

PUBLIC SERVICE ACTION

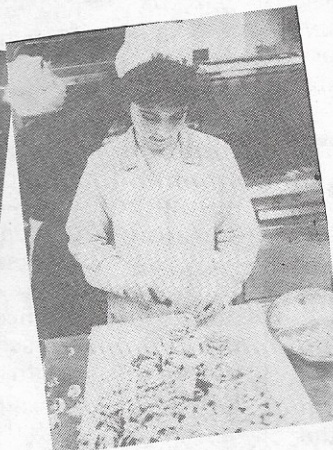
**Action
Alternatives
Information
New Threats
Contractors
Organising**

PRICE 50p
Bulk rates – see back page

THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT

No 25 Oct 1986

Statutory Tendering **HIT LIST GROWS**



Martin Jenkinson.

Information leaking out of the Department of the Environment has given some idea of the form of the local government privatisation proposals in the government's legislation plans for the coming session:

- **A Miscellaneous Provisions Bill** is likely to include a mixture of measures covering controls on council publicity and spending, as well as compulsory competitive tendering.
- **OUT** go the 1985 Green Paper plans for 'Value for Money' cost comparisons between public and private sector for professional services (but see below ...)
- **IN** comes compulsory competitive tendering for the five original 'hit list' services: refuse and street cleansing, cleaning buildings, ground maintenance, vehicle maintenance and catering.
- **ADDED** to the tendering 'hit list' are waste disposal, transport, transport services (including social services and education), printing, computing, architectural services, sports and leisure management.

- **MORE** services may be added by the Secretary of State if contractors tell him they're ready to tender.
- **GRADUAL** introduction of tendering is expected to ensure that the contractors are not overstretched. Two possible ways of doing this are currently being hinted at. One is that the law will give the Secretary of State powers to direct particular councils or groups of councils to put specific services out to tender at a specific time, on the grounds that they spend too much on a particular service. The other is that a council may be compelled to put a service out to tender when a contractor indicates that he is in a position to take over – which might be extended to include services not on the hit list, if a private company convinces the DOE of their competence to bid.

- **TIMING:** the first contracts are expected to start in April 1988.
- **BANNING** of all conditions which councils can impose on contractors, except for those relating to 'quality, timing and cost of performance', as proposed last year. This will render illegal conditions relating to employment practice, training, fair wages,

cont. on page 2

CONTENTS:

Transport	10
Gas sale fraud	9
TSB sale bonanza	
Real costs of asset sales	8
Contractors: who owns whom	5
NHS accommodation: workers win	6
Housing news	2
Sealink: seamen fight cuts	9
'Partnership' deals in NHS	7
Contractors' failures	3

FROM PAGE 1

trade union rights, etc as well as 'political' conditions.

- **POWER** to the Minister to stop a council giving the DLO a contract if it did not submit the lowest tender.

No respite

The piecemeal introduction of tendering may produce initial sighs of relief... but not knowing which service, if any, is to be hit or when will actually mean that ALL councils will have to prepare ALL services to be ready for tendering. The efforts to make services more competitive will, in many authorities, mean re-organisation, 'streamlining', cuts, redundancies, etc. So the 'savings' Ridley wants from competitive tendering will be achieved, whether or not services actually ever go out tender. Likewise, any improvements in the service will have to begin now, if they are to be part of the specification when the time comes.

Strategies discussed and worked out by trade unions and anti-privatisation councils were based on last year's DOE plans: it will be necessary to look again at how to gear local services to win the new Ridley roulette game.

COUNCILLOR EXPELLED IN ESTATE SALES ROW

Controversy still surrounds Portsmouth Council's sale of 523 homes on Portsdown Park Estate. Originally the council planned to sell the estate, valued at £5 million, to **Barratts** for nothing. Amidst a storm of protest, ministerial consent for the deal was refused and this deal was abandoned. New tenders were invited and **Laings** finally won the contract.

Now a member of the Conservative majority, Douglas Denny, has been expelled from his group for making 10 specific allegations against councillors and officers for the way the whole affair was handled.

In particular he alleges:

- the original tendering was unfair and gave Barratts an unfair advantage
- the housing committee refused to allow negotiations which would have secured a better cash offer
- details of notes presented to senior councillors were 'subsequently deleted for presentation in a different form of opposition and other members.'

Mr Denny emphasises he was not against the sale, nor is he making allegations about Barrett. His complaints are targeted against the way the deal was mishandled.

British Coal house sales -

CLEARANCE

British Coal is determined to sell off the remaining 37,500 coal board houses despite creating hardship for thousands of pensioners and opening the door to a new brand of profit-hungry absentee landlord.

The position is confused since negotiations differ throughout the various coalfields and so different policies, proposals and deadlines exist. A variety of schemes have been proposed to protect tenants which include:

- the "Wansbeck scheme". Finding 10% of the local housing stock (2,750) consisted of coal board houses with over 50% belonging to pensioners. Wansbeck Council wanted a solution for the 1,000 houses which had not been sold to individuals. They were "anxious not to let them come available for speculation or for a landlord who would screw as much rent out of them as possible". So in recent months the council have been finalising a plan to set up a local authority company to buy the houses. The council would manage them on behalf of the company and guarantee the sale. This company could be extended to assist other councils. Officers are confident this is a viable scheme and have been working with CIPFA Services. However, whilst preventing profiteering there would be a reliance on a steady stream of sales to tenants to provide extra finance for modernisation etc.

- An even larger scheme is the imminent sale of 3,500 to the Durham Mineworkers' Housing Association set up by the Durham Aged Miners' Housing Association. They plan to charge about £7 for managing and maintaining the houses together with an extra weekly charge to cover the cost of buying the houses. The mortgages will come from the **Halifax** and the HA hope for finance from the Housing Corporation, the European Coal and Steel Commission, local authorities and MSC.

- Nottingham County Council with 4,839 houses in its area have responded by appointing two workers to work out solutions with tenants' organisations which may include housing associations or co-ops. Ironically one Tory district council, Rushcliffe, has already brought about 300 newer houses with sitting tenants to form part of the council's

housing stock.

