

PUBLIC SERVICE ACTION

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THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT

No 24 Sept 1986

1½ MILLION JOBS AT RISK

Government announces council tendering



It was bound to come. Nicholas Ridley, having set public transport on the track to destruction is promoted to Environment overlord. Two junior ministers make speeches to public sector management conferences lauding the achievements of competitive tendering. Lobby correspondents authoritatively predict a new Local Government Bill in the next session – to include obligatory competitive tendering for some council services, making illegal much of councils' contract compliance policy still in its infancy – and preventing councils from campaigning against it. There are no details yet of who or what is first for the chop – but the general intentions are clear and there has been plenty of time since the notorious Green Paper of February 1985 for civil servants to have worked it out.

The threat of tendering

Government priorities are clear. Right wing think tanks and

backbench MPs are determined to achieve major advances in privatisation of council services, but for the Government the process of competi-

tive tendering is at least as important as its outcome, they are just as keen to get changes in the labour market as to give contracts to private companies. The experience in the NHS has shown how tendering and the lead up to it always brings cuts in jobs and cuts in wages and conditions as in-house management 'streamlines' its operations to prepare for competition from private contractors.

Timing

If legislation is passed by Spring 1987, it is possible that it will not come into force before a general election. However, if the election is not held until autumn 1988 then at least some local authorities are likely to be obliged to implement statutory tendering before the election. Either way, the Government is likely to make great play and propaganda out of the so-called 'savings' in Wandsworth and Merton. They have so far failed to meet their 1979 and 1983 commitments to fundamentally change the rating system. 'Privatisation savings' will be used to head off any criticism.

How will councils respond?

In Tory authorities privatisation will continue as before and councils
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Gas sale campaign

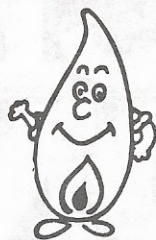
GASSED

The parliamentary battle to keep gas in public ownership is lost, despite widespread opposition. At the end of July the Gas Bill received the Royal Assent. In August, OFGAS, the industry "watch-dog" will be set up, the licence will come into force and British Gas PLC will come into existence.

Preparations are well in hand for the £5-8 billion floatation in November. The company's 16 million customers will now receive with their gas bills an invitation to buy shares and it is expected that the number of small investors will exceed the two million who originally bought shares in British Telecom.

Bosses' pay soars

The company's annual report published in July showing profits for the year ending March 1986 at £688 million on a current cost basis (an increase of six per cent on the previous year), but on a historic basis, used in the private sector, pre-tax profits worked out at £1.1 billion. The workforce fell by 4,000 over the year.



Gas Chairman Sir Dennis Rooke has predicted a big pay rise for himself after privatisation: he currently earns £73,845 (see box).

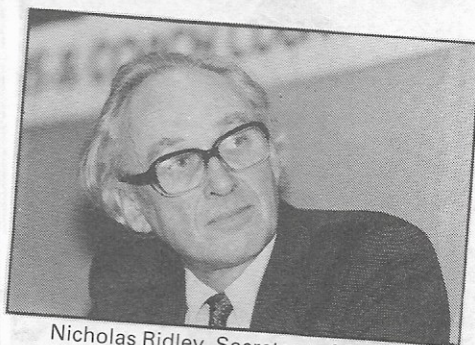
For the workers the story is just a little different: all 90,000 employees will be given £70 worth of shares plus £2 for each year of service. And those who have some of their own money to invest will be entitled to some extra free shares. 50,000 Gas pensioners will receive £75 worth of shares.

FROM PAGE 1

previously reluctant to go down this road are likely to move towards it. In Labour authorities the preparations for tendering will continue, largely on the assumption that the methods used to maintain building DLOs under the Land Act competition rules can be applied effectively across other services. But the assumption is a false one: in building and engineering, work is tendered for piece by piece, allowing some work to be kept in-house and giving the local authority a leverage over contractors who want the chance to win future contracts. With the services we can expect to be targeted in new legislation, it is likely that contracts for the whole service for a minimum of 2 years will be offered. If they are won by a private company, the whole in-house operation will be dismantled and workforce made redundant.

Warning signs

The first indication of Government plans to legislate will be seen by senior local authority management as a signal to start to step up their schemes for savings, efficiency, 'value for money' studies, etc. For over a year they have been conferring and analysing how they are going to deal with competitive tendering. Many, in Labour as well as Tory authorities, see it as an exciting challenge. Many may want to keep services with direct labour, but on their terms.



Nicholas Ridley, Secretary of State, Department of the Environment

Trade unionists will have to watch for the early warning signs – new productivity proposals, reorganisations, rationalisations, bringing in management consultants, service reviews, tempting redundancy and early retirement packages, etc.

Contract compliance

The Government is under pressure to limit the rights of councils to impose conditions on Companies they give work relating to their employment practice, South Africa connections, etc. It is important that councils' contract monitoring and contract compliance machinery is now developed to cover the areas which the Tories will still allow, ie quality, timing and cost of services – which are in fact the areas in which private contractors have proved most vulnerable. The monitoring must include input from the workers and users with direct experience and knowledge of the way services are delivered.

Audit chief shows his colours

Service Charges

The attack on local public services is coming from another angle: charging for council services is again on the Tories' agenda as they grapple with their rash promise to reform the rating system and the complex and unworkable machinery they have developed to control council spending. Now the fundamental principles of needs-based public services have been written out of the equation by the 'independent' accountants who have become the arbiters of what is economic, efficient and effective in the public sector. John Banham, the Controller of the Audit Commission has written a blueprint for the financing of local government in **Lloyds Bank Review** (July 1986). His thesis includes:

- A proposal that what he classifies as *Optional Personal Services*, ie nursery education, higher and further education, housing, support for the elderly, public transport and leisure and entertainment should be paid for by charges to 'customers'.
- On the other hand, *Property Services* eg police, fire, refuse, road maintenance should still be financed by taxation.
- A national ceiling on commercial and industrial rates, to increase the proportion of costs carried by domestic ratepayers.
- The end of nationally negotiated conditions of service and pay, allowing local authorities to 'make their own arrangements' with employees.

