

## **Cllr. Robert Atkinson, Leader RBKC Labour Group 2017 Budget Speech**

8 March 2017

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Madame Mayor, the political background against which we determine our budgets tonight has been completely transformed in the last year and, despite the disappearance of the disgraced “posh Tory boys”, it has not been transformed for the better.

Osborne and his obsession with austerity to abolish the deficit by 2019 and to immediately pay down public debt have gone. But austerity and with it the devastation of Local Government finance remain- only now austerity is being continued and intensified to pay for the catastrophic error and consequences of the Brexit vote

The debacle of the Brexit referendum has blighted the future stability, prosperity and prospects of this city and this country in ways not seen since the War. MM I am of course realistic enough to know that the council chamber of a single London borough is not the place to launch a fight back to salvage our future in Europe, but I have to say that, come the Council Elections next May, I do so hope that our electorate remember the support given last year and still being given now by the leadership of this council and by The Conservative Member of Parliament for Kensington for Britain’s withdrawal from The European Union. In fact, MM our residents need to know that Victoria Borwick MP has now voted no less than ten times against affirming the rights of European Nationals to remain resident within the borough.

Let us all remember that our residents, so many of whom depend upon and are proud of our European connections, voted by more than 68 per cent to remain within the European Union and at least on our side of the chamber we will continue to fight to preserve what we can of the advantages of the Union. And we will also do everything we can to protect the 50 per cent of the borough’s residents born abroad from the continuing tide of bigotry and venom that Brexit has unleashed even here in the Royal Borough.

So MM I sincerely hope that the electorate will indeed punish the Kensington Tories for their folly at the council elections

The other background factor that we need to take account of tonight is the, now towering, evidence that marketization and outright privatisation of public services has neither worked well nor achieved either the efficiencies or the savings that were promised. Indeed, MM we now have a general crisis in all public services (Prisons, Police, Hospitals, the Courts, Social Care, Care Homes and Rail) caused by the false idea that letting private companies run things would be more efficient and responsive. This has now been given the lie both nationally and locally. The companies themselves (Capita, Serco, Suez, Mighty etc.) are all in trouble and many councils BUT especially our own having shown themselves incapable of drawing up contracts with external companies and have then been unable to monitor, enforce or amend them. MM far from being a model of prudence this council has repeatedly shown itself to be completely out of its depth. Not only have we had the BT Managed Services Contract, the Kensington Leisure Centre and the Maxilla Road Hub fiascos, but now we see that this council cannot even get its bus shelter contract right!

#### Core Message

The Core of our Resolve to oppose the budget and the priorities brought to us tonight by the majority party is relatively simple and our priorities are certainly very different.

Labour Councillors will tonight vote against the proposal to raise the council tax of residents. And we do so because

Firstly, the council still has obscenely high levels of reserves and has systematically and deliberately created underspends which this year render any increase in Council Tax completely unnecessary

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Secondly, whereas virtually every other local authority has an immediate, current funding crisis with its Adult Social Services budget we do not. And indeed we have an underspend of £1.9M in our 2016/17 Adult Services Budget. So we do not have the same excuse of every other authority to increase our taxes

Thirdly, you have not explained sufficiently how you intend to spend the additional money you now intend to extract from our hard pressed council tax payers. Therefore, until you tell us how the money is to be spent and in what year you will spend it in we will not support any increase.

MM Our suspicion, based on past experience, remains that this council will bring in and hoard the people's money in none election years (such as this) only to give it back as a pre-election bribe immediately before a council election -such as next year. MM only the Royal Borough would have the Chutzpa to try to get away with bribing the electorate with its own money!

Fourthly, MM in addition to our belief that this council should not hoard the people's money in unproductive reserves the other yawning chasm between our two sides is that we think this council's long standing practise of, every year, running huge underspends in its revenue budgets which it then transfers into Capital reserves is wrong, And, given the damage to services that has resulted over many years from the squeezing of revenue budgets it is not to put too fine a point on it - wicked.

MM It is an ancient and totally unjustified taunt from the Tory side that when it comes to the annual budget the Labour Group do not understand the difference between Revenue and Capital. This MM is and always has been a calumny or "an alternative fact "of 'Trump like' proportions.

