

**February 7<sup>th</sup> 2025**

We are writing to make a formal submission to your 2025 Spending Review, and in support of your Government taking a long-term perspective on departmental spending and resource allocation. It feels especially important to make this case in the current context of multiple crises which cannot be solved within the lifetime of one electoral cycle. Sadly, our political system is designed to encourage an approach that revolves around what might seem politically acceptable going into the next election. As a result, short-term thinking has dominated Treasury decision making for at least the last 15 years. The assumption by the Office for Budget Responsibility (OBR) that long-term multiplier effects disappear after five years perpetuates this problem, with the think tank NEF arguing that this also resulted in the OBR under-estimating the impact of austerity. We would argue that this is causing ongoing and considerable harm – to our economy, society and environment. We therefore call on you to use this Spending Review to signal a very different approach: one that seeks to invest in an enduring, ambitious, positive and visionary future for our country.

### Climate and Nature Crisis

The imperative for an approach based on long-term thinking is amply illustrated by the climate crisis. As we write, the cost of the Los Angeles wildfires is estimated at between £135 and £150 billion ([REF](#)). The destruction caused by the floods that hit Valencia last year are estimated to have cost businesses over £8.3 billion, with banks' loan exposure to the affected area worth over £17 billion. And here in the UK, Kings College London point to the 2010 heatwave costing the UK economy £770 million in lost staff days ([REF](#)), whilst the Office for National Statistics found hot days in 2020 cost the economy £5.3 billion, or 0.2 per cent of GDP ([REF](#)).

With extreme events like these becoming ever more likely, in 2022 the Grantham Institute found that: “under current policies, the total cost of climate change damages to the UK are projected to increase from 1.1% of GDP at present to 3.3% by 2050 and 7.4% by 2100” ([REF](#)). And in 2021 the OBR estimated that if countries were to do nothing to reduce global warming, this could result in UK debt growing up to three times larger than its economic output – around 290 per cent of UK GDP by the end of the century ([REF](#)). The OBR’s report compares these estimates with the costs associated with climate action and warn that the: “costs of failing to get climate change under control would be much larger than those of bringing emissions down to net zero” ([REF](#)).

These estimates are likely to be extremely conservative in their assumptions about the damage climate breakdown will do to the economy. In 2023, Carbon Tracker warned that the models relied on by investment consultants are not informed by the scientific literature on the impacts of global heating, with economic models suggesting 5 degrees of warming would have a negligible impact on the annual rate of economic growth despite scientists stating that the damage at this level of warming would be “beyond catastrophic, including existential threats”. This has resulted in a huge disconnect between what scientists expect and the preparedness of financial systems ([REF](#)).

Our environment is our most precious resource; we depend on it for the air we breathe, the water

we drink and the food we eat. Yet we are one of the most nature-depleted countries in the world with about half of our nature lost. We are part of nature and unless it flourishes, we cannot flourish either. Long term decision making when it comes to the natural world is literally life critical.

We recognise that there has been an important and very welcome shift under your Government when it comes to decarbonising some sections of the economy. However, there continue to be significant gaps when it comes to support for nature, and in relation to climate mitigation and adaptation too. On the latter in particular, your Government is falling far short of the spending commitments needed to ensure our communities and the economy are both better protected against and prepared for flooding, extreme heat and extreme cold. Yet doing so within this Parliament would save money and lives in the long-term – across sectors that include the NHS, businesses, local council spending and infrastructure. Not investing to adapt to the consequences of the current trajectory on global temperate increases and climate impacts is a false economy, and we urge you to invest an extra £7 billion annually on climate adaptation to grow our country's resilience to climate chaos.

Preparedness requires investment in infrastructure for climate mitigation and adaptation. Building on the changes you have already made to local authority pension funds and bringing forward a further a change in the tax incentives for saving in ISAs and pensions could unlock vital funds to transform our economy. A requirement for new ISA funds and 25 per cent of all new pension contributions to be saved in ways that would help fund new infrastructure projects could make available up to £100 billion of funds per year for our long-term security and prosperity ([REF](#)).

At the same time, it is vital to reframe investment in climate and nature action as a net good to society and to our economy – one which will save lives and money in the long term. For as long as your Government falls into the traps set by climate delayers and deniers, and fails to challenge the narrative that it is too expensive to protect our natural world and climate, it will be difficult to deliver on the greatest responsibility of any Government – to keep citizens safe. The truth is, it is too expensive not to take urgent action now for our long-term prosperity. Too financially reckless to forge ahead with projects such as increasing airport capacity when the climate impacts will be so vast. Moreover, by making fairness and democracy synonymous with climate action, you can seize the opportunity to secure lasting support for changing the trajectory of this critical decade and for many more election cycles.

