



2012-13

BUDGET PROPOSALS

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THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

ENGLISH

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FOREWORD

FROM THE LEADER

This document presents the Cabinet's financial proposals for 2012-13.

The country continues to face very serious economic and financial challenges. As planned, the Council will make a further reduction in its spending in 2012-13 to take account of reduced grant from the Government. We will continue to work hard to minimise the effects of these reductions on services to residents.

In 2012-13 we will see the first financial savings from the tri-borough collaboration with Westminster City Council and the London Borough of Hammersmith and Fulham. We will save around £2 million from sharing senior officers and undertaking major procurements with our neighbours. These savings should rise in subsequent years and contribute about half of all the savings we will need to make in 2013-14 and 2014-15. This will help us to protect, and in some cases enhance, services to residents.

The Government has extended its offer to pay grant in lieu of a council tax increase. Mindful of the many pressures on household budgets, the Council will freeze council tax at the level first set in 2009-10.

Despite the financial pressures, the Council continues to make the Royal Borough an even better place to live.

For example:

- We have completed the transformation of Exhibition Road into an open and welcoming public space, ready for the festival that we look forward to in 2012.
- We plan a new academy in Kensington and a rebuilt Kensington Leisure Centre.
- We will complete the re-building of Holland Park School in 2012.

We will save around £2 million from sharing senior officers and undertaking major procurements with our neighbours.

- We will meet all our other local manifesto pledges, such as continuing to invest in local policing and in our parks.
- We have launched 'City Living, Local Life' in response to the Prime Minister's vision of a Big Society, discussed on page 25.

Thank you.



Councillor Sir Merrick Cockell

Leader
Royal Borough of Kensington and Chelsea

Despite the financial pressures, the Council continues to make the Royal Borough an even better place to live.

Comments about this plan should be made to:

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INTRODUCTION

The Budget Proposals are organised and presented in the existing Council structure, which will change under tri- and bi-borough arrangements over the next few months.

This report presents the Cabinet's budget proposals for 2012-13 and sets out its broad approach to revenue budgeting, council tax and the capital programme to 2014-15.

Part I provides the context for the two parts that follow by describing the Council's revenue budget, which funds the large majority of Council services and activities, and its forecast income for 2012-13. 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 pressures on the Council's budget in future years.

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 peaked in 2010-11 at £416 million. The gross budget for 2012-13 is estimated to be £394 million - a cash reduction of £22 million over two years and a reduction in real terms of ten per cent, allowing for increases in prices.

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 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 business groups that deliver these services, and their budgets for 2012-13, are shown below:

TABLE 1: 2012-13 BUDGETS BY BUSINESS GROUP

SERVICE	£M	%
Children's*	140.4	35.6
Adult Social Care, Housing, Environmental Health	102.4	26.0
Planning and Borough Development	7.9	2.0
Environment, Leisure, Residents', Transport, Technical	69.3	17.6
Corporate	63.0	16.0
Other e.g. financing changes	11.0	2.8
Total spending on services	394.0	100

*Includes: Adult and Family Learning; Libraries; and Archives and Heritage

Information on the services each business group provides can be found at Annex A.

Two broad sources of income support general revenue expenditure:

- Funding (directly or indirectly) from the Government - this will contribute about 60 per cent of the Council's overall budget in 2012-13 (down from 63 per cent in 2010-11) and is made up of Formula Grant, Dedicated Schools Grant and a variety of other specific and general grants and payments.
- Funding from local sources - this will contribute about 40 per cent of the budget (up from 37 per cent in 2010-11). It comprises council tax income, car parking income, a variety of other fees and charges, rents from property and interest on investments.

TABLE 2: FUNDING OF THE COUNCIL'S SERVICES

SOURCE	£M	%
Formula Grant	98.9	25.1
Council Tax Freeze Grant	3.9	1.0
Dedicated Schools Grant	78.7	20.0
Other specific grants	25.1	6.4
Other grants and contributions	27.9	7.1
Sales, fees and charges	34.5	8.7
Car Parking income	41.0	10.4
Council Tax	78.0	19.8
Interest	0.5	0.1
Rents	5.5	1.4
Total funding for services	394.0	100

Income from council housing is excluded from table 1 because separate accounting rules apply to it (and to the spending associated with council housing). Please see Box 1.

BOX 1: HOUSING REVENUE EXPENDITURE

Kensington and Chelsea Tenant Management Organisation (TMO) is responsible for the management of nearly 10,000 properties on behalf of the Council. 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 within what is known as the Housing Revenue Account (HRA). Thus, the council tax payer cannot subsidise those in social housing. Nor can the rents and service charges paid by the tenants be used to fund unrelated Council services. Under the Local Government and Housing Act 1989, it is illegal for a Council to budget for a deficit on its HRA.

The Government is introducing a new funding regime for social housing within the HRA from April 2012. This is known as self-financing and aims to put local authorities in a position where the HRA can support their housing stock from its income. To achieve this, there will be an adjustment to the Council's level of debt.

The current proposal is that the Council will take on an additional £25 million of borrowing. Modelling shows that the reforms will improve the financial outlook for the HRA and should enable resources to be set aside for capital spending. The current backlog of HRA capital works is in the region of £40 million. Whilst these changes are to be welcomed, considerable work will be required to prepare for them, such as ensuring risks are identified and mitigated wherever possible.

The rents charged to tenants will be determined in accordance with Government guidelines. For 2012-13, the Council has consulted tenants on an average increase in rents of 7.6 per cent, which it judges will strike the right balance between the burden it places on tenants and the risks of incurring a future HRA deficit.

FUNDING FROM THE GOVERNMENT

Formula grant forms the largest component of income from the Government. The Council's share is calculated according to a complex national formula that compares the need for spending across all local authorities in England with the resources councils can raise for themselves. It is made up of business rates redistributed from a national pool (please see Box 2) and revenue support grant.

BOX 2: 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 body (the Valuation Office Agency) and the amount paid is set by the Government. Councils collect business rates on the Government's behalf; 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 are redistributed to those that generate lower amounts of rate income. The Council will collect over £260 million from local businesses in 2012-13.

From 2013-14 the Government is planning to reform this system to enable local authorities to retain at least a fraction of the value of any increase in space used by businesses. This will provide an incentive to local authorities to help businesses set up and grow.

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

The Council receives a variety of **other grants**, some of which are for specific purposes and some of which 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 income. It is set each year by the Council and paid by each household in the Royal Borough. The amount paid varies according to which of eight property value bands a 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. As there has been no comprehensive revaluation of properties since the council tax was introduced, the link between property value and council tax is somewhat tenuous.

As the table below shows, rates of council tax in the Royal Borough are significantly below the London and England averages. The six per cent increase in the Royal Borough's council tax since 2005-06 compares very favourably with the average increase across England of 19 per cent.

Allowing for price increases, the tax levied by the Council has fallen by 14 per cent in real terms since 2005-06.

