

PUBLIC SERVICE ACTION

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AN ANTI-PRIVATISATION NEWSLETTER FOR THE LABOUR MOVEMENT No.15 JUNE 1985

Northern Ireland Social Services

PRIVATE HOME HELPS

This may sound like another proposal from the lunatic right or the result of an over-priced cost-cutting review by management consultants, but it comes in fact from a joint working party of directors and assistant directors for Health and Social Services Boards in Northern Ireland.

The review of the home help service identifies three major 'problems' in the existing service —

- the high costs of administering 'a part time workforce receiving full terms and conditions of service';
- the increased demand for the service which will continue until the end of the century;
- the increasing amount of administration.

Grants to replace home helps

The working party concludes that these problems could be overcome with additional resources, but as this is 'unrealistic', they instead propose the demolition of the existing service.

What is proposed is a 'Grant Scheme' whereby the majority of those assessed as being in need of the service by Social Services would get a grant instead of a home help. (There is a real fear throughout the report that some elderly person might get a home help just because they want one or foolishly believe they have a right to one!). They could then buy the services of a commercial or voluntary agency. There would still be a small centrally employed workforce to fill in on a temporary basis and to be used where a client could not 'manage their affairs'.

One would expect the Audit Commission or management consultants to



take this kind of simplistic view of the service, as if it was just cleaning, but from a bunch of social services directors it provides a frightening glimpse of the future for the elderly. Policies of community care — even the Tory version of it — depend on expanded effective domiciliary services, with home helps as the keystone. Now they plan to remove the keystone and leave thous-



ands of people, by definition in need of a reliable caring service, in the hands of rip-off commercial cleaning agencies.

Loyalty not valued

Home helps are universally renowned for their loyalty and commitment to their clients, so much so that almost all do hours of unpaid work to ensure the well-being of those for whom they are responsible. But the Working Party is concerned only with the costs of employing and administering them — and its proposals will effectively casualise almost the whole workforce, leaving them dependent on picking up a few hours work here and there, with none of the benefits of secure protected employment. Again, part-time women workers form a target for sweeping cost-cutting plans.

The report has met with widespread opposition — from the unions, from social workers, and from voluntary agencies. Age Concern has joined the unions' call for an expansion of the present service. One District Health Committee member has called upon the Working Party to 'resign in disgrace'.

A 'consultative' period is now in progress, but it is clear that the plan fits in well with Norman Fowler's plans to reduce social services departments' role to merely co-ordinating the work of voluntary and commercial agencies, with no direct service role. And how long before councils in the rest of the UK will be encouraged — or forced — to follow suit?

Philip Wolmuth

Merton SUTCLIFFE'S PULL OUT

Sutcliffes contract to supply meals for residential homes, day centres and the meals on wheels service in the London Borough of Merton is to be terminated. Following constant complaints over the nutritional quality, portion size and presentation of meals, the company has given notice that they are pulling out.

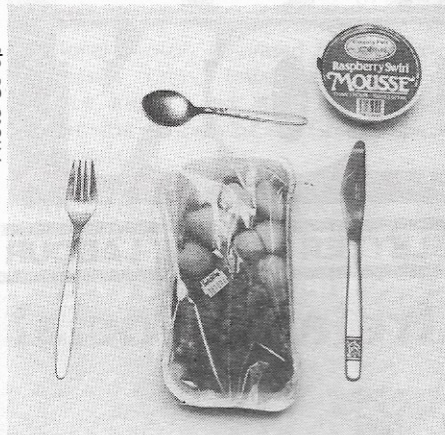
Sutcliffes won the contract in May 1984 with their bid of £205,000 per annum, (plus £37,000 extra for installing specialist equipment), as compared with the previous in house price of £500,000 a year. Since the council was still employing the meals on wheels staff directly, it still had to meet the wages bill of £167,000. Projected savings of £90,000 per year were rapidly reduced to less than £50,000 after the council was forced to increase payments to the company to improve the meals after continuous well-publicised complaints.

Savings — what savings?

Both the council and the company have now openly admitted that the cook-chill system of food production used in Merton is not suitable for social services. The social services chair, councillor Elvidge, has said that they system was 'not flexible enough to meet the needs of elderly people' and Sutcliffe manager Harrison has admitted that 'the use of centrally provided chilled foods is unsuitable for the elderly'. We hope the Audit Commission is listening! In their recent report on care of the elderly they recommend the use of these methods as the way forward for local authorities.

All this is little comfort for the 60 workers who lost their jobs last year when Sutcliffes won the contract. Merton Council has now set up a special sub-committee to consider the future of social services meals. It is expected that bids will be invited to provide the service — but food will have to be

Photo Co-op



cooked on the premises in homes and day centres. Meals on wheels presents a greater problem. Meals on wheels workers were recently asked to do a survey of their clients to see which could prepare meals for themselves if provided with a freezer and a microwave. The workers refused — and when NALGO members in social services were asked to do it, they also refused.

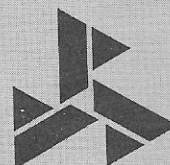
Sutcliffes are still providing cook-chill school meals in Merton — though since they started over 1,000 school-children have stopped taking school dinners and less than one in four pupils in the borough now eat Sutcliffe dinners. Last month Merton sold off all its school kitchen equipment at auction... among would-be buyers was a Tory councillor who owns a local restaurant, hoping for a little bargain of his own from his party's asset-stripping mania?

Paris STRIKE AGAINST PRITCHARDS

One hundred and fifty Pritchards workers, most of whom are migrant workers, at France's biggest airport recently won better pay and conditions following a three week strike.

Despite an agreed settlement however, the workers' demands were not met in full as the company used a loophole in French law to back out of its agreement. At the beginning of the strike the workers, employed by the French company **Group Service Industrie**, were unaware that the company was owned by Pritchards. However, on finding out about this, and about the strike at Barking Hospital in London, the workers mounted a solidarity picket with the women sacked by Crothalls, another Pritchards company. Pritchards management were clearly upset at being exposed in this way and since then have given in to a number of demands by the French workers. Contact: Jeremy Landor, Transnationals Information Centre, London, Tel.: 01-403 7550.

A full account of the French workers' action and Pritchards tactics to try and break the strike will appear in the next issue of *Public Service Action* which will be a special issue devoted to Pritchards.



Philip Wolmuth

Hammersmith Mitchell Cotts

Mitchell Cotts, who recently won a contract to maintain Hammersmith Council's vehicle fleet (see PSA13) don't seem able to cope. Council workers report that it takes the company three weeks to carry out MOT tests and up to two months to repair vehicles. Also when vehicles which are used to dispose of debris from tree cutting are being maintained, the company does not provide replacement 'enclosed' vehicles. As a result, debris is scattered around the streets of Hammersmith from the tops of open vehicles which the workers are forced to use.



