

Council Meeting 23 February 2023

Liberal Democrat Group Amendment to the Council's Budget Proposals 2023/24

INTRODUCTION

As a service-based organisation Brent Council should be putting residents' needs and concerns at the forefront of all that we do.

The Council's finances are volatile and impacted by events outside of its direct control. Local Government is frequently impacted by the actions of others – including Central Government and the Mayor of London – who have readily placed additional burdens on Brent without providing the necessary resources.

A brief history:

- Devaluation of the sterling during the Wilson Labour Government in the 1960s.
- The 'Winter of Discontent' during the Callaghan Labour Government in late 1970s.
- The Thatcher Government's policy to sell Council Housing in the 1980s.
- Collapse of sterling during the ERM crash under John Major's Conservative Government in 1992.
- Tony Blair's Labour Government health reforms which shifted the cost of Adult Social Care onto local authorities.
- Gordon Brown's Labour Government £850 billion bailout of the banking sector in 2008 and Alistair Darling's promise of "*cuts worse than Thatcher*".
- The current Conservative Government's Brexit fiasco and continuing to make Council taxpayers pay for Adult Social Care through enforced Council Tax hikes.
- The policy of successive Governments to shift resources away from London.
- The Financial Crisis at the GLA forcing the Labour Mayor of London to raise his share of the Council Tax by a cumulative 30% in just 3 years and to cut his contribution towards road and pavement repairs.

These events have all over the years created greater burdens and passed on additional cost pressures to Brent Council.

Despite all of this, successive Brent Council Administrations, of different political persuasions, have tried to manage the situation as best as they could.

It is the responsibility of the current Labour Administration to present a Budget and for the Full Council and Councillors of all political parties in this place to scrutinise their proposals and to provide amendments and suggestions for improvement.

Brent Council provides many statutory services but also has discretion on some services it provides and the level of funding.

Council finance is complex and neither well explained to the general public.

Brent residents do have justified concerns on many issues and would like to see improvements especially as their Council Tax is going up by 6% this year (*the highest amount for some years*).

As we know 95% of the Budget is unchanged from the previous financial year and any changes proposed by the Administration make marginal adjustments. The reasons for this – inflation, change in Government funding, additional burdens – are all set out in the Administration proposals.

The best approach in putting forward additional ideas for consideration by all Councillors, not just the Cabinet, is therefore through considered amendments.

The Liberal Democrat Group have discussed the financial situation with senior officers of the Council and reviewed the existing Budget as a whole. This is a complex process as most Council Reports only provide top level information. In our view the Budget Scrutiny Process should start much earlier than it does and concentrate next year on reviewing all areas of expenditure and income in much greater detail.

One area worth exploring for example is whether it is still appropriate for the Council to occupy the Civic Centre. While the Civic Centre approach may have been appropriate 15 years ago when the Council occupied a number of scattered and old buildings – many of them on short life leases – and where consolidation brought about both costs savings and greater efficiency, subsequent events, including the pandemic, has changed the situation and possibly the need for the Council to continue to occupy such a large building, large parts of which are currently empty and underused.

Expansion of home working and loss of some sitting tenants confirm that change may be needed.

The Council should therefore review its future accommodation needs and consider whether the Civic Centre site could be better used for a mixed development including additional housing. The need for such a review is clearly needed as the Cabinet have just decided to spend a staggering **£1.96 million** to reconfigure part of the Civic Centre. Compared to other pressing needs for Council funding this cannot possibly be a top priority.

In view of this, the recent decision by the Cabinet to spend the £1.96 million should be out on hold.

In relation to other proposals the Liberal Democrat group have listened to local residents and groups active across Brent. Our amendments to the Administration's Budget aim to enhance the offer and respond to local needs.

1. THE STATE OF ROADS AND PAVEMENTS

Prior to the 2022 local elections the Administration allocated £20 million for pavement works in one year. Much of the work was not well planned and many pavements were ripped up which were in perfect condition and when much cheaper remedial work would have been sufficient.

