

Review of studies on in-house procurement

Problems with privatisation and the limitations of public provision of municipal services (water, wastewater, waste)

Focus: higher costs for citizens, as well as quality and control issues. Geography: USA, EU/DACH, global.

Key thesis

In-house contracting is an indispensable tool for ensuring municipal public services, particularly for cities such as Vienna and their municipal enterprises such as the Wiener Stadtwerke Group. It enables legally compliant, reliable and public-interest-oriented service provision with long-term investment security and local knowledge development.

The European Court of Justice has significantly developed the criteria for in-house procurement (control and materiality criteria, beginning with the Teckal case law, ECJ C-107/98). This exception to the tendering requirement is now codified in Article 12 of Directive 2014/24/EU and implemented in Austria in the Public Procurement Act 2018 (in particular Section 10); it is consistent with the fundamental principles of public procurement law and its strict conditions.

In-house contracts are already subject to strict requirements. Hidden cross-subsidisation is limited in particular by state aid and transparency law (separate accounting in accordance with the Transparency Directive 2006/111/EC, Altmark criteria, ECJ C-280/00) as well as by scrutiny from courts of auditors and internal audit.

The possibility of in-house procurement must therefore continue to be guaranteed in the future and in its current form.

Legal references checked (as of June 2026): Art. 12 Directive 2014/24/EU; Section 10 BVergG 2018; Transparency Directive 2006/111/EC; Altmark (ECJ C-280/00, 24 July 2003); Transfer of Undertakings Directive 2001/23/EC and Section 3 of the Austrian Transfer of Undertakings Act (AVRAG).

1 Purpose and methodological note

This document summarises the most important available studies and provides a brief description of each study along with its key findings (summary). It is intended as a collection of evidence for a position paper and not as a definitive scientific assessment.

A methodological note first: the methodologically sound, peer-reviewed evidence regarding higher costs as well as quality and control issues lies almost entirely on the side of privatisation. Studies that systematically demonstrate higher costs or poorer quality for public provision itself are rarer and predominantly theoretical in nature (public choice models, soft budget constraint). The central, objectively defensible finding is not that 'public is always better', but rather that the claimed efficiency and cost advantages of privatisation cannot be systematically demonstrated empirically, and where privatisation fails, loss of quality and control, as well as underestimated transaction costs, are the main reasons.

The sources are classified according to their evidential value: peer-reviewed (highest evidential value), research or government reports, interest-based literature (associations, NGOs, foundations with vested interests) and theory. The bibliographic details were checked in June 2026 against primary and publisher sources and, where necessary, supplemented.

2 Part A: Problems with privatisation

2.1 Costs and efficiency (meta-studies)

Bel and Warner (2008): Review of empirical studies

Bel, G., and Warner, M. E. (2008): Does privatisation of solid waste and water services reduce costs? A review of empirical studies. Resources, Conservation and Recycling, 52(12), pp. 1337–1348.

Classification: peer-reviewed

Description. Systematic review of all available empirical studies on the cost implications of privatisation in water distribution and waste collection.

Summary. No consistent evidence of cost savings from private provision; in more recent studies, the evidence of savings is particularly weak.

Bel, Fageda and Warner (2010): Meta-regression

Bel, G., Fageda, X., and Warner, M. E. (2010): Is private production of public services cheaper than public production? A meta-regression analysis of solid waste and water services. Journal of Policy Analysis and Management, 29(3), pp. 553–577.

Classification: peer-reviewed (strongest individual study)

Description. Meta-regression analysis of 27 econometric studies comparing public and private provision of water and waste services, controlling for several influencing factors.

Summary. No genuine empirical cost-saving effect of privatisation can be identified. The decisive factors are the cost characteristics of the service, transaction costs and the competitive environment, not the question of public versus private. The study does not prove that public provision is superior, but rather that the efficiency advantage of privatisation is not demonstrable.

