



MINUTES

BUDGET COUNCIL

7.30pm – 11.00pm

22 February 2011

Present: Councillor Dylan (Lord Mayor), Councillors Altman, Arthur, Banham, Blower, Bradford, Bremner, Brociek-Coulton, Collishaw (to end of item 9), Driver, Fairbairn, Fisher, Gee, George, Gihawi, Gledhill, Grahame, Haynes, Holmes, Hooke, Jeraj, Lay, Little, Lubbock, MacDonald, Makoff, Morphey, Offord, Ramsay, Read, Sands (to end of item 9), Stephenson, Storie, Thomas, Waters, Westmacott, Wiltshire, Wright(J) and Wright(R)

1. LORD MAYOR'S ANNOUNCEMENTS

The Lord Mayor announced that the Chinese New Year charity dinner had raised £6,500 for this year's civic charity, Rotary House. He expressed his gratitude to the owners of the Riverbank Chinese Buffet Restaurant; the donations from local businesses and organisations and the guests who had attended the event.

The Lord Mayor then read out an email that had been received in the civic office from a visitor to Norwich, which he wished to share with members:-

"I arrived from abroad in the early evening of 5 January to participate in the BANE conference at the University of East Anglia. I took a taxi from the central bus station to my hotel in Unthank Road. When I opened my purse to pay the fare a quantity of coins, English and Israeli, fell on to the floor of the taxi. I collected what I thought were all the coins. An hour or so later I was walking in the streets looking for a place to eat when a taxi stopped and the driver said "Do you remember me? I took you to your hotel. Here is your money," and handed me a fistful of coins. I wish to publicly acknowledge and thank the gentleman whose name I do not know. I also extend my thanks to the community of Norwich and wish to express my admiration and appreciation of your communal values which raised a man of such valour. Long may they remain."

2. QUESTIONS FROM THE PUBLIC

Question 1

Mrs Marion Maxwell to the cabinet member for resources, performance and shared services:-

"In the light of the current economic circumstances many of the most vulnerable in Norwich are in danger of falling prey and becoming dependant on "Legal Loan Sharks". Will this council help to further promote mutual alternatives such as credit unions and support the national "End Legal Loan Sharking" campaign?"

Councillor Alan Waters, cabinet member for resources, performance and shared services, replied:-

"At times of recession with incomes being squeezed and expenditure going up, it is no surprise that families are finding themselves forced into looking at loans to help make ends meet. The Council's financial inclusion strategy looks at amongst other things, increasing people's income by ensuring all benefits that they are entitled to are claimed, working toward increasing financial capability through developing budgeting skills and increasing the accessibility of affordable credit in our communities.

Experian has mapped the areas of the city where residents are unable to secure affordable credit. This can be for a number of reasons including low income, a lack of savings or access to a credit card, no bank account, poor credit rating or a lack of credit history. When these areas are overlain with parts of the city where monies are owed to the council in rent, we can see the impact of the recession and the correlation is remarkably striking. The council is therefore committed to increasing the growth of affordable credit in the city as a whole but also addressing those communities who are most vulnerable and most at risk from the legal loan sharking referred to in the question and the illegal loan sharking that goes on in our communities.

The council promotes the credit unions in the city, and has done so for over 20 years. Most recently the council has supported the credit unions to increase their membership and this is already resulting in more collection points opening up in our communities and schools. Over 30 volunteers have been trained with the skills that they need to run successfully, credit unions in their area. West Norwich Credit Union, Ketts Credit Union, Norwich Credit Union and the Wherry Dragon Credit Union are all working hard at extending their services to the communities most in need of affordable credit and have been increasing the ways that people can contact them. A new website is now available at www.creditunionsnorwich.org.uk where anyone can find the contact details for the credit union of their choice.

As to joining in the campaign, we are all aware of the loan advertisements available on our television screens, the most recent of which is one portraying a perfectly legal repayment APR of 4,214%. These are known as 'payday loans' and are generally not available to people who are not in employment.

Evidence given to the Office of Fair Trading last year showed that 30% of the loans were not paid back in time. This can be the first step on a very slippery slope that

can lead an individual into greater and greater levels of debt. Typically, these are deemed to be short-term loans, generally for a few days or weeks. However problems will arise when people start to roll over the debt and it is this that can be very punishing for families. Some of the largest American companies in the field are looking to come to the UK citing as one of the reasons to expand here is the lack of regulatory control over this type of business.