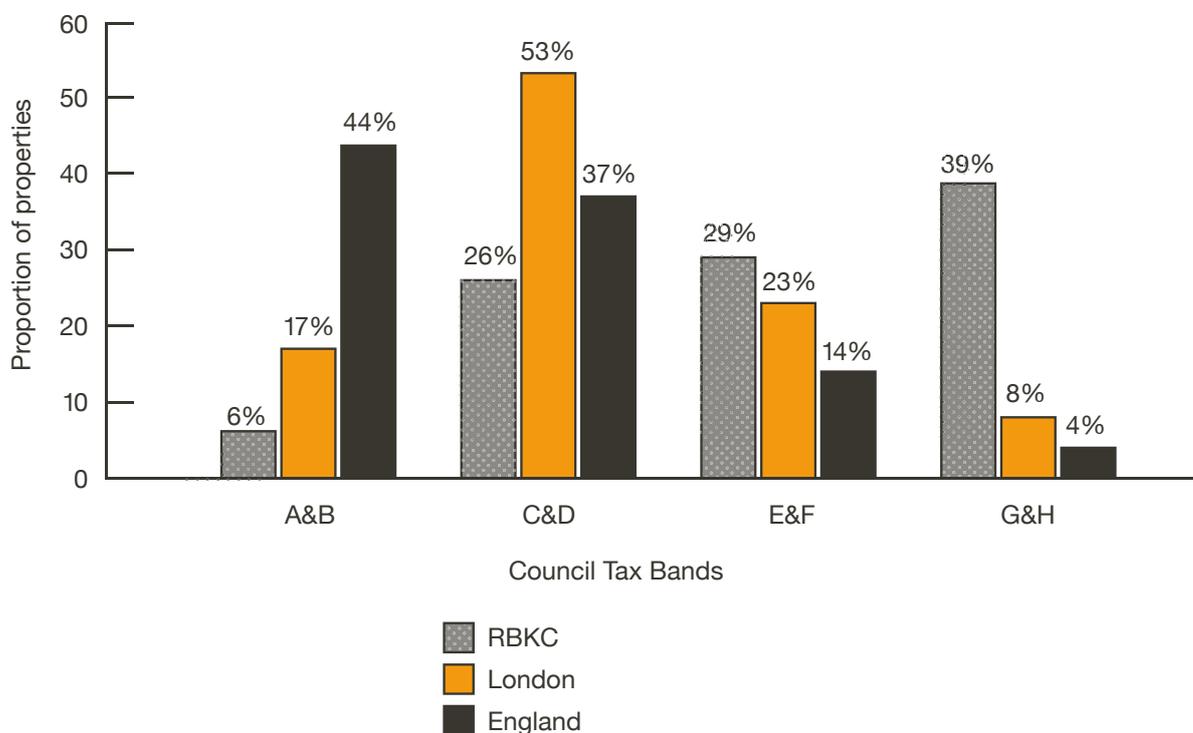
TABLE 3: RATES OF COUNCIL TAX 2011-12

COUNCIL TAX £	RANGE OF PROPERTY VALUES BY BAND (BASED ON 1991 PROPERTY VALUES)							
	A	B	C	D	E	F	G	H
	up to £40,000	£40,001 to £52,000	£52,001 to £68,000	£68,001 to £88,000	£88,001 to £120,000	£120,001 to £160,000	£160,001 to £320,000	£320,001 and above
Royal Borough	719	839	959	1079	1319	1559	1799	2158
Average in London	872	1018	1163	1309	1599	1890	2181	2617
Average in England	960	1119	1279	1439	1759	2079	2399	2879

There is a disproportionately large number of properties in the Royal Borough that fall into the higher property bands (please see Chart 1), so most households pay the higher rates of council tax. As such, the Council raises more per property than many other local authorities.

However, the Government makes full allowance for the money the Council can raise when it determines the Formula Grant the Council receives. 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 residents' parking permits, pay and display bay charges, income from penalty charge notices and parking bay suspensions. Allowing for the costs of running the Parking Service, these charges provide £25 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; cemeteries; trade waste; planning applications and liquor licences. Cumulatively, these will generate income of about £34.5 million in 2012-13.

Rental income from some of the property the Council owns, such as Young Street car park and some local shops, generates just under £6 million in revenue each year.

The Council's approach to investing the reserves that it holds is deliberately cautious, and interest rates are very low at present. Therefore, **investment income** is expected to provide a modest £500,000 in 2012-13.

PART II: SETTING THE 2012-13 BUDGET IN CONTEXT

ECONOMIC BACKGROUND

The past year has seen a sustained struggle to cope with sovereign debt crises in the Eurozone, high inflation, and stability rather than growth in the UK economy.

Pressures elsewhere in public spending, notably health, will also remain intense.

Last year's budget proposals discussed the fall in national output, now estimated to be seven per cent from peak to trough, following excessive borrowing and a collapse of confidence in the banking system. The past year has seen a sustained struggle to cope with sovereign debt crises in the Eurozone, high inflation, and stability rather than growth in the UK economy. The Chancellor's Autumn Statement on 29 November 2011 indicated slow progress on reducing the deficit and dimmer prospects for economic growth.

The Council remains of the view that the consequent reductions in grant to local authorities represent a permanent loss of income. Grant funding for local government is due to fall by about 26 per cent in real terms between 2010-11 and 2014-15, and will not recover thereafter as tax receipts cannot be sustainably increased as a share of national income. Pressures elsewhere in public spending, notably health, will also remain intense.

The Council's Cabinet therefore considers that the measures taken by 2014-15 must yield sustainable and long-term reductions in Council spending, rather than a short-term fix followed by a restoration of previous spending levels.

Alongside the reduced funding from the Government, the Council also wishes to keep council tax broadly stable.

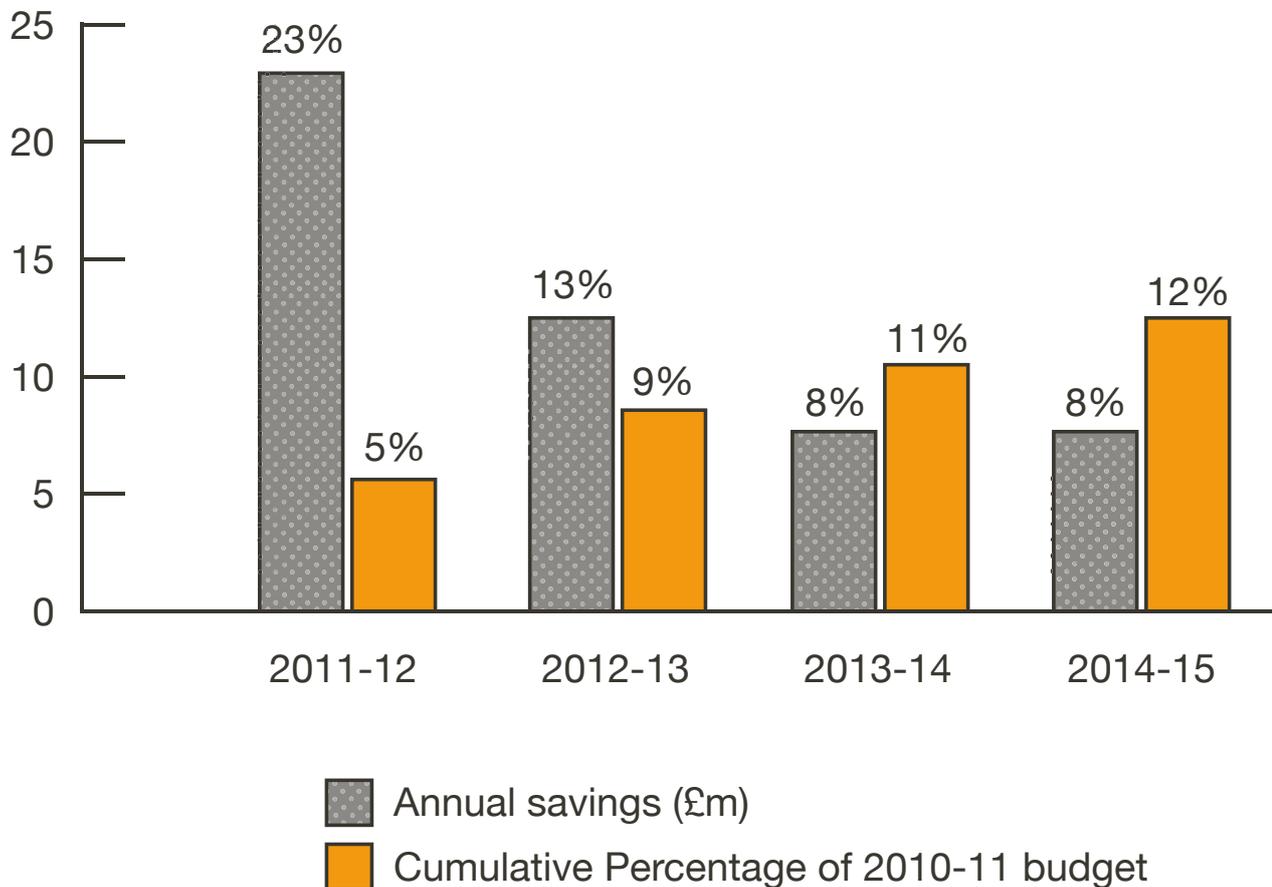
OUTLOOK

Alongside reduced funding from the Government, the Council also wishes to keep council tax broadly stable.

Allowing for inflation and various obligations upon the Council - for example, the growing costs of the Freedom Pass (the scheme that provides free travel on public transport for the elderly and others), Chart 2 below shows the reductions in spending, or increases in income, from charges, that the Council has achieved in 2011-12 and will need to achieve in each of the next three years to match its spending and income.