Zhang, González Rivas, Grant and Warner (2022): Prices and Affordability in the USA

Zhang, X., González Rivas, M., Grant, M., and Warner, M. E. (2022): Water pricing and affordability in the US: public vs. private ownership. Water Policy, 24(3), pp. 500–516.

Classification: peer-reviewed

Description. Study of the 500 largest municipal water systems in the US examining the relationship between ownership structure, water bills and the proportion of income that low-income households spend on water.

Summary. In the largest systems, private ownership is associated with higher prices and lower affordability for low-income families; in states with pro-private regulation, prices are even higher.

2.2 Loss of control, quality and return to the in-house model (USA)

Hefetz and Warner (2004): Privatisation and its reversal

Hefetz, A., and Warner, M. (2004): Privatisation and Its Reverse: Explaining the Dynamics of the Government Contracting Process. Journal of Public Administration Research and Theory, 14(2), pp. 171–190.

Classification: peer-reviewed

Description. Linking national US surveys to form a longitudinal dataset that tracks shifts from public provision to the market and back, combined with an explanatory model.

Summary. Service provision is a dynamic process. Management quality, monitoring and principal-agent problems are the strongest predictors of both new outsourcing and insourcing.

Hefetz and Warner (2007): Beyond the market versus planning dichotomy

Hefetz, A., and Warner, M. (2007): Beyond the market versus planning dichotomy: Understanding privatisation and its reverse in US cities. Local Government Studies, 33(4), pp. 555–572.

Classification: peer-reviewed

Description. Analysis of shifts between service delivery models in US cities across several survey waves.

Summary. In the period up to 2002, the return to in-house provision (around 18 per cent) exceeded new outsourcing (around 12 per cent). Reverse contracting is therefore not a marginal phenomenon.

Warner and Hefetz (2002): Efficiency, Equity and Voice

Warner, M. E., and Hefetz, A. (2002): Applying Market Solutions to Public Services: An Assessment of Efficiency, Equity and Voice. Urban Affairs Review, 38(1), pp. 70–89.

Classification: peer-reviewed

Description. Evaluation of market-based solutions for public services using the three criteria of efficiency, equity and citizen participation (voice).

Summary. Market solutions must not be measured solely in terms of cost. It is precisely the dimensions of equity and voice – that is, the citizen’s perspective – that come under pressure during privatisation.

Ballard and Warner (2000) and Warner, Ballard and Hefetz (2003): Contracting Back In

Warner, M. E., with Ballard, M., and Hefetz, A. (2003): ‘Contracting Back In: When Privatisation Fails’. In: The Municipal Year Book 2003, Chapter 4, pp. 30–36. Washington, DC: International City/County Management Association (ICMA). Data sources include: Ballard, M., and Warner, M. E. (2000): Taking the High Road: Local Government Restructuring and the Quest for Quality. Cornell University, Working Papers in Planning #194.

Classification: Research paper (ICMA data); Ballard and Warner 2000 is a working paper (not peer-reviewed)

Description. Analysis of case studies on local authorities that have brought previously outsourced services back in-house.

Summary. The main reasons for bringing services back in-house are dissatisfaction with service quality and difficulties with service specification and monitoring; in many cases, internal process improvement was achieved through collaboration between management and staff.

Warner and Hebdon (2001): Local government restructuring in the State of New York

Warner, M. E., and Hebdon, R. (2001): Local Government Restructuring: Privatisation and Its Alternatives. Journal of Policy Analysis and Management, 20(2), pp. 315–336.

Classification: peer-reviewed

Description. Empirical study of service delivery models and perceptions of quality in local authorities in the State of New York.

Summary. Quality concerns were highest in those municipalities that had outsourced more services, as they had lost internal control over service delivery.

Hefetz, Warner and Vigoda-Gadot (2012): Inter-municipal cooperation versus privatisation

Hefetz, A., Warner, M. E., and Vigoda-Gadot, E. (2012): Privatisation and Intermunicipal Contracting: The US Local Government Experience 1992–2007. Environment and Planning C: Government and Policy, 30(4), pp. 675–692.

