

# Unless we put the UK's wealth to work for social purp...

Published: January 12, 2026, 11:32 pm

---

I have noted a report in the Guardian this morning which suggests that Southwark Council is seeking to raise £6 million of crowd-sourced funding over the next six years, which it will use to fund climate change-related investments in its borough. It is offering to pay 4.6% interest on the sums it is borrowing at present, which is a lower rate than it would have to pay HM Treasury to borrow the same money. It is, apparently, one of nine councils undertaking such arrangements at present and secured £50,000 of funding within hours of its new scheme being open.

It is, perhaps, unsurprising that I find much to applaud in this arrangement, albeit that I despair at the current approach adopted by HM Treasury, which is penalising councils for seeking to borrow to achieve such vital objectives. Twenty-one years ago, Colin Hines and I wrote our first ever report, working with Alan Simpson, who was a Labour MP at the time. [It was called People's Pensions and was published by the New Economics Foundation](#). It suggested that pension savings should be turned into the capital required by local authorities and other public administrations to fund the investment required in their communities. Local authority bonds were to be the instrument of choice for this radical transformation.

I have never given this theme up. We live in a country where there is reported to be £8,100 billion of financial wealth and a simultaneous desperate shortage of investment. That is because almost none of that financial wealth represents sums actually available for constructive use within the economy. It is instead either money sitting out of circulation in bank accounts or sums saved for speculative purposes, much of it represented by the ownership of shares in quoted companies or the ownership of second-hand buildings.

The old economic idea that saving had anything to do with investment, which claim provides the logic for the UK government still giving £70 billion of tax relief to those saving money into economically dormant or socially useless ISA or pension accounts, has been shattered in a wholly financialised economy where doing something as unseemly as actually using saved funds to provide capital for real economic activity never appears to occur to anyone in so-called financial markets.

I applaud Southwark for trying to re-establish this relationship between a saver and the constructive use of capital within a local economy. It is entirely appropriate.

What I find disheartening is that those saving in this way will not enjoy a government guarantee on the funds that they make available to Southwark when that guarantee would be provided if they put the money, uselessly, into a bank deposit account.

What I also find unacceptable is the fact that this proactive funding will not enjoy the tax subsidy that either ISAs or pension investments do.

That is precisely why I have suggested that in future, all existing types of ISA accounts should be withdrawn and the only option available for those wishing to save an ISAs should be that the funds in question be used to invest in the green economy, either by buying bonds to be issued by a Green National Investment Bank, the return on which would carry an implicit government guarantee, or by investment in shares and bonds issued by banks, public or private companies, all of which would be required to prove that the money that they had entrusted to them was used to provide capital for investment in new economic activity intended to assist the UK's transition to becoming a net – zero economy.

I have also, repeatedly, over 21 years, suggested that part of all new pension contributions should be used for the same purpose as a condition of the tax relief provided on such sums to those making pension contributions.

Currently, £70 billion a year goes into ISA accounts and sums well in excess of 100 billion go into pension arrangements. The combined cost of tax relief on these sums is £70 billion a year, a figure in excess of the UK defence budget. In exchange, there is no obvious return of any sort to society, but enormous benefit does arise to the city of London and to those who are already wealthy, who are the inevitable beneficiaries of this largesse from the state, which they zealously seek to preserve whilst criticising all those who claim any form of benefit.

Until we join up the obvious dots in the economy and require that savings be reacquainted with investment and that tax relief only be associated with the achievement of a social purpose, we are not going to tackle the immediate issues that plague us, whether they be a shortage of gainful employment, massive under-employment, a lack of investment, or our failure to tackle the climate crisis. Rebuilding the relationship between saving and investment in a way that tackles all these issues is an obvious way to go forward, but to date no political party has shown willingness to adopt this approach, which I find deeply discouraging. However, Southwark and other councils do appear to be showing the way. I welcome that. The rest of the country needs to follow the path that they are blazing the way because unless we put the UK's wealth to work for social purposes we really are in very deep trouble.