- Other schemes are being worked out at a national conference in October for local authorities and interested parties. Meanwhile the NUM have already set up a special individual house purchase scheme backed by five building societies. Tenants can buy their house and pay a mortgage at the same level as their previous rent whilst also getting improvements carried out. The arrangements are made by a Chesterfield firm **Houseplan 2000** who also specialise in home products e.g. fitted kitchens. The UDM have a similar house purchase scheme involving the **Provident Life Insurance**.

Meanwhile little known property companies are buying up whole estates in particular those with pre-reinforced concrete construction which British Coal are selling for "investment". This summer bewildered residents on the Nottingham Calverley estate found their houses up for offer twice within a few weeks. First they were sold to **Westcombe Properties** from Blackheath. Then this company offered the 201 houses to sale to each tenant. Confused tenants weren't helped by the absence of a legible name on the notepaper. Nor could the local paper find any number or contact for the company.

Clearly the future for some 75,000 tenants is in jeopardy as financial institutions and private companies move in to exploit British Coal's privatisation programme - unless tenants and local authorities can organise real alternatives.

London lies?

Angry Waterlow tenants are trying to unravel the lies surrounding their estate sale in Tower Hamlets. Earlier this year the Council gave a written guarantee that "building work will meet the normal Council standards for modernisation". Now the Assistant Director of Housing has admitted "Barratt's proposals do not meet the Council's 'normal' policies and standards for modernisation."

The Council originally argued that the flats needed expensive underpinning and other works, hence the need to sell them. Now Barratt are ignoring these works say the Tenants' Association. The association intend to campaign and monitor every move of this peculiar and controversial deal from which they estimate Barratt will reap a £1 million profit.

New street cleaning contract

CLEAN SWEEP



After five years of continuous criticism over the quality of street cleaning, Pritchards (now part of the Hawley Group) have failed to retain the contract. Wandsworth Council have instead awarded a five year/eight month contract to Teamwaste, part of the R.B. Tyler Group which in turn is owned by AAH Holdings plc. Teamwaste take over in February 1987. The new £1.5 million annual deal, based on a massive 31 per cent increase in the overall level of services (see *PSA* No.24) will cost the council an extra £516,000 annually – 51 per cent more than the existing budget. So much for 'savings'.

The Teamwaste tender also massively increases staffing levels to 108 operatives and drivers plus seven managers/supervisors compared to about 80 staff on Pritchard's current contract.

Blunders in bids

Seven firms were invited to tender but only five did so – Initial Service Cleaners (BET Group), Pritchard Industrial Services (Hawley Group), Wastecare (Browning Ferris Industries), S. Grundon (Waste) Ltd together with Teamwaste. The Initial bid was only £961,568 – more than a third less than Teamwaste's. During a meeting with council officers Initial discovered that they had 'misrepresented part of the specification' and withdrew.

The Grundon bid veered dramatically in the opposite direction. They must have thought that Wandsworth printed their own money. Their bid was an astonishing £12.6 million or 353 per cent higher than Initial's and more than twice Teamwaste's over the length of the contract.

In the interests of 'competition' the council did not prepare an in-house tender. This conceals the fact that the new contract will be employing more staff than the DLO did before Pritchard's took over yet the cleansing standards are still not up to the level operated by the DLO.

Toiling for Tylers

Teamwaste is part of the R.B. Tyler Group (£5.3 million turnover in 1985) which already has a parks maintenance contract (they took over after Pritchard's were sacked after accumulating over £138,000 in fines) and a litter collection contract. The firm has the Sevenoaks refuse collection contract but has no street cleaning experience. Last year Tyler's took over John Gooderson Ltd which operates waste disposal services for military establishments.

Tyler's parent company is AAH Holdings plc, a £521 million turnover (1985) conglomerate involved in solid and fuel oil distribution, builders' supplies, road haulage, pharmaceutical supplies, engineering and environmental services through over 175 subsidiaries. The road haulage business did very well in Nottingham in 1984/85 with profits up 44.4 per cent moving coal from pits to power stations during the miners' strike. Lord Robens, ex-chairperson of the NCB is a AAH director. The firm also has strong links with businesses in South Africa.

All of this will no doubt please Wandsworth Tories but will be of little comfort unless the streets of the borough are dramatically cleaner after five disastrous years.

CONTRACTORS Fines & Failures

Cleaned out

Mediclean, subsidiary of Hawley, the NHS cleaning giant, have pulled out of a three year contract to clean Botley Park Hospital in N.W. Surrey after only a year. Staff face redundancy for the second time in a year. Botley Park is an 800-bed hospital for the mentally handicapped. The company blame their failure on difficulties in recruiting staff – Mediclean claim that they increased pay three times in a year to attract and retain staff. When an in-house team cleaned the hospital NHS accommodation was available, which made recruitment easier in an area of very high housing costs.

Contract Clean (owned by Home Counties (see *PSA* nos 5 and 24) have also left N.W. Surrey in the lurch. They have pulled out of a three year contract to clean three small hospitals in Woking.

The unions fear the companies' moves may be a ploy to renegotiate a higher contract price, and are arguing the DHA to rebuild in-house cleaning teams for the hospitals.

SACKED

Private cleaning companies ICC and **Exclusive** have been sacked by Barnet DHA in north London before they even started their contracts. Both firms – now subsidiaries of the same parent company, BET, won the contracts with low cost bids – and then demanded higher payments for the work after their tenders had won. Now Barnet DHA is to start the tendering process again – plunging the 500 hospital workers, who had expected to be out of their jobs by Christmas, into another period of uncertainty and insecurity.

POWER CUT

About 600 workers at the 2,000-megawatt Ferrybridge "C" power station near Castleford recently stopped work over the use of private contractors. The Central Electricity Generating Board brought in contractors to repair fractured boiler tubing – 150 AUEW maintenance workers immediately walked out. The following Monday and Tuesday other workers refused to cross picket lines bringing work at the plant to a standstill. The unions saw the CEGB's moves to expand the use of contractors as the thin edge of the wedge. Negotiations over the use of contractors and procedures to be adopted were under discussion.