Sheffield IN-HOUSE SUCCESS

Sheffield Council has successfully launched an improved and expanded Trade Waste service which has won back work previously lost to private contractors. It has won the University of Sheffield waste collection contract and is in the running for hospitals and health centres.

Trade Waste Services have also picked up smaller contracts, for example a chain of butchers shops, and enquiries for the new service are running at over 20 a week. Local authorities have, by law, to charge for trade waste and several private firms have been trying to corner the market.

The Employment Department provided £80,000 for new vehicles and equipment for Trade Waste as part of its Make it Public campaign. This included new wheeled bins, skips, and skip loaders. A further £10,000 has been used for publicity and sales information to promote the service. An exhibition and stall in the main shopping area has drawn inquiries from many shops and stores.

The new service has created five new jobs and secured a further 50 which were at risk if contractors had continued to gain trade waste contracts as has happened in many other cities.

Contact: Steve Topham, Public Sector
Team Employment Department, Palatine
Chambers, Pinstone Street, Sheffield
S1 2HN. Tel. 0742-755215.

British Gas HIGH SPEED SALE



Photo Co-op



More gas explosions after privatisation?

The sale of British Gas is to be rushed through in a 'BT style' flotation worth between £8-15 billion to the government and at least £100 million in fees to the City. Potential public control of a vitally strategic asset to both the UK economy and world energy markets will be lost. Consumers will face inevitable price increases and unreliable services. Thousands of British Gas' 100,000 employees could face redundancy.

The sale has been on the cards since 1981 but the government's recent announcement took the industry by surprise. The hold up in the sale of British Airways and the Royal Ordnance Factories has left a sudden gap in the government's privatisation programme. British Gas not only fills that gap but also provides a possible star attraction in the run-up to the next election. Conveniently, the announcement also follows a year in which gas reserves rose 15% to their highest ever.

Big profits

British Gas' 1983/4 profit was £1.2 billion on a turnover of £6.4 billion. It heats 60% of all homes, 30% of all offices and is a major supplier of energy to industry. It also has a virtual monopoly over purchases of North Sea Gas supplies and the transportation and distribution of fuel around the country.

City gloats

The Corporation will probably now be sold 'intact' without splitting up its remaining operations, as this will be simpler and more lucrative for the

government. Its most profitable assets, its offshore oil production interests worth £400 million, have already been stripped without compensation and privatised in the form of Enterprise Oil. But previous attempts to sell off the gas showrooms were defeated by trade union campaigns and public outcry over the potential loss of domestic safety standards.

As yet, no plans have been formulated for an agency to represent the public interest (like the toothless Ofel that watches over BT) and to regulate the eventual private company's activities. Meanwhile, some Treasury officials have expressed concern over the lack of preparation for the flotation, saying that the City might not be able to handle such a large flotation, even in 'tranches'. The City however, is already gloating over what will be the largest ever share flotation in the UK.

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Privatisation TAKING ACTION

This is the first of a regular section in *PSA* which will focus on tactics and organising methods. Campaigns against the privatisation of local government and NHS services have exposed the dangers and pitfalls of getting involved with in-house tenders or relying simply on traditional industrial action.

Action must range from strengthening basic trade union organisation right through to workers' and users' joint action and making local, national and international links to fight transnational companies. Below is the basic framework of a 7-point strategy to fight privatisation. In subsequent issues we will be examining each of these tactics in detail drawing out the lessons learnt from particular campaigns.

Building Stronger Workplace Organisation and Making Links with Workers in Other Places

for example:

- making union meetings more accessible to women and ethnic minorities, shift workers and those working in isolated sites. Times, places, agendas of meetings, creche facilities need reviewing to encourage people to attend.
- offering a strategy to workers to protect and improve particular jobs.
- involving individual members in working out alternative plans and strategies.
- making contact with workers in other authorities, voluntary organisations and the NHS.

Education & Propaganda

for example:

- getting the message over to union members and the public about the real threats to jobs and services.
- producing leaflets explaining the full range of service provision and how it is threatened.
- producing material in different languages wherever necessary.
- feeding the local press and radio with positive stories about public services and exposing the scandal of unmet needs.

Developing Alternative Ideas & Demands to Improve Services

for example:

- collecting workers' views of what's good and bad about their service, how cuts have hit, how much extra unpaid work they do, how the service could be improved for workers and users.

- preparing and publicising reports or charters of demands for particular services.

Developing Joint Action and User Committees

for example:

- trying to build support for services and users' involvement in campaigns at the earliest stage.
- holding meetings with women's groups, tenants, pensioners groups, other community organisations and ethnic minority groups to build support, develop new ideas and joint demands.

Tactical Use of Industrial Action and Negotiating Machinery

for example:

- considering limited forms of industrial action such as overtime bans, working to rule, boycotting work with contractors or consultants, rather than large scale action in areas of work where organising traditional strike action may not be easy or appropriate. The timing of any such action needs careful consideration to ensure wide support.
- refusing to co-operate with private consultants brought in to review services or carry out feasibility studies for privatisation.
- using the existing local joint negotiating machinery to make demands and protect services.

Direct Action by Workers and Users

for example:

- demonstrations, lobbies and pickets at council or health authority meetings to force members to justify decisions and deal directly with workers and

users.

- occupations and work-ins are important tactics and can build morale and attract publicity.
- demonstrations against contractors or consultants are effective — and have in some cases put them off altogether.

Counter Offensive Against Existing Contractors in Public Services

for example:

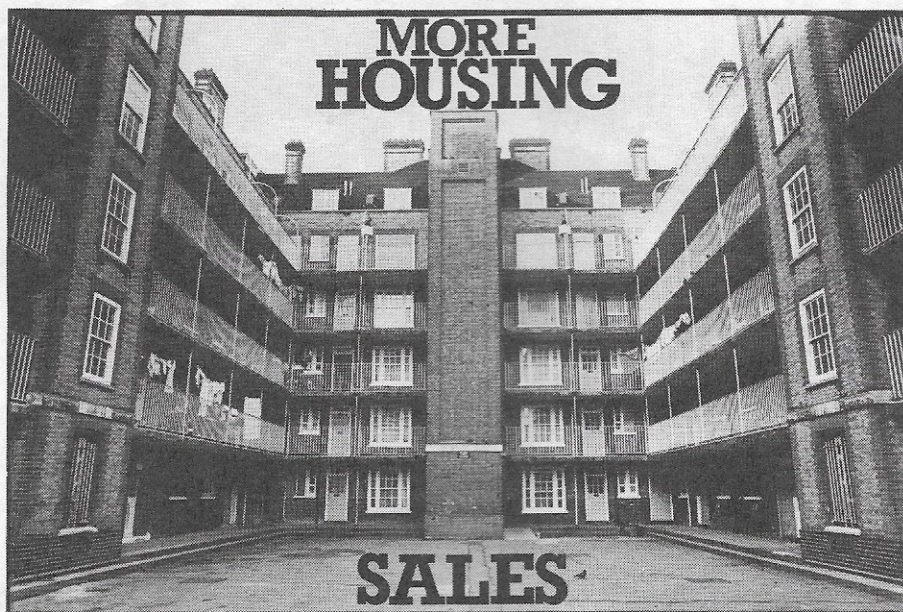
- collecting and publicising examples of contractors' failures to give good service and their bad employment practices in your area or elsewhere.
- publicising any information on poor services or conditions in private residential homes, hospitals etc — and the profits they make from public money.
- using information on contractors' records elsewhere to discredit companies before they tender for contracts and when decisions on tenders are being made.
- getting information to councillors or DHA members about contractors' failures — remember that councils and DHAs are bombarded with companies' own publicity material.
- organising campaigns to unionise staff in private establishments or who work for contractors in public services.
- ensuring that local authorities and DHAs effectively monitor and supervise contractors' standards and take action to remove contractors wherever possible.

