

What I want for Budget day

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[I wrote this blog for Public Finance today:](#)

It's Budget day tomorrow, and we're all allowed a wish, aren't we? Most want the chancellor to lay off booze, fags, income tax, or something as personal as that. I want something quite different.

Since 2003 I have been arguing that the UK needs a revived local authority bond market. Now is the time for Osborne to deliver.

The Conservatives claim they're fans of localism. And they say they want to devolve more decision-making to communities. At the same time they want people to save more.

But the public has an implicit mistrust of stock markets which carry no guarantees — and offer a pot luck chance of returns. In fact, at present, many savers have some disquiet about banks offering returns that are profoundly unattractive whilst charging the earth to borrowers.

Economically what this country needs is a massive injection of money into local infrastructure to get employment going again and to lay the foundations for growth when the recovery happens. Some green initiatives would help no end too.

All this add up to one thing — and the answer is local authority bonds. They're local. They encourage accountability. They are low risk but offer better returns than gilts and any bank. And they encourage local growth.

What's more, if sold in sufficiently small blocks, they can be wrapped inside pension funds and Individual Savings Accounts (and this must be actively encouraged). Plus, they encourage saving with an explicit social return in the places where people live.

They'll also help create jobs — which is what people want. And they're cheaper than the Private Finance Initiative. And they break the stranglehold of the banks on infrastructure spending. Most important of all, they create a demand for local

democracy.

All of which means that I want you to grant me just one wish George. Give me local authority bonds. Tomorrow.