More News

COUNCIL TRANSPORT SOLD-OFF

The entire fleet of 60 Woking Council vehicles has been sold to **Transfleet Services** who will repair, maintain and service all vehicles for five years in a sale/leaseback deal. The council has also rented its workshop to Transfleet who will also repair and service more than 130 other items of mechanical equipment.

B.A. SALE ON RUNWAY AGAIN

Last month the government announced that British Airways will be sold off in January or February 1987. The sale has been much delayed due to the Laker Airways' legal action and renegotiation of the Anglo-US agreement covering North Atlantic flights. As soon as a new agreement was signed, Transport Minister John Moore gave the go-ahead for the BA sale.

Within days BA had imposed stringent restrictions on the freedom of its 39,000 workers to publicly discuss the planned sale. "Nobody in BA, regardless of job or position may say anything in public which could affect a potential investor's decision to buy or not to buy our shares" stated the corporation's newsletter. Any public statement by workers will, according to BA, have to be checked first by its legal department.

Home Counties RACIST AND ILLEGAL

The racist and illegal employment practices of **Home Counties** have been exposed once again by the recent sackings of their employees on the Heathrow Airport cleaning contract. 80% of the women cleaners employed by Home Counties are Asian. The company has announced that it will not "recognise medical certificates other than from EEC countries". This follows two recent cases where employees fell ill while on visits home and returned to work a week late. In spite of notifying management and having valid medical certificates, Home Counties required them to sign new (identical) contracts of employment, losing their continuity of employment and the associated employment rights. One of the women signed and one refused and is still sacked. She is going to an industrial tribunal on the grounds that Home Counties are attempting to undermine her legal rights.

B.E.T. TAKEOVER OF BRENGREEN AND H.A.T.

MORE DEALS

The Thatcher government's "competition" theories have been exposed yet again. Hard on the heels of the Hawley Group takeover of Pritchard Services Group (see *PSA No.23*) comes BET's £143.2 million double takeover of Brengreen Holdings (Exclusive Cleaning etc) and the HAT Group (ICC Cleaning and painting and building maintenance firms).

A £31 million bid for **Brengreen** was accepted after the company had reported a 30% drop in profits due primarily to losses on public sector cleaning contracts. Brengreen chairperson, David Evans, has diversified his own interests. He is chairperson of Luton Town Football Club and has recently been selected as a Tory prospective parliamentary candidate.

Meanwhile, the **HAT Group** strongly resisted the £96 million takeover bid claiming it grossly undervalued the company and urged shareholders not to sell. HAT sold its glass business for £10 million, restructured the group and were highly critical of BET's track record.

Enter one Michael Ashcroft, chairperson of the **Hawley Group**, which already owned 11% of Brengreen shares before the bid. Over a three week period in August Hawley built up a 27.1% stake in Brengreen and 8.6% of HAT shares. There was uncertainty as to whether Hawley were going to make a counter bid. However, on 21 August Hawley agreed to sell all its shares in both Brengreen and HAT to BET in return for BET increasing its offers to £32.2 million and £111 million respectively. Hawley is reported to have made over £1 million from the share dealings. At the end of September BET finally won control of HAT.

BET and Hawley now dominate public sector contract cleaning in local government, the NHS and the Civil Service. Competition is clearly a myth, despite all the government claims about "competitive tendering".

CATERING DEALS

Compass Services, the **Grand Metropolitan** contracting subsidiary, has bought the Welsh firm **Hamard Catering** for £5.3 million and thus gained some 250 business catering contracts in Wales and the west of England. Hamard is known outside this area only for its brief and ill-fated sortie into NHS catering, when its subsidiary, Allied Medical Catering Services, went into liquidation and withdrew from its sole contract at Farnham Road Hospital, Guildford, Surrey after three months (see *PSA No.15*).

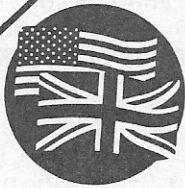
Hamard, with its turnover of £13 million and some 1,400 staff was until this deal the fourth largest company in the contract catering market dominated by leader **Gardner Merchant**, (owned by **Trusthouse Forte**), followed by **Compass**, with **Sutcliffe** (owned by P&O, the shipping giant). The newly enlarged compass now holds 2,000 contracts and employs over 21,000 staff.



MONOPOLY CLEANING

TAKEOVERS TO ELIMINATE COMPETITION

The 'tree' of recent takeovers shows how the Hawley Group and BET now dominate public sector cleaning in Britain. Takeovers and mergers will continue relentlessly as companies try to dominate the market by eliminating competition from rival contractors.



HAWLEY GROUP

Turnover £511 million in 1985

Provincial Cleaning Services Ltd
Taskmasters (refuse/street
cleansing, cleaning). 1984 from
Alfred Marks/Adia S.A. (Switz)
for £2.02 million
Home Counties Cleaning Group
for £4.9 million
Progressive Cleaning Services
Cleanall (Leeds) Ltd. 1983 for £0.7
million
Mediclean Ltd (hospital cleaning),
set up 1982
Industrial Cleaners (UK) Ltd
Acquired about 50 cleaning firms
in last three years.

**Pritchard Services Group
plc. 1986 for £150 million**
Turnover £412 million in 1985

Pritchard Industrial Services
(refuse/street cleansing)
Cleaners Ltd
Acme Services (airport cleaning)
B.A. Lester Ltd (cleaning). 1984 for
£1.3 million
Crothall & Co Ltd (hospital
cleaning)
Pritchard Services Ltd (building
maintenance)
Spring Grove Services (laundry).
1983 for £16 million
Pritchard Security Services Ltd
Zeus Security. 1983 for £0.6
million
United Linen Services (workwear
rental/laundry)
Pritchard Janitorial Supplies Ltd
Hygenol Ltd, Spearhead
Chemicals Ltd, Stretton
Chemical Ltd, Radium
Chemicals Ltd acquired 1984
for £0.5 million from Oceana
Holdings/Home Counties
Cleaning group.