Classification: peer-reviewed

Description. Analysis of national data on over a thousand US municipalities for the period 1992 to 2007, comparing inter-municipal cooperation and privatisation.

Summary. Both market-based solutions offer only partial answers to the problem of regional coordination. Intermunicipal cooperation is now roughly as widespread as private contracting; cooperative approaches are gaining ground over purely competitive ones.

ICMA Alternative Service Delivery Survey 2017 (with Cornell University)

International City/County Management Association (ICMA) in cooperation with Cornell University (2017): Alternative Service Delivery Survey. 2,343 responding local authorities, response rate around 17 per cent, around 74 municipal services.

Classification: government-affiliated survey (data quality disputed, see Lamothe et al. 2018)

Description. The most recent broad US survey on delivery models covering around 74 municipal services.

Key findings. 14.3 per cent of responding local authorities had brought a previously outsourced service back in-house over the preceding five years; the most common reason was dissatisfaction with the costs and/or quality of the privately provided service.

Lamothe, Lamothe and Bell (2018): Reliability of ICMA data

Lamothe, M., Lamothe, S., and Bell, E. (2018): Understanding Local Service Delivery Arrangements: Are the ICMA ASD Data Reliable? Public Administration Review, 78(4), pp. 613–625.

Classification: peer-reviewed (methodological caveat)

Description. A methodological critique of the reliability of the ICMA ASD survey data, on which many of the above findings are based.

Summary. The reliability of the ICMA ASD data is limited: inaccuracies were found in more than 70 per cent of the cases examined. Figures derived from this data should be used with caution and with reference to this criticism.

2.3 European cases and global trend (re-municipalisation)

Hall (University of Greenwich, PSIRU): global research on remunicipalisation

Hall, D. (University of Greenwich, Public Services International Research Unit); research status cited from Third World Centre for Water Management (2024).

Classification: Research, provider-oriented, pro-public (mark)

Description. Count and analysis of water supply remunicipalisations worldwide.

Summary. According to the count reported by the Third World Centre for Water Management (2024), 311 cities in 36 countries remunicipalised their water services between

2000 and 2019 (France 109, USA 71, Spain 38). In Paris, water prices fell by around 8 per cent following the re-municipalisation in 2010.

Note: The figure of 311 could not be verified against a primary source from Hall and corresponds exactly to the TNI figure for energy remunicipalisation; the methodologically better substantiated figure for water is 267 cases (2000 to January 2017, TNI 2017). Case numbers vary depending on the source, sector and method of counting.

Kishimoto, Lobina and Petitjean (2015 and 2017): TNI reports on remunicipalisation

Kishimoto, S., Lobina, E., and Petitjean, O. (2015): Here to Stay: Water Remunicipalisation as a Global Trend (short report, 180 cases in 35 countries); accompanying anthology: Our Public Water Future. The Global Experience with Remunicipalisation (2015, 235 cases in 37 countries). As well as Kishimoto, S., and Petitjean, O. (eds., 2017): Reclaiming Public Services (at least 835 remunicipalisation cases across all sectors; of which 267 in water and 311 in energy). Transnational Institute (TNI), PSIRU and Multinationals Observatory.

Classification: Interest-based literature / Research (publicly available)

Description. The most comprehensive inventory of remunicipalisation cases across sectors and countries.

Summary. Remunicipalisation is an ongoing global trend. Common motivations include unfulfilled promises by private operators, price increases, and shortcomings in quality and transparency.

Classify as advocacy literature due to the publishers' vested interest; cite the original report directly. Number of cases depending on the report: 180 (2015 brief), 235 (2015 anthology), 835 across sectors (2017).

England and Wales: Public Accounts Committee on regulation by Ofwat

House of Commons, Committee of Public Accounts (2016): Economic regulation of the water sector. HC 505, Session 2015–16 (based on the National Audit Office report of October 2015).

