

MINUTE EXTRACT – COUNCIL, 19 OCTOBER, 2020

29 MOTION - CANCEL LOCAL AUTHORITY DEBT

Councillor Jo Bird moved and Councillor Christina Muspratt seconded a Motion submitted in accordance with Standing Order 13.

Having applied the guillotine, in accordance with Standing Order 9.1, the Council did not debate this matter.

Resolved (39:20) (One abstention) – That,

To help save local services and build back better, this government should cancel local authority debt, just as they cancelled NHS debt.

The financial crisis of local authorities is spiralling out of control as councils struggle to respond to the pandemic. The huge increase in expenditure comes on top of ten years of austerity which has severely weakened local authorities. Austerity is to councils what ‘underlying conditions’ are to people who are vulnerable to the virus. The government has told councils to do ‘whatever it takes’ and they will support them. Yet the funding offered thus far falls well short of spending associated with dealing with the pandemic never mind the big loss of income resulting from the lock-down. The Local Government Association has warned that without “a cast-iron commitment” to cover the coronavirus bill councils will begin to fail. The CEO of CIPFA spoke of “a financial tsunami of reduced income and increased costs”. An unprecedented emergency requires emergency measures. One such measure would be the cancellation of local authority debt held by the Public Works Loans Board, currently over £80 billion. This would provide councils with around £4.5 billion extra spending power a year (the cost of servicing the debt last year).

In itself it would not resolve the funding issues resulting from austerity. There needs to be a return to funding of councils based on an annual assessment of social needs in each locality (abandoned by the coalition government in 2013). However, debt cancellation would be a simple step which would provide significant funding on an annual basis and would help to stabilise council finances. The government itself has set a precedent by cancelling £13.4 billion NHS debt. An unprecedented crisis requires emergency measures. To stave off a collapse of council services the debt held by the Public Works Loans Board should be cancelled. This would give local authorities around £4.5 billion extra income a year. Wirral Council resolves to:

- (1) Ask Group Leaders to contact ministers (in writing and on video) to cancel local authority debt.**
- (2) Refer this matter to the Policy and Resources Committee to consider that the Council support the Campaign for Council Housing’s call to Cancel Local Authority debt.**