

UK local councils sell off billions of pounds in public assets due to austerity

By Joe Mount
5 April 2019

Local councils across Britain are selling off assets in property and land to the private sector on a huge scale. More than £9 billion in assets has been sold in just over the last five years.

This was revealed by the Bureau of Investigative Journalism (TBIJ), which, working with news website *Huffington Post UK*, conducted its largest ever investigation. It sent Freedom of Information requests to each of England's 353 local authorities, many of which refused to fully cooperate.

The findings exposed the previously hidden impact of austerity on communities across the country, as the councils have sold billions of pounds in assets they used to own. This is part of the wholesale transfer of social wealth from the working class to the financial aristocracy carried out by politicians of all political stripes in recent decades.

TBIJ is a London-based, non-profit organisation founded in 2010. Funded by donations, it comprises over 900 journalists, academics and members of the public to conduct public-interest journalism. They have won awards for their coverage of topics such as imperialist war crimes in the Middle East, government corruption and financial criminality.

The mass selloff of public assets has been ramped up due to severe austerity measures imposed by central government in the wake of the 2008 financial crash. Since 2014, over 12,000 publicly-owned assets with a total value of over £9.1 billion have been sold off, including libraries, health clinics, youth centres and public spaces. Analysis of the data found that £381 million of the proceeds of these sales was used to facilitate further budget cuts by councils, with one third of this sum (£115 million) used to finance redundancy payments. Since 2010, more than 1 million jobs have gone in the public sector.

TBIJ have produced an interactive map detailing the privatisation made in each local area. Although some councils withheld their information, the data from various parts of the country demonstrates the scale of the process.

In London, Haringey Borough Council—now controlled by

supporters of Labour Party leader Jeremy Corbyn—sold off 30 properties to raise £35.7 million between 2014 and 2018, including two community centres to a property developer. In another Labour council, Tower Hamlets, the council raised £72.7 million through the sale of 22 properties. Bexley council sold 11 public spaces between 2014 and 2016 for a total of £10.8 million—the biggest being Hill View cemetery for £6.4 million.

Other councils listed include:

- Birmingham City Council, in the period from April 2016 to July 2018, sold off 167 buildings or plots of land. The Labour-run council, the largest single local authority in the UK, has utilised £49 million from asset sales to assist in trying to balance its books.

Since 2010, the council has imposed 12,000 redundancies. According to the *Birmingham Mail*, at least £35 million has gone to fund redundancies at the council. Along with new cuts being imposed by the council in this year's budget, six community centres have either already been sold or are earmarked for sale. The *Birmingham Mail* reported last month, "The council plans to make another 1,095 people redundant in the coming year, further decimating frontline services. It has also confirmed it intends to plough on with plans to sell off public assets to raise the necessary finances. It has set aside another £12.1 million next year from capital receipts to pay for redundancies."

- Labour-controlled Middlesbrough council raised £155 million through the sale of 222 properties, including Acklam Hall, the town's only grade I listed building.

- Manchester City Council, also Labour, sold 707 public assets worth £42.9 million, including valuable inner-city land.

- Sheffield's Labour council sold 313 public spaces for a total of £36.4 million, including several sites of former schools.

- Bradford's Labour council sold off £22.7 million in assets between 2014 and 2018 in 318 separate sales, including nearly £1.2 million for the former site of the Shirley Manor primary school and £0.7 million for the Whetley Hill Resource Centre, an assisted living facility for the disabled.

Many of the sales were council houses and schools that have been transferred to privately-controlled academy trusts as part of the creeping privatisation of the education system. Many of the details of the sales have not been made public and involved amounts below their real market value. Rather than these properties being regenerated in the "spirit" of free enterprise, studies have found that the occupancy rate in the private sector is generally lower than that for public buildings.

An April 2016 regulation change gave councils more freedom to dispose of their property assets if the proceeds contribute towards "ongoing savings." This enabled councils to use the money raised by selling off their assets to finance large-scale redundancies. Bristol council increased its redundancy rate by a factor of ten, from 39 to 401 following the changes, according to TBIJ. Haringey council spent £8 million of these proceeds on job losses, which increased by 70 percent after the regulations changed.

Local councils face a desperate financial squeeze, with some beginning to collapse financially. Local authorities have seen their budgets reduced by 60 percent since 2010, according to official figures, as part of the austerity agenda of the Conservative-Liberal Democrat 2010/2015 coalition and Theresa May's government that followed.

Despite May's announcement last October at the Conservative Party conference that "austerity is over," further budget reductions of 36 percent are due next year as the central government grant to local authorities is slashed further.

Other councils have used the money to reorganise their activities, hiring expensive management consultancies, and commission outsourcing companies paying lower wages.

This is part of the broader reduction in the "bureaucracy" of central government oversight over local authorities that aims to facilitate the privatization of social services. A recent milestone in this process was the Localism Act 2011, which devolved decision making powers to local councils and increased their financial room for manoeuvre.

The loss of these assets will be to the detriment of working class communities for years to come, with the removal of

facilities upon which essential social services rely hitting vulnerable social layers hardest. The report details the effect of these cuts to youth clubs, community care centres, libraries, etc. The sell-offs also increase financial barriers to establishing new facilities in the future due to a shortage of properties. It was recently revealed that councils are paying huge sums to private landlords for housing stock that was formerly public property.

The sell-offs undermine basic democratic rights as they reduce the availability of public spaces to meet, organise and hold protests, such as in town centres.

The report sheds light on social reality in Britain, which is dominated by the social gulf between the financial oligarchy and the mass of the working population. According to official figures, the top wealthiest 10 percent of households have *five times* more wealth than the bottom half of the population combined.

There has been no organised opposition to these cuts, which are being imposed by Conservative, Labour and Liberal local councils at the diktat of central government. Ever since he was elected Labour leader, Corbyn has urged Labour councils to enforce "legal budgets" i.e. collaborate with central government austerity measures. The trade unions have worked hand-in-glove with their Labour partners to isolate and dissipate all resistance to cuts and lay-offs.

Many Labour members are becoming disillusioned with the party's complicity in austerity. Workers and young people seeking to oppose cuts to public services and the mass selloff of public assets built up and maintained by working people over decades must seek a new path of struggle.

Public sector workers must make common cause with those in the private sector in Britain and internationally, as part of a resurgence of the international class struggle, in rebellion against the labour and trade union bureaucracy. Central to this is the development of a unified movement against austerity based on the formation of rank-and-file committees in workplaces and local communities.

To contact the WSW and the
Socialist Equality Party visit:

<http://www.wsws.org>