Classification: Parliamentary report (verified)

Description. Examination of the pricing of fully privatised water companies in England and Wales by the regulator Ofwat.

Summary. The regulator overestimated the companies' financing and tax costs; as a result, between 2010 and 2015, water companies gained at least £1.2 billion from bills that were higher than necessary. Only six of the ten largest companies voluntarily returned around £400 million to customers; the burden fell particularly on low-income households.

2.4 German-language research on public services and remunicipalisation

Opphard, Hölzl, Pohl and Utz (2010): In-sourcing and outsourcing in municipal waste management

Opphard, K., Hölzl, C., Pohl, W., and Utz, J. (2010): In- and outsourcing in municipal waste management. Study on make-or-buy decisions. Berlin: Heinrich Böll Foundation and VKS within the VKU.

Classification: foundation-affiliated practitioner study (not peer-reviewed; mark accordingly)

Description. Empirical study of municipal make-or-buy decisions in waste management for the years 2004 to 2007.

Sukkus. The trend towards privatisation is no longer dominant; make-or-buy decisions are based on pragmatic rather than ideological considerations.

Bauer, Büchner and Hajasch (eds., 2012): Remunicipalisation of public services

Bauer, H., Büchner, C., and Hajasch, L. (eds., 2012): Remunicipalisation of public services. KWI-Schriften 6. Potsdam: Universitätsverlag Potsdam.

Classification: academic anthology

Description. Contributions from the fields of law and public administration on the motives, framework conditions and limits of remunicipalisation.

Summary. Provides the legal and administrative basis for decisions on remunicipalisation, including arguments relating to governance and the public good.

Friedländer (2013): Remunicipalisation of public services

Friedländer, B. (2013): Remunicipalisation of public services. Concept – Development trends – Outlook. Working Paper No. 45, Institute for Public Finance and Public Management, University of Leipzig.

Classification: academic working paper

Description. Conceptual and theoretical analysis of remunicipalisation, including trends.

Summary. Classifies the trend and identifies the conditions under which remunicipalisation makes sense.

Wirtschaftsdienst (2013): Renaissance of public enterprises?

Zeitgespräch in Wirtschaftsdienst, 93(2), 2013, pp. 71–86: Remunicipalisation: A renaissance of public enterprises?

Classification: Specialist journal (important counterpoint)

Description. Economic assessment of the remunicipalisation debate.

Summary. A clear, overarching trend towards remunicipalisation is not sufficiently substantiated empirically; further representative studies are required. At the same time, remunicipalisation in sectors such as energy and water improves local authorities' scope for control. This balanced finding counteracts a one-sided portrayal.

3 Part B: Limits and problems of public in-house provision

The following findings present the counter-arguments to public in-house provision. They are predominantly theoretical or general in nature and do not provide empirical evidence that public provision in the local government sector is systematically more expensive or of poorer quality.

Niskanen (1971): Model of the budget-maximising bureaucracy

Niskanen, W. A. (1971): Bureaucracy and Representative Government. Chicago: Aldine-Atherton.

Classification: Theory (Public Choice)

Description. Influential model according to which bureaucracies tend to maximise their budgets and, without competitive pressure, have little incentive to improve performance.

Summary. Provides the standard theoretical argument against public in-house provision (lack of competitive pressure, potential inefficiency). It is a model, not empirical evidence for the local government sector.

Kornai: Soft Budget Constraint

Kornai, J. (1979): Resource-Constrained versus Demand-Constrained Systems. Econometrica, 47(4), pp. 801–819; Kornai, J. (1986): The Soft Budget Constraint. Kyklos, 39(1), pp. 3–30 (and subsequent works).

Classification: Theory (originally transition economies)

Description. Concept according to which public enterprises without a credible threat of insolvency and with access to subsidies may relax their cost discipline.