Philip Wolmuth



Public Housing £12 BILLION LOST

The sale of public housing has far outstripped all other government privatisation programmes, according to new Treasury figures. A total of £12.2 billion has been raised through land and building sales since 1979, most of it from council housing. The annual figures have risen from £859 billion in 1982-3, declining slightly since then to an estimated £2.53 billion in the last financial year. In contrast, the widely publicised sales of nationalised industries and their subsidiaries have raised some £5 billion over the last six years.



Philip Wolmuth

The same period has seen public investment in housing cut by 45%, new housebuilding for rent brought to a virtual standstill and half a million building workers on the dole. The Government's own survey of house conditions in 1981 showed millions of homes as being unfit or in serious disrepair, and recent investigations into high-rise, deck-access, and other high density post-war public housing estates have shown serious design and construction faults which will require millions of pounds to remedy or to demolish and replace.

War declared

The Government's declaration of war on the public sector was never more apparent than in the field of housing. While forcing councils to sell the best of their housing stock at give-away prices, they have refused them permission to borrow funds to build new homes or to repair what stock they have left. A recent edict denies them the right even to spend the money raised from enforced sales of council housing. Legislation has forced up council rents far beyond the rate of inflation, so that while home owners now receive an annual government subsidy of £4,000 million, council tenants receive only £1,000 million.

As the numbers of homeless reach record levels and waiting lists continue

to grow, councils are not only unable to provide new accommodation, but are actually selling off whole estates to private developers (as reported in previous issues of *PSA*), because they do not have the funds to carry out remedial works. Thus the destruction of the public housing stock through individual house sales is being massively accelerated by the loss of whole estates at 'knock-down' prices, to be patched up for a quick profit by developers and sold to private buyers.

Labour to sell out on sales?

Those who were looking to the next Labour Government to save the public housing stock are in for a disappointment. In an NEC paper, *Housing: Labour's New Deal* presented to a Labour Party consultative conference on May 11th, amid a host of welcome proposals for massive investment in housing, comes the crunch line... 'Council tenants will keep the right to buy their homes...', though '... there will need to be exceptions for high stress areas'. The Labour Party, obsessed with the idea that it lost the last election on the council house sales issue, has reaffirmed its policy that owner occupation is the ideal tenure for everyone — and abandoned any vision it ever had for a public sector that works.

More News

DRUGS FOR SALE

The exclusive rights to products and processes developed by the government's Centre for Applied Microbiology Research at Porton Down have been sold to a consortium of firms involved in biotechnology. Millions of pounds of public money have been used at Porton Down developing drugs and vaccines for leukaemia, herpes, and other more exotic diseases. The consortium, Porton International, is financed by 15 City investors including Barclays Bank, Esso, Legal & General and ICI. Last summer the government sold Speywood Laboratories, which had helped to pioneer the development of Factor 8 for haemophiliacs, to the same consortium.

BRITOL — AUTUMN SALE

The government's remaining 49 per cent stake in Britoil will be sold later this year. Following the big flop in share sales when Britoil was privatised in November 1982 — only 25 per cent of the shares were taken up — the autumn share sale is likely to be aimed almost entirely at the major financial institutions.

BARRATTS SPITTING BLOOD

Barratts, once Britain's major private housebuilder, has had the poor quality of its buildings exposed twice by World in Action. Their finance Director admits they 'are spitting blood' over the bad publicity and the resulting 'consumer resistance'. In May they announced abandonment of their timber-frame building in England and Wales but not in Scotland. They will return to the traditional brick and block. Despite Barratts' troubles the Kuwait Investment Office recently bought a further 2.5m shares giving it an 8.5 per cent stake in Barratts.

ROLLS ROYCE IN REVERSE

Just as Rolls-Royce, the state owned aero engine manufacturer returns to profit — £26m pre-tax last year — there is a sudden burst of enthusiasm for its privatisation. The firm, taken into public ownership by the Tories when it collapsed in 1971, has always been near the bottom of the government's asset sales list.

NEW MOVE BY RCN

The Royal College of Nurses which organises thousands of nurses in the NHS has instructed its members to monitor work being done by private contractors. Concerned about falling standards and the increasing workloads of its nurses, the RCN has recognised that privatisation of domestic and other services has led to nurses carrying out duties previously performed by NHS domestic staff.

TORIES RETURN TO DIRECT LABOUR

Trafford Council has stopped private contractors cleaning Stretford Town Hall and the borough treasurers department at Warbrick House, Sale and is reverting to direct labour. Five extra cleaners will be employed. The contract cleaners could not maintain the cleaning standards of direct labour.

So ends Trafford's 'testing the market exercise' in which it used contract cleaners in new offices to compete against direct labour cleaning the old town hall. The council is now considering dropping plans to bring in contract cleaners into the new magistrates court building in Sale when it opens later this year.

CONTRACTOR SACKED

Private builders, **Whyatts**, have been sacked by Camden Council from a £1.5 million repairs and modernisation contract on 80 flats at Sidney Boyd Court, West Hampstead. The firm had been working for 10 months. The council were increasingly concerned about long delays and the time taken to complete each flat. It is reported to be the first time that a main contractor has been sacked by the council. Another firm is being sought to take over the work.