For those families without a regular income the doorstep lenders may be an option that they take. Typically these are for smaller amounts but on average will charge an APR of around 400%. However, the Office of Fair Trading (OFT) published a major review into high risk consumer credit and in it they found that:

- Many consumers are unaware of the options open to them and advice is limited.
- Consumers tend to focus on how quickly and easily they can access credit and the affordability of the repayments rather than the total cost compared to other products.
- There have been few significant entrants to these markets recently, competition on price is mostly absent in some high-cost credit markets, and some of the providers appear to be earning high profits.

The OFT rejected price controls for pawnbroking, payday loans, home credit and rent-to-buy credit, on the basis that suppliers might recover income lost through price controls by introducing or increasing charges for late payment and default.”

(Councillor Waters used slides to illustrate the areas of the city where there was a lack of affordable credit and people having problems with paying their rent.)

Mrs Maxwell, as a supplementary question, asked for clarification on the areas shown on the map with rent arrears and whether rent arrears just applied to council properties. Councillor Waters replied that areas showing high levels of rent arrears in council properties also indicated other debt problems coexisting in the community, such as rent arrears in privately rented properties, mortgage arrears and other multiple debt problems.

3. DECLARATIONS OF INTERESTS

There were no declarations of interest.

4. MINUTES

RESOLVED to agree the accuracy of the minutes of the meeting held on 25 January 2011.

5. BUDGET AND POLICY FRAMEWORK

Councillor Waters moved and Councillor Morphew seconded the recommendations in the report.

RESOLVED, unanimously, to approve cabinet's recommendations for the 2011-12 financial year in respect of:

- (1) the approach to setting the council's policy framework and budget set out in the report;
- (2) the amendments to the corporate plan 2010-12 as set out in the report.

6. GENERAL FUND REVENUE BUDGET

Councillor Waters moved, with the aid of a PowerPoint presentation, and Councillor Morpew seconded the recommendations in the report.

During debate Councillor Morpew moved and Councillor Driver seconded that council and committee procedure rule 14.5 (appendix 1 of the council's constitution, relating to length of speeches during debate) should be suspended to allow for a full debate on this item.

On being put to the vote, with 28 members voting in favour, 9 members against, and 2 abstentions the motion was carried.

The Lord Mayor said that an amendment from Councillor Wiltshire had been received and circulated. Councillor Waters said that he was unwilling to accept the amendment. Councillor Wiltshire moved and Councillor Collishaw seconded the following amendment to be inserted after recommendation (2) after the word "million":

"through the means set out in the report, amended as follows:-

Proposal	Additional Savings
Leaner leadership of the council; senior management re-structure; reduction in senior management salaries	£220,100.00
Leaner communications, events and civic office	£181,252.00
Remove political assistants	£62,295.00
Implement shared services (hr, planning)	£50,000.00
Office space	£25,000.00
A leaner cabinet	£13,656.00
Reduction in councillor development budget	£5,500.00
Group rooms	£5,000.00
Member postage,	£4,072.00
Subscriptions (newspapers/members/LGA)	£17,580.00
Additional Expenditure:-	
Rubbish Bins	-£9,000.00
Enforcement	-£50,000.00
Gritting Bins	-£70,000.00
	£455,455.00

We propose that this saving of £455,455.00 be applied to reduce the use of reserves from £1,000,000 to £544,545 to meet the budget shortfall for this financial year.

We will then use an additional £455,455.00 from reserves for investment into current assets, to offer them on fixed term leases at competitive rates to starter businesses, at the same time generating income for Norwich City Council."

On being put to the vote, with 4 members voting in favour, 29 members voting against and 5 abstentions, the amendment to the motion was declared lost.

The Lord Mayor said that an amendment from Councillor Lubbock had been received and circulated. Councillor Waters said that he was unwilling to accept the amendment. Councillor Lubbock moved and Councillor Wright (J) seconded the following amendment to be inserted after recommendation (2) after the word "million":

"and to reduce the budgetary requirement by £468,185 through the following:

The savings and expenditure as set out below:

Savings

Restructure the senior management team by reducing the corporate leadership team from 6 to 3 positions (based on 3 positions, wages and on costs)	£339,000
Reduce the total communications budget by 50%	£198,955
Reduce councillor allowances and newspaper and periodical subscriptions -	£40,310
Reduce overall subscriptions budget by 10%	£5,827
Reduce cost of postage by 10%	£19,093

Expenditure

Support for start up businesses in Norwich	£50,000
Support the creation of a city-wide BID (Business Improvement District)	£10,000
Begin implementation of a blanket 20mph speed limit in residential areas and trial a one-year cycle hire scheme.	£75,000

On being put to the vote with 5 members voting in favour, 29 members voting against and 4 abstentions, the amendment to the motion was declared lost.

