

PUBLIC SERVICE ACTION

**Action
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New Threats
Contractors
Organising**

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THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT

No 26 December 1986

Contractors go onto offensive

PRIVATE GREED

Immediately following the Queen's Speech confirming the government's plans to introduce statutory tendering legislation the contractors and their right-wing allies launched a series of demands to try to get the kind of legislation they want. A few weeks earlier the Government had announced, following a multi-departmental review, that all suitable activities in all government departments should be put out to tender.



The Contract Cleaning and Maintenance Association (CCMA) representing private contractors recently met with Nicholas Ridley, Secretary of State for the Environment, to press home a series of demands. John Hall, CCMA director and ex-civil servant at the Ministry of Defence, Michael Ivens, Director of Aims of Industry, and Graham Mather, shortly to become General Director of the Institute of

Economic Affairs, combined to produce a report on "The Difficulties Experienced by Contractors Working with Government Departments". This paltry report, full of assertions and few facts, together with press briefings, received wide publicity.

On their terms

The contractors are making the following demands: cont. on page 2

More to come

The Treasury multi-departmental review 'Using Private Enterprise in Government' could well be a foretaste of what will happen in other public bodies. The government has stated that:

"Departments should establish a rolling programme for reviewing their activities with a view to identifying areas to be tested by competition. They should set targets for the proportion of their activities to be reviewed each year. All activities and parts of a Department should be considered with regard to their potential for contracting out."

Departments will now have to provide details and evidence why they are not putting work out to tender. The report suggests that the same principles could be applied to the NHS, local government and other public bodies.



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FROM PAGE 1

PRIVATE GREED

● The Government should abandon competitive tendering and introduce 'contracting out' ie don't allow any in-house bids but agree to put all the work out to contractors who 'compete' amongst themselves.

● The Government should prepare standard tender documents with simple specifications, ie leave as much scope as possible for failures, bodged work, incomplete, late or non-existent services.

● "Government should help the companies engaged in government work with the public relations problems they face from trade unions and other vested interests".

● Local authorities, government departments and the NHS should "work with contractors to schedule tenders in such a way that those selected would be in a position to respond".

● Barriers between public bodies should be removed to allow contractors to "maximise savings" by enabling contractors to provide a central service for all public bodies, eg a cook chill centre to provide "Ministry of Defence units, schools, town halls, hospitals, local authorities' canteens and residential units".

● All redundancy payments should be paid by a central government fund because the contractors find this "the most stultifying element".

● The Government should abandon selecting contractors on the basis of lowest tender because "the contractor with the lowest price can lead to the lowering of standards to an unacceptable level".

Michael Ivens and Graham Mather add further demands:

● The Government should withhold Rate Support Grant from those local authorities who refuse to implement the legislation.

● Introduction of time limits and legal remedies if local authorities adopt delaying tactics.

● Independent auditors used to check that in-house tenders are made on the same terms as those of contractors.

CONFERENCE COVER BLOWN

CASE UK – the Campaign Against the Sale of Estates – gained considerable support and press coverage in its efforts to expose the recent glossy **BUILDING COMMUNITIES** conference sponsored by major estate privatisers, **Regalian plc**. As SHELTER, the Town and Country Planning Association, the Federation of Black Housing Organisations, the Federation of Merseyside Co-ops denied the conference their support, star speakers Des Wilson, Professor Laurie Taylor and John Cunningham withdrew for 'personal' or 'logistical' reasons, the self-styled 'community architects'

PUBLIC IS POPULAR

Strong public support for public ownership of key industries and services is shown by a new poll conducted for TUC by NOP Market Research Ltd, among a sample of almost 2000 adults from all socio-economic groups.

★ 74% of all people interviewed believed that local authorities, not central government should decide whether or not to put services out to tender. Only 14% believe central government should decide.

★ 71% believed that basic utilities like gas, electricity and water should be publicly owned, while only 21% wanted private ownership.

★ 71% believed that the royal ordnance factories and naval dockyards should be publicly owned, while only 15% wanted private ownership.

★ 56% believed that coal, steel and railways should be publicly owned with 33% thinking they should be privately owned.