There is much more. While denying the politics involved in all decisions about local government services, Banham proposals are far to the right of any Tory position to emerge to date.

Accountants right

The Audit Commission is frequently given credibility as independent by Labour politicians as well as Tories, when it happens to come up with an answer they like, e.g. that Sheffield's in-house refuse service is more efficient than Southend's private one. To give them this credibility is to acquiesce in the government position that accountants should be determining the future pattern of public services. Banham has shown once and for all that they do not occupy the centre ground – and we should ensure that they are publicly identified with the right, where they belong.

Government gets cold feet

WATER DITCHED



Stoke Bardolph Sewage Works, Notts.

The planned £5-£7 billion sale of the 10 water authorities was postponed by the government early in July. It remains on the Tories' agenda. A short Bill is expected in the next session of Parliament which will enable water authorities to continue preparations for privatisation and to extend contracting out of various activities.

Why it was stopped

There are a number of reasons why the sale was stopped;

1. The alliance of trade unions and environmental groups had effectively exposed major problems for users and several legal complexities. This alliance threatened to increase public resistance to the proposal and to ensure that the Bill would have had a very difficult passage through the House of Lords. In fact the legal and constitutional complexities would have almost certainly led to some measures being defeated in the Lords.
2. The Government obviously thought that defeats in the Lords, threatened legal action, and possible delays were too risky just prior to a general election.
3. There were major difficulties in drafting the legislation in time for a Bill to proceed in the next session of Parliament. It would have been long and complex and policies covering water charges, land drainage, environmental and pollution controls still had to be agreed. The water authorities also had to undertake

some financial restructuring and to sort out their pension arrangements.

The legislation would have given the private water companies powers to prosecute other private companies for pollution whilst also trying to ensure that the water companies policed themselves. One environmentalist described it as "selling the police force to the mafia". An internal Department of the Environment report had recommended that the anti-pollution responsibilities should not be privatised but the Government had rejected this. Even the *Financial Times* commented in an editorial (4 June, 1986) "the water industry has many special characteristics which seem to justify public ownership".

4. There were strong disagreements amongst the 10 water authorities on the merits of privatisation. The Water Authorities Association argued that all 10 should be sold together but two merchant banks advising the Government reported major difficulties coping with ten different share sales at one time.

In short, it seems clear that the government considered there were too many political risks involved in the lead up to a general election, hence water was ditched. The idea to sell the water authorities was clearly half-baked even in the Tories' own terms, right from the start.

The Water Works - Keep it Public campaign (see PSA No 14) is to build on this success and to ensure that the 9 remaining points on the Charter for Water are implemented.

More News

PRIVATE SEWAGE PLAN DROPPED

Anglian Water Authority's plan to privatise the building and operation of a new sewage works at Peterborough has been abandoned (see PSA No 20). Evidently the complexity of the 25-year financial deal with Ames Crosta Babcock was the main problem. In addition the government ruled that the cost of the deal would be included in Anglian's borrowing limit for capital schemes. The Water Authority is, however, to review how the plant will be operated once it is completed.

NATIONAL HOLIDAYS SOLD

The **National Bus Company** has sold its £54m annual turnover subsidiary **National Holidays** for a mere £2.5m to Pleasurama, the casino and hotels group. National Holidays is the first of NBC's subsidiaries to be sold off and is Britain's leading coach holiday operator.

HOME COUNTIES BOSS JAILED

Patrick Doyle, boss of **Home Counties Cleaning** pleaded guilty to 8 charges of forgery at Aylesbury Crown Court in July. He was sentenced to 15 months in prison, with 9 months suspended because of "past good behaviour". Home Counties' illegal activities included non-payment of VAT, National Insurance, and income tax and its exploitation of contract cleaning staff was detailed in PSA No 5.

Doyle's bank refused a £750,000 loan so Doyle forged a letter approving the loan and then forged a bank draft for £700,000. Doyle was arrested but a few days later forged another letter claiming his Spanish company had assets of £4.4m when in fact it had substantial debts. A great ambassador for the contract cleaning industry!

LIFECARE DIES

The fast growing **Lifecare International** (see PSA No 17) came to an abrupt end in August when the Receiver was called in and share dealings suspended. The nursing home and sheltered housing group had previously announced that it was not going to pay the half-yearly share dividend after a £314,000 pre-tax profit in 1985. Delays on its sheltered housing developments caused the collapse. The Receiver is evidently trying to find a buyer for Lifecare's 6 nursing homes and several sites. Watch the vultures descend.

