

PUBLIC SERVICE ACTION

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AN ANTI-PRIVATISATION NEWSLETTER FOR THE LABOUR MOVEMENT No 19 November 85

Bleak Forecast

WINTER SALE!



'Bye 'Bye Gas Board.

The Government's public spending plans for the next three years announced in mid-November included a 100 per cent increase in its privatisation programme. The annual net income from major sell-offs will rise from £2.5 billion in the current financial year to £14.25 billion over the next 3 years. These are net figures i.e. after stockbrokers and bankers have clawed millions more in fees and commissions.

But this only covers what the government calls "special sales of assets, such as British Gas and British Airways. It **excludes** all the sales of companies, land and property by the nationalised industries, the NHS, government departments and local government. For example, it excludes the £1.7 billion income in 1985/6 from council house sales and another £1.6 billion expected the following year.

The sale of assets has been sys-

tematically increased. Only a year ago the government announced a 93 per cent increase in special asset sales (see *PSA No 13*) for the next three years.

Looting the public sector

The public sector is being looted to enable the Tories to massage the accounts to marginally increase public spending in politically sensitive areas e.g. roads and housing, and to finance tax cuts. Privatisation was

"My government will pursue vigorously their programme of privatisation"

The Queen's speech on 6th November outlined the government's hit list for the coming session:

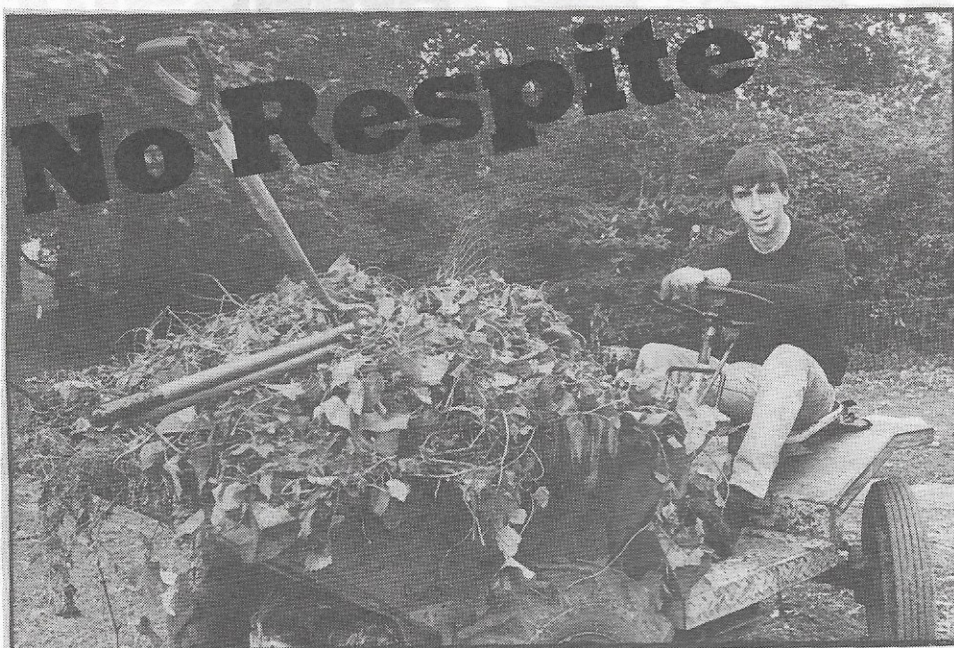
- British Gas — the transfer of assets to the private sector.
- Atomic Energy Authority — to operate as a trading fund from 1st April 1986.
- British Airports Authority — to introduce private capital into the BAA and to require local authority airports to be formed into companies.
- Naval Dockyards — to introduce commercial management.
- Council Housing — to encourage the sale of council flats to tenants and to encourage wider private sector involvement in the ownership and management of council housing. In Scotland also, private ownership of the public housing stock will be encouraged.

previously argued for in terms of 'efficiency', 'choice', 'freedom' etc but overnight the Tories were struggling to deny that asset sales had been doubled to finance tax cuts — a key plank in Tory policy in the run up to the next General Election (1988 at the latest).

Crisis looms

At the current rate of sales all the major profitable nationalised industries and utilities will have been stripped from the public sector by the end of the decade. With declining North Sea oil revenues Britain is heading for a crisis in public finance in the 1990s. Whichever government is in power then, they will be forced to slash public spending and/or impose large tax increases.

Statutory Tendering



The Government has decided not to proceed with competitive tendering legislation for local authority services as quickly as previously planned. No mention of it was made in the Queen's speech but the delay does not mean that the Government has backed off. Proposals contained in the Green Paper earlier this year — and amendments demanded by big business — could still be implemented in a number of other ways. Trade unionists should therefore be watching for 'back door' methods that could have the same effect as one piece of legislation, including:

- New local government legislation will be introduced to stop political campaigning by councils and prevent them delaying fixing a rate in opposition to rate capping. Some or all of the proposed measures on contracting-out could be included in this Bill. It could also be used to get through amendments to previous local government legislation to give the government the necessary powers.
- Many Tory controlled councils are continuing to contract out services thus keeping local government privatisation on the political agenda. Right wing organisations and business interests will continue to use these examples to fabricate the 'savings' myths and other spurious claims about the private sector.
- The government already has the power to immediately introduce changes in the operation of council building works departments. The Secretary of State could increase the amount of work going out to tender as well as making certain contract conditions illegal.
- The government is pressing ahead with legislation on further sales of council houses to tenants and the sale of entire estates to

the private sector. A much delayed Green Paper on social services is expected shortly and is likely to contain some privatisation proposals. These measures will not only affect the relevant departments but there will be a knock-on effect on central services and other departments.

● The Tories are likely to use existing financial controls and the grants system to try to force cuts or freezes in local government spending which will in turn put pressure on councillors and management to implement cost cutting proposals. The threat of privatisation will continue to be used to try to force deals with the trade unions to shed jobs and change working practices as a price for retaining direct labour and not inviting tenders from contractors.

● The Audit Commission, set up under the Local Government Act 1982 already has extensive powers to ensure that a council "has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources". This goes well beyond simply auditing the accounts. The Commission appoints District Auditors — more and more are private

accountants and consultants — and carries out so-called 'value for money' studies. It has already covered refuse collection, vehicle fleet management, non-teaching costs in secondary schools, and social services for the elderly. The DHSS has also set up a Social Services Inspectorate to carry out 'value for money' studies. These will increase pressure for cuts and contracting out.

● There is also likely to be increasing use of spending league tables based on statistics compiled by the Chartered Institute of Public Finance and Accountancy together with possible moves towards 'standard costs' which the government may use to determine grants to local authorities.

