion of Business Systems Administrative Officer post	-25
MC-R	Reduction in training budget to reflect the headcount reduction	-5
EE-I	Reduced Scientific Service budget	-13
EE-I	Miscellaneous savings within Environmental Health including equipment and printing	-16
MC-R	Deletion of Assistant Pollution Officer post	-25
EE-I	Reduced costs of document imaging	-10
MC-R	Deletion of Policy Officer post in Accessible Transport Service	-30
EE-I	Improved design of the Assessment Service system	-190
P-S	Savings in the cost of purchasing residential and nursing placements	-100
EE-I	Savings from ensuring staff have appropriate qualifications for the level of assessments they undertake	-30
MC-R	Deletion of a Dementia Development Worker post	-20
EE-I	Reduction in some running cost budgets in Mental Health Service	-39

Annex B

INC-I	Increased charge to Westminster City Council for the Oremi Centre (mental health day centre) services	-19
INC-I	Reduced cost of meals at the Mental Health Service day centres through increase in income (charges) to more closely reflect costs and changes to how meals are provided	-28
EE-I	Savings from the redesign of the Mental Health Service day centres by externalisation and introduction of personalisation.	-200
MC-R	Savings within the Home Care Service from restructuring of management and office functions	-55
EE-I	Reduction in the number of separate grant funding arrangements to voluntary organisations offering advice, transport and day services by moving grants to a contract basis	-150
SLC	Review of day services provided and funded by Adult Social Care	-242
EE-I	Reduced Older People's residential budgets to fund the Telecare service	-160
MC-R	Deletion of a post in Resource Management	-11
MC-R	Reduction in training budgets by providing focused training	-10
EE-I	Transferring the Housing, Health and Adult Social Care Business Group property function to a central team	-25
INC-I	Introduction of charging for some Client Affairs services following a review.	-25
EPB-R	Employee Private Health Care Scheme - cessation of Council contribution	-88
P-S	Reduced landline call charges due to renegotiated contract	-7
P-S	Reduction in mobile phone costs due to new contract	-18
P-S	Reduced cost of postal savings through London Councils joint tendering	-12
P-S	Savings from reconfigured and renegotiated printing contracts	-4
Savings sub-total		-2,187
Growth		£'000
G	Increase in the mortuary budget	25
G	Implementation of Equal Pay Agreement	92
G	Creation of continuing budget for Telecare Service due to the ending of grant funding (from a redirection of older people's residential budgets).	160
G	Increase in Coroners' budget (corporate growth)	50
Growth sub-total		327
Total Housing, Health and Adult Social Care		-1,860
Planning and Borough Development - 2010/11 budget: £5.4 million		£'000
MC-R	Deletion of Principal Building Surveyor post	-24
MC-R	Reduction in employee travel budget	-7
INC-I	Increased income from charges, including scanned images	-10
INC-I	Additional income from pre-planning application advice charges - <i>tranche 2</i>	-10
MC-R	Deletion of Development Control Support Manager post	-45

Annex B

MC-R	Deletion of one design post	-47
MC-R	Deletion of policy/strategic sites posts	-33
MC-R	Deletion of Graphic Designer post (to be replaced with external contract)	-26
EPB-R	Employee Private Health Care Scheme - cessation of Council contribution	-30
MC-R	Deletion of three year Census Officer post	-40
P-S	Share of corporate procurement savings	-10
Savings sub-total		-282
Growth		£'000
G	New Senior Planner posts to deal with planning application workload	45
G	Head of Enforcement post - change of funding	-10
Growth sub-total		35
Total Planning and Borough Development		-247
Transport, Environment and Leisure Services - 2010/11 budget: £24.1 million		£'000
MC-R	Salary savings from management costs review across the Business Group	-447
MC-R	Deletion of post in Customer Services	-30
MC-R	Deletion of part-time Licensing Officer post	-20
P-S	Savings from new highway asphalt contract	-225
INC-I	Budget for income from Tables and Chairs Licences to reflect the income being generated	-25
INC-I	Permit and streetworks income increased due to changes in legislation and more efficient use of resources	-50
INC-I	Grant from Transport for London towards highway maintenance	-50
P-S	Reduction in Kensington Town Hall Car Park management fee due to renegotiated contract including absorbing some work internally at no extra cost	-23
P-S	Revised parking enforcement contract due to reduced Penalty Charge Notice issuance	-60
INC-I	Income generated by increased number of City Car Club bays	-50
EE-I	Reduction in the footways planned maintenance budget	-1,325
EE-I	Commercial Waste savings following removal of the congestion charge Western Extension Zone	-35
INC-I	Increased income from fees from Notting Hill Carnival traders	-10
EE-I	Reduced expenditure on recycling initiatives	-6
P-S	Reduction in sports centre Non Domestic Rates cost due to contractor becoming eligible for mandatory rate relief	-30
MC-R	Deletion of vacant Contract and Enforcement Officer post	-35
EE-I	Budget for Brompton Cemetery removed pending a decision on its future management	-337
EE-I	Cleansing contract - negotiate service reductions	-170
INC-I	Increased income from Parking Bay suspension fees	-1,600
INC-I	Increased income from Pay and Display charges	-2,600

