

Britain: Local authorities face devastating cuts and rationalisation

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A report by the New Local Government Network (NLGN) has warned that local authorities could lose at least a third of central government funding over the life of the current parliament. It warns that the £1.165 billion cuts to local authority grants already announced by Chancellor George Osborne will be small “compared with the tsunami of funding cuts that will hit councils.”

Cuts to grants this year include £533 million from the Department for Communities and Local government, £311 million from transport, £309 million from education, and £7.5 million from the Department for Environment, Food and Rural Affairs. Additional cuts to non-departmental government bodies and planned “efficiency savings” mean that local authorities will have to manage cuts exceeding £2 billion by March 2011.

According to a *Financial Times* (FT) survey, councils have already begun to axe all services which they are not legally bound to deliver, such as culture and sport, social services and highway maintenance. A North Dorset government official warned, “We are now starting to look at which of our statutory services can have any excess trimmed. We have virtually no discretionary services left to cut.”

Tony Travers, Director of the London Group at the London School of Economics, wrote in *The Guardian* on July 5 that “anyone who uses a library or the local leisure centre, who lives in a council home or who needs the fire brigade... can expect significantly higher charges for services and/or a lower level of service.”

Further research conducted by the FT reveals that in the past two months councils have scrapped housing projects set to deliver around 7,500 new subsidised homes under the instruction of Communities and Local Government Minister, Eric Pickles. Since the election,

housing commitments have been cut by £450 million, including cuts to buyer subsidies such as “Social-Homebuy” and “Rent-to-Homebuy”.

Further financial pressure will be exerted on local authorities by the government’s Academies Bill, which will see money held back for extra education needs of between £217 and £1,322 per pupil, per school handed over to Academies. Local government expert Martin Rogers warned that local authorities will face “a financial catastrophe” in which councils will have to make cuts to schools still under their control.

In order to put in place this scale of cuts, local authorities are being instructed by the government to merge with neighbouring authorities and other public bodies. The extent of this rationalisation drive has been revealed in leaked comments made by Local Government Minister Carl Sargeant, which indicate that all councils across Wales will be merged by 2016.

The Local Government Association (LGA), in advice to the government, has identified strategies such as selling off assets and constraining access to public services. It states that “in Leicestershire, there could be annual savings of between £3.75 million and £5.25 million from rationalizing the number of public service access points” and “in Kent, asset disposals could generate net capital receipts of £200 to £280 million over five years.”

Local authorities also intend to hand over service delivery to the private corporations and voluntary organizations, while others will disappear altogether. In line with the Conservative Party’s “Big Society” policy, communities will be forced to replace what they can with some form of basic provision based on voluntary labour.

To those local authorities who manage to hit spending targets, Osborne has offered a council tax freeze next

year. Beyond such token measures, local authorities will be under pressure to increase council tax, which currently makes up a quarter of their funding. In Scotland, councils have threatened to end the concordat with the Scottish National Party government, which secures a freeze in council tax rates at 2007-08 levels, free care for the elderly and free school meals, unless the government abandons ring-fencing of the National Health Service budget.

To force through austerity, the Conservative-Liberal Democrat coalition intends to rely on local government elites, to which it intends to devolve greater budgetary and tax raising powers. This policy, as with regional devolution, aims to pit workers and sections of the population against each other, as local conditions and wages diverge and national standards of service provision that have existed for decades are torn up.

Hit hardest will be those areas most heavily scarred by de-industrialisation, where government spending makes up a high proportion of the local economy and employment. A study by think-tank Local Futures into the distribution of public sector job losses indicates that Birmingham will be worst hit, with 13,205 job losses by 2016, followed by 10,942 in Glasgow and 8,864 in Leeds. Also in the top ten were: Westminster (8,672), Edinburgh (7,851), Manchester (7,628), Liverpool (7,523), Sheffield (7,014), Bristol (5,632), and Newcastle-upon-Tyne (5,581).

Regionally, Wales, the North East of England and Scotland are expected to suffer the most, losing 2.8, 2.7 and 2.5 percent of their employment base respectively. Northern Ireland, not covered by the report, could in fact be the worst hit as 30.8 percent of the workforce is employed in the public sector, significantly higher than the 19.4 percent average for the rest of the UK. Local Futures conclude that “the government risks forcing parts of the country into a spiral of decline.”

Local government workers will receive no pay increase for three years, while deep cuts to public sector pensions are expected to be the outcome of an Independent Commission led by ex-Labour Minister John Hutton that reports in September.

These attacks are opposed by the vast majority of the population. A poll conducted by Populus shows 70 percent of respondents oppose cuts to social care, 67 percent oppose cuts to emergency services. Cuts to education and environmental services are both opposed

by 65 percent and 43 percent oppose cuts to cultural services.

In direct contradiction to the governments’ fiscal consolidation strategy, which intends to make up 80 percent of cuts from governments spending, 47 percent of respondents support the protection of local services even if this meant taxes had to be increased, with 29 percent in opposition. New user-charges and an increase in current user-charges were both overwhelmingly rejected.

The vast majority of the populations’ living standards are to be decimated, but the representatives of big capital are to receive a large windfall. Speaking recently to the FT, Paul Pinder, chief executive of outsourcing giant Capita, said that he “is eagerly anticipating the forthcoming age of austerity.” The corporation benefited hugely from the privatisation of public services under Labour, with average annual compound revenue growth of 26 percent over the last decade, and now expects to cash in from a series of undisclosed “quick wins” under the Conservative-Liberal Democrat government.

For their part, the trade unions have made clear they have no fundamental disagreement with such cuts. Unison, Britain’s biggest public sector union has put forward an alternative budget which, while making noises about taxing the rich, agrees that “deficits will need to be closed.” It advises the government on possible efficiency savings and pledges its services in ensuring staff are “involved in making improvements.”

The financial and corporate elite are keenly aware of the role of the unions. KPMG, the professional services multinational said in advice to the Scottish Financial Committee on public sector rationalization, “Trades unions will have a key role to play. Successful change programmes have engaged the trades unions fully in the process.”



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