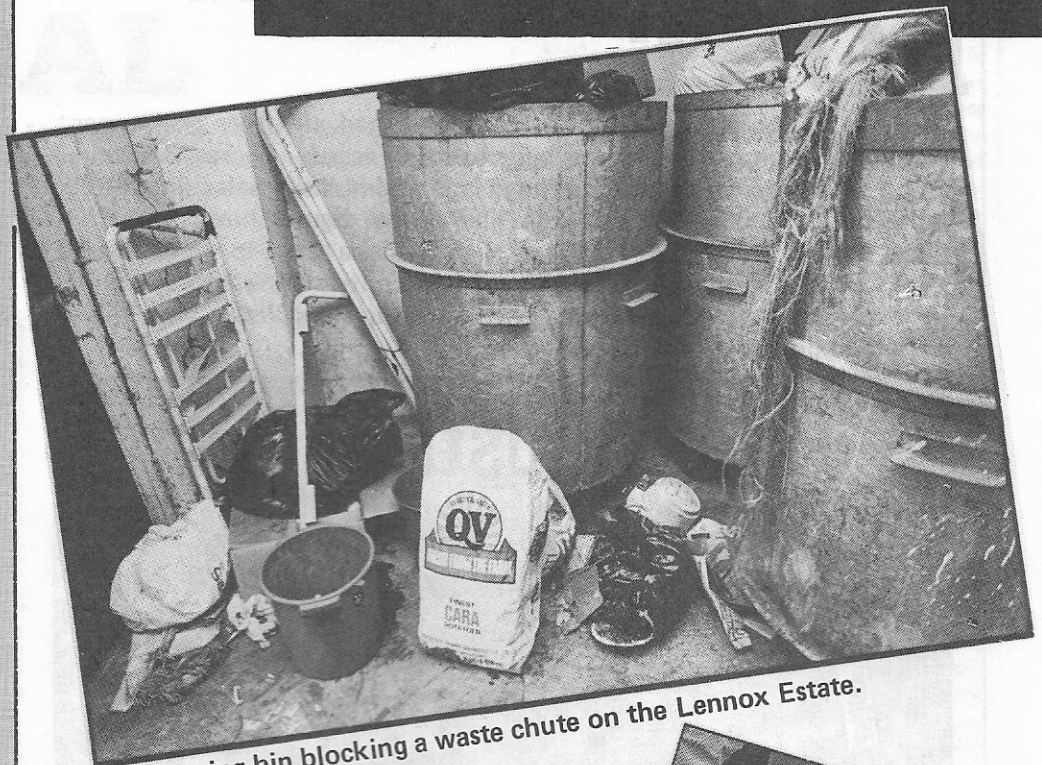
OVERCHARGING BY PRIVATE CONTRACTORS

An investigation by Merton Council into six contractors engaged on housing maintenance work has revealed that contractors are significantly 'overcharging the Council particularly in relation to claims for work carried out'. The Finance Department inspected a sample of invoices representing 12 per cent of the total number of invoices from six contractors in one week in November last year. The sample of invoices totalled £4,924 but the amount claimed by contractors for work not carried out was assessed at £759 — a 15 per cent overcharging.

The loss to the council could amount to £95,000 in a full year on total contracts of about £800,000 but could be even higher if the total budget of £2m is taken into account.

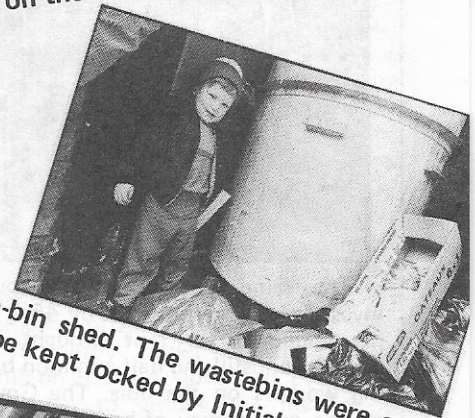
A separate investigation into payments made to **Trojan Contractors** for the 1983/84 pre-paint repairs programme resulted in £3,777 being recovered. The contractor had not undercoated or glossed replacement doors, used incorrect items in the Schedule of Rates and had charged twice for some of the work. The Housing Department has now increased contract supervision from 10 per cent to 25 per cent of all contracts. However, the Federation of Merton Council Tenants is demanding more stringent checks, a fuller investigation and legal action against firms.

CONTRACTORS Fines & Failur



Overflowing bin blocking a waste chute on the Lennox Estate.

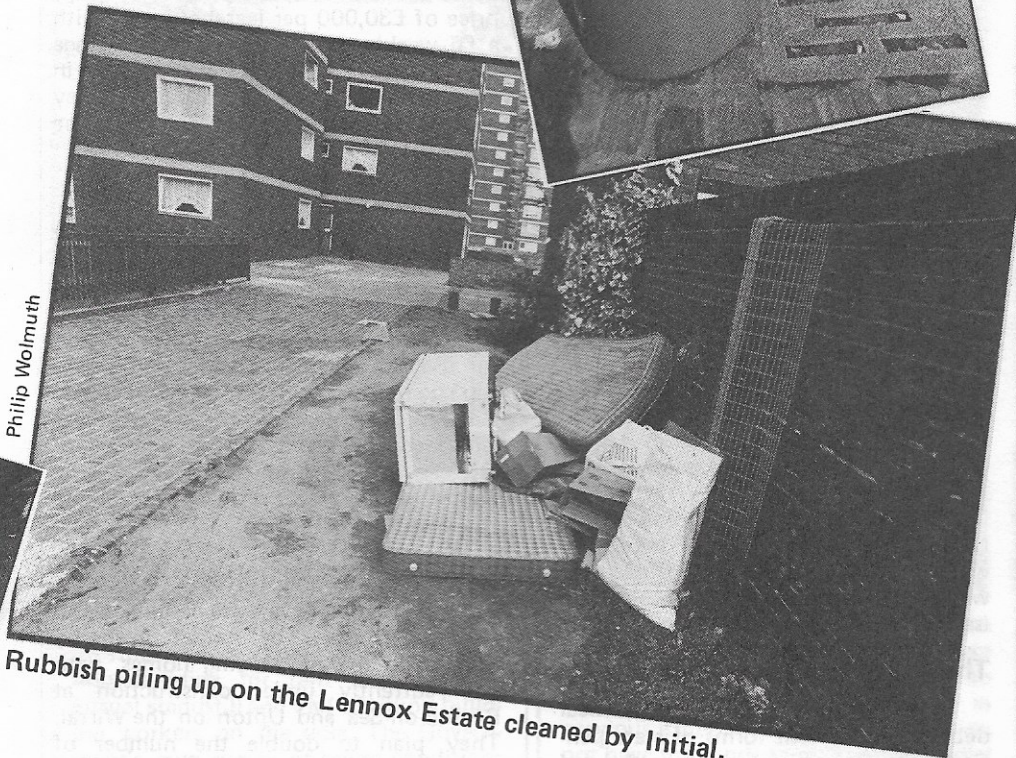
A child playing in an open waste-bin shed. The wastebins were overflowing; the sheds are supposed to be kept locked by Initial.