CONTRACTORS Fines & Failures

Crothalls

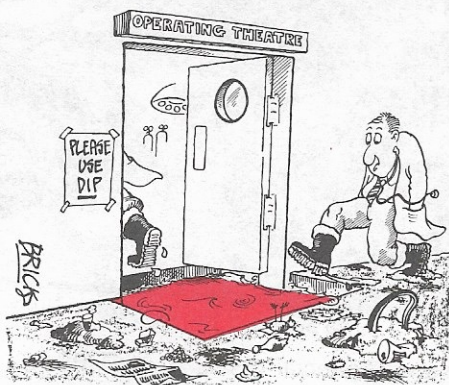
MORE DIRTY WARDS

Crothalls (now part of the Hawley Group) told the press last month that the company was "astonished" by allegations from Riverside CHC about appalling standards of cleaning in the maternity unit of Westminster Hospital in June. The report of an unannounced visit by the CHC on 23rd June included:

- One of three baths (for 30 women) was unusable because a dirty floor mop and cleaning materials had been left in, the shower tray was thick with built-up dirt and the shower-head was virtually blocked and a washbasin had been blocked for five weeks.
- Sinks and draining boards in ward kitchens were encrusted with dirt and long-term grease.
- In the treatment room where sterile dressings and equipment are stored, sink and draining boards were filthy, the floors dirty and there was dust on the shelves.
- There was broken glass on the floor of the ante-natal ward, not cleaned up for two days.
- Dirty cups, uncleaned spillages and overflowing ashtrays in the patients' day room.
- Low morale among midwives who were spending much of their time in cleaning tasks.

CHC monitoring

The contract (which started in July 1985 and is worth £600,000 pa) has



been causing grave problems since early this year. (see PSA 22). The Unit General Manager reported his concern to the February DHA and then a sudden deterioration in standards to the April/May DHA. Termination of the contract would, however, be "too difficult" he claimed.

The CHC has been monitoring the contract: it press released its findings in June only after the District General Manager refused to table the report to the DHA meeting. At that stage the CHC was advising women not to have their babies at Westminster.

A further unannounced visit by the CHC on 18th July found standards "vastly improved" the CHC chair Frank Honigsbaum told PSA, though he is sceptical that standards can be maintained on pay rates of only £2.10 per hour in Central London. And the improvement is little comfort to the women who had their babies at the hospital in June and before.

OCS: Costly failure continues at Addenbrookes

OCS have held the cleaning contract for Addenbrookes Hospital in Cambridge since October 1984, (it is their only NHS contract). Since then, the price has risen by more than £1¼ million, over ½ of the original price, to nearly £200,000 above the in-house tender price—but not once has it ever achieved all the cleaning targets. Recently the OCS site manager has resigned – and has been replaced by two people, both of whom were formerly employed at military hospitals, where OCS lost its cleaning contracts.

The latest management report admits that after a period of gradual improvement, standards have fallen again, and blames staff shortages, high absenteeism and staff turnover. The CHC continues to produce severely critical reports of the contract. The former hospital domestics, still in dispute with OCS despite the loss of their unions' official support some five months ago, told the press: "These figures now show them all we were right ... and still they haven't got a clean hospital".

LEYLAND BUS AND UNIPART HIVED-OFF

BL has sold Leyland Bus to a management buyout for £11.7m rejecting bids from the Laird Group and Aveling Barford (see PSA 23). Substantial redundancies are planned at the Workington and Preston plants plus the complete closure of the Eastern Coachworks at Lowestoft with the loss of 480 jobs. BL will pay all the costs of the closure and redundancies. The management buyout has also bought a 33 per cent stake in Leyland Parts.

BL, now called the Rover Group, has also agreed to sell 75 per cent of the profitable Unipart spare parts subsidiary to a group of financiers led by Charterhouse Bank for between £30m – £50m. Unipart management will also take 10 per cent of the shares.

No sooner had the ink dried on these sales than the Rover Group announced the planned sale of ISTE (formerly BL Systems), the information systems subsidiary.



New trends in sponsorships! – Preparing the Mall for the Royal Wedding procession.

Tory council ignores ISS failure record

LINCS SACKS 1,000 CLEANERS

Lincolnshire Echo.



Lincs school cleaners demonstration.

The rural Tory heartlands are fast losing their old fashioned paternalistic image. Lincolnshire has handed over the cleaning of all county council premises residential social services establishments and a few small schools to ISS Servisystem Limited.

The Danish-based multinational is best known for its failure to clean Birmingham schools under the previous (Tory) administration, and its inability to keep a contract to clean three Norfolk village schools. (See PSA 9). Over 1,000 long-serving council cleaners will lose their jobs. In the schools where direct labour remains, ie special schools and where there is a "cleaner-in-charge" agreement, if new terms and conditions are not accepted, then ISS will be invited to take over.

Wage rates slashed

The contract, granted for two years after a phasing-in period of six months is worth almost £2 million and covers over 500 separate sites. The "savings" offered by the ISS tender over the in-house bid (which itself offered a substantial savings package) is based entirely on far lower wage rates: £1.70 per hour for cleaners, as opposed to the £2.24 (including bonus) currently paid to the directly employed workforce.

Officers push private option

The ideological determination of leading councillors is echoed in the reports to the council of supposedly non-political officers, the Chief

Executive and County Personnel Officer. For example, these choose to take note of the office cleaning record of the company but not its failure in schools, provide no objections to exploitation wage levels as long as ISS can recruit effectively, and openly rubbish the objections received from trade unions and parents to the whole process.

Free hand for contractors

The specifications for cleaning are inaccurate in basic matters like square footage, and so loose in description as to make ineffective cleaning inevitable and monitoring well-nigh impossible. They do not even specify cleaning materials to be used, despite potential hazards to school children and workers. Monitoring the contracts will be the role of the head of the establishment concerned who have not been consulted or trained to do this.

What hope for workers?

Existing staff will be "considered" by ISS for employment, but given no priority. And the council is advised by its officers that even if the contract fails and a new direct labour force has to be established, the £200,000 redundancy costs involved in privati-

sation won't have been wasted because they the council will be able to recruit new cleaners "with different conditions and costs" ...!

Lessons

There are lessons too for building solidarity and support:

- NUPE reports a dismissal response to its appeals for support from other unions, PTAs etc despite starting as soon as the plan to "expose the service to competition" started and gaining coverage in the local media. Indeed the letter from the local NUT to the council did not actually oppose privatisation, mention the likely sacking of fellow employees of the education department or praise their undisputed loyalty and good service, but helpfully offered to monitor standards on behalf of the council.

