

Britain: Local authorities slash jobs and social services

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Across Britain, local authorities have announced plans to slash hundreds of jobs and outlined deep cuts in budgets for public services.

In December, London Mayor Boris Johnson unveiled spending cuts amounting to £950 million over the coming three years. Citing the current economic crisis, he announced cutbacks in the budget for the police and the fire services, as well as transport.

Pointing to the impact of the crisis in the financial sector, he stated that action had to be taken to “support London”, something which can only be achieved by cutting services. But he also revealed substantial funding increases to a number of business projects, such as the £23 million made available to fund local businesses. The cuts to transport funding are particularly severe, coming at the same time as Johnson detailed plans to increase fares for bus and underground travel in 2009.

Transport for London (TFL), which runs transport services including the London underground, has already outlined plans to cut jobs. A number of proposed projects were also shelved in November. The aim is to reduce costs by £2.4 billion over the next ten years.

A similar picture exists in local authorities throughout Britain. In Bristol, the administration had approximately £8 million invested in collapsed Icelandic banks. Along with neighbouring councils in North Somerset and South Gloucestershire, it is to announce price hikes for its services such as parking charges. Funds for public services such as libraries will be scaled back, while Bristol City council is introducing an above-average council tax increase for its residents.

Although the government has pledged a funding

increase of 4.2 percent for local authorities in 2009, steep council tax rises in a number of areas are likely.

In Oxford, the council is set to announce job cuts across the board, as it deals with a £6 million shortfall. This figure excludes the sum of £4.5 million that the council had deposited in Icelandic banks that failed last October. In the event it is unable to regain these funds, the cuts will be deeper still.

Five councils in Lincolnshire have revealed plans for redundancies and cuts to spending as they face a combined shortfall of £7 million, and in Nottingham, the city council is dealing with a £6 million shortfall. Having invested over £40 million in Icelandic banks, it is one of the councils with the most to lose.

Jobs will also be lost in Worcester, where at least 80 posts and funding for concessionary travel to be cut, while in Coventry around 200 jobs are threatened. Facing a budget shortfall of £13 million, the council is to discuss proposals to increase charges for some social care services.

In Wales, local authorities have unveiled spending reductions and job cuts. In October, when inflation was running at 5 percent, councils were given an average funding increase of 2.9 percent, with some authorities receiving as little as a 1.5 percent rise.

Although inflation may have fallen since then, the fact that councils have to finalise contracts for goods and services months in advance means that such a reduction will do nothing to aid council budgets. Since October, Denbighshire council has revealed plans to cut its staff costs by 10 percent, while Cardiff city council has indicated sharp rises in council tax bills, adding that it

would be “really hard” to meet the funding gap in the coming year.

Scottish councils have also made cuts. In Aberdeen, where the council has been suffering financial difficulties for some time, a package of cuts amounting to £24 million was voted through in December. The package will mean that for 2009 the city’s housing budget will be cut by £1.2 million, education will lose over £5 million and social services will suffer a cutback of £8.6 million. At least 400 jobs will be lost across the city, including over 200 classroom assistants and other educational staff.

Earlier last year, the council announced £35 million in budget cuts and it has now been forced to borrow money from the Scottish government.

The Scottish National Party administration at Holyrood has done everything possible to distance itself from the policies of the local authority, insisting that it should be left to manage its own affairs. But the SNP has not shirked from imposing severe budget cuts in other local authorities. In Edinburgh, where the council is led by the SNP, spending cuts have been implemented, including in social work. A number of schools have been shortlisted for closure, although the council was forced to scale back its plans to close up to 20 primary schools and nurseries after strong protests.

Cuts have been announced by Scottish Borders council, and by Glasgow, Scotland’s largest local authority. It was revealed at the start of November that the Labour controlled council would have to make use of reserve funds to meet its budget commitments this year. In a bid to cut costs, the authority revealed that 400 jobs would be eliminated, including losses in social work, education and environmental protection. This is part of a plan to save £23 million by 2010. A council official stated that without an upturn in the economy after three years, the ability of the authority to provide basic services will be in doubt as its reserve funding would be exhausted.

In September, a two-year pay deal which would see wages increase by 2.5 percent each year was presented by Scottish local authorities to workers. After a series of one-day strikes that the unions were unable to prevent, they settled for a paltry increase of 0.5 percent for the first year of the contract with no change for the second year. They worked to ensure that further action in October was

cancelled.

Unison Scottish secretary, Matt Smith, assured employers that strike action had been taken “only with the greatest of reluctance”, adding that he hoped to achieve a “negotiated settlement.” Not the slightest effort was made to unite the struggles of workers in different local authorities, let alone in Scotland and England.

Such cutbacks are only a foretaste of what is to come.

Approximately £1 billion of local authorities’ funds were invested in Icelandic banks which have now collapsed. A total of 116 local authorities in England and Wales had roughly £850 million invested in Iceland’s banks, while other public bodies such as police forces, fire services and transport authorities had a further £100 million. Seven local authorities in Scotland had roughly £50 million invested in Icelandic banks, including £15 million from North Ayrshire council, £7.5 million from South Lanarkshire council and £10 million from Scottish Borders council.

Additionally, Aberdeen city council had a deal worth £120 million to fund the construction or refurbishment of up to 10 schools which was funded by Icelandic banks. These projects are now in doubt. While at the time of the Icelandic banking collapse in October council spokesmen went out of their way to assure people that service provision would not be affected by the losses, the reality is clearly very different.

There are additional difficulties brought on by the economic downturn. According to a recent survey, local authorities in England, who generally hold around £26 billion in reserves, are facing a £600 million fall in interest payments alone due to collapsing interest rates. This, in addition to the £900 million lost by councils due to the Icelandic collapse, will continue for several years. Other financial pressures have been generated by falling planning applications and a collapse in the international price for recycled waste.



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