

# UK councils funding crisis threatens essential services

Margot Miller  
26 March 2021

Local councils in the UK are facing a devastating funding crisis that is bound up with the health crisis produced by the Conservative government's homicidal response to the pandemic. The consequences for essential services already pared to the bone are dire, with thousands of job losses planned and increases in local taxation.

The National Audit Office (NAO) public spending watchdog warned that 25 local authorities are verging on bankruptcy, while 94 percent will implement swingeing cuts to produce legally required balanced budgets. After more than a decade of austerity, councils are unable to deal with the extra costs incurred during the pandemic.

The large, metropolitan Labour Party-held councils in the poorer areas are least able to cope, after suffering funding cuts of up to a third since 2010—much greater than in the more affluent Conservative-held councils. The government's aim is to eliminate central grant funding to councils, so the cost of services is offloaded onto impoverished residents via the council tax. Councils will be able to retain 75 percent of business rates, up from 50 percent, but this in no way compensates.

From April, the NAO expects remaining special educational needs and homelessness services to be gutted, while more theatres, libraries and community centres face closure. Subsidies supporting bus routes will be slashed.

Adult social care will be subject to review. The government granted councils powers to increase the adult social care precept within the council tax over and above the five percent maximum increase—to offload government financial responsibility for this desperately underfunded service. While vitally needed services are slashed, local taxpayers face council tax increase of up to five percent.

According to the NAO, councils spent an extra £6.9 billion on Covid-related measures out of already depleted budgets—providing personal protective equipment in adult care, housing rough sleepers and aiding test, track and

trace where outbreaks occurred.

These huge outlays are on councils' books at the same time as they expect to have lost £2.8 billion in 2020-21 due to the pandemic. Councils have lost £695 million from car parking fees, £554 million from leisure centres, theatres and museums and a further £2.9 billion in funding from unpaid council tax and business rates. Figures from the Institute for Fiscal Studies show councils will lose £642 million from commercial income investment due to lockdown measures.

The government handed over £350 billion in loans to big business as the pandemic hit, followed by £895 billion in quantitative easing from the Bank of England, but gave next to nothing for emergency funding for local authorities, leaving them with a disastrous shortfall of £600 million.

Labour councils blame the Tories for the parlous state of funding, but it was the 2007-10 Labour government under Gordon Brown that first ushered in austerity. Cuts to pay for the £1 trillion bank bailout were imposed by councils including those held by Labour while their trade union partners stifled opposition in the working class.

Labour councils continued imposing cuts from 2015-19 under the instruction of the party's nominally left leader Jeremy Corbyn and his Shadow Chancellor John McDonnell. In 2015, they wrote to Labour councils insisting they set "legal" budgets, which meant imposing cuts. Labour's 2016 conference made it a disciplinary offence for Labour councillors to "support any proposal to set an illegal budget" or to "vote against or abstain on a Labour group policy decision on this matter".

The majority of London's borough councils are Labour controlled. Lewisham residents face a council tax rise of 4.99 percent, 5.9 percent when the rise in the Greater London Authority precept is included. Council house rent increases of 1.5 percent are anticipated in Lewisham, while the April budget includes cuts of £28 million (part

of £40 million worth of cuts over the next three years). Lewisham's annual budget from central government was slashed from £400 to £240 million over the last decade.

Newham council is expected to impose £30 million "cuts and savings" out of a total £43 million by April 2023.

Hackney will cut services by £11 million, including £1.6 million in adult services, £540,000 in children and families' services, £332,000 in education, and £217 000 in public health. Hackney raised council tax to five percent.

Croydon council is seeking a loan from the government to maintain services. Residents will pay an average £2 a week extra in their council tax bill. Council house rents will increase.

Hounslow residents anticipate a council tax rise of five percent, while Lambeth plans cuts of £43 million by 2024, plus a council tax rise of 4.99 percent.

The Conservative-run Royal Borough of Kensington and Chelsea council, one of the socially most polarised areas in the UK and the location of Grenfell Tower, will raise council tax by 4.99 percent, including a 1.9 percent increase for council services and 3.9 percent for adult social care.

Outside the capital, the situation is dire. Birmingham council in the Midlands estimates a staggering budget shortfall of £121.2 million by April 2025. It has drawn up plans to slash spending by a further £40.7 million, including cuts to adult social care by £7.8 million.

The largest council in the UK, Labour-led Birmingham is one of the most deprived, ranking sixth out of 317 local authorities according to the Office for National Statistics. In the last 10 years, its budget has suffered cuts of £730 million, with 42 percent of children living in poverty while their mothers die younger.

By October 2020, Labour-run Manchester council had already enforced £379 million in cuts and reduced its workforce by 40 percent, around 4,000 full-time staff. It plans to slash another £41 million this year and proposes a council tax rise of five percent and 160 job losses. In addition, £2.3 million cuts in funding for homelessness is planned.

An end to the national ban on evictions during the pandemic in May could see 3,000 Manchester families forced into temporary accommodation. Saving of £1.6 million are planned from the council's A Bed Every Night scheme, providing shelter for rough sleepers.

Around 800 jobs are threatened in Leeds as the council plans cuts of £87 million. Its adults and health department

will be slashed by £7 million, including 52.5 job losses and the closure of two care homes. Three youth community centres will close, and the City Development department aims to eliminate 176 jobs as part of £7.55 million cuts. Grants to the Leeds Grand Theatre, Opera North, Northern Ballet, Leeds Playhouse and the Henry Moore institute will be cut by 15 percent to save £227,000. The annual Christmas lights are to go. The resources department will suffer the biggest job losses, with the axing of 345 jobs.

Liverpool council plans cuts of £15.4 million and a council tax hike to five percent. The council's budget was slashed by £450 million since 2010.

Nottingham council approved plans to axe 272 jobs, equivalent to five percent of the council's workforce.

In Newcastle, cuts of £40 million are proposed over two years, hitting care services, bins and library services, plus a 4.95 percent council tax hike and 15 job losses. Children's services face cuts of £6 million, while adult social care faces a hit of £13 million. The council has lost £300 million due to funding cuts over the last decade.

Public health services are being decimated at a time when they were never needed more.

Chancellor Rishi Sunak's last budget allocated 1.4 percent spending increase to public health, a 24 percent real-term cut since 2015, from £4.2 billion in 2015-16 to £3.3 billion. This further depletes children's health services, health visitors, sexual health, drug and alcohol abuse schemes, as well as spending on local outbreak management and coronavirus contact tracing—increasing pressure on the National Health Service.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**