The chart indicates that savings equivalent to about 12 per cent of cash spending will need to be identified over these four years. From a savings total of about £52 million over these years, nearly £36 million of savings, representing both increases in income and reductions in expenditure, have either already been achieved in 2011-12, or are now clearly identified and ready for implementation in 2012-13.

CHART 2: SAVINGS BETWEEN 2011-12 AND 2014-15



PART III: MEETING THE CHALLENGE

STARTING FROM STRENGTH

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

- Over the last decade, the public sector at large expanded by a third in real terms. In contrast, the Council increased its spending by just over ten per cent; this caution in part reflected the view of the Cabinet that the previous Government's spending levels were unaffordable.
- The Council has never drawn down on reserves merely to balance the budget. Reserve use is focused on delivering local policy initiatives and improved infrastructure and facilities.
- It has sought savings from all business groups in each and every year to offset spending pressures and fund services of high priority.
- It subjects its accounts and plans to the scrutiny of Standard & Poor's, who has awarded the Council a 'AAA' rating for the ninth year running.

The Council has reserves amounting to £170 million as at 31 March 2011.

The Council has reserves amounting to £170 million as at 31 March 2011. As they can only be spent once, it is not sensible to use reserves to pay for day-to-day running costs. Instead they fund one-off costs, such as major building projects (including new schools and major streetscape improvements) which provide long-lasting benefits for residents; or can be used to reduce running costs, for instance by funding the acquisition of new information technology or the payment of redundancy costs.

The Council has long-standing plans to invest in infrastructure and has built up reserves and sold land in order to pay for them. The main projects are the re-building of Holland Park School, the Kensington Aldridge academy, a re-built Kensington Leisure Centre and the upgrading of primary schools.

THE COUNCIL'S RESERVES

The Council holds reserves in order to:

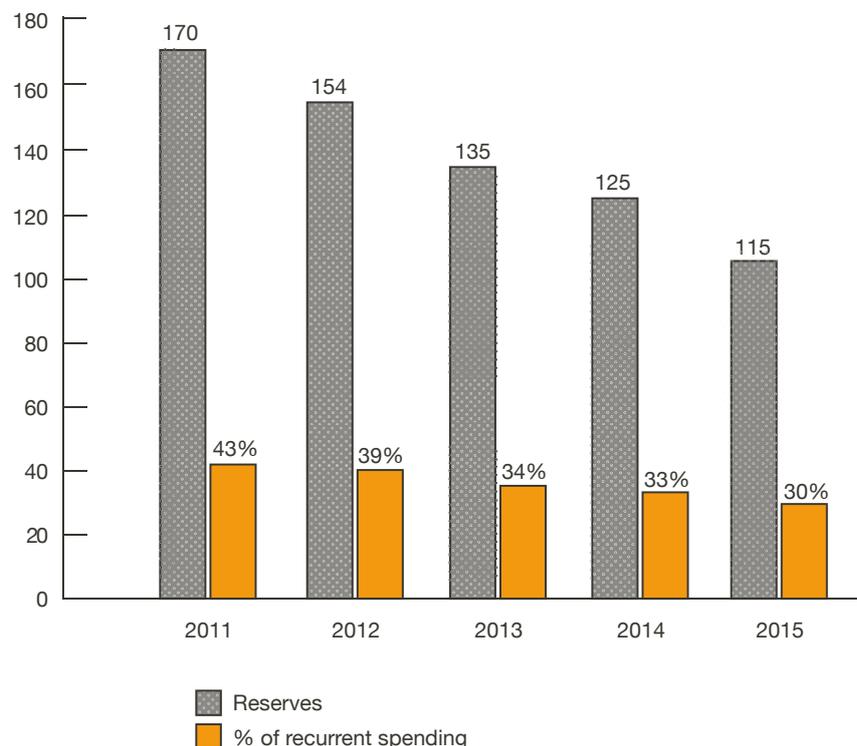
- help fund its capital programme - paying for capital improvements from money it has saved (rather than through borrowing) gives the Council greater flexibility, reduces risk and also marginally reduces costs
- meet other one-off costs - these may arise as a result of unforeseen risk, or as part of 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)
- allow for payments that fluctuate between years - for example, the cost of local elections and insurance payouts
- 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.

Capital reserves are accumulated to be spent on capital projects whereas revenue reserves are part of the permanent resources of the Council and in periods where interest rates deliver real returns, the Council intends only to spend the value of the real return.

The graph below shows the recent and projected level of the Council's reserves.

Over this period, total reserves will fall from £170 million as at 31 March 2011 to less than £115 million by 31 March 2015; thereafter, they will continue to decline. 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 is used to fund related capital projects. This reserve is also falling.

CHART 3: THE ROYAL BOROUGH'S RESERVES AS AT 31 MARCH EACH YEAR



THE COUNCIL'S CAPITAL PROGRAMME

The Council spends significant sums to improve its buildings, schools, streets and other property. The Council has contributed to the new Chelsea Academy, is re-building Holland Park School and has transformed Exhibition Road. It will build a new primary school at Warwick Road and plans to re-build the primary school at Middle Row.

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

The Council also has substantial capital assets such as land, offices, dwellings, vehicles, roads, bridges and buildings under construction that are cumulatively valued at some £1.4 billion. These need to be properly maintained if they are to serve the Royal Borough well.

The Council has been prudent and has not borrowed any money to pay for capital expenditure.

Spending on these assets 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 the Council's 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 balances, as shown in Chart 3. It is likely that capital receipts will fund much of the most notable additions to the programme – an academy for Kensington and a rebuilt Kensington Leisure Centre.

BOX 4 - KENSINGTON ALDRIDGE ACADEMY AND LEISURE CENTRE (KALC)

There is a great need for a new secondary school in the north of the borough, and the Kensington Aldridge Academy will help address this. Over 30 per cent of local students already travel outside the Royal Borough for their secondary education; by 2018, there is likely to be an increase of over 1,200 secondary school age pupils seeking places in the Royal Borough's schools. As a non-denominational school, the Academy will provide a greater choice of school to residents living in the area. The Council has £17.6 million of funding from the Government to build the new academy and will add £10.7 million from its own resources.

The Kensington Leisure Centre will be rebuilt on its existing site, which is adjacent to the Kensington Aldridge Academy, at a cost of £29.5 million. The rebuilt leisure centre will provide excellent new sports and leisure facilities to residents in the north of the Royal Borough. There will also be provision to improve the local 'public realm'. For example, new play equipment and landscaping.

The Council currently contributes £5.5 million from its revenue budget to its capital expenditure each year. This contribution enables the Council to support its capital programme without borrowing money – thereby avoiding the borrowing costs associated with doing so. This forms an important component of a balanced Council budget and its investment in its services.

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

CHOICES

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

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

The only long term options for the Council are to raise more money, to spend less money and to spend money differently.

Reserves can only be spent once. Using them to pay for services merely postpones the inevitable and weakens the Council's finances; ultimately the Council will still need to spend less money.

The Council maintains its capital programme at a level that is prudent, balancing its long-term financial stability against the need to improve services in the Royal Borough (particularly education) and to conduct cost effective maintenance and renewal of the Royal Borough's infrastructure.

RAISING MORE MONEY

(a) Council tax

Council tax represents a significant financial outlay for many people in the Royal Borough, especially households where the value of their home places them in one of the higher council tax bands, but their ability to earn income is constrained by age or other circumstances. Maintaining low levels of taxation is a Cabinet priority.

The Government also wants to see council tax levels kept low and has again offered local authorities an incentive not to increase their tax levels in 2012-13. The Council can continue to freeze council tax and gain grant equivalent to a 2.5 per cent increase in council tax in 2012-13.

(b) Interest on cash balances/reserves

The Council is forecast to receive £1 million in interest on its reserves in 2011-12, falling to £500,000 in 2012-13. This comparatively small return on such large sums of money reflects prevailing low interest rates and the cautious approach the Council continues to take to investment. A riskier investment portfolio would yield a higher rate of return, but would also place the funds – which the Council effectively

The income from parking charges is used to reduce the burden on local tax payers.

Maintaining low levels of taxation is a Cabinet priority.