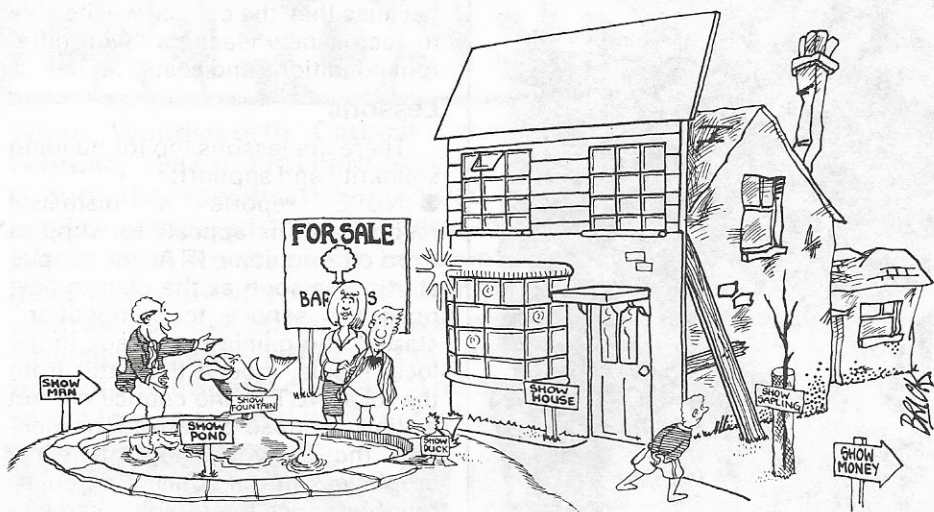
With friends like these ...

- Despite a splendid demonstration at the final council meeting where a cleaners' occupation of the council chamber delayed the meeting for a long time and forced the council to deliberate with cleaners breathing down their necks, NUPE admits that it was hard to get a strong campaign going amongst the workers themselves. Organising in a huge rural area like Lincolnshire is always very difficult. And the cleaners were worn down with years of erosion of their hours and conditions: most had long been cut to below the threshold of employment protection rights. This method of wearing down women workers has increasingly become the norm in the shire councils – and has certainly worked to take much of the fight out of the workforce before the final battles.

It is possible that you can't win against councils like Lincolnshire where the combined monetarist enthusiasm of councillors and chief officers means that issues like the competence or employment practices of a private contractor are disregarded, there is little concern with standards and none at all with protecting workers. However where there is more time, if the current rhetoric of public service unions concerned with winning popular support for public services and their providers was put into practice, with national leadership and support, it might yet be possible to win. What is certain is that vocal public support is crucial – as is some measure of solidarity from fellow trade unionists.

(We are grateful to NUPE East Midlands office for providing us with detailed documentation and information)

Residents campaign in Newcastle

BUILDERS CON

Angry residents who have bought ex-council houses from the national builder, Bellways, have put out a national warning: "Watch out for the cover-up job". Faced with a catalogue of patched-up windows, dampness, unexpected expenses and unfinished repairs, buyers formed a residents' association this year to take up their problems. PSA visited members of the Lower Delaval Residents' Association (LDRA) in Newcastle to discover their story.

In 1981 the Lower Delaval estate was an unpopular estate plagued with dampness. However tenants organised together to fight for improvements. They worked for a year with an architect drawing up plans to improve all the houses and the general environment.

Sudden sale

Suddenly, on the same day as the architect was due to present the plans to the Housing Committee, John Grey* Newcastle's Housing Director, proposed a plan to sell the estate to Bellways.

In 1984 Bellways started work having paid £150,000 for the 142 houses and flats which they planned to turn into 172 units. After building works each unit was sold on a 999 year lease for £10,500-£11,500.

However buyers found problems right from the start "They looked very nice" said May Stirling from the LDRA "but there's been all kinds of problems".

These include:

- ill-fitting and rotten windows
- dampness
- poor quality and uneven rendering
- sloping floors
- inadequate insulation between floors
- insufficient slopes to some pipework
- chimneys not totally sealed
- stains from brickwork running down walls

- problems over service charges
- higher than expected weekly costs
- poor design so you have to clean bathroom windows by entering the neighbour's garden!
- defective plasterwork hidden by woodchip paper

Some of these problems are serious, some not so serious but they all add up to what one LDRA member called "a cover-up job".

Serious faults

The most serious problems right now are the windows. Many tenants have already had to have them ripped out and paid £1,500-£2,000 to install new single or double glazing units. As we toured the estate two more houses were just receiving new windows. Ironically the original architects report had recommended complete new windows but Bellways chose to use putty, filler, mastic and paint.

Another widespread complaint is the lack of sound insulation between flats. "You can hear everything and I mean everything" said one LDRA member.

The Association say damp is not widespread throughout the estate but in some cases it is a major headache. "My next door neighbour has just had an estimate for dealing with her damp and it was £1,800. That's no joke when you're struggling to meet the mortgage", said one buyer.

As for the plasterwork some people have stripped away the woodchip put on by Bellways only to find large areas of loose plaster. In some cases whole walls have had to be replastered.

The LDRA say that many people did not understand their rights about defects. "The foreman kept pressing people to sign the form after six months to say they were happy all the repairs had been done. Many signed without realising they were signing away their opportunity to get some things put right. Others stuck out demanding defects were put right. Now we're left to look after the problems ourselves."

Owners are also angry at the advertising "You can own a Bellway home in Benwell for under £20 a week". For many people this was totally misleading: "What with rates, water rates and service charges you have to pay about £12 a week on top of the mortgage. Many people never expected this and it certainly wasn't explained by Bellways, Abbey National or anyone else".