USA

Crothall International (hospital
services). 1980 for £3.1 million
National Medical Consultants/
Kimberley Services Inc (home
nursing) acquired 1981/82.
Kimberley sold 1986 to
Superior Care Inc.
Omaha Surgical Center Ltd. 1984
for £1.7 million

Food Concepts (contract catering)
1983 for £10.4 million
Automatic Catering Inc. 1984 for
£8.6 million
Ambicare Inc. 1984, 45 per cent
stake for £1 million
All State Cleaning Contractors
1984
Atlantic Window Cleaning Ltd.
1984

**ATTWOODS plc 29.99 per
cent stake in 1986**

Turnover £33.2 million in 1984/85
Drinkwater Sabey Ltd (waste
disposal and mineral
extraction). 1982
J.M. Roper Ltd (waste disposal).
1986 for £4.2 million

USA

Industrial Waste Service Inc. 1984
for £17 million
County Sanitation Inc. 1985 for
£9.3 million

Hawley: USA subsidiaries

Oxford Services Inc (cleaning).
1983 for £9.1 million
Security Corporation of America.
1983, 40 per cent stake for £21.6
million
National Clening Contractors.
1983 as above
Electro-Plative Ltd
Ever-Green Lawns. 1983 for £10.0
million

Hawley: other subsidiaries

Cope Allman International
Alpine Double Glazing
Kitchens Direct Ltd
Moben Kitchens
Sharps Bedrooms

BET plc

Turnover £1,333.0 million in
1985/86

Initial plc, 41 per cent stake, then
£173.0 million for remaining 59
per cent in 1985
Initial Textile Services Group
(laundry)
Initial Services
Initial Services Cleaners Ltd (ISC)
(cleaning)
Advance Services, 81 per cent
stake then acquired remainder
in 1985
Advance Laundries, as above
Descaling Contractors. 1983 for
£2.5 million
Biffa Holdings Ltd
Biffa Waste Services
Richard Biffa (Reclamation) Ltd
Hoveringham Waste Control. 1982
from Tarmac



**Brengreen (Holdings) plc.
1986 for £33.0 million**

Turnover £56.9 million in 1985/86

Exclusive Cleaning Group Ltd
Exclusive Health Care Services Ltd
Exclusive Cleaning Services Ltd
White Cross Equipment
(compactors). 1983 for £5.5
million
Wastedrive Ltd, as above
Exclusive Office Services Ltd
Retail Cleaning Services Ltd
Four Seasons Roofing Co. 1985 for
£5.5 million



**HAT Group plc. 1986 for
£114.6 million**

Turnover £240.2 million in 1985/86
ICC (Cleaning Services) Ltd
ICC (Hospital Services) Ltd
Metropolitan Window Cleaning Co
Ltd
HAT Maintenance Ltd
HAT Plastering Ltd
HAT Painters Ltd

**BET: other major
subsidiaries**

Rediffusion
Argus Press
United Transport

OCS Group Ltd

Turnover £95.7 million in
1984/85

Office Cleaning Services Ltd
Factory Cleaners Ltd
Aircraft Cleaning Services Ltd
OCS Hospital Services Ltd
Smarts Group Ltd (laundry)
Strand Cleaning Services

Sunlight Service Group plc

Turnover £67.8 million in 1985

Modeluxe Linen Services
National Sunlight Laundries
Ltd
St Georges Services. 1984
from Pritchard Services
Group for £2.5 million
Sunlight Industrial Services
Pall Mall Cleaning Group Ltd
Courtney Cleaning Services
Security Arrangements Ltd.
1984 for £1.2 million
Custodian Security Guards Ltd
Sunlight Restaurant Services
Sunlight Hospital Services,
set up 1983

HEALTH Occupiers Win



80 resident domestics who have been occupying their NHS hostel in Bayswater have won the right to stay in their homes until they find alternative accommodation.

Paddington and North Kensington DHA were forced to concede that the domestics, made compulsorily redundant when **Mediclean** took over the cleaning service, would not be evicted. The spokeswoman for the Occupation Committee said:

'We gave them many years of our loyalty, hardwork and devotion. Yet we had to go through so much anxiety and worry. We had to win this case and we have won it.'

They knew that they were not likely to get rehoused by Westminster City Council, and negotiations are continuing with local housing associations. The Occupation Committee has had strong local support from NUPE, GMBATU, the Migrant Services Unit, London Health Emergency and Labour councillors.

200 women lost their jobs when the service was privatised. Some of the women have taken up jobs with **Mediclean** in spite of cuts in wages, longer hours and worse sick and leave conditions.

'They treat us very badly because we are migrant. We work in a big ward but unlike before there are fewer women cleaning this ward, so our workload has doubled. I had a hysterectomy some months ago. I cannot lift heavy things but if I refuse to do it, they threaten to sack me. We have to clock in and out. I now receive £60 per week out of which I have to pay £16 rent.'

Thanks to Migrant Services Unit for information.

NO HOMES AND NO JOBS

These evictions are happening all over the country, especially in the South East where workers in low paid jobs cannot afford high housing costs. In the next health authority to Paddington, Riverside gave 15 women just four weeks' notice to leave their NHS accommodation when Crothalls won the domestic contract. They have now been given more time to find accommodation after protests locally. Staff in Surrey, Tooting and SW London and Birmingham are all reported to have lost their homes.

Most of the women affected by this double blow of privatisation are migrant workers from countries such as Philippines, Thailand, Portugal, Spain and Morocco. Many of them have worked for the NHS since the early '70s, when it was a condition of their work permit that they live in NHS accommodation. By the time that rule was changed housing costs had far outstripped their low wages.

Pressure on DHAs to sell off their accommodation in an asset-stripping exercise led to the threatened evictions of doctors and nurses earlier this year. The DHSS issued a circular requiring their permission before any medical staff were evicted. However this does not apply to non-medical staff: GMBATU are calling on the government to extend this protection to ancillary staff. It is thought that there are about 75,000 resident medical staff and 35,000 resident ancillary staff living in tied accommodation with no security of tenure and often in appalling conditions.

NHS tendering GOING DUTCH

Bristol and Weston District Health Authority has awarded the contract for the whole district laundry service to a Dutch-owned company **Healthtex (UK) Ltd.** Intervention in the tendering process from RHA level (or beyond) seems clear: the day after it was announced that the Bristol laundry had lost the contract for neighbouring Southmead district's laundry, the surprise award to **Healthtex** was announced.

