

PUBLIC SERVICES UNDER THREAT

BIG BUSINESS IS AFTER YOUR JOB

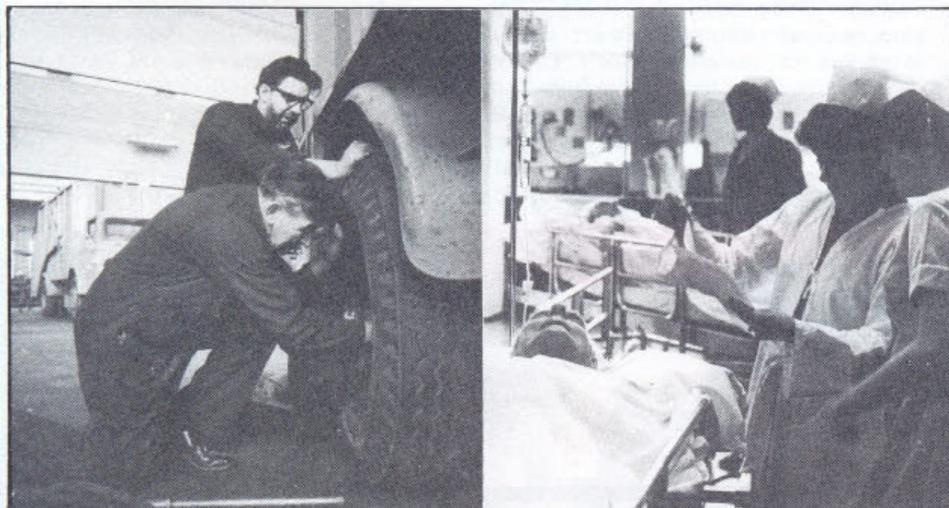


Photo: Patrick McKittrick

Privatisation is a Tory strategy for more wage cuts, more redundancies, more permanent job loss, and a further decline in the quality of public services.

ALL services are threatened. It's not just a few councils hiving off refuse and cleansing (see panel). Local government is already riddled with contractors in a wide range of services eg housing, catering.

It is BIG business. The total value of the contract cleaning market alone is estimated to be £2500 million each year. Local authorities, government departments and nationalised industries spend £ billions each year running public services. And it is the BIG firms, the multi-nationals, who are trying to grab more and more of this work.

The Tories are seeking to completely restructure the social services and our national health service. For example not only are they encouraging the growth of private medicine but are also considering switching the present state funding of the NHS to an insurance based scheme, and increasing the role of private firms – contracting out of health services increased 30% in 1980 alone.

Don't be fooled into believing that privatisation is about increased efficiency, more value for money, or cutting out waste. Privatisation is a central part of the Tories economic and political strategy because it means –

- cuts in wages, benefits and working conditions – or it is used as a threat to get public employees to re-negotiate the hard won gains of the last 30 years.
- reducing the strength of the trade union movement – few firms in the service sector have unionised workers.
- lowering standards and expectations of public services – the worse they get the more people are disenchanted and

are forced to turn to private services. Further privatisation can then take place as there will be fewer willing to defend public services. Ultimately public bodies could be left running only those parts of services which private firms don't find profitable and providing the basic services and subsidies which firms need to operate.

- creating new markets for private industry – more firms will increase profits – Thatcher can claim the economy is recovering – but it will be on the backs of public sector workers – that's what they mean by "rolling back the frontiers of the public sector".

What is PRIVATISATION

Full privatisation is the sale, lock, stock and barrel, of publicly owned and run services to private companies. Planned sales include National Freight, British Rail's Sealink Ferries and hotels, 13 Royal Ordnance Factories, Amersham International, 75% of its radioactive isotope products are used in health care.

But the Tories are also privatising government departments, nationalised industries, the NHS, and local authority services by –

Hiring private contractors

- to fun services, sacking public employees and taking over direct labour, central administration and/or management functions. These include refuse and cleansing, building repairs, school meals, architectural services, transport and vehicle repair, sports facilities, highway maintenance, crematoria, legal and financial services, school cleansing, laundries, ambulance services, parks and gardens.