The Lord Mayor said that an amendment from Councillor Little had been received and circulated. Councillor Waters said that he was willing to accept the amendment and as no other member objected, the amendment was accepted and became part of the new substantive motion.

RESOLVED, with 26 members voting in favour, 9 members voting against and 4 abstentions, to approve the cabinet's recommendations for the 2011-12 financial year in respect of:

- (1) that Council Tax should be set at £225.87 for Band D, which is an increase of 0%;
- (2) the Council's Budgetary requirement to be set at £21.570 million through the means set out in the report and amended as follows:-

£12,500 to be spent on the provision of grit bins and £12,500 to increase staff time spent on planning enforcement in the city. The above to be funded by adjusting the "savings new" amount in 2011-12 (in table 4 of the report, on page 44 of the agenda) to £855.27 (£'000's)
- (3) that the prudent level of reserves for the council be set at £3.1 million in accordance with the recommendation of the head of finance;
- (4) that the precept of the collection fund for 2011-12 be calculated in accordance with Sections 32-36 of the Local Government Finance Act 1992 as per the statutory determination at annex 3 (of the report).

(The Lord Mayor announced that two hours had passed since the start of the meeting.)

7. UNOPPOSED BUSINESS

RESOLVED to take the following two items as unopposed business.

8. COUNCIL RENTS AND SERVICE CHARGES FOR 2011-12

RESOLVED to approve cabinet's recommendations in respect of:

- (1) implementation of an average rent increase of 7.58%, being £4.70 per week for housing revenue account dwellings, and a corresponding average rent increase of 7.66% (£5.35) for general fund dwellings;
- (2) maintaining service charges for district heating, premises management, sheltered housing and good neighbour services, at current levels as set out in paragraph 30 of the report.

9. HOUSING CAPITAL PLAN AND CAPITAL PROGRAMME 2011-12

RESOLVED to approve cabinet's recommendations in respect of:

- (1) the housing capital plan 2011-2013;
- (2) the housing capital programme 2011-12;
- (3) the capital allowance set out for 2011-12 and the extinguishing of previous years' capital allowances as set out in appendix 1 of the report.

(The Lord Mayor then called for a short adjournment. The meeting reconvened with all members present, with the exceptions of Councillors Collishaw and Sands who had left the meeting at this point.)

10. NON HOUSING CAPITAL PLAN AND CAPITAL PROGRAMME

Councillor Waters said that recommendation (2) in the report had been withdrawn from the motion because the discretionary S106 expenditure provisions had been approved by the cabinet at its meeting on 16 February 2011 and had been included in the report for information only. Councillor Waters then moved and Councillor Morphew seconded the recommendations of the report as amended.

The Lord Mayor said that an amendment from Councillor Lubbock had been received and circulated. Councillor Waters said that he was unwilling to accept the amendment. Councillor Lubbock moved and Councillor Wright (R) seconded the following amendment, to be inserted after "2011-12":

"subject to, recommending to cabinet the use of £1.4 million of capital receipts to finance capital investment in environmentally sustainable travel measures."

On being put to the vote, with 5 members voting in favour, 24 members voting against, and 8 abstentions, the motion was declared lost.

The Lord Mayor said that an amendment from Councillor Little had been received and circulated. Councillor Waters said that he was willing to accept the amendment and as no other member objected, the amendment was accepted and became part of the new substantive motion.

RESOLVED, unanimously, to:

- (1) approve the cabinet's recommendations in respect of the Non Housing Capital Programme 2011-12;
- (2) set aside £250,000 to be used for a spend to save initiative to finance investment in solar energy generation or other alternative energy supplies on the council's operational property assets, together with a scoping exercise to begin immediately as the basis for a feasibility study to deliver this initiative."

11. HOUSING REVENUE ACCOUNT (HRA) BUDGET 2011-12

Councillor Arthur moved and Councillor Morphew seconded the recommendations as set out in the report.

The Lord Mayor said that an amendment from Councillor Fairbairn had been received and circulated. Councillor Arthur said that she was unwilling to accept the amendment. Councillor Fairbairn moved and Councillor Wright (J) seconded the following amendment:

"To use £50,000 of HRA balances to fund a voids co-ordinator to improve void turnaround times."

On being put to the vote, with 5 members voting in favour, 23 members voting against and 8 abstentions, the amendment to the motion was declared lost.

RESOLVED to approve cabinet's recommendations in respect of:

- (1) the housing revenue account (HRA) budgets for 2011-12, as shown in Table 1 of the report;
- (2) the minimum level of HRA Balances as £2.6m as advised by the chief financial officer and shown in appendix 2 of the report.

LORD MAYOR