SEEKING NEW MARKETS

Healthtex, a subsidiary of **Varobo Holdings** has specialised in health service laundry in the Netherlands since 1970. By 1985 the proportion of hospital laundry contracted out in the Netherlands had increased from 50% to 80% and the company began to seek new markets in the UK, US and West Germany. The new tendering conditions laid down by the DHSS earlier this year to make it easier for private contractors to win NHS contracts eased the way for **Healthtex** into the NHS. They had already gained a laundry management contract in Hillingdon (from which authority the company's UK Managing Director, Ian Slater came). The opportunity of leasing the NHS laundry building in Bristol together with the capacity and willingness to buy existing equipment and invest in much-needed new equipment gave **Healthtex** obvious advantages over the in-house bid.

WORKERS FACE CUTS

Up to half the existing jobs are expected to go, but some would have been lost anyway at the end of the Southmead contract. **Healthtex** is reported to be keen to employ the experienced workers currently there. It is not clear how many of the 70% who applied will gain jobs, though it is known that two out of three existing managers will be out. NHS trade unions report the company is unfamiliar with British industrial relations procedure but they have agreed to recognise the unions with members in the laundry. The company is to pay £2.10 an hour, which is above basic, but will still mean lower earnings for staff, because of loss of bonus etc. (by some 20-30p an hour, unions calculate), who also miss out on the recent NHS pay award. **Healthtex** has said that any pay increase will depend on the profitability of the contract.

PRIVATE DEALS

Losses totalling £6 million on an operating turnover of £187 million were sustained by companies in the private health business in the UK in 1985-6. US owned hospital companies suffered losses of over £3 million on a turnover of £79 million. Provident associations (such as BUPA) saw pre-tax profits drop from £41 million to £34 million.

Seeking new profits

This year's losses come as no surprise, with the continuing over-provision of private hospital beds and slowing down of private health insurance take-up. The US-based companies like AMI (see **PSA** 18) are adept at responding to changes in state Medicare and Medicaid payment systems. Here too they have been quick to seek out new profitable areas of expansion, as for example in AMI's private psychiatric institutions. Profits from these come almost entirely from health and local authorities, who place patients in AMI institutions because of the lack of public sector places now available.



NHS laundry

"Stop the Asset Strippers" – A conference about the sell-off of NHS accommodation is being held by London Health Emergency and the Association of London Authorities on November 1st. More details from LHE 01-833 3020.

'Partnership plans'

Other recent initiatives from private sector companies also seek to capitalise on NHS cuts and closures – but through 'partnership deals'. We reported in **PSA** 23 on **Community Psychiatric Centres** who wanted to build and run a new hospital for Central Birmingham HA and whose spokesman told us that they get to know where to make approaches to DHA officials from the 'full time' NHS consultants who moonlight in CPC hospitals.

In London's East End the old Jewish Hospital in Stepney is being transformed by **Universal Health Services** into the 'London Independent Hospital', (for the new 'yuppie' population in Docklands, presumably). The company has asked Tower Hamlets HA to consider sharing NHS technical staff and using laboratory facilities in the London Hospital in Whitechapel.

In Cambridge, the health authority is in discussions with two major US companies, **AMI** and **HCA** about a deal to build a private 75-100-bed hospital in the grounds of the prestigious Addenbrookes Hospital. The NHS would get money from selling or leasing the land and would be allocated 'some beds and services'. The private company would gain respectability from association with Addenbrookes, easy access to staff and facilities, and a site on Crown-owned land, free from local (Labour) council planning control or the need for a public enquiry.

AMI are one of two firms in the running to buy private Nuffield wing of Guys Hospital in London, which has lost patients and profits with the opening of the new London Bridge Hospital (owned by the **St Martins Group**, itself owned by the Kuwait Property Office).

In the West Midlands, a plan for contracting out surgery for NHS patients has come from the **AMI-owned Priory Hospital** in Edgbaston. It is offering 'to help health authorities with waiting list problems' with a fixed price package deal for a fixed number of patients.

The future?

As a general election approaches, the political pressure to reduce NHS waiting lists will further increase Whitehall enthusiasm for these deals. How long before we have a DHSS circular compelling health authorities to buy treatment in the private sector for NHS patients?

More News

Docklands: CANARY WHARF CHEATS LOCALS

Local fears that the scheme will bring little benefit to locals have been confirmed by the leak of a confidential study by **Peat, Marwick and Mitchell**, Accountants. They predict only 1,800 jobs for locals, mostly in cleaning and catering, as opposed to 21,000 local jobs being suggested by the developers. (Unemployment in Wapping and Limehouse stands at 27.6%, in Isle of Dogs at 36.7%) The report also confirms the view (see **PSA** No.23) that the Canary Wharf proposals have so raised land and property values, (land at Wapping is now worth over £1 million an acre), that the Development Corporation's declared aim of "providing a balanced mix of housing units within a broad price range" is "more difficult to achieve"! Two bedroomed **Barratts** flats in Wapping with no river view now sell at £145,000.

DOCKYARDS JOBS THREAT

7,000 jobs – one third of the current workforce – will be lost over eight years at the naval dockyards in Rosyth and Devonport after management is privatised in April 1987. All three frontrunning bidders for Devonport (two US-based private sector groups and an internal management consortium) are promising that 2,000-3,000 jobs will be cut 'early in the contract period', rising to about 6,000. The much smaller cuts predicted for Rosyth, where two UK-controlled consortia are bidding, is because the yard will have a monopoly maintenance contract for Trident submarines.

Now public profits . . .

Having abolished the school meals service, Bucks County Council are planning to make money by selling packed lunches to school children. They are required to employ about 300 workers to provide free school meals – consisting of a sandwich, piece of fruit and a cold drink. Parents have started to ask that lunches be provided to all children. So Bucks, with an eye on the cash, costed the meals at 70p and are planning to charge £1 in primary schools and £1.10 in secondary schools. What's more, parents have to pay in advance each half term.

