



## **Unite response to Open Public Services White Paper**

**This response is submitted by Unite the Union. Unite is the UK's largest trade union with 1.5 million members across the private and public sectors. The union's members work in a range of industries including manufacturing, financial services, print, media, construction, not for profit sectors, local government, education, the NHS and other health services, prisons and Royal Mail. Unite is a significant player in public services representing over 250,000 workers, including 60,000 employees in the not for profit sector.**

### **Executive summary**

- The 'open public services' White Paper does nothing to address concerns raised by Unite in its response to the initial 'call for evidence' and represents an attack on the welfare state and the important role of the state in ensuring decent public services.
- The Government's proposals can not be separated from its deep and rapid cuts to public spending which will have severe consequences for public service users and public service workers, particularly the most vulnerable.
- The proposals amount to a privatisation agenda which will result in the increasing fragmentation of important public services, the abandonment of universal access in key areas and increased inequality.
- Evidence from Unite illustrates the damaging effect that the marketisation of public services, including the NHS, is having on staff and service users.
- The proposals set up a 'race to the bottom' in terms of service quality and employment conditions for those delivering public services.
- There is a democratic deficit in the push to mutuals and social enterprises in the delivery of public services.
- Unite believes there should be a requirement to have a staff ballot to gauge staff desire to establish a social enterprise or mutual organisation. However, requests for staff ballots are being refused and staff are feeling disenfranchised.

- Public assets should be 'locked' to safeguard them from being sold off to the private sector.
- The Government's proposals in a number of respects will reduce the transparency and accountability of public service provision.
- The Government's proposals fail to recognise that there is a public value to public services.
- Unite has previously drawn attention to the severe consequences of inappropriate private sector involvement in the funding of public services through the private finance initiative (PFI). Recent Select Committee reports have highlighted further the failures of PFI.

## **Introduction**

1. Unite's response to the Government's initial call for evidence on public service reform raised a number of concerns<sup>1</sup>. These included the damaging impact that the outsourcing and privatisation of public services will have on public service delivery, increased inequality for service users and a lack of real and meaningful staff engagement.
2. In addition, Unite's earlier response also raised concerns about the consultation process including the failure to comply with the Code of Practice on Consultation. The 'listening exercise' associated with this White Paper also falls short on meaningful consultation, being held over the summer recess period and offering limited scope for response from collective organisations.
3. The proposals in the 'Open Public Services' White Paper do nothing to address these concerns and represent an attack on the welfare state and the important role of the state in ensuring decent public services. They promote markets over human need, and competition over co-operation<sup>2</sup>.
4. The outsourcing and privatisation of public services will result in the increasing fragmentation of important services, an abandonment of universal access in key areas and increased inequality.
5. The contracting out of welfare and public services, rather than public bodies directly providing such services, is said in the White Paper to be driven by an "urgent moral purpose" with only the military, core policing, intelligence services and judges specifically excluded (although support and specialist services in these areas are thought to be ripe for contracting). This approach turns public services and the

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<sup>1</sup> [http://www.epolitix.com/fileadmin/epolitix/stakeholders/Unite\\_PublicServiceReform\\_Response.pdf](http://www.epolitix.com/fileadmin/epolitix/stakeholders/Unite_PublicServiceReform_Response.pdf)

<sup>2</sup> <http://www.neweconomics.org/blog/2011/07/14/ten-big-questions-about-the-open-public-services-white-paper>

administration of the welfare state into a series of competing businesses.

6. Unite is also clear that the Government's proposals for reform can not be separated from its severe and rapid cuts to public spending which will have severe consequences for public service users and public service workers, particularly the most vulnerable<sup>3</sup>.
7. The White Paper sets out five principles for 'modernising public services', namely: choice, decentralisation, diversity, fairness and accountability. Some of these, such as fairness and accountability, Unite would support as principles. However, the Government's plans outlined in the paper will not deliver on these and its push for competition and markets, as exemplified in the principle of 'diversity of providers', will damage the very notion of what is public.
8. Unite values public services and has identified six 'public service values' which express our commitment to public services:
  - Valuing public service users and staff
  - Accountability
  - Long-term commitment
  - Universal access
  - End to market madness
  - Sustainability.

