

# Scotland and Wales reveal unprecedented budget cuts

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In November, the devolved administrations of Scotland and Wales announced draft budgets detailing plans to implement their share of the £83 billion in spending cuts outlined by the Conservative-Liberal Democrat government. The budget for Northern Ireland has yet to be agreed.

Regionally administered annual budgets are calculated under the Barnett formula, which delivers higher per capita public spending outside England. This currently stands at around £30 billion for Scotland, £15 billion for Wales, and £9 billion for Northern Ireland. These budgets are now to be slashed by 6.8 percent, 7.5 percent and 6.9 percent respectively, by 2014-15, or between 10 and 11 percent in real terms. This is unprecedented in the decade since the Labour government devolved power to these areas.

Due to its lack of electoral support in these regions, the coalition government is heavily reliant on regional political elites to drive through the austerity measures necessary for UK-wide “fiscal consolidation”.

The Scottish National Party (SNP) has detailed £1.3 billion in cuts for 2011-12, equating to 3.9 percent, which includes the £332 million in cuts deferred from 2010-11. In order to avoid making some of the most politically damaging and publicly reviled cuts until after the May elections, John Swinney, the Scottish finance secretary, outlined only a one-year budget instead of a standard three-year projection.

The majority of the cuts are disguised under 3 percent of public sector efficiency savings, worth £800 million, or two-thirds of the planned cuts, which will put further downward pressure on jobs, wages and conditions.

Public sector pay will be frozen for the 250,000 workers earning over £21,000, while those earning below this figure will receive a meager £250 increase—a real-terms pay cut for the majority of Scotland’s half a

million public sector workers. This is to be sweetened with plans to give the lowest paid 6,000 government employees an increased minimum pay of £7.15 per hour.

The budget presents an ultimatum to Local Authorities, offering a lower than projected cut in funding for next year of 2.6 percent in return for protecting key SNP electoral pledges including the council tax freeze, policing numbers and the current pupil-teacher ratio, or alternatively a 6.4 percent cut. It is estimated that the latter option would result in a 20 percent hike in council tax charges.

Local Authorities, which are responsible for the vast majority of public sector employees, plan to make cuts of between 5 and 7 percent in the workforce next year alone.

The nationalists have committed to no compulsory redundancies on condition that agreements are achieved “on flexible working practices which reduce costs while maintaining headcount and services.” The SNP, in coordination with the trade unions, aims to drive down wages and conditions of public sector workers with the threat of mass unemployment if they refuse.

The GMB union has estimated that a total of 20,000 public sector jobs could go next year. The government-commissioned Independent Budget Review (IBR) produced in late summer estimated that a total of 50,000 would be cut by 2014-15.

The £1.8 billion budget for further and higher education will see a cut of £200 million. This includes a cut to university funding of 6.4 percent or £63.1 million, resulting in a reduction in the number of fully funded undergraduate positions.

Capital spending will be reduced by a quarter, with a 13 percent fall in the Housing and Regeneration budget from £448 to £390 million. Even the ring-fenced

National Health Service budget will see a real-terms cut, rising below inflation from £11.7 billion to £11.8 billion.

Other cuts include the removal of around half of the road maintenance budget; a tenth of the environment and farming budget; £20 million from cultural and Gaelic bodies; a 4 percent cut to the grant for National Museums Scotland and National Galleries Scotland; and a 7.8 percent cut in legal aid.

Many provisions remain untouched, owing only to the short-term nature of the budget. In order to meet the required spending reduction by 2014-15, measures including an end to universal benefits; the reintroduction of tuition fees and/or a graduate tax; the removal of protection from NHS funding; as well as ending the council tax freeze, will be necessary whichever party wins the upcoming election.

The full magnitude of the cuts required over the next parliament will be revealed after the election. The SNP have turned to ex-Scottish Trades Union Congress General Secretary Campbell Christie to head a commission on the Future Delivery of Public Services. This will advise on the rationalizing of the public sector and the dismantling of the remainder of the welfare system.

In the meantime, the SNP hopes to win next May's election by claiming that it can insulate Scotland from the financial crisis via gaining greater fiscal autonomy or full independence. Such measures would be used to further the interests of Scottish capital not to protect living standards, while diverting opposition along regional and national lines, blaming Westminster wholly for the plundering of public monies.

The administration of Plaid Cymru and Labour in Wales, and Sinn Fein and the Democratic Unionist Party in Northern Ireland are playing an identical role, abetted by the regional trade union bureaucracies.

The Welsh draft budget outlines cuts of £860 million for 2011-12 and £1.8 billion by 2014-15. Health spending has not been protected as in other regions and is to be cut by 7.6 percent by 2013-14, on top of £435 million in cuts already carried out this year.

The Welsh Local Government Association's funding is expected to fall by 7 percent over the period, while funding to universities will be slashed by 9.3 percent.

Overall capital spending is to be cut by 40 percent. The social housing grant will be reduced by 30 percent

to £69 million in 2011-12, 15 percent the following year and 20 percent the year after that.

In the face of such devastating and widespread cuts, the TUC has stepped in to defend the Welsh administration. A TUC spokesperson said, "Decisions on spending cuts ... have been foisted onto us. The Welsh Government is attempting to mitigate the worst effects of the UK cuts and the trade union movement will play our part."

The budget for Northern Ireland has been delayed as the two main parties in the Stormont Assembly, the nationalist Sinn Fein and loyalist Democratic Unionist Party (DUP), have failed to agree on how to package swingeing cuts to the population.

Despite Sinn Fein's posturing in opposition to the cuts, a recent editorial in the *Belfast Telegraph* makes clear that there is no real disagreement: "What the parties are arguing over at the moment is what level of austerity measures need to be implemented... With local government and Assembly elections looming early next year, the parties are nervous at voter reaction if the cuts are seen to hit frontline services too severely."

The editorial underlines that both parties will have to push through measures "like unfreezing rates, ending free prescriptions or free public transport for the over 60s or introducing water charges." It is estimated that as many as 30,000, or around 9 percent of public sector jobs could be cut in the next four years.

DUP leader Peter Robinson has warned that the multibillion-euro cuts recently announced by the Irish Republic, part of the £83 billion EU-IMF bailout, will have a "ripple affect" on the Northern Irish economy, which would lead to a deepening of the spending cuts to be announced in the draft budget.



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