INC-I	Increased parking income from removal of the Western Extension of the Congestion Charge Zone	-1,000
P-S	Share of corporate procurement savings	-37
EPB-R	Employee Private Health Care Scheme - cessation of Council contribution	-76
Savings sub-total		-8,241
Growth		£'000
G	Reduction in Pay and Display income	700
G	Reduction in Penalty Charge Notice income	500
G	Reduction in Off-Street Parking income	350
G	Decreased income from vehicle removals	350
G	Decreased income from clamping illegally parked vehicles	200
G	Motor Cycle Parking - change in charging policy to encourage more take up of anchors and release residents bays	27
G	Exhibition Road - additional street cleaning cost	75
Growth sub-total		2,202
Total Transport, Environment and Leisure Services		-6,039
Corporate Services - 2010/11 budget: £20.7 million		£'000
MC-R	Deletion of part-time Accountancy Assistant post in Financial services due to better use of technology	-19
MC-R	Reduction in Directorate salary budget	-10
MC-R	Deletion of two posts in Group Finance inc as part of management costs review	-79
EE-I	Reduction in Inspection Fees following abolition of Comprehensive Area Assessment	-40
MC-R	Reduced use of contractors and agency staff to undertake audits	-18
EE-I	Reduction in Risk Management Initiatives budget	-3
INC-I	Income from Registered Social Landlords to fund Housing Benefits Investigator post	-20
MC-R	Deletion of one Customer Services Advisor post made possible with growth in service and staff cross-training	-30
MC-R	Deletion of Customer Services management post, due to a review of processes	-50
INC-I	Increased Government contribution arising from Crossrail (less costs expected to be incurred by the Royal Borough)	-20
EE-I	Cancellation of outsourced cheque processing contract	-12
MC-R	Deletion of Assessment Officer post in Benefits Service	-36
INC-I	Introduce a charge for use of credit cards for payments to the council to cover transaction charges	-28
MC-R	Deletion of one post in Cash Collection	-20
MC-R	Deletion of three operational posts in Revenues following reorganisation	-114