### **Opening public services to business – the route to privatisation**

9. Fears that the Government's proposals amount to a privatisation agenda are supported a number of reports concerning private companies taking over the running of public services. For example:
  - A stock market listed company, Circle Health, is in the running to take over an NHS hospital in Epsom<sup>4</sup>. The same company has already been named as the preferred bidder to take over Hinchingbroke hospital trust in Cambridgeshire.
  - The Department of Health has been talking to a German company, Helios, to take over NHS hospitals in "the first tangible evidence that foreign multinationals will be able to run state-owned acute services"<sup>5</sup>.
  - One of the Government's flagship social enterprises is losing out to a commercial organisation in a bid for NHS services<sup>6</sup>. Assura Medical, which is 75% owned by Virgin, has been named the

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<sup>3</sup> See for example TUC (2010) *Gender Impact of Cuts* - <http://www.tuc.org.uk/extras/genderimpactofthecuts.pdf> and Tim Horton and Howard Reed (2010), *Where the money goes* - <http://www.tuc.org.uk/extras/wherethemoneygoes.pdf>

<sup>4</sup> <http://www.guardian.co.uk/politics/2011/sep/13/epsom-nhs-hospital-takeover-circle-health?INTCMP=SRCH>

<sup>5</sup> <http://www.guardian.co.uk/society/2011/sep/04/german-company-takeover-nhs-hospitals?INTCMP=SRCH>

<sup>6</sup> <http://www.ft.com/cms/s/0/8e187d7c-e2cc-11e0-93d9-00144feabdc0.html#axzz1YgVbv6eb>

preferred bidder for a five-year contract for community health services in north and west Surrey, beating a bid by social enterprise Central Surrey Health.

10. On the Assura announcement, Peter Holbrook, the Chief Executive of Social Enterprise UK, and a member of the Government's Mutuals Taskforce, commented that "public sector workers will be understandably anxious about spinning out from the NHS and setting up a social enterprise on the back of this news", and that, "we will see social enterprises and mutuals lose out to the private sector" unless commercial organisations' easier access to financial backing is addressed<sup>7</sup>. Holbrook has previously warned that "social enterprise must not be used as a mask for, or a palatable first-step, to privatisation"<sup>8</sup>.
11. Unite is calling for public assets to be 'asset locked' to safeguard them from being sold off to the private sector.
12. Despite using the language of local, community and empowering organisations, the Government is making no exceptions for small, local specialist organisations who will have to compete in a business market with large multi-national private companies such as Serco and Capita.
13. The Government frequently promotes the Work Programme as a model and it is one of the cases cited on the 'Open Public Services' website. However, as the TUC has noted, "of the 18 preferred bidders for 40 prime contracts, the voluntary sector was awarded two. The public sector got one. Fifteen went to the private sector, including SERCO, A4E and G4S. Worth also noting that the two voluntary sector consortia that won bids were effectively voluntary/private partnerships, with Careers Development Group bidding with multi-national employment training provider MAXIMUS and Rehab partnering up with Interserve, described as "one of the world's foremost support services and construction companies"<sup>9</sup>.
14. Concerns about the privatisation of public services are clearly apparent in respect of the Government's Health and Social Care Bill (England). A poll by Unite showed that over 90 per cent of respondents do not trust David Cameron on the NHS and that 70 per cent of respondents believe that the Government's reforms will lead to privatisation<sup>10</sup>. Survey results from the Medical Practitioners' Union (part of Unite) demonstrate that many GPs are not supportive of the bill and the proposed reorganisation of the NHS<sup>11</sup>.

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<sup>7</sup> Ibid

<sup>8</sup> <http://www.socialenterprise.org.uk/press-releases.php/227/peter-holbrook-letter-published-in-the-guardian>

<sup>9</sup> <http://touchstoneblog.org.uk/2011/04/the-big-society-market-who-are-the-winners/>

<sup>10</sup> [http://www.unitetheunion.org/news\\_events/latest\\_news/cameron\\_not\\_trusted\\_on\\_nhs\\_ne.aspx](http://www.unitetheunion.org/news_events/latest_news/cameron_not_trusted_on_nhs_ne.aspx)

<sup>11</sup> [http://www.unitetheunion.org/news\\_events/latest\\_news/more\\_than\\_500\\_gps\\_sign\\_petitio.aspx](http://www.unitetheunion.org/news_events/latest_news/more_than_500_gps_sign_petitio.aspx)

