

FIGHTING PRIVATISATION IMPROVING JOBS & SERVICES

CONTRACTORS: JOB LOSSES & WAGE CUTS

Privatisation results in a loss of jobs, wage cuts, working harder for longer hours for less pay, less job security and training, reduced sickness benefits, pensions and shorter holidays. It can also mean little or no trade union organisation and representation. It not only affects jobs but also the level, quality and standard of services. We need to get over this message to every council worker, user, and all members of labour movement organisations.



Harder work for longer hours

Substantial job losses means that the same or similar work has to be done by fewer workers. Job losses of between 30-45 per cent forces big in-

creases in productivity and/or poorer services.

Contractors working hours, particularly in refuse collection, are usually much longer eg Wastecare has a 40-hour week and no task and finish. Overtime is often mandatory. Many older workers find working much

harder for longer hours has a bad effect on their health resulting in increased back injuries and strains.

- Recent contracts for cleaning government offices have been based on cleaning 2,000 square foot per hour, as against the Civil Service norm of 1,500 square foot.

- In Cambridgeshire school cleaners were expected to clean classrooms in 10 minutes instead of 20 minutes under direct labour: to maintain standards some reported working between 5 and 16 hours unpaid overtime each week.

- Private contractors winning hospital cleaning contracts have offered to clean hospitals with greatly reduced workforces and cleaning hours: automatically this means that workers take on far greater workloads.

No Pensions

Most contractors have no pension or superannuation scheme. Those that do are a poor comparison to local authority schemes.

Fewer Holidays

Many cleaning contractors give no holiday pay. An ACAS earnings survey in 1979 found that 42 per cent of cleaners working over 16 hours per week with between 6-12 months service received no holiday pay. Some get a maximum of 2 weeks annually. A few contractors give up to 20 days

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THE SCALE OF

The following table is based on detailed information of job losses at the time of tendering. There may well have been additional job losses in the lead up to tendering either as a result of negotiated deals with the trade unions or by management not filling vacant posts and other job cutting methods.

These job losses are offset by contractors taking on additional, often casual labour, once the contract has started. Contractors regularly 'miscalculate' (either deliberately or through incompetence) the numbers of workers needed to carry out the work to the specification or to meet the council's level of inspection of the work.

The vast majority of job losses in this chart are manual workers jobs. White collar workers also suffer job losses and substantial changes in duties and the nature of their work as a result of privatisation.

For every 4 local authority jobs lost as a result of privatisation, 1 additional job will be lost in the private sector of the local economy.

Privatisation has a domino effect. Although manual workers are usually the first to go, white collar job losses will increase as the reduction in the council's workforce effects central services.

governments sick pay scheme.

Contractors which do have sick pay schemes bear no comparison

with local authority schemes. Here is just one example:

Exclusive Cleaning Services (Bregreen Group)

- 1 week on full pay plus 1 week on half pay - 6 to 12 months service
- 2 weeks on full pay plus 2 weeks on half pay - 1 to 2 years service
- 3 weeks on full pay plus 3 weeks on half pay - 2 to 3 years service
- 4 weeks on full pay plus 4 weeks on half pay - 3 or more years service

Local Authority

- 4 weeks on full pay plus 4 weeks on half pay - after 6 months
- 16 weeks on full pay plus 16 weeks on half pay - after 3 years service
- 26 weeks on full pay plus 26 weeks on half pay - after 6 years service

Casualisation and flexibility

Privatisation is helping to accelerate other trends which are having a severe impact on employment and trade union organisation. These include:

- companies relying on a core workforce but supplemented by temporary workers on short term contracts with inferior pay and benefits.
- increasing use of part time workers.
- increasing use of agency staff.
- increased contracting out by private firms of catering, cleaning, transport, security and maintenance work.

Privatisation does not save public money

Claims by right wing organisations and contractors that privatisation saves public money are bogus. A detailed study of the full public costs was carried out in Sheffield. The Public Cost of Private Contractors' study revealed that taking into account increased costs to the council, the increased costs of higher unemployment, increased health care costs and so on, the privatisation of refuse, street cleansing, catering, cleaning, parks maintenance, and vehicle maintenance in Sheffield would cost the public purse £17 million over five years.

