

A campaign against local government austerity?

According to Owen Jones a statement is being released later this week which organisers hope will be signed by local authority leaders, across party lines. It speaks of the “catastrophic impact” of local government austerity” and warns of impending “infrastructural and social collapse”. It demands that central government funding of councils should be needs-based, rather than forcing councils to rely on what they can raise through council tax and business rates. As central government grant disappears this means that richer areas are better off than poor ones since they can raise more money through council tax and business rates.

Owen Jones suggests that “a national campaign focusing on this ignored crisis – with days of action – and community mobilisation – must surely follow”. Unfortunately there is no “surely” for the simple reason that neither Labour authorities nor the Labour Party nationally have sought to organise any national campaign against the impact of austerity on local government jobs and services.

Owen says that a senior local figure told him that “there is frustration among certain council leaders at the failure of the LGA Labour Group to coordinate a strategy to fight back”. If “the silence must surely end” then we need local figures such as this to speak out openly rather than anonymously.

It is no secret that Labour local authorities tend to be dominated by people who are hostile to the leadership of the national party. Before the last general election Labour authorities were operating on the assumption that there was no way Labour could win a General Election. They have been implementing Tory policies without protest in the name of “realism”. The turfing out of the conservative Labour leaders in Haringey was cause for hope of a change. However, without a national campaign which places demands on the current government and on the Labour Party then *all* Labour councils will most likely implement austerity-lite policies because they accept their legal duty to balance the books year on year.

The scale of the crisis of local government is such as to produce, in the words of a recent Editorial in the Swindon Advertiser, “the sheer desperation and misery caused by the chronic lack of adequate funding”. This was in response to a predicted £3 million overspend in this financial year, most of it related to child-care services.

An emergency situation requires emergency measures. One of them could be the demand on the government that it suspend debt and interest payments on local authority debt. In Britain this amounts to around £70 billion. In 2017-18 the debt and interest charges amounted to £4.264 billion. Suspension of these payments would mean the PWLB foregoing them for however long they were suspended.

From the point of view of local authorities this would provide them with additional spending power of £4.264 billion and would ease the financial pressure they are under. Labour could at least demand that the government take this action and commit to Implementing such a

policy if elected; at least suspension of payments for the life of a Parliament which would provide local authorities with more than £20 billion extra money.

There is a a case for writing off this debt, which would benefit all local authorities. In any case there would have to be a new policy developed which returned to a funding regime based on an annual assessment of social needs rather than moving towards “self-financing” which benefits richer areas over poor ones.

A campaign which sought to challenge the impact of austerity on local authorities would open up the possibility of a serious debate about strategy and long-term policies. If Labour councils simply implement cuts year by year then they can hardly expect those who suffer the consequences to just blame central government.

Martin Wicks
September 13th 2018