This picture was taken at 11.30am on a week day during the school holidays. The Initial caretaker is meant to unlock the swings at 9.00am. The swings had been locked for several days.

es

Choked rubbish bins, litter on the streets — the Brighton Borough the Initial way.



Philip Wolmuth

Rubbish piling up on the Lennox Estate cleaned by Initial.

These photos reveal the condition of the Lennox Estate, Wandsworth. Initial Plc has the caretaking contract

Wandsworth Council is now planning to privatise 28 cleaners who provide an essential service to the council's sheltered accommodation and aged persons units.

'We do much more than clean. We are the department's eyes and ears when the warden is not there. We help with the social occasions; with their sewing and cookery lessons. We are often the first to respond to a resident's alarm call. The relief wardens take half an hour but we are on the spot.

Our old people come to us for information if the warden is not available. Sometimes they need help operating the washing machines in the laundry rooms. We help them do their laundry. We have helped to raise funds for sewing machines and other bits and pieces to make it more homely.'

This will all end if a contractor takes over.

GOODBYE

On March 19 Hospital Hygiene Services was given one week's notice to end its contract to clean Orpington Hospital and local clinics which it started in September 1984. The DHA decided that after constant complaints about poor performance and failure to meet specified standards, it was pointless to continue trying to raise standards.

LAUNDRY FIRM PULLS OUT

Yet another firm has withdrawn from the Harrow DHA hospital laundry contract (see PSA 11). The Royal Jersey Laundry took over the contract in October 1984, and after being pressed to improve its service standards to meet the specifications, decided that its original bid had been unrealistic and that the contract was 'uneconomic'.

The contract, for laundry at two hospitals, has now gone to NHS workers at the Napsbury Hospital laundry in Hertfordshire, in Barnet DHA's area.

ISS SCANDAL IN NORFOLK

ISS Servisystem lost a Norfolk County Council contract to clean two schools last summer after a year of failure to meet adequate cleaning standards. The same council has now awarded them another contract — to clean the new court buildings in Norwich. When questioned by Labour councillors, officers denied that it was the same company and claimed that ISS was a 'reliable international company' that had done satisfactory work for the council in the past. Further questioning revealed that this 'satisfactory work' consisted of two one-off single day cleaning jobs in buildings coming into re-use after remaining empty for a period.

BROWNING-FERRIS REJECTED

Browning-Ferris Industries Inc (BFI) (see PSA 14) suffered two major setbacks in Canada recently. In Lethbridge, a seven month campaign by Canadian Public Employees (CUPE) Local 70 stopped the city council hiving off the residential refuse collection service to BFI. The company had launched a massive public relations campaign in order to win the contract but this was countered by the union's campaign. The council not only rejected privatisation but also agreed a new three year contract with Local 70 with a guarantee of no lay-offs.

BFI were also rejected by Calgary City Council after an independent audit of the city's sanitation division found the service to be 'superior' and that productivity is as good as, or better than, comparable cities and available data in the private sector. BFI had been lobbying for the refuse collection contract, but the city's Mayor Klein told the company to 'take a flying leap' calling the company's officials 'buzzards circling over the carcasses of civic workers'.

Privatising Pensions SERPS SCANDAL

The Labour government's pension scheme which would have doubled pensions for over 11 million people by 1998 has been abandoned in favour of private pensions. The Cabinet has agreed to axe the State Earnings Related Pension Scheme (SERPS) and plunge future pensioners into poverty and reliance on private pension schemes. A Green paper is expected at the end of May and legislation in 1986.

SERPS is not a perfect scheme but was a major step forward for public pensions. Your best 20 years of employment were taken into account so it particularly benefitted women and anyone who has not worked continuously eg due to sickness or unemployment.

Organisations like the Institute of Directors (IOD) have lobbied the government arguing the cost of National Insurance contributions to finance SERPS will be excessive and that the State should not be providing any pensions at all. The IOD even recommend replacement of the present basic state pension by a compulsory private scheme.

More profits to the City

Without SERPS you will be expected to turn to a jungle of confusing schemes in the private sector. Millions will be either unable to afford such schemes or be penalised for one reason or another eg for not working 40 years continuously. Moreover, private schemes are far more inefficient and costlier. Evidence by independent actuaries show that the costs of administering the state schemes is 1.5 per cent of total costs whilst occupational pension schemes took 8 per cent of total costs and individual portable pensions consumed 18 per cent in administration costs.

The government has cynically ignored the all party support which existed at the start of SERPS and is prepared to sacrifice pensioners futures in favour of pension company profits. So far public opposition has been seen from 3 main areas. The CBI have complained



"AND FINALLY MR DRONE, THERE'S THE SMALL MATTER OF £150 PER ANNUM ADMINISTRATION COSTS."

it will cost companies £3 billion a year, Nigel Lawson has argued the move would mean greatly increased tax relief whilst the Labour Party plans to publicise the huge social costs of such a move.

The resources are available

Totally missing is any real political debate on different forms of state pension schemes which could be funded from a variety of sources. A recent report has shown how, if you add up all the current finance going into private and public pensions and state benefits for pensioners, you have a figure of £50 billion each year. This is enough to give every single pensioner £120 a week and every couple £200 a week right now.

NHS CATERING CONTRACTOR PULLS OUT

Allied Medical Catering Services was set up in 1983 specifically to bid for NHS catering contracts, as a joint venture company owned by Allied Medical Group and Hamard Catering.

They won one NHS contract — at Farnham Road Hospital in Guildford, Surrey, which started in January 1985. In April the company informed the health authority that they would cease supplying meals, as the company was going into liquidation. The company is to continue at the hospital until June to allow the DHA time to make alternative arrangements.

CONSULTANTS' RIP-OFF

Frank Dobson MP has published a revealing report, *Monitoring Consultants' Commitment to the NHS*, the result of a survey of 29 DHAs and 14 DHAs. It shows how health authorities have almost universally failed to monitor the work done by consultants employed in their area, despite the massive growth in private practice by NHS consultants in the last few years. No authority had established any formal machinery to ensure consultants fulfilled their NHS commitments, and three quarters of those replying did no monitoring at all.

Company exploits elderly

McCarthy and Stone, market leaders in building private sheltered housing for the elderly, have announced a 30% increase in pre-tax profits to £4.08 million for the half year ending 28.2.85. The directors describe sales and reservations as 'racing along', now 88% ahead of the same time last year, and are confident of record profits for the full year.

