

# Reading Labour council proposes to “market test” services

*An emergency measure for local government crisis – suspend debt payments*

The virtual collapse of the council in Northampton is not just the result of incompetence by the council. It is a result of the austerity programme of the last 8 years. Even one of the local Tory MPs has broken ranks and admitted as much. The impact of the funding crisis, however, affects all councils irrespective of their political make up. The situation in Reading where there is a Labour council merits scrutiny. RBC is carrying out a consultation “on proposals which may change the way some services are delivered locally”.

“Due to the significant financial pressure being faced by the Council, a range of services will be market tested to see if they can be delivered more economically by third party providers.”

In other words Reading's Labour Council is proposing to “outsource” a huge amount of its services. The list is

- The collection of Council Tax and Business rates, the management of the Council's Council Tax Reduction Scheme and payment of Housing Benefit.
- Waste collection and Streetcare
- Facilities Management and Building Cleaning.
- Parks & Grounds Maintenance.
- Fleet management.
- Highways and Civil Engineering.

The seriousness of the “consultation process” can be judged by the fact that the council is proposing to advertise for tenders for these services in September of this year with a view to the contracts starting in April 2019. Bear in mind that the consultation process is from August 6<sup>th</sup> to August 31<sup>st</sup>. Obviously the assessment of the responses to the consultation will be very rigorous given that the advertising of the tenders will be done at some stage in September.

The Labour Council says it has approached the “challenges” of funding reduction “through incremental reductions in budgets and staff by finding service efficiencies”. These initiatives, they say, have delivered significant savings and have been sufficient to enable the council to meet its budget requirements until now.

“However, the scale of the savings required going forward means incremental solutions are not sustainable and more fundamental solutions are required.”

The “benefits” of this are said to be

- Services delivered at a lower cost
- More efficient service delivery

- Greater resilience and flexibility
- Improved customer service

So according to this Labour council, in contradiction with all previous experience, private providers will provide a cheaper and improved service. Experience tells us that private providers provide a cheaper service by cutting the workforce and cutting its wages.

Labour councils do, of course, face a difficult situation, given the scale of loss of funds from central government. They have a legal duty to set a balanced budget and hence if they fail to do that they can be taken over by a government agent. Yet if they simply act as administrators of central government policy they deepen the social crisis by taking away services from people who need them and opening them up to profiteering from private companies.

In the case of Reading the Labour group is not just saying, in effect, we have no choice, it is justifying its action by suggesting that outsourcing will be more efficient. Is this the action of an anti-austerity party? There does not even appear to have been any attempt to bring together its local supporters and affiliates to discuss the situation.

Despite the unprecedented scale of this crisis there has been no attempt by Labour to organise a national campaign in defence of services. There has been no national meeting of Labour councils.

The scale of the crisis of local government and its human impact on those who are not receiving the services they need, demands emergency action. Labour could, for instance, be demanding of the government that it suspend debt payments. Local authorities are paying somewhere in the region of £5 billion a year in repayment of debt and interest charges. Suspension of these payments would give local authorities £5 billion a year extra to spend. Labour could even pledge to cancel this debt. This would not resolve the question of the structure of local government funding. However, it would take the financial pressure off in the immediate term.

Ultimately Labour needs to commit to local authority funding which is once more linked to an assessment of social needs in the local area, a connection which the Tories broke back in 2013.

How can Labour at the national level allow Labour councils like Reading to outsource its services without comment or protest? Why do they not organise a national protest around the demand that councils be funded sufficiently to stem this crisis? The first step towards dealing with the situation would be demanding the government suspend debt payments. The trades unions should be demanding Labour do something to act now. They could organise a national campaign around that demand.

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