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Editor's note.

1. In response to the parliamentary question, **Lord Davies of Oldham** has acknowledged that the DCMS press release has been amended to correct 'a misleading statement'; he describes this as a 'minor change' not requiring consultation (or further publicity, apparently).

2. The full MORI live music survey is available from this DCMS webpage:

http://www.culture.gov.uk/global/research/research_by_dcms/live_music_exec_summary.htm]

**The Private Finance Initiative:
A Policy Built on Sand
A report for Unison by Prof Allyson Pollock,
David Price and Stewart Player**

Review by Amanda Root

We all know that politicians like facts, it seems increasingly so. If they can make a claim by citing facts or statistics it gives their words credibility and bolsters their authority (Straw, 2005, 256). 'Evidence-based policy' is a catch phrase that has been toted around for some time as the ideology-free imprimatur of New Labour. Prime Minister Blair is on record as asserting, as a fact, that the Private Finance Initiative (PFI) hospitals save money (Blair, 2002. 16). Blair and his ministers have repeatedly claimed that the public sector, when it builds facilities and/or provides services, such as schools, roads and prisons, suffers from higher prices and delays than the private sector. Ministers claim that the private sector delivers more often on time and to cost (quotes are given in Pollock et al's Report, Appendix 1). This Unison Report challenges these claims, by examining, in detail, the evidence. It asks, 'does the evidence back the claims?'

Pollock et al analyse with forensic precision and clarity the evidence base that the Treasury uses to claim that the PFI is cheaper than the public sector equivalent. In fact, there are only five research reports the Treasury uses to bolster its claims and those of Government Ministers. Of these reports, only one has primary data on cost and

time overruns: the rest do not have the relevant and data, and one, by the Treasury itself, omits to put its methodology in the public domain. The one report with primary data on time and cost overruns was written by Mott MacDonald, a company that offers technical advice on PFI deals.

Pollock et al show that there are major methodological problems with Mott MacDonald's report. For example, out of over 500 PFI deals that have been signed, the Mott MacDonald sample is based on 11 PFI schemes and 39 non-PFI schemes. This sample size is too small to gain robust results. Furthermore, the sampling methodology is dubious: conventional schemes are over-represented by unusual or atypical schemes, but all the high-profile PFI failures are excluded from the sample. Like is not being compared with like: the PFI cost and time overruns are measured at a much later stage in the procurement process than the non-PFI projects. Similarly, the conventionally procured sample contains projects that were commissioned in much earlier periods and so does not reflect the improvements in performance that have affected all the types of procurement. I would fail an undergraduate dissertation where the methodology was as weak as that used by the Treasury.

In short, Pollock et al's excellent short (it is only 15 pages long) and free (it can be downloaded from the Unison web site) report contains impressively clear detail about the abject failings of the methodologies and 'evidence' that the Treasury uses to justify passing huge amounts of tax-payers money to private companies. The PFI alone accounts for over £28 billion and its sister project, Public Private Partnerships, is similarly gargantuan.

One problem that these authors face, however, is the vehicle for their work. In these supposedly ideology-free days, some will be suspicious of a trade union such as Unison publishing material where it has a vested interest. If this report does get widely read, it shows that Tony Blair and Gordon Brown, both advocates of the PFI, have a problem of credibility. They are either not telling us the truth about the costs of PFIs, or they have not asked enough questions to find out what is going on. Both options involve, on the important evidence presented in this report, major errors of judgement. The initials PFI signify the same leadership faults as WMD.

The report is published by Public Health Policy Unit, UCL. (2005), and can be accessed from:

http://www.unison.org.uk/resources/docs_list.asp

References

Blair, T. (2002) 'In the Hot Seat', 'Inside Labour'. The Labour Party, London.

Straw, J. quoted in Osborne, P. (2005) *The Rise of Political Lying*, The Free Press/Simon and Schuster, London.

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