Darlington Points The Way

Immediately after the Queen's Speech Labour controlled Darlington Borough Council agreed a new strategy to fight privatisation. It includes:

- a drive to extend council services and a new budget category specifically for new and expanding services.
- officers have been instructed to prepare a report on making council services available to other public bodies and community groups.
- a contracts compliance unit will be set up immediately.
- the Labour Group will hold an additional policy meeting, to deal only with privatisation, each council cycle.
- the four Labour Group members on the Privatisation Working Party have been withdrawn — in future all officer 'initiatives' concerning privatisation will be brought to the full Labour Group via the Labour Leader.
- work on a severance package has been suspended

A Joint Liaison Committee, consisting of 6 trade union delegates, 6 Labour councillors and 3 council officers, has already produced its first bulletin for distribution to the workforce. Work is already in hand to bring those services already contracted out, e.g. catering in the Dolphin Recreation Centre and the Arts Centre, back to direct labour. The council is also encouraging other Labour controlled Councils in County Durham to take similar action and coordinate activities.

JOB TO GO

In response to the Government's proposals for statutory tendering of local authority services made earlier this year, figures for the resultant job losses are being produced. For example:

- In **Lambeth**, in the first five services targeted by the Government, 1983 manual and white collar jobs could be lost. From 'second stage' privatisation it is estimated that a total of one third of the workforce will be under threat.
- In **Camden**, a similar exercise has revealed that 4,409 manual and white collar jobs (one third of the workforce) will be lost through com-

petitive tendering, 'value for money' exercises, proposals for contract conditions on DLOs and privatisation of other services.

- Norman Flynn of the London Business School has calculated that even with a very good success rate under competitive tendering, one quarter of local authority in-house work could be lost within three years.

Council Privatisation Audits

A number of local authorities are now carrying out audits to discover the extent of privatisation that already exists before competitive tendering is introduced. Some shocking facts are being revealed.

In Camden for example, a report on privatisation in the Department of Architecture and Surveying shows:

- 95% of all quantity surveying is carried out by private consultants.
- Almost £¾ million per year is paid out in fees to consultant surveyors, on work estimated to be worth £20 million.
- Two private partnerships receive between them almost 50% of the money paid to firms of consultant surveyors.
- The post of Chief Quantity Surveyor has been vacant since mid-1981 and the post of Principal QS since mid-1980.
- There are no qualified quantity surveyors in post in the department. Of the three practising quantity surveyors, two are due to retire in early 1986 and the third is still in training.
- Between 1979 and 1982 there was a run-down of staff in the Architects Department, cutting the number of officers from 230 to 150. There was no planning or control to ensure that essential posts were filled.
- For the cost of annual payments in fees to private consultants, 28 more professional staff could have been employed in-house.

NALGO

Trade Union Survey of Contractors, Consultants, Agency Staff & Volunteers Employed by Local Authorities

The Threat

The government will soon introduce legislation to increase the use of private contractors and consultants to run public services. Under the guise of providing 'value for money', services will be re-organised and packaged to make it easier for the private sector to take over. All local government services are at risk and no NALGO member's job is safe.

Privatisation on a wide scale already exists in local government; some services have already been contracted out, others have more recently been privatised. Asset sales (e.g. council houses, estates or council land), the sale of agency staff and volunteers (e.g. residential homes, meals on wheels, and youth opportunity schemes) are all standard practice in most local authorities.

The private firms that already have a foot in the door will, on the basis of their experience so far, tender for more services. As for the public firms with double-entry experience who will contract. Watch out also for senior local authority management: e.g. Martin, Tarrant, who will try to set up their own companies to take over services.

National Action

NALGO is now committed to national action to fight all forms of privatisation. A vital part of the fight at a local level is finding out the extent of privatisation that exists in your authority, the implications for council staff and the users of services, and how best this information can be used as part of a broad strategy to defend and improve jobs and services. Branches will only be able to campaign effectively against privatisation if they have a complete picture of how jobs and services in your authority have already been affected.

Use This Survey!

- Met District NALGO urges all branches to try and collect this important information by using the questionnaire on the following pages.
- If your branch has not yet discussed a strategy to fight privatisation, this project could be helpful in starting that discussion amongst the membership.
- If, however, your branch is more advanced with your anti-privatisation campaign, you will still find the project very useful.
- Please see the organising notes on the next page.

**STOP YOUR COUNCIL CONTRACTING
— KEEP IT PUBLIC!**

SURVEY

The Metropolitan District NALGO Branches have launched a trade union survey of contractors, consultants, agency staff and volunteers employed by local authorities. Once collected, the highlights of the findings will be used as part of NALGO's anti-privatisation campaign. More information from: **Chris Eades, Westminster NALGO. Tel: 01-828 8070.**

MONEY TO BURN

The sale of British Gas is to be rushed through Parliament, with the enabling Bill to be published in December or early next year. The flotation of the corporation as a whole is expected to take place in autumn 1986. British Gas currently has an asset value of £16 billion; its annual profit is £1.5 billion. For the sale, the Government will value the assets at around £8 billion — a loss to the public of 50% of the true value. The City will not only receive most of the shares but also some £300 million in fees for dealing in the sale.



The trade unions in the gas industry have launched a joint campaign against the privatisation of British Gas.

Through GUARD, a day of action was held on 7th November, the day after the Queen's speech. Thousands of workers attended rallies in London, Birmingham, Manchester, Liverpool and Glasgow. Mass leafletting and other actions aimed at drawing public attention to the dangers of privatisation were also organised.

As the unions step up their campaign, British Gas management are being obstructive. In some areas, it has been made clear that workers will be disciplined for distributing campaign material during normal working hours. There have also been instances where management have taken down trade union notices from internal notice boards. Details of the GUARD campaign and publicity material from: NALGO, 1 Mabledon Place, London WC1 9AJ or GMBATU, Thorne House, Ruxley Ridge, Claygate, Esher, Surrey KT10 0TI.

**GUARD
ACTION**

**Fighting privatisation
of the Gas Industry**

GUARD, the unions in the gas industry in the public interest.

CONTRACTORS Fines & Failures

Wandsworth FIRST CLASS FAILURE

This is the story of a classic and comprehensive failure by a contractor cleaning Wandsworth Council offices. Executive Cleaning Services started the £89,113 annual contract in May 1985. A report to the Establishment Committee on 26th September described the dismal chronicle of fines and failures.

Period:	Partial failure notices	Complete failure notices	Default points	Deductions under notices £	Additional agreed damages £
7th May to 3rd June 1985 (first 2 weeks free of default)	45	12	22	126.36	32.30
4th to 28th June 1985	117	15	54	282.78	64.61
1st to 26th July 1985	251	28	225	601.73*	339.99*
29th July to 23rd August 1985	149	12	42	491.52*	68.00*
26th August to 13th September 1985 (3 weeks only)	130	19	115	411.34*	300.00 (estimated)

(*provisional figures)

Fines and damages total £2,718.63. This is equivalent to £7500 annually or nearly 10 per cent of the contract price.

"The performance of the contract reached a critically low level due to major and consistent shortcomings" in July. The Chief Executive and an Assistant Director met Executive's Managing Director to discuss the mounting problems. Executive promised to either engage more workers or increase the working hours. They also brought in additional vacuum cleaners.

Despite all these measures "there was a noticeable downturn in the performance of the contract". Executive started with 70 workers — they now have 87, a 24 per cent increase. The council's report states that staff turnover is running at between 15-20 per cent. "Inexperienced" staff "unfamiliar" with the offices cause further problems.