#### **OUR PROPOSALS:**

- Invest an extra £7 billion annually on climate adaptation and resilience, including in fire and rescue services and local resilience forums.
- Require new ISA funds and 25 per cent of all new pension contributions to be saved in ways that would help fund new infrastructure projects.
- Adapt homes to avoid overheating in the hotter summers with investment of £7 billion over 5 years.
- Levy a carbon tax at an initial rate of £120 per tonne, rising to a maximum of £500 per tonne of carbon emitted within ten years to help fund investment in green infrastructure – and in the skills needed for transforming the economy.

- Increase DEFRA's budget by £1.5bn, allowing an increase in funding for the Environment Agency and Natural England.
- Invest in nature friendly-farming and bio-diversity protection, including making an additional £3bn available annually for grants to landowners and farmers for returning land to nature.

## Housing

Decent housing is both a human right and an excellent public investment, so we also urge you to take a long-term approach to address the lack of secure housing at affordable tenures. You have an opportunity in this Spending Review to provide many more genuinely affordable homes.

For at least 40 years, Governments have chosen to treat houses as assets rather than homes and have failed to replace the over 2 million social homes sold under 'Right to Buy' since 1980 [[REF](#)]. Meanwhile, long-term growth in the private rented sector means this is fast becoming the dominant tenure in urban areas. [[REF](#)] Stemming the loss of social homes by ending Right to Buy completely, while investing in creating more supply, could make a huge difference and the Government needs to step up with real funding.

Your pledge to build 1.5 million homes over the course of the current Parliament will help in terms of new homes, but you cannot expect the market to release sufficient new supply of market homes to address the affordability crisis and actually bring costs down. Therefore, your spending plans must do more to prioritise the creation of new truly affordable social housing, and to do this both by grants to support building social homes, and grants to help councils buy from the existing stock.

A new social rented home has multiple benefits that the Treasury can both measure and realise through savings in other public services and, in particular, through savings to housing benefits. [[REF](#)] A secure, affordable home that is not overcrowded, cold, damp or mouldy also has wider benefits, including to mental and physical health, employment prospects, and educational gains for children, which should be estimated as part of cost-benefit considerations. For example, according to Shelter, building 90,000 social rent homes could save the NHS £5.2bn over 30 years and also generate £2.7bn in savings from fewer disruptions to education ([REF](#)).

In terms of new building, creating 90,000 social homes a year over the next decade would add £51.2bn to the economy over 30 years, and would pay for itself in 3 years ([REF](#)).

In terms of buying new supply, the Mayor of London's recent Right to Buy Back fund was a success, using unallocated grant funding from the devolved 2016-23 Affordable Housing Programme to acquire more than 1,300 homes, and its successor Council Home Acquisition Programme is even more ambitious, aiming at 10,000 acquisitions, with the wider benefits estimated at a minimum of £2.3 billion for an overall subsidy of around £1.5 billion ([REF](#)).

Some local authorities in a variety of other areas have already started, where they have the capital funding or borrowing capacity, to realise the benefits of buying existing homes to increase their stock of social housing. One example of clear results is that a programme of acquisition in Brighton and Hove saw a net gain of 140 council homes between 2019 and 2022 ([REF](#)).

There are other factors in favour of this too. For example, we also believe new grant funding for social housing acquisition is urgent because the speed with which it can bring new social homes into

use matches the urgency of the housing crisis, and as a ‘soft landing’ for any distressed landlords who wish to leave the rental market because of the introduction of the Renters Rights Bill.

## **OUR PROPOSALS:**

- Establish a new separate national grant funding programme of at least £2 billion per year for council home acquisitions, and relax the ten per cent cap on acquisitions under Affordable Housing Programme grants for 2021-26.
- Abolish the discount element of Right to Buy completely.
- Speed up legislation to give local authorities, registered social landlords and community housing groups the first option to ‘buy the supply’ when homes are sold.
- Undertake a full scale national retrofit of housing stock, coupled with zero carbon new build standards.

## Transport

To reach Net Zero goals, it is vital that long-term thinking informs transport investment. Much needed spending must be prioritised towards the most effective ways of giving people more opportunities to use sustainable transport options and of reducing the need to travel.

There are many opportunities to support these goals through your Government’s upcoming strategies and plans, including the overall Net Zero strategy, the National Infrastructure Strategy (due at the same time as the Spending Review), the promised Integrated National Transport Strategy, updates to planning policies including National Policy Statements, devolution plans and others. In every case, the decisions made in your Spending Review will determine whether the goals of these strategies and plans are met long-term. And for them to work effectively together, investment must prioritise delivery of the most significant social, economic and environmental goals when looked at in the round.

This means active travel first, followed by public transport including rail, light rail and buses, along with efficient freight transport and small business needs. Only after all of this should private modes, including car travel, be allocated more funding. Alongside investment decisions, a long-term approach requires following the strong advice from the Climate Change Committee to develop transport demand management frameworks, which also creates options for sustainable revenue streams to support increased capital investment ([REF](#)).

In the context of the forthcoming Road Safety Strategy, the Spending Review should give local authorities the confidence to plan for safer and more accessible walking in their areas, and the investment to develop cycling infrastructure that supports safe journeys by bike for everyone from 8 to 80 years old, and which coheres into a genuine network ([REF](#)).