Of course we understand the differences and we believe that there are limited circumstances in which local authorities should build up capital reserves and we also recognise the legal limitations that apply to the use to which some reserves can be put. (Though in the past as we used to pay for hanging baskets out of the Car Parking Reserve Account I suspect that the limitations put on the use of some of the reserves are more easily got round than it is sometimes claimed.

However, MM we do not believe that the current circumstances of this council justify adding to our reserves at the expense of revenue. In this era of cheap money, once our current obscenely high capital reserves were exhausted if we have a need for extra capital funds, we could, in recent years have borrowed rather than accumulated reserves by squeezing services. And perhaps we could welcome your damascene conversion to the principle of borrowing to finance your plans for a Kensal Crossrail Station. Except of course:

#we still think the station to be a fantasy.

#We certainly don't want you to use the site for anything but Social housing and

# we fear that you have come to this mechanism for financing capital projects too late.

MM only our borough would finally embrace borrowing just at the point that cheap money is about to come to an end and the speculative housing investment market that you now appear to be depending upon is already collapsing. So MM if this council is FINALLY going to start building ourselves we need to do it properly.

MM far be it that the Labour Group does not understand the differences between Capital and Revenue - it is the Tories that play fast and loose and systematically confuse the two. MM let's be clear about this ---- the Labour Group believes in collecting taxes and setting revenue budgets to provide services not to build up wasteful reserves of the People's money.

Business groups should not be encouraged to underspend their budgets and if they accidently end up with a surplus that surplus should be spent on previously prepared contingency projects within the business group. Such an innovation would encourage our officers to innovate and be thrifty in spending the money that is allocated to them.

After all MM, what incentive is there currently for our beleaguered teams of officers? - when they see any money that they have left over in their revenue budgets simply snatched away and given to Cllr Lightfoot's insatiable reserve accounts?

The fifth reason why we will not support your budgets tonight is that we do not believe that the Majority party

creates, maintains and invests its capital reserves properly.

I draw your attention to the graph that I had drawn up by officers last year and which they have now helpfully updated. The graph demonstrates that this year, as for, at least the previous five years, the borough has ended up with much higher reserves at the end of the year than it forecast at the beginning. In fact, this year the mis-forecasting has been even worse than ever. It was projected that at the end of this year the borough would have reserves of £ 167 million, but in fact the final sum is actually an astronomical £209 million. Of course we accept that sometimes capital programmes and therefore capital expenditure can slip from one year to the next but when this happens year after year - as my table shows this is not an accident but rather a policy with which we disagree.

MM therefore what need do we have to raise the Council tax, (albeit by 1.9 per cent) to yield an extra insignificant £ 1.5 million pounds when the borough's unanticipated reserves have accidentally or carelessly accumulated an unexpected £ 42million pounds in the last year alone.

(And before Cllr Lightfoot starts bouncing up and down on the balls of his feet again I do know that a reserve surplus spent this year cannot be spent again next. Which is why, later in the debate, Cllr. Healy will be proposing that next year, if we have spent down our reserves –we should indeed raise the council tax to support much needed extra spending on adult social care. But as St Augustine had it in another context “not yet awhile.”

MM because of the overcautious investment policies of this council we do not even derive a decent return on reserves it hoards - the rate of return on our reserves is actually lower than inflation, so we are actually losing value every year. MM the Labour group's late Financial adviser Nigel Wilkin's calculated this very cautiously at approximately £2.5million per year, so potentially £10m has been lost since we first warned this council against its overcautious investment policies.

So MM If the paucity of council meetings permits it, this is a matter to which we will return on another occasion

But today MM we wish to draw your attention to the suspiciously large number of separate reserves that this council continues to hold.

With so many different reserves we believe it to be difficult to manage them and indeed there seems to be evidence that at least one reserve, namely the Strategic Regeneration Fund of no less than £14.1 million pounds (provided initially by the last Labour Government and continued by them until 2010) has been gathering dust and a remarkably low return for years. As this reserve appears to have been forgotten Cllr Dent-Coad is developing a brilliant idea as to how it can now be utilised in a way that was originally intended (namely to support local businesses), and which will benefit the deprived North of the Borough by helping to produce the replacement skilled workers that the folly of European withdrawal and immigration controls will soon deprive us of. Revenue Remarks etc.

