



**EPSU Annual Conference Local and Regional Government
8 May, Riga Latvia**

BRIEF REPORT to be read in conjunction with EPSU briefing on remunicipalization

Developments and trade union strategies regarding the (re)municipalisation/insourcing of local public services

Introduction

In three work sessions the conference participants had the opportunity to build arguments and public sector trade union strategies against privatization and for the re-municipalization and insourcing of the provision of public services.

The conference was attended by more than 60 participants from more than European 30 countries from trade unions and some employer organizations.

The rational and potential advantages of 'in-house' / direct provision of local public services by providing case examples from various European countries were examined and it was tried to clarify the reasons why the bias against the direct provision. In particular, the potential difficulties to be addressed when (re)-municipalisation/insourcing public services were analysed, including the implications for employment conditions. Finally, one very practical case example of the City of Bergkamen in Germany showed how a re-municipalized public utilities company operates cost-efficiently and successfully.

Three main strands of arguments crystallized from the discussions. The necessity to build up arguments against privatization and secondly to build up arguments for re-municipalization and insourcing and as public sector unions to clearly strategize why to decide for re-municipalized public service provision.

The following speakers were present and fed the discussion with evidence and well-constructed argumentation.

- *Ole Helby Petersen, Associate Professor AKF who published an international study on local public services between privatisation and (re-)municipalisation.*
- *Roland Schäfer, Mayor of City of Bergkamen, Vice-President European Association of Small Cities presented the case of re-municipalisation of public utilities of the City of Bergkamen*
- *Paul O'Brien, APSE: Introduction to the UK Guide on Insourcing (<http://www.apse.org.uk/page-flips/2011/insourcing/index.html>)*
- *David Hall, PSIRU who realized an EPSU briefing "remunicipalising public local services in Europe" with case examples from Germany, France and the UK*

Main discussion points and conclusions

1) Arguments against privatization

- Market failure and private sector does not deliver
- The argument of price is too simple

- Framework conditions of municipalities are very varied and different
- Impact of competitive compulsory tendering has been negative, see the United Kingdom
- Misuse of Ideology
- There is evidence that the public sector can actually deliver in a wide range of areas very cost-efficiently

2. Arguments for insourcing/re-municipalization

- A crucial analysis is necessary how to argue step by step why insourcing actually makes sense
- Political will is somehow determining the decision for re-municipalization
- The cost of capital as profits is important as the public sector can borrow money cheaply
- Transaction costs from public to private can be very high- the opposite is true as well
- Revenue from profit by way of income through re-municipalized instruments, in the case of the City of Bergkamen public utilities companies generates income to the city
- The expiring of concession contracts in e.g. the energy sector provide a window of opportunity to decide back to public
- Citizen movements, pressure groups play an important role locally in deciding for re-municipalization to provide for local ownership

3. Employment conditions in the re-municipalization process

- The change of employer can destabilize employment conditions and pay in both cases from public to private and to private to public
- Transferring industrial relations can be complicated and the trade union movement did not take a clear stance on it and there are several tangible examples with a resulting two-tier workforce
- **Therefore a very tactical approach has to be considered by unions and a clear positioning of trade unions why to decide for re-municipalization and to provide for services in-house.**

For more information, documents, presentations from the conference, studies on privatization and re-municipalization please check:

<http://www.epsu.org/a/8357>

<http://www.epsu.org/a/8683>