

STUC response to the Scottish Executive Consultation on the use of Joint Ventures to deliver primary care/joint premises

Introduction

The STUC is Scotland's Trade Union Centre. Its purpose is to co-ordinate, develop and articulate the views and policies of the Trade Union movement in Scotland and, through the creation of real social partnership, to promote trade unionism, equality and social justice; the creation and maintenance of high quality jobs and the public sector delivery of services.

The STUC represents around 630,000 working people and their families throughout Scotland. It speaks for trade union members in and out of work, in the community and in the workplace. Our representative structures are constructed to take account of the specific views of women members, young members, black/minority ethnic members, LGBT members, and members with a disability, as well as retired and unemployed workers.

Our affiliated organisations have interests in all sectors of the economy. Our affiliates are strongly represented in the NHS and health sector generally. Trade union members also have an interest as users and funders of health services.

The STUC welcomes the opportunity to respond to the consultation on the use of Joint Ventures to deliver primary care/joint premises.

STUC's Comments on the Consultation Document

The STUC and its affiliates supports the continuing process of improvement and development of Scotland's public services. We believe that public services should be run on ethical lines based on the principles of selflessness, integrity, objectivity, openness, accountability, competence and equality.

However, it is our belief that PPP and PFI undermine these principles as they undermine accountability, transparency and flexibility. We reiterate our long-standing opposition to the involvement of the private sector in the delivery of public services and reject the notion that the use of PFI and PPP is the only or best method of financing the build and delivery of public services. We remain committed to our stance of opposition to the government's continued promotion of PFI and PPP.

We are convinced that the joint ventures model and NHS LIFT programme for primary care as detailed in this consultation are further variants of PFI and PPP models of investment and will be extended to all NHS services. We endorse joint working between public sector organisations where it improves the effectiveness of our public services, and have proposed the establishment of public sector networks for this purpose. However, when joint working refers to working with the private sector through joint ventures and NHS LIFT, it is unacceptable.

The STUC is deeply concerned that the commercialisation of the NHS has reached the point of the Scottish Executive proposing the direct investment of public sector money for the purpose of making profits for the private sector. Furthermore, we are very concerned that other public services will be commercialised in this manner.

We are fundamentally opposed to private business taking over ownership, financing and management of public sector services and tying the public sector into long-term contracts with private sector companies. Further to this, the STUC has concerns regarding the proposal for public sector partners to hold shares and to become members of boards of directors of profit making companies as detailed in the consultation. Despite the claims by the Scottish Executive that setting up these companies is an opportunity for the public sector to have a greater influence and oversight of how its money is spent than is the case with traditional PPP/PFI schemes, the public sector will only have a minority of shares in these companies. It is, therefore, questionable whether or for how long their activities will remain part of wider public sector strategy for premises development.

Under the proposals in the consultation, NHS and other public bodies will, for the first time, directly hold shares and directorships in companies which are operating for a profit. This will add a new commercial aspect to public services as well as a new set of responsibilities, liabilities and potential conflict of interest for executive and non-executive directors, councillors and other public sector board or governing body members. This will not be in the public interest.

We have further concerns about the majority shareholding of the private sector under the LIFT programme. It raises questions of accountability and control and the involvement of public sector representatives, both as purchasers of the services of LIFT companies with a duty to keep costs minimised, and also as members of LIFT boards, with a duty to maximise profits for shareholders, as this will give rise to conflicts of interest.

We urge the Scottish Executive to find alternative methods for funding capital investment in primary care and other public services. We welcome the introduction and extension of prudential borrowing in local government in Scotland, which provides a level playing field between public and private investment in essential services, and urge the Executive to continue to develop alternatives to PFI and PPP.

The STUC believes that there are alternatives to joint ventures and LIFT and that these should be adopted. These involve the use of conventional borrowing by the public sector. This option allows borrowing at lower interest rates and without the need to finance private profit. Where projects involve local authorities then prudential borrowing powers can be considered. There is also a need to consider mechanisms for extending these powers to the NHS.

We are concerned that, under the schemes detailed in the consultation document, as with other PPP/PFI and private sector provider arrangements, costs will be cut and profits increased by worsening staff pay, terms of employment and career opportunities particularly for new staff, leading to the creation of a two-tier workforce.

We continue to oppose the transfer of staff from the public to the private sector but believe that the PPP Staffing Protocol agreed between the STUC and the Scottish Executive is a constructive step forward in limiting staff transfers and eliminating the two-tier workforce in new schemes. It is unclear whether the schemes proposed in the consultation document are to be treated as PPP/PFI schemes and, therefore, be covered by the PPP staffing protocol. We strongly believe that the protocol should apply to all joint ventures involving the private sector and we seek clarification from the Executive of its intention in this regard.

We note from paragraph 3.6 that full support of stakeholders will be required before this method of investment in primary care services can proceed. If these proposals proceed, the STUC will want to see mechanisms introduced for proper and full consultation with NHS staff and local communities to demonstrate the level of support for these schemes.

Conclusion

The STUC continues to be opposed to the use of PFI and PPP to deliver public services. We believe the methods of joint ventures and NHS LIFT detailed in this consultation are further developments of PFI and PPP and therefore we fundamentally oppose their use in the delivery of primary care services in the NHS. We urge the Scottish Executive to rethink and develop alternative funding methods for improvement of primary care services and public services in general. We also seek clarification from the Executive in regard to the application of the PPP Staffing Protocol in the implementation of the proposals for joint ventures described in the consultation document. We also raise our concerns with regard to the commercialisation of the NHS where public sector money will be directly invested for the purpose of making profits for the private sector.

STUC
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