"What's more the maintenance of the open spaces has been taken over by North Housing who are all very condescending. Then we asked for stones to be cleared off the grass areas they turned round and said they would have to get a contractor and then that would push up the service charges. In other words 'don't expect much!'" North Housing Limited is a profit-making subsidiary of North Housing Association.

The LDRA have held three public meetings and a meeting with Bellways and the Council. "A number of problems have been sorted out. Bellways did quite a lot - when pressed!". However now everyone has to face the remaining problems - to leave them or tackle them. One group member has already spent £5,000 on improvements on top of purchase price of £10,500.

Council way ahead

Ironically across the road is an identical estate which has been modernised by the Council. Here all the windows have been renewed. Exterior insulation has been added. A pebble dash exterior to one half makes the outside look more attractive. There's a double radiator and a gas fire in the living room (Bellways just put in a fire) and fencing all round (The LDRA had to fight for some of their fencing). Brand new chimneys have been built as well as small entrance lobbies and toolsheds. One LDRA member commented "Bellways can't match the Council. With the Council nothing is spared, no corners are cut".

The Council spent an average of £14,500 per flat on its modernisation

— £3,000 more than Bellway's were selling their houses for.

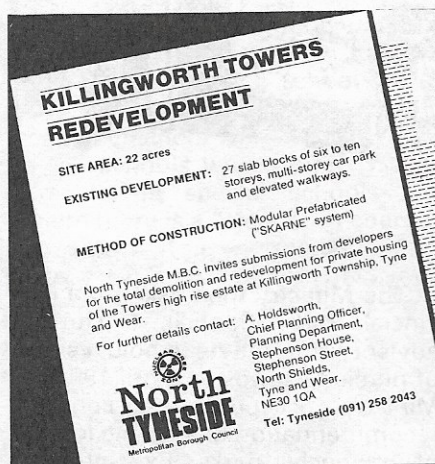
Despite all the problems, the residents we talked to did not regret their purchase. At such low prices they were a "bargain" and they are hopeful of a future for the estate. Property prices have increased slightly in the last year or two.

However many people are already moving out. Only last month in one street there were 13 for sale signs out of 50 houses. The Council is so concerned with this high turnover that they've started a special survey.

5 year improvement package

Bellways advertisements claim the units are superbly refurbished. Yet they told Radio 4 "Purchasers are expecting a Rolls Royce for a Ford Popular price". The evidence contradicts this. What is really happening is that certain works have been carried out to make the properties attractive. What could be called a "5 year improvement package". In many ways buying this type of property is similar to buying a small terraced house in need of improvement. Once you've paid for the property you have to pay thousands for basic improvements.

*Soon after John Grey moved to Leech urban renewal. He is now a government consultant on privatisation and has his own privatisation company John Grey Limited.



Bargain or burden?

A survey of a new Barratts inner city development in Nottingham has found:

- prices of flats are falling
- some residents are dissatisfied with the design and the building standards
- far from being "first time buyers", some of the new owners are in fact buying a second home.

Spoils in Spalding?

Tenants in the Royce Road estate, Spalding have organised an action committee to fight the sale of their 130 homes. Last year they suddenly found that South Holland District Council planned to sell their whole estate to Bellways.

Bellways planned to take away many tenants' gardens for building new houses. They would also modernise the existing houses selling some and giving the remainder back to the council.

Bellways' written proposals include outrageous claims eg "We have considerable experience in explaining our proposals to neighbourhood residents so that they are always in the picture as to what is going on". Royce Road tenants, as in many other areas, have yet to meet Bellways.

Public meetings, much local publicity, action by the local Labour Party

and the threat of a picket has led to a meeting with the Chair of Housing and to the Housing Committee inviting ten different developers to tender.

Ironically the "Independent" Council has just received a back payment of £1.8 million from the Anglian Water Authority which could be used to modernise the estate. Instead they have voted £¾ million for a new sports hall.

More information, messages of support and donations to Pat Baxter, 47 Royce Road, Spalding or Cyril Evans, Spalding Labour Party, tel: 0775 67026.

Fulham Court: COUNCIL FORCED TO SELL

The appeal court have decided that the newly elected Labour council in Hammersmith & Fulham are legally obliged to sell one of the nine blocks of flats at Fulham Court to Barratts. The outgoing Conservative/Liberal Councillors signed the deal only days before losing control of the Council. The court also upheld the "agreement" between Barratts and the Council not to re-let any of the flats on the estate. The tenants of

Fulham Court feel victory is still possible, and that Barratts may be kept out of the other eight blocks: the case may yet go to the House of Lords.

The Council is still hoping to negotiate with Barratts to avoid having to choose between leaving the flats empty and selling them. Meanwhile the estate is in urgent need of repairs and modernisation, and the new Council are consulting about an improvement programme.

CAMPAIGNING AGAINST THE SALE OF ESTATES

"WE ARE NOT FOR SALE"

an action day for tenants and trade unionists

SATURDAY 11th October 1986

12.30-5pm

Manchester Town Hall

TENANTS AND TRADE UNIONISTS ARE CAMPAIGNING AGAINST THIS BILL BECAUSE IT WILL ● TAKE AWAY COUNCIL TENANTS' SECURITY OF TENURE ● THREATEN THE JOBS OF THOUSANDS OF COUNCIL WORKERS IN HOUSING MAINTENANCE, CARETAKING AND MANAGEMENT ● ADD TO THE DESPERATE SHORTAGE OF RENTED HOUSING

Jointly organised by CASE (UK), the National Campaign Against the Sale of Estates and Manchester City Council

Details and application form from: Mike Carter, Tenants Participation Unit, Housing Department, Town Hall, Manchester M60.

