

PFI schemes - a national scandal

Stop the health service cutbacks!

Tory health secretary, Andrew Lansley, has said that 60 hospitals in 22 National Health Service (NHS) Trusts are facing severe financial difficulties and are making cutbacks because of rip-off payments owed under Private Finance Initiative (PFI) contracts. Dave Nellist, Socialist Party councillor in Coventry, explains why the Socialist Party opposes PFI.

PFI was begun in the early 1990s by the then Tory government. It was attacked by Labour when in opposition, but then massively accelerated under Tony Blair and Gordon Brown's governments. Today there are hundreds of PFI projects covering hospitals, schools, roads, bridges, police stations and prisons.

Instead of a public body building a new facility using public money, albeit through a contract with a private builder or developer, PFI involves a private sector developer or consortium doing the whole job. It borrows the money (often at higher rates of interest than the government would), builds the project and then charges a fee for 25 to 40 years for maintaining the buildings and usually also providing various services.

Labour spokespersons such as Patricia Hewitt and Alan Milburn condemned such PFI projects as 'backdoor privatisation' when in opposition. In government, however, as health secretaries, they claimed it was the 'only game in town'. And curiously, after government, they (and many other Labour ex-ministers) got lucrative private sector jobs and consultancies, many in the same areas where they had been ministers.

The Financial Times estimated in 2007 that, after ten years of New Labour, the total capital value of PFI



PFI privatisation schemes are a licence for big business to print money photo Paul Mattsson

contracts across the UK was £68 billion - but that the total which would be given to the private companies involved in those contracts, by the time they were finished, would be £215 billion!

Three years later, in November 2010, the total payment obligation for PFI contracts in the UK had rocketed to £267 billion. And in the first year of the Tory/Lib Dem coalition a further 61 PFI schemes, with a capital value of £7 billion were approved. PFI has become a 'milch cow' for big business in the public sector.

Walsgrave Hospital

One of the projects said to be at risk is Walsgrave Hospital in Coventry. 20 years ago Coventry had two main hospitals, which would have cost £30 million each to refurbish to modern European standards. But the Tories' friends in the construction industry couldn't make as much profit from

refurbishment, as they are doing from PFI.

Supported by both Tory and Labour politicians, our two hospitals were demolished and a new PFI one, on the outside edge of the city, was designed for £174 million. But by the time it opened, six years ago, the capital cost had shot up to almost £400 million. The same pattern was followed in many other PFI projects.

The British Medical Association doctors' organisation had already warned that PFI debts were "distorting clinical priorities" and impacting on the treatment given to patients, well before Andrew Lansley. They used Walsgrave Hospital as a prime example.

Four years ago the BBC reported how the then chair of the BMA consultants' committee had explained, even before Coventry's PFI hospital had actually opened, that the NHS Trust had had to borrow money to make the first year's £54 million pay-

ment, and then had to take further action mothballing services, closing wards and not using all the new hospital's operating theatres.

Since then, the annual payments to the PFI consortium for Walsgrave Hospital have risen to £64 million, and there's decades still to go. The eventual cost of this hospital is reckoned to be over £3 billion!

PFI is a national scandal. And while PFI is in existence, the payments to the private contractors are legally the first draw on an NHS Trust's budget; that means there will inevitably be cuts in hospital spending so that the PFI shareholders can continue to make their profits.

PFI should be ended, and all the projects brought back into the public sector, under democratic and accountable public control. If not, our children will still have the responsibility of paying profits to the children of PFI shareholders for decades to come.

Fast news

BAE jobs massacre

BAE Systems has announced that it intends to axe 3,000 manufacturing jobs in the UK. The main brunt of the job losses will hit plants in Brough, East Yorkshire, and at Warton and Samlesbury in Lancashire. These losses follow thousands of job cuts announced by BAE earlier in the year. The GMB trade union, which represents many threatened workers, complained of being kept in the dark by the company over the job losses.

BAE says the cuts are a result of slow sales of the Typhoon 'Eurofighter' military jet - a joint manufacturing enterprise agreed by British, German, Italian and Spanish governments. This multibillion euro folly helped to maintain sales and profits for military contractors. Had billions, instead, been invested in re-tooling to create green manufacturing jobs then mass lay-offs could have been avoided.

BAE enjoyed £691 million in profits for the first six months of 2011 and gave its shareholders a 7% dividend rise despite cuts in military spending. The company also benefited from a one-off £125 million payment from the Ministry of Defence in compensation for contract changes over the past nine years.

The trade unions should demand an independent examination of the company's accounts to determine BAE's real financial situation. The unions should also campaign to re-nationalise the aerospace industry and use the skills and technique for socially useful production.