15. Unite has raised concerns about the revamped role for Monitor to regulate competition in the NHS with increased running costs, including on consultants and legal fees. The Impact Assessment team have been unable to “develop a robust monetary estimate of the benefits of changes to the regulatory regime” and Monitor may end up acting as a conduit for lucrative NHS contracts to private healthcare companies rather than working for the benefit of patients<sup>12</sup>.
16. Unite’s most recent workplace representatives’ survey on issues in the Health Sector, conducted in May 2011, coincided closely with the implementation of the Nicholson challenge on “efficiency savings” and instability caused by the Health and Social Care Bill and highlights some key issues.
17. Close to 70 per cent of respondents across Unite’s various occupational groups had seen reductions or rationing of services in the previous six months. The overwhelming majority of Unite representatives that responded also reported vacancy freezes, cuts to services, reduced staffing levels, down-banding of roles, as well as massive increases to caseloads. Staff are already seeing the clinical detriment that cuts are having on patient care.
18. Other issues reported included decreases in long-term preventative health strategies, increases in waiting time, stress and overwork, reduced training and the knock on effect of cuts to other sectors, such as in local government and education that are impacting on the health service. The following quote from the survey illustrates starkly the damaging effect that the marketisation of health is having:
- “Market style competition is impacting negatively on collaboration between parts of the NHS resulting in poorer quality care, reduced respect and compassion toward patients, suffering and probably risk. Pinched resources exacerbate this, with targets resulting in short term financially driven decisions, while understaffing is leading to longer waiting times.”*
19. Unite has previously detailed why the Government’s plans will result in a decrease in the quality and range of health services available to people, contribute to increasing health inequality, fragmented services, increased healthcare costs, and reduced accountability<sup>13</sup>. Unite also believes that this will lead to public health policy becoming more reactive, rather than preventative, long term and strategic<sup>14</sup>.
20. In a Unite poll conducted in March 2011, when asked about plans to sell off parts of the blood donor service, 80 per cent of the over 25,000 respondents said that they thought this was a bad thing.

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<sup>12</sup> [http://www.unitetheunion.org/news\\_events/latest\\_news/nhs\\_watchdog\\_set\\_to\\_become.aspx](http://www.unitetheunion.org/news_events/latest_news/nhs_watchdog_set_to_become.aspx)

<sup>13</sup> [http://www.epolitix.com/fileadmin/epolitix/stakeholders/Unite\\_response\\_Healthy\\_lives\\_Healthy\\_people.pdf](http://www.epolitix.com/fileadmin/epolitix/stakeholders/Unite_response_Healthy_lives_Healthy_people.pdf)

<sup>14</sup> [http://www.epolitix.com/fileadmin/epolitix/stakeholders/Unite\\_evidence\\_submission\\_to\\_the\\_Health\\_Select\\_Committee\\_inquiry\\_into\\_Public\\_Health\\_final.pdf](http://www.epolitix.com/fileadmin/epolitix/stakeholders/Unite_evidence_submission_to_the_Health_Select_Committee_inquiry_into_Public_Health_final.pdf)

21. The role of private sector companies in the delivery of public services has also featured in an analysis of pay inequality. Recently published research has found that companies with large public sector contracts typically paid their executives much more than the highest-paid public sector employee<sup>15</sup>.

### **Why the rush to outsource threatens public services**

22. In March 2011 Unite published a report by respected economist Howard Reed which challenged many of the assumptions cited by those promoting the outsourcing agenda<sup>16</sup>. It found that expanding outsourcing in the current climate of severe cuts to public spending means declines in service quality are almost inevitable.

23. The report highlighted the rushed nature of the Government's programme, with little or no commitment to evidence-based policy; the risk of reduced transparency and democratic accountability (see section below on 'Reduced accountability'); the massive shift to the voluntary sector running the risk of being the long and painful route to privatisation; and the role of corporate lobbying by outsourcing companies who stand to profit hugely from the Government's reforms.

24. In new evidence using data from the Labour Force Survey, the report also demonstrated the risk that outsourcing poses to working conditions and the quality of public services. The analysis compares the conditions of employment of public sector, private sector and voluntary sector employees in similar jobs such as childcare, healthcare, social work, cleaning and administrative jobs.