Summary. Theoretical indication of potential cost discipline problems in public enterprises. Its applicability to modern municipal water and waste management companies in the EU is limited and should not be overstated.

OECD (2018): Benchmarking and Performance Reporting of Sub-national Governments

OECD (2018): Improving the Performance of Sub-national Governments through Benchmarking and Performance Reporting. OECD Working Papers on Fiscal Federalism No. 22. Paris: OECD Publishing.

Classification: Official or research report (balanced)

Description. Analysis of how sub-national governments can improve their performance without market competition.

Summary. Without local competition, market forces cannot drive out inefficient providers; a lack of incentives can reduce innovation and increase costs in public markets. Benchmarking and performance reports can partially replace competitive pressure. This is the most compelling argument for accompanying governance in in-house models.

Water UK (2019): Desk review on the remunicipalisation of water suppliers

Water UK (2019): Remunicipalisation of Water Utilities. A desk review of selected case studies. (Prepared by KPMG.)

Classification: commissioned by the industry (pro-private, yet nuanced; author: KPMG)

Description: Review of selected remunicipalisation cases (Paris, Berlin, Atlanta, Budapest) commissioned by the British water industry.

Summary. Following remunicipalisation, investment or renewal rates were lower in some cases (Atlanta, possibly Berlin and Paris) than at comparable utilities. The significant reduction in leakage cited in the report (from 22 per cent in 1985 to 3.5 per cent in 2009) relates to Paris and was achieved under private operators prior to the remunicipalisation – it is therefore evidence of private sector efficiency, not against it. This figure does not apply to England and Wales; there, leakage remains at around one-fifth. Marked as reflecting the client's interests, but valuable as nuanced counter-evidence.

Biswas and Tortajada (2024): Form of ownership is not decisive

Biswas, A. K., and Tortajada, C. (2024): Is public or private ownership better for water utilities? Third World Centre for Water Management (commentary, March 2024).

Classification: Expert commentary (balanced)

Description: Comparative analysis of performance and form of ownership among water suppliers worldwide.

Summary. There is no evidence that private providers are always better, nor is there any evidence that public providers are always better. Some of the worst and some of the best providers worldwide are public (e.g. Tokyo, Singapore). The form of ownership alone does

not determine quality and costs; regulation, management and investment strategy are decisive.

4 Part C: Classification from the perspective of public services

Water, wastewater and waste are core elements of public services, classified in EU law as services of general (economic) interest. From this perspective, the yardstick for assessment shifts: what matters is not the short-term price, but the long-term safeguarding of universal access, affordability, security of supply and intergenerational responsibility for the infrastructure. These services directly affect people's living conditions and fundamental social rights and should therefore not be left exclusively to the free market (public services as services of general economic interest, cf. Article 14 TFEU and Protocol No 26 to the EU Treaty on services of general interest).

Against this background, the empirical findings from Part A support the public service logic: if private ownership increases prices and reduces affordability for low-income households (Zhang et al. 2022), if no efficiency gains from privatisation can be demonstrated (Bel, Fageda and Warner 2010) and if loss of control and quality are the main reasons for re-municipalisation (Hefetz and Warner 2004), then this argues in favour of retaining public control and regulatory authority over these services. The Public Water Management Alliance argues along the same lines, but should be regarded as an interest-driven source.

Note on transferability. The US evidence on 'reverse contracting' directly supports the freedom of local authorities to provide services in-house; in-house procurement is the legal instrument that safeguards this freedom under EU public procurement law. 'Reverse contracting' (US) and 'in-house procurement' (EU) are related but institutionally distinct categories and should not be equated in the argument.

Point of reference under public procurement law: In-house procurement is expressly recognised in EU public procurement law (Article 12 of Directive 2014/24/EU, the so-called Teckal exception) and implemented in Austria in the Public Procurement Act 2018 (in particular Section 10, 'Exempted public-public relationships'). It is thus an expression of the local authorities' organisational autonomy () to provide services of general interest themselves or through controlled entities without a tender procedure.