Income from reserves is expected to increase gradually in future years as interest rates recover to more typical levels.

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 in future years as interest rates recover to more typical levels.

(c) Fees and charges

Fees and charges are an important source of income: they contribute some £75 million, or 20 per cent of the budget. The Council knows from consultation that residents would, on balance, prefer to see increases in fees and charges rather 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 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, which would otherwise fall to the revenue budget.

The Council raised some parking charges as of January 2011. The only increase planned for 2012 is to raise the cost of residents' parking permits in line with the rate of inflation.

Unless other considerations apply, charges will normally rise in line with the Consumer Prices Index. For 2012-13, significant increases to fees and charges are forecast to contribute £4 million of the net reductions in spending totalling £13 million.

The Council generates some £6 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 around £0.3 million.

Unless other considerations apply, charges will normally rise in line with the Consumer Prices Index.

SPENDING LESS

Given the modest contribution that can be made from increasing the Council's income, efforts to balance the budget have to focus mainly on reducing spending. This is feasible:

- The most recent research on pay differentials between the public and private sector indicates a 7.8 per cent premium for the former. The Council awarded no pay increase for inflation in either 2010 or 2011 and will not make any such award in 2012. There remains a performance-related pay scheme: about 500 staff may on average receive around a 1.5 per cent increase in pay related to performance.
- Public service pensions have grown in cost and are now much more generous than those available in the private sector. The Government plans to reduce the cost to the taxpayer of the Local Government Pension Scheme either through higher employee contributions or providing a lower benefit from the scheme. This might yield a saving for the borough from 2014-15 after the next three-year actuarial revaluation.
- Above all, there remains scope for greater efficiency in the Council, notably through bi- and tri-borough working, smarter procurement and better use of assets.

The Council has been able to reduce its spending by:

- delivering services more efficiently
- reducing back office, managerial and administrative costs
- making 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 significantly affecting levels of service. For instance, more efficient delivery of the road maintenance programme will enable the Council to save £1.4 million in 2012-13, whilst retaining one of the highest rates of spending on road maintenance in London.

There is also potential for the realisation of savings through how the Council uses its buildings. Using space in Kensington Town Hall and other buildings more efficiently - thus releasing some of the Council's estate for rent - will both reduce the Council's costs and increase its income. The Space Programme, which will refurbish and reconfigure Kensington Town Hall, will save £2.6 million a year once the works are complete.

The Council awarded no pay increase for inflation in 2011 and will not make any such award in 2012.

Bi-borough and tri-borough working should yield total savings of over £10 million a year for the Council by 2014-15.

Smarter contracting can also yield significant savings. Combined savings from reductions in the amount the Council purchases from companies or contractors (for things such as waste collection and parking enforcement for instance) will amount to over £2 million. Additionally, the Council has been able to save £500,000 from its Supporting People budget through contract negotiations and re-procurement of existing services.

Bi-borough and tri-borough working should yield total savings of over £10 million a year for the Council by 2014-15. Some of this will come from reduced management costs and the sharing of officers across councils; for instance, £140,000 will be saved through sharing our Chief Executive with the London Borough of Hammersmith and Fulham. It is expected that the majority of ongoing savings will be made through joint procurements to extract keener prices from contractors, and also through spreading best practice found across the three organisations. Tri-borough delivery of adult social care will realise savings of over £600,000 in 2012-13. One way this will be achieved is through the establishment of a joint Commissioning Team, which will enable the sharing of support service costs and the undertaking of joint procurements across the three boroughs.

(b) Reducing back office, managerial and administrative costs

The Council is also making savings in its own right through internal reorganisations.

Residents' overall satisfaction with the Council and with the services it delivers is amongst the highest in London. The Council believes that one reason for this is the investment that it makes in the management, systems and support that underpin front line delivery. However, this does not mean that savings cannot be made.

As already mentioned, bi- and tri-borough work with Westminster City Council and the London Borough of Hammersmith and Fulham is helping to reduce managerial and back office costs. The Council is also making savings in its own right through internal reorganisations, including: the recent centralisation of the Council's property management function, which will generate savings of £1 million for 2012-13 (see Box 5); and the reconfiguration of the in-house Home Care Service, which has already saved a total of £800,000.

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

BOX 5 - CENTRALISATION OF PROPERTY MANAGEMENT

The centralisation of property management and investment has already generated savings in maintenance and staffing: for 2012-13, this should amount to £1 million.

Prior to centralisation, property management was fragmented across the four larger business groups and, as a result, there was no overview of the service-related property requirements. Placed in the hands of one team, there continues to be rationalisation of maintenance and management costs across the Council, with more to come both locally and through tri-borough working.

The new Corporate Property Department was set up in June 2011, but work on the capital programme for 2012-13 to 2014-15 is already demonstrating a coordinated, needs-based approach to capital investment across the Council's valuable property portfolio.

Central management of property will deliver more effective and efficient property management at a lower cost, and will allow front line departments to concentrate their efforts on delivering essential services to their clients.

(c) Adjustments to service levels

In its search for ways to reduce costs, the Council has sought, as in previous years, to find the savings that do the least damage to services. Such is the level of savings now required, 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. For example, the review of the Council's Youth Support and Development Service (YSDS) will save £520,000 in 2012-13.

The majority of these savings will be found through efficiencies, with £200,000 being achieved through the cessation of a number of projects and services that are poor value for money and limited in their impact. However, the Council will be able to keep such reductions to a minimum, both now and in the future, through its proposals for the YSDS to become an employee-led mutual, which will ensure that the service is sustainable over the years to come.

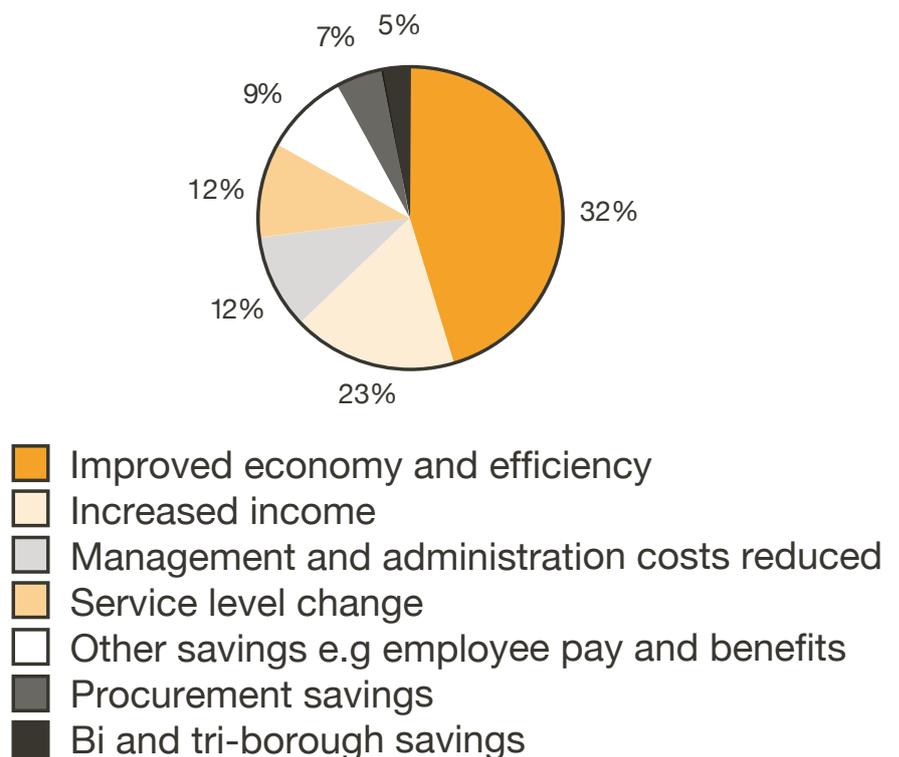
Likewise, the review of Early Years provision will by necessity result in some adjustments to current service levels. However, the large majority of the £1 million savings in Early Years will be achieved through management reductions and other efficiencies so that the impact on service users will be minimal.

The majority of these savings will be found through efficiencies, with £200,000 being achieved through the cessation of a number of projects.

Details of the Cabinet's proposals to increase income and reduce costs in 2012-13 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. The Council's financial planning disciplines require any such growth to be met by additional offsetting savings within the relevant business group.