For example, the pavement work in Wembley High Road is not complete while the road surface itself is in an appalling state.

Due to financial problems at City Hall the Mayor of London has **CUT** his contribution to Brent for capital works.

The current 'Capital Budget' includes £13 million spread over 3 years.

This is clearly inadequate in dealing with the backlog of works and will disappoint residents across all wards in Brent.

Part of the problem with our roads is lack of effective preventative maintenance. A simple look will confirm that many potholes appear in the middle of the road where two halves (*most resurfacing is done on basis of half in one direction first and then then the 2nd half*) are joined. After a while the seal between the two halves wears off and a split appears through which water seeps through. In many cases regular maintenance to reseal the joints will prevent large scale potholes arising and prevent more extensive and costly works being necessary.

Many of our main roads (and pavements) are damaged by the ever-increasing construction traffic using Brent roads – these are usually the main 'A roads' but often residential roads are also used as short cuts from the North Circular – Beresford Avenue, Mount Pleasant, Stanley Avenue and Ealing Road in Alperton, for example.

PROPOSAL

We propose:

1. To increase the Capital Budget for road and pavement upgrading to £20 million and instruct officers to prepare a 3-year program of works, recommending as high spend in the 1st year as the construction industry can cope with. There are many roads and pavements in Brent that cannot wait another 3 years for the essential work to be carried out. £2 million of the £20 million Budget to be allocated to regular preventative maintenance works over the 3 years to extend the life of existing road surfaces.
2. To allocate £10 million of the £20m to be spent on repairing or resurfacing major roads in Brent damaged by construction traffic. Part of this is to be specifically used to repair crumbling and cratered bus lanes and bus stops across Brent,

this is essential as we need to have efficient and unobstructed public transport to meet the Council's challenge to persuade new residents moving into new development to abandon cars and use public transport instead. This will also assist in persuading people to cycle as the poor condition of bus lanes and bus stops is currently extremely dangerous for cyclists.

3. To allocate an additional £2 million to develop further safe cycle routes across Brent.

FUNDING

Cabinet approved an additional £15m investment in principal roads and footways from 2022/23-2025/26 of which £2m has been utilised in 2022/23. Therefore, there is £13m remaining. A further £7m will be required to reach the £20m target. Assuming a contribution of £2m can be justified from CIL, the total capital budget will be £22m. Overall, £7m of new borrowing will be required to fund these proposals. Total borrowing of £7m will incur an ongoing revenue cost of £0.7m. It is proposed to fund this revenue cost by reducing the growth that has been added to the budget since the draft budget was agreed by Cabinet. Growth has been added to the 2023/24 budget, mainly to cover the inflationary pressures expected in that year. However, given the Council is setting up an inflation risk reserve to manage additional one-off pressures, we feel that reducing growth for inflation by just £0.7m carries the least amount of risk, as the base budget already includes a reasonable level of allowance for inflation. It is a risk, but one that could be mitigated if, for example, the Bank of England's rising interest rates have the effect of reducing inflationary pressures faster than currently assumed.

2. POST COVID RECOVERY

Our community continues to suffer the impact of the pandemic, which as we know was felt disproportionately in our borough. The health inequalities that have been exposed and highlighted by Covid-19 will take many years to address.

One group of vulnerable people, for whom Covid infection was more dangerous were regular smokers and those regarded as clinically overweight.

As part of post Covid recovery the Council should provide a 3-year programme of support, advice and direct activities to assist people to follow healthier lifestyles through giving up smoking and taking part in healthy activities.

The Council Reserves include £8m from the Public Health grant, which is currently not committed and is intended to fund various Public Health initiatives, such as tackling health inequalities. We propose that £1m of this reserve is utilised to fund our priorities.

PROPOSAL

We propose:

1. To develop programs for:

- a. Assisting smokers to give up smoking.
 - b. Providing additional sporting related activities for adults with weight or other health issues.
2. Create a **new Grant Fund** of £250,000 per year for 3 years to encourage local community organisations to bid for health/ sport related activities for children and young people together with advice about smoking prevention, healthy eating and healthy lifestyles.