RBKC Tories have a strange sense of priorities (Tonight while Labour hopes to have time to return to Refugee Child Welfare and the Dubs amendment the Tories are bringing forward resolutions on Telephone boxes and an old wall in Cllr Moylan's ward). Indeed, as Matthew's Gospel has it “By their deeds (or at least their resolutions) shall ye will know them.” But MM it is not just in its immediate priorities for debate that this council reveals its true nature but significantly, the reality of life in Kensington and Chelsea is given away even more by the things that it does not wish to discuss.

While this council can find time to vote on appointing an Honorary Recorder even though we do not have a court for him to preside over, this council in the last year has managed not to debate the local Sustainability and Transformation Plan- (STP) which, in more 'switched on' authorities, is referred to by the useful mnemonic - of Slash, Trash and Privatise. MM the STP covering our local health and hospital services has the potential to imperil hospital and medical provision right across the area but RBKC simply does not want to know.

Another area which we have never really debated is the apparently endless Tri borough Omni-shambles of The BT Managed Services contract.

Actually come to think of it MM there has been a deafening silence over the last year on any discussion of any of the other promised wonders of Tri Borough working.)

But perhaps MM the Tory group want to see the Council's incompetence over the Managed Services Contract as, 'just so much water under the bridge' And the losses and hardship that it has produced for vulnerable residents have indeed been repeatedly dismissed by Cllrs. Lightfoot and Warwick as being "a price worth paying" for the alleged savings and efficiencies realised. So we could perhaps let that one go (Not that my group and especially not Cllr Mason have any intention of doing so).

But MM the most topical 'big ticket items' that this council wish us to gloss over tonight include the now imminent Business Rate Revaluation and the national and local crisis in Adult Social Care.

#### Business Rates

MM Like the science fiction, asteroid -impact, disaster movie Armageddon the coming Business Rate catastrophe is imminently poised to destroy hundreds of local businesses and jobs and create huge financial problems for schools, medical facilities and charities operating in the borough. But unlike the fictional asteroid the impact of revised business rates has been known about for years and MM I have spotted little or nothing in the Chancellor's budget business rate announcement today which will benefit the vast majority of struggling businesses in Kensington and Chelsea- not even the pubs. And given the wealth of the area I am fairly certain that we will not even receive any of the £300m discretionary relief he announced. So MM businesses in RBKC are entitled to look to the local authority for their salvation

But MM my colleagues tell me that before today when they have attempted to discuss the disaster of 25 per cent business rate rises in committee they have been dismissed with shrugs and told "this is a matter for national government and not anything that we can do anything about" "Well MM this is not the view of the Labour Group and we believe strongly that this council needs to learn from the innovations and best practise of Labour administrations in other, less wealthy, areas of London. And in this we should also follow the lead of the excellent new Mayor of London Sadiq Kahn who is showing the same leadership in mitigating the impact of the business rate bombshell as he is in leading the resistance to the coming effects of Brexit on the Capital. MM we really feel that sleepy and oh so complacent RBKC has much to learn from the Labour Boroughs and the Labour Mayor.

MM I [correctly] predicted to colleagues that in his 'State of the Nation' speech the leader would again make complacent references to the council's impressive school examination results and to the fact that this Council prides itself on still providing services for older people with only moderate needs.

Lets take the Schools funding formula first.

MM I am, as always, pleased to support Cllr Paget Brown's praise for the schools' examination results but I differ from him in my intention to direct my praise entirely towards the staff and governing bodies who are doing a remarkable job of providing good education in ever more straitened circumstances. And I really must and sincerely beg that the Council leadership and all councillors now join with our school governors to fight off the threat posed to the very existence of decent schools by the proposed new standardised funding formula. (In this as in so much else we can learn from and imitate Hammersmith and Fulham Council who show so much more energy and initiative in standing up to central government in defence of the real interests of their residents than do we.

MM If the proposed Common Funding Formula is not changed to take account of the extra stresses and costs of providing decent education and childrens' services in London and other cities, London and this borough will quickly lose our hard won status of offering the best educational results and opportunities in the country and all that this and other councils have built up over the last 20 years will be lost. We have simply got to make the government listen. It is impossible to make 'efficiency savings' on schools budgets when 85 per cent of the schools budget is spent on salaries. Therefore in the context of every school's budget any so called 'Efficiency Savings' can only be achieved by decimating staffing levels and removing staff from the classrooms.