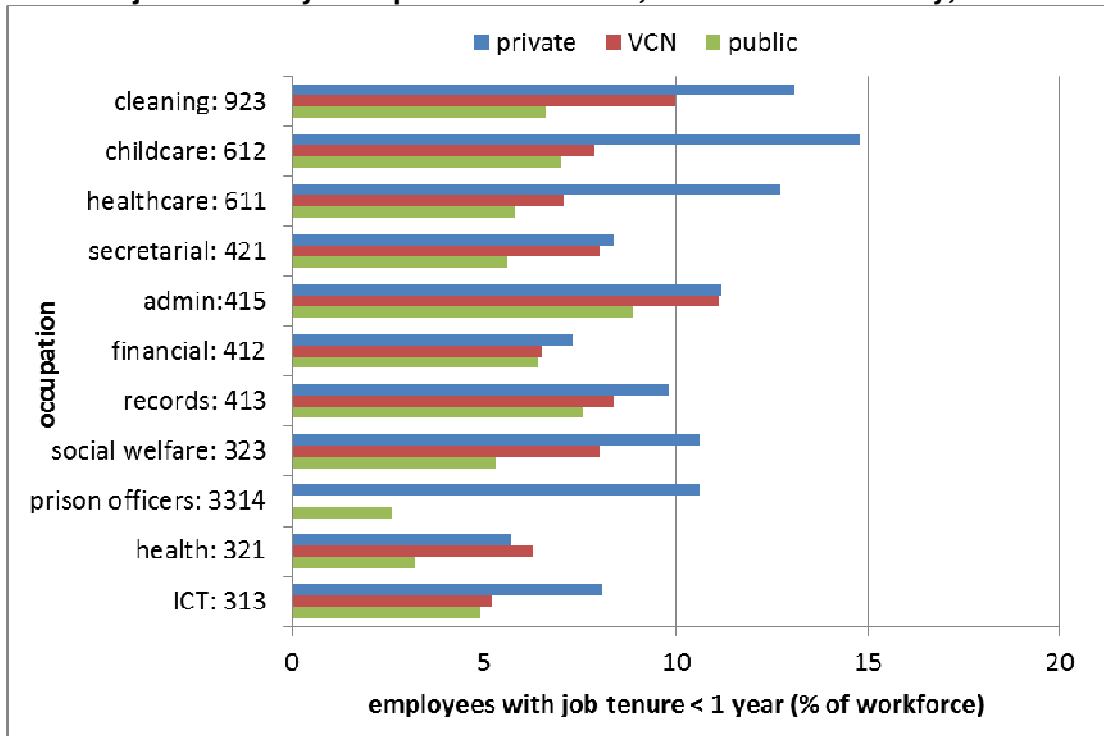
25. Short job tenure and high turnover can have a detrimental impact on service delivery as they disrupt the relationships between service users and providers, while working long hours can put the safety of service providers and users at risk. As the graphs below show, short job tenure (one year or less) and working long hours (more than 48 hours per week) are more common in the private sector than the public sector, with the voluntary sector somewhere in between.

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<sup>15</sup> One Society – *A third of a percent* (2011)

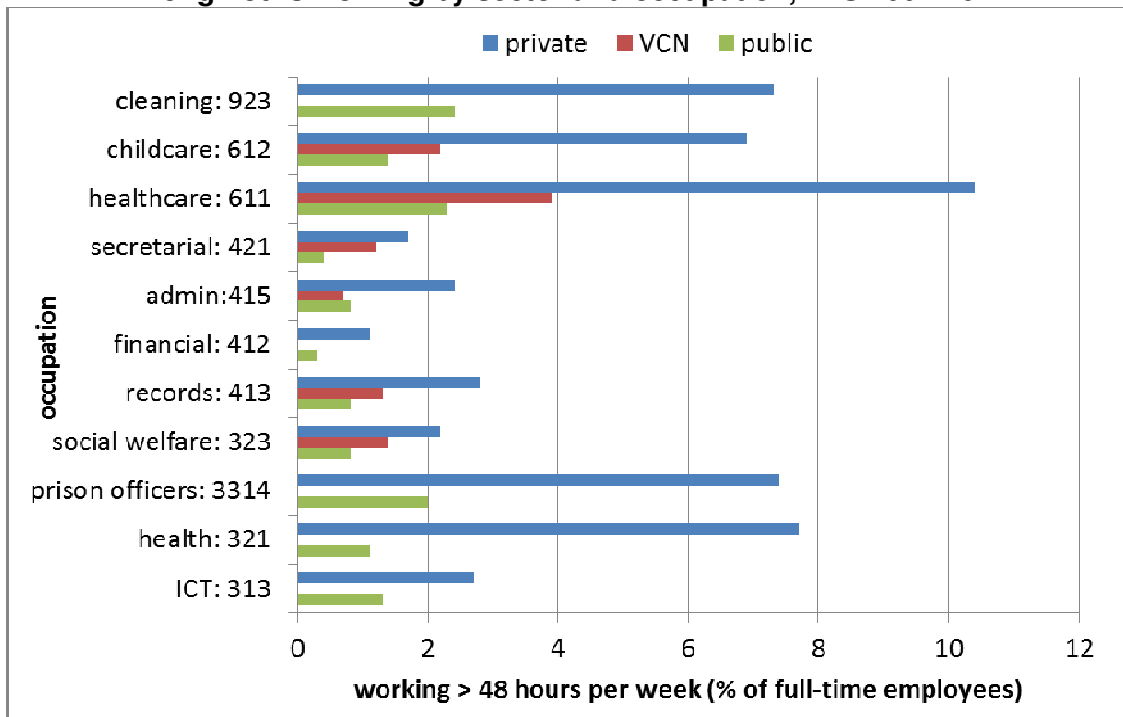
<sup>16</sup> <http://www.dontbreakbritain.org/pdf/Theshrinkingstate.pdf>