All of the above being intended to make people of all ages more active and thus resilient to infections such as Covid

A campaign to persuade local people to give up smoking has financial benefits too, at a time of massive squeeze on family incomes. Smoking is an expensive habit and the people who benefit most from this are Tobacco Company executives. **The overall pay package for the BAT (British & American Tobacco) Chief Executive. is around £4 million a year – over 20 times the amount paid to the Prime Minister.**

Smokers need to be reminded that their unhealthy habit is making others very rich!

3. A NEW YOUTH OFFER

We know that in recent years young people have had it tough. Where previously the Council has been able to provide certain targeted services through the Children and Young People Service, at present this is limited, and often relies on community organisations to obtain grant funding, often through NCIL, where there is no guarantee of success.

We are principally concerned about young people in our community from economically deprived backgrounds who often need the most support early in their lives.

The isolation caused by the pandemic and other factors has made matters even more difficult for young people. Direct Council services providing support and activities for young people, as well as targeted support, needs to be enhanced to assist in their positive development.

PROPOSAL

We propose:

1. Allocate and transfer £1.5 million from the unspecified £10 million inflation provision to a new ring-fenced provision for a new 'Youth Offer' provision of £1.5 million to be spent over the next 3 years.
2. The £1.5 million to be supplemented by the Brent Grant Unit applying (or assisting community groups to apply) for specific grants supporting young people activities with the aim of enhancing the fund beyond its initial 3 years.

FUNDING

As part of the 2023/24 budget the Council has set up a £10m inflation risk reserve *'to smooth out the effects of high and volatile inflation on the Council's budgets. The reserve will be used to offset additional pressures on service budgets which arise as a result of inflation exceeding what was forecast at budget setting, thereby reducing the requirement for savings in order to balance budgets in the short term.'*

We believe that this reserve is excessive and could be reduced by £3m to fund the initiatives suggested above. This commitment is one off and after three years the services are expected to be self-financing or otherwise discontinued.

4. MAKING BRENT GREENER

The Council does not currently have a specific main program budget for new trees relying on Section 106 agreements or one-off ad-hoc funds.

The pandemic highlighted the importance of our open green spaces, the value of trees and access to nature.

PROPOSAL

1. Allocate and transfer £500,000 from the unspecified £10 million inflation provision to a new ring-fenced Tree Fund which will be used to plant new or replacement trees and improve planting in our open spaces. The aim is to spend the £500,000 over the next 4 years at a rate of £125,000 pa.

The £500,000 to be supplemented by the Council Grants Unit applying (or assisting local community groups to apply) for specific grants for new trees or improvements to Parks and Open spaces with the aim of enhancing the fund beyond its initial 4 years.

FUNDING

As per the new youth offer, this expenditure is considered one-off and could be funded from reserves. It is proposed to further reduce the inflation risk reserve to fund this service.

5. STREET CLEANING AND BINS

The Cabinet recently approved the new *Contract for Street Cleansing, Waste Collections and Winter Maintenance Services*. The contract includes both changes and reduction in certain services.

Brent faces a serious problem with litter and rubbish dumping.

These new changes come on top of past changes, including a reduction in refuse collections to once a fortnight instead of weekly, reducing street cleaning from three times per week to just once, the removal of litter bins from residential streets and changes to the recycling service.

The so called '*intelligence led street cleaning*' approach places an additional burden on residents and Councillors to report problems before cleaning takes place creating both delays and additional bureaucracy. The reduction in cleaning side streets close to Town Centres and busy shopping areas will likely create dirtier streets in these locations and more complaints for the Council to deal with.

The few remaining dual rubbish and recycling bins in the borough are hardly ever cleaned and a health hazard.

PROPOSAL

The Council has received a substantial windfall from a **New Homes Bonus**. The ever-growing population adds extra pressures on already stretched services.

