

Outsourcing has failed

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The [FT has just reported](#):

Interserve, one of the biggest suppliers of government services, has confirmed that it has reached an outline agreement that hands banks control of the business in a debt-for-equity swap.

Interserve, which employs 75,000 people worldwide, including 45,000 in the UK, said on Wednesday lenders had agreed in principle to a deal that will see shareholders effectively wiped out and left with just 2.75 per cent of the company. Lenders would convert £480m of existing debt to equity to reduce net debt to around £275m under an agreement that will see them write off more than half of the existing borrowings.

So, another outsourcing company has failed.

So shall we just agree that outsourcing does not work any more?

And that as a result the whole model of outsourcing to the private sector has failed with it?

There is a way to supply public services. And that is to deliver them from the public sector.