Hire and fire

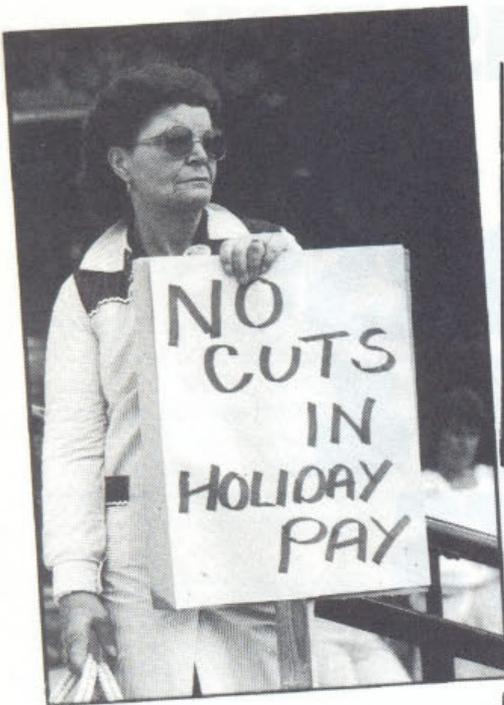
There is no job security with contractors. Increasingly ruthless management tactics lead to sackings:

- Many workers are sacked just before they are entitled to employment law protection or before becoming entitled to redundancy pay.
- Within a month of starting the Milton Keynes refuse and street cleansing contract 13 workers were sacked for refusing to do overtime or because they were 'not up to standard'.
- Few firms have any real disciplinary procedure where workers might get a fair hearing.
- Most firms are not unionised so managers can divide and rule and intimidate and isolate workers.

At best employment with contractors will usually last for only the length of the contract, usually 1-3 years. Near the end of the contract redundancy notices will be issued to all workers, eg Crothalls contract at Barking Hospital. If the firm retains the contract then it is likely to reduce the workforce and/or engage new workers.

Contractors are often sacked for poor performance resulting in workers losing their jobs. Some recent examples include:

- Academy Cleaning - sacked by Merton Council (school cleaning)
- Pritchard Services Group - sacked by Wandsworth Council (gardening)



annual leave but only after 1-4 years service and this is the maximum holiday. In contrast, local authority workers get 25 days after 5 years service.

No trade union representation

Most contractors employ non-union labour. Some firms publicly claim that they are opposed to workers belonging to a trade union. Other firms claim that they will recognise and negotiate with a trade union if sufficient (sometimes 50 or 90 per cent) workers join a union. In practice, most contractors do their utmost to prevent workers joining a union and will use various delaying tactics to put off any real negotiations. Since most contractors refuse to employ shop stewards and union activists previously employed by the council, health authority or government department, the task of organising can become even more difficult.

Sick Pay

A NUPE survey in May 1985 of 65 NHS cleaning contracts operated by 31 companies revealed that on 48 contracts only the Statutory Sick Pay (SSP) was paid. Only three contracts paid above SSP rates (maximum payment is £44.35, April 1985).

Many contractors employ part-time and casual workers often organising rotas so that many workers are employed less than 16 hours per week and/or ensure that weekly pay is below the lower SSP wage qualification level of £35.50 per week (April 1985). Workers will not receive any sick pay at all. The contractor avoids paying the employers National Insurance contributions and the administrative costs of paying even the

