

How we spent your money 2008-09

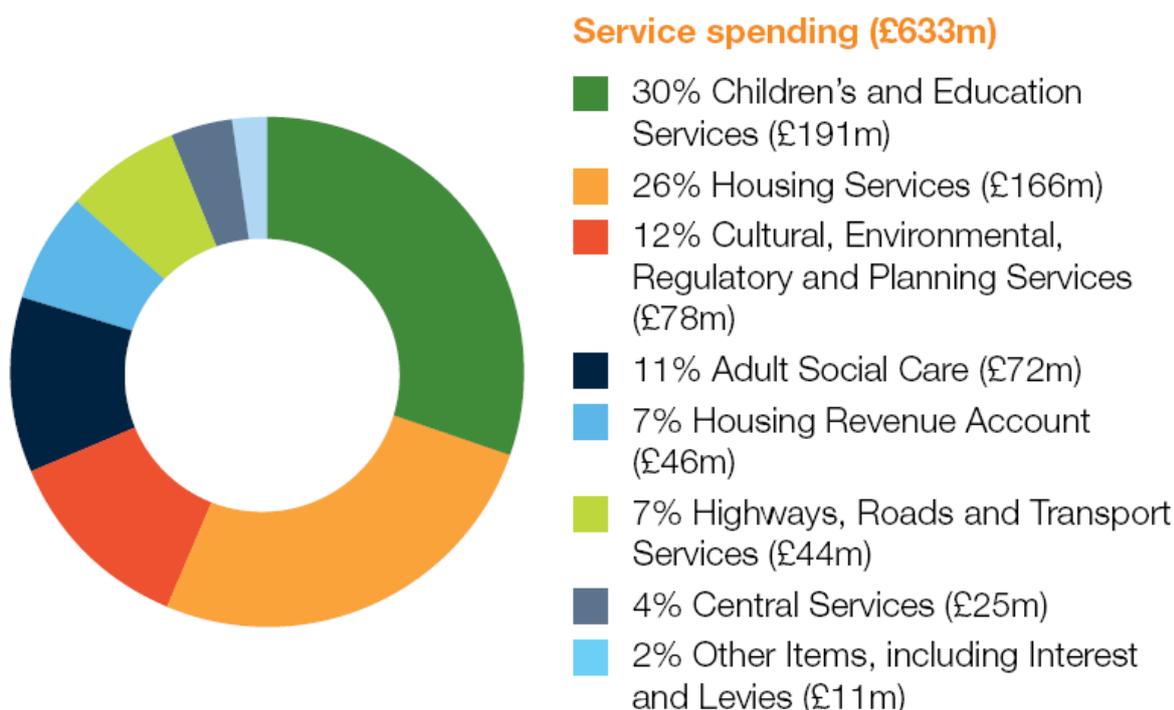
You pay for the Council's services through the Council Tax and through business rates, service charges and other taxes that you pay to central Government, which in turn funds local government through grants. We aim to spend your money as efficiently and effectively as possible.

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

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

Our total spending on services

In 2008/09 we spent a total of £633 million. We spent £191 million on Family and Children's Services, which includes education; £166 million on Housing Services, including housing benefits funded by the Government (and only administered by the Council); and £72 million on Adult Social Care. The 'Housing Revenue Account' relates to spending on Council Housing, which we are legally obliged to record separately.



How our spending is funded

In 2008/09 Council Tax funded £75 million, or 12 per cent, of our service spending, compared with £72 million in 2007/08. Our Council Tax rate was the fourth lowest in England.



How service spending was funded

- 52% Other Grants and Contributions (£329m)
- 16% Formula Grant (£103m)
- 13% Fees and Charges (£80m)
- 12% Council Tax Payers (£75m)
- 6% Deficit for the Year (£36m)*
- 2% Area Based Grant (£10m)

* This is purely an accounting entry that does not reflect cash spent on services. It reflects one-off accounting entries, including downward property revaluations.

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 2008/09 it totalled £103 million. The Government paid us a further £247 million to help pay for specific services and a £10 million 'Area Based Grant'.

We raised £80 million in fees and charges to help pay for services. Although a large sum of money, our charges are low compared with other local authorities in London.

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 separate from our spending on services. In 2008/09 our capital spending totalled £33 million.



Capital spending (£32.5m)

- 47% Housing, Health and Adult Social Care (£15.1m)
- 24% Family and Children's Services (£7.9m)
- 23% Transport, Environment and Leisure Services (£7.5m)
- 6% Corporate Services (£2m)

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. We borrowed £5 million to pay for improvements to Council Housing.



How capital expenditure was funded

- 43% Grants and Contributions (£13.8m)
- 38% Reserves (£12.5m)
- 16% HRA Borrowing (£5.1m)
- 3% Capital Receipts (£1.1m)

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. Accordingly we can fund an ambitious capital programme to make the Royal Borough an even better place to live, and we were able to pay an efficiency dividend to residents in April 2009. The value of our capital assets, which

mainly comprise buildings and land, rose to £1.2 billion. This financial strength has been recognised by Standard & Poor's, one of the world's leading specialists at assessing the financial strength of organisations. 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 £198 million in usable reserves, £63.7 million of which will help pay for our ambitious capital investment programme and £14 million to further regenerate parts of the Royal Borough. A further £37.7 million is held in the Car Parking Reserve, which can only be used to pay for transport and environmental improvements.

Consulting you on the 2009/10 budget

Each year we consult with you to help set the budget and to inform service priorities. To do this, the Residents' Panel is surveyed and every other year the Council undertakes a SIMALTO exercise. SIMALTO asks respondents to identify whether they would like to see spending increase, remain stable or decline in particular areas. These choices are 'traded off' against the level of Council Tax needed to fund them. The level of Council Tax for 2009/10 reflects what you told us; generally that Council Tax should increase modestly to prevent services being cut. We seek to maximise the value for money you receive, and made savings of £4.9 million in 2008/09 and £5.4 million in 2009/10.