The Council agrees with the Government that reductions in public spending should be found in ways that seek to minimise the impact on frontline services. Chart 4 illustrates crudely the contributions that can be made from different sources over 2011-12 and 2012-13. It indicates that perhaps only 12 per cent of the gross savings over these two years will result in a loss of service.

Chart 4: Estimated sources of £36 million of savings over 2011-12 and 2012-13*



* Please note that this pie chart excludes the growth set out later in this document

BOX 6 - CITY LIVING, LOCAL LIFE

City Living, Local Life is a programme that supports Councillors and communities working together to improve quality of life and increase neighbourliness.

Councillors will be at the heart of this approach and will work to:

- promote understanding of local areas
- build stronger connections and relationships within communities
- identify, assess and prioritise improvements
- engage and involve local people in choosing, designing and delivering local improvements.

The programme is open to all wards in the borough and will provide £20,000 each year to each ward taking part. It will aim to recognise and use the many different resources that are available in Kensington and Chelsea, and help Councillors support local projects and activities that have a lasting impact.

Projects supported by City Living, Local Life will focus on practical help and be based on evidence from residents about local need. The long-term goal is that neighbourhoods in the Royal Borough will become stronger and better able to lead local change and improve their lives.

SPENDING MONEY DIFFERENTLY

In order to maintain good and sustainable services in times of reduced funding, it is necessary to spend the money we do have differently. Through targeting spend at preventative services, empowering service users to make their own choices about the support they receive, and investing in community-based initiatives, the Council is able to alter the way services are funded on a long-term basis. A further constraint that the Council chooses to place upon itself is broadly to maintain its spending through the voluntary sector in cash terms. As a consequence, the share of the Council's spending on services delivered by the voluntary sector will grow as the Council's budget diminishes in cash terms.

(a) Localism

The Government's localism agenda seeks to encourage and enable more people to take responsibility for their local communities, rather than waiting for the State to act on their behalf. The Council has responded to this agenda by introducing its own local initiatives, including the City Living Local Life programme (see Box 6), which recognises that the best solutions to local problems can often be found locally. Such initiatives help communities to be more self-sustaining and therefore less reliant on services provided by the Council and other organisations.

(b) Adult Social Care

The Council's relationship with its citizens is changing. The Council is increasingly an enabler of services, rather than a direct provider of services; it recognises that, sometimes, better and cheaper services can be provided by external organisations, and that residents are best placed to determine their individual needs. Adult social care is one area in which this shift is taking place. For example, voluntary organisations have a strong preventative ethos and a long history of working with the Council. They can enhance the value of the Council's funding through their own resources, including the use of volunteers, and provide access to other services that the Council does not provide.

Giving users of adult social care choice and control over the support they receive is vital to enabling them to live life as they wish. One way to facilitate this is through the use of personal budgets, which allow people to arrange their own care and support. The Council has been at the forefront of introducing personal budgets, with the majority of residents with ongoing support needs allocated a personal budget and 30 per cent making their own arrangements.

By pooling national and local resources and working together across council borders, the three councils believe they can achieve better outcomes for their residents.

In addition, the Council was the first in London to introduce personal budgets for carers, which brings together funding from the Council and NHS through what is known as a 'pooled budget'.

Other measures that will bring about a sustained increase in the choice and control that residents can exercise of the social care services they use, is known as 'personalisation'. This will be delivered by:

- offering targeted support to help service providers adapt to personalisation
- encouraging the emergence of small, family and community-based micro-services managed by local people
- introducing new procurement processes and contracts for services that promote a more personalised offer.

(c) Children's Services

Another way to reduce spending is to focus on services that, over time, reduce demand for more expensive high-need services, known as 'preventative services'. For example, the Council works with families to solve small problems before they grow into big problems that are long-term, damaging and costly to solve.

To help achieve this, Family and Children's Services has redesigned its Early Intervention and High Needs services. Current services have been assessed to judge their impact on outcomes and their value for money. This has enabled the Council to establish service priorities that better reflect local need, and that will deliver savings of over £500,000 in 2012-13.

(d) Pooled budgets and integrated services

The Royal Borough, along with its tri-borough neighbours, has been selected to be a pilot for the Government's Community Budgets initiative. The pilot will investigate how funding from the Government can be pooled and initiatives better designed in partnership to help tackle problems, such as family breakdown and youth violence, more successfully. By pooling national and local resources and working together across council borders, the three councils believe they can achieve better outcomes for their residents.

CONCLUSION

To sum up, the Council continues to take a distinctive, medium-term view of its responsibilities.

On the revenue budget, the Council still plans to:

- keep council tax in the bottom quartile for London, minimising any increase over the medium-term
- reduce its spending, with scope for savings provided by: tri-borough working; by cutting public sector pay in real terms; reducing the cost of public service pension provision; and by bearing down on high unit costs. The Council should therefore be able to minimise the loss of service to residents.

Due to the strong control exerted on its revenue spending, the Council can continue to plan ahead for - and fund - the major capital projects that will make the Royal Borough an even better place to live.

ANNEX A

OVERVIEW OF THE BUSINESS GROUPS

SOME OF THE KEY SERVICES THE BUDGET PAYS FOR:

- 1,437 three and 1,267 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 looked after children.
- 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.

CHILDREN'S SERVICES

Family and Children's Services brings together all of the Council's services for children and young people, alongside libraries and adult and family learning.

Children's Services and the Libraries Service will be delivered tri-borough with Hammersmith and Fulham and the City of Westminster from 1 April 2012.

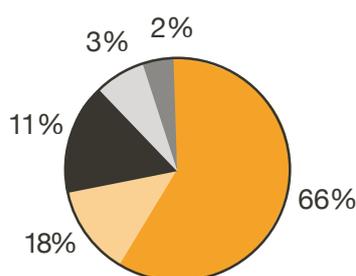
The business group comprises three main operational areas and two strategic and support functions.

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 and information technology.

The business group's budget 2012-13

- 66 per cent Schools, Quality and Standards
- 18 per cent Family Services
- 11 per cent Community Learning
- 3 per cent Strategy, Commissioning and Performance
- 2 per cent Resources

SOME OF THE KEY SERVICES THE BUDGET PAYS FOR:

- 301 older people in residential and nursing homes, and 81 people in supported accommodation.
- 819 older people receiving home care.
- 236 people with learning disabilities, physical disabilities, sensory impairment or mental health needs in residential and supported care.
- 254 people supported to overcome drug or alcohol problems, and 20 people with HIV/AIDS.
- 27,270 people issued with a Freedom Pass.
- 2,948 members of the Taxicard service.
- 2,838 people issued with a Blue Disabled Parking Badge.
- 1,130 households in temporary accommodation.
- 2,563 users of 'Supporting People' services.
- 1,114 food safety inspections.
- 14,490 pest control inspections/visits.
- 9,135 service requests to the Noise and Nuisance Service.

ADULT SOCIAL CARE, HOUSING AND ENVIRONMENTAL HEALTH

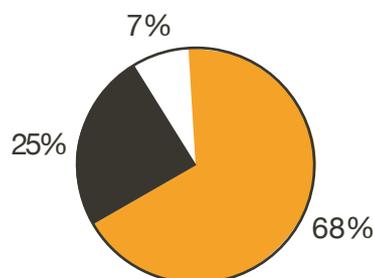
The Housing, Health and Adult Social Care Business Group has three main functions which commission and provide a range of services to improve the well-being of residents - particularly those in need of support.

Adult Social Care will be delivered tri-borough jointly with Hammersmith and Fulham and the City of Westminster from 1 April 2012.

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 2012-13

- 68 per cent Adult Social Care
- 25 per cent Housing Services
- 7 per cent Environmental Health

SOME OF THE KEY SERVICES THE BUDGET PAYS FOR:

- *Processing 1,250 building regulation applications and over 4,000 planning applications annually.*
- *Handling 1,200 enforcement cases.*
- *5,000 full searches of the local land charges register and 2,000 personal searches.*
- *Producing the Local Development Framework.*
- *Caring for 7,000 trees on the Royal Borough's streets.*

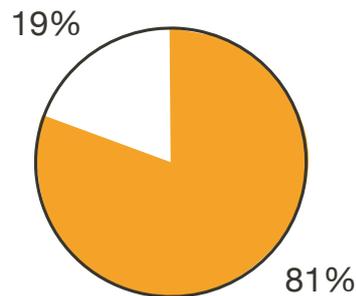
PLANNING AND BOROUGH DEVELOPMENT

The Planning and Borough Development 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.



