

COMPETITION CUTS and CONTRACTORS

Lessons for trade unionists from three flagship
London Boroughs



Researched by

CENTRE for **PUBLIC SERVICES**

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The Centre for Public Services was commissioned, on the initiative of Kensington and Chelsea NALGO, by NALGO Met District and three NALGO branches to investigate the privatisation strategies of the three boroughs and look at the lessons for trade union strategies.

The research was carried out through interviews with NALGO, NUPE and T&GWU representatives, local Trades Council representatives, opposition councillors, and user organisations. Further information was obtained from council reports, the local press, London Housing Unit, London Research Centre and the Public Services Privatisation Research Unit.

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Foreword

The Conservatives' policies for the transformation of local government have been pioneered in a handful of 'flagship' councils. Now they are being imposed by legislation on all the rest.

The Conservatives' objectives include the destruction of a viable, independent, democratic layer of local authorities providing local services in response to local needs. This is being achieved by means such as imposing total central financial control, subjecting all services to compulsory tendering and reorganising local government structures.

The publicity around the 'Citizen's Charter' is meant to disguise the fact that services are being reoriented away from those who need them most towards those who can afford to pay or have the right contacts to demand them. Cost cutting, rather than quality, has become the main objective.

A big element of the Conservatives' approach is the destruction of trade unionism in the public sector, both in order to drive down costs by cutting pay and conditions and in order to smash a potentially effective force fighting for local services.

This study of three 'flagship' London Boroughs provides a very instructive guide to the local authority of the Conservative future. It also provides a host of pointers as to the way in which NALGO branches will have to develop to defend their members and the public.

It should be read not just by NALGO activists and other local government trades unionists but by anyone who cares about the quality of local services and wants to know whether the future works. Jean Geldart, Chairperson of NALGO's National Local Government Committee.

Introduction

Over the last thirteen years of the Conservative Government, policies which fragment and dismantle local authority services and lead to privatisation have been encouraged and facilitated.

Creeping commercialisation

A combination of Government legislation and restrictions on local government spending has forced councils into a new commercial environment, where they are being encouraged to organise and run their services using market mechanisms, with the profit motive of the private sector being applied to council departments.

Commercial criteria are replacing public service principles where:

- the organisation of services is based on cost and profit centres rather than a detailed assessment of local needs;
- business and private sector values are used in service planning by both the client and contractor;
- business plans determine the future running of services, using efficiency and financial criteria;
- service users are being treated as 'consumers' who pay for what they get, rather than 'users' who are active participants in the running of local services;
- service provision is being reduced to the lowest common denominator;
- the practice of local authorities as model local employers is rapidly declining with the erosion

of nationally negotiated pay and conditions and equal opportunities policies.

This has resulted in many local authorities looking for options which include:

- Applying a 'business strategy' to in-house services which include cutting costs, including labour, and reductions in the standard of service delivery in the name of efficiency.
- Wholesale privatisation of manual services and the extension to all areas including professional and technical services.
- Hiving off parts of the DSO organisations to Management Buyouts or in some cases selling the DSO to private companies.
- DSOs competing against each other and acting against the concept of a local authority workforce cooperating with each other to provide services.
- Copying commercial and business practices and developing a commercial culture in attitudes and language.
- Wider use of management consultants to develop an enforced tendering strategy, reorganisation of services and tender evaluation.

The concept of the 'enabling' council where the local authority reduces its role by employing contractors and consultants to deliver services has gathered momentum in many Conservative-controlled councils. Commercialisation and privatisation of services is rapidly undermining the democratic control of services in many areas.



Three Tory Councils

This report documents for the first time the full extent of commercialisation and privatisation in three leading Conservative London Boroughs. It looks at the privatisation strategies and political style of the councils, the details of the tendering process, and the issues for trade unionists operating in a climate of commercialisation. Westminster and Wandsworth have led the field in developing a Conservative ideology for local government; Kensington and Chelsea has consistently worked against the Direct Service Organisations and contracted out virtually all its manual services to the private sector.

The three boroughs are similar to the extent that they are Conservative controlled and have taken privatisation to much greater lengths than required by legislation. They have developed a very similar corporate identity, but there are also particular issues which make each borough unique and worthy of detailed investigation:

Wandsworth

- flagship borough of the early '80's
- manual services privatised well in advance of Government legislation
- cuts to keep the poll tax low
- major contract failures and retendering
- large-scale sale of housing stock as part of a deliberate policy to alter the social fabric of the borough.

Westminster

- flagship borough of the '90's
- extensive restructuring and commercialisation of all services
- white-collar privatisation
- sale of council assets including council housing
- management buyouts in refuse/street cleaning and leisure

Kensington and Chelsea

- prevented DSOs from bidding on refuse/street cleaning and housing repairs contracts
- early moves to privatise white-collar and manual services

Apart from looking at the individual boroughs, the report also identifies **common** themes:

- wide-scale privatisation of services and the loss of thousands of manual jobs;
- reduced accountability and democratic control over service delivery;
- a contract culture has been adopted. This means that where contracts go disastrously wrong, contractors are sacked and another private company brought in;

- business criteria dominate the agenda leading to endless restructuring and service reviews linked to 'value-for-money' criteria;
- whilst 'savings' on contracting out are given high profile, no attempts have been made to publicise the costs of tendering and re-tendering nor whether 'savings' are being sustained in subsequent years;
- little serious consideration or development of the quality initiatives being promoted by the Government and many other local authorities;
- the widespread use of a public relations machinery to present a public face which has little substance and disguises the true level of service provision;
- the packaging of contracts for private companies has not followed the strategy set out by the AMA, ALA, ADLO and the National Coordinating Committee on Competitive Tendering which includes developing quality specifications, comprehensive tender evaluation and rigorous monitoring procedures;
- council opposition has weakened, particularly in Westminster and Wandsworth, with the Tories gaining seats. The demographic structure has been altered by housing sales policies and a massive reduction in the number of council tenants over the past decade. In all three boroughs the contradictions are raised about the winning of votes in return for a low poll tax, rather than improved local services.
- fragmentation of the industrial relations process with marginalisation of the trade unions and a mockery made of the local authority consultation process;
- inadequate monitoring of contracts in all three authorities, which is carried out in a veil of secrecy.

The accounts of privatisation of local authority services in Conservative flagship boroughs - Westminster, Wandsworth and Kensington and Chelsea have national implications. They indicate the length to which the Tories will go in developing an 'enabling role', experimenting with jobs and services, hiving off whole departments, with cost cutting as a prime intention. Real improvements in service quality are not on the agenda in the introduction of business criteria to public services. The report will inform the debate about the Conservative model for local government and what could happen when privatisation is applied to professional and technical services.

Local democracy is being undermined in the three boroughs. Secrecy surrounds councils plans. Trade unions, opposition councillors and community organisations are being deprived of information about how contracts are operating. Monitoring of those contracts is ad hoc and inconsistent and there appears to be little scope for influencing change.

The Housing Context 2

The housing strategies of the three boroughs are a crucial aspect to understanding the broader policies of the councils and the impact on the local community.

Selling off council housing

The housing policies including the Right to Buy measures adopted in the three boroughs have been instrumental in depleting the stock of local authority owned houses and flats for rent by local people.

As well as selling off property to council tenants, more sales have been made in these boroughs by vacant possession sales. For example, in Westminster, the Designated Sales policy specified a number of estates where empty properties are sold to first time buyers. Westminster and Wandsworth have also made sales of vacant property to housing associations and property developers.

Wandsworth, who led in the housing sales field and set out to alter the borough's housing beyond recognition, sold 40% of its stock between 1980-1990. As Table 1 shows, this was far higher than in any other Inner London borough. Westminster have followed suit by designating half of its housing properties for sale. By 1990, 23% of its 1980 stock had been sold. Kensington and Chelsea have sold far fewer properties, but also had fewer council tenants in the first place. The right to buy legislation and other sales policies promoted by Westminster and Wandsworth, have dramatically

Table 1

Right to Buy and other sales of local authority dwellings - Inner London

Borough	1980-90	1980-90 sales as % of 1980 stock
Wandsworth	16,237	40
Westminster	5,477	23
Lewisham	6,118	18
Hammersmith & Fulham	3,128	15
Kensington & Chelsea	1,246	13
Tower Hamlets	5,821	12
Greenwich	4,875	12
Southwark	4,952	9
Camden	2,684	9
Lambeth	3,757	8
Islington	3,021	8
Hackney	3,315	7

Source: Compiled from London Housing Statistics 1990. London Research Centre



Table 2

Capital Receipts from the sales of dwellings 1987-1990 - Inner London

Borough	1987/88 £m	1988/89 £m	1989/90 £m	Total £m
Wandsworth	43.673	63.531	70.671	177.880
Westminster	11.160	41.973	60.771	113.904
Tower Hamlets	8.277	25.536	54.597	88.410
Lewisham	15.200	21.312	40.300	76.812
Southwark	6.836	31.354	37.644	75.834
Greenwich	7.775	22.951	31.780	62.506
Hackney	4.755	9.349	28.210	42.314
Lambeth	7.259	12.774	13.956	33.989
Islington	9.594	24.239	0	33.803
Hammersmith & Fulham	6.297	15.838	10.681	32.816
Kensington & Chelsea	3.843	6.369	8.012	18.224
Camden	31.728	n/a	0	n/a

Source: Compiled from London Housing Statistics 1990, London Research Centre.

reduced the stock of dwellings to house people in need. The stock that is left is also less desirable since the more desirable, better maintained and better built properties have been the first to be sold.

The sales of council homes in Wandsworth and Westminster have affected the capital and revenue budgets in those boroughs. Table 2 shows that the two boroughs once again come top of the list; in the three years 1987-90 Wandsworth received £177.88m from sales of properties and Westminster received £113.9m - more than any other London Borough.

Rents

The other aspect of the housing policies of the three boroughs under investigation is the high level of rent facing council tenants unwilling and unable

to buy their own homes. In addition to having less options, council tenants are paying extremely high rents, far higher than the average for inner London. Table 3 shows that in each of the three years 1988-1990, Kensington and Chelsea topped the league table for inner London, while Westminster and Wandsworth came second and third. The change over the decade was starkest in Wandsworth where rents in 1979 were just below the average for inner London. By 1988 rents in the borough had increased to a level 39% above the average.

Table 3

Average net unrehabited rents for council dwellings 1979-90 (Inner London)

Borough	1979 £	1988 £	1989 £	1990 £
Kensington & Chelsea	13.41	35.30	38.17	40.22
Westminster	9.11	28.41	35.52	36.67
Wandsworth	7.63	32.27	32.27	34.87
Hammersmith & Fulham	9.70	27.06	29.34	33.63
Southwark	7.67	22.38	25.38	30.51
Islington	7.37	18.64	26.69	29.55
Lewisham	6.36	21.28	23.16	27.83
Camden	8.26	21.34	22.60	27.10
Greenwich	6.84	18.06	22.00	26.50
Hackney	5.72	17.17	20.17	25.93
Lambeth	6.17	18.35	19.35	23.59
Tower Hamlets	5.27	19.11	20.97	22.43
Average Inner London	7.79	23.28	26.30	29.90

Source: Compiled from London Housing Statistics 1990, London Research Centre

Westminster

The enabling council

The City of Westminster has been at the forefront of developing Conservative ideology in local government for a decade.

The ideals of 'efficiency' and 'economy' have been rooted in the policies of one of the country's richest local authorities. Under the strident leadership of Lady Porter, and now David Weeks, the council has undertaken the most savage dismantling of public services. Saving money has been at the heart of the council's privatisation policies. Commercialisation of council services has been encouraged with the establishment of three management buyouts and proposals to set up business units throughout the council.

Role in the Government's policy for local government

There is no doubt that the Conservative Government, during the Thatcher years and under John Major, has looked to Westminster as a leading example of its ideology for local government.

Westminster has experimented with services and jobs. This experimentation has been used by the Government in helping to form much of its recent legislation on competition in local services. Westminster privatised many manual services ahead of the 1988 Local Government Act. In doing so the council used as its principal criteria, monetary issues, choosing in virtually every case the lowest cost tender in awarding the contract.

Similarly, many elements of the manual services excluded from the 1988 Act and elements of Westminster's white-collar professional and technical services have been subject to review and put out to tender well in advance of the Local Government Act 1992.

Political and managerial style

The election of Shirley Porter as leader in 1983 marked a turning point for the council. It changed from a traditional Conservative-controlled borough into one seeking to lead in the reorganisation and rationalisation of services. The recent election of David Weeks as leader in May 1991 (previously Porter's deputy) has merely consolidated the Porter tradition with further cuts and expansive privatisation plans.

Much of the ruthless strategy of the 1980's was

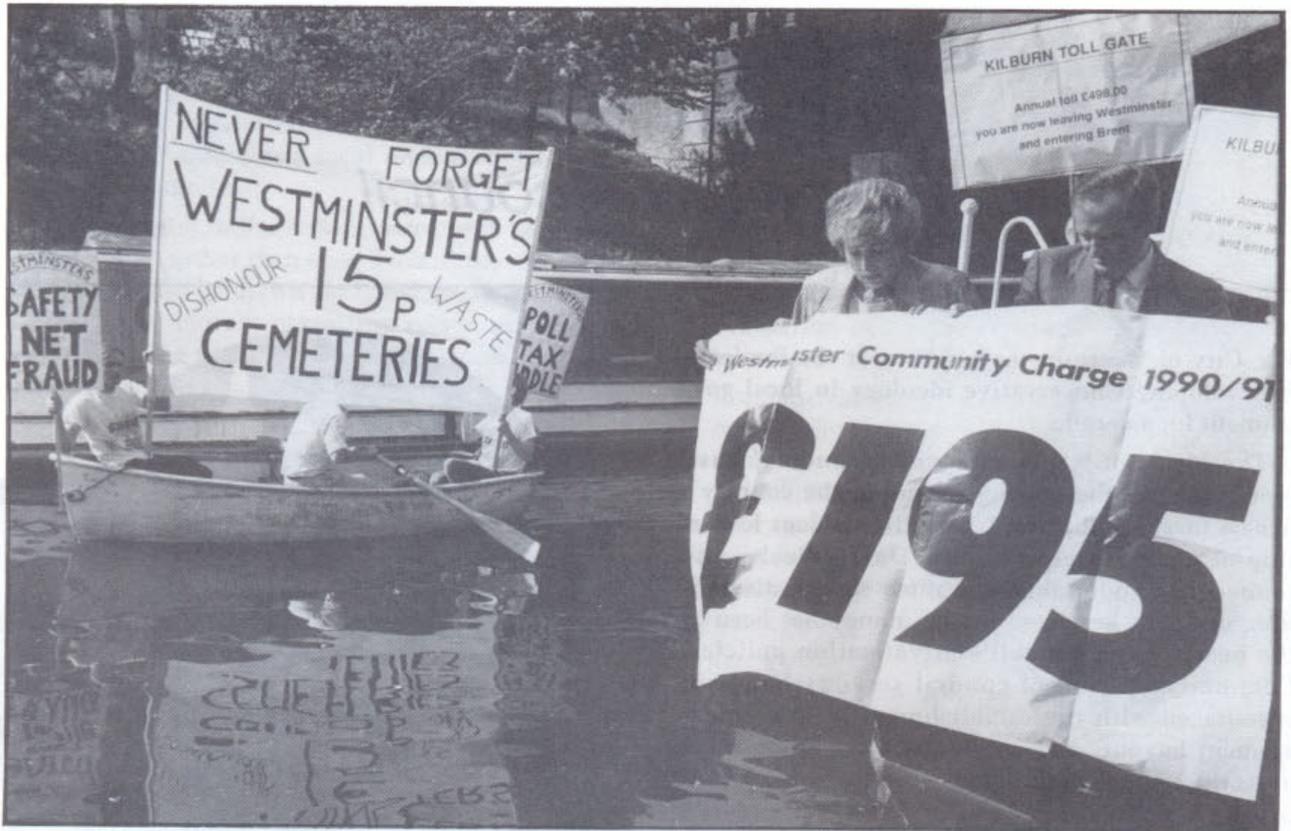


member-led. Senior officers were put under enormous pressure as members sought to change the 'culture' of the council. Chief Officers were directed to examine their own services with the overriding aim to come up with proposals to achieve 'value-for-money' and ultimately to maintain low rates and subsequently even lower poll tax.

Many officers could not cope with the pressure and during the late 80's about 60 of the most senior officers either resigned or were effectively sacked. From 1986, Chief Officers were put on performance-related pay and fixed term contracts. Performance-related pay was also introduced for some middle managers from 1988 and the pressure on this level remains intense as the quest for ever greater financial savings continues. In 1989 the members agreed to delete the post of Chief Executive and create a post of Managing Director. This coincided with the removal of the then Chief Executive, Rodney Brooke. '....the role of the Chief Executive has been progressively reduced and the limited range of functions left to him requires that consideration be given to the continuing need for his services.' (Report to Policy and Resources Committee 13th February 1989).

Considerable re-organisation across all of the council's seven departments has taken place involving streamlining management as well as other staff. For example, the senior management structure of four assistant directors in the Education Department was cut to a single post.

The most recent candidate for scrutiny is the Managing Director's department. The newly appointed Managing Director, Mervyn Montacute,



proposed in August 1991 that the department would be reduced from 700 to 58. He stated that the department was too large and fragmented and 'lacked a common purpose' and that in line with changes in the rest of the council, there would be decentralisation of particular services and that legal and property services would become free-standing departments, leaving a small corporate team in the centre.

In 1991, the Managing Director set up a review of the council's own Public Relations function, on the grounds of improved efficiency and cost effectiveness. The decision to restructure and contract out the function and were factors in the resignation of the head of PR and publicity. This followed the departure of five previous heads over the last six years. The department has already been reduced from 21 staff to 12 since 1989. ('Testing Times at Westminster' PR Week 31/10/91).

Reviews of the activities of other departments have usually been followed by recommendations to achieve 'value for money' involving putting selected services out to tender and decentralising others in line with business plans. There are plans to introduce business units, that is autonomous units, within each department. This is designed to give managers greater control over budgets and staffing in the business unit and to extend the client and contractor roles. The formation of separate business entities could have massive implications for staff pay and conditions, if attempts are made to withdraw staff from national conditions. The idea of having performance-related pay for manual workers is also gaining ground within the DSO's.

Decentralisation policies have been introduced

as part of the commercialisation strategy, rather than as a method for improving service delivery. For example, each housing estate is now managed on an individual basis. This allows for greater budget restraint imposed by individual managers, smaller contracts and fragmented decision making. This all serves to make the work more attractive to contractors and weakens the position of the DLO in tendering for housing repair work.

Financial strategy

The management of Westminster's finances has been the primary concern of the ruling Tory group. A strategy to maintain a low poll tax at any cost has been central. This resolve was further hardened with the increase in the Tory majority in the Council following the May 1990 elections. However, the Council seeks to present an image of prudent financial management presented in glossy style.

In 1990/91 the poll tax charged in the borough was set at £195 per head.

The total expenditure by council committees was £269m. The financing of this was from a range of sources:

Rate Income	36.5%
Government grants	20.5%
Sales, fees and charges	17.5%
Rents	11.3%
Interest	9.6%
Reimbursements/contributions	4.6%
	100.0%

In a report to the Policy and Resources Committee in July 1990, Lady Porter stated that '...the

Westminster Community Charge of £195 is true testimony of our efficiency and management. The success has been made possible by our policies of:

- Streamlining bureaucracy so that in the five years to 1989 services increased while there was a 25% reduction in the number of Council staff.
- Competitive tendering of services to ensure that they are provided at the best possible price. Seventeen services have been tendered so far generating annual savings of £3.7m.
- Generating capital receipts by selling flats to tenants, disposing of unused land and buildings and investing the money in improving housing stock and new services
- Maximising income by charging fair and realistic prices for council services such as parking, trade refuse and planning fees
- Judicious investment of ratepayers and charge-payers money
- Growing emphasis on value for money'

By 1991/92 the poll tax was down to £36 per head, with the Government's sweetener of £140 per head, - the second lowest in the country. In February 1992, the council announced that the poll tax for 1992 is to be maintained at £36 for the second year running.

The low poll tax is in part the result of years of cumulative savings from 'value-for-money' initiatives, involving income generation and selling off council property including council housing. But is also the result of government grants which favour the council, the most recent of which is a new grant for overnight foreign visitors in the area. During 1992, Westminster will receive an extra £44 per poll tax payer. In addition, Westminster have gained several £M from changes in the system of payment for flood defence in London. The borough's car parking account is also highly profitable, out of which they can finance related activities such as concessionary fares, thus saving expenditure from general funds. The council also decided to put the cost of housing the homeless on council tenants rather than add £50 to the poll tax. As a result, council tenants who do not wish to, or cannot afford to buy their own property, have faced rent increases of 22% in 1991/92 and 18% in 1992/93. Cumulative savings from the competitive tendering programme (claimed to be £6m between 1989 and 1991) have formed a relatively small part in the achievement of a low poll tax. These savings have not been broken down and there is no evidence to show that claimed savings have in fact been achieved.

Value-for-money

The emphasis on value-for-money adopted by Westminster in line with the Audit Commission's criteria of efficiency and economy has been used in

reviewing services and recommendations to contract out services to private companies.

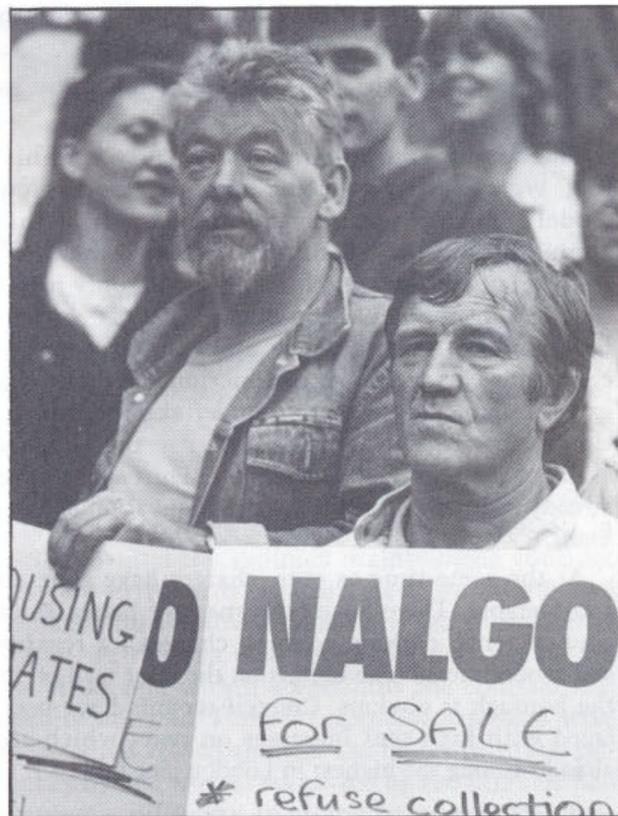
This has included

- emphasis on cost cutting
- focus on productivity and efficiency
- a more commercial approach involving the establishment of business units
- little consideration of the wider needs of the borough not met by existing services
- lack of trade union and user involvement

Westminster set up a small 'Value for money' team in mid-1987 to 'bring added impetus and improved co-ordination to the drive for value for money' (Financial Management and Personnel Subcommittee 28 Jan. 1991). The team claim that they have identified £3m of revenue savings since their first reports in Feb. 1988.