	of service	
MC-R	Deletion of management post in Revenues following reorganisation of service (part of management costs review)	-50
P-S	Reduced landline call charges due to renegotiated contract	-10
P-S	Change network security controls to new supplier	-5
P-S	Reduced cost of GIS software licences following system restructure	-10
EE-I	Removal of rarely used dial-up network access and switch to broadband where necessary	-24
P-S	Reduction in mobile telephone costs due to new contract	-13
MC-R	Removal of all consultancy budgets across Information Systems Department	-52
MC-R	Reduction in external training for staff	-14
INC-I	Increased income from commercial lettings due to new and revised leases	-100
MC-R	Deletion of Senior Contracts Lawyer post	-38
MC-R	Deletion of vacant Legal Officer (Land) post	-25
EE-I	Reduction in books, publications and stationery budgets	-4
MC-R	Reduction in recruitment advertising costs	-3
P-S	Reduction in staff training, by using more free training provided by London Boroughs Legal Alliance	-10
MC-R	Reduction in agency staff budget	-11
MC-R	Deletion of part time Administrator post in Council/Scrutiny Team	-17
MC-R	Reduction in the number of Special Responsibility Allowances for members	-50
EE-I	Reduction in the councillors' Information Technology budget	-18
MC-R	Deletion of Kensington and Chelsea Partnership Support Manager post due to merger of posts (and partly as a result of Comprehensive Area Assessment abolition)	-43
MC-R	Deletion of Policy Officer post (partly as a result of Comprehensive Area Assessment abolition)	-50
MC-R	Deletion of Voluntary Sector Manager post due to merger of posts (as part of management costs review)	-13
SLC	Ceased payment to Westway Development Trust for sports facilities	-100
SLC	Reduced grant funding for voluntary organisations	-86
MC-R	Deletion of half a post	-16
MC-R	Deletion of Senior Personnel Officer post as part of departmental restructuring	-33
MC-R	Deletion of Personnel Officer post following review of payroll and as part of restructuring	-47
MC-R	Deletion of Response Handling Administrator post due to reduced work and as part of restructure	-14
MC-R	Salary savings from reorganisation of Personnel	-26
P-S	Savings from energy costs through pan-London procurement	-80
EE-I	Savings from reduced electricity consumption following the installation of voltage optimisation equipment	-64
EE-I	Savings in rent from relocating Records Management to Pembroke Road	-8
P-S	Reduced cost of postal savings through London Councils joint tendering	-22
P-S	Savings from reconfigured and renegotiated printing contracts	-13

MC-R	Deletion of one management post in Facilities Management, as part of management costs review	-53
EPB-R	Employee Private Health Care Scheme - cessation of Council contribution	-183
Savings sub-total		-1,804
Growth		£'000
G	Permanent funding for Media and Communications initiatives (growth in budget)	50
Growth sub-total		50
Total Corporate Services		-1,754
Total Net 2011/12 Savings		-12,048
2011/12 VALUE OF 2010/11 IN-YEAR SAVINGS		£'000
INC-I	Additional Income from Children's Centres	-203
SLC	Cease the current twinning arrangements	-17
MC-R	Rationalisation of posts transferred from the Learning & Skills Council	-50
EE-I	Efficiency savings in the Fostering Service	-30
MC-R	Reduction in agency staff costs	-20
MC-R	Reduction in school meals contract expenditure	-80
EPB-R	Pay freeze for employees	-240
Total Family and Children's Services		-641
P-S	Review of Housing Advice Service Kensington and Chelsea (HASKC)	-50
MC-R	Deletion of Housing Policy post	-23
MC-R	Reduction in resources devoted to private sector housing	-76
MC-R	Reduction in resources in Health and Safety	-44
MC-R	Reduction in one Private Sector Housing Team Technical Officer post	-36
MC-R	Deletion of Technical Officer post within Health and Safety	-36
P-S	Residential and Nursing Placements budget reduced	-112
MC-R	In-House Home Care Service - reduction in management costs	-95
SLC	Review of day services provided and funded by Adult Social Care	-198
MC-R	Reduction in training budgets	-100
MC-R	Saving in Personal Assistants/Administrators	-30
EPB-R	Pay freeze for employees	-270
Total Housing, Health and Adult Social Care		-1,070
MC-R	Salary budget reduction due to staff turnover	-46
EE-I	Reduction in Brighten up the Borough Fund providing grants for improvements to the physical environment	-5
EE-I	Scanning costs reduced due to lower number of applications	-10
EE-I	Development Control postage costs reduced due to lower number of	-10