Wandsworth street cleansing contract renewal

STANDARDS EXPOSED

When Wandsworth Council privatised its street cleansing in February 1982 to Pritchard Services Group (now part of the Hawley Group) the specification included major cuts in the standard of service compared to that operated by direct labour. Under direct labour most streets had to be swept alternative days but Pritchards have had difficulty even cleaning the streets once a week. The contract is now up for renewal and documents produced by the council reveal the full extent of cuts – the so-called 'savings' at the time of the original contract. The standards are now creeping back to the level operated by direct labour.



Contract changes

- a massive 31 per cent increase in the overall level of services required. The higher tender prices is 'justified' because it takes into account "central government and the public's desire to improve the cleanliness of the inner city areas" and to achieve a "marked change in the public's awareness of the street cleansing service".

- 80 per cent of the borough's roads will be swept twice weekly instead of the current 20 per cent. On certain "high profile areas" the first sweep will have to be completed by the start of the rush hour at 7.30am.

"the first category comprising the majority of the streets in the borough in residential and industrial areas where there would be once weekly sweeping"

Report to Policy and Finance Committee, 18 Jan 1982.

"the emphasis has been changed from once weekly to twice weekly sweeping"

Report to Special Leisure & Amenity Services Committee 15 July 1986.

- Additional roads have been added to the Sunday sweep schedule and this has been increased from twice yearly to monthly.

- During the autumn leaf fall the contractor will have to provide sufficient resources to clear leaves and continue the normal street cleansing schedule. This represents a 300 per cent increase for some areas like Furzdown where Pritchards regularly failed to clean the streets in the autumn – 63 per cent were not cleaned at all in autumn 1984. The new contract will permit the contractor to sub-contract out the autumn leaf work.

- Litter bins will now have to be emptied daily and cleaned every 6 months.

- Three street markets are now to have a full-time sweeper.

- New time limits will be imposed on the contractor for the removal of fly tipping.

- The council will now be able to adjust the cleansing schedules following public holidays to "eliminate the situation which has occurred where roads have not been swept for over a week".

- The council will now charge the contractor a market rent for depots instead of an arbitrary or peppercorn rent.

- The length of the contract has been extended from 5 years 8 months or 7 years 8 months to combine the tendering procedure with that for refuse collection and to "benefit from the contractors financing new investment over this longer term". This means even less accountability.

Failures galore

The street sweeping contract has been dogged by poor standards and Pritchard's high staff turnover (see PSA No 16).

Overseas News

ONTARIO UNION STOPS PARKS PRIVATISATION

The Ontario Ministry of National Resources quietly began leasing recreational parks to commercial operators in 1975. By last year 21 out of 138 provincial parks had been privatised. The Ontario Public Service Employees Union (OPSEU) launched a campaign in the spring of last year to stop the leasing of more parks. Adverts in 14 newspapers were followed by over 20,000 signatures on petitions and cards. A Gallup poll commissioned by the union revealed that 82.3 per cent were opposed, a mere 11.5 per cent in favour. A 100 jobs had already been lost and another 114 were under threat.

YOUR PARKS



The Ministry then asked the Provincial Parks Council, a citizens' advisory committee, to hold a series of public hearings. In April 1986 the Ministry accepted the council's recommendation to stop the leasing of provincial parks. Existing contracts will not be renewed. However, the Ministry still plans to continue contracting out refuse collection, maintenance and grass cutting in parks. OPSEU plans to build on the alliances and support against leasing to try to eliminate contracting out. The union has recently won the right to represent employees at the leased Fitzroy Harbour Park and intends to try to organise the other leased parks.

Thanks to Chris Schenk, OPSEU.

Complaints mount in Birmingham hospital CATERER PULLS OUT

Spinney's, the most successful of the private caterers in winning NHS meals contracts, has pulled out of Birmingham's Queen Elizabeth Hospital; just five months after it started providing the meals there. This follows Central Birmingham Health Authority's refusal to meet the firm's demand for an extra £120,000 per year.

The firm which took over the £610,000 a year contract in March this year, had faced mounting criticism over the standard of its service and had increased its workforce from 68 to 85 to cope. It has now admitted that it got its figures wrong and thought it could do the work with far fewer staff than it needed. But due to a four month break clause in the contract, unique to the West Midlands Regional Health Authority, the firm looks set to avoid paying any compensation.

More than 100 catering workers lost their jobs when Spinney's took over, costing Central Birmingham £270,000 in redundancy payments.

Worms in the fish

There have been many complaints about the performance of the firm at Queen Elizabeth. Patients' meals were often late, of poor quality and inadequate in quantity. Health and Safety training was inadequate, according to NUPE, and the union cites a considerable increase in accidents at work to back up its claim. Allegations that meals were served on dirty crockery and cutlery have been confirmed by Queen Elizabeth's Unit Manager. The secret

diary of a nurse whose undercover findings were published by the West Midlands Health Service Monitoring Unit, included reports of a worm being found in a patient's fish dish, of another patient's breakfast consisting of a single piece of mouldy bread, and of a portion of pudding so small that it did not even fill a dessert spoon.

Taxpayer's losses

Spinney's enthusiasm for NHS tendering (the firm was set up specifically for this purpose) has so far cost a staggering £834,445 in losses accumulated since the firm was established in 1983 by Steel Brothers PLC. However, Spinney's 1985 accounts reveal that only just over half of this has come from its parents with the balance coming from the taxpayer.

