

UK Labour government announces thousands of job losses and public sector pay restraint

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The Starmer Labour government has announced plans for pay restraint throughout the public sector and 10,000 job cuts in the civil service.

Ministers in charge of the education and health departments gave evidence to pay review bodies last week, stating that they would allow only a 2.8 percent increase in pay for the 2.5 million workers in those sectors for 2025-26. They make up around half the public sector workforce, setting a benchmark to hold down the pay of more than 5 million public employees.

Governments are not bound by review bodies' recommendations. Chancellor Rachel Reeves was declaring over a year in advance of coming to office that if a pay review body proposed a pay deal higher than a Treasury she headed would support, then it could be ignored.

The announcement came amid reports that inflation was expected to fall to about 2.3 percent over the next year. But latest figures show it is on the rise: 1.7 percent in the year to September, 2.3 percent in the year to October and 2.6 percent in the year to November. The RPI measure of inflation is at 3.6 percent.

The effective pay cut and job losses are a down payment by the Treasury on far worse to come.

Earlier this month, Reeves and Treasury Chief Secretary Darren Jones launched a six-month "line by line" review of every penny of the UK's £1.2 trillion of public spending. The *Financial Times* noted that the government is holding the purse strings so tightly that even the 2.8 percent pay offer is unfunded and would have to come from schools making "efficiencies".

Announcing the review at a National Health Service hospital on December 10, Reeves said departments would be required to identify 5 percent "efficiency savings" for the coming years. The cuts this envisages—up to £60 billion—will require a further

assault on jobs, pay and conditions.

Two days after the Treasury announcement, Cat Little, the head of the Cabinet Office, announced that 400 jobs will be slashed in the department responsible for the development and rollout of government policy. The department has, according to the *Financial Times*, citing annual headcount figures, a workforce of "6,315 full-time staff, with a further 1,045 attached to agencies this year."

The 400 are only the first to go, with the FT noting, "Only about 3,500 roles in the department are considered 'core; to its operations.'"

Of the more than 500,000-strong civil service workforce, a Labour official told the FT, "There's a general feeling that we can't keep growing... The number of civil servants in the last few years has gone up and up . . . The reality is that departments are going to have to find a way of dealing with spending cuts."

Sunak's predecessor Rishi Sunak left office with a Conservative Party manifesto pledge to cut 66,000 jobs in the civil service, with Labour now taking on the task using language associated with the most right-wing section of the Tories.

In a speech earlier this month, Starmer went as far as to invoke the fascist US President-elect Donald Trump, who has described cutting government "bureaucracy" and spending as "draining the swamp". The Labour leader commented, "I don't think there is a swamp to be drained here", before describing a civil service which wallowed in "managed decline" and attacking public sector workers whose productivity "is 2.6 percent lower than this time last year... 8.5 percent down compared with just before the pandemic", which "wouldn't be accepted in any other sector or walk of life."

Defence Secretary John Healey, tasked with

increasing the Ministry of Defence (MoD) budget to at least 2.5 percent of GDP (from 2.3) following a defence review to complete next spring, is reported to be planning huge cuts in its 56,800 civil service workforce. Questioned by Parliament's Defence Select Committee last month, Healey said his department had to be "leaner" after complaining of the 2010-15 Conservative-Liberal Democrat coalition, "Over the first five years, during that period of austerity, they cut defence by 18.8 percent in real terms."

Defence Ministry permanent secretary David Williams told the same body that "a minimum" 10 percent reduction in the MoD workforce "over the lifetime of this Parliament is a good jumping-off point", which could well rise as "we think through the opportunities in our productivity work and as we think through the recommendations" from the defence review.

Reeves's October budget gave out a few billion in funding for departments on the verge of collapse, while ensuring that the increase in overall public spending was constrained to just 1.3 percent a year from 2026-27. This included £22 billion for the National Health Service—only enough for it to stand still and still conditional on productivity increases initially set at 2 percent. NHS workers now face a further attack on their pay.

According to reports, the government is planning to slash civil service jobs via "voluntary schemes"—the preferred method of Labour's partners in the trade union bureaucracy.

A study carried out by the GMB union in 2017 showed that almost one million public sector jobs were lost in just seven years under Tory government austerity as the sector's headcount was reduced from 6.4 million to a 70-year low of 5.44 million. The vast majority were lost in local government, which has one of the highest rates of union membership, in deals between mainly Labour Party-run councils and the union bureaucracy.

Labour's announcement for huge cuts in every department completely blows apart the deception practised by the union leaders, who claimed that if their members voted Starmer into office then years of cuts could be reversed by a government that would be "on their side".

The Socialist Equality Party warned—in opposition to

pseudo-left organisations who supported the election of Starmer's Blairite cronies as a lesser evil—that Labour would carry out ruthless attacks on the working class to fund war in Ukraine and to enrich the oligarchs, and would do this in alliance with the union bureaucracy.

Workers should view with contempt the handwringing of the unions tops over Labour's proposed civil service cuts and paltry pay deals.

Daniel Kebede, the general secretary of the National Education Union (NEU), hailed by the pseudo-left as a steadfast fighter for teachers, stated, "There are no efficiencies that can be made without further damaging education. Starmer will be the only Labour Prime Minister other than James Callaghan [in office from 1976 to 1979] to tell schools to make cuts." Stating "this won't do" as "NEU members fought to win the pay increases of 2023 and 2024" he said, "We are putting the government on notice".

Who is he trying to kid? NEU members, along with millions of other workers, fought for pay rises to end years of pay cuts and freezes during the 2022-23 strike wave, but they were sold out by the unions who agreed a series of rotten pay agreements.

In the case of junior doctors and teachers, the British Medical Association and NEU did deals with the incoming Labour government to ensure it faced no industrial strife. The NEU ended the teachers' dispute as Kabede hailed a 5.5 percent pay offer "as a first step in the major pay correction needed," when it did nothing to address teachers' historic loss of wages over two decades.



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