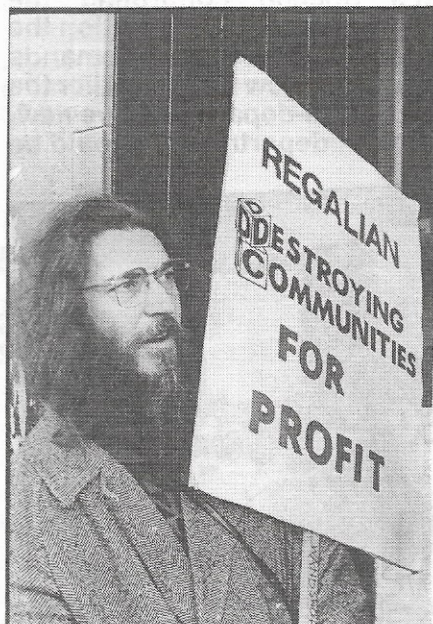
★ 55% believed that local bus services should be publicly owned, 33% wanted private ownership.

★ 53% believed that British Telecom should be publicly owned, 37% were for private ownership.

★ There was a slight majority against the use of contractors in public services (46%–40%), but strong support for the use of NHS workers, not contractors, in hospital ancillary services (51%–25%)

The TUC points out that the Government should not confuse the popularity of its get-rich-quick share sales campaigns in privatised concerns with public support for privatisation: the support isn't there, and where it exists is concentrated in those groups least dependent on public services – and there is strong support for the TUC's proposals for greater worker participation and accountability to consumers in state-owned industries.

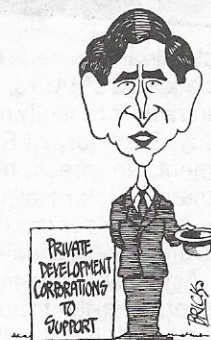
The full report is being sent to unions, a summary is available at £3, and there is a full-page report in the TUC Bulletin for December. From TUC Publications, Congress House, Great Russell St, London WC1B 3LS.



Dirty deal in Home Counties

Bracknell District Council plans to demolish a post-war cottage estate to build shops and a leisure centre on the site. Though the council has £25 million in capital receipts, it is refusing to spend money to modernise Skimped Hill estate – though three-quarters of the residents have signed a petition asking to stay in their homes, one third are pensioners. The total council stock is only 10,000 and there is a waiting list of over 2,000, while homeless families are placed in bed and breakfast some distance away in Slough, Wokingham and Windsor.

The Action Group formed to fight the council's plans is demanding a public inquiry to force the issue into the open. Questions have arisen over a trip by leading councillors and officers to visit a water leisure resort in Germany, arranged without consultation with other councillors (all Conservative), paid for by ratepayers, but organised by a firm of swimming pool developers, whose name is now on the shortlist to develop the site. Another company on the shortlist is connected to a firm in which the council leader has an interest.



CONTRACTORS Fines & Failures

BET: OVER 91,000 DEFAULTS

The cleaning of council estates was privatised last year by Wandsworth Council. To avoid a one company monopoly the borough was carved up between **Initial Services Cleaners (BET)** and **Exclusive Cleaning Services (Brengreen Holdings)**. The recent BET takeover of Brengreen torpedoed that policy. A report by the Director of Housing to the Housing Management Sub-Committee on 4 November spells out the defaults in the first year of operation.

Roehampton	18,210 defaults (Initial)
Putney	16,680 defaults (Initial)
Southfields	19,714 defaults (Initial)
Clayton	16,669 defaults (Initial)
South Battersea	11,483 defaults (Exclusive)
North Battersea	8,536 defaults (Exclusive)
Total	91,292

Despite the huge number of defaults the contractor was fined just over £9,000. Each default cost BET a mere 10p.

BET

These defaults seriously underestimate the real level of defaults because they are recorded by the housing patrol service which the same council report points out has been understaffed. Each patrol is meant to cover two of the districts listed above and has only 6 members. Sickness, leave and vacancies has meant an average of 4 members during daytime. Each patrol also has to respond to emergencies and generally patrol estates.

