

# Britain: Public sector jobs set to be slashed

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Large-scale job losses and cuts in services are planned throughout the UK public sector.

John Philpott, the chief economist and director of public policy for the Chartered Institute of Personnel and Development (CIPD), writes, “The public sector has yet to feel the full impact of the recession, and the resultant bloodbath in the public finances.”

He continues, “CIPD’s current estimate is that the fiscal squeeze implied by government plans will result in a total of 350,000 job cuts in the public sector overall between 2010/11 and 2014/15. This will be preceded by around 30,000 job cuts in local authorities in the next year.”

The Local Government Association (LGA) warned in April that the recently announced Labour government budget would mean increases in spending for local councils would be pared back to 0.7 percent over the next five years. When inflation is taken into account this would effectively be a cut.

Margaret Eaton, the LGA chairperson, explained in a press release, “A future squeeze in public spending risks jeopardising local services.... Local Government is already the most efficient part of the public sector, achieving well over a billion pounds of savings over each of the last few years and consistently outperforming government targets ... any decision to cut budgets further will leave them with difficult decisions about priorities at a time when there is ever greater demand on services.”

The accountancy firm KPMG surveyed local councils to ascertain their plans. Over 40 percent of council leaders and nearly 60 percent of chief executives they contacted expected to make “major” cuts in their workforce numbers in the next 18 months.

Around half of the councils expect to have to make “drastic” cuts in their spending and expressed doubt about the ability to maintain vital services.

Iain Hasdell, KPMG’s local government expert, said, “The survey’s findings demonstrate how councils across the country are coming to terms with harsh realities of the recession,” formulating plans involving a “considerable headcount reduction.”

The Centre for Economics and Business Research forecasts job losses of over 300,000 in the business services sector. It acknowledged that some of the job losses would result from the cutbacks in the public sector.

The CIPD report confirms another carried by the *Times* at the beginning of the year, which stated, “Council officials admit the scale of the cuts is much higher than any measures taken over the past decade ... local authorities have been told to make efficiency savings of more than £1.5 billion, and most are under pressure to keep council tax rises below 5 percent to avoid being capped next year.”

An article in the *Health Service Journal* in June centred on a report produced by the National Health Service Confederation titled “Dealing with the Downturn.” The article said of the report, “It says the recession is likely to mean real term annual funding cuts of 2.5-3 percent from 2011-12.... It acknowledges reductions in staff numbers are inevitable.”

“History suggests failing to deal with the spending squeeze will lead to problems large enough to call the whole NHS into question. The NHS has survived three of these in the last 25 years. We cannot assume it will survive the next.”

Regardless of whether the next government is led by Labour or the Conservatives, cuts will be pushed through. The Tories have already said that most government departments will face cuts of around 10 percent. Labour is attempting to make political capital from this by trying to paint the Tories as the party of cuts, which they will oppose. But it is clear Labour is aware they would have to push through similar cuts.

Normal practice is for the government of the day to publish a spending review every two years. One is due this year, but Chancellor Alistair Darling has cancelled it until after the next election.

An article in the June 28 *Sunday Times* explains that the government “red book” figures on expenditure show that infrastructure spending in 2012 will be £26 billion, whereas for next year it is set at £44 billion, a 40 percent cut. The Treasury deficit is expected to be £175 billion this year. Such levels are unsustainable and a Labour government would be forced to push through cuts.

The article quotes Robert Chote of the Institute of Fiscal Studies (IFS), who said that whilst there had been years of increases in public spending under Labour, these “would be followed by years of famine, on a scale not seen since a previous Labour government had been forced by the International Monetary Fund to slash spending in the 1970s.”

According to the IFS, “Interest payments on the government’s huge borrowing will rise 8.4 percent a year whilst spending on social security (because of increasing unemployment) will go up by an annual 1.7 percent ... other departmental spending will be cut by 2.3 percent a year from 2011, reaching 7 percent over three years. If health and overseas aid were maintained, it would mean cuts for other departments would rise to 9.7 percent over three years”.



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