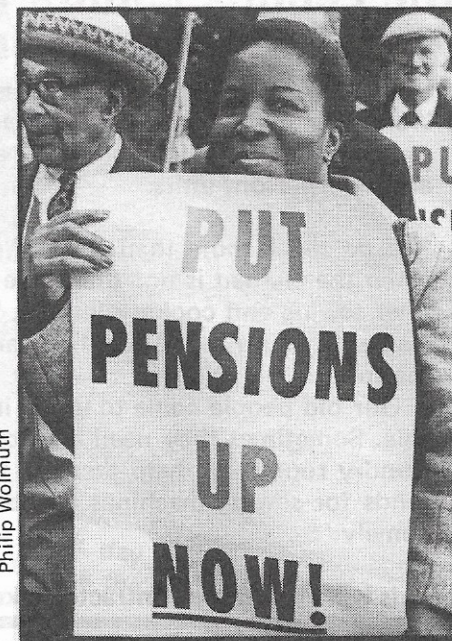
The company has completed nearly 60 schemes in the UK which house a total of 3,500 elderly people. Heavy demand continues, despite an average price of £30,000 per leasehold unit, with a £6 weekly service charge. The average age of buyers is 71 nationally and 81 in Bournemouth. Not surprisingly they enjoy only seven years on average of the sheltered life with McCarthy and Stone.

Cashing in

The huge demand and profitability associated with these schemes is a clear reflection of the lack of resources allowed for the public sector to develop sufficient sheltered housing. Increasingly, for the vast majority of the elderly, who can't raise £30,000 from savings or selling a house, the choice is staying at home with inadequate support from domiciliary services or throwing themselves on the mercy of a private residential home, courtesy of the DHSS.

Now into nursing homes

McCarthy and Stone are cashing in still further on areas of unmet need by developing private nursing homes, with two currently under construction at Bexhill-on-Sea and Upton on the Wirral. They plan to double the number of sheltered housing starts from 3,000 per year to 6,000 by 1990, as well as exploring the potential for similar developments in France and the US.



Philip Wolmuth

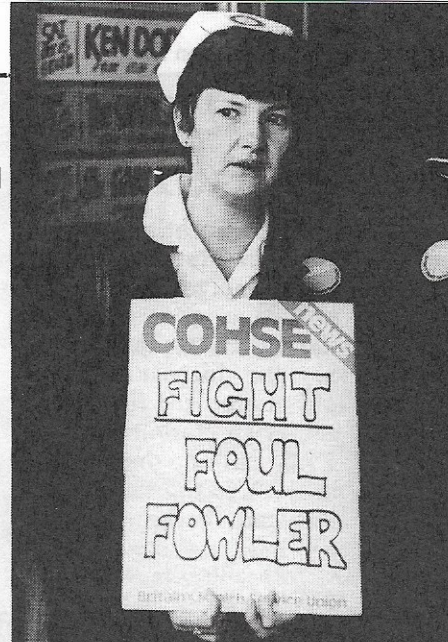
Privatisation for NHS MANAGEMENT

American private hospital companies are having discussions about taking over the management of NHS hospitals. Thatcher recently admitted in a House of Commons written reply that 'If any health authority is satisfied that such an arrangement is in the interests of its NHS patients, the Government will look sympathetically at the proposals'. She went on to say that 'The Government favours greater collaboration between the NHS and the independent health sector, and many discussions have taken place on the topic, at both ministerial and official levels with private sector companies'.

It was then revealed that American Medical International (AMI) started talks last year with the Portsmouth District Health Authority about taking over the management of the 673 bed Queen Alexandra Hospital. AMI also wants to open a private wing at the hospital although some consultants are claiming this will upset a deal they've already made with a nearby BUPA hospital. AMI are also rumoured to be negotiating to run the private wing at Guy's Hospital in London.

Other American multinational hospital companies like the Hospital Corporation of America (HCA) and Humana which also operate private hospitals in Britain are likely to be hard on the heels of SMI. Remember Thatcher's statement 'The NHS is safe in our hands'?

It is also a classic warning to all white collar workers in the public sector who still believe the myth that their job is safe and that privatisation is something which only affects manual workers.



Philip Wolmuth

Now Mediclean Porters

The company is now diversifying to bid for NHS portering contracts. One of its first tenders is for portering services at Harmston Hall Hospital, North Lincolnshire. Wage rates offered to workers include: £1.99 per hour for chargehands working a 45-hour week and £1.79 per hour for a 41¼ hour week. Mediclean's tender for £49,970 included their profit margin of £2,636 — 6% of their total direct costs. Given the small profit margin this bid, if successful, looks like being very close to a loss leader — if the company has to employ one or two more workers then profits will be eaten away.

It is also interesting to note that the company is amending its promotional literature to suddenly claim that its management has extensive experience in portering services!

Mediclean SHAKY FINANCES?



Mediclean, a company set up in 1982 specifically to bid for NHS cleaning contracts (see earlier PSAs) has had a major setback in its attempts to gain more contracts. It has been left off the approved list of contractors for a large division covering several District Health Authorities in the South West Thames Regional Health Authority. This follows only a few weeks after it was also removed from the West Midlands RHA approved list.

Michael Davis, Director of Mediclean, said that he thought it would 'be temporary pending more information and a guarantee from the parent company, the Hawley Group to honour Mediclean's commitments'. He said that the company has a 'balance sheet which may not look good on paper' and added the 'Health Authorities must take into account the assets of the Hawley group when considering Mediclean's financial position.'

Trade unions at both St. Helier Hospital in Sutton and Hammersmith Hospital which were Mediclean's first two major NHS contracts have always maintained that the tenders which secured these contracts were loss-leaders and that Mediclean could not possibly do the work required for the amount they bid.

Michael Davis said 'other districts and other regions are very satisfied'. Andrea Campbell of Sutton & Merton Health Emergency which has been campaigning at St. Helier said 'This proves that what we have said from the beginning about Mediclean is true. They got contracts in large general hospitals without having any proven experience. We knew they would not be able to

fulfill their promises. Because they were a new company with glossy brochures Health Authorities thought they were okay. Now within only five months of getting the St. Helier contract other Authorities are questioning not only their ability to clean hospitals properly but also their financial position. I hope that Harry Cowd, Chair of Merton & Sutton, will swallow his inflated pride and sack them. Mr. Davis is trying to pretend that everything is really alright but he knows that his ship is beginning to sink. The Hawley group itself is not in a strong enough financial position to be able to bail out a wholly owned subsidiary.'

Geoff Martin of London Health Emergency said 'Mediclean is a shoddy company with shoddy standards of cleaning and at last other Health Authorities are beginning to realise that it takes more than promises in sales literature to keep hospitals clean. Merton & Sutton have now got a contractor that no-one else wants. I hope they sack them.'

For more information contact: Andrea Campbell, 01-543 8155 or Geoff Martin, 01-833 3020.

Pension Fund Investigation

The Chair of the Northern Region of the TUC has called for an investigation into the pension funds of all Northern councils following revelations in *PSA* and *Labour Research* that Labour-controlled Tyne & Wear County Council has £600,000 invested in the Hawley Group (see earlier PSAs).