Costly supervision

The council admits that "the high level of defaults being recorded requires a greater administrative input into the Council's management of the contract than was originally foreseen; the same applies to the recording of default points, the issue of rectification notices, the preparation of monthly statements and payments and the monitoring of the contractor's workforce. At the moment, these additional duties are being performed on the basis of **overtime** arrangements". True to form, Wandsworth Council makes no esti-

mate whatsoever of these costs.

The council has been forced to take on a temporary Contract Supervisor who, together with the Council's Cleaning Superintendent and Executive's local manager, "visit the offices early each morning whilst the contractors are in the process of the cleaning duties". "Experience of the operation of the contract so far shows that a high level of supervision on the Council's part is essential in order to inspect thoroughly and on a daily basis."

INITIAL ON TRIAL

Initial Cleaning Services estate cleaning operations in Roehampton and Putney are on a six week trial period. Unless the service improves Wandsworth Council may terminate the contract. The Housing Committee chairperson, Peter Bingle, a privatisation fanatic, has described conditions on some estates as "appalling".

Merton MAYHEM

Provincial Cleaners Ltd (part of the Hawley Group — see earlier PSAs) who currently clean schools in Merton, has been asked by the council to re-tender for its contract for a further two years — without any competition from other firms. Merton's Revenue Estimates Committee on 4th November were recommended

by officers to "appreciate that it would be preferable to continue with the existing contractor whose standard of performance is more than reasonable given the restriction of the current specification".

Merton Teachers' Association, who took action earlier this year to get rid of Academy Cleaners Ltd from Merton's schools, carried out a survey of Provincial's cleaning standards last May. A response from 22 schools revealed:

- 15% of classrooms were always poorly cleaned
- 36% of classrooms were occasionally poorly cleaned.
- 27% of corridors/stairs were often poorly cleaned.
- 18% of toilets were often and occasionally poorly cleaned, with 9% always poor.
- 9% of science/arts/crafts rooms were always poorly cleaned.



"TELL YOU WHAT, DRAPE IT IN TINGEL, PLONK A FAIRY ON TOP, AND I BET THEY'LL NEVER KNOW THE DIFFERENCE!"

Other points raised included the fact that when complaints to the company were made, no action was taken and that staff often had to clean their own rooms to make them usable. 81% of the schools thought that the number of, and hours worked by cleaning staff were inadequate.

Loyal workers

The teachers blame the company and the council — not the cleaners themselves. A spokesperson for the NUT told PSA that some cleaners are working longer hours for no extra pay simply out of loyalty to the schools. Although the report was compiled in May, the teachers say that standards have still not improved.

Provincial have submitted three optional tenders to Merton, with increased costs over the existing contract price of between 15.8% and 45.5%. The council has yet to make its decision on which option to take, but is apparently unperturbed by Provincial's cleaning standards.

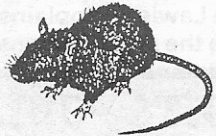
Decorators Disaster

A private decorating firm, **James Robb & Son**, hired by Merton Council to renovate parts of the St Helier Estate, has been severely criticised by the tenants. The firm, hired because Merton sacked its Direct Labour Force three years ago, is accused of shoddy work and bad organisation. A recent tenants' survey revealed:

- Over 80% of the tenants were dissatisfied with the standard of work.
- Front doors blistered and peeled within two weeks of painting.
- Doors taken off the front of houses were refitted on the back, and vice versa.
- Painters are alleged to have broken many windows and damaged window catches.
- Rotten window sills were painted over instead of being replaced.
- Wood was not primed or under-coated before painting.

Other complaints included tenants being locked in their homes while decorators were away and unfinished work being left for days with tenants having no idea when it would be completed.

The tenants say that Merton have failed to monitor contractors' work despite recent scandals involving other firms (see earlier PSAs) and that this latest contractor's failure supports the need for an immediate return to Direct Labour.



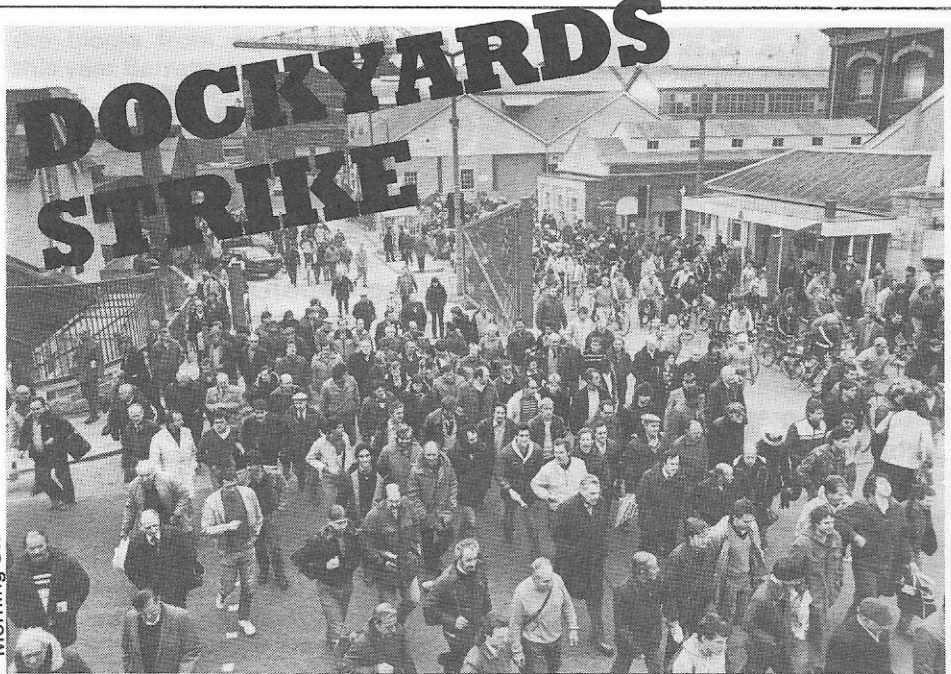
SUTCLIFFE'S WANT MORE

Sutcliffe's, the catering firm at the centre of the Merton school meals fiasco (see earlier PSAs) have asked the council to reimburse the company's costs of supplying uniforms for staff who set up and clear school dining halls. The council already pays Sutcliffe's to carry out the work so the company believes that the council also should bear the cost of the uniforms. The charge will add another £650 a year to the council's bill.

- The recent discovery of a dead rat in a fish fryer in a Sutcliffe's run kitchen at Ricards Lodge High School has caused further alarm amongst pupils and parents in Merton.

The school has been plagued with an infestation despite the council's use of private contractors to try to solve the problem. Parents who have been complaining about hygiene standards since Sutcliffe's took over the contract fear that they are being kept in the dark as to the cause and extent of the rat infestation.