Summary (Part C). From the perspective of public services, the decisive question is not whether a service is public or private in a purely efficiency-based comparison, but rather the safeguarding of affordability, security of supply and public control. The empirical evidence does not contradict this logic, but rather supports it.

5 Part D: Employment effects and potential job losses

On the question of potential job losses, the evidence is mixed. It is certain that staff reductions can be a mechanism for cost-cutting; the scale of such reductions is disputed.

When considering what happens to those currently employed in the public sector, two scenarios must be distinguished. Firstly, the transfer of tasks, including the workforce, to a private operator: here, employment relationships are initially protected under EU law (transfer of undertakings, Directive 2001/23/EC, implemented in Austria by the AVRAG, in particular Section 3). Immediate mass redundancies are then the exception; the risk shifts to subsequent staff cuts, poorer working conditions, the loss of public-law employment standards (such as pension and collective agreement protection) and the loss of specialist

knowledge. Secondly, consolidation or centralisation without a transfer: if a public service is not transferred to an operator but is shifted to another level or replaced by a centralised structure (such as a mandatory central EU platform instead of national structures), the protection afforded by the transfer of undertakings does not apply, and the jobs concerned are directly at risk. (Transfer of undertakings: Section 3 of the Austrian Transfer of Undertakings Act (AVRAG) implementing Directive 2001/23/EC; the scope and protection periods must be assessed on a case-by-case basis.)

National Academies (2002): Privatisation of Water Services in the United States

National Research Council / National Academies Press (2002): Privatisation of Water Services in the United States. An Assessment of Issues and Experience. Washington, DC.

Classification: scientific report (balanced)

Description. Comprehensive assessment of issues and experiences relating to water privatisation in the USA, including the employment dimension.

Key points. Privatised companies often reduce costs by downsizing the workforce and changing working practices. Jobs are thus both a potential source of cost savings and a major point of public concern. The report also mentions loss of control, uncertain management in emergencies and loss of expertise, which makes a subsequent reversal of privatisation more difficult.

Food and Water Watch: Water Privatisation, Facts and Figures

Food & Water Watch: Water Privatisation. Facts and Figures (updated regularly).

Classification: Interest-based literature (NGO, mark)

Description. Compilation of arguments and key figures against water privatisation.

Key points. Claims that privatisation typically leads to the loss of around one third of water sector jobs; an analysis of 10 privatisation contracts revealed an average staff reduction of 34 per cent. Note: NGO source with a vested interest (), very small sample size (n = 10), not peer-reviewed. Use only with explicit labelling and reservation.

IZA World of Labor (2019): Employment and wage effects of privatisation

Earle, J. S., and Shpak, S. (2019): Impact of privatisation on employment and earnings. IZA World of Labour, Article No. 93.

Classification: peer-reviewed research review (important counterpoint)

Description. Research review of the employment and wage effects of privatisation across several countries and sectors.

Summary. The empirical evidence is limited. None of the studies analysed shows major negative effects on employment or wages; losses are most likely to affect low-skilled workers, and in some cases the effects are even positive. This finding puts concerns about mass redundancies into perspective.

Summary (Part D). The risk to existing public sector jobs is real, but must be viewed in a nuanced way. In the case of a transfer of tasks including the workforce, the transfer of operations limits immediate redundancies; the risk shifts to subsequent staff cuts, poorer working conditions and the loss of public sector employment standards (National Academies 2002; European remunicipalisation surveys). In the case of consolidation or centralisation without a transfer, however, jobs are directly at risk. The argument regarding job quality, the loss of local expertise and the risks associated with the relocation of functions is therefore valid, but not the argument regarding blanket, immediate mass redundancies (IZA 2019).