JOB LOSSES

		Jobs under Direct Labour	Jobs Now	Jobs Lost	% Job Loss
Refuse Collection					
Wandsworth	Wastecare (BFI)	216	133	83	38.4
Tandridge	Exclusive	58	37	21	36.2
Taunton	Waste Man	43	22	21	48.8
Kensington & Chelsea					
South Oxford	Wastecare (BFI)	40	34	6	15.0
Basingstoke	Pritchard	59	43	16	27.1
Vale/W/Horse	Wastecare (BFI)	78	43	35	44.9
Birmingham	Exclusive	64	45	19	29.7
Solihull	DLO	715	452	263	36.8
	Wastecare (BFI)	90	65	25	27.8
Refuse and Street Cleaning					
Southend	Exclusive	297	213	84	28.3
Wirral	Waste Mgt.	456	254	202	44.3
Bath	Pritchard	93	52	41	44.0
Merton	Taskmaster	176	95	81	46.0
Milton Keynes	Exclusive	104	74	30	28.8
Eastbourne	Exclusive	140	90	50	35.7
Street Cleaning					
Wandsworth	Pritchard	100	63	37	37.0
Ealing	Exclusive	128	76	52	40.6
Gardening					
Wandsworth	Pritchard (sacked)	36	9	16	44.4
			+casuals		
Wandsworth	R.B. Tyler	36	30	6	16.6
School Cleaning					
Croydon	Ramoneur	17	10	7	41.2
Birmingham	ISS	777	570	307	26.6
	hours	11390	7125	4265	37.4
Dudley	IST/Task/OCS	700	575	125	17.8
	hours	2024	1154	870	42.9
Kent	various	3000	1500	50.0	50.0
Cambridgeshire	various	1200	600	600	50.0
Both Kent and Cambridgeshire are estimates. Approx. cuts in hours also 50.0%					
School Meals					
Merton	Sutcliffe	350	240	110	31.4
Public Toilets					
Wandsworth	Initial	54	46	8	14.8
Town Hall Cleaning					
Warwicks	PRB Ltd	50	45	5	10.0
Wandsworth	Executive	27 FTE	18 FTE	9 FTE	33.3
Vehicle Workshops					
Wandsworth	Highway V.M.	24	13	11	45.8
Cleaning Halls					
Wandsworth	Automagic	27 FTE	24 FTE	3 FTE	11.1
Caretaking on Estates					
Wandsworth	Initial	46	21	13	28.3
			+(12 DLO)		
Wandsworth	Initial	186	107	18	9.1
	Exclusive		17		
			(45 DLO)		
Libraries Cleaning					
Wandsworth	Exclusive	21 FTE	15 FTE	6 FTE	28.6
Homes for Elderly Cleaning/Catering					
Wandsworth					
Cleaning	Executive	99	42	23	23.2
Catering	ARA Services		34		

ISS Servisystem – sacked by Norfolk County Council and Birmingham City Council (school cleaning)
 Pall Mall (Sunlight Services),
 Taskmasters (Hawley Group) and Initial (BET Group) – sacked by Cambridgeshire County Council (school cleaning)

Wage Cuts and earnings slashed

There are no nationally agreed rates for people working for private firms in many jobs, so contractors can pay what they like. The Fair Wages Resolution which required government contractors to pay the negotiated rate for a job, was abolished in 1983, since when Government has tried to force health and local authorities to stop insisting that contractors pay fair wages.

● Street cleaners employed by Pritchards in Wandsworth received no pay rise in 3 years despite an inflation-proof contract between the company and the council.

On some private contracts, particularly those recently awarded in the NHS, other tricks are used to attack workers' earnings. Contractors agree to pay the same hourly rate as that received by direct labour, but cut hours, bonus and enhanced rates.

● Crothalls (Pritchard) in their cleaning contract at Barking Hospital have abolished bonus pay and cut cleaning hours – reducing some cleaners' weekly pay from £57 to £17.

● Exclusive took over the cleaning contract at Chatham Hospital and took weekend work away from regular cleaners, to whom enhanced rates for weekend work were essential to



make up a living wage. They took on extra part-timers for weekends at basic rates.

● **Mediclean** cut the enhanced rate for weekend work at Hammersmith Hospital and stopped bonus payments which had made up about 25% of domestics' wages. They also cut hours, leaving most cleaners with only 15 hours per week.

Poorer quality services

The fines and failures of private contractors in public services are detailed regularly in Public Service Action. There is comprehensive detailed evidence which shows that privatisation leads to poorer quality services and lower standards.