Now onto Care Service funding

Even more threatening than the Government's apparent pig headed determination to destroy schools funding is its cowardice and neglect over the provision of care for our increasing elderly population. We need to have a proper NATIONAL scheme to Integrate Medical services and the services provided to elderly and vulnerable people in

their homes. Governments of all stripes have too long 'talked the talk' but when are we actually going to 'walk the walk'? While the announcement of £3 billion in today's budget is of course welcome as is the belated support for putting GP's into hospitals the announcement of yet another green paper only kicks the can further down the road. MM the Dilnot Commission in 2010 provided the answer to this critical problem but after 7 years of Tory Government they still do not have the courage to grasp the nettle. And continuing to blame local authorities for the delays in hospital discharges is a degree of dishonesty almost beyond belief

MM were it not for the maelstrom created by the Brexit vote I am certain that the crisis in care of the elderly would ---and should be the dominant issue of domestic British politics. MM none of us have yet had the opportunity to study the Chancellors financial assistance outlined today but I fear that any strategy laid out by a Tory chancellor in the throes of Brexit manoeuvres even with a £3billion pound spending commitment might as well be written on water.

And MM returning to the local aspects of this vital issue I am shocked and baffled that our Adult Social Care budget has yet again this year been so significantly underspent while at the same time I continue to hear more and more reports from residents of care being provided reluctantly and at minimal levels.

MM this council has long trumpeted that, unlike every other local authority, RBKC continues to provide care for people with 'moderate care needs'. However MM your loyal opposition are becoming increasingly suspicious of such claims and I therefore invite the Leader of the Council to take a closer look before he makes such claims again.

Later in the debate Cllr Healy will detail our proposals for a significantly expanded local offer modelled on that of cash strapped Hammersmith and Fulham. But this council really does need to know that, even though our already disproportionately elderly population continues to increase, we have recently seen disturbing figures which show that the number of vulnerable people receiving home care from this council has actually halved between 2010 and 2016. MM we all know that despite our still declining population demand for homecare services cannot be falling. So, if the number of recipients is indeed falling then we must be choking off demand somewhere?

Furthermore, my Westminster council contacts tell me that, if one compares the number of hours of care that our residents receive and the duration of homecare visits in this wealthiest of all boroughs, Kensington and Chelsea performs noticeably less well than either Hammersmith and Fulham or The City of Westminster.

And possibly most damaging of all MM, when challenged about the actual numbers of people who do in fact receive care for moderate needs our officers cannot provide any figures as to the numbers involved. An analogy can therefore perhaps be made with the much vaunted 'hidden homes initiative' trumpeted by this council until last year but abandoned when it was revealed that this council was actually boasting about a mere 18 extra units.

So MM let the council tell us exactly how many of our residents with moderate needs are actually receiving homecare and we may be prepared to be impressed.

But if the council cannot come up with the real numbers involved perhaps you should be less willing to make such grandiose claims for the volume, quality and extent of our care services?

Finally, MM I have again had the opportunity to draw attention to the failures of this council as bankers but I hope that later in our debate tonight and on future occasions my colleagues will also have the opportunity to detail the failures of this council as developers. Especially in your practise of commissioning outsiders to design schemes for us and then lazily retaining them to supervise the construction itself. Simply put MM although we understand the need to develop estates and new homes, we believe that we should make more use of our own Coco and thereby avoid paying 20-25 per cent profits to private Construction companies. If Camden can do it MM why can't the Royal Borough?

MM Not only are we hoarding and misusing the peoples treasure but we are now misusing the land and property that has been entrusted to us. In summary, on this matter, we seem more interested in building or handing over premises for prep schools than we are in providing homes for hard pressed local families and preserving the mixed communities that attracted so many of us to this area in the first place.

. Let me remind you once more that, unlike any other authority in London we continue to lose population. As this council continues to cooperate in the building of yet more trophy apartments for the dodgy international jet set the enrolments of the children of ordinary people in the local authority schools in this borough continue to slide. Truly MM as I have said before the complacency of the ruling party of this borough means that we are creating the smartest ghost town in the universe.

#### Conclusion

For this and for the other reasons I have given MM you will not be surprised to hear that Labour Councillors will not be supporting this Councils Revenue or Capital budgets tonight. And, as we did last year, we ask that these proposals now be withdrawn for review and improvement. MM I am therefore happy to move the amendments standing in my name and to urge the majority party to now listen carefully to the proposals to be outlined by my colleagues.

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