The business group's budget 2012-13

- 81 per cent Planning Services
- 19 per cent Building Control

SOME OF THE KEY SERVICES THE BUDGET PAYS FOR:

- *Cleaning of 460km of pavements and roads.*
- *Collecting about 56,500 tonnes of refuse from 86,000 homes - 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 footways.*

ENVIRONMENT, LEISURE, RESIDENTS AND TRANSPORT SERVICES

While the work of Transport, Environment and Leisure Services 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.

Environmental Services will be delivered fully bi-borough with Hammersmith and Fulham from 1 April 2012.

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.

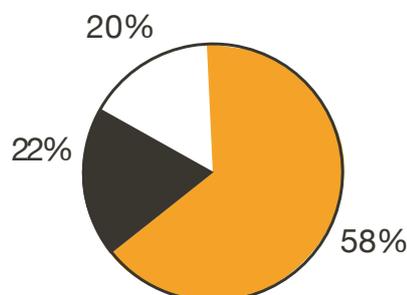
Transportation: Developing local transport policies and programmes.

Highways: Managing and maintaining the Royal Borough's streets.

Parking: On-street and off-street parking including enforcing parking regulation.

Licensing: Liquor and special treatments licensing.

Business Improvement: the Climate Change Programme, service delivering planning, performance monitoring, health and safety, research and consultation, and workforce development.



The business group's budget 2012-13

- 58 per cent Environment, Leisure and Residents' Services
- 22 per cent Transportation and Technical Services
- 20 per cent Car Parking on Street

SOME OF THE KEY SERVICES THE BUDGET PAYS FOR:

- *Providing 60+ Police Community Support Officers.*
- *Collecting council tax of £96 million from 87,000 dwellings and £260 million of business rates and business rates supplement.*
- *Payment of over £130 million of council tax benefit and housing benefit.*
- *Managing 270 properties in the commercial portfolio, with over 315 leases.*
- *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.*

CORPORATE SERVICES

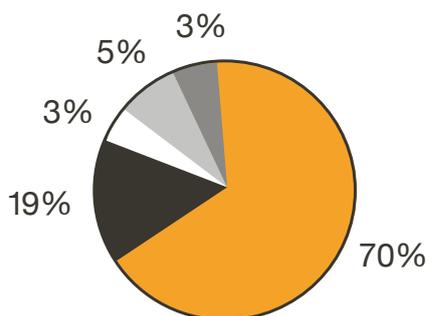
The Corporate Services Business Group includes both public-facing services and the Council's administrative and management functions. There are four main areas.

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, corporate property (centralised property management) and the Town Clerk's office.



The business group's budget 2012-13

- 70 per cent Benefits and Local Taxation
- 19 per cent Finance, Information Systems and Property
- 3 per cent Personnel and General Services
- 5 per cent Policy and Partnerships
- 3 per cent Other Services

ANNEX B

**PROPOSALS
FOR
SAVINGS
2012-13**

Due to the nature of the Council's decision-making processes, decisions on some of the savings proposals (such as those subject to consultation) will only be taken after the budget has been agreed by the Council in March.

Any change arising from such decisions will be dealt with as a variation to the 2012-13 budget through the Council's usual financial management arrangements.

Please note: percentages shown reflect the proportion of gross savings delivered through each category excluding the growth detailed in the table.

	Actual 2011-12 £'000	Proposed 2012-13 £'000	Total £'000	%
MC-R	-3,928	-1,275	-5,203	12
EPB-R	-1,243	0	-1,243	3
EE-I	-5,754	-8,641	-14,394	32
P-S	-1,215	-2,087	-3,302	7
SLC	-4,304	-828	-5,131	12
AFR	-1,487	0	-1,487	3
PCR	-1,389	0	-1,389	3
INC-I	-6,172	-4,038	-10,210	23
TRI	0	-2,235	-2,235	5
G	2,614	6,179	8,793	0
Total net savings	-22,877	-12,924	-35,801	100

KEY

MC-R	Management / administration costs reduced
EPB-R	Employee pay and benefits reduction
EE-I	Improved economy / efficiency
P-S	Procurement saving
SLC	Service level change
AFR	Anticipated funding reductions
PCR	Pension contribution reduction
INC-I	Increased income
TRI	Bi and tri-borough savings
G	Less growth

2012 -13 FINAL SAVINGS PROPOSALS		
CHILDREN'S SERVICES – 2011 -12 BUDGET: £55 MILLION		£'000
EE-I	Early Intervention Service process redesign	-350
MC-R	Management restructuring from the Early Intervention Service and High Needs Service redesigns	-200
EE-I	Improved service efficiency for high need adolescents	-150
EE-I	Improved targeting of parenting programmes and positive activities	-50
EE-I	Social work remodelling	-173
SLC	Social work remodelling	-173
EE-I	Review on delivery of play services	-100
EE-I	Review of Early Years provision	-830
SLC	Review of Early Years provision	-170
EE-I	Review of Youth Support and Development Service (YSDS)	-320
SLC	Review of Youth Support and Development Service (YSDS)	-200
TRI	Tri-borough delivery of Fostering and Adoption Service	-65
TRI	Tri-borough commissioning efficiencies for children with disabilities	-50
TRI	Tri-borough management of the Virtual School	-70
TRI	Tri-borough delivery of Education Services	-377
TRI	Libraries tri-borough working	-293
TRI	Tri-borough management of the Youth Offending Teams	-70
TRI	Single Local Children's Safeguarding Board (LCSB)	-25
TRI	Independent Review Officers	-25
TRI	Tri-borough senior management savings	-170
P-S	Review of care leaver placements	-145
EE-I	Service redesign of Disability Services	-100
EE-I	Increased efficiency of children's homes	-50
EE-I	Improved commissioning of assessments	-100
MC-R	Education Services	-323
MC-R	Finance restructuring	-75
MC-R	Centralisation of Information Communication Technology functions	-100
MC-R	Strategy, commissioning and performance	-75
INC-I	Integrated childrens' system licensing	-50
INC-I	Complete review of all aspects of school funding in response to the Schools White Paper and proposals outlined in the schools funding reform	-122
G	Parent Support Advisor - Choice (support for transfer from primary to secondary education)	50
G	Family Nurse Partnership (early intervention)	70
G	London Literacy Champions	30
G	Special Educational Needs provision at Barlby School	115
G	National Non-Domestic Rates (NNDR) increases for Council buildings	41
	Total	-4,694

The 'Stronger Families' programme has identified £2.6 million of the savings proposed for 2012-13. These will be delivered via a number of key projects funded from existing resources. The programme is reconfiguring services to ensure the Council intervenes 'early' to help families with minor problems in order to stop these developing into more damaging problems that require an expensive solution.

The Council will continue to support families, but reduce the cost by making services more effective and more efficient, and by targeting those families most in need. Specific examples include:

- £1 million of savings within the 'Early Years' services, amounting to 6.7 per cent of the total budget, which will be delivered through efficiencies in children's centre management and support services, and by the more effective deployment of resources.
- The Council will either discontinue services that do not provide value for money or find more cost effective means of delivering them. For example: £350,000 will be saved by the Early Intervention Service, worth 18 per cent of its total budget, by bringing together practitioners who are currently based in different teams in different parts of children's services; and £520,000 will be saved by the Youth Support and Development Service, worth 8.2 per cent of its budget, through the removal of duplication and discontinuing services that do not provide value for money.

The current phase of tri-borough work has focused on options for a combined children's services department. In the short term, cost reductions are being delivered through rationalised management and in the longer term, savings will be delivered through aggregated procurement, reduced duplication, harmonised pay and conditions, and optimised working practices. The tri-borough proposals will generate savings of £1.1 million in 2012-13.

Council spending on education services will fall by a further £323,000 worth 20 per cent of the budget. The changes are designed to protect frontline education services where possible and ensure that resources are targeted effectively to maintain high standards in schools, while reducing management and back office overheads.