In response to the concerns raised by the Public Realm and Resources Scrutiny Committee on the issue of bins versus sacks for paper and cardboard, the Cabinet agreed to place around £1.5 million from the Capital budget for new wheelie bins.

We propose that as part of the revised service the Council confirms that residents will be given a clear choice of either an additional bin for paper and *cardboard (suitably colour coded with a different colour lid and clear instructions)* or sack(s) and the service will be configured in such a way that the contractor can collect the material either from the bins or sacks.

In addition, we propose taking £1.5 million from the New Homes Bonus and allocate it to a new 3-year fund:

1. To re-establish weekly cleaning to 50 metres from a junction with shopping areas
2. Provision of more dual litter/ recycling bins in areas requested by Councillors and residents
3. Establish a monthly cleaning service for all street bins (*existing and new*) in our streets and parks to ensure that they are safe to use.

FUNDING

The Council received £3.1m of NHB last year and due to receive £7.9m next year, an increase of £4.8m. This is a non-ring-fenced grant that is currently recorded as a reserve and used to finance the capital programme. We are not proposing a change to this approach, rather allocating a proportion of the additional amount to fund this proposal. This is considered a one-off investment in order to establish the additional services and after 3 years a review will be conducted on its effectiveness. If no new funding is available to continue these services, they will be scaled back accordingly.

6. COMMUNITY OUTREACH AND EDUCATION

Major challenges remain in seeking to keep our local area clean and free of illegal dumping and littering.

The Council is struggling to keep on top of this issue, and often is left having to pay out significant sums in clearing up once dumping has taken place.

There needs to be greater preventative measures put in place and a focus on taking effective action to both educate residents and warn persistent offenders.

PROPOSAL

We propose:

1. The Council employ 12 apprentices, two assigned to each of the six Neighbourhood Managers, to assist with the required work in our communities, be proactive on local streets, support Neighbourhood Managers and engage with members of the community, businesses and other stakeholders. This would require a total of £480,000 pa, on the basis that each apprentice would cost the Council £30,000, salary including on costs.

FUNDING

It is understood that this would incur ongoing revenue funding of c£0.5m per annum. Similar to the roads and pavement proposal, we propose to further reduce the growth built into the budget for inflation. We understand that this adds risk to the budget, however there is still sufficient amounts left in the inflation risk reserve to manage in year pressures as they arise.

7. NEW ADAPTED HOMES

The Council has a significant backlog/ waiting list for accommodation suitable for disabled people – mostly in need of accommodation on the ground floor and built or adapted to a standard suitable for wheelchairs and disabled people.

The Council has already agreed to purchase a number of properties from various developers in Brent.

PROPOSAL

1. The Council will confirm the current need and waiting list for suitably accessible and adapted accommodation for people with mobility disabilities and identify suitable properties in the current and future build programme.
2. We will allocate £2 million from this year's **New Homes Bonus** to meet the required cost of specific adaptation of newly built or existing properties and/ or the acquisition of new ones with a view to eliminating or reducing the current waiting list.

FUNDING

As per the street cleaning proposal, NHB is a non-ring-fenced grant that could be used to fund this proposal. We are mindful of the impact on the financing of the capital

programme, however, the total overall cost (£2m and £1.5m, total £3.5m) is still more than the additional amount received compared to last year and therefore the impact is expected to be minimal.

8. SUPPORTING DIVERSITY

Brent is one of the most diverse parts of the UK. We believe our diversity is our greatest strength.

In recent times, it has been difficult for many community groups in our borough to get together, to celebrate cultural events. The pandemic had a huge impact, as has increasing costs associated with renting venues and space for events to take place.

PROPOSAL

We propose:

1. To support and assist Brent based groups in being able to hold and celebrate community events. We resolve to allocate £150,000 pa over 4 years to a special Grant Fund aimed at supporting local groups with the cost of hall, room hire and facilities.
2. The maximum grant in each financial year will be £5,000 per organisation. The organisations will be encouraged to raise match funding and the Grants Unit will provide advice on this. There will be one round of funding in each year and the Council will give 2 months' notice for applications.
3. Assessment of the applications will include consideration of the organisation's ability and willingness to raise additional funding and the effort they plan to put into involving people from other communities in their event/ celebration.