Changing company ownership

Working for private firms means that your employer can change overnight. Takeovers and mergers are common as firms seek to eliminate competition and gain a larger share of the 'market'. For example, there was a spate of takeovers of laundry and cleaning firms in 1983. Pritchard Services Group made a successful £16m bid for Spring Grove plc following a counter bid from Sunlight Services. Brengreen Holdings then made an unsuccessful bid for Sunlight.

If a smaller firm does win a local authority or NHS contract then this only increases the likelihood of a takeover by a multinational. There have been several takeovers of firms with council and NHS contracts. Local authorities and Health Authorities are forced to stand by as responsibility for contracts shifts from one firm to another as a result of financial deals in the City. Examples include:

Contract	Contractor	Owner	New Owner
Wandsworth/refuse	Wastecare	Grand Met	Browning Ferris Industries/USA
Merton/refuse & str.cl.	Taskmaster	ADIA (Switzerland)	Hawley Group
Oxfordshire Health Auth cleaning	Lester Health Care Services	B.A. Lester	Pritchard Services Group

Less control over your work

Privatisation leads to workers having less control over how they do their work. Intensified managerial control, the higher productivity levels and pressure to complete the work, lower standards of work, increasing complaints from users, all contribute to decreasing control and job satisfaction. Contractors are renowned for taking the care and service out of public services.

Women bear the brunt

The detailed Privatisation Audit 'The Public Cost of Private Contractors' carried out by SCAT for Sheffield City Council showed that women will bear 72 per cent of the local government job losses if statutory tendering comes into force. In addition, women will bear 62 per cent of the jobs lost in retailing as a result of reduced spending caused by increased unemployment, and 41 per cent of the jobs lost through contractors overheads and profits being exported from the city. This leads to an overall percentage job loss for women of 69 per cent.

Lower health and safety standards

Contractors try to increase profits by cutting corners. Enforcing proper health and safety standards takes time and equipment, and since time is money to contractors, health and safety rules are often ignored. For example, private building firms have a notoriously bad health and safety record. Common contractor practices include not issuing protective clothing, overloading vehicles, not carrying out regular maintenance to equipment, and having no safety training.

● A study of Wastecare's refuse vehicles in Wandsworth by the London Hazard Centre in late 1984 revealed 8 out of 13 vehicles used to collect the giant paladin bins from council estates were in such a dangerous condition that "they should be taken off the road immediately". The company was in breach of the 1974 Health and Safety at Work Act with regard to its own employees - and also with regard to members of the public.

EXPLOITATION

Since 1st February 1982, Pritchard's has operated the street cleaning contract in the London Borough of Wandsworth. Wages, conditions and management practices have been so appalling that the workforce turnover has reached over 1,000 for just 80 jobs in three years.

The workers' grievances include:

- No pay rise in three years yet Pritchard's has an inflation-proof contract that gave the company an extra £69,431 on top of the basic price. Road sweepers' wages for a 40 hour week are £90 basic plus £20 attendance bonus plus £10 performance bonus. (The performance bonus was cut from £115 in August 1982). Drivers' wages are £95 per week basic plus £20 attendance bonus and £10 performance bonus. Overtime is time and a half with double time for Sunday working. Holidays are 6 days in the first year and fifteen days per year thereafter.
- The company has a policy of employing youths under 18 on a £65 per week basic wage - although many new workers over the age of 18 have been taken on at that rate.
- Breaches of the Health and Safety at Work Act include failure to provide protective clothing. Workers have had to wait up to six months for essential items.
- The company is slow to provide proper equipment: most of the machines are out of order and tools have deteriorated without replacement.

Researched and designed by:

Services to Community Action and Trade Unions (SCAT)

31 Clerkenwell Close,
London EC1R 0AT
Tel: 01-253 3627



SCAT is a national housing, planning and public service project. Its work includes advice and assistance on campaign organising and strategies, research and analysis, educational workshops, and workers' and users' alternatives for a wide range of local and national labour movement organisations. Recent work has included the comprehensive Campaigning for Care in Social Services Action Pack with NUPE detailing strategies and tactics to fight privatisation. SCAT Publications publishes Public Service Action, the anti-privatisation newsletter for the labour movement. It also produces a wide range of reports, pamphlets and broadsheets covering privatisation, public services and housing.