5 Part E Further studies on the topic

Transnational Institute (TNI) – Global database & Meta Studies (not peer-reviewed)

The TNI is the leading international body monitoring the shift from private contracts back to public, in-house management. Its reports are the primary source of information on the "remunicipalisation" trend

- [TNI Public Futures Database & Hub](#): The central research portal for progressive procurement, in-house structures and the strengthening of public ownership.
- [Overview of remunicipalisation](#): Access to the global database, which documents well over 1,400 cases in which local authorities have taken back control of services due to quality issues or market price increases.

University of Greenwich – Public Services International Research Unit (PSIRU)

The PSIRU at the University of Greenwich is one of the world's leading academic institutions analysing the economic data of public versus private service delivery.

- [PSIRU Procurement and Privatisation Reports \(2027–2025\)](#):

Classification: peer-reviewed

Key finding: This repository contains decades of empirical research. The papers consistently demonstrate that the 'private sector efficiency' argument rarely holds up when transaction costs are taken into account, and that in-house provision offers far greater fiscal flexibility.

- [Study: Public and Private Sector Efficiency \(PDF\)](#):

Classification: peer-reviewed

Key Finding: A meta-analysis of over 100 studies across various sectors (water, waste, energy) concludes that there is no systematic evidence that private operators are inherently more efficient or cheaper than public, in-house entities.

The London School of Economics (LSE) & University of Oxford

- [Opting out of public services and the social contract in Latin America](#) (2023):

Classification: peer-reviewed

Key finding: The study demonstrates that when affluent and middle-class citizens “opt out” of public services such as education and healthcare in favour of private alternatives, this fundamentally erodes the democratic social contract. Applying Hirschman’s “exit, voice, and loyalty” framework to Latin American data from 2000 to 2018, the authors find that individuals who exit the public system develop significantly lower appraisals of state infrastructure, reduce their support for public funding, and actively oppose economic redistribution.

Municipal Services Project (MSP)

The MSP is a global research initiative focusing on progressive, sustainable alternatives in the provision of municipal services (water, health, electricity).

- [Alternatives to Privatisation: Public Options for Essential Services in the Global South](#) (2012):

Classification: peer-reviewed

Key Finding: This landmark book establishes a rigorous conceptual and empirical framework to demonstrate that public, non-commercial entities can deliver primary healthcare, water, sanitation and electricity services more equitably and sustainably than the private market. Based on a vast global survey spanning over 40 countries, the key finding is that successful alternatives to privatisation do not merely mean returning to centralised state ownership, but rather deploying radically democratised public models (including public-public partnerships, corporatised state entities, and non-profit community initiatives) that explicitly reject market-oriented profit imperatives

European Federation of Public Service Unions (EPSU) & Working Lives Research Institute:

- [The Future is Public: Towards Democratic Ownership of Public Services](#) (2020):

Classification: peer-reviewed

Key Finding: This comprehensive English-language study examines how cities across Europe (e.g., Paris, Berlin, Terrassa) saved millions of euros by terminating private contracts for water and energy services and bringing them in-house. It highlights that the financial savings were immediately channelled into green infrastructure and reducing tariffs for citizens.

6 Summary and key points for the position paper

The most robust line of argument for a position paper is multi-faceted and does not rely on sweeping generalisations:

- **Firstly:** The central justification for privatisation, namely cost-efficiency, is not empirically tenable. The most robust meta-studies (Bel and Warner 2008; Bel, Fageda and Warner 2010) find no systematic cost advantage; in the largest US water systems, private providers are actually more expensive and less affordable for low-income households (Zhang et al. 2022).
- **Secondly:** Public provision ensures control over management, quality and pricing. It is precisely the loss of these elements (quality, specifications, monitoring) that is driving local authorities in the US and Europe to re-municipalise (Hefetz and Warner 2004 and 2007; Ballard and Warner 2003; Warner and Hebdon 2001). The transaction and monitoring costs of outsourcing (contract drafting, oversight, renegotiation), which are frequently underestimated in the literature, are often overlooked in privatisation decisions.
- **Thirdly (to ensure objectivity):** the form of ownership alone is not the deciding factor (Biswas and Tortajada 2024). In-house models require accompanying controls such as benchmarking and transparency to compensate for the lack of market discipline (OECD 2018). A blanket assertion that ‘public is always better’ is not supported by the evidence and should be avoided.
- **Fourthly (public services and the social dimension):** As public services, water, wastewater and waste management must be assessed in terms of the common good, affordability and security of supply, not primarily in terms of short-term price. Staff cuts are a documented cost-cutting lever of privatisation and a frequent reason for re-municipalisation; however, the scale of job losses is empirically disputed (IZA 2019), which is why the issue should be framed as a genuine social concern rather than as a certainty of mass redundancies.