Morning Star



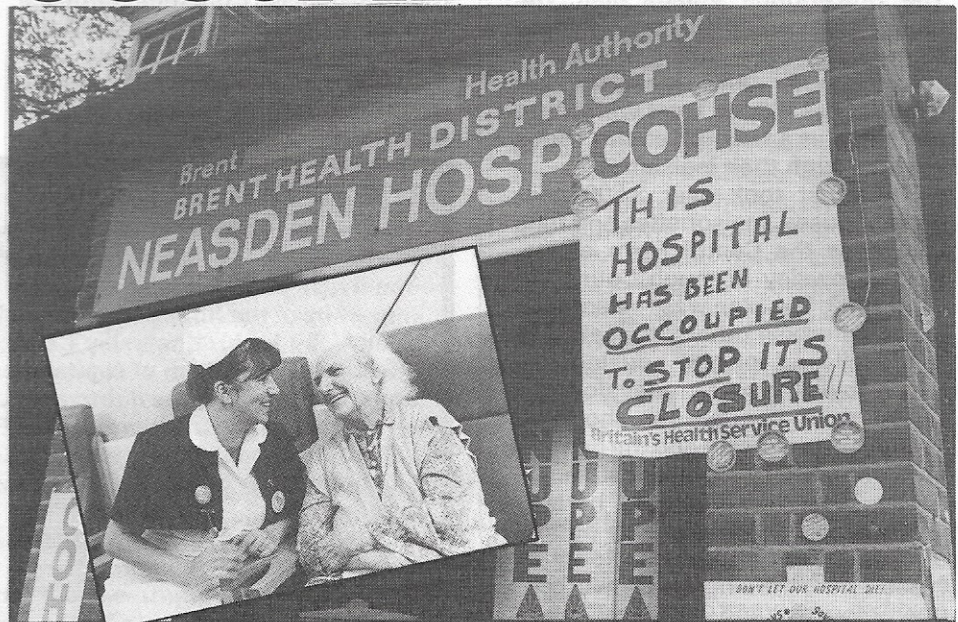
Twenty thousand dockyard workers at Devonport and 4000 at Rosyth took industrial action on 13th November in protest at the government's plans for privatisation and the threat to jobs.

At Devonport, a mass walk out followed by picketing on all gates was supported by all white collar and manual unions.

At Rosyth, there was a 100% work stoppage by manual workers. George Aitchison, shipwright trades

convenor said: "We are not prepared to see private contractors come in here with a licence to print money off the defence of this country and turn us into slave labour". The action is only the start of a campaign to stop the government's plans.

OCCUPIED!



Health workers have occupied Neasden Hospital, in a bid to prevent the Health Authority from closing the hospital and selling the site.

The hospital, which provides a service for eighty geriatric patients, is vital to the community. The occupation, which started on 17th October, is fully supported by the patients as well as local community and labour movement organisations. Brent Council has also pledged support. So far, the workers have kept management out and are successfully running the hospital themselves.

Help is needed for the 24 hour a day picket line and the Occupation Committee also needs financial support. Cheques should be made payable to 'Neasden Hospital Support Group' and sent to them at Neasden Hospital, Brentfield Road, London NW10. Tel: 01-459 2251.

Estate Sales Public Money for Private Profit

The Government intends to introduce legislation to speed up the privatisation of whole council estates to developers, builders and housing associations. Tenant co-ops are also to be encouraged. The privatisation of certain housing management functions has also been mentioned. The legislation will include new powers for councils to evict tenants quickly to prevent delays.

The sale of estates has major implications for tenants and local authority workers. Property developers and housing associations are not interested in estates with real problems e.g. major defects and disrepair, they pick and choose those estates which can be easily and quickly refurbished for re-sale. The sale of estates, combined with the continued sale of individual houses, will lead to job losses in council building and housing departments.

But many Labour and Tory controlled local authorities don't need the legislation — they have already sold off many estates (see earlier PSAs). Below we examine the dismal story of what has happened to the largest estate to be privatised to date.

The Stockbridge Village plan, the blueprint for privatising whole council estates, is fast falling into disarray, disrepair and disaster. Yet Stockbridge Village Trust will still be marketed as a triumph as the Tories push through their legislation.

The Trust took over 3,500 neglected houses, maisonettes and flats known as the Cantril Farm estate, from Knowsley Borough Council in April 1983. The plan was to demolish some, refurbish others (for sale and rent), sell land for new housing, sell the 3 tower blocks, redevelop the central area, improve the shopping and leisure provision and the general environment of the whole estate.

The Trust has operated harshly and vindictively in pushing people off the estate. There are plenty of cases where the single, the divorced, unemployed and others were refused local rehousing and told to register themselves as homeless with Knowsley Council. Operating as a private company with its own policies it has no social obligations. It has been in fact, hungry to develop and sell every square inch of land and this has led to:

- Trying to close 7 subways under the busy peripheral road despite the fact that 14 people have been killed in accidents on this road
- Stripping gardens from many houses.

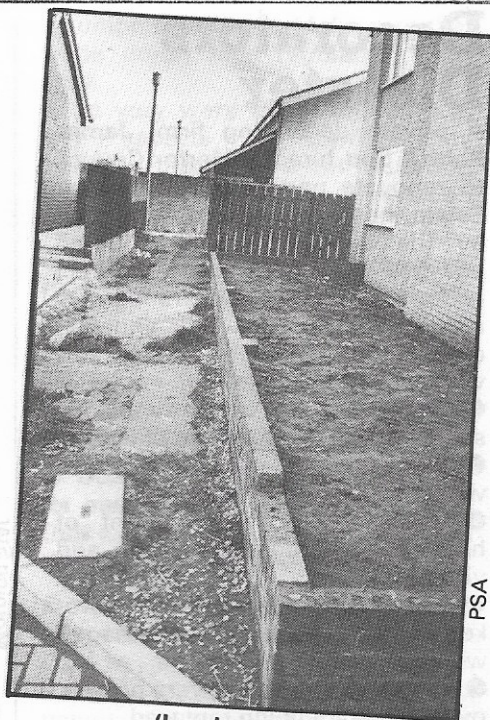
Shoddy work

The first phase of refurbishment is now meant to be complete yet a brief external survey in the first area revealed:

- corroding re-inforcement left untreated.
- new car park tiles lifting up.
- bricks coming away from walls.
- meter cupboards left derelict.
- rusting unpainted iron fencing.
- uneven and neglected footpaths.
- unmown grass.
- unplanted shrub areas.

The tenants are also receiving a very poor construction service:

- the tenants group reports continuous complaints about inadequate or non-existent asbestos removal policies from their homes: a curt letter to one tenant offered the chance to move off the estate after they had complained about standard treatment of asbestos in their home.



'Landscaping' completed.

- a building firm called JGM described by tenants as a "few men and their ladder" and the "original cowboys" were employed by the Trust to do repair work and later refurbishment work. A few days after receiving £19,000 from the Trust the firm went bankrupt.

Law unto itself

The Trust operates in secret and is accountable to no-one. Its members also dominate the Stockbridge Housing Association. Local parish councillor Joe Lawler complains that "key items like the specifications for refurbishment are kept secret."

PRIVATE ESTATE EXPLOITS PUBLIC MONEY

The Trust paid Knowsley Council £7.42m for the estate. They got the money from the Abbey National Building Society (£3m loan) and Barclays Bank (£2m loan). Knowsley Council has a £2.4m mortgage — it has in effect given up £2.4m of capital receipts. The Trust has also got all these organisations to agree not to receive capital repayments to date and has an overdraft of £2m from Barclays Bank.

