Repo 2011 [1]

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In January, Falkirk Council announced that, as a response to fiscal austerity measures, it would be turning over control of certain community services [3] ? public libraries and the like ? to a charitable trust, a move meant to "bring community benefits and save money". This got my attention. You see, despite my icy libertarian exterior I am quite a fan of the Third Sector, and have been known to drift off into daydreams of the Metropolitan Museum of Art and leafy New England boarding schools at the slightest mention of the word "trust." Plus, with the Big Society project heating up, charity and individual empowerment are hip. So, full of hope and wonder, I set off across the internet to learn about this innovative way of delivering public services.

I was sorely disappointed. As it turns out, Falkirk Council estimates that the nearly £1 million it will save will be due, primarily, to favourable tax treatment unavailable to it, but available to charities, on property rates and VAT (reflect for a moment on the fact that councils collect tax in order to pay tax). Furthermore, the primary source of funding for the services will remain virtually unchanged, as costs will continue to be met primarily through a council grant and user fees, as before. In the scheme's sole redeeming feature, however, the trust will permit the council to make use of external funding sources that would otherwise be unavailable to it. Nor is Falkirk Council the only council to use this structure- 23 other Scottish councils have done the same.

One cannot fault Falkirk Council for following this course of action: from their standpoint, they are providing the same services for less money. However, if the Council were a private sector company, we would call it by another name: tax avoidance. At a national level, no "community benefit" is brought, and no money is being "saved"- the entire country, paying 20% VAT and sky-high levels of income tax, is left holding the bill. This begs the question: what are we to make of a country where even the public sector is required to invent its own accounting gimmicks in order to escape excessive taxation? What are the implications of the fact that such tactics can force a family in Falmouth to effectively bear the cost of a library in Falkirk? I struggle to find words-- tragic, pathetic, even Kafkaesque. But one thing is for sure: something has gone very, very wrong.

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