A recent example of their work is in Education - a new department established following the break-up of ILEA and involved in implementing initiatives such as Local Management of Schools. The work of the VFM team has involved

- a review of the central administrative structure and recommendations to make it more streamlined and cost effective.
- a review of the departmental personnel group
- work with a private consultant to review the School meals service and other council catering services. The recommendation was that the school meals services should be separately tendered but with contract dates to coincide with staff catering.



- examination of the transport services used by Education. Rationalisation proposals are expected to produce savings of £350,000 on current costs of £600,000.

Their reports do not make reference to service quality or meeting the needs of disadvantaged groups. The monetary criteria used by this team have a widespread and damaging effect. Reviews of services result in drastic recommendations, such as tendering out, which has had a massive impact on jobs and services.

Cuts

In addition to re-organisation of services and privatisation, Westminster's budget making has resulted in a series of cuts. In the last financial year budget cuts of over £16m are being made. Specific cuts and charges identified in the budget include:

- £8m cut in Education including a reduction in Adult Education provision by a third and closure of courses at the City of Westminster College.
- rent rises of 22%
- A planned £500,000 shortfall in funding to provide housing advice and services to private sector tenants. The council in fact exceeded their plans and from 1992, the service has been cut altogether and no case work will be carried out.
- over £1m cut in staffing expenditure on administrative and financial services
- increase in charges for meals-on-wheels to £1.25
- the introduction of a flat rate charge for home helps
- closure of two holiday homes on the South Coast considered 'surplus to requirements
- closure of Blythwood, a residential home in Pinner

The cuts in Education are particularly hard hitting. Westminster is setting out to create a 'New model Education Authority' and as part of this aiming to follow Government guidance that centrally retained education funding should only represent 15% of the Education budget. This is particularly hard for schools which are being expected to carry out a wider range of functions without the extra resources necessary to undertake these functions and without being able to use the support skills of the City Hall based staff. Thirty jobs have already been cut from the Central education department.

At the same time as cuts, charges have gone up considerably. There have been massive increases in council rents, parking permits, charges for repairs, and school meals. The impact on the least well off in the borough is obvious. Council tenants have been faced with high rent increases on rents which are already among the highest in London (See table 3)

Housing

Westminster City Council's housing policy has been described as the 'Sale of the Century' by councillors, tenants and trade unionists. The council has also been accused of selling off homes in key marginal wards in an attempt to manipulate local election results ('Tesco Heiress went shopping for votes' Guardian 3 March 1992).

The council designated almost half its 23,000 homes for sale. The policy has meant that

- the council housing waiting list has in effect been frozen since 1987
- local people on the council house transfer waiting list will stay on the list even longer and are facing higher rents every year
- elderly and disabled people with special housing needs are not given priority
- the homelessness problem in the borough increases as flats which could have housed the homeless have been sold off.

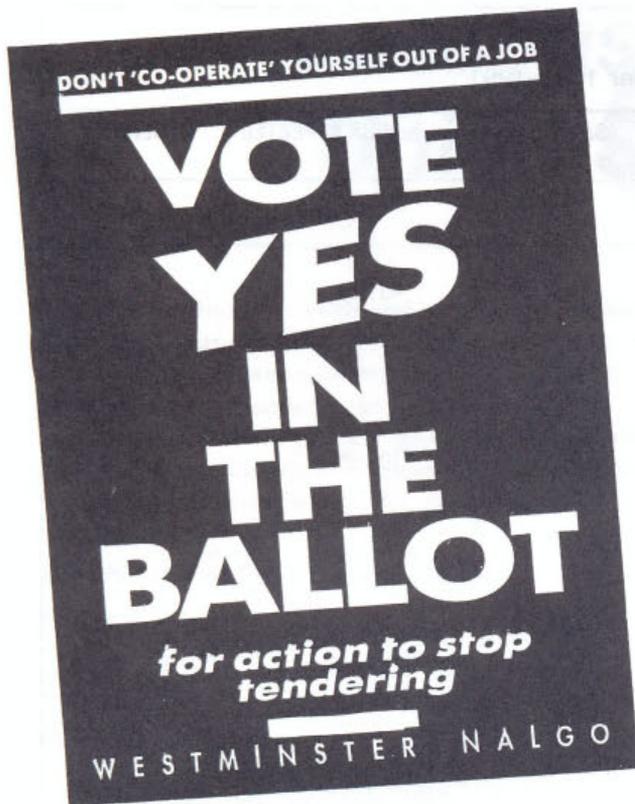
In addition Category A cases on the waiting list ie. those cases with an urgent medical priority have been redefined and cases reinterpreted. Through this policy the council have reduced the number of Category A cases from 415 in September 1991 to a new level of 189.

By October 1990 5,477 council properties in the borough had been sold off. This represents 23% of its 1980 council housing stock and the second highest proportion among the inner London Boroughs (See table 1). At least 1 in 5 residents across council estates is now an owner occupier.

In 1989/90 1,259 properties were sold to sitting tenants and 475 sold through the Home Ownership Scheme. Under this scheme, there is a very broad category of possible buyers including those who work in the borough or merely have a job offer in Westminster. 4,000 council owned properties have been designated for sale as they become vacant with high discounts given to potential buyers. All those accepted on the scheme are eligible for a minimum discount of 30% off the market value of properties for sale. Council or Housing Association tenants are eligible for a higher discount - 40% as long as the maximum cash amount does not exceed £50,000.

In the late 80's many council tenants were under pressure to buy their properties as they were finding it difficult to cope with the uncertainty of high and rising rents and the future of the council's strategy for council housing. However, thousands in the borough are still unable or unwilling to buy their property and tenants are losing out as rents soar higher every year. One of the effects of the sell-off policy has been to reduce the prospects of transfers from less popular estates.

The most recent proposal to deal with homeless-



ness involves plans to house 500 homeless families in Hillingdon. Westminster has employed the Peabody Trust to develop a 350-unit estate in Hillingdon. It is intended that 75% of the homes will be allocated to people on Westminster's temporary housing accommodation list. ('Westminster's plans to 'dump' homeless angers Tory leader' Independent 24/2/92).

The privatisation of Westminster's services

The Chair of the Competitive Tendering Committee Councillor Alex Segal said on 14th March 1991 'Westminster has run the most extensive tendering out programme in Britain with the result of major savings and vastly improved service quality'.

Seventeen services have been subject to tendering so far and there are plans to go further. Table 4 details the services and the claimed savings.

The competition strategy adopted by Westminster throughout has been linked to the so called value-for-money criteria used to assess every service and an overriding aim to keep the rates, and more recently poll tax, low. The pressure placed on departments to examine their own service and come up with recommendations resulted in a crash programme of CCT in Westminster from the late-80's onwards. In February 1987, the council agreed to put 13 services out to tender in the following twelve months. The implementation of the pro-

gramme was seen as the council's most important policy initiative at that time and members were highly committed to achieving a wide-scale privatisation programme.

In anticipation of the CCT legislation, the second half of the 80's saw the virtual break-up of Westminster's manual services with the loss of hundreds of jobs. The tendering process for specified services was in advance of the timetable set by the DOE for the borough. This has included school cleaning and catering which only became Westminster's responsibility in April 1990, with the break-up of ILEA. Several other manual services were contracted out in addition to the specified services. The contracts were made as attractive as possible to the private sector by, for example, altering the terms of the specification and terms, particularly where companies invited to tender did not submit bids and competition was lacking.

The late '80's witnessed moves to privatise elements of white-collar services. This usually followed a review of the service carried out in many cases by external consultants. These included the I.T. group in the Finance Department, the Property Group managing council buildings and the Home Ownership Advisory Service.

By 1991 about a third of the Council's net budget (excluding expenditure on education) had been put out to competitive tendering and the council were claiming annual savings of £4.5m a year on the contracts ('A Tender Success' David Weeks in City of London Post, 13 June 1991)

In the few cases where the DSO has won, contracts were only awarded to the in-house operation because the council found it to be the cheapest option and there was little private competition. The latest example of this is the Grounds Maintenance service in Housing Estates which was re-tendered in 1991. The Planning and Transportation DSO were awarded the contract because it was the lowest bid. They tendered for the work against the Housing Grounds Maintenance DSO and undercut them.

Secrecy surrounds privatisation

Although the Council make a lot of public pronouncements about savings and competition the actual process of privatisation is veiled in secrecy. Proposals for tendering out services originally went to the Policy and Resources Committee - the largest and most high profile council committee. The Competitive Tendering Committee (recently renamed the Contract Committee) is responsible for decision making and this has only four members (three Conservatives and one Labour). The agenda for this committee is issued only days before the meeting, leaving no one including coun-

Table 4

Westminster City Council Contracts put out to tender 1988-1991

SERVICE	CONTRACTOR	DATE & (LENGTH)	ANNUAL VALUE	'SAVINGS'	JOB'S AFFECTED	OTHER BIDS
Building Cleaning						
Council Offices (retendered)	Initial	3/88				
Social Services Libraries (retendered)	OCS	90	£195,677		40 jobs	
	RCO	3/88				
	OCS	2/88				
	Initial	90	£321,918			
	Kestrel	90	£258,947			
Housing Estate Cleaning						
	Electrolux (now Swanlux)					
Area 1		9/88 (3)	£0.5m		106 jobs	DSO + 2
Area 2		10/89(3)	£0.5m			DSO + 2
Area 3		11/89(4)	£0.6m			DSO + 3
Area 4		11/89(5)	£0.4m			DSO + 2
Grounds Maint. in Housing Est.						
	DSO	11/88				
	retendered	11/91	£313,800	£13,600		
Leisure Centres						
	City Centre (MBO)	9/88 (5)	£300,000		166 jobs	DSO + 2
	Civic Leisure	9/88 (5)				DSO + 2
Civic Cat. retendered						
	Taylorplan	88				
	Northdown	5/91	£387,784	£23,000		
Vehicle Maint. Norba Waste Refuse/Street MRS (MBO)						
		2/89 (5)	£12.8m	£1.1m	800 jobs	DSO
Public Toilets						
	Electrolux (now Swanlux)	2/89			80 jobs	
Community Charge Reg.						
	Midsummer Computing Exchange	1/89(1)	£317,608		none	3
Social Services Transport						
	Transfleet	4/89(3)	£523,000			DSO + 1
Payroll						
	DSO	11/89(3)	£470,000	£12,000	none	1 other
Parking						
- Enforcement	APCOA	2/90 (5)	£2.2m		81 jobs	
- Processing	DSO		£1.5m			
- Admin.	Capital Parking (MBO)		£0.6m			
- Equipment Maint.APT Controls			£0.4m			
Grounds Maint.						
3 areas	DSO	1/90(5)	£888,472			1 other
1 area	Krinkels		£381,644	£53,443	19 jobs	
School Cleaning						
	Initial	4/91	£579,000	£137,000		
	OCS					
	Wetton					
School Catering						
	CCG	9/91	£1,762,000	£507,000	260 jobs	DSO
	ABM					
Leisure Centres (2)						
	City Centre (MBO)	7/91(6)	£456,695	£155,005	27 jobs	
Home Ownership Advice Service						
	DSO	1991			23 jobs lost	1 other
Information Technology - consultant appointed to prepare spec.						
Building Control - consultant appointed to prepare spec.						
Project Team - consultant appointed to prepare spec.						
Planning/Transport						
					66 jobs under threat	
TOTAL				£4.5m savings (claimed)	1,602 plus	

cillors, trade unions and the workforce much time to form a response to the latest proposals.

This secrecy is part of the Council's general ethos. The Community Rights Project carried out an Audit of compliance by Westminster City Council with the legal duty of making information available to both the public at large, and to elected council members.

The findings of the project showed that the council was operating contrary to the requirements of the Local Government (Access to Information) Act 1985. In summary the report ('Westminster City Council-A Secrecy Audit' The Community Rights Project) shows that the council:

- Failed to allow the public access to all meetings of the council and its committees and sub-committees.
- Failed to provide advance public notice of all council meetings.
- Failed to make available for public inspection copies of all background reports and minutes.
- Failed to make detailed council documentation available for inspection by council members who can demonstrate the 'need to know'
- Failed to comply in full with the requirement to make available for public inspection a summary of the rights of the public to inspect council documentation and to attend council meetings.
- Failed to comply with the competitive tendering procedure laid down in the council's standing orders and Competitive Code of Practice. Under this heading the report points to the conduct of the Contracts Management Board. The findings show that the Board often awards contracts to companies and individuals of their choice without any reference to the competitive tendering procedures nor any other council body. It also awards some contracts retrospectively although there is no such provision in the Contracts Code of Practice.

The Contracts

Buildings Cleaning

In 1988 two year contracts were awarded to three companies. **RCO Contract Services Ltd.** for social services cleaning, **Office Cleaning Services Ltd.** for Libraries and **Initial Contract Services** for all other Council offices.

Initial soon ran into problems. In November 1988, it was decided not to award the public convenience contract to Initial: *'To date, the company has performed poorly with the Council's Corporate Buildings Cleaning contract and has received two warning notices for repeated failure to meet the contract requirements. There has been a rapid turnover of contract managers, and throughout the repeated negotiations with Council officers, the*

company's senior management has demonstrably failed to comply with their contractual obligations. Given the highly public and sensitive nature of the current service in question, and given the high degree of risk inevitably attached to the company's proposed recruitment package, officers are accordingly unable to recommend its tender.' (Award of Contract for Management and Operation of Public Conveniences, Competitive Tendering Committee, 23 November 1988.)

In 1990 the three contracts were re-tendered. RCO failed to win the Social Service cleaning contract; the Competitive Tendering Committee were presented with the inability of the contractor to meet the council's requirements. These were linked to RCO's difficulties in recruiting sufficient staff to complete the work involved and differences over interpretation of the specification.

Five tenders were received and Westminster chose the cheapest option (see table 5) - Initial. It is interesting to note that RCO put in the highest bid (29% higher than Initial's bid) presumably based on their experience of major difficulties in running the contract on the cheap.

Table 5

Westminster - Cleaning of Social Services Buildings

Company	3 year tender	Following post-tender negotiations
Initial Contract Services	£1,265,125.08	£965,755.20
Ocean Contract Cleaning	£1,282,716.00	£1,001,760.39
Co-ordinated Cleaning	£1,380,798.00	£1,210,416.20
MITIE Cleaning & Maintenance	£1,514,352.26	£983,925.84
RCO Support Services	£1,604,607.15	£1,241,860.35

Source: Report to Competitive Tendering Committee, 25 October 1990 'Renewal of Contract for Cleaning Services To Social Services Buildings'.

The council were not satisfied with the first tenders for the contract *'...it was considered that the tender prices, while providing an ideal service, were far higher than anticipated.'* Post-tender negotiations were held with the contractors who were asked to suggest ways of reducing cleaning costs and then asked to re-tender on an amended specification. This will inevitably lead to reduced standards of service, since cleaning is a labour intensive service, where budgets largely determine service quality.

The Corporate buildings and libraries contract was also retendered with Westminster seriously evaluating only the lowest tenders. 11 companies were invited to tender and nine bid for all or part of the contract. Kestrel Services Ltd. were awarded the contract area south of Oxford Street and OCS the area north of Oxford Street. The lowest tender came from a small company, Mitie, with little experience. The Competitive Tendering

Table 6

Westminster - Cleaning of Corporate Buildings and Libraries

Contractor	Total of all contracts	Maximum discounted price
Existing contracts	£520,608.85	n/a
Mitie	£420,490.61	£420,490.61
Kestrel	£452,267.10	£445,505.71
OCS	£527,821.77	£514,626.23
Academy	£548,725.69	£548,725.69
Betta	£563,724.80	£560,890.96
Initial	£598,684.79	£577,620.07
Executive	£755,387.40	£723,835.40
RCO	£782,053.07	£782,053.07

Source: Report to Competitive Tendering Committee, 25 October 1990 'Renewal of Cleaning Contracts for Corporate Buildings and Libraries'.

Committee decided on the next two lowest tenders (See table 6).

Housing Estate Cleaning

In July 1988 the Competitive Tendering Committee awarded a three year contract for housing estate cleaning in the District Housing Office 1 area to **Electrolux Contract Services Ltd.** The contract worth £1.5m was won against bids from three other contractors including the DSO. A year later Electrolux won the cleaning contracts for the three other housing areas. Electrolux submitted the cheapest bids and the company's costs per hour were way below those of Initial and the DSO's. Over a hundred housing employees lost their jobs. Performance on the contracts has been variable with problems of high labour turnover.

In March 1991, Electrolux underwent 'what was effectively a Management Buy-out and became **Swanlux Cleaning Services Ltd.**' (Competitive Tendering Committee 30 July 1991) Instead of retendering the contract, the committee decided for 'exceptional' reasons to extend one of the existing four estates cleaning contracts to October 1992. This was argued on the basis that the contractor's performance had been good and of a higher standard than the previous service. It was recommended that the extension of the contract be made at 'terms no less favourable than exist in the current contract'. However, in reality, the new company, Swanlux, has no track record of providing local authority cleaning services.

Leisure Centres

In February 1987 the Council agreed to seek competitive tenders for leisure centres management. Tendering for five indoor centres employing 54 officers and 136 manual staff was designed to:

1. Test the competitiveness of existing provision
2. Demonstrate value for money
3. Help ensure more efficient organisation and

reduce the present cost of the service whilst maintaining the existing standard of service.

It was proposed that the Council control prices although the contractor would be allowed to make recommendations to the council for price changes at appropriate intervals.

Eight firms were invited to tender, but only three firms and the DSO submitted bids. All three companies contained senior officers from local authority leisure services and were created with the sole purpose of winning the Westminster contract. City Centre Leisure was formed by four of the council's leisure management team, assisted by consultants Spicer and Oppenheim. It had no accounts and no contracts. Recreation and Management was also a new company formed by ex-London borough leisure managers. Civic Leisure was set up by First Leisure, Condor Group and Archer Securities. One of the Civic Leisure's two directors is a former recreation manager with the London Borough of Kingston.

The original tenders for all five centres were

Civic Leisure	£12,976,500
City Centre Leisure	£7,325,690
Recreation Management and Development	£7,227,200
In-house	£7,025,490

The in-house tender was the lowest and the highest, Civic's tender, would normally have been eliminated from a detailed tender evaluation. ('Playing the Game' Public Service Action No.39).

Civic Leisure then announced that they could now undertake the contract for £7,020,240, a massive reduction of 46% in the original tender price. Post-tender negotiations took place and the tender prices changed again:

Civic Leisure	£6,419,000
City Centre Leisure	£6,807,200
Recreation Management and Development	£7,227,650
In-house	£7,467,240

Civic reduced their bid by removing contingencies while the in-house team were being advised to add more on, thus increasing their costs. Civic were asked to confirm in writing that standards would not be reduced as a result of the substantial changes to their tender. Civic did this and in a letter to the City Council stated 'the reduction in prices...was a result of detailed financial information received from the City of Westminster and those reductions were not achieved as a result of savings made by lowering the standard of service provision'.

The Competitive Tendering Committee then decided to split the contract with three centres in one contract and two in another. Prices changed again by the time the Committee decided on the award. **Civic Leisure** were awarded the contract for Porchester/Marshall/Jubilee Leisure Centres and **City Centre** the contract for the Queen Mother/Seymour Centres. The Council claimed

Table 7

**Westminster - Leisure Centre Staffing Levels
(As full-time equivalents)**

Category	Current Establ.	Civic Leisure	City Centre Leisure	RMD Co.	In-house DLO
Central Staff	1	5	13	8	5
Jubilee	22.7	15	21.95	25.5	15.1
Marshall St.	18	14	17.95	20.5	14
Porchester	46.5	29	38.7	33.5	22.6
Queen Mother	44	25	32.95	30.5	5
Seymour	41.6	25	33.45	28	28.5
Other	-	16	-	-	5
Total	173.8	129	158	146	117.2
Staff in post	162.1				
Potential redundancies -		152.1	162.1	162.1	44.9

Source: Public Service Action No.39 April 1989.

savings of £1.9m over five years.

The job losses were as outlined in Table 7.

Since the leisure centres employed large numbers of APT&C staff, NALGO attempted to gain recognition from the two companies for collective bargaining purposes. Both companies declined.

Complaints about the cleanliness of the water in the swimming pools have been made by staff and users. However, it is impossible to determine whether the service has altered since privatisation since there are no records of public complaints prior to the introduction of contract management (Value for Money Audit - Contract Monitoring Procedures Report 1991) The monitoring and management of the contracts has faced severe problems. In March 1990, the Council's own Value for Money team reviewed the management of the leisure centre contracts and found that when the contracts were awarded:

- the way in which the Council was to manage the contracts had not been defined
- there was a lack of even-handedness in dealings with the contractors
- no reporting was taking place on the services provided
- management information needs had not been

identified

- no comprehensive assessment of the physical state of the centres and inadequate provision for remedial works, development work and contingencies
- there was no overall strategy for the provision of leisure services.

Paddington Recreation Ground and Westbourne Green Sports Centre

In addition to the five leisure centres privatised in 1988, Westminster decided to put two further leisure centres out to tender in 1991. The six year contract worth £456,695 per annum was awarded in July 1991 to **City Centre Leisure**. 27 DSO staff were affected by the decision with a net saving of £155,005 to what the tender evaluation report describes as an 'established City of Westminster contractor' having run the contract for two other leisure centres.

The DSO bid was £534,036 - 17% higher than City Centre's bid, was based on higher staffing levels as table 8 shows, particularly in the horticultural and patrol functions, some of which City Centre intend to sub-contract.

City Centre Leisure have expanded their operations into neighbouring Kensington and Chelsea.

Table 8

Westminster - Leisure Centres

	Staff costs		Manag/Admin.	Horticult./Patrol	Support
	PRG	WGSC			
DSO	£348,948	£101,504	11	14	4
CCL	£239,400	£65,000	11	4	6

Source: Report to Competitive Tendering Committee 30th July 1991 'Award of Contract for the Management and Operation of Paddington Recreation Ground and Westbourne Green Sports Complex'.

Table 9

**Westminster - Civic Catering
Tender Evaluation - Hours of work per week**

Item	Northdown		Taylorplan		Stuart Cabeldu		CCG	
	Hrs	Staff	Hrs	Staff	Hrs	Staff	Hrs	Staff
Management	118	3	80	2	113	3	115	3
Cooking	183	5	183	5	217	6	223	6
Serving & Kitchen duties	324	9	517	16	376	13	325	11
Totals	624	17	779	23	706	22	663	20

Source: Report to Competitive Tendering Committee, 24th April 1991, 'Staff Catering Contract'

Civic catering

The contract for the Council's three staff canteens was awarded in May 1988 to **Taylorplan Catering Services**. The contract was retendered in June 1991 and awarded to Northdown rather than to the previous contractor, Taylorplan. Four companies tendered and Westminster chose the lowest. The tender for Northdown Catering Service is worth £238,914 but analysis of the tender documentation reveals a cost cutting exercise. The company submitted a low bid based on the lowest number of hours per week and the least staff. Table 9 shows that Northdown intend to run the contract on substantially less hours, especially on serving and kitchen duties, than the previous contractor.

Refuse and street cleaning

In one of Westminster's most blatant moves to privatise services, the Council awarded a contract worth £12.3m a year (at 1989 prices) to **MRS** - a management buy-out set up by the Cleansing Department's leading managers - Meredith, Ross and Sear. The letting of the contract ahead of the 1988 Local Government Act timetable was surrounded by controversy.

The Council allowed the three cleansing managers involved in the MBO to remain in their jobs



at the same time as they were putting together a tender bid for their own limited company. They did not announce their plan for a MBO until after completing their work on the Council's specifications for the tender.

The council failed to create any real competition for the contract. The establishment of the MBO put off the established waste companies. Of six firms originally expressing interest, only Pritchard's sub-

mitted a tender. This was later withdrawn. The council extended tender deadlines several times and invited bids from firms originally excluded with no results. The recent Touche Ross report on Contract Monitoring Procedures stated that 'Reasons cited by other firms for not tendering included concerns over the scope and scale of the contract in relation to their turnover and management capacity, the conditions of the contract, particularly the existence of a penalty system, and the existence of a management buy-out proposal' (Feb.1991)

The only competing bid was from the in-house service which was, as expected, higher than the MRS bid. At the time the council claimed that the contract would save them £1.1m per year. The immediate result was the loss of 100 out of 800 staff and reduced terms and conditions of employment. 'Let's say we have reduced what we saw as



over-generous conditions of service. Basically that means making the men work harder and cutting back their holidays' (Sear quoted in *The Surveyor* 9 March 1991).

There have been speculations about MRS's future. In September 1990, it was reported that Sitaclean, the UK subsidiary of the French multinational Lyonnaise des Eaux had made a bid to take over MRS. This appears to have come to nothing. The company have sought to expand further in local government with some success. In June 1991, Redbridge Borough Council awarded a five-year contract to MRS valued at £1.7m a year. Chelmsford Borough Council also awarded a refuse collection contract to MRS in the same month. MRS have also expanded their London operations by winning the City of London refuse contract.

Westminster has boosted MRS's profile with the 'Westminster Initiative' and a strategy for dealing with litter. The Council increased the cleansing budget by £1.9m (15%) in 1990 allowing MRS to invest in new machinery. It occurred without any clear contractual renegotiation of service levels. The recent Contract Monitoring report pointed out that MRS are in a very strong position in negotiating with the council particularly since there is no-one to replace the contractor in the event of a default.

Public Toilet Cleaning

The contract was privatised in February 1988 with the loss of 80 council jobs. The contract was awarded to **Electrolux Contract Services** which has recently been subject to a management buy-out and renamed Swanlux. The company also has a contract with Wandsworth. The tender documentation submitted by Electrolux revealed that the company employed cleaners on a 48 hour week with a basic of £2.50 an hour rising to £3.50 for Saturday or night work and holiday entitlement of only 12 days a year.

Community Charge Registration

The contract for a one-off task of compiling the community charge register by December 1989, was awarded earlier that year to **Midsummer Computing Exchange Ltd.** at a cost of £317,608. The competitive tendering process was rushed through and no in-house bid was made. Six firms were invited to tender and four submitted bids; though there was only one bid for the whole project.

Social Services Transport

This tender was initially intended for the entire service including the supply, maintenance and operation of vehicles. However, no applications to tender were received from contractors. The council argued that the main difficulty lay in the mixture of supplying and maintaining vehicles on the one hand and their operation on the other and the com-

plexity of daily changes to meals-on-wheels and ambulance delivery rounds.

Rather than abandon the privatisation process, the council decided to '*comprehensively revise*' the specification so that it only covered supply and maintenance - the two elements of the service with most potential for profit making. Three contractors tendered and the three year contract was finally awarded to **Transfleet Services Ltd.** for £523,500 in April 1989.

Payroll

In October 1988, the Policy and Resources Committee agreed that a range of services be subject to CCT including administration of the payroll. The contract was awarded in-house on a three year basis in November 1989. The in-house bid of £470,000 per annum was half the cost of the other bid submitted by Midsummer Computing Exchange and the council claimed a saving of £12,000 per annum. There were no redundancies, but costs were kept low by rationalising the use of staff when Westminster took over responsibility for Education from ILEA in April 1990.

Street Parking

In 1989 the council agreed to put on-street parking out to tender, including meter maintenance, parking spaces for special groups, parking attendant service etc. It cost the council £4.7m a year to administer with income from the service generating a £10.8m a year profit. The council wanted to save money in administering the service.

The enforcement contract was awarded to **APCOA Parking (UK) Ltd.** This contract for the entire borough was awarded because it was the cheapest bid, although the company had no previous experience of this work. They proposed to use significantly fewer staff than Capital Parking, the other bidder. The basis for the contract relates payment directly to the achievement of prosecution targets. This resulted in a great deal of public controversy with large numbers of motorists claiming that they were falsely or unfairly booked. A great deal of council time was devoted to dealing with the failure of APCOA to meet their contractual obligations in the first year 1991.

The failure of APCOA to perform led the council to commission Price Waterhouse (at the contractor's expense) to review the company's operations. They concluded that the main causes of failure were:

- a failure to maintain a sufficient number of enforcement staff. Recruitment did not keep pace with the rate of staff turnover, and sickness levels had been underestimated.
- a failure to take swift action to rectify the position when the problem became apparent



- poor productivity levels among staff
- misunderstandings between APCOA and the ticket processing office relating to passing on data
- lack of systems to validate data.

The failure of APCOA to perform resulted in the council losing substantial revenue in the initial stages of the contract. In spite of all the problems and resources put in by the council, Westminster have kept APCOA on the contract and claim that performance on the contract is improving.

The equipment maintenance contract went to **APT Controls Ltd.**, the incumbent contractor.

The administration function was awarded to **Capital Parking Limited**, a management buy-out formed by two managers in the Planning and Transportation Department. The bid undercut the cost of the existing service by only 1%.

The processing function remained **in-house**, largely because they quoted the lowest price.

Grounds Maintenance

The contract was awarded for five years from April 1990. Three out of four areas were awarded **in-house** and the fourth area to **Krinkels Beplantings Maatschappijbv** - a Dutch company. The in-house contract worth £888,472 annually and Krinkels contract worth £381,644 represented the cheapest options and annual 'savings' of £53,443. Nineteen posts were lost in the process.

The competitive tendering process was fudged. The tender was initially sought on a city-wide basis and

it was recommended in a report to the Competitive Tendering Committee in June 1988 that it should be awarded in-house. The committee chose to ignore the recommendation and instead asked for the specification to be redrawn on the basis of four separate areas, making the contract more attractive to the private sector. There are fears that the in-house bid was submitted at a level which leaves the service under-resourced.

School Cleaning

As soon as Westminster took over responsibility for Education services from ILEA in April 1990, the council decided to put school cleaning services out to tender. They stated that there could not be an in-house bid, arguing that there was no central management for the service and that each school organised its own cleaning. The contract was split up into four areas.

The contract was awarded to three contractors - **Initial** (£288,910), **OCS** (£129,415) and **Wetton Cleaning Services** (£164,940) for four years from April 1991.

Within weeks there were serious problems with the contract run by Initial. Monitoring officers and surveys of headteachers and other educational staff showed a serious failure on the part of Initial to provide a service to the contract specified.

In May 1991, the chair of the Competitive Tendering Committee said the service from Initial had been exceptionally poor and issued the company with a warning stating that if they did not improve their performance, the council would terminate the contract and seek damages. This came after a catalogue of complaints from schools including examples of:

- complete failure to provide a cleaning workforce at some establishments
- cleaners failing to turn up
- no training or instruction
- inability to work because of lack of supervisors
- failure to provide adequate cleaning materials and staff uniforms.

The criticisms concluded that 'The failure to meet the basic contract cleaning service standards has meant that teachers and support staff at locations have either had to take remedial action themselves or have had to continue to function in an environment which the City Council would not consider to be conducive to the education of children'.

Between April and July 1991 financial deductions were made at a number of educational establishments. In addition, damages of £2,160 were also claimed against Initial by the council in respect of additional costs incurred as a result of Initial's failures.

By June, it was reported that Initial had made '*strenuous efforts to reverse the effects of the*



exceptionally poor start to the contract.....by introducing a new contract management team and committing additional resources to bring the standard of cleaning up to the level required...there is a growing confidence in Initial's ability to provide the standard of service required'.

However, at the Education and Leisure Committee in September, it was reported that there were still establishments where significant improvements were required or where fluctuations in service standards gave cause for concern. In addition, 'it is disappointing to report that the Summer holiday cleans including the high cleans of school kitchens have not gone as well as expected'. The report stated that the contract monitoring team had to make numerous visits to locations over the holiday period as well as holding frequent meetings with Initial's senior management. 'It was only as a result of these meetings and close liaison with local managers that officers ensured that the holiday clean at most locations was carried out on time and to a satisfactory standard. There were, however, a small number of locations where the non- or poor performance of holiday cleaning tasks were not carried out or rectified by the start of term'.

The effect of the privatisation of the school cleaning, contract which claimed net savings of £136,978 per annum and made 175 cleaners redundant has resulted in falling standards and major problems of running a service on the cheap. In addition, the council has spent considerable staff time and resources in putting pressure on the contractor to meet the specification, which even after financial penalties has not been achieved in several schools.

The following examples show the actual impact on the ground of a poor contract where staff are recruited on low pay and poor conditions, and are also untrained and unorganised.

Edward Wilson Primary School

'At the outset of the contract, the cleaning at the school was poor. Bad practices were being followed, because staff had not been trained properly. Improvements followed steadily, as new cleaners were employed and staff became more aware of their individual tasks. With the exception of a drop in the standard of cleanliness for a fortnight in July the improved standard is being maintained'

Hallfield Infants / Junior Schools

'Cleaning practices at these schools commenced in a disorganised fashion. Inadequate training meant that cleaning was being carried out without reference to the contract specification. And whilst improvements have since been gradual and consistent, contract standard has not been achieved at either school between April and July'

Gateway Primary

'This contract got off to a very bad start with unreliable cleaners who had not been trained. Although the standard of the cleaning improved significantly in July there have been serious deficiencies with regards the summer holiday cleans'

St. George's Hanover Square

'During April and May this school experienced a very poor level of service with major areas being missed eg. stairs. These problems persisted until June when there was a dramatic improvement in

standards. Further improvements were made during July.'

School catering

Following the transfer of the service to Westminster from ILEA in April 1990, a review was carried out. The review proposed putting the service out to tender in April 1991, ahead of the timetable required by the Secretary of State.

In June 1991 the council agreed to award the contract to **Commercial Catering Group Ltd.** for a five year period from September at an estimated cost of £1.762m in the first year. The only other bid was from the DSO (see Table 10 below) and following post-tender negotiations CCG offered the council a rebate of 50% additional gross profit generated at secondary school cash cafeterias plus a £10,000 discount if all the contracts were awarded to the company.

Table 10

Westminster School Catering Contract

Labour costs of all tender locations			
	CCG	DSO	% Difference
Hours per day	4940	5805	15%
Number of staff employed	281	295	5%
Annual cost	£978,070	£1,515,472	35%

Source: Report to Competitive Tendering Committee, 6th June 1991 'Award of Contract for the School Meals Service'

260 DSO catering workers were affected by the decision and the council claimed savings of £507,578 per annum.

The tender evaluation report for the contract reveals the reasons for the cheapness of CCG's contract.

The tender evaluation report concludes that 'the number of staff employed by CCG is only 4.75% less than the in-house team, but the cost of labour each year is 35.5% lower' They omit to point out that there is a 15% difference in hours. However, the report does point out the following differences in terms and conditions:

- 'CCG have lower basic pay rates
- The DSO have allowed for 4% performance related pay
- The DSO have made an allowance of 6% of payroll costs for staff sickness
- All DSO staff who work more than 15 hours a week are included in the City Council Pension Fund
- CCG allow hourly paid staff one week holiday per 38 weeks worked. The DSO would pro rata NJC conditions on 39 weeks worked
- DSO would pay supervisory staff for 52 weeks a year, CCG pay for 43 weeks

- CCG deduct 30 minutes meal break from all staff. The DSO will only deduct a 30 minute meal break if staff work more than 12.5 hours per week.'

These cuts in terms and conditions for catering workers and the fewer hours allocated to the contract by CCG account for the £537,402 difference in the bids - a 30% saving.

This case illustrates the clear effect of taking the monetary approach to contracting on the workforce with the erosion of pay and terms and conditions of employment found in local authorities.

Extending CCT

Westminster have, over the last two years, dismantled a further group of services.

Home ownership services

In October 1990 a report was submitted to the Competitive Tendering Committee about the potential benefits of exposing the Home Ownership services run by the borough to CCT and a proposed packaging of services.

The service was set up in 1988 to administer seven home ownership schemes with a staff of 56 and a £4m budget.

The service was tendered out to attract private sector interest by allowing companies to bid for individual parts of the service or the whole integrated service. In the event out of 8 invitations to tender only two submitted bids and the in-house service won on the grounds that it offered the cheapest option and annual savings of £321,750. 23 staff were made redundant with 18 posts remaining to run the service and 3 on the client and monitoring side.

Projects Team - Planning and Transportation

This service, comprising a multi-disciplinary team of 60 staff responsible for the design and implementation of traffic management, environmental design, landscaping etc., was considered for tendering in July 1991. A bid is expected from an MBO formed by two of the team's senior managers. An in-house bid is unlikely as a result.

The Competitive Tendering Committee agreed that 'consultants' would be needed to assist in the preparation of the specification and testing the market. Legal and management consultancy costs for carrying out the exercise and preparing the tender documentation is estimated to be £80,000.

The council hope to proceed with a contract start date of July 1992.

Building Control

In April 1991, the council agreed to assess the feasibility of tendering out building control and

producing a full service specification. The service which employs 84 technical/professional and 30 admin/clerical staff was taken over from the GLC in 1986.

Westminster recently decided not to contract out the building control work at this point because of legal problems. However, the service has been established as a pilot business unit.

Materials Supply

Following a review of the service, it was initially suggested that the materials supply service should be added to the competitive tendering programme. Instead, the purchasing department with 73 staff (FTE) and a budget of £1.19m is expected to be decentralised.

IT Services

The most recent candidate for possible privatisation is Westminster's IT services. On 18th November 1991, the Competitive Tendering Committee agreed to appoint a consultant to prepare a specification at a cost of £50,000 which will include a number of options and be used as the basis for an invitation to tender and negotiation with facilities management suppliers. As the report explains, Facilities Management in IT usually means the 'taking over of all or part of an organisation's IT responsibilities by one or more third parties' - in effect contracting out.

Westminster hope to make operational cost savings of between 10-15% on a budget of £5m for the area affected by the initial proposals. In the long term the council may reduce the IT staff to 'an essential core of key strategists, system integrators, and immediate support personnel'

Other white-collar services

Other services subject to review, and possible candidates for CCT in the next year, include property management, highways, legal services, environmental services (including environmental health and consumer protection). In the context of the Local Government Act 1992, the tendering out of these services seems highly likely if Westminster want to remain at the forefront of privatisation policies nationally.

A review of the council's environmental services department prepared by KPMG Management Consulting recommends embarking on a programme of cultural change and identifying services which can be market tested. The report targets 47 posts (20% of the department's staff) for redundancy, many of whom are front-line environmental health officers. Westminster's Labour Group have pointed out that cuts are to be achieved by reducing in many cases to the legal minimum, the council's responsibility for inspections. The Director of Environmental Services resigned while the review was in progress and the Deputy Director is one of

those recommended for redundancy by the report.

Contract Performance and Monitoring

Very little is publicly known about the detailed performance of contracts and the results of the monitoring systems used by Westminster.

In June 1988 the council produced a paper on the general principles of performance monitoring 'close monitoring of contracts which are tendered out or are won in-house is of critical importance if the council is to obtain value for money and to receive a service of the standard required.' In spite of this rhetoric public reports on contract performance are not regularly submitted to council committees and a great deal of secrecy surrounds the contracts where there are suspected problems.

In February 1991 a report by the District Auditor criticised Westminster's privatisation policies and identified major weaknesses including:

- A lack of understanding of what constitutes best practice in terms of contract management and contract monitoring
- Its approach to monitoring the contractors performance was not considered until after the contract had been let
- The lack of high level reporting procedures. There is little evidence that senior officers receive regular information on how well contractors are performing until major failure occurs. (Privatisation News August 1991)

The report, kept under wraps by the Council,

Council tell contractors to clean up their act
by JILLIAN McDONOUGH

WESTMINSTER has delivered an ultimatum to a school cleaning company: "Shape-up or be sacked".

The company Initial Contract Services, of Edgeware Road, Marylebone, has been told to pull up its standards or face the sack.

Westminster threatens to sack contractor

Pioneering privatiser Westminster LBC has threatened one of its new contractors with the sack if it fails to improve its service on a £1.1m school cleaning contract which began last month.

The council's competitive tendering committee issued a 'last-chance warning' on 14 May to the contractor, Initial Services Ltd, over the quality of its service on its four-year £290,000 per annum contract to clean 26 schools.

Committee chairman Cllr Alex Segal said the service had been 'exceptionally poor' and added:

"We have told them that they must greatly improve their performance and meet the requirements laid down. If we are still not satisfied we will terminate the contract and seek damages."

A spokesman for Initial admitted the company had suffered a 'local managerial problem on a few of the schools.' He added: "We have taken remedial action and the problem has been solved. And we have given the council assurances. We are sorry it happened and share the council's concern."

was prepared by consultants Touche Ross. It is highly critical and focuses in detail on four contracts - refuse collection and street cleaning, housing estate management, leisure centre management and on-street parking.

In relation to value-for-money they were 'unable to make any direct comparisons between the quality of service provided now and that which existed before. No records were kept on past performance (and in some cases on current performance) which would enable such a comparison to be made'.

Their overall impression from the service areas looked at was that the application of monitoring principles was patchy and that 'much could be done both to enhance the planning and monitoring and to improve the way in which day to day monitoring was conducted.'

Street Cleaning and Refuse Collection

In addition to a general concern about the lack of effective competitive pressure on the current contractor, the report states that a number of improvements could be made to contract management and monitoring procedures. 'We are not convinced that all the monitoring activity carried out is properly focussed on outputs, and that the level of monitoring taking place is not excessive. There is also a lack of information which may inhibit the exercise of effective management of monitoring staff and a clear picture being drawn of contractors performance'.

Although there is a penalty point system, this allows MRS a grace period for the correction of deficiencies before penalty points are imposed. A major failure or twenty minor failure attract a penalty point. Penalty points may result in deductions from payments to MRS. Only one penalty point has been awarded to date against MRS.

Although the council claims that the service provided by MRS is better than it was prior to tendering out, there is no concrete evidence for this. The Touche Ross report states 'It is difficult to assess how the public's view has changed since there are no records of complaints received when the Council's DSO was doing the work'

Therefore any claims by the council about the public's view of MRSs' performance are meaningless if compared with the previous DSO service.

Estate Cleaning

The report reveals that the contract documents specify tasks and frequencies but lack any clear definition of quality standards. 'The specifications are ...fairly generalised in terms of defining the quality of performance of tasks...in practice officers and the contractors appear to have established a consensus on what constitutes quality of service'

It also considers that the resource devoted to contract monitoring and the penalty point system



to be excessive and recommends that the council introduces a more streamlined contract monitoring process. This point is made because under the penalty point arrangements, 105,000 penalty points can be awarded on any one contract over a 12 week period before the contractor is in default. Between September 1988 and December 1990, Electrolux conceded 564,217 penalty points and a financial penalty of £13,674. This averages 150 penalty points each day per contract!

Leisure Centre Management

As the report points out, cash savings have been made on this contract. But once again the monitoring system is subject to criticism. 'It is disappointing ...that there was initially **no effective contract monitoring system in place. This seems largely to have resulted from management time being devoted to resolving other problems and issues. We understand that monitoring of performance is now being undertaken through a process of random sampling.**'

The contract includes a penalty point system with penalty points awarded for performance failures such as failure to keep to opening hours, complaints received, inadequate staffing. There are no automatic financial penalties, though more than 100 penalty points in any 12 month period for any one contract would result in default.

Specific management and monitoring problems on the leisure management contract include:

- failure to appreciate the extent of maintenance and repair work needed resulting in disruption in the provision of facilities. Contractors have therefore claimed for loss of income resulting from maintenance work.
- shortfalls in contract monitoring. The failure of the computerised booking system meant that the council does not have access to information on centre usage and cannot assess whether objectives on centre usage are being met.
- Monitoring on the basic contractual specifications is based on random visits and checks and following up customer complaints. However,

the report implies that the process is ad hoc and used ineffectively. *'The process may benefit by being set out in writing so that management has the ability to check that monitoring is being carried out in an effective manner'*

Street Parking

In this case there are four different contractors operating various aspects of the street parking service. Monitoring only seems to be effective in the Street Parking Enforcement service contracted out to APCOA which has been extremely problematic. The report states quite openly *'our impression is that there is little effective monitoring taking place in the other three contract areas. We recommend that early action is taken to investigate how weaknesses in these areas can be removed'*.

Once again, there were no performance measures in place prior to the award of the four contracts, and a lack of current information about the three contracts other than APCOA's, and so no proper assessment can be made whether standards of service even meet the targets set by the council. (District Audit Report 1991)

Suspicious confirmed

Westminster's Labour Group and trade unions have long argued that the secrecy surrounding contract performance is highly suspicious. The criticisms contained in the Value for Money Audit report by Touche Ross confirm this. In addition to analysis of specific contracts, the report highlights the absence of proper monitoring procedures *'We were presented with only limited evidence that any clear procedures exist for reporting on the progress of contracts to senior officers and members. We are not clear how senior management gain any assurance that the services in question are running smoothly or that contract monitoring and management is working effectively'*.

The report goes on to recommend that minimum frequencies should be set for reports to Chief Officers and committees and that the Competitive Tendering Committee is informed of the progress of contracts. The trade unions have no evidence that Westminster have made any improvements to the monitoring process in spite of all the criticisms.

Use of consultants

Westminster has used private consultants extensively in its competitive tendering programme.

The following examples give a flavour of the involvement of consultants:

- Home Ownership services - Price Waterhouse were employed to produce the specification and advise on the tendering strategy for the service and to evaluate tenders. Solicitors McKenna and Co. were employed to produce the contract documentation.

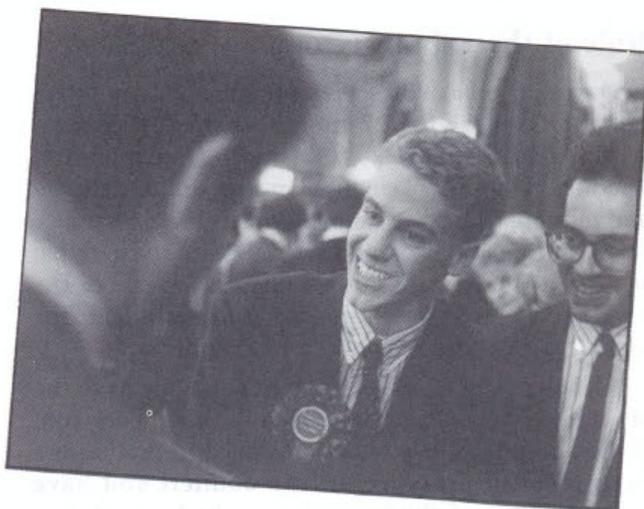
- Price Waterhouse were commissioned in 1989 to conduct a review of highways engineering functions, including highways maintenance and street lighting.
- Paddington Recreation and Westbourne Green leisure centres - consultants used to produce the contract documentation and specifications.
- Consultants used to review the school meals service.
- Touche Ross Management Consultants carried out a study of the homelessness service.
- Consultants will be paid £50,000 to draw up the specification for the IT Facilities Management contract.
- KPMG Management Consulting paid £50,00 for review of Environmental Services Department.

Extending commercialisation - Business Units

- Not satisfied with contracting out services and selling off its houses and land, Westminster is planning to implement its enabling role in a manner which could have devastating effects on jobs and services. On 14th October 1991, the Policy and Resources Committee agreed a report from the Managing Director, Mervyn Montacute, recommending that business units be introduced for all direct and support services. He argues *'that an internal Business Unit is analogous to an external contractor. It is a fully accountable service centre which works to a clear specification for an agreed price or fee structure over defined periods'*

The proposal was presented as an extension of the 'benefits' of competitive tendering beyond the existing programme. The aim is to ensure all services are subjected to the 'discipline of contract'.

The paper argues that Business Units 'will be a great opportunity for staff'. This myth is put for-



ward as an argument for competitive in-house bids ie. bids that make substantial savings on current costs, and management buy-outs. 'Once a competitive tendering exercise becomes possible, staff will be well placed to mount a competitive tendering bid, or even to pursue a management buy-out'.

The benefits of Business Units are outlined in the context of Westminster's general principles of competition and value-for-money criteria:

- exposure of all services to the discipline of contracts
- clear management accountability for every service
- enforceable service standards for every service
- acting as a catalyst for the introduction of Citizen's Charters' for more services
- clearer disclosure of corporate costs
- assisting the preparation for formal competitive tendering for some services
- central support services will be competing with external providers for internal business
- a new entrepreneurial culture will develop throughout the organisation, focusing on outputs, financial performance and clients
- a single coherent approach to the procurement, management and monitoring of services
- maintaining Westminster's reputation as a pioneering authority.

The intention is that business units will have greater control over their budgets and staffing, and more freedom in operational management.

The council plan to start a pilot phase of business units in April 1992 with all departments having at least one pilot unit. From April 1993 a framework of 'autonomy, incentives/sanctions and charging mechanisms will be ready for use'.

By the end of 1994 Business Units will be set up to cover all services which are not tendered out.

Opposition to the council

Role of the Labour Group

During the late '80's Westminster had an active Labour Group with 27 members on the council working in the context of a small Tory majority. Labour councillors operated in a coordinated way actively opposing the council's privatisation plans. In 1990, the Tories gained several seats in marginal wards on the back of a low poll tax. Several of the leading Labour councillors lost their seats and the Labour Group was reduced to 15.

Although the Labour Group now do not have the strength of opposition developed in other Tory controlled boroughs, they have managed to maintain a high level of pressure on the council and have exposed many of the issues facing the borough in a

high profile publicity campaign. However, the Labour opposition does not have a well resourced Trades Council or a consistent campaign of public opposition to work with.

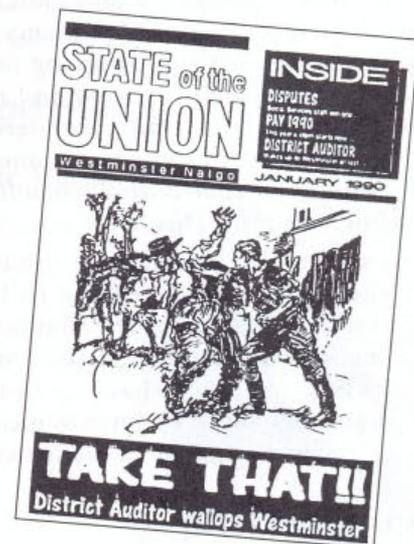
Role of the unions

The in-house unions have opposed privatisation at every opportunity. However, the climate for the trade unions in Westminster has been difficult, with little history of trade union consultation and a lack of information about the council's plans. The unions have had to fight hard to have their voices heard.

Westminster NALGO have a policy not to be involved in any aspect of the privatisation process. Members were balloted in 1987 and agreed not to co-operate with the council including the preparation of in-house tenders, specifications or any other CCT work. This has proved difficult to enforce particularly as white-collar jobs have been subjected to tendering out.

Westminster NALGO produce a monthly paper 'State of the Union' - informing their members of union activities and council plans.

In the early days of cuts and privatisation, Westminster NALGO made links with branches in other London boroughs and local authorities elsewhere and developed joint work on anti-privatisation policy. This brought together the different experiences of union branches and assisted in



developing work across unions, part of which was the establishment of the Public Services Privatisation Research Unit. Westminster NALGO are now seeking a wider role for the Unit which will include work on commercialisation of public services.

NUPE, with large numbers of manual workers affected over the past 5 years, have attempted to participate in the CCT process. However, they have

consistently been denied involvement and have not been adequately informed of the council's intentions. For example, NUPE were given only three days consultation over the tendering out of the school catering service and non at all on the school cleaning service. NUPE have recently sought some agreement with MRS, the cleaning contractor, over union recognition and are planning a recruitment campaign. It is expected that MRS may be interested in recognition in their attempt to show to other local authorities that they are willing to negotiate with unions.

There is joint union working on publicity and lobbies of the council have been held in opposition to particular proposals.

Both unions feel that, given the strident and often secret actions of the council around privatisation policies, the main scope for influence is

- through publicising what is happening through publicity and the NALGO paper 'State of the Union'
- by stating the union case at council committees, including the Competitive Tendering Committee. Since the union is not given a chance to influence change through the council structures, and the Staff Joint Committee does not meet regularly, attendance at council committees is important.

The decentralisation of personnel functions has also served to make the union's influence weaker. Issues are lost as problems are contained within departments and sections. The break up of the Managing Director's department will devolve per-

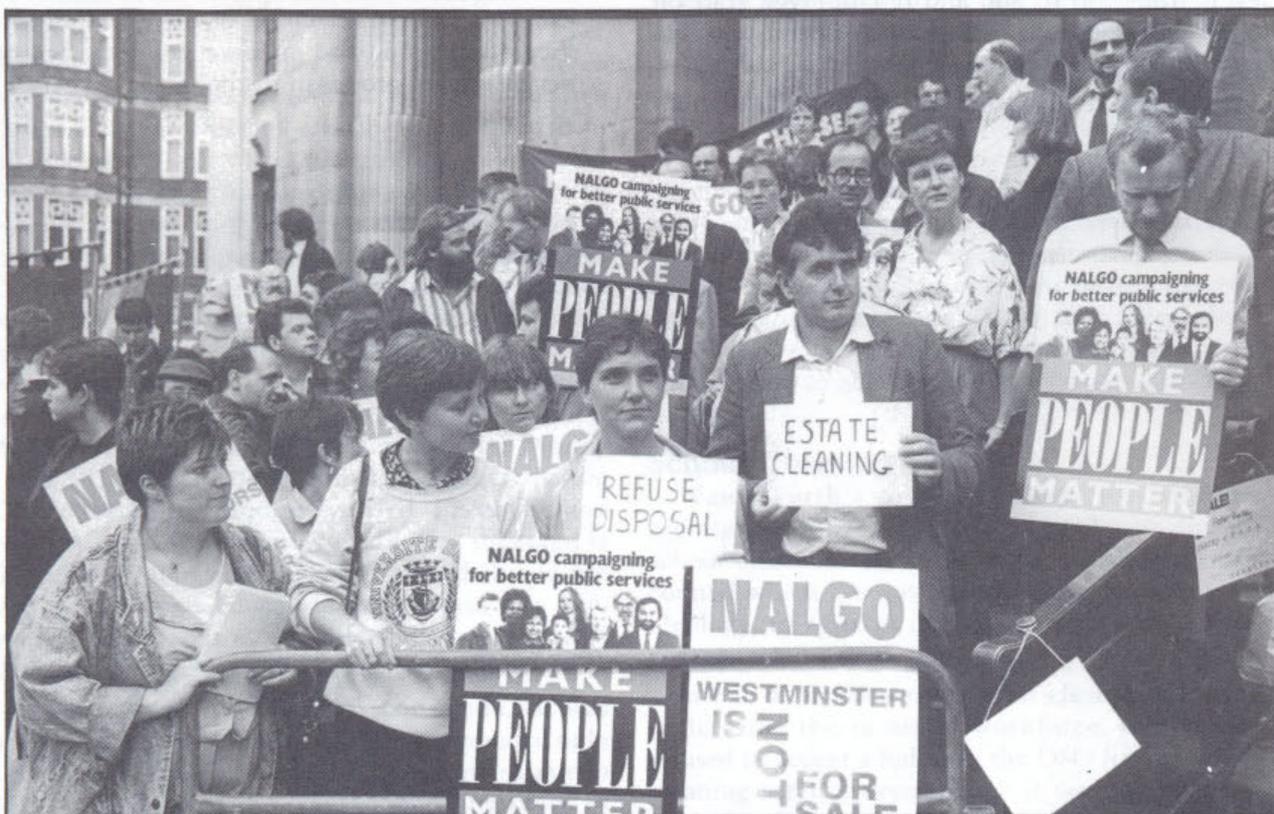
sonnel even further and trade unions will find it harder to get information and know what is going on.

Local Opposition

In the early and mid-80's, NALGO was actively involved in the local Trades Council by raising issues at meetings and making links with other public sector unions. They were instrumental in initiatives such as public meetings and conferences around the issue of privatisation of local services. In 1988/89 Westminster Fightback was established covering privatisation of council services, health, housing and education.

In the early '80's local community campaigns were active in the borough. The impetus for these came from the voluntary sector who were starved of funds. Save Westminster Services was established as an umbrella group of voluntary organisations. Housing issues dominated the local community from the mid-80s. The Housing Forum was successful in challenging the local council on a number of issues. They held regular meetings on estates and developed strong links with other local community organisations. However, the nature of tenants organisations has altered with the sale of hundreds of council properties. Tenants associations are now controlled by leasees rather than council tenants.

Local pressure groups have been weakened over the past few years, in part by the housing policy of the council which has broken up long standing communities. There has been little local response



to the privatisation policies of the council (apart from housing). With a low poll tax and a glossy council image supporting the use of contractors in a borough where services have never been particularly good quality, as well as the secrecy and lack of public debate about contracts, there is limited scope for community opposition to the dismantling of public services.

One exception is Walerton and Elgin Community Homes (WECH), the registered housing association formed by residents on the Walerton and Elgin estates in North Paddington to resist Westminster's plans to 'create a new community' by selling off their homes to private developers. WECH recently made history by becoming the first approved landlord to win a Tenants' Choice vote. The vote was a culmination of a six year campaign to prevent the sale of homes.

Impact on employment, pay and conditions

Privatisation has led to hundreds of council staff being made redundant. The council now employs very few manual workers. White-collar staff are increasingly finding their jobs under threat either through tendering out or through the ever increasing pressure to cut costs and justify staffing levels throughout the council.

Once staff leave the council's employment little is known of their position in the labour market. On large contracts such as the refuse and street cleaning service, MRS immediately reduced employment levels from 900 to 800 and re-employed staff on terms and conditions inferior to Westminster's. No overtime payments are made.

Civic Leisure staff were asked to work bank holi-

days without extra pay. Several of the former DLO employees refused to accept jobs with Civic because of the 14-week probation period the company insisted on.

On the school cleaning and catering contracts, holiday and sickness pay was cut and no retainer fee paid for holidays on the catering contracts.

Key issues in Westminster

1. The council has altered the terms of the tendering process to suit the private sector eg. social services transport and grounds maintenance contracts.
2. The council has squeezed out further savings from contracts by holding post-tender negotiations with contractors.
3. In some cases the DSO's have been discouraged from tendering eg. school cleaning.
4. MBO's have been encouraged with managers involved in setting up MRS working on the council's specifications
5. Monitoring of contracts has been inconsistent and poor in many cases. Secrecy of the process has been highlighted by the District Auditor's report.
6. Commercialisation will continue apace in Westminster with the review of more white-collar services and the proposals to establish business units in every part of the council.
7. Westminster have argued that privatisation will bring 'value for money' and efficiency. But this is clearly just one side of the equation and excludes any consideration of the effect on service quality and the massive problems facing disadvantaged groups in the borough

Wandsworth

Contract culture

Wandsworth has seen dramatic political and economic change over the last 15 years. During much of the 1970's Wandsworth was Labour-controlled and was considered to have progressive policies directed at reducing inequality within the borough. In 1978 the Conservatives were swept to power and rapidly set about dismantling local services. In their first three years of power 1,800 jobs were lost through cuts, before the privatisation plans were even started. The privatisation programme in the borough was initiated long before any Government legislation. The problems predicted by the trade unions and local campaigns during the early '80's in the borough were ignored by the council who were intent on leading the way on privatisation regardless of the implications for the council workforce and the local community.

Wandsworth, like Westminster, is one of the Tory flagship councils. But the way in which its policies have been implemented has been rather different, with a much higher profile given to privatisation, especially of manual services, and contract failures. This has clearly been in part due to greater opposition to the council from trade unions, who had developed their organisation under the Labour administration, and the local community, which has an active Trades Council, and community-based organisations with experience of lobbying and putting pressure on the council.

Role in the Government's policies for local government

Wandsworth was supported in its pioneering 'testing of the market' throughout the '80's by the Thatcher government, which was intent on breaking up the public sector. The Government looked to the Wandsworth experience in drawing up the legislation for CCT, and despite the problems with contracts and a devastating effect on the council workforce, adopted many of the council's ideas in the Local Government Act 1988. By then Wandsworth had already privatised many of its manual services and built up experience in developing a contract culture where financial criteria are the dominant force in decisions about the operation of services.

It was politically very important to the Conservative Party to sustain the momentum of privatisation at the early stages and to ensure the

weakening of the in-house unions, as an example to local authorities and trade unionists elsewhere.

Political and managerial style

The instigator of Wandsworth's ideology during the early '80's was the leader of the council, Christopher Chope (now Conservative MP). In November 1982, he announced that most local authority services should be privatised and that Wandsworth was doing just that. Once he became an MP and later Environment Minister, he referred to his former borough as a model of what the government was aiming for. One of the central points of enforced tendering as he saw it was to casualise labour and break down trade union organisation: 'There are several examples in Wandsworth where testing the service in the market place finally led the workforce to accept more efficient working practices and thereby beat all private contractors. It is amazing how efficiency can improve when the mind is concentrated'.

Paul Beresford took over as leader in 1983 and promised that privatisation would become the new orthodoxy. In a publication for the Centre for

Wandsworth to set zero poll tax
 Wandsworth LBC this week announced a zero poll tax again set

Council cuts transport help for disabled
 But its flagship Council cut 5 until 1992

Wandsworth's school cuts 'threaten jobs'
 HUNDREDS of teachers and support staff may lose their jobs because of cuts in their budgets, headteachers in the Tory flagship borough of Wandsworth, south London, said yesterday.

James Melkie

19/3/92

may the first £1.25 of a journey and make up the difference over any £9.
 The Travelcard scheme is supported by boroughs across the country to enable pensioners to travel free on public transport. The council said: "This is shen."

Policy Studies 'Good Council Guide. Wandsworth 1978-87' Beresford explained that the council's three main strategies were

1. The efficient management of services
 - to cut out waste
 - to ensure high quality
 - to test all council services, where possible, against the private sector, and to contract out, where appropriate.
2. A vigorous sales policy, involving
 - the sale of land and buildings
 - the sale of houses to families on low incomes
3. Major capital investment to rebuild the local commercial and industrial infrastructure.

Beresford's beliefs were reiterated when the council decided for the second year to fix a zero poll tax. He claimed that the zero rate was the result of 'efficiency, quality and value for money'.

Financial strategy

Maintaining low rates and more recently a low poll tax has been central to Wandsworth's ideology and key to its privatisation programme. This has been achieved by a combination of factors, only part of which was contracting out services. The financial strategy adopted by the council from 1978 had several components:

- To maximise council house rents
- To ensure income from the sale of council property
- To minimise staffing, especially manual worker staffing
- To make savings on contracted-out services, with in some services, lower standards
- To increase charges for services
- To receive favourable treatment from Government grants

Wandsworth have consistently claimed that low rates and poll tax have been the result of efficiency and privatisation. In fact, they are the product of relatively low levels of service, high levels of Government grants, high council house rents and income from council house sales.

1992 will see a zero poll tax for the second year running. In 1991, the council's budget was made up of:

● government grant of	£202m
● transitional grant of	£26m
● bank balances of	£7.8m
Total budget =	£235.8m

This budget was £15m less than the Government's Standard Spending Assessment suggested for the borough. In other words, the council could have quite easily increased its spending without putting up the poll tax to what would have

been considered to be a politically 'unacceptable' level.

In addition, the SSA used for the borough is out of date and generous to Wandsworth because it does not take into account the changing population structure of the borough and strong bank balances generated in part through an aggressive council house sales policy.

In setting such a low poll tax, the council wanted to make a political point which supported the Tories nationally. The argument was made that services could be delivered cheaply with reduced spending and low poll tax and that voters would continue to support them. In addition they promised no reduction in services.

These promises have obviously not been kept in terms of the cuts made to key areas such as social services. However, the image promoted by the council has been, like Westminster, one of value for money linked to efficiency and good financial management and this message has been promoted and to a large extent, votes have been exchanged for a minimal poll tax.

Sell offs

Many of the council's assets have been sold off, with half the borough's homes for the elderly sold to private companies and charities, and whole blocks of council housing for private development. Many of the properties which have been sold by the council were the good quality and attractive houses and flats built by the previous Labour administration. The sales policy implemented by the Conservatives in Wandsworth was to deliberately gentrify the area and has included:

1. Site sales to private developers
2. Right-to-buy sales, initiated by the council prior to the 1980 Housing Act
3. Sale of vacant properties through the Priority Group Sales Scheme which is open to council tenants, and anyone else living or working in the borough, provided they are not already owner-occupiers. All applicants get a discount of 30% on market value of the property they buy.
4. Partnership schemes with the private sector on housing estates
5. Portfolio sales - sales of empty blocks to private companies for redevelopment and eventual sales.
6. Sales areas - designated areas, or estates, where vacant properties are sold.

The cumulative impact of these policies has been the steady erosion of Wandsworth's public sector housing stock to the detriment of those who remain council tenants and especially those awaiting rehousing or housing transfers.

In 1981 Wandsworth sold an entire estate in

Repairs to go on poll tax

WANDSWORTH Council faces a bill of more than £46 million for repairs to schools and colleges over the next five years, writes Peter Kingston.

The flagship Tory borough, which set a zero poll tax this year, looks likely to impose some of the cost on the poll tax payer and will be asking for Government help.

The figures contained in an internal council report show the borough's newest schools are in the worst state of repair. Buildings put up in the early 1960s have weathered less well than those constructed in Edwardian and Victorian times.

According to an architects' department report, Wandsworth faces repairs of at least £33 million to primary schools and £25 million to

secondary schools. It blames lack of maintenance by the defunct Inner London Education Authority for much of the problem.

But school and of the to He ha ti

have to foot some of this bill but we are confident that we will still be setting a low community charge." He said Wandsworth hoped to cover a lot of the cost of repairs - the sales of houses and

Contract tendering under fire

WANDSWORTH Council's tendering practices have come under fire again. This time the council is set to

tenders for catering at old people homes. Contractors

ARA were ncil last year breaches in regulations. if they are kely to see arving old to make a

Wandsworth's 'dirty tricks'

In-house cleaning bid spurned

TORY flagship Wandsworth council in South London was yesterday accused of dirty tricks in its school cleaning service, after it refused to accept a tendering offer from its direct labour force, even though it was the only one made for the contract.

not about being competitive. It is about low pay and that alone."

In a bid to attract distinctly enthusiastic private companies, Wandsworth is now proposing to divide the school cleaning contract into four separate areas and accept

Battersea in need of modernisation and, in 1985 it was the first local authority to sell a complete high rise estate which developers refurbished and sold as luxury homes at a massive profit. As Michael Ward pointed out in his booklet 'Municipal Monetarism' the sell-offs were part of a strategy to change the social geography of the borough. This all helped to increase the power of the Tories and in the 1987 General Election, Battersea was won by the Conservatives.

Wandsworth has led the field in council house sales. The council has sold off 40% of its housing stock and in ten years has sold more council houses (16,237) than any other London Borough. (See Table 1). Many of the purchasers were not sitting tenants but people with extremely tenuous connections with the borough. The spin-off is an exacerbated housing shortage with, at the end of 1990, 817 families in temporary accommodation. Many families on the housing waiting list are trying to get rehoused in neighbouring Lambeth.

The council showed its true colours when, in January 1991, councillors chose to put £4.79 a week on council house rents rather than 20p on the poll tax to meet additional leasing costs for the homeless. As a result of a 30% increase in rents in April 1991, Wandsworth rent levels are the 5th highest in the country, averaging £45.32 a week. The authority has decided to maintain its high level of rents; 1992 will see an average rent increase of £3.50 per week for council tenants.

Cuts

Cuts in services have been taking place in Wandsworth throughout the Tory rule of the council. Battersea and Wandsworth Trade Union

Council have documented in detail the extent of the current round of cuts in direct services and funding of the voluntary sector ('£148=0 The Story of the cuts in Wandsworth so far...'). The report argues that in their determination to prove a political point Wandsworth will sacrifice anything - even nursery schools and schools for children with special needs.

Following the recent increase in the Tory majority, the council announced a £1m cut in support for the voluntary sector. Many services provided in the borough have been closed down altogether, for example three Law Centres, the Wandsworth Disablement Association, two Family resource centres, and cuts have been made in a number of community based services. For example, the council is in the process of cutting the number of Social Service nurseries from nineteen to eight. This is part of a policy which 'cuts costs yet suggests fullness' ('Wandsworth - a cut above the rest' Guardian 26/2/92). The council are claiming that they can guarantee a nursery place to every three to five year old in the borough. Surplus places in schools are being used to expand nursery education. The money to fund extra teachers is being funded by closing eleven of the council's nineteen social service nurseries. Nine community nurseries, which previously depended on council subsidy are under threat of closure. As a result nursery places for younger children is strictly limited to those in special need. The new nursery classes are only available during school hours and the losers are the less well-off working parents who previously qualified for a council nursery place or a subsidy to help them with childminding costs.

Charges have also increased. For example, the home helps service costs each user a minimum of £2 an hour.

Table 11

Wandsworth County Council Contracts put out to tender 1988-1991

SERVICE	CONTRACTOR	DATE & (LENGTH)	VALUE	'SAVINGS'	JOBS AFFECTED	OTHER BIDS
Street Cleaning	Pritchards	1982 (5)	£787,775	£300,000	102	4 contractors
	Tylers	1987 (7)	£1,487,283	Additional costs		
Refuse	Grand Met(BFI)	1982 (5)	£2.241m	£214,868	212	
	Tylers	1987 (7)	£2.057m			
Grounds Maintenance	Pritchards	1983	sacked the same year		60	
	Tylers	1983(5)	£494,904			
Litter Picking	Tylers	1989 (5)	£244,054			3 contractors
Public Conveniences	Initial	1984 (5)	£276,299		54	13 contractors
	Extended for 2 years in 1989					
Estate Cleaning	Initial	1985 (5)				
	Exclusive Electrolux	1989 (5)	£2.2m	Additional costs		
Welfare Catering	ARA	1985 (5)	£523,000	£75,000		
	DSO	1989	£1,527,027	Additional costs (includes cleaning as well)		
Building Cleaning						
Libraries	Initial	1985 (5)	£70,988			
	Ocean	1990 (5)	£136,934.31	Additional costs		4 contractors
Pools and halls	Automagic	1983 (5)	£142,194		21	
Office cleaning	Executive	1985 (5)	£94,240		75	
	Ocean	1990 (5)				3 contractors
Old People's homes	Executive	1988(5)	£53,000			
Youth Services	Ocean	1990				no competition
Public Halls	Taylorplan	1988 (5)	£126,413			
Grounds Maintenance						
Housing Estates	Tylers	1989 (5)	£674,764	Additional costs		(5 contractors)
Horticultural Maint.	Tylers	1990 (5)	£733,709	£176,470	34 jobs	DLO and 3 contractors
Cemeteries	Tylers	1989 (5)	£448,990		41 jobs	DLO
Battersea Park	DSO	1989				
Leisure Centres	DSO	1989 (5)	£1,119,000	£669,000	14 redundant	1 contractor
Social Services Transport	DSO	1991 (5)	£1,343,552		20 redundant	1 contractor
Schools Grounds Maint.	DSO	1991 (3)	£250,750	£200,000		
Schools Transport	Tylers	1991	£682,451		38 manual jobs	DSO + 1 contractor
Computer Mainframe Mainframe		CFM	1991			
School cleaning	Executive Welton AIPS	1992	£1.084m	£777,000	371	DSO + 6contractors
Total					1042	

So, although the poll tax is low, the cost of living is high for some groups, when the high council house rents and charges for services are taken into account combined with low wages for hundreds of contract workers.

In spite of the Leader of the Council's promise that he would not close schools, cuts in education are taking place and one school has already closed and another is due to close shortly. As the table on page 33 shows several other schools are seeking to opt out of local authority control.

Privatisation of Wandsworth's services

Wandsworth has been a testing ground for privatisation for longer than any other London borough. Amid a great deal of controversy, the council privatised the street cleaning and refuse contracts in 1982. The borough and its services became a guinea pig for contracting-out and was flaunted by the Government as a shining example of its plans for public services.

The history of privatisation in Wandsworth has been more traumatic and problematic than in Westminster or Kensington and Chelsea, marked by several dramatic contract failures. However, contractors paying low wages and employing workers on poor terms and conditions have been actively encouraged and welcomed as part of the financial strategy to keep the borough's budget down. Most of Wandsworth's manual services were contracted out prior to the legislative requirements of the 1988 Local Government Act. (See Table 11)

Wandsworth has tended to support flagship contractors making it seem at times like a one company borough. In the early days, Pritchards held three major contracts. By the mid-80's all these contracts were presenting huge problems for the borough and the company lost all three contracts - one by nego-

Since the demise of Pritchards in the borough, another contractor, Tyler Environmental Services (previously Teamwaste) has built up a cosy relationship with Wandsworth. Tylers got a foothold in the borough when the company were awarded the street cleaning contract in 1987. The company now has seven separate contracts in Wandsworth worth a total of £6.3m per annum. (See Table 12).

The following analysis shows how Wandsworth has based its competition policy on low costs rather than quality of service measures.

Street cleaning

As early as 1980, following a series of strikes over vacant posts and bonus levels, threats of privatisation were used by the council to force negotiations to make cuts in the service. (See 'Public Jobs for Private Profit' Wandsworth Trade Union Publications 1983, for further detail). In spite of concerted union opposition, the council put the service out to tender in 1982. The council accepted **Pritchard's** tender for **street cleaning** which came in way below the in-house bid and with a much lower staffing level than any of the other contractors. Pritchard's claimed productivity levels were 67% above the DLO's bid. Terms and conditions for the workforce were substantially less.

The increase in efficiency claimed by Pritchard's never occurred. There was continuous criticism of the quality of the street cleaning carried out by Pritchards over the five years of the contract. The council gave Pritchard's many opportunities to improve the service with 'penalty-free' periods but the contractor exploited its position, in a borough seeking to prove a point about privatisation, to the end of the contract.

In 1987, the **street cleaning** contract was retendered and awarded to the lowest bidder, **Teamwaste (R.B. Tyler** which is part of AAH Holdings PLC) against three competitors, including BFI. No in-house bid was prepared by the council. The contract worth £2.057m per annum was awarded for seven years. The company offered no pension scheme, a sick pay scheme only after a year's employment and training 'on the job'.

Prior to retendering revisions were made to the specification and as a result the contract with Tyler's was based on a 31% increase in the overall level of services and cost the council 51% more than the contract with Pritchards. The savings claimed on the service when it was initially privatised were obviously eroded by retendering. In addition, the lack of an in-house bid concealed the fact that the retendered contract employed more staff than the DLO did before Pritchard's took over, yet the cleansing standards were still not as high as the level operated by the DLO. (Public Service Action No.25).

Table 12

TYLER ENVIRONMENTAL SERVICES - WANDSWORTH CONTRACTS

Contract	Annual value
Street cleaning	£1,487,283
Refuse	£2,057,112
Litter Picking	£244,054
Grounds maintenance	£674,764
Horticultural maintenance	£733,709
Cemeteries maintenance	£448,990
Schools Transport	£682,451
Total	£6,328,363

tiation, one by gross default and one in the re-tendering of the contract.

Refuse

A few months after the street cleaning contract was awarded, in the context of important local elections and further threats to the service, the refuse workers took industrial action. In the sixth week of the strike, the council told the workforce to tender in competition with contractors. The final result was that Wandsworth ignored the trade union arguments and plans for the service, and awarded the refuse contract to **Grandmet Waste** who took over the contract in October 1982. Grandmet was taken over by BFI in 1985.

There were major problems with the contract. The firm cut wages and the unions successfully won a Fair Wages Clause case.

In 1987 the refuse contract was retendered and awarded on a seven year basis to Tylers, the lowest bidder, and the contractor operating the street cleaning contract.

This involved a reduction in the number of rounds for dustbin collections from 15 to 12.



Complaints about Tylers refuse contract reached 1,411 and 1,594 in the first two months of the start of the contract in October 1987. During 1988 they reduced to an average 508 per month. Financial defaults totalled £1,400 in the first year.

Tylers pulled out of a policy of union recognition when it took over the £2.2m a year contract. The company stated that workers could join a union but refused to recognise a union for negotiating purposes.

The contract has continued to be subject to a large number of complaints about the service. In the first year there were 8,104 complaints, in 1989/90 5,952 complaints and in 1990/91 6,591 complaints. The council blamed the increase in the last year on inclement weather, roadworks, improved monitoring and an increased workload. Many of the complaints were related to trade refuse collections.

Grounds Maintenance

In March 1983, **Pritchards** were awarded the contract for the Mobile Maintenance Units and took over the responsibility for all grass cutting and other horticultural services. This was quickly followed by deterioration of the service and a high level of public complaints. The council fined Pritchards and demanded improvement in the service to avoid further public embarrassment. With profitability on the contract being squeezed,

Pritchard's management introduced piecework for gardeners. This was followed by a strike. Later that year Pritchard's were sacked by the council after incurring £138,116 in fines for failing to carry out work and poor standards. In 1987, after a 4-year legal battle the council had still failed to obtain the £75,000 performance bond which Pritchard Services Group had placed with the Bank of America. There were no estimates made of the council's legal costs - a prime example of the hidden costs of tendering out.

Tylers took over the contract from Pritchards. In 1990/91 1,086 penalty points were made against Tylers at a cost of £15,239 to the company (2.08% of the total contract value).

Public Conveniences

In 1984 the toilet cleaning contract was awarded to Initial for 5 years. The council decided to take the lowest out of 14 tenders submitted and make 48 full time and 6 temporary staff redundant. The estimated saving over the five years of the contract was £756,000. The contract was extended without retendering in 1989 for another two years. In 1991 it was reported that *'Although the level of defaults continue to be a matter of concern, the response from the contractor has been positive. The contractor's performance will continue to be carefully monitored'*.

Buildings Cleaning

Library Cleaning

Exclusive Cleaning and Maintenance initially operated the library cleaning contract in Wandsworth. In 1986 the company were fined £693.13 following 110 penalty notices for inadequate cleaning and non-attendance by cleaners. With the takeover of Exclusive by BET, and its merger with Initial, the contract became Initials and ran until 1990 when the contract was retendered. On retendering, the lowest tender was submitted by **Ocean Contract Cleaning**, with Initial coming in second lowest and three other contractors substantially more. The tender evaluation only



considered the Ocean contract in detail and although the tender was £22,000 above the budget provision, the tender was accepted. The majority of the additional cost was attributed to *'higher tender pricing'*, presumably in part because the contractors did not have to compete with the DLO. Once again

savings went off the agenda and the council had to increase its spending on a privatised service.

Public Halls

In September 1988 the cleaning contract for public halls was contracted out and awarded to once again the lowest tenderer. In this case it was **Taylorplan Services**. As table 13 indicates there was a vast range in tender prices but no regard for or reasons given, in the tender evaluation report for the differences. The council only looked in detail at the five lowest tenders, so concerned were they with the cost savings of the contract.

Table 13

Wandsworth - Cleaning of public halls and community centres Tender response

Contractor	Tender (£ per annum)
Taylorplan Services Ltd.	126,413.05
S.B.S. City Cleaning	147,571.77
Automagic Cleaning Services	148,457.22
Bromley Cleaning Co.	167,497.35
L & P Cleaning & Maintenance	187,099.24
Design & Care Cleaning Services Ltd.	213,326.94
Electrolux Contract Services Ltd.	243,144.03
Co-ordinated Cleaning Ltd.	247,381.21
Servisystem	311,859.07
Academy Cleaning Services	409,801.48
Boiler & General Services Ltd.	509,349.13
Cleanmaster Ltd.	579,860.80

Source: Report to Leisure and Amenity Services Committee 20th September 1988

Office cleaning

This contract was originally tendered out way in advance of the Local Government Act 1988 with the loss of 75 jobs. Executive Cleaning Services operated the contract for five years from 1985, but lost it on re-tendering in 1990. In the first seven months of the contract (May to December 1985) the firm was fined £5,181 and the council reported 'serious deficiencies in the contractor's performance'.

Executive were also awarded the contract to clean old people's homes in Wandsworth in 1988 worth £53,000 for five years. Following a high number of complaints, council officers stated in 1989 that their experience on the contract gave cause for concern with poor management and standard of performance.

Two months after being awarded the libraries cleaning contract, Ocean Contract Cleaning were also awarded the re-tendered office cleaning work in Wandsworth. Three other contractors submitted bids way above Ocean's bid with Initial the second lowest and Executive and Electrolux almost double the price of the lowest bid.

Estate Cleaning

The cleaning of council estates was privatised by Wandsworth in 1985 and awarded to **Initial** owned by BET and **Exclusive Cleaning Services** owned by Brengreen Holdings. Within a year BET had taken over Exclusive and merged the two companies into one and the contract was then operated by one company. A report to the Housing Management Sub-Committee showed that in the first year there was a total of 91,292 defaults, but that despite the high number of defaults, the contractor was fined only £9,000. In other words each default cost BET a mere 10p.

In 1989 the contract was retendered and awarded to Electrolux (rather than Initial), the contractor operating in Westminster. When the company was subject to a management buy-out and renamed Swanlux, Wandsworth, like Westminster, merely transferred the contract to the new company and did not bother to retender.

During 1990, Electrolux was running up to 1000 defaults a day on their £2.2m contract. The firm had to pay £8,000 in penalties in one week when it failed to carry out weeding on the Roehampton estate. Tenants organisations complained about stairs and lifts not being cleaned, lift breakdowns not being reported, failure to replace lights and regular under-staffing of the contract.

Catering - old people's homes

In 1985 Wandsworth privatised the catering service in the borough's 11 old people's homes and awarded the five year contract worth £523,000 per annum to ARA Services. From the beginning, ARA were subject to hundreds of defaults on the contract and were fined on numerous occasions by the council who were concerned to protect the so called 'savings' made by tendering out the contract. In

Contract revoked on health grounds

OAP caterers sacked

CONTROVERSIAL caterers ARA Services have lost their £650,000 a year contract to supply catering to Wandsworth Council's old peoples homes.

And a damning report by Wandsworth Health Officers means the company may be prosecuted for local food hygiene.

By Debbie

Mr Goodman must be held responsible for the way ARA Services have been allowed to operate for so long.

The company lost over £100,000 in the process.

As the new Town Hall was opened the council discovered the contract would be minimal and cost over £650,000 per annum.

The contract at the time was for 11 old peoples homes and was worth £523,000 per annum.

months the number of complaints received from staff at the homes were high.

ARA Services were fined on numerous occasions by the council.

Continued on page 24

Caterers get the sack for serving up mouldy food

WANDSWORTH INDEPENDENT 17/10/88

TOXIC food which has caused to sicken a large number of council staff has been found in the kitchen of one of the old peoples homes. The catering staff were found to be serving up mouldy food to the residents. A health officer has visited the homes and found that the food was unfit for consumption. The council has ordered the caterers to stop serving the food until it is safe. A health officer has also visited the homes and found that the food was unfit for consumption. The council has ordered the caterers to stop serving the food until it is safe.

Cockroaches and rat poison discovered in kitchens of ten council homes for the elderly

spite of warnings from the council ARA's performance did not improve. More money was spent by the council on monitoring the contract than first anticipated.

In 1988 the company were sacked by Wandsworth for running unhygienic kitchens, supplying rotting food and providing minute portions to elderly residents. The Environmental Health Officers who carried out random inspections of five homes stated '*Overall standards were unacceptable. Basic principles of food hygiene are being ignored. Specific requirements of the contract regarding personal hygiene are being breached. Raw and cooked meats have not been properly separated with consequent risk of contamination by salmonella bacteria*'.

ARA admitted that their budget for feeding residents was totally inadequate and claimed that they had been trying to renegotiate or withdraw from the contract.

The sacking meant that in-house staff had to cover for the contractor. The contract was re-packaged to incorporate catering and cleaning. Following a poor response to the tendering process the combined contract was eventually awarded to the lowest bidder - the DSO.

Grounds Maintenance

Cemeteries

In 1988 Wandsworth agreed to privatise the grounds maintenance and grave digging in the council's cemeteries and awarded the contract to Tylers. The only other tender was from the DLO which put in a more expensive bid which was negotiated following pressure on the trade unions to reduce the staffing level.

Battersea Park

The problems of a council intent on privatisation were highlighted in this case where Wandsworth were forced to backtrack in a situation where the DLO bid was initially marginally above that of a contractor but on re-examination of the bids it was found that the DLO bid was better value for money.

The horticultural maintenance of Battersea Park was put out to tender in 1989 and three private contractors and the DLO submitted bids. The bid from Tylers was the lowest at £269,780 and the DLO's second lowest at £299,563, following changes in working practices and bonus payment arrangements. However, following a financial comparison of the two tenders taking into account additional work and severance payments, there was only a £4,000 difference in the bids. Nevertheless the contract was initially awarded to Tylers with the argument that '*significant savings can accrue to the council over the life of the contract*'. The decision was revised when it was found that elements of transport services were not in the specification or in Tyler's bid but had been included in the DLO bid.

Housing estates

This contract was retendered by Wandsworth in 1989 and once again Tylers were awarded the contract, being the lowest bidder. The contract documentation was altered prior to the retendering resulting in additional requirements of the contractor.

The previous contract cost £495,000 while the Tyler bid for the new contract was £674,764 reflecting the additional workload. This substantial increase is explained away in the Committee reports but fails to consider whether the increase erodes any previous savings, which was the original argument for privatisation. Although six tenders were received, the only one considered in detail by the council was Tylers - a company fast developing a cosy relationship with the council.

Parks, open spaces, commons etc.

Once again Tylers submitted by far the lowest bid for this contract. The DLO submitted a bid which was substantially higher in spite of having made changes in working practices and bonus payments in an effort to be 'competitive' with the poor wages and conditions paid by contractors. 34 manual workers were made redundant in the process. The trade unions opposed the award of the contract pointing out the effect on staff and the loss of their experience and skills to the council and the services they provide in the parks in particular.

Litter picking in parks, commons and open spaces

In November 1989 Tylers were awarded their third new contract with Wandsworth that year. This re-tendered contract was re-awarded to Tylers, yet again the lowest bidder out of three tenders. The tender evaluation report does not refer to any real assessment of the two other competing bids. The tender price was 84% above the cost of the previous contract and 22% (£112,000) above the council's own estimate; this is explained by the improvement of the contract in relation to Battersea Park and the argument is made that direct comparison between the two contracts is inappropriate. The tender evaluation report states that the '*extra cost of £112,000 will be met from additional income from Amenity Services*'. Once again the savings previously identified by privatisation have been eroded in the retendering process, when contractors are only too well aware that the DLO no longer exists and the in-house competition has in effect been snuffed out.

Social Services passenger transport and meals-on-wheels delivery

Wandsworth decided to tender out another service not subject to the Local Government Act 1988 - the passenger transport and meals-on-wheels deliveries in Social Services in 1990. This is a clear example of a privatisation threat being used to

weaken the in-house workforce. In addition there was virtually no competition for the work. Bids were only received from the DLO for the two aspects of the service and from TNT for the meals-on-wheels service. The TNT bid was more expensive than the in-house bid and was therefore rejected.

The in-house bid was based on a reduction in staffing from 105 to 85 and a saving over the five years of £517,840 against the existing expenditure.

Leisure Centres

The management of leisure centres was put out to tender in 1989 with very little response from the private sector. There were only two tenders, one from the DSO and one, which was more expensive, from Leisure One Management Ltd. The council awarded the contract to the DSO whose bid included a staffing cut of 14. The length of the working week was also increased, by one hour for manual staff and by five hours for officers. The result of the redundancies and alterations in terms and conditions of employment is a claimed 'saving' to the council of £669,000 per annum.

Extending privatisation

Education

Wandsworth is seeking to move the privatisation strategy into education services in the same way as Westminster. With the transfer of education from ILEA in 1990, the council devised plans to privatise catering, cleaning and school transport, in an attempt to make savings on a deficit budget.

The Conservatives in Wandsworth took over education saying that parents would be able to decide which schools remained open by their own choice and that different schools would flourish in the free-market. However, the council is rationalising the borough's education system by closing schools and imposing 'magnet' specialised curriculums in secondary schools. The Education Committee chairman, Edward Lister, (who also works for a subsidiary of ADT) stated in an interview 'I am prepared to admit a degree of naivety when we took over' in relation to the closures of schools against the wishes of parents. ('Behind Wandsworth's Policy Initiatives' Public Money 12/12/91). He has also published a paper for the Centre for Policy Studies entitled 'LEAs Old and New: A view from Wandsworth'. Its message is that LEAs cannot plan, do not fund and should not lead in developing education. He believes in a free-market system, but meanwhile is operating against the wishes of parents and the needs of pupils.

In September 1991, the ADT-sponsored CTC was opened with 300 students. ADT have provided only £1m of sponsorship, while the Government put in £9m. It means that the CTC is receiving twice as

much money as all the other schools in the borough, and most of it from the public sector. (Public Money 12/12/91).

Meanwhile many schools are attempting to opt



out of council control altogether. (Table 14) By early 1992, only three out of nine secondary schools were still due to stay under Wandsworth's control.

Table 14

Wandsworth Schools Opt-out Plans

Secondary Schools	Plans
Battersea Park	Transfer to Technology College
Burntwood	Grant Maintained Status Approval given
Chestnut Grove	No change
Elliot	Seeking Grant Maintained Status
Ernest Bevin	No change
Graveney	Grant Maintained Status Approval given
John Archer	Closed
Southfields	No change
Walsingham	Due to close

In addition, Ethelburga Primary School has made an application for Grant Maintained status.

Cleaning - Youth Service

Prior to the transfer of responsibility of Education services from ILEA, Wandsworth agreed to add the cleaning of 'independent' youth service sites to the existing cleaning contract with Ocean Contract Services without putting out the service to tender. In effect cleaning staff employed by ILEA were not then transferred to Wandsworth's employment but made redundant. All the report stated in relation to staff was 'The appropriate contractor would be encouraged to interview all the cleaning staff currently employed at the sites listed above who may be interested in seeking re-employment, with a view to engaging those who are considered suitable'.

School Cleaning

Wandsworth's contract culture was recently highlighted in its treatment of tendering out the school cleaning service. It is also an example of a council which has not watered down its right-wing ideology, in spite of major problems with several contracts.

In one of Wandsworth's most clearcut moves to undermine the in-house workforce, the council refused to accept a bid from the DSO for the school cleaning service, even though it was the only one made for the contract. This refusal was made even

though the 450 school cleaners had agreed a package of cuts in hours, pay, sick leave and bonuses in order to present a lower bid.

At the start of the tendering process, six contractors expressed an interest in the contract but all pulled out, stating that they were unable to provide the standard of cleaning required at the price demanded.

Rather than accept the in-house bid which would have saved the council nearly £1m a year - Wandsworth council decided to rerun the tendering process with a changed contract. A paper to the Education Committee in October 1991 reveals that Wandsworth wish to cut costs even further 'Current cleaning wage rates used by contractors are significantly below the figure used by the officers proposing the in-house bid. ...For these reasons, retendering is recommended'.

In the hope of attracting private contractors second time round, Wandsworth divided the school cleaning contract into four separate areas. This was clearly a signal for contractors offering lower pay levels and lower standards. 40 tenders were received from 12 companies over the four districts. Only the five companies (Southdown, Taylorplan, AIPS, Executive and Wetton) offering the lowest tender were interviewed, while the DSO was not interviewed because the bid was their highest in each of the four areas. The tender evaluation report states that Executive and Wetton have very little experience of school cleaning. However, Executive already have contracts in Wandsworth and Wetton have a cleaning contract in Westminster and this seems to be reason enough to award them part of the contract. The chosen option was as shown in Table 15 :

Area	Contractor	Total
Central	Executive	£233,104
Southern	Wetton	£348,462
Western	A.I.P.S.	£260,476
Northern	Executive	£242,157
		£1,084,199

Source: Report to the Establishment Committee, 7th January 1992, 'Tendering of the School Cleaning Contract'

The tender evaluation report contains no reference to differences in the labour process, for example, hours, employment levels and how those will meet the specification.

The DSO did not have a chance in the process and 363 part time cleaners and 8 assistant school keeper posts will be made redundant. Financial sav-

ings are estimated to be £777,140 annually.

It also means increased monitoring costs for the council, especially with three different contractors involved in four different areas. Two additional monitoring posts have been created already.

Transport service for children with Special Educational Needs

Only six months after taking over from ILEA, Wandsworth announced that the service would be subject to CCT.

Tyler's, Wandsworth's key contractor, was awarded the contract in 1991.

The DSO and two contractors bid for the contract but Tyler's bid was way below the other two -

DSO	£1,025,686.65
Tylers	£682,451.33
FE Wilde(Holdings)ltd.	£1,163,512.52

The £343,236 difference in the two lowest bids was reduced considerably by the cost of severance payments and other costs such as depot charges.

As in previous awards, Wandsworth only took account of financial criteria. The tender evaluation report did not look at the fact that Tylers have no experience of running such a service or that a service of this nature is of a much better quality if staff are experienced and have long term working arrangements with particular groups of children.

The in-house trade unions are concerned that Tylers wages are far lower than the council's and that they will not negotiate with the trade unions or allow any time off for trade union duties.

Furthering commercialisation

Wandsworth has not moved into the privatisation of white-collar services on the scale seen in Westminster, though the council has recently employed CFM to run its computer mainframe operation. The contract worth £3.2m is due to start in July 1992. The in-house team, Mainframe Services, Telecom Capita, and the Hoskyns Group were also on the tender list.

However, the council is looking at alternative ways of furthering its commercialisation strategy. For example, a new Property Committee was set up in June 1991 with the aim of optimising the value of the council's land and buildings. Premises are already being released for sale.

Wandsworth seem to be less clear on the future direction of their privatisation programme. As one Labour councillor pointed out 'They have run into the ground and are not quite sure what to do next'. However, the proposals contained in the Local Government Act 1992 to extend contracting out may well pave the way for further commercialisation in Wandsworth.

Table 16

Staffing Wandsworth Council 1980-1990

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
White Collar	3391	3188	3205	3200	3150	3437	3459	3599	n/a	3903
Blue Collar	3180	2583	2227	1994	1677	1457	1350	1251	n/a	1144

Source: Wandsworth Borough Council Report and Accounts.

Quality services?

There has been little debate in this borough about 'quality services'. However Wandsworth has developed an ad hoc interest in 'quality' with monitoring of performance standards in some services, for example, social services and education.

Soon after the Government's Citizen's Charter was announced, the borough produced its charters for seven service areas. As the leader of the council explained in October 1991 *'Its contents are not new. It is a simple and honest restatement of the standard we set for all council services'* (Brightside - Civic Newspaper October 1991). In other words it is not doing anything but publicising existing standards regardless of whether they are based on good or poor quality services. In the case of privatised services the Charters will merely be a re-statement of what is already in the service specification.

Impact on jobs and terms and conditions of employment

In 1987 an assessment was made of the job loss resulting from the privatisation of services ('Municipal Monetarism' Michael Ward).

In the manual services (refuse, street cleaning, building cleaning and grounds maintenance there was an overall job loss of nearly one job in four, even with the increased staffing level in street cleaning in 1987 following retendering. Hundreds more council manual jobs have been lost since then with privatisation and redundancies which have taken place within the DSOs even where the contract was won in-house.

The staffing structure of the council has altered dramatically in the last decade. Whilst white-collar staffing increased by 15% between 1981 and 1991,

Table 17

Wandsworth - employment conditions in the major contracts

Service	Contractor	Pension	Sick Pay	Holiday
Refuse Collection	Wastecare	Only staff with 5 yrs.service	1yr : nothing 1-3yrs: 2 weeks 3-5yrs: 4 weeks	20 days after 4 wks.
Street Cleaning	Teamwaste	None	Statutory only	20 days
Estate Cleaning	Exclusive Initial	Contrib./Voluntary after 3 years Contrib./Voluntary after 1 year	Statutory only 30 days after 1 year	Operatives-2wk Superv.-3wk Operatives-3wk Superv.-4wk
Catering	ARA	None for manual workers		20 days 23 days after 3 yrs.
Library Cleaning	Exclusive	None	Statutory only	After 1 year Cleaners 2 wks
Cleaning pools & halls	Automagic	None	Statutory & after 1 year - 2 weeks	3 weeks for perm. staff
Grounds Maintenance	Tylers	None	Statutory only	21 working days
Office Cleaning	Executive	None	Statutory only	2 wks after 1 yr.

Source: 'Municipal Monetarism' by Michael Ward, Greater London Labour Party

there has been a decrease of 64% among manual staff primarily due to the contracting out of services. (Table 16).

In 1990/91 the number of staff employed by the council increased by over 5,000, due to the transfer of education services from ILEA. The education services employing manual workers such as catering, cleaning and transport are being privatised which means that the level of manual employment in the borough will fall once again in 1992.

In addition there have been major cuts in wages for all workers employed by the privatised services, for cleaners a cut of a third.

Conditions of employment were eroded with the onset of privatisation as table 17 shows. BFI Wastecare offered a pension scheme for staff with five years service which seems ironical since their contract with the council was only for five years!

linked to the fact that tendering decisions have always been based on the lowest cost tender, irrespective of quality criteria.

However, the opposition on the council and the trade unions are rarely informed of problems with particular contracts until the contract is near to major problems of compliance and possible termination.

Failures include:

Pritchards ground maintenance contract in Housing Estates - the company lost the contract within the first year as performance was substantially below the required standard for the contract.

Executive Cleaning Services - the contractor used to clean old people's homes lost the contract when 83 defaults were incurred on the contract in the first six months of operation.

ARA were sacked by the council three years after winning the catering contract for 10 old people's homes.

The cost of these failures is never quantified although the financial cost is always considerable in such cases since additional monitoring costs are incurred as well as re-tendering costs. In addition, alternative means of operating the contract have to be found in the period immediately following the sacking of the contractor. In two of the above cases the contract was returned in-house following an unnecessary process of privatisation and appalling standards of service.

Table 18 illustrates the level of complaints in the borough's contracts over the past two years taken from committee reports.

Table 18

WANDSWORTH CONTRACTS - DEFAULTS AND PENALTIES

SERVICE	CONTRACTOR	COMPLAINTS/DEFAULTS (Financial Penalties)	
		1989/90	1990/91
Street cleaning	Tylers	409 (£2,409)	276 (£1,257)
Refuse	Tylers	5942	6591
Cemetaries Maint.	Tylers	332 (£12,550)	57 (£3,900)
Parks Maint	Tylers	1086 (£15,329)	
Building Cleaning			
- Libraries	Ocean	107 (£635)	
- Youth Clubs	Ocean	27 (£498)	
- Public Halls	Taylorplan	51 (£465)	
Public Conveniences	Initial	167	77
Litter Picking	Tylers	91 (£1,550)	108 (£2,050)

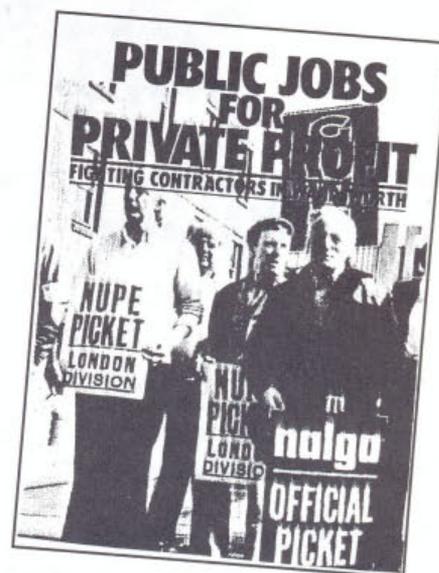
Performance and monitoring

Monitoring of privatised contracts in Wandsworth has been a more explicit activity than in Westminster or Kensington and Chelsea. There is however, no form of regular monitoring reports to council committees. The only public reports that emerge are in a situation where a major default is about to occur or in response to a specific labour group request. In spite of monitoring systems based on a penalty points system there have been major problems with contracts. This is clearly

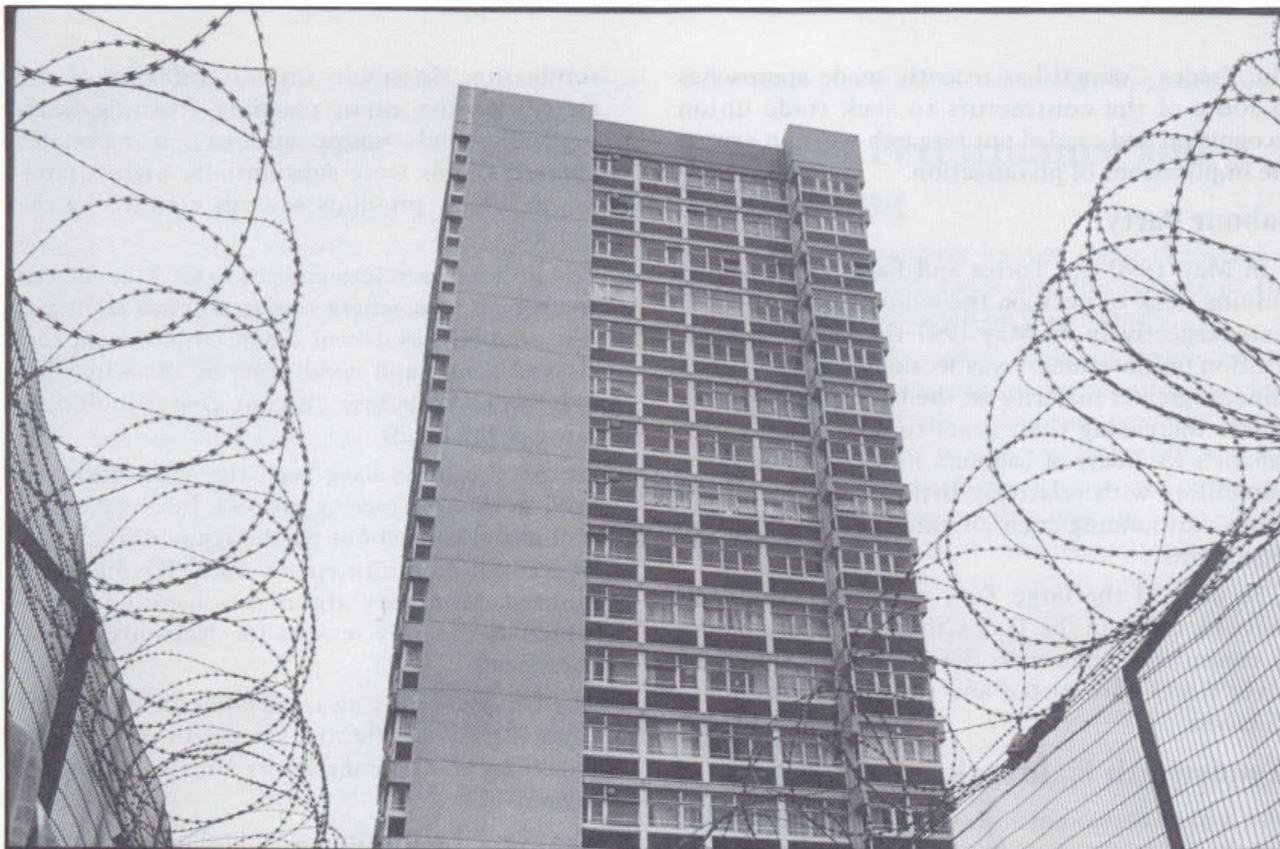
Opposition

Trade Unions

Analysis of the early days of privatisation in



Copies still available, price £2.00 from Centre for Public Services.



Wandsworth shows that few trade unions really grasped how far the Tories in the borough intended to carry out a major restructuring of direct services.

The intense action by Wandsworth's trade unions in the early '80's was a test-bed which, for all kinds of reasons, the council won. But the arguments presented by the trade unions about privatisation at that time are nevertheless still relevant -

- the casualisation of labour and break up of trade union organisation
- reduced wage levels, well below nationally negotiated rates
- the erosion of terms and conditions of service
- an increase in the exploitation of labour through massive increases in productivity.

The report 'Public Jobs for Private Profits' argues that the unions could not succeed against Wandsworth council and their privatisation policies at that time because although they had -

- a joint organisation of all council unions which was able to overcome some traditional sectional rivalries, and
- a local tradition of militancy, and a broad understanding of the issues at stake among most union members in the borough,

The unions lacked

- the support of a more general national campaign with national resources invested in a local struggle
- supportive industrial action of other local government workers in neighbouring boroughs
- the active support of local tenants and consumers of local services.

The trade unions in the borough have been weak-

ened by the privatisation process. None of the existing private contracts have been unionised and the council have encouraged this culture of non-unionisation.

Trade unions are not consulted in the drawing up of specifications.

NALGO has developed a propagandist role through its own members. It also aims to minimise the effects of privatisation through negotiating on terms and conditions.

However, the union faces problems as the consultation period has been reduced to 10 working days and often material is not circulated until a day before the committee, leaving little time to develop a response. The union has also instigated a coordinated approach through the Trades Council.

Joint union work has been carried out through a Coordinating Committee involving NUPE, NALGO, NUT, NATFHE, TGWU, GMB with representatives of Wandsworth Fightback and the Trades Union Council. They have coordinated an information exchange and organised action against the council's activities including demonstrations and strikes on specific issues.

Battersea and Wandsworth Trades Union Council

The Trades Council has campaigned to oppose the council's policies and publicise the impact on the community over a number of years. This has included production of several reports on the effect of the financial cuts made in the borough. The Trades Council employ a development worker to co-ordinate work on privatisation. This is practically supported by Wandsworth NALGO.

The Trades Council has recently made approaches to some of the contractors to seek trade union recognition and carried out research work to expose the implications of privatisation.

Labour Party

In May 1990 the Tories and Labour Party were running neck to neck on the council with 30 to 31 seats respectively. In May 1991 the Labour group's position on the council was weakened as the Tories gained a greater majority on the back of the poll tax debate increasing their seats to 48 as opposed to Labour's 13. Many of Labour's 13 members are new councillors with relatively little experience of the issues surrounding such an extensive privatisation programme.

Because of the large Tory majority many decisions are taken in the Tory Group meetings and not in committee. However, the Labour Group try to cover every committee and respond to the main problems.

Wandsworth Fightback

The voluntary sector launched Wandsworth Fightback in 1990 largely in response to the council's financial strategy and the impact on voluntary organisations.

In May 1991, they circulated a questionnaire to groups in the borough affected by a cut in grant of the complete withdrawal of council support. The results highlighted the effect on jobs and services. 25 jobs have been lost so far with another 50 jobs in community nurseries under threat. There has been an average 25% increase in fees. At the same time the demand for services provided by the voluntary sector has increased as the Social Services run by the council have been re-organised and an increasing number of local people turn to voluntary organisations for support.

Wandsworth aim to make the voluntary sector self-financing by 1993; as a result community organisations are receiving less money from the council every year and are being forced into generating income themselves.

Wandsworth Fightback has held three demonstrations opposing the cuts with support from the community and council workers. They are also part of the Joint Coordinating Committee which involves all trade unions, the Trades Council and the Labour Party.

Key issues in Wandsworth

1. Wandsworth claims to have made major savings through privatisation. This claim should be put in the context of several contract failures which inevitably brought greater costs than originally anticipated.
2. Some of Wandsworth's contracts have been privatised since 1982 and have been subject to re-

tendering. However, on re-tendering of the street cleaning, estate cleaning, libraries cleaning and grounds maintenance in housing estates contracts, bids were substantially higher, eroding in effect previous savings claimed by the council.

3. The in-house services subject to CCT have been weakened even where the award was in-house. The council has driven down employment levels and terms and conditions by insisting that bids must be below current costs, including those of the DSOs.
4. Financial criteria have been the main measures used in the contracting process. In every tender evaluation carried out by the council, the experience and commitment of the DSOs has been ignored. Monetary arguments have been presented as the only reasons for decisions on tender awards.

The DSO was only awarded contracts where the council made substantial savings in services and bids from private contractors were substantially higher.

5. The council is continuing to find new devices to further dismantle manual services as the case of the school cleaning contract illustrates. However, the extension of commercialisation to white-collar services is at an early stage and unions will need to prepare for a possible council strategy which challenges the future of these services. This is doubly important in the light of the Local Government Act 1992. Under the Act, the council could decide to extend its privatisation programme very rapidly, using once again its 'value-for-money' criteria in choosing the cheapest tenderer.
6. On monitoring the council is inconsistent and secretive, with no regular reports to committee. In addition, the monitoring process seems to be fairly ineffective, with high levels of complaints in some services and yet low financial penalties. In several cases monitoring costs have been higher than first anticipated.
7. The combination of cuts, housing and privatisation policies adopted by the Conservatives in Wandsworth has destroyed any sense of social responsibility to the borough's poorer residents. As well as providing less jobs for the local community through its position as a local employer the borough provides fewer direct services to disadvantaged and minority groups. The less well off in the borough are increasingly having to rely on charities and voluntary agencies. However, the council is now cutting funding to the voluntary sector and they in turn are finding it harder to provide services to the local community.

Kensington and Chelsea

Myth of completion

Kensington and Chelsea is a traditional Conservative stronghold with a long history of policies designed to maintain the council's expenditure in line with a low level of poll tax and follow the Government's ideology for local government.

The borough has a lower public profile than Wandsworth or Westminster partly due to the fact that the borough has not been involved in major political changes or a great ideological push. Kensington and Chelsea has not had a leading public figure heading up the Tory Group in the council. There has not been the same scale of sell-offs of housing and other council assets as in other Tory boroughs, and privatisation has been introduced more pragmatically.

Nevertheless, Kensington and Chelsea's privatisation policies have been just as damaging as in other Tory boroughs and the impact on services and employment just as devastating. The break up of the DSOs has been systematic and resulted in major job loss among manual workers and weakening of the trade union structures.

The story of the borough's privatisation policies is important, with lessons for trade unionists in the many local authorities with a long standing Tory council intent on breaking down trade union organisation and breaking up the public sector tradition of directly provided local services.

Political and Managerial style

The moves to commercialise services in Kensington and Chelsea have been largely officer led. In the early '80's management buyouts were encouraged as part of the council's privatisation strategy. Following the buyout in the Architects Department in 1982 there was an attempted management buyout in cleansing services, leading to a policy statement by the council supporting the idea of MBOs.

Senior managers have operated against other forms of organisation by in-house staff. For example, officers in the Sports Centres were not allowed to prepare a bid for the leisure management contracts, even though there were staff in the Recreation Department available to work on a DSO bid. In estate cleaning, the consultants PE International have been employed to privatise the service. Senior management have refused to accept the possibility of asking officers in the service or even PE to prepare an in-house bid.

As part of increasingly commercial criteria being adopted by the council, in 1990 Kensington and Chelsea agreed a new committee and management structure, rationalising its services into four business groups, headed by newly appointed executive directors. The four groups are Environmental

'POOL IS AT ROCK BOTTOM'

WHAT A LOT OF RUBBIS

Cloudy water, bad showers and q

SERVICES at Kensington Sports Centre have once again come under fire from regular users who claim standards have reached a new low.

THE private contractor which took over refuse collection in Kensington in April is making "disappointing" progress, according to a council report.

By GRANT

By PAUL DAVES

Services, Education and Libraries, Housing and Social Services, Planning and Conservation.

This new style of Executive directors who meet as a Management Board is part of a recent attempt to reorganise the borough into one with a 'business like approach'. Officers have been given increased powers and departments are being asked to run services along 'business' lines with charging for services between departments and the drawing up of business plans for each service.

The push for voluntary transfer of the housing stock is coming from senior officers, leaving the workforce in the Housing Department in an uncertain and vulnerable position.

The leader of the council, Councillor Joan Hanham, operates a tight rein and appears unapproachable to the opposition and to trade unionists. Many decisions are made in the Tory Group prior to full council committees.

Financial strategy

Kensington and Chelsea spend approx. £146m per annum and are a small spending authority in comparison to Westminster and Wandsworth.

Rents have been extremely high in the borough throughout the '80's and remain the highest in London (see Table 3). Council house sales have been on a much more modest scale than in Westminster and Wandsworth, but the council has less stock in the first place and as it is a more stable Conservative council, has less need to alter the social structure of the borough.

The cuts in the borough have taken effect in a number of ways.

Social services nurseries are facing problems with an increase in the number of children in the nursery and trade unions are concerned that ratios are up to dangerous levels.

The poll tax for 1991/2 was set at £185. This low level involved using council reserves, restricting expenditure, and very high council rents. The council have not sought to go to the extremes of Wandsworth's zero poll tax, but promote the image of 'good housekeeping' and efficiency.

Privatisation

The council has introduced privatisation more gradually than in Wandsworth and Westminster and do not have an explicit longer term plan for privatising further services.

However the council's commitment to competition, which began in the early 1980's, is clear. In a paper to the Policy and Resources Committee by the Competition Working Party in January 1989 a

statement is made about future policy *'The Council are concerned that their services should be efficient, effective and be provided economically ... One way to achieve the three Es is to apply competition in order that services can be tested both on cost and quality of service grounds.'* The paper also states that competition should be applied further to non-statutory areas.

The extent of contracting out, which in every case has involved privatisation of the service, is documented in Table 19.

In several cases the DSO has not been invited to tender for contracts, indicating a clear opposition to the council's own manual services and no possibility for protecting the council's workforce most of whom have been employed in the borough for many years.

The contracts

Refuse, street cleaning and public conveniences

In 1982 Kensington and Chelsea privatised the refuse service for the Chelsea area of the borough. This was initially awarded to BFI Wastecare who lost the contract to Biffa Waste Services in 1988. In their report renewing the contract in January 1991, the council's support for competition with the private sector was clarified: *'The Council has always considered that there were distinct advantages in having a second refuse contractor employed by the Council particularly when the Direct Labour force collected refuse in the remainder of the borough'* (Report to the Health and Works Committee 2 January 1991).

The council agreed in 1988, ahead of the CCT legislation, to tender out the whole of cleansing services. The specification was agreed and tenders received from six companies. However, the council made a decision NOT to accept a DLO bid. Only the three lowest bids were subject to tender evaluation. BFI Wastecare's tender was recommended as the most 'suitable company to carry out these services' at a cost of £4,422,459 per annum averaged over seven years. It was estimated that the average annual saving would be £1.595m, excluding redundancy costs.

This tender was not the lowest but the council were concerned about the 'overall suitability and ability of the lowest tenderer'.

BFI Wastecare, part of an American waste group already had experience in the borough, having operated the council's Chelsea refuse contract from 1982 until March 1988.

However, the company had very little experience of operating in refuse and street cleaning in other UK local authorities.

Table 19

KENSINGTON AND CHELSEA CONTRACTS PUT OUT TO TENDER 1982-1991

SERVICE	CONTRACTOR	DATE & (length)	ANNUAL VALUE	'SAVINGS'	JOBS AFFECTED	OTHER BIDS
Refuse (Chelsea)	BFI	1982(5)	£1.68m	£100,000		
	Biffa	1988				
	BFI	1991				
Refuse and Street cleaning	BFI	1988 (7)	£4.422 m	£1.595m	400	No DSO bid
Street Lighting	T.Cartledge	1989	£508,250	£48,370		
Vehicle Maint.	BRS		£400,000		5	
Grounds Maint.	Serco	1989	£900,000		44	DSO
Building Clean.	London	198?				
	Crystal Cleaning					
Meals on wheels	CCG	1990	£268,840		40	
Leisure Manag. 2 sports centres	City Centre	1991	£265,000			
Education Clean.	Mitie Cleaning	1991	£420,255	£224,700		No DSO bid
Education Cater.	Due to be retendered during	1992				
Estate Cleaning	Due to be contracted out in	1992			121	
Architectural Services	MBO formed in	1982				
Housing DLO	Closed	1991			54	
TOTAL					596+	

The savings on the contract meant immediate cuts in employment. The council report recommending BFI Wastecare stated that 'the proposed pay rates for some of the workforce and their management appear low'. BFI managers were brought in on temporary contracts from their Solihull contract and from abroad. Over 50% of the council's former workforce were employed initially, but this proportion rapidly fell. Conditions of employment were inferior to those of the council with, for example, 15 days holiday a year and four weeks Company sick pay only after 5 years service.

There are still problems with high staff turnover and poor industrial relations.

The contract operated by BFI has been problematic from the start. There were hundreds of complaints in the first few weeks and in June 1989 the council's director of engineering stated: 'BFI appear to have little appreciation of the sweeping requirements in the Borough, a situation exacerbated by the fact that only about 20% of the former council staff were now employed by BFI and there was inadequate supervision and training of the street sweeping workforce'. He also stated that he thought BFI should improve their pay and conditions.

In the first year the council explained away the problems by seasonal variations - heavy leaf fall in

autumn, tourist and pedestrian traffic in summer and severe winds.

The firm's probation period was extended indefinitely and in the local paper BFI stated that they were confident that the problems would be sorted out.

The savings claimed on the privatised contract were presented by the borough as unit costs.

Net Revenue Expenditure

	1988/89	1989/90
Refuse Collection	£2,655,000	£1,578,000
Street Cleaning	£3,269,000	£2,621,000
Public Conveniences	£714,000	£591,000

Unit costs

	1988/89	1989/90
Refuse - net cost per tonne	£39.63	£22.67
Street cleaning - cost per km.	£17,086	£15,760

There are still problems with the contract especially around North Kensington. There has been little new investment made by the company who are still using the old Kensington and Chelsea vehicles.

Street sweeping is considered to be very poor.

BFI were also awarded the Chelsea refuse contract which was up for renewal in 1991, by a variation order to their main contract.

Building Cleaning

The contract for the cleaning of the borough's libraries, Town Hall offices and several social services establishments was privatised in the early-80's. In the mid-80's the contract was operated by London Crystal Cleaning. The remainder of the cleaning of buildings service, employing a total of 53 employees, was privatised in 1988.

Many employees are low paid migrant workers.

Vehicle Maintenance

This contract was awarded in 1988 to BRS affecting 5 jobs. The council sold all its vans to BRS. Since the contract started additional costs have been incurred to the council. The unions have noted constant staff changes and a high turnover of management on the contract.

Grounds Maintenance

The council decided to put 100% of the grounds maintenance work into a single contract. In 1989 the four year contract worth £900,000 per annum was awarded to Serco Ltd. to maintain parks and open spaces. The in-house bid was only £165,000 more expensive than the Serco bid over a four year period. 44 grounds maintenance employees were made redundant.

There were problems early in the contract; once the six week settling-in period was over, Serco also had difficulties maintaining standards over the summer - the council excused the contractor by pointing out the additional general maintenance and behaviour problems in the parks during the summer.

Serco have also had to restructure the workforce. Serco's original plans to ask employees to cover the roles of gardener, labourer and park-keeper failed and the company altered the arrangements by requiring individuals to undertake only one of the three roles.

NUPE have negotiated a recognition and procedural agreement with Serco on the contract.

Estate Cleaning

In September 1991 the council were presented with options about the future of the service by consultants P.E. International.

The service employs 121 FTE employees of which 76 are cleaners and 36 caretakers.

PE presented two options in their report:

- 1) develop an in-house estate cleaning DSO which would enable the Housing Department to tender.
- 2) directly contract out the external ground clean-

ing for the estates, and develop a new estate warden based structure to undertake the department's estate services.

The council decided to adopt the second option which involves a rationalisation and contracting out of substantial elements of the service. Up to 55 existing cleaners will be redeployed or made redundant under this option.

PE International were then employed to:

- draw up the contract specification
- prepare a detailed scope of work
- prepare the contract terms and conditions
- assist in drawing up new job specifications

The cost to the council of this work is £90,000

The possibility of developing an in-house bid has been rejected outright by the council.

Catering - Meals on wheels

The meals on wheels food preparation contract was awarded to CCG with a tender price of £268,840. 40 staff lost their jobs and the DSO was not invited to tender. The council have now got a situation where the meals-on-wheels helpers are employed by the council while the contract for food preparation is run by CCG.

Leisure Management

City Centre Leisure (the Westminster MBO company) was awarded the leisure centres contract in 1991 for two sports centres. The four year contract was awarded two years in advance of the DOE timetable for the service. This followed the departure of the borough's chief amenities officer to Serco. Serco also bid for the contract but the council refused to consider an in-house bid.

The contract started in October 1991 and in the process City Centre Leisure doubled their turnover. The council claim savings of £213,000 in 1992/3 and more than £265,000 in subsequent years.

In January 1992 there were reports of cloudy water, badly maintained showers, substandard toilet cleaning and claims that there had already been a sharp deterioration in the facilities offered. Further complaints of low standards were made by service users in March but were rejected by City Centre Leisure ('Pool is at Rock Bottom' Kensington News 14 March 1992).

The trade unions managed to negotiate to improve the benefits for staff made redundant by the council. These included:

- To award added years on the superannuation lump sum to a maximum of ten years
- To base redundancy payments on actual weekly pay rather than the statutory redundancy limit.
- To pay all staff a redundancy payment regardless of the length of service.

The Labour Group has expressed concern that

the company do not employ qualified life-savers and that inexperienced, unskilled and therefore cheap labour are being used on the contract.

The council originally proposed that the management of sports facilities in parks such as football, cricket, netball, tennis and squash would be merely added to the grounds maintenance contract held by Serco. This did not take into account the very differing requirements of grounds maintenance and leisure services.

However, the initial submission from Serco was 'considered totally unacceptable as it required the level of income generated from these facilities to consistently increase from the current projected level of £91,400 to £292,800 during the 19 months of the contract'. (Environmental Services Committee, Feb. 1992). The council do not expect Serco to offer a scheme that is more acceptable to the council.

Instead the decision has been deferred and officers have proposed that the work be included in the main grounds maintenance contract when it is re-tendered in 1993. Meanwhile, officers are looking at the most 'economic means' of maintaining the service, but anticipate that costs will inevitably rise.

Architects

In one of the earliest cases of white-collar privatisation, the architects department was privatised in 1982, through the setting up of a management buy-out.

Education

The borough is the second smallest education authority in London and has only one major comprehensive school and 23 primary schools.

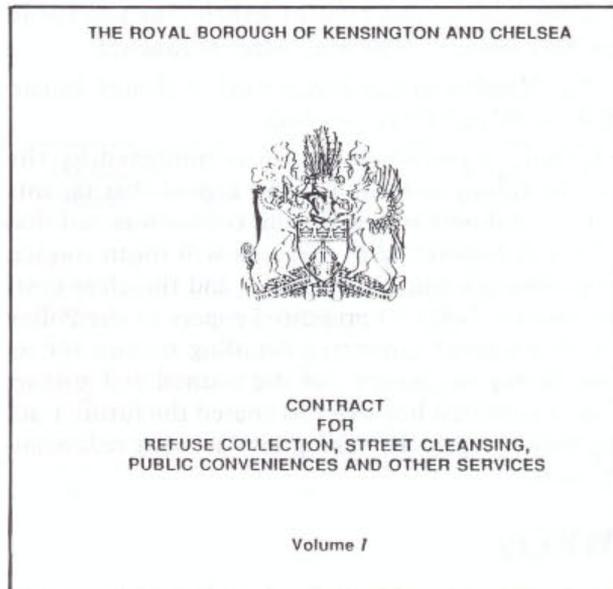
Kensington and Chelsea claim to want to protect education services in the borough and make improvements on the service provided under ILEA. However, in 1991 £2m was cut from the continuing education budget including English as a Second Language and Youth Centres provision. In addition, one of the borough's two outdoor recreation centres, Marchants Hill was closed in March 1991.

Consultants were appointed to investigate the LMS process as applied to council services in 1990.

The school catering and cleaning services employing 156 staff were subjected to CCT in 1991.

There was no DSO bid for the **school cleaning** service following the transfer from ILEA to the borough. Six contractors submitted tenders and the council agreed to accept the lowest tender submitted by Mitie Cleaning Contractors valued at £420,255 per annum. The estimated annual savings on the contract are £224,700 though this figure will be reduced by redundancy costs in the first two years.

The **school catering** contract has been re-adver-



tised following under-bidding by the DSO and over-bidding by a private contractor. The council report argued that the DSO had 'seriously weakened their bid by cutting back on staff and extending the need for deliveries. This is likely to lead to an unacceptable deterioration in the service'. This statement seems particularly hardhitting since a service subjected to CCT in a climate of cost cutting will inevitably deteriorate.

Further privatisation

There are fears in the Housing department that the council is preparing for a situation whereby the work could be made subject to a voluntary transfer.

The community groups have also been told by the council that they will extend the tendering approach to the voluntary sector.

Closure of Housing DSO

PA Consulting Group assumed the management function of the Housing Direct Labour Organisation in April 1990. They also carried out an analysis of the DLO trading account and presented possible courses of action to make the operation viable. In their review of the DLO, the consultants state *'We are of the firm opinion that our recommendations are practical and achievable, and whilst we are asking the Council to consider major investment (time and money) in the DLO, we are confident it will benefit the Council, its tenants and the workforce'*

The council chose to dismiss the option of improving the DSO operation.

Although the productivity of the DSO workforce increased by over 35% in 1990/91 and new work with housing associations had been identified, the council claimed that since the Housing DSO had made trading losses for three consecutive years they were likely to make losses in the fourth year

and decided in April 1991 to disband the DLO from 1st May 1991. 54 staff were made redundant.

All housing maintenance work will now be carried out by private contractors.

Opposition to the closure was mounted by the Labour Group and unions who argued that tenants will get a slower response from contractors and that delays in responding to call outs will mean council properties staying empty longer and therefore costing money. NALGO presented papers to the Policy and Resources Committee detailing reasons for re-considering the position of the council and arguing that the council had over-estimated the future trading losses, especially taking into account redundancy costs.

MBOs

Whilst Kensington and Chelsea have not invited the DSO in-house teams to tender for services they have been operating, the council have encouraged the establishment of management buyouts and the trade unions expect that if CCT is extended to professional services, there will be further moves by groups of managers to form buyouts.

The council encouraged and facilitated a management buyout of its Architects department in 1982.

In 1988, when the council announced its intention to contract out Transport and Cleansing services, the three most senior officers who were expected to lead the in-house bid declared their intention to make an independent tender by setting up a private company. Despite NALGO's request that the officers be removed on the grounds of conflicting interests, the Council gave no assurances, and the officers continued to work for the council and draw up specifications for a contract they intended to bid for.

Impact on employment

In 1989 the council employed 1,075 manual workers (33% of the total workforce). By 1990 this had been reduced to 647 (22% of the total workforce). There was a reduction in manual staff across all services, but the main cut in jobs was due to the loss of 400 posts through contracting out refuse, street cleaning and grounds maintenance.

In 1991 another 54 manual jobs went with the council's decision to close the Housing DSO. In the same year several other services were privatised adding to the loss of direct labour jobs.

Privatisation has resulted in severe reductions in pay and conditions of employment. For example, when the grounds maintenance service was contracted out it was revealed that DSO employed gardeners earned £4.83 per hour whereas keepers employed by Serco earned £3.58 per hour.

Managerial staff employed by City Centre

Leisure have taken a 25% pay cut on privatisation of the contract.

Employment conditions declined with the privatisation of refuse and street cleaning. BFI offered no sick pay, only two weeks holiday at the same time as far higher productivity levels and no union recognition.

Monitoring

As in the other boroughs, the Labour Group and trade unions have found information on monitoring of contracts very difficult to come by.

In their corporate strategy statement for 1991, a general point is made about monitoring: *'The Council devotes time and effort to establishing and pursuing arrangements for monitoring its performance in order to ensure that its services are provided economically, efficiently and effectively. Special attention is given to measuring the appropriateness and quality of the Council's services, and customer services will increasingly form part of these assessments'*.

On the refuse contract, the council claim to have monitored every aspect of the contract to ensure compliance. Regular street inspections are carried out to verify standards and frequency of cleaning. However, in several areas of the borough the service, especially street cleaning, remains poor.

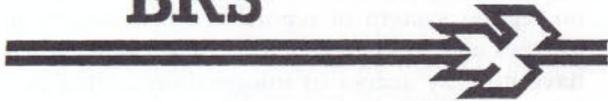
An annual audit report made by Coopers and Lybrand Deloitte for the year 1989/90 referred to the fact that the council does not include penalty clauses in its contracts. The council responded by stating that penalty point clauses allowing for termination of part of the contract, deductions of certified



sums from the contract price and other forms of liquidated damages were incorporated in all contracts during 1991/91. The council do not however include fixed financial penalty clauses in their competitive tendering contracts. *'This seems to be on the basis that contractors should provide a service up to the standard required by the specification and failure to do so would result in a determination of the contract'*. (Policy and Resources Committee 5th March 1991)

Monitoring systems in the borough are inconsistent as the following examples show. Firstly, in grounds maintenance it was revealed in reply to a question to the Chairman of the Libraries and General Services Committee about complaints in the grounds maintenance service that *'Records are not kept in any detail but complaints are known to be negligible'*.

BRS



In contrast, Kensington and Chelsea appear to have a systematic monitoring system for the Home to Schools Transport Services taken over from ILEA and now run co-operatively with the London Borough of Hammersmith and Fulham. A member of the Contracts team travels on a minimum of one Special Needs trip per week and records the information on a Contract Monitoring sheet. In addition feedback is given by the schools and parents. All establishments using the contract have a periodic contract monitoring sheet submitted to the contracts section for action.



Opposition

Trade Unions

The council has primarily privatised manual services and thereby weakened union organisation by NUPE, GMB and TGWU.

NALGO has worked hard to retain services in-house and has consistently opposed the establishment of MBOs set up by their own members.

NALGO have presented reports on their case for keeping services in-house to council committees and publicised their case through the local media. However, the council has not involved the union in any way in discussion or decisions about contracting-out services and information about privatisation plans have been kept under wraps.

NALGO are concerned that services most affected by privatisation in the future will be in areas with high NALGO membership - housing, conveyancing, legal services etc. The branch will seek to get involved if privatisation becomes a serious proposal for any of these services.

Labour Opposition

The Labour Group has 15 members on the council and the Tories 39. The Labour Group have suffered in the past from a high turnover of councillors.

The Labour Group have argued against privatisation of services in the borough in a number of ways - by stating their case against private contractors at committees and supporting the DSOs.

In 1988, the Labour Group posed a series of searching questions to the Chairman of the Works Committee on the decision to award the contract to BFI. This exposed the political aims of the council and its belief in the contract/client relationship. On responding to a question about the comparative costs of an in-house service and those of BFI, the Chairman gave the in-house costs but replied that *'It is not feasible to relate comparable costs for the BFI/ Wastecare tender because the tenders were drawn up in a different format'*.

There has been little joint work between the trade unions and Labour Party over the past few years but NALGO have started to build towards this through work with some of the key councillors on the Labour Group.

Kensington and Chelsea Trades Union Council

The Trade Council carried out a monitoring survey of the borough's refuse and street cleaning service soon after the BFI contract started. Information was collected from Trade Union Council members who patrolled the streets, BFI workers, borough councillors and council employees, and from domestic and commercial users of the service. They noted a substantial drop in the standard of the service and a very high level of complaints *'The lifting of domestic and commercial rubbish, particularly during the first six weeks has been disorganised or non-existent...whole sections of streets have been left unswept for several days..'* The local press published several articles about the contract, raising the profile of the problems.

A second monitoring report was carried out in 1989/90 on the BFI contract. The report concluded that after holding the contract for one and a half

years, BFI had failed to come up to the standards maintained by the council's former DLO.

North Kensington Law Centre

The Law Centre has campaigned for the rights of individual workers employed by BFI and publicised their problems in the local press. They advised and represented BFI employees; in relation to the size of the workforce, the number who have received advice from the Law Centre is very high. The cases included non-payment of wages and statutory sick-pay, mistakes in calculation of wages, health and safety issues, wrongful dismissal, lack of holiday pay, harassment at work, alleged redundancy, excessive working hours, breach of contract as well as other complaints which although not contrary to employment legislation amount to bad industrial relations practice.

Key Issues in Kensington and Chelsea

1. The council have adopted a deliberate strategy since the early '80's to weaken and destroy in-house manual services. The borough was in the forefront of Tory councils seeking to experiment with the privatisation of selected services.
2. The council has undermined the DSOs through a privatisation process which has prevented in-house bids for several key services. The DSOs were not invited to tender in the contracting out

of the refuse and street cleaning service and education cleaning. All services put out to tender by Kensington and Chelsea prior to and since the Local Government Act 1988, have been awarded to private contractors.

The decision to close the Housing Direct Labour Organisation in 1991, which was made without providing any opportunity to implement a strategy to overcome financial losses, further confirms the council's open opposition to in-house manual services.

3. The council has also encouraged other forms of commercialisation including management buy-outs and restructuring of departments using business criteria.
4. The council has made heavy use of consultants in preparing services for privatisation at the cost of hundreds of thousands of pounds to the council.
5. As in Westminster and Wandsworth, monitoring information is difficult to come by. There is no regular system of reporting to council committees and the Labour Group and trade unions have no easy access to information on the performance of contracts.

Monitoring is inconsistent with different systems being developed for different services.

6. There are no published figures documenting the details of the claimed 'savings' to the council of privatisation of its services.

Lessons for Trade Union Strategies

This section looks at trade union strategies within the three councils and lessons for the future in terms of union membership and involvement. It also provides guidelines for a trade union role in monitoring services and in opposing management buyouts. An action plan is outlined for trade unionists in Conservative controlled councils.

Lessons from the three boroughs

General

- Links with opposition councillors are vital. However, all political parties tend to suffer from demoralisation after suffering setbacks in local elections. Fewer opposition councillors means that a heavy burden falls on a few individuals. Many do not have sufficient time because of career and family responsibilities. It also takes particular skills and commitment to take on an embedded administration which also has the support of the Government and is viewed as a flagship local authority.

- Effective opposition can only be developed and sustained by all three oppositional groupings ie. NALGO and other unions, opposition party members, and community organisations working closely in cooperation with each other. Working alone can easily lead to union branches, councillors, and community organisations being isolated and is often far less effective in identifying and maximising opportunities to counter Conservative policies.
- Where there is a lack of cooperation from councillors, for whatever reason, then unions will have to develop strong links with opposition parties.
- Joint union cooperation is vitally important although often very hard to sustain on all issues on a consistent basis. Relations between NALGO and other unions such as NUPE, GMB, TGWU, and UCATT have varied in all three boroughs. Increased contracting out of manual services has drastically reduced union membership coupled with the loss of branch officials. Unions in Westminster followed different strategies with NUPE being involved in CCT whilst NALGO refused to participate. However,



even allowing for different approaches and sometimes conflicting interests, there remains a great deal of scope to increase joint union cooperation through information exchange, holding joint educationals, building alliances with community organisations, and taking collective action on common issues. The proposals for a new union incorporating NALGO, NUPE and COHSE will assist in developing joint work across unions.

- Time off for trade union duties is variable between authorities and is becoming more of a crucial issue as authorities introduce service level agreements, trading accounts and reorganise departments. Trade unions need to monitor and influence changes, yet more staff are under greater pressure, and less time is available for individual trade unionists to take on union responsibilities. This has a knock-on effect on the activities of the branch. In Wandsworth, the branch secretary's time off for trade union duties has been reduced from three days to one and a half days a week. By contrast Kensington and Chelsea have recently increased time off for branch officers, but do not allow any official time off for stewards. Westminster are anticipating greater problems for the branch with decentralisation of personnel functions. Getting representation at departmental meetings is becoming more difficult. As a result, the branches are finding that certain groups of staff, particularly front-line workers, are less able to become actively involved in union issues.



Opposition to cuts in council spending, restructuring and commercialisation, tendering and contracting-out

Trade unions in all three boroughs have worked hard to maintain a strategy of opposition to the council through publicity to their members, voicing opposition at council meetings, and various forms of action including strike action where possible.

Central to their strategy has been a clear policy of not moving away from national terms and conditions of employment.

A coordinated response is required as the work of the unions is being undermined with the introduction of more localised collective bargaining. The dismantling of key services, the introduction of business criteria and the threat of further CCT, combined with decentralisation of personnel services has resulted in more localised bargaining within all three boroughs. This form of local negotiation makes the input from NALGO branches and a coordinated strategy much harder.

The unions therefore need to equip individual shop stewards by providing more educational and training work on the council's policies, the impact on the workforce and ways in which the unions can and should influence decision making within departments and sections of the council.

Involvement in CCT

The unions in the three boroughs have used their influence in a number of ways. Although Westminster NALGO have refused to have any formal involvement in CCT, they articulate their opposition at council meetings and disseminate information through the union newspaper and local media. Work has been developed with opposition councillors, constituency Labour parties and local campaigning groups.

Wandsworth and Kensington & Chelsea NALGO have opposed privatisation of services through the development of links with the local Trade Unions Councils, supporting the manual unions, regular publicity and opposition voiced through the Local Joint Committees.

The unions, along with opposition councillors have had great problems in gaining accurate information on the extent of privatisation and the cuts in all three boroughs. Information is partial and only available at the last minute, often giving no time to prepare alternative proposals.

Involvement in extension of CCT to white collar services

Of the three boroughs, Westminster, is the only one where there has been a concerted strategy to privatise professional, technical and administrative services. In addition, all departments are being threatened with the introduction of business units which will result in further decentralisation of decision making and greater possibilities for localising collective bargaining. NALGO have not entered into any formal dialogue with the council over the contracting out of white-collar services.

In Wandsworth and Kensington and Chelsea the unions are planning to work towards a strategy which assists their members in dealing with direct threats to their jobs and prevents groups of white-collar staff developing proposals for management buyouts.

All three union branches are concerned to broaden the debate about development of a response to the extension of CCT which looks at the experience of branches elsewhere and the lessons for trade unionists.

As a first step the implications of extending privatisation need to be widely publicised. These include the loss of democratic control over services, the loss of skilled and experienced staff, a sharpening of the competitive climate where the quality of service delivery is often lost to the overriding considerations of budget and cost. Whatever the political climate prevailing, the lessons so far show that a rigorous enforced tendering procedure must be adhered to whatever the service, including a detailed and informed tender evaluation process and monitoring programme which is specific to the service concerned.

Developing alternative plans and policies

The preparation of alternative plans for services, drawn up by staff and users, has only been attempted in Wandsworth in the early 1980s. The report 'A Better Housing Service: An Alternative Plan for Local Housing Services' was prepared by the Roehampton District Tenants Association and Wandsworth NALGO Housing Shop Stewards Committee. This followed a successful picket by tenants stopping Grand Metropolitan from carrying out a feasibility study into privatising housing management in the Roehampton area. A similar report was drawn up for improving housing caretaking services in the borough.

During the mid-80's Westminster NALGO made several attempts to get discussions with tenants off the ground. However, they were not successful in developing a constructive dialogue and did not prepare any alternative plans for presentation to the council.



In Kensington and Chelsea development of alternative plans has been restricted by the fact that there is no central structure of tenants groups in the borough and no formal links with individual tenants associations.

The housing policies in Westminster and Wandsworth have clearly weakened the possibility of developing alternatives in the late '80's and '90's. There has been a rapid change in the structure of residents associations which are now dominated by owner occupiers/leaseholders rather than council tenants. Leaseholders are potentially a very powerful group and have specific requirements of the council which are not necessarily in the interests of council tenants. Key activists have moved away and many of the key opposition councillors have lost their seats. Consultative structures put in place by Wandsworth are largely talking shops and do not encourage any real discussion of alternative strategies. As a result NALGO has not been able to renew the positive links that were developed in the early '80's.

There remains much scope for the development of alternative plans in other services particularly environmental issues, education and social services.

Unionisation of contractors workforce

Some limited attempts have been made to organise different contractor's workforce in Wandsworth, but none in Kensington & Chelsea. In Westminster, NUPE have recently approached the management buy-out, MRS, about possible negotiating rights. NUPE are already recognised by Serco.

There have been two attempts to organise contractor's workforce in Wandsworth. The first, in 1983, covered the grounds maintenance contract held by Pritchards. Recruitment by NUPE and demands for improved conditions led to industrial action. Pritchards were incurring defaults before the strike and within six months the contract had been terminated. Further organising attempts were made when Wastecare held the refuse contract, primarily by one worker employed by the firm. He had enormous difficulty in trying to recruit member-

ship and this eventually fizzled out.

Particular problems encountered were:

- lack of resources, ie people, to undertake the work
- opposition and hostility from contractors - threats to workforce if seen involved with union
- opposition from council
- scattered worksites and infrequency of workforce meeting at any central points
- high turnover of contractor's workforce

Lessons to be learnt:

- unionisation work is very labour intensive
- new strategies are needed in addition to basic organising
- commitment and resources are needed from the union at regional and national level
- training in organising and campaigning strategies is needed
- a joint trade union approach is better than an approach by an individual union
- ideally workers are needed inside the firm recruiting members and being fully supported by unions and Trades Councils from the outside

Similar problems were identified in the detailed study for NALGO and NUPE of the Lincolnshire school cleaning contract (Taken to the Cleaners, 1988)

Battersea & Wandsworth Trades Union Council is organising a Minimum Standards Campaign which is not only based on standards of service but equally achieving minimum standards of employment such as hourly pay rates, sick pay, and health and safety. They are contacting contractors seeking their position on union recognition and copies of their contracts of employment.

Political strategies

Opposition tactics

The high profile and dominant position of the ruling Conservatives in all three boroughs coupled with the lack of Labour resources has meant opposition tactics that have focused on preventing, delaying and exposing Conservative policies and have not been able to develop clear alternatives.

Opportunities

Whilst recognising that immediate change is unlikely, the opposition parties need to develop a longer term strategy which will help the unions and community organisations in anticipating the council's next moves and planning around that.

The Labour Party made Wandsworth a national story in the early '80's and put a lot of resources into key marginal seats during the 1989 election campaign. Privatisation policies and their impact

on the local community must be kept high on the agenda and made part of a strategy to win back key marginal seats in the boroughs.

Action Plan for trade unions in Conservative-controlled councils

Drawing on the lessons from Westminster, Kensington & Chelsea and Wandsworth it is possible to outline a series of recommendations for other branches in similar circumstances. Many of the points apply equally to branches in Labour controlled local authorities.

1. Branch organisation

The experience of the NALGO branches in Wandsworth, Westminster and Kensington & Chelsea all point to the need to place greater emphasis on research and information, education and training, and contract monitoring. This can usually best be achieved by making these official tasks within the branch and electing one or more members to take responsibility. Even if it is initially difficult to recruit members to take on these tasks the branch should persist.

The increased workload and demands on branches resulting from commercialisation, the extension of CCT, continuing spending cuts, further privatisation, restructuring, and so on cannot be dealt with solely by a handful of branch officials no matter how committed. Less hierarchical and more participatory branch structures are required. The branch should have a policy to draw in more members on an active basis and this can best be achieved by identifying specific tasks which can be carried out. Members need to be drawn-in rather than overwhelmed with the risk that they quickly disappear. Giving people specific responsibilities can help in this situation.

All branches already have an education officer. However, very few, if any, have designated specific responsibility for research and information and contract monitoring.

The brief for a branch research and information officer(s) could include the following:

- gathering information about council proposals, helping to ensure items are on branch meeting agendas, and helping to assess the implications of policies.
- gathering information about the costs incurred by the council in implementing its policies including the use of consultants, the speed-up of housing sales, and the real level of savings from contracting out.
- being a contact point for members to keep the branch better informed about developments in different departments.



Responsibility also for building up a branch library of useful reports, pamphlets and relevant material from other NALGO branches, unions, and labour movement organisations.

A brief for contract monitoring is discussed below.

2. Develop a branch strategy

Many branches have developed strategies covering CCT, spending cuts, and restructuring proposals within the guidelines of the national union strategy and have an ongoing dialogue with national officers. However, strategies are often developed as required in response to specific issues and there is often no overall branch strategy - this will include setting out aims and objectives, tactics, timetable, counter-responses and so on. The overall strategy needs to be reviewed regularly in the light of its appropriateness to members within departments.

3. Recruitment and membership

It is clearly crucial to keep putting resources into recruitment and membership, especially as staff are demoralised and feel under threat from the council's moves to further extend contracting out. Restructuring and commercialisation serve to weaken the workforce at a time when support from the union is often crucial. Strengthening union organisation and the involvement of individual members in departments and sections immediately at risk as candidates of the contracting out process well in advance of plans taking effect is vital.

4. Links with opposition parties

We have already emphasised the importance of

improved working relationships between NALGO and other trade unions together with opposition councillors and community organisations. Links with opposing political parties, should be developed or strengthened. This should involve a regular exchange of information (of advantage to both trade unions and councillors) with meetings called to discuss responses and strategies whenever necessary.

5. Develop alliances

In a situation where the Tories have a strong majority, it is crucial for in-house unions to develop alliances with local organisations, such as trades councils, cuts campaigns and community organisations.

6. Quality of service initiatives

The three boroughs have failed to implement any of the current quality initiatives now being adopted by many local authorities. Although they are considered Government flagship authorities for contracting out they have failed to seriously embark on any of the Government's feeble Citizens Charter proposals.

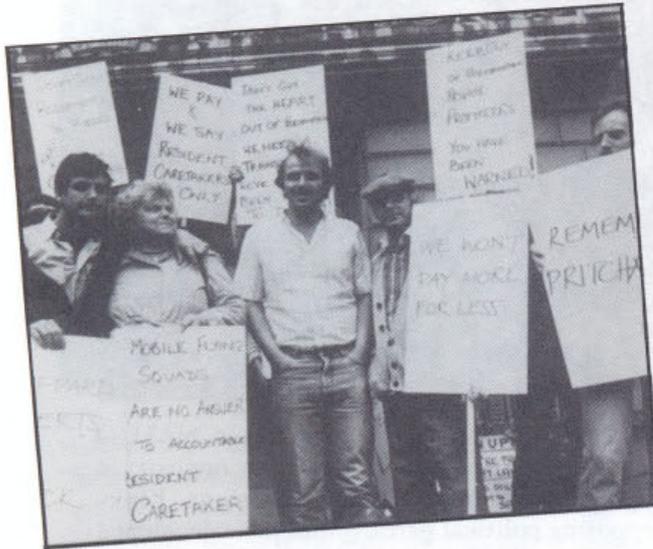
This also applies to many other Conservative local authorities. It opens up opportunities for branches to go on the offensive to define appropriate quality initiatives. This could help to minimise the adoption of superficial schemes and provide an opportunity to develop alliances with user and community organisations.

7. Organise contractor's workforce

Branches also need to develop joint union policies about organisation and recruitment of workers

employed by private contractors. This has only been attempted in an ad-hoc fashion in the three boroughs. It requires resources and a coordinated approach by unions and local organisations including trade councils.

Contractor(s) and/or services need to be selected to target efforts rather than spread too thinly. A strategy or plan should be drawn up based on an assessment of resources, current organising issues, accessibility and organising potential of the workforce, and company attitude to trade union recognition.



8. Education and training for stewards

Education and training courses and workshops for shop stewards and active members should play a central role in helping to increase awareness, improve branch information about developments in different departments, assist recruitment, build morale, and contribute to more effective branch strategies.

Courses could also be held jointly with NUPE and/or GMB and TGWU and can assist in the development of joint working between unions.

9. Campaigning amongst membership

Branches need to build up and maintain work amongst the membership. Union members need to be kept aware of the branch strategy and be involved in the debate. One form of communication as part of this is the publication and distribution of a regular branch news sheet.

Guidelines for trade union role in monitoring services

Monitoring of contracts, both DSO and private contractors, is a vital issue for trade unions. Research into the first two years of monitoring CCT contracts has revealed a number of shortcomings many of which reflect experience in the three boroughs (Monitoring Public Services, Centre for Public

Services, 1991). This study also identified the following reasons why trade unions need to be concerned about the level and quality of contract monitoring:

- ensuring the effective implementation of the enforced tendering strategy in full and that lessons learnt are fed back into the tendering process including tender invitation assessments, evaluation of tenders, and references requested by other local authorities.
- implementation of health and safety and equal opportunities policies: Given the restrictions on equal opportunities monitoring imposed by the 1988 Local Government Act, trade unions have a key role in keeping this issue on the political agenda and pressurising local authorities to maximise the use of their limited powers.
- employment practices including pay and conditions of service, working conditions, and grievance procedures.
- scope for recruitment of the contractors workforce.
- ensure contract defaults and failures are fully reported to councillors, trade unions, and other organisations monitoring privatisation.
- development of more effective DSO bids in subsequent rounds of tendering.
- overall progress of the contract, as an 'early warning system' to identify overspending and/or mismanagement which could lead to closure of the DSO.

Improving monitoring systems

There is considerable scope for NALGO branches to put pressure on local authorities to radically improve contract monitoring. Authorities like Wandsworth and Westminster which claim they have effective monitoring systems could make substantial improvements.

Authorities should be pressed into adopting the ten point monitoring and quality control plan as outlined in Monitoring Public Services produced for the AMA, ALA, ADLO and LGIU by the Centre for Public Services covering:

1. The organisation and management of monitoring
2. Monitoring techniques, methods and frequencies
3. Staffing requirements together with transport and other resource needs fully costed.
4. Training of monitoring staff and testing of the monitoring system.
5. The recording, analysis, reporting and publicity of performance and standards.
6. A complaints procedure to receive, record and process complaints from other local authority client departments, users, trade unions, council

workers and the public generally.

7. Contract start-up proposals.
8. Criteria for evaluating the contractors own quality control, management, and supervisory arrangements to ensure that they are not simply going to rely of the local authority to identify defaults.
9. An appeals system for contractors disputing monitoring findings.
10. Periodic evaluation of the monitoring system and procedures.

The elements of this plan are described in more detail in the full report available from the Centre for Public Services.

Trade union and user surveys of contract performance

These have not been developed in any of the three boroughs. However, unions in several other authorities have carried out surveys, particularly into cleaning standards in schools, which have exposed contractors failures and contributed to contract termination in some cases. Those surveys which target a particular workforce or contractor have been the most successful.

Surveys do not necessarily take a lot of resources but do require one or two people to coordinate the distribution, collection and analysis of survey forms.

Surveys are easiest in services where there are clear public links. There is also a need to target information and expose the performance of the key contractors to users of services.

Branch coordination

There are advantages in appointing one branch officer or steward to take responsibility for gathering information on contract monitoring. It would be seen as a branch activity and would increase information once members knew there was someone dealing with the issue. It would also increase the power and influence of the branch in CCT matters and gives a clear message to users and community organisations that the trade unions take the quality of services seriously.

The role of steward could include the following:

- ensuring the branch obtains copies of all monitoring reports by client departments
- encourage members to report directly to the branch examples of contract failures or where contracts are experiencing difficulties of one kind or another.
- compile a branch response to draw attention to contract failures, inadequate monitoring systems, monitoring staff training needs, and proposals to improve monitoring.



Rights to monitoring information and committee reports

The introduction of citizens charters could be used to argue for public right to monitoring contracts and against commercial confidentiality arguments.

Guidelines for opposition to MBOs

Management buyouts have taken place in Westminster and Kensington and Chelsea with the support of the Tory councillors. MBOs are likely to increase if CCT in white-collar services increases and is given legislative backing.

Trade unions need to:

- Demand a policy statement from the authority clarifying its position on MBOs
- Argue the case against MBOs by highlighting the disadvantages using the following points:

For members:

- job losses
- reduced terms and conditions
- inferior or non-existent pension schemes
- loss of national bargaining machinery
- loss of union recognition
- competition between buy-outs and in-house teams for the same contracts
- future possibility of takeovers with further rationalisation and job losses

● For the council:

- loss of valuable assets
- impact on the quality of service
- loss of skilled and experienced workforce
- loss of democratic control over services
- loss of reliability - MBO may later refuse to tender for certain work
- open to charges of hindering competition because fewer private contractors bid against MBOs

- Immediate action be taken once an MBO is

mooted or declared by either moving the managers to another area of work unconnected with the MBO, suspend the managers for the period of the negotiations, or demand the resignation of the MBO team.

- The authority should ensure, at the very minimum, that members of a buy-out team are:
 - not privy to client side information
 - not involved in drawing up specifications, contract conditions, monitoring, and tender evaluation procedures
 - not allocated any time off to prepare for an MBO bid nor to do so in council time.
 - not able to use any central support services to assist the formation of an MBO.
 - not involved in preparing a rival in-house bid
- In the event of buy-out proposals being considered, the trade unions will have access to documentation with full consultation and negotiating rights.
- That no staff are approached individually or asked to sign any documents and that all communication take place through the trade unions.
- That if a buy-out takes place staff will be protected as if the service were being taken over by any other private contractor.

Developing Alliances

Joint union

Joint trade union action between manual workers and white collar workers is a crucial ingredient in campaigns against privatisation.

The weakening of trade union organisation and the loss of thousands of manual jobs caused by the strategies of Tory councils, and the extension of CCT to white-collar services, makes the development of inter-union work doubly important in the '90's. The lessons from the three boroughs must be used to develop a coordinated approach within the union networks to prevent the tensions and conflicts which can arise when sections and groups of workers are affected by commercialisation.

Joint shop steward committees should be strengthened to play a key role in coordinating a

response to the extension of CCT and commercialisation plans of Tory councils. The proposals for a new public sector union incorporating NALGO, NUPE and COHSE will assist in this.

In addition, work should be developed with other union branches in London and other parts of the country. This could begin with information sharing, providing contact points, feeding information into the central structures and developing joint strategies.

Trades Councils

During the '80's trades councils have often been inward looking and have not put sufficient resources into developing campaigns to oppose privatisation in Tory councils. Trades Councils need to work towards strengthening alliances within their area and supporting in a practical way, the work required to protect public sector employment and services. Trade Councils can have a very important role in drawing together local organisations and promoting campaigns around particular issues. Battersea and Wandsworth Trades Union Council have clearly been successful in doing this.

The public sector input to trades councils is crucially important. Trades Councils, with an input from in-house local authority unions can provide a forum for exchanging information and developing links with the community and other trade unions.

Local campaigns

Working with local campaigns will strengthen the position of the unions in Tory authorities. Campaigns which bring together service users, the voluntary sector, private and public sector unions are a vital part of the development of alternatives to Conservative ideology and assist in putting forward the case for maintaining and improving public services.

User and community organisations

There needs to be a recognition that alliances are a two way deal and require all participants need to make a commitment to work collectively in the longer term rather than each participant 'inaugurating' an alliance when they are under pressure on a particular issue.

7 Conclusions

Flagship councils

Wandsworth was clearly considered to be the flagship borough during the early '80's with its privatisation of key manual services, the sale of council housing and the development of a contract culture which worked directly against the interests of the trade unions and the local community.

Wandsworth's experimentation was clearly followed in Westminster and Kensington and Chelsea, where the Tories had controlled the council for much longer. By the late '80's, Westminster had taken the lead as a Tory flagship, taking the ethos of commercialisation much further. More services have been contracted out in Westminster than in any other London borough and the ultimate goal is clearly to hive off or decentralise all its activities, thereby weakening the workforce and trade union structures even further. Wandsworth and Kensington and Chelsea are biding their time - the future of their privatisation strategy is unclear.

Link between contracting out and low rates

The relationship made by councils between privatisation and low rates is extremely tenuous when government grants, spending cuts and the hidden costs of tendering are taken into account. The break-up of the manual workforce in all three boroughs has not resulted in the massive savings promoted by leading councillors. The savings figures disguise the costs of tendering and the impact on employment and pay. Contractors are working to make profits and privatisation often results in post-tender increases in budget. Where major cuts made in the budget have been maintained, problems have resulted with contract failures and defaults.

'Value for money' and 'savings'

The value for money argument used to contract out services must be seriously questioned. On retendering costs have gone up and all three boroughs have employed private consultants at massive costs to review services and carry out tender evaluation.

The reality is that the cost of some of the services provided in the boroughs by private contrac-

tors are as high or even higher than if they were carried out by the in-house workforce.

Wandsworth, Westminster and Kensington and Chelsea have argued that privatisation is a means of reducing costs. The Government has taken this further by contrasting low cost, privatised services with high cost and inefficient direct labour.

But the figures produced by CIPFA show that the cost of collecting one tonne of rubbish is far greater in Wandsworth and Westminster than in any other London Borough (for which there are published figures), and where the majority of refuse collection is still carried out by DSO's rather than by private contractors. Table 20

This is particularly surprising in Wandsworth where the net cost per tonne is much higher than in neighbouring Merton and over twice the cost of Haringey's service.

The client/contractor split

Westminster are taking this to extremes with their proposals to establish business units throughout the council for all services. The contract culture divides the workforce and weakens the organisation of direct services. It also makes services more vulnerable to privatisation by separating off the contracting operation. Client side costs are hidden whilst the contractor side is usually under constant pressure to reduce costs.

Table 20

Waste Collection Costs in London Boroughs

Borough	Net Cost per Tonne	Net Cost per head
Westminster	£21.33	£24.60
Wandsworth	£39.28	£21.19
Merton	£24.30	£13.74
Brent	£ n/a	£13.67
Hammersmith and Fulham	£ n/a	£12.43
Redbridge	£25.81	£9.78
Haringey	£16.62	£8.75
Havering	£17.59	£8.73
Hillingdon	£19.62	£8.60
Enfield	£15.37	£8.39
Bromley	£19.19	£8.36
Barnet	£17.54	£8.36
Newham	£19.08	£8.02
Kensington & Chelsea	£ n/a	£ n/a

Source: CIPFA Waste Collection Statistics 1991

Note: There are no further figures for Inner London Boroughs.

The myth of Competition

The arguments used by the Tories about market mechanisms and competition have been used selectively in the three boroughs and often against the interests of the in-house workforce. In virtually every case of privatisation in Kensington and Chelsea, DSOs were not allowed to tender.

In the first round of tendering, Wandsworth refused to accept the DSO bid for school cleaning and insisted on retendering the contract, packaging the work so that it was more attractive to private contractors.

On the other hand, MBOs have been favoured, particularly in Westminster and Kensington and Chelsea. Groups of senior managers with an in-depth knowledge of the council's services have been encouraged to privatise the work and form their own private companies, taking with them the skills and experience of large sections of the workforce.

Tender evaluation

In all three boroughs, tender evaluation has been dominated by financial criteria and other issues usually taken into account by local authorities, such as technical detail, track record and experience of companies and the impact on the workforce has been given little coverage. In their attempts to lead in developing a privatisation strategy the three boroughs have used a very limited interpretation of tender evaluation; this has assisted in forming a contract culture where companies are hired, and eventually fired where major problems are exposed, merely to be replaced by another contractor.

Secrecy and 'freedom of information'

The trade unions have found that much of the privatisation policy in the three boroughs has been operating behind closed doors. The effect of the Local Government Act 1986 concerning access to information has been to exclude many items from committee reports and increase the level of decision making outside council committees. Information is hard to come by and provided too late in the day for any real alternatives to be developed. Similar problems have been highlighted by the Labour Party and community organisations in the three areas. All this makes a mockery of the Citizen's Charter and the scope for influencing council decision making.

Service quality forgotten

The quality debate going on in many local authorities and the Government's proposals for Citizen's Charters have not stimulated any more

than a minimalist response to issues of service quality in the three boroughs. Standards have been set in specifications for the the privatised services, but no information is provided on how those standards are achieved and whether improvements are possible. There is little or no consultation with service users and no assessment of the needs of different groups in the boroughs is being carried out for the privatised services. Those with no political voice, for example, the elderly and disabled have little chance of voicing their concerns about services which are already privatised. The link between quality of services and quality of employment is a forgotten issue which will be excluded from any charters drawn up in the boroughs.

Privatisation of services reduces the possibility of improvements in service quality and does not allow for the flexibility needed to respond to changes in service delivery and the organisation of the workforce which is possible in DSOs.

Contract Monitoring

Contractors have been able to get away with a high level of complaints and defaults before any financial penalties have been incurred. The complaints led system of monitoring devised for many of the privatised services in the three boroughs is a poor indicator of service delivery and depends on service users with the knowledge and channels of communication with the council which allows a complaint to be made.

Poor management and organisation of monitoring, has resulted in inconsistent and inadequate monitoring procedures in all three boroughs. Westminster's monitoring has been highly criticised and the unions have no evidence to show that the procedures have been improved.

Standards are set in specifications but it is impossible to work out whether these have been adhered to, except where service delivery has fallen down to the point where it is totally unacceptable and contractors have been sacked, as in the case of several contracts in Wandsworth.

Fragmentation of the opposition

The development of links with the local community has become more difficult with the fragmentation of tenants organisations. The aggressive housing policies and large scale sale of council property in Wandsworth and Westminster especially, has resulted in the establishment of organisations dominated by owner occupiers whose interests may conflict with tenants. In Kensington and Chelsea with the highest council house rents in London, problems for the remaining council tenants are worsening as the division between the prosperous southern part of the borough and poorer northern

part becomes greater. These boroughs have deliberately helped to create a situation where the community action in the local areas has been fragmented.

Trade union opposition has been weakened through the loss of representation in the manual unions.

National implications

The break up of the manual services destroyed any notion of public service practice and planning in these services ahead of the Local Government Act 1988.

With Westminster leading the way, they are likely to do the same in white-collar services. The

three boroughs are working towards developing an infrastructure which works against collective bargaining. In addition to privatisation, the boroughs have introduced individual contracts, fixed term contracts, performance related pay and encouraged employees to have an individual relationship with the authority.

As well as working against service delivery based on cooperative working, NALGO's strength as a national organisation promoting national conditions of service is under pressure. The union needs to find new ways of dealing with the issues facing workers in local authorities where commercialisation is high on the agenda and the position of trade unionists is being gradually, but consistently, eroded.

Table 21

Private Contractors operating in Westminster, Wandsworth and Kensington & Chelsea.

Company	Ownership	Contracts in the three boroughs		
		Westminster	Wandsworth	Ken & Chelsea
AIPS ARA Services			School Cleaning Welfare Catering 1985 to 1989	
BFI Wastecare	Browning Ferris Industries (USA)		Refuse (to 1987)	Refuse & Street Cleaning
BRS CCG	NFC PLC (UK) Castle View Investment Co. (UK)	School Catering		Vehicle Maint. Welfare Catering
City Centre Leisure (Westminster MBO)		4 leisure centres		2 leisure centres
Civic Leisure	Queens Moat Houses PLC	3 leisure centres		
Electrolux (now Swanlux)	Electrolux (Sweden)	Estate Cleaning Public Toilets	Estate Cleaning	
Executive Cleaning	Executive (UK)		Cleaning-elderly homes 1988 Office Cleaning up to 1990 School Cleaning	
Exclusive Initial Contract Services	BET BET (UK)	Building Cleaning School Cleaning	Estate Cleaning to 1989 Public Toilets Estate Cleaning to 1989 Libraries Cleaning to 1990	
Kestrel Krinkels	Krinkels (Netherlands)	Building Cleaning Grounds Maint.		
Mitie Cleaning MRS (Westminster MBO)	Mitie Group (UK)	Refuse/Street Clean.		Education Clean.
Northdown Ocean Cleaning		Civic Catering	Building Cleaning	
Office Cleaning Services	OCS Group	Building Cleaning School Cleaning		
Serco Taylorplan Transfleet Tylers	Serco Group (UK) AAH Holdings (UK)	Civic Catering to '91 Social Service Transp.	Building Clean.	Grounds Maint.
Wetton		School Cleaning	Street Cleaning Refuse Grounds Maint. Litter Picking Schools Transport School Cleaning	