FUNDING

It is understood that these proposals can be by NCIL, provided they demonstrate a link to development in the local area of each project. Appropriate due diligence will need to be undertaken to ensure conditions of NCIL can be met.

CONCLUSION

Brent Council must offer hope and improvements in services to local people – especially when proposing another significant Council Tax rise.

Any new spend should provide something for as many local people across the whole of Brent as possible.

We believe that the Liberal Democrat Group's proposals achieve that objective. They address:

1. **The State of Roads and Pavements**

2. **Post Covid Recovery**
3. **A New Youth Offer**
4. **Making Brent Greener**
5. **More Street Cleaning and Bins**
6. **Environmental Outreach and Education**
7. **New Adapted Homes**
8. **Supporting Diversity**

Our reasonable and costed proposals represent a positive contribution to delivering a Council Budget, which by no means perfect, is vastly improved by showing that this Council is both prepared to listen to local people and to take positive action on the suggestions made.

Advice from the Director of Finance

Senior finance support has been provided to assist the Liberal Democrat Group to formulate an alternative budget that reflects their policy priorities.

The Alternative Budget proposed by the Liberal Democrat Group would be a legal, balanced budget for 2023/24, although it is recognised that this carries financial risk. The potential implications for 2024/25 and beyond have not been considered as part of these proposals.

The table below sets out a summary of the proposals and the sources of funding.

SUMMARY OF PROPOSALS AND SOURCES OF FUNDING

Liberal Democrat Group - Alternative budget proposals	Impact on 2023/24 budget £m
Roads and Pavements – additional £9m for the capital programme - £7m funded from borrowing and £2m funded from CIL. Borrowing adds £0.7m of growth to the revenue budget	0.7
Above funded by a reduction in part of the growth allocated to the revenue budget to manage inflationary pressures	(0.7)
Post Covid recovery – Total one off commitment of £1m, of which £0.5m to be spent in 2023/24	0.5
Above funded by use of earmarked Public Health reserves	(0.5)
New Youth Offer – adds £3m of one off spend to the budget	3.0
Above funded by a reduction in inflation risk earmarked reserve	(3.0)
Making Brent Greener – adds £0.5m of one off spend to the budget, of which £0.1m will be spent in 2023/24	0.1
Above funded by a further reduction to the inflation risk earmarked reserve	(0.1)
Street Cleaning and Bins – adds £3m of one off spend to the budget, of which £0.5m will be spent in 2023/24	0.5
Above funded by use of the New Homes Bonus grant	(0.5)
Environmental outreach – adds £0.5m of recurring revenue expenditure to the 2023/24 budget	0.5
Above funded by a further reduction in part of the growth allocated to the revenue budget to manage inflationary pressures	(0.5)
New Adapted Homes – adds £2m of capital expenditure to the capital programme	2.0
Above funded by use of the New Homes Bonus grant	(2.0)
Supporting Diversity – adds £0.15m of one off expenditure to the revenue budget in 2023/24	0.15
Above funded by use of NCIL	(0.15)
Total	0.0

Overall these proposals introduce £19m of new spending commitments. The Roads and Pavements proposal is funded by borrowing £7m, which will add £0.7m of recurring expenditure to the revenue budget and £2m from CIL. Furthermore, the Keeping our Area Clean proposal also adds £0.5m of recurring expenditure to the

revenue budget, a total of £1.2m. To fund this, it is proposed to reduce part of the growth allocated to the budget to fund additional inflationary pressures expected in 2023/24.

As part of the Council's budget setting process financial modelling and scenario analyses are conducted on all areas of expenditure to understand the exposure to inflationary pressures. This has been used to inform the budget for 2023/24 by taking the central case of expected outcomes. Therefore, any reduction to this provision could put the budget at risk of overspend if inflationary pressures cannot be contained within the existing budget.