### Short job tenure by occupation and sector, Labour Force Survey, 2007-10



Source: Analysis of Labour Force Survey data by Landman Economics

### Long hours working by sector and occupation, LFS 2007-10



Source: Analysis of Labour Force Survey data by Landman Economics

26. Unite also has first hand experience of where plans to privatise and outsource public services threaten workers' jobs and terms and conditions, and the quality of public services. For example, plans to privatise the whole of the Homecare Service in Bristol threaten over 300 jobs and will put the care arrangements of many hundreds of elderly people in the city at risk and distress<sup>17</sup>. Furthermore, when two private homecare companies in Bristol ceased trading earlier this year, it was the council's homecare service that stepped in to take on the abandoned service users.

### **Removing 'barriers' to market entry and exit – driving a race to the bottom**

27. The White Paper talks of 'barriers' to market entry and exit and those identified are primarily regulatory, such as performance indicators or minimum standards in service or treatment of the workforce.
28. Minimum standards are re-cast as very basic standards regarding, for example, as safety that licensing bodies will oversee maintaining a register of providers. There is a clear gulf in quality between a system that assesses cleanliness levels (which is the regulatory model it is suggested will be followed) and national minimum standards on quality measures and outcomes such as waiting targets.
29. The White Paper also gives examples of where the Government wishes to lessen regulation in order to 'free' public services. These include health and safety legislation, 'stop and account' procedures (the abandonment of which has already raised concerns about dealing with discrimination and reduced accountability<sup>18</sup>), and reviewing statutory duties that local government have.
30. Unite has already condemned the ending of the code of practice on workforce matters – known as the 'Two Tier Code' - which will only serve to chip away at the public service ethos, and pay and conditions of public sector employees. But the White Paper also identifies important protections for workers such as TUPE regulations and the 'Fair Deal on Pensions' as potential 'barriers' to be removed.
31. The Government also reaches for the familiar refrain that its reforms will enable staff to better perform their roles. Yet this is divorced from the narrative around removing the measures which had been in place to try and ensure staff are fairly rewarded for their work and receive fair terms and conditions. The Government sees no contradiction between creating a race to the bottom in pay, terms and conditions of staff and then expecting those staff to be better trained, skilled and involved in delivering higher quality services. Indeed, trade unions, fair levels of pay and decent pensions are not referred to once in the White Paper.

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<sup>17</sup> [http://www.unitetheunion.org/news\\_events/latest\\_news/conservative\\_and\\_labour\\_mps\\_sh.aspx](http://www.unitetheunion.org/news_events/latest_news/conservative_and_labour_mps_sh.aspx)

<sup>18</sup> <http://www.guardian.co.uk/uk/2011/sep/22/police-record-race-stop?newsfeed=true>

## **Change through intimidation**

32. Reports of comments by Oliver Letwin, Cabinet Office Minister, that public sector workers need “some real discipline and fear”<sup>19</sup> damage the motivation of public sector workers who are already fearful enough on account of cuts to their jobs, working conditions and pensions.
33. Among all the statistics cited concerning public sector ‘inefficiencies’, little coverage is given to the amount of unpaid overtime worked in the public sector. Analysis published by the TUC earlier this year found that public sector workers are the most likely to do unpaid overtime, with over one in four (26.3%) regularly putting in more than seven hours of unpaid overtime a week, compared to around one in six workers in the private sector (18.9%)<sup>20</sup>.

Staff in the public sector put in 702 million hours of unpaid work last year, valued at over £11 billion. Public service delivery includes commitment and good-will on the part of public service workers - a ‘public service ethos’. But this is not an infinite resource and is being strained to the limit by the Government’s proposals and its attitude to public sector workers.

34. The Minister’s comments cited above also asserted that “some will not survive” and that this is “inevitable and intended”. But when essential public services are allowed to ‘fail’, who will ensure that public needs are still met? When care home company Southern Cross collapsed – a stark example of what can go wrong when profit drives public services - there was an expectation that people would not to be turned out of care homes. Privatisation presents a real threat to the continuity of services.