'Council employees' pension funds are being invested in companies that are tendering, or who already have contracts, to privatise council work' said Tom Burlison. He added 'It is obvious that throughout the country, council employees are having their hard-earned cash invested in the very companies who could throw them out of work.' He has written to all Northern Councils and to the Labour Party's Local Government Committee raising the issue as a matter of urgency.

Big health firms merge

The Hospital Corporation of America (HCA), the largest private hospital chain in North America (with 7 private hospitals in Britain) and American Hospital Supply (AHS), the biggest hospital supplies and equipment firm, have just merged. With combined turnover of \$7.6 billion the merger will enable HCA to tighten its grip on the health care market.

Both companies already dominate their sectors of health care. HCA now operates 423 private hospitals, almost half the number of private hospitals in America. AHS is the major supplier to public, voluntary and private hospitals with goods worth over \$100m annually. Both companies are highly profitable. HCA had \$297m profits last year and AHS \$237m and will continue to run their activities separately.

The merger has come at a time when there is increasing pressure to cut the soaring cost of health care. With the US government's Medicare programme paying only fixed charges for health care for the elderly and employees in health insurance schemes having to contribute towards medical costs, fewer people are going into hospital and those that do stay for a shorter period. Hospital occupancy rates have fallen sharply.



Even faster growth

The merger will allow the joint company to expand even more rapidly because AHS has much less debt than HCA. It will also speed up diversification into home health services, nursing homes (HCA already has an 18 per cent stake in Beverley Enterprises, the largest chain in North America), emergency and outpatient centres. HCA recently launched a medical insurance scheme for its own workers and is now expanding HCA Health Plans to other large firms offering 'savings' to those who use the company's doctors, centres, hospitals, and nursing homes. The merger is another major step in the formation of a conglomerate which will dominate and control health care services in North America. Both companies also have expanding overseas operations.

BT Going Multinational

British Telecom's shares sold for the partly paid price of 50p six months ago reached 164p in May. On this rating it means the government sold BT for less than a third of its market value, let alone its real public value. Scotland Yard's Fraud Squad are investigating 10-12 large syndicates who tried to obtain BT shares by applying for multiple applications using false names and addresses.



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BT buys abroad

BT hasn't waited long to invest overseas. It has just spent £180m for a 51 per cent stake in Mitel, a Canadian manufacturer of private automatic telephone exchanges. Mitel also has plants in the US, Hong Kong, Mexico, Germany, New Zealand and Britain. The firm grew rapidly in the last decade but has recently suffered losses due to technical difficulties in developing new and larger exchanges. Within days BT also paid £12m for CTG, another Canadian company with annual turnover of £27 from installing private communications networks.

BT previously purchased only 6 per cent of its supplies abroad but following privatisation it is free to buy anywhere. Its traditional suppliers eg Plessey, GEC and Standard Telephone and Cables reacted nervously to the news. The financial press have presented the acquisitions as BT's first moves to establish a strong position 'on the world stage' for telecommunications and information technology. More BT takeovers are likely to follow.

No doubt BT also has the Labour Party's and the National Communications Union's demands for renationalisation ringing in the background. An internationally based company will be more difficult to bring back into public ownership.

The NCU has produced a discussion document on the future public ownership of BT together with a national plan for communications in Britain integrating BT and the Post Office again. Copies from NCU, 150 Brunswick Road, London W.5.

TAKE-OFF

Unlike BT, the Government's sale of its remaining 48.4% stake in British Aerospace (BAe) has had no pretence of being aimed at 'broadening the share-owning democracy'. Only 24% of the shares on offer were made available to the public; 55% had already been placed with City institutions, 3.5% set aside for BAe employees and 17.5% for existing BAe shareholders. The nationwide marketing roadshow, which included a BAe flying display at a Surrey airfield, was aimed at 'the sophisticated investor' and according to merchant bankers Kleinwort Benson and Lazard Brothers there was 'no bias towards the small man'.

The Government have also kept a special share in BAe in order to ensure that the company cannot be taken over by foreign interests. The Government will have no say in how the company is run or any special financial benefits from the share.

The cost of the sale was £18 million, most of which went to the City in fees and commissions. The Government is paying £10 million and BAe £8 million.



The share price of 375p (they are currently priced at 417p on the Stock Exchange) ensured that the offer was oversubscribed, with investors keen to cash in on not only a bargain but also BAe's profitability: 1984's profits rose 46% to £120 million with better prospects for 1985. The sale has raised £550 million, of which the Government is to keep £400 million, the rest going to the company for investment.

CONTRACTING USA



Philip Wolmuth

In the USA, successive government policy for thirty years has been to privatise public services where private contractors can provide cheaper services. Now the Reagan Administration is stepping up plans to transfer a wide range of public assets and programmes to the private sector. In a bid to 'save' \$200 million a year by 1989, over 11,000 services have been identified for hiving off, ranging from fire-fighting to land-mapping. Legislation could also soon be introduced requiring services to be contracted out regardless of whether savings can be made or not.

Private companies already run airport control towers and provide security services. Dun and Bradstreet, TRW and five other consumer credit companies now screen all applicants for government loans, grants and contracts.

Conrail, the freight rail system with assets of over \$4 billion and \$800 million in cash is on the market for just \$1.2 billion. The profitable parts of Amtrak, the passenger rail line, are also for sale as is Landsat, the land-mapping satellite. Plans to sell off the weather satellites were however, blocked by Congress.

The government is also experimenting with various voucher systems which will enable recipients of welfare and other Federal services to claim directly from private companies. One pilot programme, 'Project Self Sufficiency', is aimed at encouraging low-income public housing tenants to buy their homes. Another project plans to give vouchers worth up to \$300 a month to low-income families towards the cost of renting apartments anywhere in a city.

ARA ATTACKS 'MUD-SLINGERS'

Arthur Meakin, managing director of ARA's catering division in Britain (see PSA nos 13 and 14), has hit back at the 'anti-privatisation brigade in this country' for revealing ARA's long history of fines and illegal activities in America. In a cosy interview in a trade

(This will enable private landlords to increase their rents knowing that the state will pay.) Children from low-income families are to be given vouchers for supplemental education in private schools as well as public.

War veterans are to be treated in non-Veteran Association run hospitals and facilities; private insurance companies could soon handle health programmes ranging from Federal Crop Insurance to Medicare and Medicaid.

A recent government study reported that 165,000 public sector jobs could be shifted to the private sector as 300,000 Federal workers are employed in activities similar to the private sector. The potential loss of jobs through contracting out could therefore be 135,000.

