

Huge rise in council tax bills for millions in Britain as services slashed

Barry Mason
6 March 2025

Speaking in March 2023 just prior to that year's local elections, Sir Keir Starmer said of a future Labour government: "Not a penny more on your council tax, not a penny more than the bill you paid last year." He declared it would represent a "tax cut for the 99 percent of working people." This was a lie.

UK workers face crippling council tax rises in April even as local services are slashed, along with thousands of council workers' jobs. Fully 85 percent of councils (139) are raising council tax by the maximum amount allowed without holding a referendum of 4.99 percent.

Others have been given permission by central government to impose even higher rises, taking the proportion of local authorities implementing rises of 4.99 percent or more to 90 percent.

Bradford is increasing council tax by 9.9 percent. According to the *i* newspaper, the council had already issued nearly 30,200 liability orders for missing council tax payments.

The article noted, "The number of summonses sent by the council has steadily increased over the past few tax years, with 12,198 being sent in 2020/21, 33,094 in 2021/22, 34,796 in 2022/23, and 37,727 sent in 2023/24, the last full tax year."

Windsor and Maidenhead and Newham in London are raising council tax by 9 percent; and Trafford in Greater Manchester, Birmingham and Somerset by 7.5 percent.

Workers' budgets are already being squeezed by bills. Analysts are predicting a rise in the energy price cap (for electricity and gas) of between five and seven percent in April, with a further rise expected in July. The same month, water companies will increase their charges by an average 26 percent, around an extra £10 a month.

Research by the Resolution Foundation shows that

the poorest fifth of households spend 4.8 percent of their income on council tax. This is three times the amount, 1.5 percent spent by the richest fifth. Economist Lalitha Try noted that these families are "spending almost as much on these bills as they pay in income tax. This terribly designed tax increasingly resembles the very thing it was meant to replace—the dreaded poll tax."

The ultra-regressive poll tax was introduced by the Thatcher Conservative government between 1989-90, first in Scotland, then England and Wales—with each taxpayer taxed the same fixed sum. It was abolished and withdrawn over 1991-3 in the face of mass opposition and unrest.

Fully 15 years after the beginning of the Labour-Tory "age of austerity," many councils have lost so much central government funding that they are, nonetheless either bankrupt or on the verge of it. Workers are paying to barely keep the lights on.

Unison, the main public sector union, issued a report last September titled, "Councils on the Brink: The Local Government Funding Gap 2025/26."

Based on freedom of information requests and searches of local authority financial strategy papers, it showed councils across England, Scotland and Wales would have a £4.3 billion collective shortfall for 2025/26. The report estimated this would rise to £6.9 billion in 2025/26.

It noted: "Between 2010 and 2023, at least 1,243 council-run youth centres were closed and 1,168 council-run children's centres were shut. There has also been a significant decline in the number of council-run libraries (1,376 fewer) and public toilets (a drop of 1,629) over the same period."

Another report from the Institute for Fiscal Studies issued just before the 2024 general election found that

between 2010/11 and 2024/25 core funding for councils fell by nine percent, while demand for services has risen.

A Local Government Association (LGA) survey released last October showed one in four local authorities in England would likely apply for emergency government bailouts in the financial years 2025/26 and 2026/27 to avoid having to declare bankruptcy. Last week, the National Audit projected that the situation was so dire that without intervention by next March an accumulated deficit for councils in England—expected to have reached £4.6 billion—could leave 43 percent of local authorities at risk of declaring effective bankruptcy.

Introduced in 2021, the use of Exceptional Financial Support (EFS) measures allowing a local authority to borrow capital or sell assets to raise revenue has grown, with a record 30 granted by the government this year, including seven councils in London. Collectively, these councils alone will borrow around £1.5 billion to plug budget gaps, only pushing the crisis a year or two down the line.

Labour-run Birmingham council, which oversees Britain's second largest city, is one of the councils given permission to raise its council tax by more than 4.99 percent.

In September 2023 it issued a section 114 notice effectively declaring itself bankrupt. Central government sent in a record number of six commissioners for a potential five-year placement taking control over the council's budget. Among the council's liabilities is an outstanding equal pay claim bill for female staff costing around £760 million.

In February last year the council was given Exceptional Financial Support of £1.25 billion by the outgoing Sunak Tory government.

After losing around £1 billion in central government support since 2010, and imposing hundreds of millions of pounds in austerity cuts, the response of the Labour council was to escalate cuts. For the second year in a row Birmingham will impose cuts of around £148 million. This includes a £43 million cut in adult services, £39 million in children's services, and £28 million for city operations including refuse collection.

Having already axed 11,000 of its workforce since 2011, a further 300 jobs are to go this year.

Other job losses announced by Labour councils are in

North Tyneside (200), Derby City Council (more than 100) and Wakefield City Council (200). Liberal Democrat-run Somerset Council is to shed 555 jobs.

Under Labour, the central government support grant for local government for 2025/26 will rise by 6.8 percent, not touching the sides.

Responding to the figure the LGA noted, "Extra money for councils next year... still falls short of what is desperately needed to cover them all. This financial year therefore remains extremely challenging for councils of all types who now face having to increase council tax bills to bring in desperately needed funding next year yet could still be forced to make further cuts to services."

The Scottish National Party (SNP) government in Edinburgh is to carry out a similar council tax rise offensive, having ditched its previous anti-austerity posture. Over the last 20 years—with the SNP in power in Scotland for most of that time—council tax rates in Scotland have either been frozen or capped. The freeze ends in April with five local authorities, responsible for around two million people (approximately 40 percent of Scotland's population) to hike rates.

The Starmer government came to office stating that it would impose "iron" fiscal discipline, while claiming it would end austerity. Its immediate withdrawal of winter fuel allowances from almost 2 million of the poorest pensioners and refusal to remove the two-child limit on child benefits exposed this lie.

But these attacks and the bill rises from April are just a small downpayment. Starmer is committed to large increases in military spending, meaning the savaging of what remains of the post-war welfare state and an offensive against the working class on a scale not seen since the 1930s.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact