



## Privatising public services

**The bail-out of our financial system has shown what can happen when vital public functions are left to the unregulated pursuit of private profit. But all three major parties plan to privatise more of our public services.**

Our public services are being transformed into commercial, profit driven markets:

- local authorities are increasingly reliant on powerful contractors for school meals, waste and environmental services, and tax and benefit administration
- 9 out of 10 care homes for the elderly are now outside the public sector, and a majority of home care visits are provided by agencies and private firms
- NHS cleaning and catering services are contracted out in many areas and private health firms are playing a growing role in primary and secondary care
- £64 billion-worth of schools, hospitals and roads are now owned and controlled by PFI consortia – and contracts worth a further £8.3 billion are in the pipeline
- in total £80 billion of annual public spending now goes to the private “public services industry”, which is expected to grow even if total public spending is cut

### Profiting from public services

Private companies are making huge profits from their public service contracts:

- taxpayers will pay £217 billion in “user charges” for PFI facilities between now and 2033, but direct public ownership would be £3bn a year cheaper
- outsourcing giants such as Serco and Capita are among the very few companies who have seen their share price rise during this recession
- private equity companies are speculating on care homes for the elderly: Allianz Capital made 90% profit buying and selling the Four Seasons chain of homes, and Blackstone got a 400% return for Southern Cross

*“We have been through a long period where probably there was insufficient confidence in a public service ethos, and too much deference to business methods in inappropriate fields.”*

– Geoff Mulgan, former head of policy for Tony Blair

*“Privatisation has taken the care out of our jobs. We just haven’t got time to do those extra things that show we care.”*

– **UNISON member working in a PFI hospital**

## What about the quality?

Privatisers promise huge savings while driving innovation and improvement. But experience shows the pressure of constant competition lowers standards:

- research into computer-related services found 105 public sector contracts with £9 billion of cost overruns, a third of contracts delayed, and 30% terminated
- outsourcing hospital cleaning led to job cuts and downward pressure on standards that has contributed to the rise in hospital acquired infections
- the privatisation of school meals provision resulted in kitchens being closed, less use of fresh ingredients and a worsening of nutritional standards

## Public sector picks up the tab

Privatisers say risk is transferred to the private sector but the opposite is true:

- when Metronet abandoned their contract to refurbish the London Underground, the taxpayer was left with a bill for £410 million
- National Express abandoned the East Coast Mainline when the government refused to pay them extra money to compensate for falling passenger numbers

## What needs to change

- local authorities, the NHS and other public bodies need to focus on in-house improvement plans instead of seeing outsourcing as the only way forward
- regulations and funding arrangements that push privatisation as “the only game in town” need to be reformed to support public provision
- all new investment in public infrastructure and public service facilities should be publicly funded to provide better value-for-money and accountability
- privatised public services should be brought back in house to be delivered by directly employed public service workers

## Add your voice

We need as many people as possible to add their voice to our campaign:

- talk to your friends, family, co-workers and neighbours about these issues
- raise your concerns with your employer, local media, and political candidates
- take the campaign to workplace or community meetings – or organise your own – we can help with materials and speakers
- visit [www.unison.org.uk/million](http://www.unison.org.uk/million) for more information, more campaign ideas and to tell us what you’ve been doing

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voices for change  
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