

How we spent your money

You pay for the Council's services through the Council Tax and through business rates, service charges and other taxes that you pay to central government, which in turn funds local government through grants. We aim to spend your money as efficiently and effectively as possible.

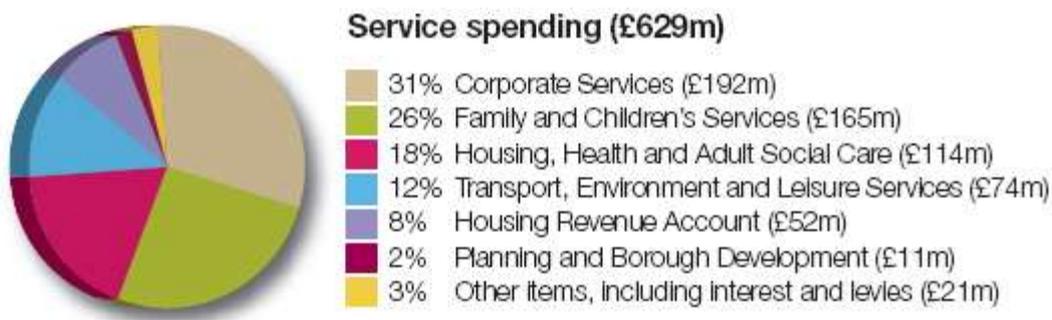
Each year our auditors check that our accounts are accurate. Once this is complete, we publish our full accounts on our website:

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

We now also publish details of all our spending over £500 and of staff pay.

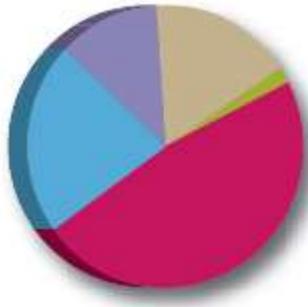
Our total spending on services

In 2009/10 we spent a total of £629 million. We spent £165 million on Family and Children's Services, which includes education; £114 million on Housing, Health and Adult Social Care, excluding £52 million spent on Council Housing which we are obliged to record separately as the 'Housing Revenue Account'; and £74 million on Transport, Environment and Leisure Services. The Corporate Services total includes £129 million of Housing and Council Tax Benefits that are paid for by the government, but administered by the Council.



How our spending is funded

In 2009/10 Council Tax funded £78 million, or 12 per cent, of our service spending, compared with £74 million in 2008/09. Our Council Tax rate was the fourth lowest in England.



Service spending (£629m)

- 17% Formula Grant (£104m)
- 2% Area Based Grant (£10m)
- 48% Other grants and contributions (£301m)
- 22% Fees and charges (£135m)
- 12% Council Tax payers (£78m)

The majority of our funding comes from the Government. Each year the Government pays us a sum of money, known as the 'Formula Grant', to help meet the general cost of services. In 2009/10 it totalled £104 million. We received a further £301 million to help pay for specific services, including funding to pay for Housing and Council Tax Benefits, and a £10 million 'Area Based Grant'. We raised £135 million in fees and charges. Our charges are low compared with other local authorities in London.

The money we receive from Government will be squeezed significantly from next year. This means we will have to choose more carefully than ever between different priorities; and we will have to change the way we think about services and how we deliver them.

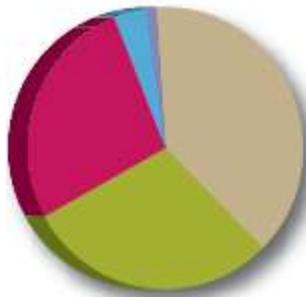
We will cut back-office costs and drive up efficiency before looking to frontline services. We have a good track record to build on: since 2002/03 we have found £53 million of savings. This year we renewed some contracts at lower levels, froze senior staff pay and we reduced management costs, including novel steps such as sharing two senior posts with Hammersmith & Fulham. Our plans to make better use of the space at the Town Hall will save £2.5 million a year.

The Council Tax

The amount of Council Tax you pay depends on which 'band' the property you live in has been placed by the Government's Valuation Office Agency. Added to this sum is the amount of money the Greater London Authority needs to raise through the Council Tax. People in some areas pay an additional sum towards the upkeep of their local Garden Square. In return for the Council Tax, residents receive services that have been independently assessed as among the very best in the country.

Capital spending

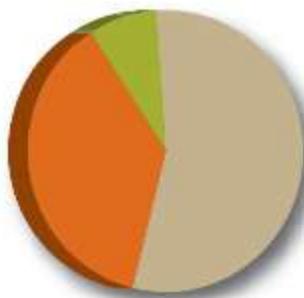
We invest significant sums to improve our buildings, schools, streets, Council Housing and other property. This spending is known as 'capital spending' and is recorded separately from our spending on services. In 2009/10 our capital spending totalled £47 million.



Capital spending (£47.1m)

- 39% Housing, Health and Adult Social Care (£18.6m)
- 30% Transport, Environment and Leisure Services (£14m)
- 27% Family and Children's Services (£12.5m)
- 4% Corporate Services (£1.9m)
- <1% Planning and Borough Development (£0.1m)

We funded our capital spending 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.



How capital expenditure was funded

- 55% Grants and contributions (£25.9m)
- 37% Reserves (£17.4m)
- 8% Capital receipts (£3.8m)

The balance sheet

Our balance sheet is a snapshot of everything that we own (assets) and that we owe others (liabilities) on the last day of the financial year. Our finances and balance sheet are very sound. The value of our capital assets, which mainly comprise buildings and land, rose to £1.35 billion. This financial strength has been recognised by Standard & Poor's, one of the world's leading specialists in the area. They have given us a rating of 'AAA'. We hold reserves not only to pay for future capital spending, but also to meet any potential demands that cannot be foreseen, such as higher demand for services or lower income arising from the recession. We currently hold £193 million in usable reserves, £63 million of which will help pay for our ambitious capital investment programme and £14 million to further regenerate parts of the Royal Borough. There is £32 million held in the Car Parking Reserve, which can only be used to pay for transport and environmental improvements.