

# Sticking plasters no longer work. The wounds in our soc...

Published: January 13, 2026, 4:08 am

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As [The Guardian](#) reports this morning:

*England's housing crisis will push many local authorities into bankruptcy as the increasing cost of emergency accommodation for thousands of homeless families threatens to overwhelm council budgets, leaders have warned.*

*The worst-hit councils are now spending millions of pounds a year - in some cases between a fifth and half of their total available financial resources - to try to cope with an unprecedented and rapid explosion in homelessness caused by rising rents and a shrinking supply of affordable properties.*

The full report is worth reading.

Successive governments that failed to build social housing whilst selling off social housing stock are partly to blame for this.

So, too, are the actions of some unscrupulous landlords.

But the real problem can be laid fairly and squarely at the door of the Bank of England. They forced interest rates up without any evidence that doing so would reduce inflation. So far, the contrary is likely to be the case. And now they are [using quantitative tightening](#) to keep those rates artificially high - and well above those that markets might otherwise settle on given the state of the economy.

The result is not just a cost of living crisis.

Nor is it just a massive decline in the financial well-being of millions in this country.

It is also an alarming hike in rents, which are, however, insufficient to cover the costs of some highly-gearred (over-borrowed) landlords who are selling their properties as quickly as they can, so increasing the scale of homelessness and disruption, whilst also removing property from the rental housing stock, at least temporarily. It's a perfect storm for the councils involved, and it can only get worse since it is the policy of the

Bank of England to maintain high interest rates as inflation declines, which can only make rents increasingly unaffordable whilst forcing more landlords out of business.

Did anyone at the Bank of England think about this when they wanted to crush the spending power of those who have to borrow?

Do they feel the slightest remorse at the hardship they are causing?

Is there any concern on their part about the failure of local councils - and so critical local services that might follow?

I very much doubt any of these things worry those on multiple first-digit six-figure salaries working for the Bank who drive interest rate policy. They are, to use a term far too prevalent at present, just collateral damage for what they think to be their necessary goal, however illogically chosen and unevidenced that goal might be.

Local authorities are on the front line of providing for many of those with the greatest need in the UK. If they cannot do so because of irresponsible policy created by the Bank of England, those people suffer. But it's not just poverty they head for. It is destitution - the word that is now rightly back in the lexicon to describe the lives of those whom the government has deliberately left behind in this country.

What could be done? These obvious things are all possible.

First, begin cutting interest rates now. This will have no impact on inflation and very little, if anything, if properly explained on the exchange rate.

Second, impose rent caps. They work, at least in the short term. Then buy up at arbitrated prices former rental properties made available for sale.

Third, increase tax to relieve destitution. [I have shown how.](#)

Fourth, stop quantitative tightening.

Fifth, raise dedicated savings funds to pay for new social housing. Issue bonds. Make [this a purpose of the Green ISA bonds](#) that I have long advocated to replace all other ISAs. This would ensure savings will, once again, have a social benefit.

And sixth, bring interest rate policy back under government control. We cannot have it set by people with no responsibility for the social consequences of their irresponsibility.

These could all be done.

When will a government have the courage to do such things?

Sticking plasters no longer work. The wounds in our society are far too deep.