

Councils to increase tax across UK as services are slashed

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The coming year will see nearly all councils across the UK increasing council tax, according to the annual 2020 State of Local Government Finance report, with one in 10 having to make cuts to essential services because they cannot balance the books.

The survey, carried out by the Local Government Information Unit (LGIU) and Municipal Journal of senior officials of 152 of England's 343 councils, details the enormous pressure being placed on councils following a decade of central government funding cuts.

It found that 97 percent of all councils plan to increase council tax in 2020/2021, with most (93 percent) planning to raise it by more than 1.5 percent. Ninety-seven percent of councils plan to increase fees and charges for services, including leisure services and parking services, by the maximum amount (14 percent).

Some households in England could see their council tax bills rise by £70 next year, on the back of powers to increase the levy by 4 percent in 2020.

According to the Local Government Association (LGA), since 2010 central government grants to local authorities have been slashed by a staggering £16 billion—a cut of almost 60 percent.

These cuts come at enormous cost to those dependent on frontline services, with almost one in five (19 percent) of councils saying their residents have seen a decline in the level of frontline services they are able to access over the last year.

In 2020/2021, only a third of councils estimate they will be able to comfortably provide a range of non-statutory services.

Despite councils planning to increase their funding streams, there were concerns from 12 percent of those surveyed that they would be unable to fulfil their statutory duties, including care for the elderly, vulnerable children and providing housing for the homeless.

One in seven of the councils (14 percent) said that they

were anticipating an increase in judicial challenges due to the level of service cuts this year, including areas such as special educational needs and disabilities, libraries, waste, homelessness and adult social care.

Three-quarters of councils plan to increase borrowing in the coming year, with more than half of councils having to tap into their financial reserves again. This follows 74 percent of councils having used their reserves last year.

At present more than 160 councils receive no revenue support grant from Whitehall and the government is shifting responsibility for the funding of local services from government to local council taxpayers.

The ministry of housing, communities and local government said councils could spend a record £49.1 billion in the next financial year, but it is only providing £1.3 billion of the £2.9 billion annual increase, with the rest coming from council tax rises.

At the end of the last year, council leaders warned that one in five councils in England may be forced to impose drastic funding cuts to stave off bankruptcy, with the LGA saying that it had little confidence that they would be able to deliver the already tough savings targets councils have set themselves for the 2019/2020 financial year.

Speaking at the time, LGA chairman Lord Porter told MPs that vulnerable people would die as a result of social care cuts if the gap between resources and demand widened further.

He told Parliament's housing, communities and local government committee, "I am not sure anybody who gets elected to Parliament wants to be the person who stands on the newsstand and explains why people died because of fiscal policy. It is only money, at the end of the day. Why do we need to lose people because of money?"

Porter speaks as a Conservative Party district councillor in South Holland, Lincolnshire. His party inaugurated the "age of austerity" under David Cameron in 2010 that has

led, between 2012 and 2019, to the avoidable deaths of at least 131,000 people.

The situation can only get a lot worse. A report published by the New Economics Foundation last year pointed to a deteriorating situation in local authorities.

Non-ringfenced government grants to local authorities have fallen from £32.2 billion in 2018/2019 to £4.5 billion in 2019/2020, with expectations that they will be cut further by 2024/2025.

Local authorities can now retain more of the business rates with a growth in business rates they collect, yet they still have significantly fewer resources available to them in 2019/2020 than in 2009/2010.

Over the same time period there has been a rise in demographic price pressures that have driven up the costs of meeting urgent need.

The New Economics Foundation compared how much local authorities would have available to them with how much they would require to be able to provide services at the level of quality and access for 2009/2010. This showed that there would be a shortfall of £25.4 billion by 2024/2025.

These estimates point to local authorities requiring an additional 54 percent of funding on top of current projections.

It is estimated that there will be a funding gap across all regions of England with the North West facing the biggest per capita gap of £535 per person by 2024/2025.

Historically, areas that were more deprived received higher grants to be able to deliver service provision that was similar to areas that were better off. With the virtual abolition of central grants and the diminution of business rates redistribution, this has left councils fiscally vulnerable.

Since 2010, the system provided 46 percent more expenditure per capita for councils in the most deprived councils across England. By 2019 this had been reduced to 19 percent with poorer councils being less well funded.

These cuts have had a major impact on local communities. Between 2010/2011 and 2016/2017 weekly domestic waste collections have fallen by a third, standardised public bus transport has fallen by almost 50 percent, and one in 10 libraries have been shut down. Since 2010, 773 libraries have closed. There were 24,000 salaried staff working in libraries. Nearly 9,000 librarians have been made redundant with staff numbers down from 24,000 salaried staff to just over 15,000. There are more than three times the number of volunteers at libraries (51,000) than paid workers.

Local authorities have responded by cutting back on services where they face very few or no legal responsibilities. This has led to a marked fall in funding for “discretionary services.”

Spending on planning and development has decreased by 52.8 percent since 2010/2011, with cultural and related services falling by 34.9 percent and highways and transport falling by 37.1 percent.

The British Medical Association reports serious concerns about inadequate levels of public health funding, which has impacted negatively on certain population groups in regards to sexual health, smoking cessation and other issues.

Services covering statutory provision, such as for children, the elderly or disabled, are increasingly at risk. Nine out of 10 councils plan to introduce an additional levy of 2 percent to council tax to cover the cost of social care. While the government has provided an extra £1 billion to councils towards social care in 2020/2021—after years of cuts dwarfing this sum—98 percent of respondents surveyed said that they were unhappy with progress towards a comprehensive social care policy to relieve the pressure these areas already faced.

The cuts to councils’ budgets are imposed by central government, but none of the resulting destruction of council services and the more than 220,000 staff made redundant in local authorities since 2010 could have gone ahead without the collaboration of Labour councils.

Every major urban conurbation in England and Wales is run by a Labour council, who have imposed every cut demanded of them for a decade. Labour’s nominally “left” leader since 2015, Jeremy Corbyn, and his shadow chancellor John McDonnell played a major role in this. Just weeks after Corbyn won the party leadership, claiming that he would fight austerity, he and McDonnell sent a letter to all Labour councils demanding they abide by the law and impose austerity cuts demanded by the Conservative government.



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