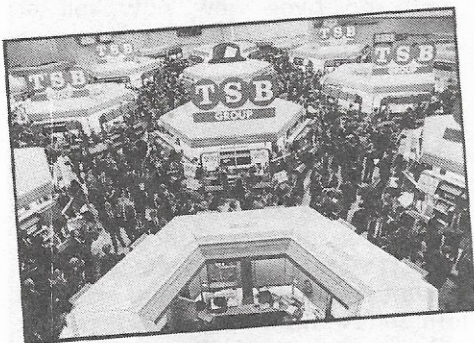
Speculators exploit TSB sale

BANK BONANZA

The Thatcher government reached new heights of exploitation when the sale of the Trustee Savings Bank was completed on 10th October. At the start of share dealings the 50p partly paid shares (another 50p is due in September 1987) rose to 102p, but ended the first day at 85.5p, a 71 per cent premium. This values the company at £2558 million compared to the £1,496 million it was sold for. The government clearly planned a successful 'popular capitalism' sale in the lead up to the November sale of British Gas, the largest single sale yet attempted on the Stock Exchange.

Law and order

The government of law and order was in such a rush to sell the TSB that they ordered the flotation to proceed before the House of Lords ruled that the bank belonged to the state (see *PSA* No.24). All proceeds of the sale, less the massive £86 million sale expenses and the allocation of free and bonus shares, will go to the TSB. The government will get nothing.



The TSB is profitable – £109 million profits in 1985 – and had tangible net assets of £821 million in the same year. In effect the government has given away the assets to the shareholders. The TSB doesn't need the £1,274 net proceeds of the sale. The *Financial Times* editorial (25th September 1986) stated that the bank 'has now become bloated with nearly three times as much capital as it needs for its normal business'. It will now be forced to launch a series of takeovers and expansion plans to spend the money because the financial market will not be satisfied with the returns or profits from simply letting the money earn interest in a bank account.

The sale only concentrated more money in the financial services sector which is already awash with investment.

Double your money

Stockbrokers were so confident of immediate speculative gains that the shares were being traded on the

'grey market' by some dealers at between 88p–93p on the 50p partly paid shares even before the shares had been allocated. Nearly five million people applied for shares but only three million were successful. Existing depositors at the TSB and employees were given priority.



There were over 6,000 multiple applications which may be prosecuted.

PRIVATISING PUBLIC ASSETS KNOCK-DOWN PRICES

Privatised Asset	Shares sold at	Share price 10 Oct 1986	Gross sale price £	Potential loss £
Trustee Savings Bank	50p*	85.5p	1,496m	1,062m
Amersham International	142p	433p	70.6m	4.7m
Assoc British Ports (1)	112p	283p	22.0m	33.6m
Assoc British Ports (2)	250p	283p	52.4m	6.9m
British Aerospace (1)	150p	473p	148.6m	320.0m
British Aerospace (2)	375p	473p	363.2m	94.9m
British Petroleum (1)	363p	685p	290.0m	257.2m
British Petroleum (2)	435p	685p	565.0m	324.7m
British Telecom	130p	190p	3,916m	1,807.4m
Britoil (1)	215p	133p	627.0m	–239.1m
Britoil (2)	185p	133p	449.0m	–126.2m
Cable & Wireless (1)	168p	324p	224.0m	208.0m
Cable & Wireless (2)	275p	324p	275.0m	49.0m
Cable & Wireless (3)	587p	324p	602.0m	–269.7m
Enterprise Oil	185p	145p	392.2m	–84.8m
Jaguar Cars	165p	528p	297.0m	653.4m

* partly paid

Total Potential Loss £4,242.0m

1. In some cases share prices have been considerably higher earlier in 1986 eg British Telecom 278p, British Aerospace 606p, Britoil 208p, Jaguar cars 585p.

2. Share prices do not reflect the true public value of these privatised companies, only the monetary value attributed by the Stock Market system of buying and selling shares.

3. The government has sold other public assets such as Sealink, British Rail Hotels, International Aeradio by private sale to transnational companies.

Privatised Sealink Ferries

FERRY OCCUPATION

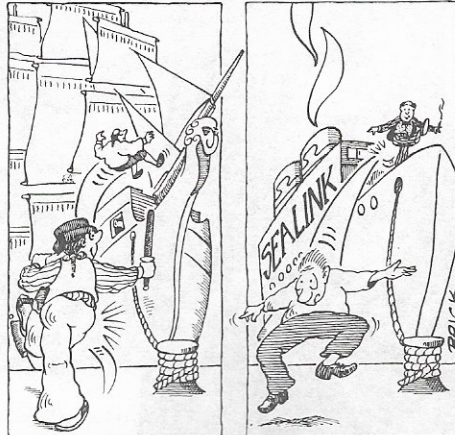
500 Sealink workers were sacked with no warning when the American owners *Sea Containers* decided to close its Channel Islands/Portsmouth/Weymouth services with no notice or consultation. Passengers arrived to find that they had been transferred to other company's sailings.

Sealink Ferries was brought to an immediate standstill by an all-out strike and the occupation of four ferries in port by members of the National Union of Seamen, the merchant navy officers' union NUMAST and the NUR. Sealink is now demanding a further 350 job loss, under threat of more route closures.

Broken promises

Sealink Ferries were part of British Rail until privatisation two years ago: the sale at a bargain price was actively opposed by the NUS. Promises of more job security in an expanding and successful company have been shown to be completely false. 1,400 jobs have gone already reducing the workforce to 8,200, and unions predict that another 1,000 jobs are threatened in the immediate future. Management are also trying to cut the number of crews per ship, which means longer shifts for staff for no extra pay.

There has been no expansion of services; several routes have been cut completely and more are under immediate threat including some freight-only services. Several routes have been "merged" with their competitors. Sealink's Channel Islands route was to be closed and a new service run jointly with its competitors, Channel Islands Ferries. Far from



1986 style — PRESSGANGED — 1986 style

privatisation increasing competition, Sealink is deliberately creating privately owned monopolies.

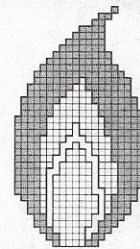
Off-shore employment practices

The strength of feeling about the Channel Islands closure is also because the new operation was to be staffed via an off-shore agency i.e. the workers are paid gross pay with no NI pension or tax benefits and with no statutory employment rights. This would have been the first time a ferry company had used the kind of arrangement that is increasingly common in the rest of the merchant navy. The unions have been fighting the casualisation of seafaring and against third world workers being employed on low wages and appalling conditions.

