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JOINT UNION AND COMMUNITY CAMPAIGN TO KEEP EDINBURGH PUBLIC!

SNP CONFERENCE SPECIAL

LAST CHANCE TO BLOCK PRIVATISATION

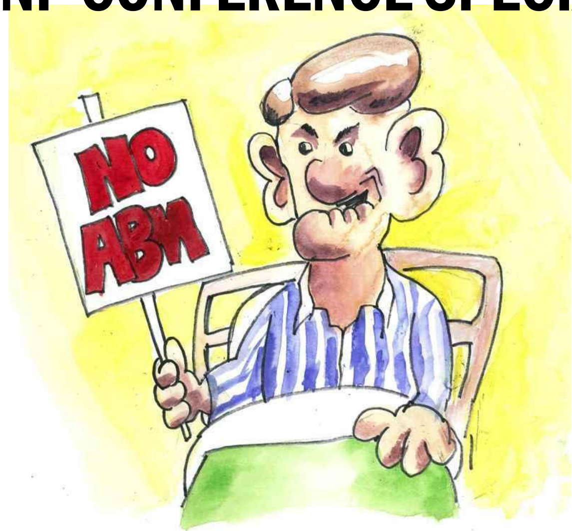
In December 2009 the City of Edinburgh Council embarked on a programme which could lead to the largest privatisation in the history of Scottish Local Government. Covering in excess of 3,500 jobs, the wide range of functions include: corporate services, facilities management and environmental services. UNISON has two broad concerns: the track record of privatisation elsewhere is littered with expensive failures, and the process in Edinburgh suggests there is a risk that similar problems will be visited on Scotland's capital city.

Early Days

The origins of privatisation in Edinburgh lie in a "benchmarking report" which heralded the success of outsourcing in a number of places. What the report overlooked was that services in Somerset's SouthWest1 project have been brought in-house by the Conservative administration. A council report identified £10m per annum overcharging in Liverpool leading to a recent agreement for a rebate of £27m. And in Bedfordshire, privatisation actually collapsed several years before Edinburgh recommended it as evidence of good practice.

Current position.

UNISON expected two reports to go before full council on 27 October recommending privatisation of Environmental Services and



I remember privatisation.
All I got was a pay cut and MRSA!

Facilities Management. However, after an adverse report from Audit Scotland and sustained community campaigning, the administration have asked for further work to be done on the in-house bid for Facilities Management. The most recent news is that Environmental Services will be decided in October, with Facilities Management in November, and Corporate Services in December.

Scrutiny

Audit Scotland recently advised that Edinburgh councillors lack the information and confidence to make robust decisions about privatisation. In light of the Trams fiasco we think the Audit Scotland comment is well founded. The council should proceed with care because their track record suggests that scrutiny by elected members could improve:

- Four companies fined by the OFT for price fixing were retained in the bid process without reference to elected members.

- When asked to declare any prosecutions, two companies concealed convictions for fatal accidents. But both were kept in process without reference to elected members
- The council had no mechanism for detailed reporting to elected members until UNISON successfully lobbied for a cross-party scrutiny committee.

Public consultation

Although the council conducts periodic surveys of residents on their use of services, the council did not consult on the specific question of privatisation until September 2011 when the dialogue with most bidders was already closed.

Again this weakness was identified by Audit Scotland. The council hastily commissioned some research from MORI but, when the public took the opportunity to say they opposed privatisation, the council deliberately suppressed the report and refused a UNISON FOI request for access. Apparently the views of Edinburgh people would "seriously prejudice the position of the council. Democracy in action?

Pensions

In 2003 the STUC struck a deal with the Scottish Government to address concerns about the emergence of a two-tier workforce when public services were privatised. The PPP protocol requires that access to public service pensions be preserved where admitted body status is available.

In breach of the PPP protocol, Edinburgh City Council will allow private companies to close the pension scheme to new employees. The privatisation contracts last between seven and 12 years, so the Lothian pension scheme is staring at a slow and lingering death.

The decision to close the scheme was taken without actuarial advice and without consulting other employing authorities in Lothian. To make matters worse, the council view the closure of the pension scheme as an attractive element of the private service solution which gives them a competitive edge over the in-house option which is based on retention of the scheme. This is an unlawful attack on the pension rights of all Lothian workers and an unfair advantage for private bidders.

Shared services

The Christie Commission echoes current government thinking around the long term efficiency of shared services. Edinburgh claim privatisation is compatible with shared services because the bidders hope to export low-cost solutions for central Scotland from a business hub in Edinburgh. Although possible in theory, we know that all the major public bodies in the East of Scotland have already declined an invitation to join the privatisation bandwagon. Edinburgh's drive for privatisation is a barrier to shared services, not an enabler.

The Trams

To have one Tram fiasco is unfortunate, to have two might be considered careless. Although there are some obvious differences between the Edinburgh Trams and the vision for privatisation, there are key similarities. As Audit Scotland point out, privatisation will require a contract management expertise "which is not currently well developed within the council". Elected members openly concede that they were not well equipped for the battle over commercial contracts for delivery of the Trams. The same concerns arise over privatisation. Scotland can ill afford to bail out the city if the £1 billion edifice of private business turns out to have dodgy foundations.

The way forward

In launching the privatisation programme in 2009 the council declared that the status quo was not an option. We agreed. The financial crisis engulfing local government required a radical response. In that sense the programme has been a success. The in-house options are commercially aggressive projects which will transform service delivery and save money. The private solutions are laden with risk so the logical choice for Edinburgh is to invest in the talent of the existing staff and transform council services from within.

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