Steel Brothers, which made £14.9 million pre-tax profits in 1984, has used a well-known device in UK tax law to claim what is called "rollover relief" on corporation tax. Section 276 of the 1970 Income and Corporation Taxes Act allows all trades conducted by members of a group of companies to be treated as one oper-

ation for tax relief purposes, and Steel Brothers has used this device to claim group relief on Spinney's losses. Under Section 258 of the Act, the £385,236 group relief on corporation tax, has then been paid back in full to Spinney's to offset its trading losses. In effect the taxpayer has directly financed almost half of the cost of Spinney's disastrous foray into competitive tendering in the NHS. When redundancy costs, and the administrative costs of processing and monitoring tenders has been added to this the cost of the taxpayer far outweighs any savings likely to be achieved by the activities of the firm in the NHS.

Andrew Johnson
West Midlands Health Service Monitoring Unit



TENDER CUTS FOR HIDDEN WORKERS

Some 1,100 catering workers in restaurants serving London's bus and tube workforce are facing an assault on their jobs, wages and conditions, as management embark on the pre-tendering cuts process which has become so widespread in the public sector. The targets, too are familiar – mostly women and mostly black.

Under the 1984 Transport Act, which took London Transport out of the GLC's hands, LRT (London Regional Transport) is obliged to put some of its services out to tender. In May this year LRT wrote to catering staff proposing a package of cuts to make the in-house service more competitive and 'to preserve jobs'. Currently wages for canteen assistants average £83 for a 33-hour week.

Down the tube

The buses and tubes are now run as separate subsidiary companies of LRT. On the Underground the cuts package includes plans to reduce costs per person-hour by one-third by abolishing shift premiums, no pay

rise in 1986, and increased use of part-time and agency staff. The aim is to cut costs by £2 million in 1986-7, ready for tendering in March 1987.

This new attack follows a long process of cuts in service and staffing. LRT brought in a new management grade – Unit Managers, predominantly white and anti-trade union, forcing into early retirement many existing canteen supervisors, who were mostly black women trade unionists. (The tube catering workers are in the NUR.)

On the buses

The bus management proposed a catering cuts package involving a pay cut of £33.40 per week. It was

planned to offer new terms of employment to workers individually, who would be sacked with 12 weeks' notice if they refused. The TGWU, which organises the bus catering workers, called for an immediate walk-out by canteen staff if this went ahead.

However there has already been a deliberate process of bringing increasing numbers of agency staff into the bus and tube canteens.

Action on Agencies

There has been some effective action against use of agency staff, with a one-day strike at Hanwell Garage in June and a one-day boycott of the canteen at Stonebridge Park tube depot.

Boycotts of agency staff in the bus canteens are spreading mostly recently at Seven Kings Garage. And at Stoke Newington, bus drivers and conductors walked out for a day when a canteen manager was sacked for refusing to work with agency staff.

New NHS DEALS

The failure of private contractors to achieve even the lower "post-privatisation" standards of service has contributed to the fact that $\frac{3}{4}$ of NHS contracts are now going in-house. The unwillingness of local trade unionists to co-operate with competitive tendering – backed up by industrial action – has produced several local agreements avoiding privatisation and tendering altogether.

Greenwich – the trade unions and management have agreed a £1 million cut in the budget for all the ancillary services. This means:

- about 150 jobs lost (104.7 w.t.e)
- increased prices for staff meals
- closure of some kitchens
- more "housekeeping duties" carried out by nurses

There will be no compulsory redundancies, and the number of jobs will be reduced by "natural wastage".

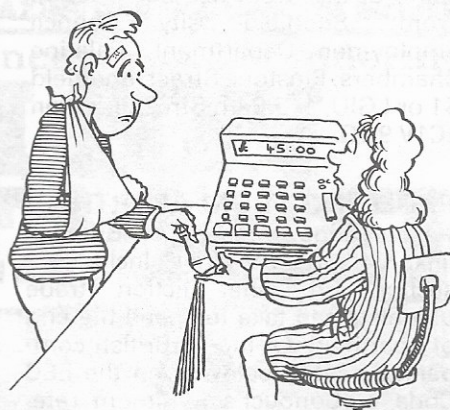
The agreement was extremely controversial locally, with the local Borough Council opposing the loss of jobs. The Health Authority took a decision to drop competitive tendering in favour of this deal, with the details of the deal only being discussed later in the confidential part of the agenda. No specification for the services were drawn up to establish a quality of service, for future monitoring.

Liverpool – the trade unions and Management have agreed – with DHSS and RHA approval – to drop competitive tendering in exchange for £1.9m worth of savings over 3 years. There were no compulsory redundancies, but reduced jobs and hours are involved. Apparently Mediclean was the only contractor to bid for one of three local services in a recent tendering exercise.

R.O.F.s: PRIVATE RIP OFF

The Government's determination to privatise the Royal Ordnance Factories has overridden any difficulties caused by shelving the company's flotation (see PSA 23). Against the wishes of the new pro-privatisation management and without consultation with the unions, the Government has embarked on a programme of piecemeal sale by tender to the private sector. First to go was the Leeds factory just awarded the contract for 76 Challenger tanks – sold to the only rival tank manufacturer, **Vickers** for a reportedly low figure of £11 million. It was Vickers' challenge to the award of the tank contract to the RO factory which led to the shelving of the ROF flotation. Now it has won contract, factory and a monopoly of tank production. 120 jobs in the newly privatised factory are to go at once.

OUT-PATIENTS CHECK-OUT



Lanarkshire – the situation in Scotland is rather different, with less political pressure for privatisation, and the whole policy largely discredited. A pilot study in two hospitals threatened 100 jobs, and industrial action was immediately threatened. The Health Board decided to drop privatisation and concentrate instead on "efficiency savings on an in-house basis". These largely consist of producing deals and new bonus levels.

