



# ISLINGTON

**Councillor Richard Watts**  
**Leader of the Council**

The Rt Hon Philip Hammond MP  
Chancellor of the Exchequer  
HM Treasury  
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22<sup>nd</sup> October 2018

Dear Chancellor,

**Re: Budget 2018**

I am writing to you on behalf of the London Borough of Islington to urge you to use your Budget statement on 29<sup>th</sup> October 2018 to support local councils, protect small businesses and to help tackle the housing crisis.

Following the Prime Minister's announcement that austerity is over, it is important that you seize this Budget as an opportunity to give local people, businesses and communities in Islington the support we desperately need to help make the borough a fairer place for all.

I urge you to use the Budget to –

- End cuts to local councils
- Support small businesses in Islington by cutting business rates bills
- Allow councils to build new council and genuinely affordable homes

**End Cuts to Councils –**

Since 2010, Islington Council has been forced to making savings of £225 million due to a 70 per cent reduction of our core central government funding and rising demand for the vital services the Council provides. We forecast that, due to ongoing central government cuts and demographic pressures, we will have to find a further £50 million of savings over the next three years.

The Government's austerity agenda has seen local councils across the country lose 60p out of every £1 that was spent by central government on local government in 2010. The Local Government Association (LGA) has estimated that rising demand for vital services,

such as children's and adult social care, alongside further planned central government cuts to funding, will see local councils face a funding gap of £7.8 billion by 2024/25.

Whilst local councils across the country, including Islington, have worked tirelessly to make savings whilst still making a difference for local people, it is clear from the desperate financial situations in Northamptonshire, Somerset and which are facing many other councils, that the Government needs to end austerity now.

I urge you to use this Budget to reverse the further planned Government cuts to Islington Council's budget for next year, and to provide the investment needed across the country in children's services and adult social care. The Budget is also an opportunity to commit that the Spending Review in 2019 will restore funding for councils to 2010 levels over the next four years.

### **Support small businesses in Islington by cutting business rates bills –**

Islington Council is committed to supporting local small businesses because they are at the heart of our local communities. 98 per cent of all businesses in the borough are small or micro businesses employing fewer than 50 people. Local small businesses are a vital part of building an inclusive economy that works for all local people. They also help keep money within the local economy and therefore benefit local people. Vibrant small business communities contribute to the unique identities of local areas and they are more likely to be invested in the place where they do business.

However, small businesses in Islington are struggling to cope with the huge Government increases in business rates bills introduced following last year's revaluation of rateable values. Islington's businesses were hit with the third highest increases in England, and average increases of 42 per cent. We are deeply concerned that many small businesses could be forced to close or to move out of the borough as a result of increased business rates bills.

The Government needs to help small businesses now, by reducing the amount small businesses in Islington have to pay in business rates.

We believe the Government should increase the threshold for Small Business Rate Relief – a discount on business rates bills for small firms – to help 850 of our smallest local businesses save around £4,000 per year by having to pay no rates at all. This is something business groups, like the Federation of Small Businesses (FSB), have called for.

### **Allow councils to build new council and genuinely affordable homes –**

Islington Council is currently delivering the largest new council house building programme in the borough for 30 years. By 2022, we will build a further 550 new council homes, prioritised for local people, in addition to the 2,500 new genuinely affordable homes that have been delivered since 2010.

However, despite this significant investment by the Council in building more genuinely affordable homes for local people, too many people in Islington are not able to access genuinely affordable housing, or are forced to live in overcrowded and insecure accommodation.

The Prime Minister's statement earlier this month that the Government's red tape that has prevented many councils from building more new council homes will be lifted was welcome, and is something that this Council and many others have called for the Government to do for many years. It is now essential that you use the Budget to give firm details of when the borrowing cap on Housing Revenue Accounts (HRA) will be lifted, which should be done immediately, and that there will be no restrictions imposed by the Government apart from for borrowing to be in line with prudential borrowing rules, which we of course support.

However, whilst lifting the HRA cap would be welcome, there are still other barriers that are preventing the delivery of new genuinely affordable homes. The Government's restrictions on the use of Right to Buy receipts means that council homes are not being replaced on a one-for-one basis, as is required. Similarly, the Government prevents different funding sources from being combined with Right to Buy receipts to deliver new genuinely affordable homes. The Budget is an opportunity to announce a positive response to the consultation on the use of Right to Buy receipts that has recently closed, and to which Islington Council responded.

This Budget is an opportunity to make a real difference for thousands of people in Islington, and to many more people across the country.

Failing to act on the issues outlined in this letter will lead to more councils moving closer to breaking point, small businesses forced to close and will be another missed opportunity to tackle the housing crisis.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Richard Watts', with a stylized flourish at the end.

**Cllr Richard Watts**  
**Leader of Islington Council**