The whole operation is virtually dependent on exploiting public money. The privatisation of Cantril Farm has already cost the public purse the following:

- Government wipes out £7.5m debt charges still owing in Knowsley's Housing Revenue Account.
 - £5.5 Urban Programme Grant for housing and environmental improvements (Knowsley pays 25%, the Government 75%).
 - £3.7m Urban Programme Grant for leisure facilities (Knowsley 25%, Government 75%).
 - Urban Development Grant from government for £6.1m.
 - £11.5m from Housing Corporation to housing associations and the Trust.
 - £0.6m Urban Development grant for planned new Health Authority premises.
 - Not quantified — Knowsley Council's hidden costs including cost of rehousing tenants, cost of additional homeless families expenditure, officers time sorting out problems, officers time spent setting up the Trust, Derelict Land Grant, MSC schemes, and so on.
- Barratt's agreed to spend £12m on new houses for sale from which it will hope to make about £1m profit.

bishment work are not discussed by the Board, yet on Knowsley Council you would have the chance to discuss such important items."

Tenants representatives complain that the Trust make their own laws. They allege that Barratts closed footpaths and started building work before approval or planning permission had been granted. They point out that many tenants are still left in the maisonettes in terrible conditions. As one spokesperson said: "sleepless, angry and frustrated".

More problems

The shopping centre is now open but already roof tiles are slipping. Local shopkeepers are far from happy at the lack of trade and the high cost of 24 hour security. The busiest 'shop' appears to be the post office.

A lack of confidence hangs over the estate: indeed on the Barratts 'Woodlands' estate, the pretty new street name lay smashed to the ground and the sales office window had been smashed.

PSA



One of the derelict tower blocks.

Towering inferno

At the centre of the estate and crucial to its whole development lies the old shopping precinct and the 3 tower blocks known as the Denes. The tower blocks were to have been sold for £375,000 to **Barratt Urban Renewal (Northern) Ltd** who would have improved them for re-sale. However, Vernon Jackson of the Trust has admitted that the financial calculations were "a guesstimate in a number of ways".

Since these calculations were made, the blocks have suffered further damage. The government has also introduced VAT on refurbishment work. More seriously, Barratts did not take into account the necessary structural work to protect

the blocks from explosion. Earlier this year Barratts reduced their offer to £1 per block! Recently they applied for a large Urban Development grant from Knowsley Council, to cover 75 per cent of the cost. However, the amount they wanted was so large that the council refused to pay their 25 per cent contribution. Now the blocks lie derelict, surrounded by corrugated iron and barbed wire. Demolition is being discussed.

Private inefficiency

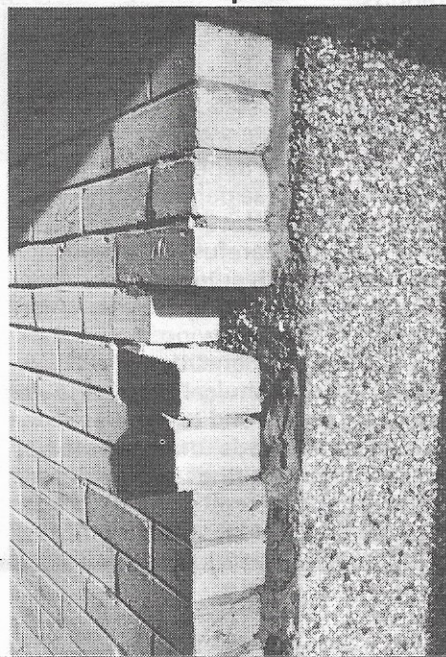
Private sector management has been exposed as grossly inefficient as the budgets for the estate lie in tatters with debts accumulating fast. VAT on refurbishment work has increased the bill, but an undisclosed source informed *PSA* that the government is considering bailing them out by increasing their Urban Development Grant! The Inland Revenue is demanding payment of capital gains tax on the Trust's profitable sales. The Trust resents this and is fighting this as well as demands for Development Land Tax and Corporation Tax.

Even without the tower block problems the Trust expects to have a debt of £7.4 million in 1990/91, a large overdraft and a cost of £1.02 million on financing the overall debt. As money gets short tenants report the standard of refurbishment is declining and less and less work is being done on each house.

Hard sell

The whole plan for the estate depends on selling: land, houses and confidence. It is no co-incidence that Barratts are involved: as the Trust's Tom Baron has said "Barratts are not necessarily the best builders in the business but they are the best sellers — that's why they were chosen". Even a Barratts Sales Director admitted a few years ago: "Our business is about selling and marketing, not about building.

Completed brickwork.



SALFORD

Tenants on the St Stephens estate, Salford are fighting the council's proposed sale of their 1000 damp ridden flats and maisonettes to **Barratts**. Barratts want to demolish much of the estate and end up with 250 council units and 250 for re-sale.

Their plans were presented to a public meeting in May but since then the tenants association has actively fought back through the use of public meetings, leaflets, local press and TV, as well as jumping on Minister Ian Gow's bus when he visited locally! The association's survey found that 66% of tenants wanted to stay in the area and they are demanding that any plan must provide for these tenants.

The tenants have started to explore other ways in which the estate could be developed. This has led to architects plans being drawn up and a model prepared. The tenants' action has stopped the council from immediately implementing the Barratts package. Moreover the tenants' proposals have had a critical political effect in proving that, when privatisation is threatened, there is an alternative.

Public better

The myth is being created that only the private sector can rescue estates from neglect. Government housing cuts are conveniently forgotten. Ironically Liverpool Council own a smaller part of Cantril Farm estate. They are currently modernising their dwellings. The contrast is striking. Improvements include establishing high quality pavements, replacing all the windows and doors, building attractive walls, gates and doors. Despite the massive injection of public subsidy Stockbridge is struggling on, producing a third rate job. One hundred yards away the public sector is demonstrating how quality work and planning can produce houses to meet social need not profit.

Tenants continue to campaign

Despite the Trust's stranglehold over the estate, the tenants association continues to campaign and take up issues. Looking back, members say it is crucial to be ready with alternative proposals very early on. If you lose at that stage you've got to fight for places on the Trust's board, places that will be filled by accountable tenants representatives who are prepared to fight and vote for the tenants interests.