These deals obviously have some advantages over privatisation – the work remains under direct labour and trade union organisation is retained. However the result of these agreements may be to achieve the same kind of cuts in jobs, conditions and standards that would follow competitive tendering.

Law or Order

The DHSS does not see it like this. The Greenwich DHA was instructed, following a meeting with Ray Whitney, to put their services out to tender immediately so they could be "tested by the market". Sunderland has refused to go out to tender, following strike action, until the Secretary of State compels them. So far he has never used this power and some doubt whether it's more than bluff, backed up by financial powers to punish health authorities which he has threatened.

TSB sale BOWLED OUT

The saga of the sale of the Trustees Savings Bank (TSB) continues. Controversy rages as political gain is made out of trying to delay the sale or alternatively blindly pressing ahead. The TSB itself hopes to sell a large chunk of the shares to its depositors who thought they already owned the bank. The government will then make much propaganda for widening individual share ownership – the "people's capitalism" will come another step closer!

Legal action by depositors, arguing that they collectively owned the bank's £800m plus assets, successfully delayed the sale of the TSB planned for last February. A decision in the Scottish courts that depositors and not the TSB itself were the "sole beneficial owners" of all the bank's assets were appealed by the bank and the ruling was overturned. The bank then sought a law lord's ruling to finally confirm their position and paid the legal costs of the depositors to continue the action.

In early July five law lords upheld the TSB's position. However, the full decision was not published until the end of the month. The details caused more controversy.

Legal wrangle

The law lords ruled that the bank, at least until the Trustee Savings Bank Act 1985, belonged to the state. The government had argued that the TSB had no legal owners (the concept of non-ownership in a capitalist economy is unheard of). They had insisted that the sale was not privatisation but a flotation, hence all the TSB Group assets plus the estimated £1,200m income from the share sale will all go to the bank. The Treasury will get nothing.

There is now a political row with Labour claiming that the Treasury has lost the taxpayer at least, £1,200m. They are also demanding that the September flotation be stopped. The Treasury seems to be encouraging a never ending debate about legal definitions of "the government" and "the state".

Meanwhile, the TSB has launched a £5m advertising campaign, having bought a job lot of bowler hats to show potential shareholders or "ordinary people" as mini-capitalists.

PUBLIC SERVICE ACTION Information

THE DIRTY BUSINESS OF CONTRACT CLEANING

Bargaining Report No 53, July 1986, £2.65 from Labour Research Dept, 78 Blackfriars Road, London SE1. A detailed report of a survey of pay and conditions in contract cleaning covering 54 mainly civil service workplaces. Reveals that unionisation of cleaners makes a 15 per cent difference in pay – half of all unionised contractors paid £1.81 or more an hour compared with no paid holidays at all for the majority of non-unionised contractors. The survey also covers the gains made by cleaners in seven workplaces taking strike action to prevent pay cuts.

The survey shows the cuts in hours enforced by contractors has also led to loss of sick pay, pension rights, legal protection, and national insurance benefits. One in four cleaning firms on civil service contracts is infringing the Health and Safety at Work Act by having no health and safety policy. Very useful information to show just what working for contractors really means for workers.

PRIVATISATION OF COUNCIL SERVICES: Report of the national conference organised in November 1985 by Local Government Information Unit and Sheffield City Council.

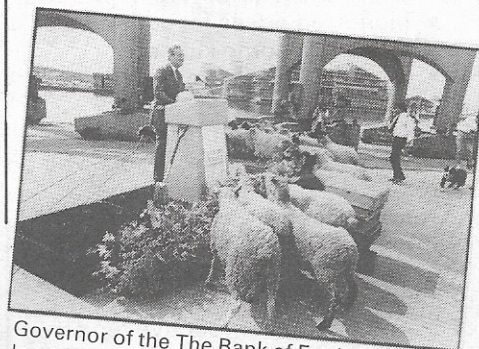
This report contains summaries of main speeches and workshop discussions. The sections on strategy for fighting privatisation, though offering more questions than answers, provide a useful basis for council and trade unions to work on, (and given the likelihood of legislation this year, it must be hoped that some of this work has been done). From: Sheffield City Council Employment Department, Palatine Chambers, Pinstone Street, Sheffield S1 or LGIU, 1-5 Bath Street, London EC1V 9QQ.

PROFITING FROM APARTHEID

– new Guide from LRD on Britain's links with South Africa. Includes a section on what action trade unionists can take to speed the end of apartheid. Of the 58 British companies paying below even the EEC Code of Conduct's minimum rate, **Pritchards** (owners of Crothalls) and **BET** (owners of Initial Services and Advance Services) are first and third in the table. Available from LRD, 78 Blackfriars Road, London SE1. Price £1.25.

HOMES & JOBS: Report of the Conference held in Sheffield in April 1986

This report usefully combines informative papers on the major issues of current concern included in the Conference Pack with summaries of major contributions and workshop discussions. It ends with a Conference Statement which provides a constructive basis for future discussion and policy development. From: Sheffield City Council, Department of Employment and Economic Development, Palatine Chambers, Pinstone Street, Sheffield S1 2HN.



Governor of the Bank of England at the launch of Canary Wharf development in London's Docklands.

TOWER HAMLETS HEALTH CAMPAIGN has money to employ another person to work on public health issues. Phone 01-729 3686 for details.

THE WRITING ON THE WALL: an information pack from the LGIU about the lack of capital investment in Britain's infrastructure.

This pack is filled with useful facts and accessible explanatory material, well presented. It is offered as a contribution to the debate on public investment: as such it would have been useful to have a section on demands, campaigning and/or action. From LGIU, 1-5 Bath Street, London EC1V 9QQ. Price £2.50.

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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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