

Council to Vote on £1bn Privatisation plans next week



by Alyson Macdonald

On Thursday 27 October 2011 The City of Edinburgh Council will take a crucial vote to decide whether to privatise £1 billion worth of services. Waste and recycling, council tax collection, parks, building maintenance, cleaning, and school catering are among the services which could be awarded to the lowest bidder under a project known as the Alternative Business Models Programme.

It may come as a surprise to local residents, but the Lib-Dem/SNP administration have been investigating the option of putting services out to tender [since 2009](#). Privatisation wasn't in either party's manifesto during the last local elections – the Lib-Dems even made a commitment to keep services in the public sector so that they could be democratically controlled – and the level of public consultation has been minimal. When campaign groups were set up to criticise the plans, councillors hastily commissioned MORI to conduct a poll, but they have refused to release the results, claiming that to do so would [“prejudice \[the council's\] interests”](#).

The City of Edinburgh Council's track record with private sector contractors has been particularly poor in recent years; they have presided over the corruption scandal surrounding statutory building notices, and invested large sums of public money in the disastrous trams project. A recent BBC

investigation found that the councillors appointed to run the tram-building project didn't have the appropriate knowledge and skills to manage contractors working on such a project. This time the problems have begun even before the contracts have been awarded: two companies tried to hide the fact that they'd previously been [fined for price-fixing](#), while another two failed to disclose [convictions arising from fatal accidents](#). Even though these companies have been caught out, they were allowed to continue negotiations to run public services.

The main concern raised by the campaign groups opposing privatisation is that it will make services less accountable to the public than if they were run by the council. At the moment, if you have a problem with any council services, you can take it up with your elected representatives, or use public pressure to encourage change, but it's more difficult to use that pressure on a company, especially when they've signed a long-term contract. The contracts that the Council are negotiating now are likely to last for several years, and with local elections due to be held next spring, that means the contracts will outlast the current administration. Even if the politicians responsible are voted out in 2012, it wouldn't be able to get out of the deals they'd made without paying millions in cancellation fees.

The official reason for exploring private sector options is that it will save money, but in practice, for-profit companies rarely provide better value for money. Local authorities in England, where privatisation is more common, are learning this the hard way. In [Somerset](#), the contractor running most of the council's back-office functions is so inefficient that even the local Tory MP is campaigning to have the services brought back into the public sector. [Liverpool Council](#) awarded a

contract for IT and customer services to BT in 2001 in the hope of reducing costs, but they're being overcharged by around £10M per year, and, on top of that, they've run up six-figure bills investigating BT's practises – only to discover that it would have been cheaper to run the services in-house. These aren't isolated incidents: the Audit Commission estimates that [70% of partnerships with the private sector end in failure.](#)

The odds are stacked against success for Edinburgh's Alternative Business Models, which is why local campaign groups are putting pressure on councillors to vote against the proposals, and are calling on their neighbours to scrutinise what little information has been allowed into the public domain. In the absence of any official publicity from the council, residents' groups across the city have been distributing flyers and organising public meetings so that local people have a chance to discuss the proposals – and their reactions have been overwhelmingly negative.

As a result of recent lobbying, senior council officials have now agreed to take part in a debate prior to the Alternative Business Models vote. The debate will be held in Edinburgh University's Appleton Tower in Crichton Street at 7pm on Monday 24th October, and all interested members of the public are welcome to attend.

With just over a week to go until the vote, it's still anyone's guess which way it will go. Labour and Green councillors have pledged to vote against giving contracts to any private companies, so it would only take a few SNP or Lib Dem councillors to vote against the administration for the ABM proposals to be thrown out. This has the potential to influence the next year's council elections and will set the

tone for the next administration. Despite the lack of media interest, it's clearly the issue to watch in local politics.

Bio: Alyson Macdonald has been involved in the [campaign](#) against the privatisation of Edinburgh's public services since she attended their initial public meeting in July. The campaign is run by a network of neighbourhood groups from across the city, and is not affiliated to any political party or other organisation, although some of the groups work alongside a similar campaign by [UNISON City of Edinburgh branch](#).