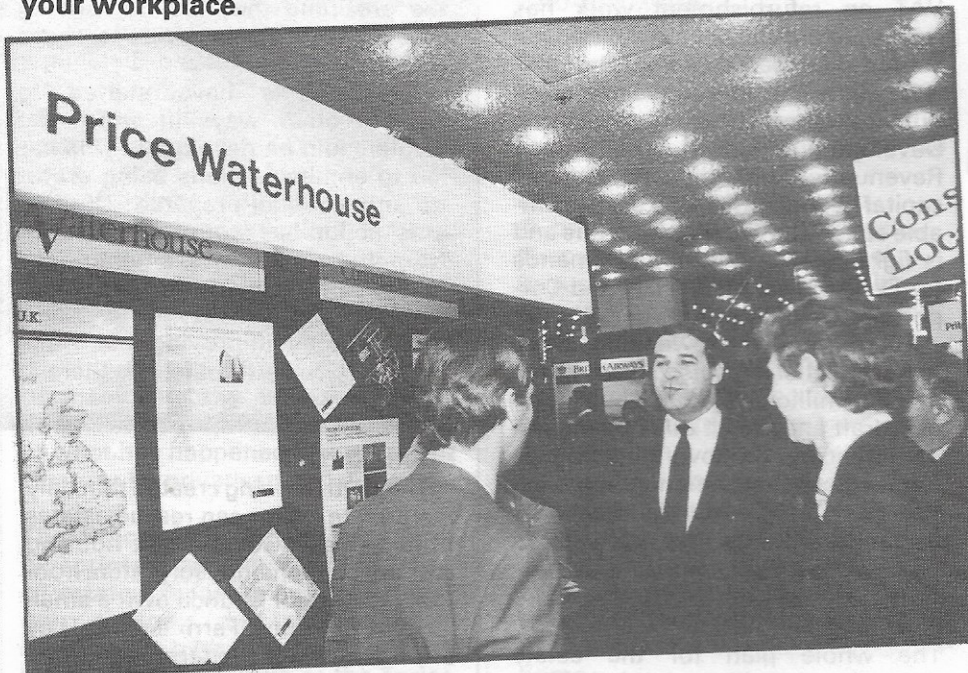
● **SCAT** is currently preparing an action pamphlet on privatisation of council estates and would welcome information and news from tenants and trade unions.

PSA

Value For Money TAKING ACTION

Throughout local authorities, the NHS, the civil service and the nationalised industries, Value For Money (VFM) exercises are being introduced to impose private sector practices and pave the way for further cuts and privatisation. Usually, management consultants are brought in but VFM studies are also being carried out in-house.

Trade unionists should be concerned about providing value for money services — but on terms defined by the labour movement and the users of services, not by the government and its advisers. Set out below are some examples of trade union action that can be taken if 'VFM' studies are being introduced by management in your workplace.



The following action should be taken irrespective of whether the value for money for study is being done in-house or by consultants:

● **Immediately you see or hear about officers or consultants carrying out new or special studies/reviews or you are asked information about how you carry out your work, contact your shop steward and branch officials.**

● **Refuse to co-operate until you know:**

- terms of reference and aims of the study
- the timetable
- who will carry out the work
- who will supervise the work
- the working methods to be used
- what the final product will be e.g. interim and final reports and whether these are public or confidential.

Then decide what action to take.

● **Try to negotiate the following trade union rights:**

- access to information and evidence produced throughout the

study

- access to those carrying out the work
- representation on the working party or review committee supervising the work
- time and facilities for trade union education or training courses required in connection with the study
- access to draft interim and final reports
- the right to use counter expertise from union head office or from organisations like SCAT, LRD, local resource centres etc.

You will then have to decide a course of action depending upon the response to these demands and your analysis of the local political situation. Consider carefully all the advantages and disadvantages of co-operation and non-co-operation. Also remember the following:

- officers and consultants will use jargon and technical language to maintain power and to confuse
- don't allow trade union reps to get sucked in as another group of 'experts' and thus legitimise the study when it may not be in the members'

or union's interests. Make sure that trade union reps regularly report back.

● be very wary about agreeing to any aspects of confidentiality because this will hinder reporting back and your use of the information obtained in the study.

● **Always demand to know the qualifications and experience of consultants** and where they have carried out similar work. Contact union branch secretaries in these councils to find out how the consultants operated, their recommendations, and so on.

● **Demand that the council sets up its own in-house Value for Money Unit** with full trade union representation on a steering committee.

● **Consultants should be treated like any other contractor** — stiff conditions should be imposed. (See earlier PSAs for details). See also a useful pamphlet *Management Consultants — Friends or Enemies*, TGWU Education Research Booklet No. 1, price 40p from Transport House, Smith Square, London SW1P 3JB.

● **Try to get an agreement with the council not to use consultants except in specific agreed circumstances.** LRD Bargaining Report, December 1984 is a special issue on management consultants and has a useful text of an agreement between NALGO and Telford Development Corporation covering the use of consultants.

● **If management refuse to negotiate the terms of the study or plan to use consultants, then you should consider taking the following union action:**

- refuse to co-operate, talk with or supply any information to those carrying out the study. So,
 - do not communicate in any way with the consultants/officers
 - do not handle any correspondence to or from consultants/officers
 - do not take part in any meetings involving consultants/officers
 - do not collate or process information of any sort if you think it is for use by consultants/officers in the study/review
 - do not organise meetings involving consultants/officers relating to the review
- taking selective or wider strike action to coincide with the start of the study or whenever officers or consultants attempt to enter your place of work
- contact user organisations like tenants' associations, pensioner groups, women's organisations, trades council and so on to mount a picket to prevent officers or consultants entering your workplace. A two

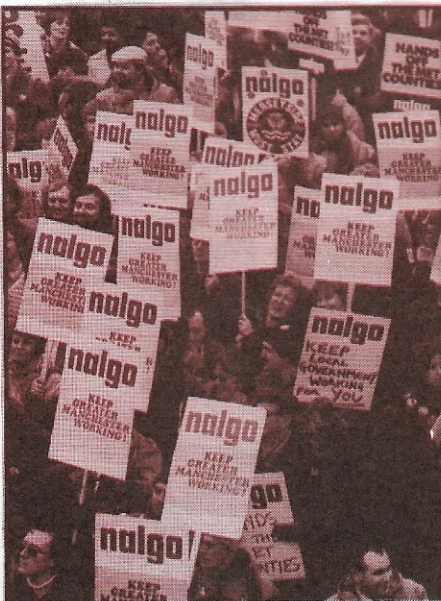
week picket of tenants combined with NALGO action prevented Grand Metropolitan officials gaining access to the Roehampton District Housing Office after the firm had agreed to do a feasibility study into privatising housing management in Wandsworth. Following a picket of Grandmet's head office the firm abandoned the study.

● **Prepare leaflets for workers and users explaining what the study is about, why you are opposing it, your own proposals and plans for action.**

● **If the study is being done in-house contact union branch officials to discuss their response, and the potential for joint action.**

● **Consider preparing and publicising your own counter report to coincide with management's study.** This could draw on your knowledge of the work, ideas for improvements, changes in the way the service operates, and point out management's problems and failures.

● **Consider responding in detail to the officers or consultants interim and/or final reports** — but there are obviously risks in waiting until then. NALGO produced its own page-by-page criticism of consultants Price Waterhouse's review of the Social Services Department in Birmingham (see Cashing in on Care, NUPE/SCAT p 23/24).



● **Use the idea of value for money in those sections which are already operated by contractors and agencies.** Demand that the authority fully tests the effectiveness, efficiency and economy of the contractor's and agency's work. Alternatively, draw up a short checklist of some basic points relating to effectiveness, efficiency and economy and publicise the contractor's failures and shortcomings.

Pritchard's In Kuwait Migrant Workers Suffer

KUWAIT PRITCHARD
Tel: 2517945 - 2518003
P.O. Box: 12373 - Safat
Kuwait

CONTRACT AGREEMENT

This contract is between KUWAIT PRITCHARD, operating as a contract cleaning & maintenance Company in the State of Kuwait (Hereinafter referred to as the Company) on one hand, and

انه في رسم (شركة) المولف ١٤ / ٩ / ١٩٨٤ غرور هذا
العقد بين كل من:
١ - شركة كويت برنشارد للتنظيف والصيانة بالكويت.