2012-13 FINAL SAVINGS PROPOSALS		
ADULT SOCIAL CARE, HOUSING AND ENVIRONMENTAL HEALTH - 2011 - 12 BUDGET: £83 MILLION		£'000
INC-I	Use of social care funding allocation provided by the Department of Health	-2,269
TRI	Planned savings from the tri-borough arrangements for the provision of Adult Social Care services	-601
EE-I	Savings arising from the reconfiguration of the in-house Home Care Service	-800
EE-I	Deletion of a vacant post in the Quality, Contracts and Safeguarding Team	-29
EE-I	Removal of unallocated inflation provision	-89
EE-I	Savings arising from the reconfiguration of Mental Health Day Services	-110
P-S	Savings in the Mental Health Service placements budget	-150
P-S	Savings in contracts for work and training services for people with mental health needs	-60
EE-I	Deletion of the User Involvement Post in the Mental Health Service	-20
P-S	Savings arising from the new service arrangements at Piper House	-80
EE-I	Reduction in the home care budget through use of reablement and telecare	-150
EE-I	Reduction in placements budgets through use of reablement and telecare services together with effective purchasing of essential placements to ensure value for money	-230
MC-R	Deletion of a vacant administration post within the Drugs and Alcohol Service	-25
INC-I	Savings within the budget for detoxification services	-25
P-S	Savings within the Community Meals Service from a lower unit price following the planned retender	-30
EE-I	Savings within Learning Disability Short Breaks Services	-116
P-S	Learning Disability Supported Housing - savings through use of framework agreements	-140
P-S	Savings from retendering of Learning Disability Services residential contracts	-60
EE-I	Savings within Learning Disability Day Services	-203
INC-I	Extension of the Contributions Policy to Voluntary Sector Day Services	-50
MC-R	Centralisation of Learning and Development business support	-14
EE-I	Centralisation of property functions	-52
EE-I	Deletion of the vacant Workforce Development Coordinator post	-49
EE-I	Savings in telephony service	-11
G	A number of projects and services funded from the social care funding allocation provided by the Department of Health	2,119
G	Increased cost of the Freedom Pass (fare and usage increases)	605
EE-I	Reduction in staffing following a reorganisation of the Performance and Partnership, and Supporting People Teams	-146
P-S	Reduction in the Supporting People budget through decommissioning and remodelling of services, contract negotiations and reprocurement of existing services	-500

TRI	Planned savings from the bi-borough arrangements for the Environmental Health Service	-125
INC-I	Increased income from the Pest Control Service	-20
INC-I	A temporary transfer of funding from the Homelessness Directorate Grant to fund the Empty Properties Officer post within the Environmental Health Service	-60
G	Continue funding the Empty Properties Officer post for a further year following the withdrawal of sub-regional funding	60
G	Continue funding a Senior Technical Officer post following the withdrawal of external funding	24
	Total	-3,406

Reductions in staffing of approximately £700,000 arise from a reorganisation within Housing Services, bi-borough arrangements for the Environmental Health Service and tri-borough arrangements for Adult Social Care. None of these staff changes relate to front line staff.

Use of reablement and telecare services enables service users to become more independent and in turn reduces expenditure on home care and residential placements. Together with more effective purchasing, these should save £380,000.

A reconfiguration of the in-house home care service, thereby reducing the unit cost of home care services, is saving £800,000. This equates to a reduction of 8.5 per cent on the home care and direct payments budget.

Reductions in 'Supporting People' services of £500,000 (4.6 per cent) will be achieved through decommissioning and remodelling of services, contract negotiations and re-procurement of existing services.

Savings of £600,000 within learning disability services will be delivered through rationalisation, reorganisation and retendering of services.

Savings within mental health services of £320,000 will be made through renegotiating or retendering services, reviewing the need for current residential placements and re-configuring the day services.

2012-13 FINAL SAVINGS PROPOSALS		
PLANNING AND BOROUGH DEVELOPMENT - 2011-12 BUDGET: £5 MILLION		£'000
SLC	Reduction in tree maintenance works (street trees)	-25
EE-I	Saving on external scanning costs due to establishment of an in-house scanning team	-17
SLC	End "Brighten up the Borough" funding contributions	-10
EE-I	Reduction in staff training budgets	-15
EE-I	Deletion of one Registration Officer post	-17
SLC	Deletion of one Land Charges Officer Post	-30
SLC	Deletion of Access Officer post	-48
EE-I	Deletion of Enforcement posts	-20
MC-R	Deletion of Head of Conservation post	-62
EE-I	Savings in telephony service	-2
	Total	-246

The key aims for Planning and Borough Development in seeking savings for 2012-13 focus on maintaining front line services, particularly those that go to the heart of the Council's statutory duties and reputation, whilst seeking savings from procedural and process improvements.

The staffing savings of £177,000 have been achieved through the deletion of vacant posts in the Registration, Enforcement and Land Charges teams, together with voluntary redundancies in Conservation and Policy and Design. Reallocation of duties and a restructuring of the Business Group mean that these changes can be absorbed with minimal impact on service delivery. To that end, the front line Development Management function has been strengthened with the addition of five new posts funded from income.

A number of other economies are also proposed. There is an achievable saving of £25,000 on the maintenance of street trees, which represents 10 per cent of the existing budget. The £10,000 saving from reducing the contribution to the Brighten up the Borough Reserve is a small sum that it is anticipated will have limited impact. Savings on training budgets can be achieved by taking advantage of alternative training opportunities at zero or reduced cost.

2012-13 FINAL SAVINGS PROPOSALS		
ENVIRONMENT, LEISURE AND RESIDENTS'/TRANSPORT AND TECHNICAL - 2011-12 BUDGET: £21 MILLION		£'000
INC-I	Increased parking suspension income	-500
EE-I	Reduction in highways planned maintenance budget	-500
EE-I	Reduction in highway irrecoverable works	-23
P-S	Parking Enforcement contract savings	-80
EE-I	General running costs budgets	-150
INC-I	Street Works Permits income	-150
MC-R	Deletion of Highway Manager post	-60
P-S	Sports Centre contract payments	-160
MC-R	Deletion of Head of Enforcement post	-60
SLC	Reduced autoloo budget	-25
P-S	Cleansing contract - negotiated cost reductions	-336
TRI	Planned staff savings from the bi-borough arrangements for the Environment Group	-65
EE-I	Reduced support costs relating to lower issuance of Penalty Charge Notices (PCNs)	-175
EE-I	Pay and Display efficiencies	-80
EE-I	Reduced On-street Parking Enforcement contract contingency	-100
INC-I	Increased off-street parking income	-150
INC-I	Car club permits income	-100
SLC	Reduced number of free orange recycling sacks	-75
EE-I	Road and footpath maintenance	-900
INC-I	Increased cemetery charges	-200
EE-I	Savings in telephony service	-8
G	Realignment of Penalty Charge Notice (PCN) income budget	750
G	Arts Strategy Action Plan	150
G	Additional costs of Exhibition Road cleansing	175
	Total	-2,822

The one year transition budget of £500,000 relating to the change in footway paving materials can be removed. The additional reduction of £900,000 for road and footpath maintenance will mean longer time periods between resurfacing and more patching repairs. However, the Council will remain among the highest revenue spenders on highways maintenance per square kilometre in London and may remain the highest spender.

The cleansing contract reductions of £336,000 relate to reverting to twice weekly refuse collections, reorganised shifts and changes to street sweeping. Reducing the circulation of free orange recycling sacks by 25 per cent will save £75,000.

The supplementary agreement with the sports centre contractor has been renegotiated, saving £160,000.

Increasing cemetery charges by 25 per cent for residents and 50 per cent for non-residents will generate additional income of £200,000. Charges will be in the upper quartile for London and will better reflect the long term cost of provision. The Penalty Charge Notice income budget needs to be reduced by £750,000 to reflect current issuance levels.