Sale of assets

- council homes, gas showrooms, motorway service stations, heavy goods vehicle testing stations, over £300m of land and property in the New Towns.

Sale of shares

- large stakes in British Aerospace and Cable and Wireless already sold to speculators on the Stock Exchange. British National Oil Corporation, British Telecom, National Bus and British Airways next in line.

Allowing firms to exploit public services

- the state provides the expensive bits while firms exploit the profitable parts eg private phones sold for use on British Telecom's network, licences to coach operators to compete with National Bus on the profitable inter city routes, firms to use British Gas pipelines to supply big industrial users, even postage stamps will soon be sold from private vending machines – a 46p pack of stamps will cost 70p!

BUSINESS

Big business is after your job. Some of the companies now competing for tenders are small independent companies but the main ones are subsidiaries of major multinationals eg Biffa which recently won the North Norfolk refuse contract is part of the giant **BET Group** (nearly £1000m annual turnover). BET also owns Advance Services and has a large stake in Initial Services both leading industrial cleaners, as well as Rediffusion and a host of companies around the world.

Brengreen which includes Exclusive Cleaners is small (annual turnover £25m) compared to **Grand Metropolitan**, now clearing refuse in Chelsea, whose pre-tax profits last year totalled £187m.

The large multinationals can afford 'loss leaders' in tendering for contracts. Pritchards' Wandsworth street cleaning contract was 16% lower than Brengreen's. Multinationals will also take on relatively

small contracts in order to gain entrance to a largely untapped field of business. A Biffa spokesperson stated "The contract (North Norfolk) is worth only around £650,000 but it is important because it opens the door to local authority privatisation a little wider".

Some companies like **Pritchards Services Group** (subsidiaries include Crothalls, Cleaners Ltd, London Store, United Linen) provide a wide range of those services threatened with privatisation eg health care services, cleaning, building maintenance, security. Pritchard's turnover has trebled in four years — mainly by diversifying and takeovers here and overseas. They now have the London Underground cleaning contract as well as stakes in companies with £395m contracts to clean Jeddah and Riyadh in Saudi Arabia. They operate in South Africa with security companies called 'Night Hawk Patrols' and 'Cape Night Watch Services' and 15 other countries.

But with the Crothall's subsidiary, half its turnover is from Australasia, and the recently acquired National Medical Consultants in the USA, Pritchards are aiming for a slice of the £300,000 million world health care market. They already have service contracts with 350 hospitals in America, Britain, Kuwait, Australia etc.

They face big competition from the American health care multinationals like **Humana Corporation**, **American Medical International** and the **Hospital Corporation of America (HCA)** who already have a foothold in Britain. HCA (turnover £1000 million) already owns or manages 350 hospitals worldwide and is currently trying to develop private hospitals in London and Southampton. A US financial analyst states "We envision that during the next decade they will expand into multinational giants".

WHAT IT MEANS FOR JOBS, SERVICES & USERS

- compulsory redundancies and permanent loss of jobs
- less pay for longer hours
- reduced sickness benefits and pensions
- shorter holidays
- less job security — hiring and firing
- less training
- inferior health and safety conditions
- little or no trade union organisation
- fewer job opportunities for disabled
- higher personal charges for services
- higher rents
- poorer quality service
- less responsive to changing social needs
- longer waiting lists for old peoples homes, repairs, hospitals etc
- services you cannot rely on
- less opportunity to control services

40,000 local government jobs are now lost annually because of spending cuts — privatisation will accelerate this job loss. In Southend 66 jobs were permanently lost, another 35 in Wandsworth. Contrary to all the ballyhoo in the media, workers are **worse** off employed by contractors. Pritchards, who took over street cleansing in Wandsworth, have no pension scheme, 3 weeks holiday instead of 5, sick pay is a pale image of the council's — 4 weeks instead of 6 months at full pay.

Contractors basic wage rates sometimes look better than the public sector but the basic wage is **the** wage — there is often no opportunity for bonus, overtime or extra payment for unsocial hours.