PSA has obtained a copy of a typical contract between Pritchard's Kuwait and a migrant worker. Clauses two and four, specifying hours and wages, have been inserted AFTER the other clauses. Clause six states that: "the company will provide the employee with accommodation free of charge". The final clause states that: "Any other agreement prior to this agreement regarding salary, wages or any other condition is hereby cancelled".

Two thousand Southern Asian migrant workers employed by Pritchard's in Kuwait are suffering from appalling working and living conditions.

The company has cleaning contracts in Kuwaiti government buildings, colleges and hospitals. Allegations against the company include:

- Pritchard's recruit Bangladeshi men in groups of 200 to 300 at a time.
- The agent tells the men that they will work as hospital messengers in Kuwait for 100 Kuwaiti Dinar (KD) per month for an eight hour day with free living accommodation.
- The men have to borrow money to pay for work permits and travel to Kuwait.
- On arrival, they find that they have to work as cleaners for only KD60 per month for a ten hour day. Pritchard's also deducts a further KD15 per month to pay for living accommodation.
- There is no sick pay: if a worker is sick, Pritchard's deducts an average KD2½ per day from his wages.
- Holiday entitlement is 28 days but only after the worker has served his two year contract.
- Holiday entitlement is often lost as management cause disputes

which land workers in jail just before their contract ends. Their final month is often spent awaiting deportation.

- No medical facilities are provided either at work or at the labour camp in which the workers live. Workers who seek medical help are told by the Kuwaiti authorities that they do not qualify and that the company should provide treatment.
- Pritchard's provides no protective clothing for workers dealing with hazardous chemicals. Neither is winter clothing provided to protect workers from the cold.
- Living accommodation is a Pritchard's labour camp on the outskirts of Kuwait city. Seven men have to share a hut fifteen feet square. As well as being overcrowded, the camp is miles away from any facilities.
- The stressful working conditions and the appalling living conditions mean that workers often suffer from severe health problems. With some 2,000 workers living in the labour camp, illness quickly spreads.

Bus Workers face AXE

Six thousand London bus workers have been told by London Regional Transport (LRT) to take a £40 a week pay cut or risk losing their jobs.

LRT say that the cuts are necessary so that the company has a better chance of competing against private operators when a number of routes are put out to tender this month. At the time of going to press, the TGWU were considering their response.



More News

BOTHA LEARNS FROM THATCHER

South African President Botha has been advised by Dr Stuart Butler of the US-based **Heritage Foundation**, a right-wing think tank, to follow Margaret Thatcher's privatisation policies. Butler (see earlier PSAs) recently addressed a national conference on privatisation and de-regulation called by the South African think tank **Syncom** and sponsored by the Federated Chamber of Industries in Johannesburg. He argued that privatisation was "crucial in finding solutions to South African economic and political problems".

The South African Government's Commission for Administration has now undertaken an inquiry into the privatisation process in Britain and is now in a position to implement a privatisation programme aimed at state departments, corporations, and provincial and municipal services.

DHSS? THAT'LL DO NICELY

A recent report by the drugs industry's Office of Health Economics reveals that almost half of all elderly people cared for in nursing homes in the UK are now in private establishments. Forty per cent of people in homes rely on the DHSS to cover part or all of their payment to the homes. As the government has consistently raised the sums available to nursing home operators, there are vast profits to be made out of public money. The value of this business in the UK is estimated at £776 million per annum.

POOR PATIENTS DUMPED

The National Association of Public Hospitals in Washington reports that private hospitals in the USA are increasingly dumping patients who cannot pay, onto public hospitals. A survey of 587 'transferred' patients showed that:

- 41% required emergency treatment.
- 43% had no insurance.
- Another third were only covered by the government insurance programmes.
- A third of the patients were sick enough to be admitted on arrival at public hospital.

In California, patients requiring urgent treatment have been turned away, having been given bus maps of Los Angeles and told to allow themselves two hours in which to reach a public hospital. One woman arrived at a public hospital after head surgery with her brain oozing through her wounds.

Private Power

Bechtel

Bechtel Bids

The UK's first privately funded and operated electricity generating station to sell power to the public grid is being planned for Northern Ireland. It is to be situated in County Antrim and if all goes according to plan it should be operational by 1994.

Five consortia of private companies have submitted proposals to the Department of Economic Development for building and operating the plant. The front runner for the contract is a consortium of Ulster businessmen acting as a 'front' for the giant **Bechtel Corporation** of the USA.

Bechtel is the third largest private company in the world. Based in California, the engineering and construction multinational operates 39 companies in eleven countries. It is owned by the Bechtel family, one of the richest in the USA. Other shareholders are corporation officers who have to agree to sell their stock back to the company when they leave. Former Bechtel executives include George Schultz, Caspar Weinberger and Kenneth Davis, all now in senior US government posts.

The current payroll reads like a 'Who's Who' of ex-US government officers including former **CIA** director Richard Helms.

Big business but

As well as building 40% of the USA's power stations, Bechtel has built 190 oil and coal fired stations, 30 hydroelectric plants, 62 marine terminals, 150 refinery and petrochemical works, 8 airports, 50,000 Kms of oil and gas pipelines and hundreds of other projects around the world. Bechtel now employs 26,000 people worldwide but uses a core of specialist technical staff, hiring and firing other workers as contracts are awarded, finished or lost. The majority of Bechtel workers therefore do not have job security.

When Bechtel tried in 1984 to buy the Scott Lithgow shipyard from British Shipbuilders, the company planned to sack the entire workforce, shut down the yard for three months and retrain and rehire a 'core' of workers. Bechtel would give no guarantee of re-employment to any of the 3,500 Scott Lithgow workers. Bechtel failed in their bid to buy the yard.

In Trinidad and Tobago recently, Bechtel was one of two US companies set to run a state-owned steel

mill. Neither company would however accept the 1100 mill workers' existing contracts and tried to renegotiate contracts more favourable to the companies. Bechtel lost the contract and the government went elsewhere.

Lay offs

In the last few years, Bechtel has cut its workforce by some 19,000 due to lost contracts and the lack of new projects.

For the last nine years, Bechtel has suffered a decline in new projects and the company has been eager to open up new markets. This eagerness landed Bechtel at the centre of a major corruption scandal last year which is currently being investigated



in the US by the FBI and the Justice Department. An ex-employee of the company has gone on record alleging that Bechtel, through a consultant, bribed South Korean officials to gain four engineering and construction contracts. While the company strenuously denies the allegations, some observers feel that because of Bechtel's connections in high places, the investigation will not lead anywhere.

Last year, the South Korean Electric Power Company criticised Bechtel's management practices in an audit that revealed that Bechtel had been overpaid \$16 million for work on nuclear projects in that country. Bechtel currently faces claims of £100 million damages in cases brought by contractors in Saudi Arabia. The claims, all relating to one particular project allege: "Bechtel was unable to manage the project properly", that "site conditions were chaotic" and that "the period of the contract was characterised by repeated delays by Bechtel in making critical decisions". The outcome of the claims is awaited.