	applications	
EE-I	Development Control advertising reduced due to lower number of applications)	-9
INC-I	Income from pre planning applications advice fees - <i>tranche 1</i>	-20
EPB-R	Pay freeze for employees	-26
Total Planning and Borough Development		-125
EE-I	Deletion of Business Transformation Budget	-50
P-S	On street parking enforcement contract efficiency	-13
SLC	Reduced Pay and Display maintenance expenditure	-55
SLC	Transportation and Highways supplies and services	-90
EE-I	Reduce contributions to cleansing innovations and maintenance funds	-50
EE-I	Review of street sweeping beats	-180
SLC	Stop weekend recycling collections from Lancaster West Housing Estate	-18
INC-I	Increased income from fees from Notting Hill Carnival traders	-10
INC-I	Additional income from filming in the Royal Borough	-50
EPB-R	Pay freeze for employees	-110
Total Transport, Environment and Leisure Services		-626
MC-R	Deletion of Finance post arising from management cost review	-35
EE-I	Cease contribution into the Repairs and Renewals Fund for equipment replacement	-90
EE-I	Reduction in budget for equipment replacement	-50
MC-R	Deletion of a Senior Auditor post	-50
MC-R	Deletion of a senior management post	-80
MC-R	Deletion of a Senior Solicitor post	-40
MC-R	Reduction on consultancy costs for investigating trading opportunities	-52
EPB-R	Pay freeze for employees	-138
Total Corporate Services		-535
Total Value of 2011/12 Savings		-2,997
2011/12 Savings to Match 2010/11 Specific Grant Cuts		£'000
SLC	Health Area Based Grant reduction including teenage pregnancy, substance misuse and healthy schools	-37
SLC	Connexions reduction in overall budget	-164
EE-I	Connexions reduction in overall budget	-55
SLC	Positive Activities for Young People reduction in overall budget	-153
EE-I	Positive Activities for Young People reduction in overall budget	-51
SLC	Stop funding the Advisory Centre for Education project in Family Services	-30
SLC	Reduce Positive Choices by £30,000	-30
AFR	Remove the Extended Schools Start-Up Area Based Grant budget	-169

Annex B

EE-I	Reduction in Child and Adolescent Mental Health Services management and efficiencies from service realignment	-65
EE-I	Shared service efficiencies in Child Death Review process	-22
SLC	City Learning centres	-217
EE-I	School Development Grant - reduction in Advanced Skill Teaching and Continuing Professional Development	-28
SLC	Excellence in cities - summer schools	-70
EE-I	Information and Communication Technology infrastructure services and hands on support	-58
EE-I	Learning mentors and excellence clusters	-52
EE-I	School Development Grant	-100
Total Family and Children's Services Area Based Grant Reductions		-1,300
2011/12 Savings to Match Final 2011/12 Grant Reductions		
SLC	14-19 Flexible Funding	-12
SLC	Reduction in funding to widen participation in Higher Education	-49
SLC	Revenue Funding for consultants to assist with Building Schools for The Future projects will cease	-50
SLC	Care Matters White Paper	-48
SLC	Child and Adolescent Mental Health Service	-75
EE-I	Child and Adolescent Mental Health Service	-25
SLC	Child Death Review Processes	-5
SLC	Children's Fund	-20
SLC	Children's Social Care Workforce	-9
SLC	Choice Advisors	-25
SLC	City Challenge	-16
SLC	Connexions	-40
EE-I	ContactPoint	-35
SLC	Think Family	-235
SLC	Education Health Partnerships	-45
SLC	Extended Rights To Free Transport	-4
EE-I	Harnessing Technology	-121
EE-I	LSC Staff Transfer	-143
SLC	Play Pathfinder	-73
SLC	Positive Activities For Young People	-40
SLC	Primary and Secondary National Strategies	-100
EE-I	School Development Grant	-486
SLC	School Improvement Partners	-36
SLC	Sure Start Grant	-591
EE-I	Sure Start Grant	-197
AFR	Sure Start Grant - 2 year old pilot	-50
SLC	Every Child A Talker	-142

SLC	Graduate Leadership Fund	-41
SLC	Aiming High for Disabled Children	-70
SLC	Sustainable Travel - General Duty	-5
SLC	Targeted Improvement Grant	-32
EE-I	Targeted Mental Health in Schools	-223
SLC	Youth Opportunities Fund	-75
EE-I	Youth Opportunities Fund	-25
Total Family and Children's Services		-3,143
AFR	Reductions to match grants for which the loss of funding had already been anticipated (Social Care Reform Grant, Stroke Grant, Campus Grant)	-1,268
P-S	Savings from the Supporting People programme	-400
SLC	Savings from the Supporting People programme	-332
Total Housing, Health and Adult Social Care		-2,000
	Reductions to pensions costs	-1,389
Total Whole Authority		-1,389
Total Value of 2011/12 Savings to match final 2011/12 grant reductions		-6,532
Total Savings		-22,877