Contractor's claims that they can make substantial savings, thus benefiting rate-payers, are a myth. Exclusive Cleaners have claimed 'savings' of £492,920 in Southend but a detailed analysis comparing like with like has shown that the true figure is only £707 per annum. When the £472,000 redundancy payments to the council workers, £50,000 annual council supervision costs, and the cut price vehicle repair service provided by the council are taken into account the 'savings' turn into substantial losses. Bracknell, Barnet, Bath, West Lindsey and other councils have found contractors to be more expensive.

Privatisation also means hiving off assets like vehicles, depots, plant and



equipment. Once contractors are in they have the council over a barrel and will then put in maximum claims for contingency sums and increases for inflation. Just look at how private building contractors exploit public bodies with massive claims for over-spending, shoddy work, walking off the job and bankruptcy if the job gets too difficult and profits are squeezed, leaving direct works departments to pick up the pieces. Is this what we want for the rest of the public services?

Privatisation means higher charges for users. Trade, schools and garden refuse charges doubled overnight in Southend. This has encouraged 'cowboy' refuse collectors trying to undercut Exclusive.

WHY

PUBLIC SERVICE IS SO IMPORTANT

Public services are —

- aimed at meeting **social needs** as opposed to the demands of the marketplace and private profits. The public sector has grown mainly because of the failure of private enterprise to provide essential services eg housing, health at reasonable cost and to invest and plan for future needs. The coal industry, railways etc became publicly owned because private industry had **failed** — owners and shareholders creamed-off profits and the state took over investment-starved and outworn industries.
- able to achieve **higher standards of service and employment** than private firms and can be more responsive and flexible. Money and profits are what determines the quality of service for private firms — they are much more likely to cut corners, do patch up repairs. Working

for the public services can give workers a greater sense of satisfaction and achievement — many do so as a 'sense of duty' although this is often exploited with low pay.

- are **cheaper** for the same range and quality of services and the same pay, benefits and working conditions. Private firms can usually only undercut the cost of public services by offering fewer workers less pay, inferior benefits for longer hours, increasing charges for users, and using public facilities eg depots, repair services at subsidised rates.
- **less wasteful** than the private market and more efficient use of resources et bulk buying and avoidance of wasteful advertising — who will pay for Exclusive's £¼m advertising campaign and the £150,000 payout to an ex-director?



Photo: James Lauritz

With public bodies at the mercy of contractors it can only mean higher rates and rents.

A recent survey by the Association of Health Service Treasurers found that the use of contractors led to —

- constant disagreements on standards of service.
- a rigid service is provided because firms stick to the letter of the contract.
- difficulties in controlling contractor's work.
- contractors don't fit into the teamwork essential to health and social services.

- are **accountable** directly to the public through council committees and elections. There is the potential for public service workers and users jointly gaining more control over the running of services. Private firms are accountable only to their shareholders — increasingly City Financiers acting on behalf of banks, insurance companies, pension funds.
- We say **less expensive and less wasteful** because there are many aspects of public services which need to be radically improved by implementing the justified demands of workers and users. The answer lies in improving services *within* the public sector and increasing investment in public education, health, housing, transport and social services.

FIGHTING

PRIVATISATION



Photo: James Lauritz

Some key points —

- Privatisation is a political attack on public service and cannot be fought by traditional trade union action alone.
- It directly affects workers, the services and users and is therefore an increasingly important issue for all sections of the labour movement.
- It cannot be fought by simply defending existing services or adopting defensive tactics — these must be part of a strategy to improve and expand public services and part of a counter offensive against private contractor's existing work within the public services.
- We can't and shouldn't try to outbid the contractors — that means getting into a job loss — wage cutting downward spiral. Instead we have to campaign and negotiate for good quality, wide range services to meet social needs; decent pay, benefits and working conditions; and more worker and user control in running services. Contractors cannot compete on these terms.

● Don't wait till privatisation is threatened or contractors are courting councillors and officers — by then it may well be too late. Remember that all services are threatened and that includes not just direct labour but central services and administration as well as management. If its them today — tomorrow it could be you.