Related to this is the Youth Offer and proposals on trees, both of which are to be funded by reducing the Inflation Risk reserve from £10m to £6.9m. This reserve was specifically set up to smooth out the effects of high and volatile inflation on the Council's budgets. The reserve will be used to offset additional pressures on service budgets which arise as a result of inflation exceeding what was forecast at budget setting, thereby reducing the requirement for savings in order to balance budgets in the short term.

Taking a risk that inflation will fall faster than currently expected introduces risk to the overall budget. This can be evidenced with the latest forecast for 2022/23, where, since the budget was set, inflation has risen unexpectedly during the year resulting in the use of reserves and contingencies to manage large spikes in costs, such as energy costs, pay inflation and provision of social care. The 2023/24 forecast of the state of the national economy remains volatile.

Reducing the overall provision for inflation would therefore add further risk to the budget and its resilience to manage the impact of short term spikes in inflation. Positioning the budget in this way would move the budget from a prudent central case to a less prudent best case scenario, the outcome of which cannot be currently determined. That being the case, while these proposals add risk to the budget, they are not unlawful. If the best case scenario assumed here does not transpire which, in-year mitigations will need to be considered to bring the budget back into balance.

Finally, part of the capital spending commitments assume the use of CIL. The levy can be spent on 'the provision, improvement, replacement, operation or maintenance of infrastructure'. It can be used to increase the capacity of existing infrastructure or to repair failing infrastructure if that is necessary to support development. The application of CIL should relate to what infrastructure Brent need to deliver their relevant plan (the Development Plan and the London Plan in London) and growth.

CIL must be used on infrastructure required to support development and we would expect that there are only certain roads within the Borough that we are able to legitimately show is needed to support development (Take heavy traffic to and from developments). Therefore, any commitments on the use of CIL must be subject to the necessary due diligence to ensure compliance with relevant conditions. Where this could be demonstrated, CIL could be used to fund specific highways projects. However, if this is not qualified, the £2m proposal would not be undertaken in 2023/24.

The Post Covid Recovery proposal seeks to utilise £1m of Public Health earmarked reserves. The Public Health grant is ringfenced for use on public health initiatives as well as health challenges arising from Covid. Therefore, any commitments against this grant would be subject to appropriate due diligence in checking grant conditions by the Director of Public Health.

Likewise, the Supporting Diversity proposal assumes the use of NCIL. It is important to note that NCIL can only be used where it could be demonstrated that there is a link to development in the local area. Therefore, appropriate legal due diligence in compliance with relevant conditions would be necessary. If the relevant legal conditions cannot be met, both in relation to use of Public Health reserves and NCIL, the proposals would need to be withdrawn or alternative sources of funding found.

The Street Cleaning and New Adapted Homes proposals seek to utilise the New Homes Bonus Grant. The Council received £3.1m of NHB last year and is due to receive £7.9m next year, an increase of £4.8m. This is a non ring-fenced grant that is currently recorded as a reserve and used to finance the capital programme. Allocating a proportion of the grant into the Council's revenue budget is allowed under the current grant conditions, however this would have an impact on the financing of the capital programme such that projects would need to be either scaled back or reconsidered.

On a final note, reserves have been used to fund certain proposals with ongoing revenue implications into future years. The proposals make clear that when the reserve has been exhausted the commitments will end, however there is a risk that new services become embedded into Council services making it more difficult to cease. Recurring expenditure requires either sustainable funding sources or savings found elsewhere in the budget. This has not been offered as part of these proposals, which would impact the financial sustainability of these services.

Overall, while the proposals add an element of risk to the 2023/24 budget, particularly higher inflation uncertainty and use of one-off reserves for potentially recurring commitments, the budget can be considered balanced. This is also subject to appropriate due diligence on the use of CIL, NCIL and the Public Health grant.

Minesh Patel

Director of Finance