Summary	Total £'000
Increased Income	-6,172
Management/Admin costs reduced	-3,928
Improved Economy/Efficiency	-5,754
Service Level Change	-4,137
Procurement saving	-1,381
Employee pay and benefits reduction	-1,244
Anticipated funding reductions	-1,487
Pension Contribution Reduction	-1,389
Total Savings	-25,491
Less Growth	2,614
Net savings	-22,877

THE COUNCIL'S KEY DOCUMENTS

Governance information

The Council's committee documents

<http://www.rbkc.gov.uk/committees/>

Forward Plan of all the Council's Key Decisions

www.rbkc.gov.uk/councilanddemocracy/howwemakedecisions/forwardplan.aspx

Scrutiny (including the Annual Report and Annual Work Programme)

<http://www.rbkc.gov.uk/councilanddemocracy/whatisscrutiny.aspx>

Council performance (including the Kensington and Chelsea Performance Report)

www.rbkc.gov.uk/councilanddemocracy/performance/performance-monitoring.aspx

Report to Taxpayers

www.rbkc.gov.uk/councilanddemocracy/performance/performance-monitoring/reporttotaxpayers.aspx

Council Finances (including the Statement of Accounts, Capital Programme and Revenue Budget)

<http://www.rbkc.gov.uk/councilanddemocracy/howthecouncilmanagesmoney.aspx>

Vital Messages (consultation database)

www.rbkc.gov.uk/councilanddemocracy/consultation.aspx

Equality and diversity (including the Equality Scheme 2007-10)

<http://www.rbkc.gov.uk/communityandlocalife/communityengagement/equalityanddiversity.aspx>

Royal Borough 2028 vision

<http://www.rbkc.gov.uk/councilanddemocracy/howthecouncilworks/howwemakedecisions/theroyalborough2028.aspx>

Strategies and plans

Community Strategy 2008-2018: The Future of Our Community (including A Picture of Our Community)

www.rbkc.gov.uk/kcpartnership/general/

Children and Young People's Plan and Review

<http://www.rbkc.gov.uk/voluntaryandpartnerships/childrenstrust.aspx>

Public Health and Well-being Strategy 2007-2012: Choosing Good Health Together

www.rbkc.gov.uk/councilanddemocracy/thecouncil/publichealthandwell-being.aspx

Joint Strategic Needs Assessment

www.rbkc.gov.uk/voluntaryandpartnerships/healthandwell-being.aspx

Carers' Joint Strategy 2009-2013

http://www.kensingtonandchelsea.nhs.uk/media/23024/kccarersjointstrategy_2009to2013.pdf

A Bright Future for Us All: An Older People's Strategy for Kensington and Chelsea 2007-2017

<http://www.rbkc.gov.uk/voluntaryandpartnerships/jsna/currentstrategyandresearch/olderpeoplesstrategy.aspx>

The Supporting People Strategy 2007-2012

<http://www.rbkc.gov.uk/housing/housingadvice/supportingpeople/policiesandstrategies.aspx>

Planning policies (including the Core Strategy)

www.rbkc.gov.uk/planningandconservation/planningpolicy.aspx

Visitor Strategy 2009-2020

<http://www.rbkc.gov.uk/environmentandtransport/ourservicecommitment.aspx>

Arts and Culture Policy 2009-2020

<http://www.rbkc.gov.uk/leisureandlibraries/cultureservice/artsandculturepolicy.aspx>

Environment Strategy 2006-2011 and Climate Change Strategy 2008-2015

<http://www.rbkc.gov.uk/environmentandtransport/climatechange.aspx>

Crime and Community Safety Plan

www.rbkc.gov.uk/communityandlocalife/keepingthecommunitysafe.aspx

Public Health and Well-Being Strategy 2007-2012

<http://www.rbkc.gov.uk/councilanddemocracy/howthecouncilperforms/publichealthandwell-being.aspx>