## **The lack of an evidence base**

35. The Government’s drive to increase independent provision in key public services does not appear to be based on any evidence that this will lead to better public services or acknowledge the important role that properly funded, directly delivered public services play in the economy and society.
36. What ‘evidence’ is cited is self-selecting. For example, the paragraphs on housing support do not mention the levels of homelessness to be caused by Housing Benefit changes, and paragraphs on higher education do not mention the raising of tuition fee levels. There is no mention of poverty levels in society, unemployment or how people can access services.

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<sup>19</sup> <http://www.guardian.co.uk/politics/2011/jul/30/public-sector-jobs-oliver-letwin>

<sup>20</sup> <http://www.tuc.org.uk/workplace/tuc-19200-f0.cfm>

37. Analysis by the Financial Times has questioned claims that the private sector is better or cheaper than its public equivalent<sup>21</sup>. A TUC paper compiles a range of evidence that explodes a number of privatisation myths<sup>22</sup>. It finds:

- Public money is best kept within the public sector during a downturn;
- There is no evidence that the private sector is more efficient than the public sector;
- Public services are too important to compete on price;
- Only the public sector can respond to society's collective needs;
- Public services create public value – but this is hard to measure;
- In reality, support functions are just as important as the front-line.

38. In local government, research published by the Association of Public Service Excellence (APSE) identifies a range of evidence-based reasons as to why dozens of councils are returning services that have been delivered by private and voluntary sector contractors in-house and that benefits are being reaped from doing so<sup>23</sup>.

39. Evidence published in a further report suggests that the phenomenon has continued and that the case for insourcing has grown even stronger<sup>24</sup>. It finds that councils are finding that insourcing contributes towards: accountability; flexibility; cost effectiveness; service improvement; strategy and synergy; added value; risk minimisation; and workforce morale. In addition, staffing issues are identified as a vital consideration and case study evidence shows that consultation and communication is a key factor when returning services back in-house.

40. A review of the role of co-operatives and mutuals in local public service provision also published by APSE finds a *"lack of evidence informing the claims that are being made about the benefits of co-ops and mutuals"* and that *"the research points out that the sustainability of service provision may be negatively impacted upon through divesting services away from the public sector. In particular, there was some evidence that divestment exercised a downward pressure on staff terms and conditions; and there was very little evidence of accountability to elected members and/or the wider community"*<sup>25</sup>.

41. The report states that "in certain circumstances co-ops and mutuals can contribute positively to public service delivery" and identifies three 'critical conditions of success' which need to be in place if co-ops and mutuals are to have a long-term chance of sustainability:

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<sup>21</sup> <http://www.ft.com/cms/s/0/2e22a09c-daf2-11df-a5bb-00144feabdc0.html#axzz1XipUcr6w>

<sup>22</sup> TUC (2010), *Exploding privatisation myths* - <http://www.tuc.org.uk/extras/speakupprivatisation.pdf>

<sup>23</sup> APSE (2009), *Insourcing: a guide to bringing local authority services back in-house*

<sup>24</sup> <http://www.unison.org.uk/acrobat/20122.pdf>

<sup>25</sup> APSE (2011), *Proof of delivery? – a view of the role of co-operatives and mutuals in local public service provision* (APSE)

- A contract length of five years or longer, which also locks in previous benefits such as adequate training provision and decent staff terms and conditions;
- Buy-in from key stakeholders including staff, citizens and elected members;
- Ongoing support, advocacy and expert advice from the public sector.

### **Staff empowerment or mutualism without consent?**

42. One of the main methods the Government is using to push its 'reform' agenda is to promote employee owned mutuals, co-operatives and social enterprises in the future delivery of public services, using the language of staff empowerment. However, Unite's experience is that there is often a 'democratic deficit' behind the rhetoric.
43. To be clear, Unite is not opposed to social enterprises, mutuals, and co-operatives. The trade union movement has a history of supporting mutuals and co-operatives and Unite has a large membership in the Community, Voluntary and Not-for-profit sectors.
44. Unite has championed the role that these sectors can play in supporting the delivery of high quality public services, but as an additional resource and not a replacement for high quality public services. We do not support the invoking of such organisations to be used as a fig leaf for an agenda of outsourcing and privatisation.
45. It needs to be recognised that these sectors have a different role to that of the public sector and privately run organisations. The universal provision of services enabled the charitable sector to bring additionality, innovation, advocacy and a strong independent campaigning voice to represent the interests of the most vulnerable in society. In this sense it adds value to core public services.
46. Unite's response to the initial call for evidence raised the issue of Government support and increased funding pressures for contracts forcing more and more charities to become social enterprises and adopt business models. Many Unite representatives in the not for profit and third sector report that this is damaging the ethos of many organisations as they are being forced to become more business minded and divert resources from their other work.
47. The proposals to give public sector employees "rights to provide" their services to their current employer under contract raise serious concerns, not least in respect of real and meaningful staff engagement.
48. Unite believes there should be a requirement to have a staff ballot to gauge the actual level of staff desire to establish a social enterprise or mutual organisation.