● Privatisation can only effectively be fought by joint action both within and outside the workplace. It cannot be separated from the fight against the cuts nor the struggle to obtain a decent living wage.

● Constant education and propaganda is needed to expose the contractors, to counter attacks on the public services in the media, and to build public support for public service.

DEVELOPING A STRATEGY

A strategy must include these 7 key parts:

- developing alternative ideas and demands to improve services
- education and propaganda
- building stronger workplace organisations and links with workers in other boroughs
- developing joint action and user committees with PTA's, tenants groups.
- tactical use of industrial action and negotiating machinery
- direct action by workers and users
- counter offensive against existing contractors in public services

Action and organising tactics could include:

- start examining ways of improving services, rooting out deficiencies, exposing the effects of the cuts, how services could be expanded to eliminate existing contracting out.
- preparing and distributing information and propaganda to users of services about why public service is important, why and how it could be improved; within the workplace about what contractors will mean for jobs, wages, benefits, conditions, standards and control of service; general publicity material countering contractors claims about how they can improve efficiency and more economical use of public money. Each workplace should prepare its own material – it is important to get workers involved as well as users. Contractors are already flooding councillors and officers with their propaganda.
- improve links with and send speakers to other labour movement organisations like trades councils, tenants groups, Labour Party, women's groups, PTA's, unemployed action groups. Try to set

JOB MONITORING

1. Beware of proposals to 'restructure' departments – often by using outside consultants or work study officers.
2. Examine the scale of existing contracting out within your workplace – ask yourself is it necessary, has it increased recently, what kind of work is done by contractors, are there complaints about standards, which firms are involved, how do their wages, benefits and conditions compare to yours, how does the authority supervise the work etc.
3. Oppose and publicise if there is a general rundown – repairs not being done, equipment not replaced – is

this the effects of cuts or a plan to reduce the effectiveness of public workers and preparing the ground for bids by contractors.

4. Fight press campaigns to discredit the workforce eg claims of massive wages like the £14,000 a year care-takers, or hours not worked etc.

5. Oppose divide and rule tactics by management – privatisation is often preceded by management promising individual workers bigger wages from contractors, promises of promotion, spreading fear about the loss of pensions or reduced redundancy payments if workers oppose contractors.



up joint worker/user committees eg at health centres, with DLO building workers and tenants.

- set up a joint shop stewards committee (JSSC) covering all departments and sections if this doesn't already exist. Make links with JSSC's in other boroughs and cities.
- find out the attitudes of individual councillors – the Tories are often split on the issue of privatisation and you could try to widen this.

● at the first hint of contracting out or use of consultants – don't wait! – start by calling a mass picket and lobby of council meetings and follow this up immediately with other action.

It is these types of activities which are essential to build a more unified workforce and stronger links with users and the rest of the labour movement – and essential to build the necessary support to take other action eg industrial action, occupations, picketing, boycotts and non-cooperation with contractors etc.

CONTROLLING THE CONTRACTORS

- Try to negotiate a guarantee that all departments first try to place all work within the authority or other public service before going out to tender. Demand that any contractor can only be used by agreement with the union.
- Work out ways in which the authority could get the resources, equipment and expertise to do the work itself.
- Make sure that comparisons between public sector and private firms compare like with like – this should cover the standard of work, costs of supervision, quality of materials, wages and benefits, cost of loans still being repaid etc.
- Insist that council contracts with private firms specify that they cover trade union recognition and negotiating rights, a set percentage of apprentices and training scheme, health and safety codes of practice, policies against sexual and racial discrimination, pay and

conditions, penalty clauses against the job not being completed or to the set standard, and are fully charged for the use of council premises, phone and other facilities. It is equally crucial to ensure that the authority has the resources and political commitment to carry out constant supervision of these contract clauses.

● Argue, in the Treasury's own words, that "value for money should not be judged solely on the basis of the lowest initial cost. Design, reliability and maintainability for example will affect the total cost over the life of a product."

● If contractors are introduced then you could take industrial action until they are removed, adopt a policy of non-cooperation by refusing any assistance or advice, refusing to allow them the use of the authorities' equipment or to make good any inferior work.



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