

## Resolving the local government and housing crises

# An Open Letter to the Labour leadership



[thelabourcampaignforcouncilhousing.org](http://thelabourcampaignforcouncilhousing.org)

The government's Autumn Statement set in train a new phase of austerity, to pay for NI cuts. We believe the Guardian editorial was correct in saying that the next government must either "repudiate Hunt's disastrous cuts, or enact them." "Unprotected" departments, including local government, face an effective £19 billion cut and Local Housing Allowance will be frozen from 2025.

Both council General Funds and Housing Revenue Accounts are grossly under-funded. The LGA has reported that nearly a fifth of councils are in danger of declaring a section 114 notice either this year or next. Even those councils which are not in imminent danger are having to spend an increasing majority of their funding on social care, the demand continues to rise. According to the LGA the median for social care takes up 63.9% of all spending (excluding education). For some it is 80% and more.

We suggest that Labour *should* repudiate Hunt's disastrous cuts because the alternative is to impose them on already fragile public services including local government. To stick to Tory spending plans would mean more austerity for local government, a freeze of LHA from 2025 and maintaining the inadequate funding of the current government's Affordable Homes Programme.

Already spiralling costs of temporary accommodation are pushing councils to the brink and making rents unaffordable for many. To reimpose a freeze would exacerbate the housing crisis and the financial crisis of local government.

Labour councils are looking to a Labour government to come to their rescue. Not only should a Labour government not enact Hunt's cuts but it should commit to:

- Funding local authorities on the basis of annual assessment of needs.
- Rather than freezing LHA, increasing it at least to the 30<sup>th</sup> percentile and covering the full cost of rent paid by local authorities for temporary accommodation.
- Increase the Affordable Homes Programme funding available for building/acquiring council housing, without which there can be no large scale council housing programme. This is critical for resolving the homelessness crisis.
- End Right to Buy, as in Scotland and Wales, to stop the loss of stock.
- Review the 'self-financing regime' (the LGA has demanded this of the current government) with a view to funding HRAs adequately to improve the quality of homes.
- Implement an emergency programme for decarbonisation of all council homes.

We cannot agree that there is 'no money left'. That is only true if the regressive taxation system we currently have is left in place rather than moving back to a progressive one. Our own history teaches us that doing what is necessary can be paid for. The Atlee government launched the NHS and built a million council homes in a far worse situation than we face. Debt to GDP ratio then was 250% rather than 100%.

We agree with the LGA, which has told the government that they need to "Provide long-term funding for local government that reflects current and future demands for services." This will be necessary "to halt the long-term decline in council services."

As SIGOMA chair Stephen Houghton told Labourlist in July, "Labour must reverse council cuts and base funding on need, not local wealth....Giving public services the funding they need is crucial to underpinning a functioning society, while helping to tackle issues such as poverty, inequality and insecure housing goes to the very heart of our mission as a movement."

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