49. In the NHS, Unite members' experiences of the 'right to request' to become a social enterprise identified significant problems. Unite campaigned across the country for NHS staff to be given a ballot to decide if services are outsourced to a social enterprise. Where staff have been given a ballot they have rejected services being transferred to social enterprises. Despite the frequent arguments that social enterprises are being established to empower staff, Unite has come across instances where Trusts have refused to hold ballots or sought to push ahead with their plans in the face of ballot results showing staff wishing services to be retained in the NHS.
50. In November 2010 staff at Plymouth primary care trust (PCT) voted overwhelmingly against plans for community services to be transferred to a social enterprise, because of fears about the quality of patient care and safety. The PCT is to become a Community Interest Company (CIC) from 1<sup>st</sup> October 2011.
51. A number of other PCTs in the South West of England are also moving to social enterprises and requests for staff ballots have been refused. In one case, a Unite representative advised the union that: *"I feel the most disenfranchised I have ever felt in 30 years of nursing"*. Communities have also expressed concerns about the lack of consultation in moves to social enterprises<sup>26</sup>.
52. One of the Government's own 'mutual pathfinders' has been found to fall short on the issue of meaningful staff engagement. Requests for a staff ballot have been repeatedly refused in the process of North East Essex Primary Care Trust becoming a Community Interest Company.
53. It is staff involvement not transfer of employment that is crucial. Public sector workers should be more involved in the running of their services and participate in decision making concerning the services they deliver. But that can happen inside the public sector. It does not need the wholesale transferral of services and employment out of the public sector. As Colin Talbot, Professor of Public Policy and Management at Manchester Business School, has noted, *"there may well be a role for greater 'worker control' in public services delivery, but...that can be done with fully publicly owned organisations"*<sup>27</sup>. However, 'workers ownership' only appeals to those behind the 'Open Public Services' agenda because it is not public ownership – *"anything but the state is their clear position"*.

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<sup>26</sup> [http://www.stroudnewsandjournal.co.uk/news/9174139.Hospital\\_campaigners\\_say\\_the\\_fight\\_is\\_not\\_over/?ref=mr](http://www.stroudnewsandjournal.co.uk/news/9174139.Hospital_campaigners_say_the_fight_is_not_over/?ref=mr)

<sup>27</sup> <http://whitehallwatch.org/2011/07/15/public-service-mutually-assured-destruction/>

## **Reduced accountability**

54. Despite the citing of accountability as one of the principles of 'reform', the Government's proposals appear to reduce the transparency and accountability of public service provision.
55. Unite's report on the outsourcing of public services highlighted four areas in particular where this was apparent<sup>28</sup>:
- Whereas public sector providers of public services are covered by the provisions of the Freedom of Information Act 2000, outsourced providers are not covered by the Act. This means that the greater the degree of outsourcing of public services, the less accountable the providers are.
  - Public sector providers have legal duties actively to promote equality under anti-discrimination legislation, but these duties do not apply to outsourced providers.
  - Outsourcing often results in a reduction of accountability through formal democratic processes at the local or national level (e.g. 'free schools' and academies are outside local education authority control).
  - Outsourcing tends to increase fragmentation in service delivery which can increase the likelihood of 'postcode lotteries' whereby the extent and quality of service provision varies between different neighbourhoods in a more or less arbitrary manner.
56. In addition, accountability suffers when private involvement increases. 'Commercial confidentiality' makes it impossible to scrutinise public spending because the information is not available. Turning public services over to private companies increasingly means that holding organisations to account means ensuring contract compliance. If a change of organisation is demanded to deliver on new goals set democratically by governments or councils, this can only be done by re-negotiating contracts.
57. Equality Impact Assessments that are both properly resourced and conducted in good time should be part of all commissioning decisions.
58. The *collective* dimension to public services necessitates a democratic accountability and transparency that can not be delivered by contracts in a market. Transferring public services out of the public sector detaches public institutions from the democratically elected state bodies that own and govern them, including local councils.

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<sup>28</sup> <http://www.dontbreakbritain.org/pdf/Theshrinkingstate.pdf>

59. Elected councillors and robust, properly resourced arrangements for local scrutiny are critical in ensuring properly accountable public services at a local level. The fragmentation of public services and multiplicity of providers resulting from the Government's proposals will stretch the capacity of councillors to hold service providers properly to account.