As well as environmental, and health benefits, transport investment provides excellent value for money. For every £1 of government spend on bus services and infrastructure returns £4.55 in economic benefit [\[REF\]](#), and for every £1 spent on the rail network, £2.50 value is delivered in the wider economy [\[REF\]](#). Road building, by contrast, increases congestion which is estimated to cost the UK economy £7.5 billion every year in lost productivity [\[REF\]](#).

**OUR PROPOSALS:**

- Ensure at least 10 per cent of the transport budget (revenue and capital) is invested in active travel.
- For buses, create sustainable and generous multi-year funding settlements for all local authorities.
- Fully electrify the rail network, invest in double tracks in single-track bottleneck locations and in new regional rail connections, introduce a £50 pcm regional train pass like in France and Germany and use the opportunity of renationalisation to drive up the frequency and reliability of train travel.

**Social Care**

Social care is a further example of where a long-term approach is critical – and would be transformative. The failure by successive Governments to address the social care crisis has created problems for our health service more widely. With over 400,000 people awaiting care reviews, payments or assessments ([REF](#)), and 131,000 staff vacancies in the care sector ([REF](#)), there is a political consensus about the scale of the problem. We therefore welcome the steps your Government has taken to ease immediate pressures on the sector and to signal its commitment to long overdue radical reform. However, by delaying change by a further three years, we are concerned that, yet again, the timetable for action is being dictated by, and risks being derailed by, electoral cycles and political head winds. This has happened under successive governments and it is frail, ill and disabled people who are paying the price.

Ensuring dignity in older age and for Disabled people depends on making a long-term and ambitious commitment to fixing our social care system. We therefore urge you to use the Spending Review to announce investment of £20 billion per year to include introducing free personal care along the lines successfully brought in by the Scottish Government.

This kind of ambition is also critical to the long-term sustainability of the NHS, including because a lack of social care sees people staying in hospital beds for longer than their medical needs require – 13 per cent of NHS beds are occupied by people waiting for social care support or care in more appropriate settings. ([REF](#)) This has knock-on effects for waiting times and capacity for new admissions. Lord Darzi's report of September 2024 identified the “dire state of social care” as among the reasons that the NHS is in a “critical condition.” ([REF](#)) We cannot let the deplorable state of adult social care continue simply because the short-term nature of election cycles encourages political timidity. As Sir Andrew Dilnot recently told the Health and Social Care Committee, this is “a matter of political courage and political decision-making” ([REF](#)).

**OUR PROPOSALS:**

- Invest £20 billion per year to improve social care, including free personal care.

**Restoring public services**

Investing in our public services and infrastructure is essential to a flourishing future for us all. We all know the harm that has been caused by 15 years of austerity and deregulation, but we do not accept that more cannot be done, faster, to invest in the public transport, schools, hospitals, Local Government and other services on which our communities rely.

It is a political choice, and we urge you to choose to look beyond the constraints imposed by short-term election cycles and instead take a bold new approach to funding our public services – asking those with the broadest shoulders to pay their way so that we can invest rather than cut. The group Patriotic Millionaires estimates that a two per cent wealth tax on assets over £10 million would raise up to £24 billion a year – money which is badly needed to transform our public services. Whilst choosing to restrict investment because of any self-imposed fiscal straitjacket is a false economy, taxing individual wealth and carbon will help raise vital Treasury funds for capital and revenue spending. The UK's response to the Covid-19 pandemic demonstrated that it is possible to rapidly change what's politically and publicly acceptable. We therefore urge you to show leadership by seeking to shape a new narrative about public spending and fairness.

#### **OUR PROPOSALS:**

- Tax the wealth of individual taxpayers with assets above £10 million at 1 per cent and assets above £1 billion at 2 per cent annually.
- Use the Spending Review to address inequality, for example by funding free school meals for all children.

Your Government faces huge challenges, many of them inherited. But by limiting yourself to short-term wins and to the fantasy of infinite growth on a finite planet, you risk failing to grow what really matters – wellbeing in our communities, stability in our economy and resilience to the climate and nature emergencies. Moreover, unless the OBR adjust its multipliers for policies like green investment and poverty reduction, the limited fiscal rules which you have chosen to follow will consistently fail to unlock the further headroom that might begin to allow a more long-term approach to the economy.

The public are crying out for the security that comes from stability, for a Government that fully recognises the opportunities and challenges presented by the coming decades. We call on you to conduct the Spending Review in line with environmental principle and use it to create a positive, hopeful and ambitious vision for the country we can be: now and into the future.

Adrian Ramsay – Green MP for Waveney Valley and Green Party Co-Leader

Carla Denyer – Green MP for Bristol Central and Green Party Co-Leader

Ellie Chowns – Green MP for North Herefordshire

Sian Berry – Green MP for Brighton Pavilion