British Telecom ONE YEAR ON

British Telecom's first annual report since privatisation shows pre-tax profits of £1480 million and records the company's expansion into North America, data networks, computers and other new fields. It also shows that while BT employees have received a 6.5% increase in pay (including pension contributions) the directors' pay went up by 64%. The Chairman, George Jefferson, receives a salary of £111,399.

There has been the inevitable growing concentration of shareholdings, with the number of shareholders dropping from 2.4 million at the point of sale in November 1984 to 1.7 million at the end of May 1985. The small shareholders (with less than 1600 shares each) form 98.4% of the shareholders — but between them own only 12.8% of the total shares in BT: 37.4% of shares are owned by pension funds, insurance companies and other institutions. The other 49.8% of shares are still held by the Government. The Report does not mention the Fraud Squad investigation into multiple applications for BT shares in which a number of 'eminent' businessmen are alleged to have been involved. Nor does it mention the 600 workers laid off by GEC equipment-making factories when BT moved to placing an increasing number of contracts with foreign companies.

Price rises to come

In October OFTEL, the consumers' 'watchdog', ruled that BT's rival, Mercury (a subsidiary of Cable and Wireless), must be allowed to connect into BT's networks by May 1986. Mercury is reported to be ecstatic over the ruling, which it needed in order to break into BT's field effectively. It plans to stick to the big business market where it already provides limited services, and to undercut BT charges to business by 10-20%. BT's immediate response has been to threaten to 'rebalance' their tariffs — by increasing charges to 17 million private and small business customers so that charges to business can be cut to fight off the challenge of Mercury.

Meanwhile BT is using its massive profits from telephone services to finance its bid for a 51% stake in Mitel, a Canadian telecom equipment manufacturer (see PSA 15), a 10% stake in Euroroute, an Anglo-French consortium bidding for the Channel crossing contract — and a pilot telephone bingo 'service' called Ringo.

Attacks on jobs

For BT workers, the year since privatisation has seen a sustained attack on jobs, wages and condi-



tions. The traditional role of the trade unions has been undermined by the setting up of 5 separate operating divisions and new subsidiary companies, each with its own accounts and profit targets and its own decision making powers. New 'macho' style management at divisional and district level has forced out many of the old-style managers and eagerly adopted ruthless private sector management practices.

- In the run up to privatisation, 16,000 jobs were lost: now a further 45-60,000 jobs are threatened. Staff are being dismissed on grounds of sickness and age, and a new ground of "culpable inefficiency".

- Training schemes have been slashed, with apprenticeships cut

from 3000 to 60 per year.

- In the Factories Division, BT is trying to cut basic rates for the largest grade by 35%.

- Centralised collective bargaining is under attack, with divisional management changing nationally-agreed jobs and gradings without negotiation.

- In areas of high unemployment and where pay levels are low, management is trying to use local factors to reduce pay and conditions.

- Long-standing agreements with the trade unions are being ignored or broken, such as the right of the unions to refer any matter to arbitration for a mutually acceptable decision. The grounds given are that this is 'appropriate for a public corporation but not for a private company'.

- The pension scheme was changed without negotiation, so that new employees are being offered a less beneficial scheme, with no index-linking.

- Employees who hold shares in BT have no say in running the company — and are not even allowed to attend shareholders' meetings.

- There are reports that political vetting of BT staff has been extended from workers who deal with sensitive services to include a wider range of employees. It appears that files are now being kept on union activists in totally non-sensitive jobs.

PROFITS FROM THE HOMELESS

A new private company, Park Hotels plc, has been set up to cash in on the provision of bed and breakfast hotel accommodation for the homeless.

Two former housing department officers, Michael Seward from Hackney council and Bill Tickle from Camden are to be joint managing directors of the company on salaries of £20,000 each. The Chairman of the company is Peter Laistre of BUPA Medical Centres Ltd, the private health chain.

Park Hotels has spent £1.3 million on buying the Town House Hotel in West London and is seeking others. At the Town House, people will be charged between £12 and £40 a night. The company expects to make profits of around £200,000 a year which will come largely from payments by councils placing homeless families and from the DHSS.

PRIVATE LAW 'N' ORDER

Tory-controlled Bromley Council has hired Sentinel Security Ltd to patrol council estates in the borough. The move, which has the backing of Scotland Yard, is designed to "quell trouble" on the estates.



Dublin Cleaners Strike



Twenty three women employed as cleaners at University College Dublin have been on strike since 31st July 1985 in protest over cuts in wages, benefits and hours.

The women, members of the ITGWU, worked for **Contract Cleaners Ltd** (a Pritchard's company) but the company was undercut when the contract was put out to tender earlier this year.

Professional Contract Cleaners Ltd and **International Contract Cleaners Ltd**, who won the contract, offered the women employment but on reduced terms that meant losing

social insurance as well as less wages. The women occupied an office in the University's administration block on 31st July demanding employment on decent terms. Since then they have picketed the site. Now the cleaners employed by the two new companies have joined a union and come out on strike in support of the original strikers.

CAN YOU HELP

Public Service Action urgently needs:

1. Copies of council, NHS and other public bodies reports on the tendering of services, cost comparisons, and trade union submissions.
2. Information on contractors fines and failures.
3. Details of contractors wages, conditions, benefits and employment practices.
4. Regular news about campaigns against privatisation, cuts and contractors. Share your ideas, tactics and lessons learnt with other campaigns.
5. Details of trade union and/or local authority, NHS, civil service and nationalised industries initiatives to improve and expand public services.
6. Information about new plans or schemes to privatise services e.g. contracting out, use of volunteers, expansion of private services etc.

Please write or phone now — Public Service Action, 27 Clerkenwell Close, London EC1R 0AT. Tel: 01-253 3627

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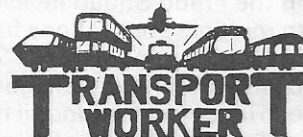
Circulation: 12,000

PUBLIC SERVICE ACTION

Information

GUARD ACTION: Fighting privatisation in the gas industry. An anti-privatisation briefing pack containing evidence and arguments against the sell-off of British Gas. Includes speakers' notes and examples of publicity material. **Available from:** **GUARD**, c/o **NALGO**, 1 Mabledon Place, London WC1. Tel: 01-388 2366

COMPANY FILE: A current list of contractors in the NHS. It includes details of fines, failures, wages and conditions, political connections etc. **Available from:** **London Health Emergency**, 335 Grays Inn Road, WC1. Tel: 01-833 3020. (Price £2.50 but free to affiliates.)



TRANSPORT WORKER: a rank and file magazine for bus and rail workers. The 24 page Nov/Dec issue is out now price 25p. **Available from:** **14 Osbaldeston Road, London N16**. **Transport Worker AGM:** 10am-6pm, Sunday 1st December at County Hall, London SE1.

COMMERCIAL MEDICINE IN LONDON: A 65-page report on the rapid growth of private health facilities in London and the corporations "whose approach to patient care has more in common with the Kentucky Fried Chicken chain". Sections on government policy, medical insurance, private hospitals and the implications for the NHS. **Available from:** **GLC Industry and Employment Branch, County Hall, London SE1**.

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