### **The public value of public services**

60. The Government's proposals fail to recognise that there is a public value to public services. People care not just about the effectiveness of the services they receive but the way in which they are delivered and the ethos and culture associated with public services and the welfare state.

61. In his speech announcing the White Paper, the Prime Minister compared receiving public services to buying a mobile phone and becoming a member of a gym<sup>29</sup>. This demonstrates an inability to recognise the public value of public services and distinguish between private consumption and public goods.

62. A 'public value' model of public services also needs to recognise the important role of public sector workers in the delivery of high quality public services and the legitimacy of public services themselves<sup>30</sup>. The quality of people's experiences of public services depends upon the individuals who deliver them.

63. Unite is not against change. But reform needs to be based on sound, evidence-supported arguments, not tidal waves of initiatives. And sustainable change requires the involvement of staff. Public sector workers and their unions provide the knowledge, insight and experience essential to ensuring that reform is effective and deliverable.

### **Personal budgets and choice**

64. The use of personal budgets is cited in the promotion of choice in 'individual services'. However, the marketisation involved in this approach means that providers in the market place may elect to provide only certain types of services.

65. Another concern is that the "choice" label and individual budgets are being used as a vehicle to cut costs rather than genuinely improve the lives of people, and the staff implications this carries, as well as to the detriment of those who access social care services. Unite members have raised this concern, including those at major housing associations

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<sup>29</sup> <http://www.number10.gov.uk/news/speech-on-open-public-services/>

<sup>30</sup> <http://www.tuc.org.uk/touchstone/publicservicereform/publicservicereform.pdf>

receiving Supporting People funding that were being put on Zero Hours contracts as a result. Choice should include the right to choose good quality public services, rather than ad hoc underfunded services run by casualised and demoralised staff.

### **Public participation and state responsibility**

66. In respect of communities providing public services, a recent report identifies some of the challenges concerning the public's appetite for participation in public services. It shows that whilst the public supports the idea of individuals and communities playing a role in public service design and delivery, the public also thinks that the state should also continue to be the main provider of services. In particular, 94 per cent said the state should be most responsible for providing health care, 93 per cent look to the state to keep them safe, and 93 per cent see the state as the main provider of education<sup>31</sup>. Whilst the public might have a desire to get involved, it is not, in the words of one of the report's authors "at the price of the state absenting itself and leaving individuals and civil society to get on with it"<sup>32</sup>.

67. The Government's citing of public desire to be involved in public service delivery has been challenged as revealing "a degree of embellishment" of the 'evidence'<sup>33</sup>. To quote APSE, "*the white paper cites that '85 per cent [of people] want more control over how services are provided locally' but a closer look at the Mori survey from which this figure is pulled reveals that when individuals were asked how strongly they agreed with the statement 'I should get more' involved' [in public services] this falls to just 28% strongly agreeing. Understanding what the public want from public services is a markedly different starting point to assuming that the public want to take responsibility for public services, or choose different providers, or methods of paying for or accessing services*".<sup>34</sup>

### **PFI – inefficient and a poor deal**

68. Unite in its response to the call for evidence, drew attention to the severe consequences of inappropriate private sector involvement in the funding of public services demonstrated by the private finance initiative (PFI).

69. Since then, two significant reports have highlighted further the failures of PFI. The House of Commons Treasury Select Committee found PFI to now be an 'extremely inefficient' method of financing projects<sup>35</sup>.

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<sup>31</sup> Institute for Public Policy Research and PricewaterhouseCoopers (2010), *Capable Communities* - <http://www.ippr.org.uk/publicationsandreports/publication.asp?id=727>

<sup>32</sup> <http://www.ippr.org.uk/pressreleases/archive.asp?id=3870&fID=284>

<sup>33</sup> APSE Briefing 11-36 *Open Public Services White Paper* (2011),

<sup>34</sup> Ibid.

<sup>35</sup> <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmtreasy/1146/1146.pdf>

There was no convincing evidence that savings and efficiencies during the lifetime of PFI projects offset the significantly higher cost of finance, indeed there are concerns that the current appraisal system is biased in favour of PFIs. The Committee recommends that the Treasury should consider using more direct government borrowing to fund capital investment. The House of Commons Public Accounts Committee found that PFI looks like a better deal for the private sector than for the taxpayer and that information strongly suggests that investors are making excessive profits from selling on shares in PFI projects<sup>36</sup>.

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<sup>36</sup> <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/1201/1201.pdf>