

Over half of councils in England lose all government funding

By Margot Miller
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UK local councils face a black hole in funding for essential services covering the financial year 2019/2020. By the end of the year, central government funding to local authorities will have been slashed to just over a fifth of what it was in 2015.

According to the Local Government Association (LGA), central government grants to local councils are being cut by 36 percent, or £1.3 billion, from April, leaving a vast £3.9 billion funding gap. This is estimated to rise to £7.8 billion by 2025.

Councils have lost 77 percent of their funding from central government between 2015/2016 and 2017/18, with which they provide essential services such as education, housing, roads, waste collection, social care for the elderly, disabled, the homeless and children at risk, as well as libraries and art galleries.

In 2015/16, councils received £9.9 billion in Revenue Support Grant (RSG) from central government. In 2019/2020 this will be pared down to £2.2 billion.

These devastating figures give the lie to Prime Minister Theresa May's declaration at the last October's Conservative conference that after 10 years "austerity is over."

Austerity is intensifying. Over the past five years, spending on children at risk from neglect or abuse has been cut by 26 percent. Children's centres have seen their funding slashed by 42 percent. LGA data shows that one out of every seven old people need help which is not there—an increase of 19 percent since 2015.

In a letter to the government sent in December, 76 council leaders indicated the deficit different services were facing—a £1.5 billion gap in funding for adult social care, £1.1 billion in children's services, £460 million in public health, and £113 million to alleviate homelessness.

Yet homelessness is rocketing, along with social

problems, bound up with increasing poverty and inequality. Ten years ago, only four cities out of 62 spent more than 50 percent of their budget on social care. Today that has risen to half of all councils.

The government's stated aim is to eliminate central government funding to local authorities completely. Almost half of all councils, (168) will receive *no* central grant this year—10 times more than in 2017/2018 and three times more than last year.

Councils will have to raise all their finances via the local council tax, and will retain 75 percent of business rates collected. Up to now, while taxes on businesses were collected locally, they made up a national pot and 50 percent was redistributed from the centre back to the localities.

By sleight of hand, the Tory government claims the "core spending power" of local councils will increase by 2.8 percent, or £1.3 billion, this financial year, to an overall £46.4 billion. But "core spending power" is a fantasy figure, based on how local businesses will fare in the uncertain post-Brexit climate—and dependent on council taxes rising by the maximum 3 percent permitted, hitting millions of people.

Hardest hit are the large working-class urban conurbations, where Labour councils have followed the diktat of Jeremy Corbyn's leadership and imposed draconian cuts. Since being elected Labour leader nearly four years ago, Corbyn has instructed Labour councils to enforce "legal budgets"—i.e., to impose Tory austerity.

At the end of last year, the Institute for Fiscal Studies reported that "the most deprived fifth of councils" would suffer cuts of "8.6% over the four years to 2019–20, compared to 7.2% for the least deprived fifth of councils."

The research charity, Centre for Cities, found the

poorer Northern English cities were disproportionately affected by austerity, experiencing cuts to spending averaging 20 percent, compared to 9 percent in the wealthier south and east of England.

Seven of the 10 worst hit areas are in the North East, North West and Yorkshire. Nearly three quarters (74 percent) of local government cuts have fallen on cities—translated to £386 per city resident and £172 per head elsewhere.

Two de-industrialised urban centres—Liverpool in Merseyside and Barnsley in South Yorkshire—were singled out as the worst hit by local government cuts. Barnsley suffered a mammoth 40 percent reduction in its finances.

Calculated per resident, Labour-run Liverpool council has seen its budget cut by £816, a percentage reduction of 22 percent from 2009/2010 to 2017/2018. In comparison, the residents of wealthier Oxford saw an increase per head of £115.

Labour-run Birmingham City Council, the UK's largest local authority, has imposed 12,000 redundancies due to funding cuts of £700 million since 2010. From April, additional cuts of £46 million will be made, rising to £85 million over the next four years.

Labour-run Manchester City Council has lost £324 per resident between 2009/2010 and 2017/2018, and seen a spending decrease of 17 percent—the 10th hardest hit in England. The council has imposed £372 million in cuts since 2010 and agreed a budget for the coming year with a further £15 million in cuts.

Newcastle's Labour majority-run council in north east England, will have imposed £327 million in cuts since 2010 by 2022. Residents are facing a proposed council tax increase of 3.95 percent.

Working class people in London, already struggling with the higher cost of living and exorbitant rents and house prices, are particularly hard hit by council cuts. Huge cuts have been enforced by Labour controlled boroughs in the capital. Since 2010, Hackney's grant from central government has almost halved, losing £529 per resident, a cut of £140 million, with a further reduction of £30 million in spending predicted by 2022/2023.

Lambeth lost £238 million in funding since 2010, and cuts have left the council with a shortfall inching towards £50 million—more than their current spend on street cleaning and lighting, collecting the bins, and

libraries. Newham lost £91 million for services over the past six years and are anticipating a further £8 million will go by 2019/2020.

In the same period, central government funding to Haringey Borough Council has been slashed by £122 million in real terms. The council is now run by Momentum supporters, the “left” group within Labour that backs Corbyn.

Before Momentum took office, Haringey, under a council run by right-wing Blairites, made 45 percent of its workers redundant and sold off 12 council buildings. This year the Corbyn council is to impose more cuts in a “balanced budget” and, in a measure going even further than the Blairites, will increase council tax for the first time in nine years—to 2.99 percent—with the burden falling disproportionately on the less well off.

The Labour administration in Brighton on England's south coast is imposing cuts of £14.8 million and a 2.99 percent council tax rise.

Bristol council, covering the largest city in the south west of England, laid off 3,000 employees from 2010 to 2018 and will impose an additional £34.5 million worth of cuts in 2018/2019.

To oppose the decimation of all public services and reverse this onslaught by the ruling elite requires a new way forward. Public sector workers must unite with their brothers and sisters in the private sector, both in Britain and internationally. Central to this fight is the formation of rank-and-file committees in workplaces and local communities independent from and in rebellion against the trade unions who have worked with Labour, Tory and Liberal authorities in imposing social devastation over the last decade.

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