

**NOTICE OF MOTION****GREEN GROUP AMENDMENT****NATIONAL PUBLIC SECTOR DEBT AND THE LOCAL RESPONSE**

Insert new paragraphs 3, 4 & 5 as shown in bold italics; delete text as struck through and insert new text as shown in bold italics.

“This Council notes with regret that national debt interest payments now total £120 million a day or £44 billion a year. To put this in context, these debt payments are higher than the national schools budget (£41 billion), transport (£15 billion), defence (£37 billion) and crime/justice (£21 billion).

This Council further notes the comments of the Institute for Fiscal Studies that the previous Government’s approach to the public finances from 2001 had, even before the financial crisis hit “left the UK with one of the largest structural budget deficits in the developed world”.

~~Furthermore, this Council welcomes the recent comments of the independent International Monetary Fund who have endorsed the Coalition Government’s deficit reduction plans concluding that they “greatly reduce the risk of a costly loss of confidence in fiscal sustainability and will help rebalance the economy”.~~

***This Council notes that whilst deficit reduction is an important long-term aim, the current economic situation does not warrant the cuts proposed. In relative terms the UK national budget deficit is not excessively large compared with its historical levels.***

- As a percentage of Gross Domestic Product (GDP) the UK national debt is at 71%, a manageable level. This compares well with the highs of 181% and 238% in the past century.***
- Despite claims by George Osborne, the UK’s national debt is a much lower proportion of our GDP than many countries including Italy, France, Germany, Singapore, Belgium, Canada and Japan.***
- The current average UK debt maturity is 17 years, hence the UK has a much longer period in which to repay or refinance its debt. By comparison Spain are urgently trying to move their average debt maturity up to just 6.7 years. Unlike the UK, countries including Spain, Italy and Greece are facing huge immediate repayments as short term bonds mature in the next 12 months.***

- ***The key risk from national debt is the interest payable. In the past century UK public debt interest peaked around 7% of GDP in the 1920s. It is currently between 3 and 4% and wouldn't be an economic risk unless it breached 12% of GDP.***
- ***The UK is experiencing no difficulties in selling bonds to the market, thereby rendering false the government justification for cuts being needed to ease the bond markets.***

***This Council regrets that the deficit was added to by the:***

- ***£20.34 billion spent on the British involvement in the Iraq and Afghanistan wars;***
- ***significant tax evasion including an estimated £11.5 billion of unpaid VAT;***
- ***multi-billion pound bailout of the banks made necessary by reckless private sector lending.***

***This Council believes that the deficit can be gradually and effectively reduced with measures that protect jobs and reduce inequalities. These measures would include:***

- ***Lowering the 50% income tax band to £100,000;***
- ***Increasing the capital gains tax rate for those in the highest income tax band;***
- ***Reform Council Tax so larger houses pay much more, and smaller ones less;***
- ***Introduce VAT and fuel duty on aviation;***
- ***Save £6 billion a year on tax credits by increasing the minimum wage to be a living wage.***

At a local level, this Council welcomes and endorses the work being undertaken to prepare the organisation for expected central Government funding reductions in the Comprehensive Spending Review. In particular:

- ~~The Intelligent Commissioning proposals which will focus scarce resources more effectively on the outcomes which residents want.~~
- The ongoing work through the City's Public Service Board, towards implementing Place Based Budgets which the LGA estimates would save £100 billion nationally over the lifetime of a Parliament and notes that this would not be possible without an Intelligent Commissioning approach.
- The Value for Money review which will achieve savings of up to £35 million over 4 years with potential ongoing savings of up to £18 million. This will be in addition to the £30 million which has been saved over the last 3 years.
- The Improving Customer Experience programme – working towards a one stop shop for residents accessing Council services.

This Council seeks to reassure residents that these pre-emptive measures put the organisation in a very good position compared to many other local authorities, ~~to absorb its contribution to the national debt reduction programme without adversely affecting vital frontline services~~ ***but that frontline services and vulnerable***

**residents in Brighton and Hove will nonetheless suffer greatly as a result of the reckless, ideologically-driven cuts imposed by the Coalition, including the shocking 25.5% cut in the local government budget.**

**This Council notes its critical role in supporting the local economy. Each job lost ends up having a net cost to the economy and the taxpayer. This Council will work tirelessly to protect frontline services from cuts whilst seeking to spend taxpayer funds as carefully and efficiently as possible.**

Therefore, this Council resolves to:

- ~~Endorse the pre-emptive measures outlined above.~~
- **Ask the Cabinet, the Chief Executive and the City's 3 MPs to write to the Chancellor of the Exchequer expressing our concern at the depth and speed of the cuts and the impact they will have on the people of our city.**
- Write to the City's 3 MPs urging them to highlight the innovative work of Brighton & Hove City Council in Parliament.
- Urge the Cabinet to continue to maintain a constructive dialogue with Government, both directly and through the City's local MPs, in order to get residents the best possible deal from the changes announced in the June emergency budget, the CSR and the forthcoming Local Government Finance Settlement."

Proposed by: Cllr Jason Kitcat

Seconded by: Cllr. Paul Steedman