After continued action the NUS won a better deal from Sealink, with loss of jobs cut to about 100 and some ferry services saved.

GAS FRAUD

The British Gas sales drive is intensifying as the November sell-off date approaches. It will be the largest flotation ever attempted anywhere. The marketing of essential services which are highly successful concerns under public ownership as opportunities for speculative gains or giving illusory control through share ownership, must surely be some of the most fraudulent political acts ever committed.



British Gas

— SHARE —
INFORMATION
— OFFICE —

Like all the major state industries and companies privatised to date, British Gas is profitable, in fact the government has forced it to make higher profits than it necessary through the Gas Levy. The GMB pointed out in its case presented to the National Joint Industrial Council that British Gas pre-tax profits on a standard historic cost basis increased 11 per cent to £1,100.7 million last year. Only four UK companies produced a higher profit figure. The GMB estimate it to be in the region of £230 per employee per week. The GMB pay claim also points out that productivity has considerably increased. The volume of gas consumed increased 5.4 per cent but the direct labour force was reduced by 3,500, two thirds of these being manual workers. The number of therms sold per direct employee also increased 9.6 per cent last year.

British Gas is expected to be sold for about £6,000 million. The sale of about four billion shares is likely to cost well in excess of the £320 million cost of selling British Telecom. The full and true costs of the sale will only be revealed by users and workers in the future.

PRIVATISATION PAYS

Company	Chairperson	Salary Now (1985/86)	% Increase since Privatisation
Cable & Wireless	Sir Eric Sharp	£238,893	2016%
British Telecom	Sir George Jefferson	£172,000	105%
Jaguar Cars	Sir John Egan	£172,959	100%
Britoil	Sir Phillip Shelbourne	£106,000	63%

These salaries **exclude** dividends from shareholdings, consultancies, and generous payments into pension schemes.

Transport Privatisation



PRITCHARDS IN THE TUBE

Pritchard Cleaning Services (now a *Hawley Group* subsidiary) have won one of the cleaning contracts put out to tender by **London Underground Limited**, and will take over from direct labour at **14 stations** – all over-ground and therefore relatively straightforward operations to organise. They will also be cleaning seven depots. There have been private cleaning companies operating on the Underground in the past, but union action has successfully got rid of the others.

At the same time, LRT management is demanding a 35% cut in the paybill costs in in-house cleaning services and proposing new less favourable cleaning conditions for staff. Cleaning has already been run down in many areas of the underground, made worse by the gradual removal from stations of workers on

railman/woman grades, 40% of whose work was light cleaning.

Lifts and escalator workers in LRT are also facing the prospect of tendering and **Bovis Ltd** have been brought in by management to prepare for the process. Bovis, Keith Joseph's former company and now owned by **P&O** is well known to council DLO workers in London. Their period of management in Southwark's building department brought closure and the loss of 450 jobs. For a £1million fee in Hammersmith they got rid of 100 of the 240-strong building workforce, 82 out of 90 in the highways section, 15 out of 18 in the heating section and closed the sewers and lifts section entirely, with a loss of a further 30 jobs. Their aim was total privatisation of those departments' work: what's left of the building DLO was saved by union action.

LRT Building: CONTRACTORS FAIL

In 1985 300 LRT building workers were made redundant – but LRT Building and Works Department are recruiting again. A memorandum from the Building Services Engineer to all contract managers and department heads which fell into the hands of **CILT** (The Campaign to Improve London Transport) lists incidents at ten stations giving cause for concern:

"The attached is a brief list of events which must not be repeated. These have resulted from lack of communication, knowledge, control, site supervision and the employment of building contractors employing or sub-letting the mechanical services work to untrained and incompetent operatives carrying out work to a poor standard and using materials contrary to the LRT Building Services (Mechanical) Standard Specification and where appropriate, Gas Regulations."

The list contains an alarming number of incidents concerning gas leaks and installations, and at Finsbury Park Station alone there were 11 complaints against contractors.

More information from CILT, Tress House, Stamford Street, London SE1. Their latest newsletter contains an excellent eight page feature on the whole range of privatisation threats facing LRT workers.

BUS BUY-OUT

Ridley's strategy for public transport moves a stage forward as the **National Bus Company** prepares the sale of its 52 local bus operations. Its subsidiary holiday company, **National Holidays**, was sold in August to **Pleasurama** for £2.5 million. The government is encouraging management buy-outs for the local bus companies, and the first of these was successfully concluded for **Devon General** in September. It is understood that there are management bids in for three-quarters of the bus companies, but there are also outside bidders for some.

The TGWU has predicted that some 9,000 NBC jobs may be lost with privatisation combined with the loss of some former NBC company routes in the new 'free for all' from 26th October. Privatisation has brought job losses, too, for thousands of workers in bus operations formerly owned by councils and the six large Passenger Transport Executives. The full extent of cuts to both routes and jobs will

become clearer in the 'trial period' for deregulation from late October until January.

Current NALGO figures indicate job losses of 25-30 per cent in PTEs and former public local bus companies.

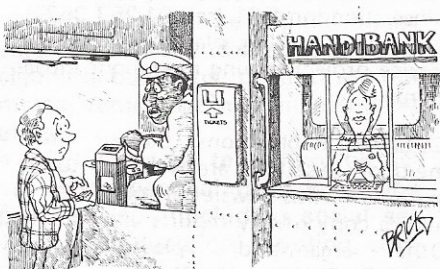


PRIVATE CROSSINGS

The new Thames crossing at Dartford – a high level bridge, is to be built, and run by the **Trafalgar House Group**, who will also take over the existing tunnels from Essex and Kent county councils. The £200 million required for the project will be raised in the private sector and recouped from tolls charged for use of the crossings. When the costs are recovered, within a projected 15-20 years, the bridge and tunnels will revert to the government. The scheme is the first of many plans for privately financed infrastructure developments mooted by large contractors in the last few years to receive the government's go-ahead. Well isn't that how those admirable Victorians built the railways?

