

# Councils facing £4 billion hole in finances for coming year, research suggests



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[Councils](#) across [England](#), [Scotland](#) and [Wales](#) have a collective hole in their finances amounting to more than £4 billion for the coming financial year, threatening fresh cuts to services, new research suggests.

[Unison](#) said the shortfall was “way beyond” any previous estimates, warning that council funding was in a dire state with “massive cuts” likely to essential services and jobs.

The union said in a report, *Councils on the Brink*, that failure to tackle the growing problem soon risked “widespread collapse” of local government.

Many authorities could be forced to sell land, buildings and other capital assets, as well as cut back vital community services like rubbish collection and recycling, libraries,

public toilets and leisure centres even further, Unison warned.

Without urgent government support, the union is warning that the combined funding shortfall could rise to £8.5 billion by 2026/27.

After 14 years of ruthless austerity, the very fabric of local society is under threat

Unison general secretary Christina McAnea

Years of austerity mean services have already been cut substantially, with widespread job losses and a reduction in vital support for some of the UK's most deprived areas, said the report.

Many local authorities are now on the brink of financial collapse and many more could soon follow suit, Unison warned.

Since 2018, eight councils – including Birmingham – have issued section 114 notices, meaning they risk failing to meet the legal requirement to balance their books, said the report.

Unison general secretary Christina McAnea said: “Councils are teetering on the brink of financial disaster. Countless essential services and very many vital jobs are at risk, with terrible consequences for communities across Britain.

“After 14 years of ruthless austerity, the very fabric of local society is under threat. Councils are quite simply the linchpin of local areas, so when services go, many people are left vulnerable, with no one to pick up the pieces.

“Local authorities were clobbered by the previous government, whose harsh financial settlements left councils with no option but to sell off the family silver, auction off green spaces, close key community facilities and let thousands of workers go. Only swift and decisive action to stabilise local finances will do.

“Labour has inherited a mess, with essential services battered and bruised. The new government understands the value of healthy public services and the role they can play in generating economic growth, in a way its predecessors simply didn't. So as tough as the financial situation may be, ministers cannot ignore the terrible plight of authorities of every political persuasion.

“There's an unquestionable need to turn the page on the destructive cuts of the past and invest in services and staff to help councils rebuild Britain.”