Critics of the government's plans quote the 1984 study by the Congressional Budget Office which reported that 'The quality of services has been observed to slip when work shifts to private firms — in part reflecting a contractor work force that has less experience, higher rate of absenteeism and greater employee turnover'. The chairman of the Government Operations Committee has said that he was 'very concerned that current efforts to contract out as many government activities as possible could come back to haunt us in the years to come'. One Congressman also said recently 'What they really want to get rid of is domestic government. All they want is the military.' Any similarity between US and UK government policy is not coincidental.

journal, *Caterer and Hotelkeeper*, Meakin described the links with the parent American company as 'the best of both worlds. We can use whatever services we want from its highly developed facilities, yet apart from ultimate fiscal control, we are totally separate. And we can benefit from the fact that whatever happens in catering in the States happens here, even if it is 10 or 15 years later'. So be warned!

Private Routes

Half of the first 12 bus routes to go out to tender under the new London Regional Transport regime have been awarded to private operators. London Country Buses and Eastern National have each won two routes. Both companies are subsidiaries of the publicly-owned National Bus Company, which is itself to be sold off in the near future. The other two routes to go private have gone to private coach operators. One of these, **Len Wright Travel**, has no experience of running buses as opposed to coaches, and the other, **Crystals of Orpington**, has only run one mini-bus service in Orpington. The other six routes have gone to London Buses, newly created as a subsidiary of LRT.

The new contracts are for three years, with the operators receiving a guaranteed income and profit from LRT while paying over receipts from fares to LRT. If receipts from fares are less than expected, it is LRT which will lose money, not the operator. Exact details



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of the terms of the contracts are being kept secret, to maintain 'commercial confidence'.

LRT say they will monitor the reliability and quality of services, inspect operators' premises and monitor both mileage and fares collection. Where the operator fails to comply with the contract terms, financial penalties will be imposed and formal warnings, possibly ending in termination of contracts, will be used.

No Experience Necessary

However, operators who tender for contracts are not required to have any experience of running bus services, are not restricted as to type of vehicles they use, and are given no criteria as to accessibility of vehicles. Further, there are no guidelines on employment practice to cover recruitment, training, terms and conditions, equal opportunities, hours of work etc. London Transport trade unions fear that London Buses will be undercut by low bids from non-union companies in future competition — a familiar story from tendering for council building work and in the NHS.

For passengers the effects of tendering will depend largely on the effectiveness of minimum standards. But since the whole language of their policy is commercial viability, not service, the future is bleak. In June LRT will announce another 30 routes to be put out to tender.

PUBLIC SERVICE ACTION

Information

SCHOOL MEALS, JOBS AND POVERTY is a report commissioned and published by NUPE on the school meals service in Leeds. It highlights the threat to the service and jobs from low level of take-up in some schools and analyses the reasons, including price rises, incomplete use of the service by children entitled to free meals, and different catering methods. The highest take up is where meals are cooked in school kitchens and lower where cook-freeze methods or delivery in containers are used. There is also a useful discussion of the role of school meals in combating poverty, in relation both to children and the workers in the service. **From NUPE, Blackgates House, Bradford Road, Tingley, Wakefield WF3 1SD.**

HEALTH DEFENCE CAMPAIGN ACTION PACK. This useful action kit produced in Nottingham includes sections on the state of health care provision and the effects of cuts nationally and locally, privatisation, right wing pressures on health policy, life before the NHS, and fighting back. The action section suggests a health canvas and encloses a draft questionnaire. **From: Health Defence Campaign, c/o NUPE, 6 Sherwood Rise, Nottingham NG7 6JS.**

JOBS AT RISK. This pamphlet from the West Midlands TUC Health Services Committee is written for workers in the NHS, and deals with the questions workers are asking about what privatisation means for them, and includes a very useful section on redundancy. Simple, accessible and well suited to its intended purpose for use in discussion meetings and to encourage members to take action. **From: Pat Hughes, TUC Education Officer, 1150 Stratford Rd, Hall Green, Birmingham B28.**

The next issue of *PSA* will be a special on Pritchards. If you have any information on the company – or any of their subsidiaries – in the UK or abroad, please send it to us as soon as possible.

EVIDENCE AGAINST PRIVATISATION, GMBATU. Thorne House, Ruxley Ridge, Claygate, Esher, Surrey KT10 0TL. This report compiles evidence in response to the government's recent Green Paper on statutory tendering. It first details a series of major objections to the proposals – removal of local choice, increased bureaucracy, increased rates, lower standards of service etc – and then has detailed comments on each of the Green Paper's proposals.

PRIVATISATION BY ORDER: The Government plan for local services. £2 from TUC, Congress House, Great Russell Street, London WC1B 3LS. The TUC argues in its response to the government's Green Paper on statutory tendering that it will undermine democracy; multiply the catalogue of performance failures; rig the tendering process in favour of private contractors; drastically reduce local authorities' control over contracts; and put thousands of jobs at risk.



STRIPPING OUR ASSETS: THE CITY'S PRIVATISATION KILLING, £2 from TUC, Congress House, Great Russell Street, London WC1 3LS. Details the way that the government has sold nationalised industries and state-owned firms at knockdown prices. It also shows how merchant banks, stock-brokers and other financial institutions have made a killing on fees and commissions in selling shares and companies. The TUC calls for a full investigation by the Public Accounts Committee and the National Audit Office. The second part of the report has details of each sale company by company. Lots of useful information.

WORKING FOR CONTRACTORS

NUPE have just released the preliminary results of a survey of contractors' pay and conditions, covering 30 companies with contracts in local government and the NHS. They show:

- Widespread use of part-time workers on contracts of less than 16 hours a week – depriving workers of National Insurance contributions and benefits and placing them outside employment protection laws. One firm – Reckitts – has all its 9,500 part-time staff on less than 16 hours.
 - An ICC Cleaning policy of sacking all part-time workers who take tea breaks.
 - ICC staff having to work 29 weeks before earning one day's holiday.
 - Refusal to recognise trade union membership from the Victoria Cleaning Co.
 - Women applying to work for Lesters (a Pritchard company) and Hospital Hygiene Services being asked on the form if they suffer from painful periods.
 - ISC Health Care Services (Initial) staff earning £71.76 gross for a six day week, including compulsory weekend work.
 - Average weekly earnings for ICC workers in Trent are £15.00 per week, for Pall Mall Cleaning Group workers in Cambridgeshire £14.50 per week.
- More details from NUPE, Civic House, 20 Grand Depot Road, London SE18 6SF.

Information needed

PUBLIC SERVICE ACTION needs:

- campaign news reports from trade unions, shop stewards committees, trades councils, tenants' groups and other organisations;
 - information about contractors' failures, lost contracts etc;
 - copies of authorities' reports discussing and comparing tenders and any trade union submissions;
 - details of contractors' wages, conditions and benefits;
 - copies of any campaign leaflets and publicity material.
- Please write or phone SCAT Publications.

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