Sweeping cuts in UK Local Authority spending

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The Conservative-Liberal Democrat coalition has announced the Local Government financial settlement for the next two years, detailing how 27 percent cuts to central grants are to be distributed amongst local authorities.

The Localism Bill was introduced to parliament on the same day. It contains major reforms to the powers of local government that will facilitate local elites in driving through austerity, easing the privatisation of public services and the offloading of others onto communities and individuals.

Under the settlement, central funding will be reduced by 9.9 percent in 2011-2012, and by a further 7.3 percent in 2012-2013, reducing the current £32.7 billion budget to £27.3 billion. On average, local authorities will lose 4.4 percent of their total funding while the worst hit will see cuts of up to 8.9 percent. The full extent of the cuts are concealed by the inclusion of locally distributed funds for social care and health in local authority budgets, which when omitted reveal losses of up to a third.

Poorer areas will be affected disproportionately by the cuts, as they depend upon a greater proportion of central funding, up to 75 percent, due to lower income from council tax, which is indexed to property value.

Some of the most impoverished areas of England will be among the worst hit, including London boroughs such as Hackney and Tower Hamlets, and deindustrialised regions, particularly in the north of England, including Manchester, Rochdale, Liverpool, St Helens and South Tyneside.

The wealthiest parts of the country such as Windsor and Maidenhead, Buckinghamshire, and Richmond upon Thames will see comparatively minor reductions in their total budgets, amounting to less than 1 percent. Democratic Society, a campaign group, has indicated that 32 of the 37 areas least affected by the cuts are Conservative constituencies.

The impact on poorer regions will be compounded by the streamlining of central funding, which will reduce the number of central grants from more than 100 to around a dozen, ending 80 grants targeted at relatively deprived areas.

The Local Government Association (LGA) has warned that 140,000 public sector jobs will go next year as a result of the settlement. A number of large local authorities have already announced substantial redundancies for the coming year, including 6,000 in Lancashire, 5,000 in Birmingham, 3,000 in Leeds and 3,000 in Norfolk. This follows the axing of 33,000 public sector jobs in the three months leading up to October.

Many jobs will go by March, as local authorities seek to slash expenditure before the beginning of the new financial year. The GMB union has received advanced notification of redundancy for a total of 76,000 local government employees. As yet, only 82 of the 433 councils in the UK have provided notification.

The cuts have been frontloaded to the following two years in order to force a profound rationalisation of the public sector. The majority of local authorities have set in motion plans to merge back-office functions in education, planning, human resources, legal and management with neighboring authorities.

Tony Travers of the London School of Economics has warned that the cuts “will be unlike anything that has been seen before in modern times; the scale of reduction in grants...is without precedent and it’s very hard for local authorities to do that without any effect for frontline services.”

Libraries, leisure facilities, social care and waste collection will be the first to be cut. A survey of 30

London boroughs carried out by the BBC's *Politics Show* found that the majority could not rule out measures such as turning off street lights, shutting down libraries, increases to user charges above the rate of inflation and funding cuts for the voluntary sector, youth services, arts and culture.

Thinly disguised by rhetoric of "empowering local communities" and "strengthening accountability", the Localism Bill contains provisions for the offloading of the bulk of public services. Private corporations, social enterprises, charities, community groups and parishes will be able to bid to deliver local services and will also be given the right to buy local assets threatened with closure.

Under the Bill, communities and individuals will gain a number of bogus powers, such as the right to challenge council tax rises above a centrally agreed threshold, introduce or reject development plans, and decide on local issues, via local referendum. Given the magnitude of the cuts, this means being empowered to decide which services and facilities will be axed.

The real beneficiaries of "localism" will be outsourcing multinationals such as Capita and Serco, which are anticipating a windfall from the Localism Bill. According to the *Investors Chronicle*, "a few councils, such as Suffolk, have indicated they will outsource 90 percent of work over the next 10 years. Many more are now likely to follow."

Kevin Carey, chairman of the Royal National Institute for Blind People, has warned that charities will not be able to compete with the economies of scale achieved by large corporations without "a whole load of mergers and acquisitions." According to the Charity Finance Directors Group, 38 percent of all charities will make redundancies next year as they stand to lose around a quarter of government funding.

The financial practices of local authorities are to be deregulated, allowing them to "do anything which is not specifically prohibited by law," including the setting up of banks and insurance companies, developing property and owning assets. Ring fencing, which determines what local authorities can spend their budgets on, will be removed, and they will be given the power to vary business rates to enable them to respond "to the concerns of local businesses."

Under the rubric "lifting the burden of bureaucracy", the inspection and regulation of local government will be removed along with regional targets for home building and performance. Financial incentives will be introduced such as the New Home Bonus, which will primarily benefit affluent areas with greater private demand for housing, and a £1.4 billion Regional Growth Fund to encourage concessions to big business.

The intention of the government is to destroy national standards of services and make fundamental social provisions subject to the market. Nicholas Boles, senior policy advisor to the Conservative party, in a debate hosted by social research group Ipsos MORI on the subject of localism, said, "Do you believe planning works?... David Cameron believes it can't, Nick Clegg believes it can't. Chaotic therefore in our vocabulary is a good thing."

Demonstrating callous indifference to the millions who will be denied vital services, he added, "Chaotic is what our cities are when we see how people live, where restaurants spring up, where they close, where people move to. Would you like to live in a world where you could predict any of that? I certainly wouldn't."

Nick Clegg, leader of the Liberal Democrats and deputy Prime Minister, identifies his party's policies wholly with those of the Conservative Party. "Liberal Democrats and Conservatives use different language to explain decentralisation and to fight its cause. The Prime Minister has coined the phrase 'Big Society', while Liberal Democrats tend to talk about 'Community Politics', or simply just 'Liberalism'."

Labour typically expressed reservations only about the timing of the cuts. Caroline Flint, the shadow communities secretary, said, "Of course we can look at ways to deliver local government services, but you need time to do so. This isn't about being for or against cuts. It's about how hard and how fast you go."

In many local authorities, it will be Labour politicians who impose this unprecedented package of cuts.