Recommendation: In the position paper, do not argue that ‘public is better’, but rather highlight the lack of evidence of privatisation’s efficiency and the demonstrable value of public control, accompanied by an honest acknowledgement that in-house models also require effective governance.

7 Source classification and reliability notes

- **Strongest evidence (peer-reviewed):** Bel and Warner 2008; Bel, Fageda and Warner 2010; Zhang et al. 2022; Hefetz and Warner 2004 and 2007; Warner and Hefetz 2002; Warner and Hebdon 2001; Hefetz, Warner and Vigoda-Gadot 2012; Lamothe et al. 2018; Earle and Shpak (IZA World of Labor) 2019.
- **Research or government reports:** ICMA ASD Survey 2017; OECD Working Paper No. 22 (2018); National Academies 2002; Water UK 2019 (commissioned by the industry, produced by KPMG, therefore to be treated with caution).
- **Interest-based literature (self-interest, use only where indicated):** TNI/PSIRU/Multinationals Observatory (Kishimoto et al.); Hall/PSIRU; Heinrich Böll Foundation/VKS (Opphard et al. 2010); Alliance for Public Water Management; Food and Water Watch.
- **Theory (no empirical evidence for the municipal sector):** Niskanen 1971; Kornai 1979/1986.
- **Verified and supplemented in June 2026:** Warner and Hebdon 2001 (JPAM 20(2), 315–336); Ballard and Warner 2000 (Cornell Working Paper #194, working paper); UK

Public Accounts Committee (HC 505, 2016; NAO Report 2015); Lamothe et al. 2018 (PAR 78(4), 613–625); IZA 2019 (Earle and Shpak); Section 10 BVergG 2018; Transfer of Undertakings Section 3 AVRAG / Directive 2001/23/EC; Article 12 Directive 2014/24/EU; Transparency Directive 2006/111/EC; Altmark (ECJ C-280/00).

- **To be used with caution:** the exact case figures from the remunicipalisation surveys vary depending on the report, sector and time period (180 / 235 / 267 / 311 / 835); the Water UK leakage rate (22 to 3.5 per cent) relates to Paris during the privatisation era, not England and Wales; the exact scale of transaction and monitoring costs depends on the source and must be substantiated before specific figures are cited.
- **Current relevance:** The core studies date from 2001 to 2024. In this politicised field, it is advisable to check for more recent meta-analyses before publication. On the English water debate: The final report of the Independent Water Commission (Sir Jon Cunliffe) was published on 21 July 2025 (88 recommendations, including the abolition of Ofwat in favour of an integrated regulator) and can be cited as current evidence of the fundamental overhaul of the English regulatory model.

Note: This collection of references does not constitute legal or investment advice. Statistical values and bibliographic details should be checked against the primary sources before official use.

Editor's note (as of June 2026): In this version, the bibliographic details have been checked against primary and publisher sources and supplemented, and content corrections have been incorporated – in particular, the correct attribution of the leakage rate in the Water UK report to Paris (private sector era), the correction of the Paris ' ' re-municipalisation year to 2010, the classification of re-municipalisation case figures, the addition of Section 10 of the BVergG 2018, and the resolution of an outstanding source reference in Part C.