Private tenants

A new national organisation for tenants in the private rented sector has been established. The National Private Tenants Organisation has been formed by four private tenants organisations in England based in Blackpool, Brent, Camden and Scarborough.

Chairperson Kevin Allen said: "This is a critical time for private tenants to have a national voice. With home ownership out of reach for many people and the lack of social housing, private renting is becoming the only option for many.

"We have real concerns about rogue landlords and sub-standard homes. According to Shelter local councils know more than 1,475 landlords who repeatedly give them cause for concern... A BBC news report in February this year reported that one million rented homes in England are dangerous. Changes to housing benefit, legal aid and changes to social housing tenancies are set to make this situation worse."

Membership of the national group is open to private tenants groups and individual tenants who cannot join a local group. For further information contact:

Jacky Peacock (secretary NPTO), email: jacky.peacock@bptrg.org 020 3002 2786

Tuition fees

With university tuition fees set to rocket to an average £8,400 in 2012 a report by financial consultancy Grant Thornton reckons that the rich will be "even better off" because they will be able to settle their debts sooner and pay less in interest than those graduates on lower incomes.

The report adds that the higher fees will have the greatest deterrent on those families whose parents did not attend university.

Dale Farm - call off the evictions of residents

Dave Murray, Basildon

Basildon council's attempts to evict 86 Traveller families from Dale Farm have been thrown into confusion by decisions of the high court. The court found that the eviction orders the council has obtained do not give it the right to remove the pre-existing structures from Dale Farm's days as a scrapyard, nor would they allow the council to remove the fences, gates, walls etc that residents have used to define their plots.

Travellers' representatives have lodged a series of judicial reviews with the courts, challenging the overall legality of the evictions, which are likely to delay any action by the council and its bailiffs yet further.

Like another Tony, Tory council leader Tony Ball seems, in his own small way, to have launched a war based on completely false premises. According to him, the evictions were aimed at protecting the 'Green Belt' and upholding the sanctity of the Town and Country Planning Act.

It has now become clear that the council itself removed the site from the green belt by dumping hardcore at Dale Farm and using it to store abandoned motor vehicles in partnership with the previous owner - who ran a breakers' yard on the site. The finding of the court, that the

council's proposals for clearing the site break the law, blows another gaping hole in Mr Ball's case.

Dale Farm residents and their supporters at "Camp Constant" are maintaining their vigilance, as, despite the ruling of the courts, the council still has a field full of bailiffs, security guards and heavy plant sitting idle on their doorstep.

Residents' representatives are trying to open up negotiations with the council aimed at finding alternative sites for Travellers from Dale Farm. The council has stonewalled previous attempts on this score, even though the Homes and Communities Agency has identified suitable land.

As the council daily throws another brick of cash into the fire by keeping its forced eviction operation on standby, socialists and anti-cuts activists must demand the evictions be called off. If Basildon council has money to burn, let them spend it on publicly owned housing for all who require it.

Dale Farm Solidarity is asking supporters to keep an eye on their website for further developments - with the possibility that the bailiffs will pile in hurriedly if any of the judicial reviews fail. <http://dale-farm.wordpress.com/>

For a more in-depth look at the issue: www.socialistparty.org.uk

Jarrow march - council puts high price on right to protest

As the final preparations are made for the Jarrow to London March for Jobs, starting on 1 October (see pages 7-10), organisers face a massive threat to the right to protest.

Paul Callanan, Youth Fight for Jobs (YFJ) national organiser, explains: "South Tyneside council, which has the original Jarrow March banner and petition [from 1936] on proud display, is demanding that young, mainly unemployed people pay £2,500 to re-enact the march!

"This is a threat to the right to protest for all working class and young people. I have been told that I need to pay £2,500 for road closures in Jarrow on the opening day. I am personally liable for this fee. If South Tyneside council get away with this, what happens to trade unionists, students, youth and anti-cuts campaigners who want to protest against vicious Con-Dem austerity?"

"Whatever happens, Youth Fight for Jobs will be marching from Jarrow this Saturday, with huge support from local people and trade unions. We will campaign against any attempt to charge us for doing so."

Lizi Grey, following in the footsteps of her great-granddad who took part in the original march, was quoted in the Sunday Mirror: "A generation is being wasted. We feel a long, long way from the politicians and decision-makers, just the way I'm sure that my great-granddad felt. We have to take our case to their doorstep. We have a message for politicians, like my great-granddad did."

We urge people to register their complaints with the council at customerhelp@southtyneside.gov.uk or phone 0845 1450 100

● Stop Press: South Tyneside council appeared to be backing off from its earlier headline stance; while a local newspaper poll shows over 80% of readers back the march.