2012-13 FINAL SAVINGS PROPOSALS		
CORPORATE SERVICES - 2011-12 BUDGET: £18 MILLION		£'000
TRI	Shared Head of Financial Services Post with the London Borough of Hammersmith and Fulham	-55
MC-R	Deletion of part-time administrator post	-13
MC-R	Deletion of Head of Resource Utilisation post (part year only)	-7
EE-I	Deletion of four posts in Financial Services	-88
MC-R	Deletion of Principal Auditor post	-55
EE-I	Reduced support budget for the Risk Management Board	-10
EE-I	Reduced number of Customer Service Advisors	-171
EE-I	Termination of redundant software licences	-10
EE-I	Cancel software licence and support contract for legacy database management software	-10
EE-I	Reduced landline to mobile call costs	-7
EE-I	Replacement email to text messaging system	-10
EE-I	Replace existing telephony channels with a cloud-based solution	-10
EE-I	Reduced costs of transporting IT equipment around the Royal Borough	-10
MC-R	Deletion of one Telephone Management post	-55
EE-I	Replacement of network contracts	-60
EE-I	Renew contract for network connection between data centres	-5
EE-I	Renew contracts for Internet access	-25
EE-I	Audit and remove unused landline telephone lines and services	-5
EE-I	Deletion of one Business Analyst post	-46
EE-I	Deletion of one Information Security post	-46
EE-I	Deletion of one Service Desk post	-42
EE-I	Charge customers the bank-charges arising from using credit cards	-12
EE-I	Deletion of four Benefits posts (known departures)	-137
EE-I	Deletion of Benefits Service posts toward end of 2012-13 (impact of benefits rules changes)	-39
EE-I	Reduced staff levels from efficiencies and greater automation	-78
EE-I	National Non-Domestic Rates (NNDR) court cost income	-30
EE-I	Voltage optimisation at Chelsea Old Town Hall, Pembroke Road Council Offices and Kensington Town Hall	-7
EE-I	Reduction in energy usage as a result of site decommissioning	-62
EE-I	Installation of solar photo-voltaic cells at Kensington Town Hall	-6
EE-I	Renewed energy consultancy contract	-7
EE-I	Reduced number of monochrome high volume production printers	-15
EE-I	Centralised stationery management	-12
P-S	The use of an alternative mail provider for the provision of Down Stream Access (DSA) into Royal Mail for last mile delivery.	-10
EE-I	Efficiencies in delivery of mailroom service	-20

P-S	General cleansing efficiencies at corporate offices	-9
P-S	Review of corporate-wide cleansing contract	-68
P-S	Re-procurement of security contract	-52
P-S	Re-procurement of the Multi-Functional Device (MFD) contract	-11
P-S	Rationalisation and renegotiation of more than 150 planned maintenance contracts	-40
EE-I	Reduced improvement works and office improvement budgets for Chelsea Old Town Hall, Kensington Town Hall and other Corporate Offices	-250
EE-I	Installation of energy efficient lighting	-17
EE-I	Closure of properties deemed surplus to service requirements	-51
EE-I	Reduction in planned maintenance	-72
EE-I	Reduced property maintenance budgets	-116
EE-I	Reduction in planned maintenance	-210
EE-I	Reduced staff costs resulting from centralisation of property management	-357
INC-I	Incremental investment property income	-100
INC-I	Expenses recovery from tenants	-50
INC-I	Income from new property developments	-22
INC-I	Income from former operational properties	-150
EE-I	Deletion of vacant solicitor post	-60
EE-I	Reduction in Counsels' Fees budget	-40
EE-I	Deletion of Employment Solicitor post	-30
EE-I	Reduced staff costs resulting from the establishment of the Integrated Planning Team	-30
MC-R	Deletion of one administrator post in the Council / Scrutiny Team (part year only)	-4
P-S	Savings on supplies and services from Governance Services	-24
P-S	Savings on supplies and services from Members and Mayor's Office	-13
EE-I	Reorganisation of Mayor's Office	-15
EE-I	Deletion of Voluntary Sector Manager post	-39
P-S	Cease payment to Westway Development Trust for sports facilities	-119
TRI	Tri-Borough saving from sharing the Chief Executive post with the London Borough of Hammersmith and Fulham	-140
TRI	Deletion of Assistant Personal Assistant to the Town Clerk and Chief Executive post	-31
EE-I	Reduction in Councillors' allowances, training and computer budgets	-13
EE-I	Savings on Police Community Support Officers (PCSOs) budget	-46
SLC	Reduced grant funding for voluntary organisations	-40
EE-I	Reduced London Borough Grant Scheme subscription	-40

SLC	Reduce the number of editions of "The Royal Borough" newspaper by two	-32
MC-R	Deletion of management post in Human Resources	-45
TRI	Deletion of senior management post in Human Resources	-73
MC-R	Deletion of senior management post in Human Resources	-102
EE-I	Reduction of Registrar post	-40
INC-I	Increased income from General Services	-20
G	Council-wide Carbon Reduction Commitment	262
G	Cost of salary protection resulting from centralisation of property management	65
G	Increased National Non Domestic Rates for vacant properties	42
G	Consultant and contractor costs (required to generate income)	45
G	Loss of rental income on Young Street	90
G	Outplacement support for staff affected by redundancy	50
G	City Living Local Life Initiative (ward budgets)	40
G	Target Hardening Programme (to help protect residents from burglary)	40
G	Transfer from capital to revenue spending of property maintenance costs (good housekeeping)	964
G	National Non-Domestic Rates (NNDR) increases for Council buildings	392
	Total	-1,756
	Total Net 2012 -13 Savings	-12,924

Corporate Services savings and growth proposals reflect a long term trend of real term reductions in net spending. Savings arising from bi and tri-borough are at an early stage and little credit is being taken in 2012-13 other than for sharing the posts of Chief Executive, the Head of Financial Services and the Director of Human Resources with the London Borough of Hammersmith and Fulham.

The Property Transformation Programme is merging the property and facilities management teams across the Council into a single team. This will deliver significant net savings from staffing reductions and the consolidation of contracts, worth £616,000 or 3.5 per cent of the gross costs of the new Corporate Property department. A reduction of 5 per cent in planned maintenance across the Council's property estate is planned, worth £116,000. This reflects anticipated savings from the re-procurement of a number of contracts. For Kensington Town Hall, planned maintenance budgets will be reduced by 15 per cent, worth £210,000, due to the benefits delivered by the initial stages of the project to refurbish all the office accommodation.

The other large savings comprise: £171,000 from a reduction of five posts in Customer Services due to customers making greater use of online services; and in Benefits, where an identity verification product will save time and four posts, worth £137,000 or 3 per cent of running costs, reflecting an expected reduction in workload and higher productivity.

Cabinet has stressed the priority of maintaining funding for voluntary organisations and it has been possible to hold the grants budgets steady in cash terms.

The growth item for the Carbon Reduction Commitment (£262,000) is a levy payable to central government from 2012-13 onwards. This is based on estimated carbon dioxide emissions at a charge of £12 per tonne.

ANNEX C

**THE
COUNCIL'S
KEY
DOCUMENTS**

GOVERNANCE INFORMATION

The Council's committee documents

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)

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

Council performance (including the Kensington and Chelsea Performance Report)

www.rbkc.gov.uk/councilanddemocracy/performance/performancemonitoring.aspx

Report to Taxpayers

www.rbkc.gov.uk/councilanddemocracy/performance/performancemonitoring/reporttotaxpayers.aspx

Council Finances (including the Statement of Accounts, capital programme and Revenue Budget)

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

Vital Messages (consultation database)

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

STRATEGIES AND PLANS

Community Strategy 2008-18: The Future of Our Community (including A Picture of Our Community)

www.rbkc.gov.uk/kcpartnership/general

Public Health and Well-Being Strategy 2007-12: 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 2009-13

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

A Bright Future for Us All: An Older People's Strategy for Kensington and Chelsea 2007-17

www.rbkc.gov.uk/voluntaryandpartnerships/jsna/currentstrategyandresearch/olderpeoplesstrategy.aspx

The Supporting People Strategy 2007-12

www.rbkc.gov.uk/housing/housingadvice/supportingpeople/policiesandstrategies.aspx

Planning policies (including the Core Strategy)

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

Visitor Strategy 2009-20

www.rbkc.gov.uk/environmentandtransport/ourservicecommitment.aspx

Arts and Culture Policy 2009-20

www.rbkc.gov.uk/leisureandlibraries/cultureservice/artsandculturepolicy.aspx

Environment Strategy 2006-2011 and Climate Change Strategy 2008-15

www.rbkc.gov.uk/environmentandtransport/climatechange.aspx

Crime and Community Safety Plan 2010-13

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



THE ROYAL BOROUGH OF
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AND CHELSEA