Undercurrents

The choice of Trafalgar House for this scheme has apparently caused some ill-feeling in the trade. Laings had submitted a bid some 10 per cent lower than Trafalgar's which did not even make the final shortlist of tenders. Other companies are complaining that they did not even submit plans for a bridge, as it was not possible to build one within the original Department of Transport guidelines to tenderers. The department has admitted that it did change the project guidelines after tenders were submitted ... and the winning bid was altered, it seems, after submission.



Private homes -

GROWING SCANDAL

The inadequacy of regulations covering private residential homes is a major cause of concern to the government's own NHS watchdog body, the **Health Advisory Service**, according to its latest annual report. Places in private residential homes increased by a massive 47% between 1982 and 1984 to 53,000 and there are wide variations in monitoring by local and health authorities. The HAS says that regulations fail to ensure privacy, quality of life and self determination for residents. Their visits to homes have given rise to grave concern that there are many residents with medical conditions which are reversible or at the least treatable and which go unrecognised and untreated. The HAS proposes a system of independent medical and social assessment of elderly people when they enter private or voluntary sector homes financed by public funds.

The **Association of County Councils** has added its voice for a clear admissions policy for the private sector with a voice for clients themselves in decisions and more resources for authorities to monitor homes effectively.

Harriet Harman, shadow spokesperson on social services has issued a report of recent decisions by Registered Homes Tribunals which include a catalogue of horrific complaints against private home-owners including force feeding, tying residents to chairs, use of obscene verbal abuse against residents, leaving residents lying crying on soiled beds, overprescription of drugs, absence of medical records and lack of privacy.

HOME IN THE RED

Care Homes (UK) plc headed the list of private nursing home operators exploiting the Business Expansion Scheme (BES) tax relief gravy train in PSA's recent investigation (**PSA No.21**). Care Homes was seeking £10m investment but the BES share issue raised just £1.5m – enough at least for the company to buy a country house for its first nursing home. However, receivers took possession of this home in August on the same day that receivers were called into the Lifecare Group (see **PSA No.24**). Lifecare and Care Homes had close links – they were both registered at the same address and Lifecare had agreed to manage Care Home's nursing homes.



ROOTING OUT THE COWBOYS

Private residential homes in Birmingham are to be subject to a new rigorous code of practice and monitoring regime, following the recent shock report "The Realities of Home Life", and the related "World in Action" programme.

The council's new code, drawn up by its Registered Homes Panel, sets standards on a wide range of issues including:

- Residents' rights (including religious and political observances)
- Medical care
- Financial arrangements
- Residents' committees
- Pay and conditions and trade union rights for staff
- Employment of YTS trainees
- Proportion of single and double bedrooms (75:25)
- Maximum numbers of residents per home and appropriate facilities

Proprietors will have to implement some changes immediately and others within six months. Structural alterations must be made within two years. Those who don't bring their homes up to new council standards will face deregistration.

PRIVATE HOMES PROTEST

In Nottingham, the recent opening of a private home for the elderly was marked by a demonstration of NUPE stewards and councillors in protest at the continuing expansion of the private sector while beds in council-owned homes stay empty. Stewards in Nottinghamshire are campaigning on the low standards in many private homes, with low pay, and insufficient untrained staff.

PRIVATE PESTS

Surprise checks by Environmental Health officers in West Glamorgan, found that the kitchens of NHS homes were much cleaner than those in privately owned residential homes. The survey found that 98% of the NHS hospitals were up to standard compared to only 65% of private homes.

PUBLIC SERVICE ACTION Information

CAMPAIGN AGAINST CONTRACTORS

Council of Civil Service Unions: free from CPSA Research Department, 215 Balham High Road, London SW17 7BN. Contracting out Civil Service cleaning, catering, security and maintenance work has resulted in the loss of 9,000 jobs in the last three years. This leaflet explains the threat and consequences to a wide range of Civil Service jobs including clerical, typing, legal and computer services. It points out that sustained campaigns like those over the threatened privatisation of Companies Registration Office and DHSS building security can be successful. The leaflet includes basic guidance on challenging tenders and includes the Consultation Agreement agreed with the Treasury outlining procedures covering trade union rights to information and consultation when contracting out is planned.

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

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.

COMPETITIVE TENDERING IN CATERING

— a seminar for members, catering workers and managers, trade unionists and local authority officers, on food policy in local authority catering.

25th NOVEMBER 1986 9.30-5.00
HACKNEY TOWN HALL, MARE ST,
LONDON E8

Jointly organised by LB Hackney and London Strategic Policy Unit. Details: Pat Masters, Rm.407, LSPU, Middlesex House, 20 Vauxhall Bridge Road, London SW1.



ALL CHANGE PLEASE: The Alternative Plan for London's Transport

50p from Campaign to Improve London Transport (CILT), 3 Stamford Street, London SE1 9NT. This pamphlet is a summary of the main provisions of CILT's Alternative Plan for London's transport together with the arguments for those provisions. It clearly states the key parts of the plan based on people's needs — a fully accessible integrated transport system democratically controlled. It also includes a programme of immediate demands and concludes that "any attempt to confine campaigning activity to the trade union and labour movement is doomed to failure" arguing that the broad range of users and the public can and must be mobilised in support of the alternative proposals.

Photographs by Philip Wolmuth unless credited otherwise.

Researched, designed and produced by: SCAT Publications, 27 Clerkenwell Close, London EC1 (tel. 01-253 3627). A national housing, planning and public service project serving the labour movement.

© SCAT Publications. Labour movement organisations are welcome to use material in this newsletter; please let us have a copy of any reports and leaflets. Other organisations please contact SCAT Publications.

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.

Subscribe NOW

PRICE: 50p each including postage or £4.50 for a yearly 10 issue subscription.

BULK RATES:

- 5-9 copies @ 45p each inc post, or £4.20 for each ten issue subscription.
- 10-99 copies @ 40p each inc post, or £3.70 for each ten issue subscription.
- 100-499 copies @ 35p each inc post, or £3.40 for each ten issue subscription.
- 500 or more copies @ 32p each inc post, or £3.00 for each ten issue sub.

SPECIAL OFFER

Set of all available back issues Nos 1-22 (excluding nos 6, 7, 14 and 17) for only £5 — Save £2.10 (includes two sets of indexes).

Circulation: 12,000