In addition, the minutes of the Borough Housing Panel held in September and October 1986 and attended by over 20 tenants association reps stated that tenants frequently had to call out the patrol service to record defaults in the cleaning service. The tenants also condemned the "poor standard of cleaning on estates particularly in common areas such as stairs and landings". The Director of Housing is to revise the cleaning schedules to allow the contractor "greater flexibility between estates". This is another example of Wandsworth Council privatising services with totally inadequate monitoring and supervision, and imposing the minimum penalty on those defaults which are recorded.

EXCLUSIVE LOSES CONTRACT

Exclusive Cleansing Services (BET) have lost the Eastbourne refuse and street cleansing contract. The council, now controlled by the Alliance, submitted a DLO bid which came in at £1,159,500 compared to Exclusive's £1,215,000 for a new contract starting in April 1987. The council will acquire vehicles and equipment and employ about 100 workers (it originally employed 140 in 1982).

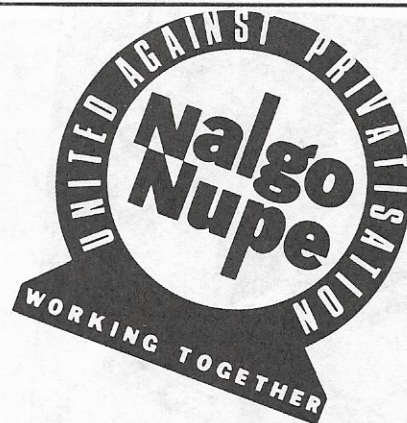
PRIVATE BUSES LOSE THE WAY

Drivers on a newly privatised London bus route had to ask their passengers the way, according to a report from Greenwich Council. They received complaints from users of the 51 bus in the first week of operation by **London Country** that

- 14-year-old buses bought from Glasgow had replaced the up to date London Transport buses
- three buses broke down on the first day
- drivers took wrong turnings

And of 52 drivers working the route, a staggering three-quarters were said to be new to bus-driving.

(Information from CAPITAL, 308 Gray's Inn Road, London WC1)

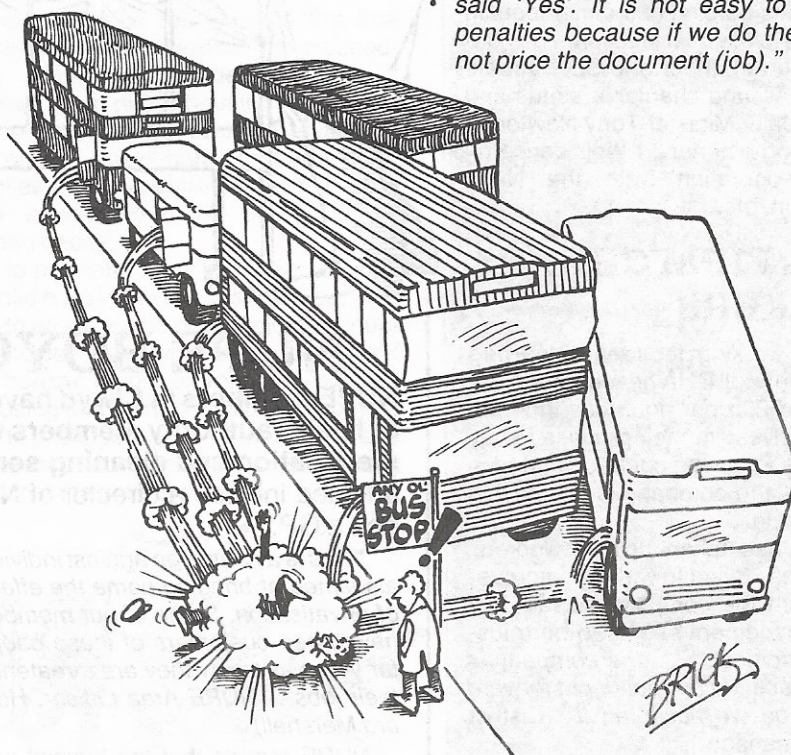


MAIDENHEAD TENDERING FIASCO

Private contractors in Maidenhead proved unable to maintain the council's street lights last winter – leading to a sub-standard service and loss to the authority. As a result the DLO had to do most of the work and failed to maintain its previous rate of return.

A report from the borough works officer showed how all work had to be withdrawn from the lowest tenderer because he failed to complete work to instructions. The second tenderer refused to take on the work. Several firms refused to take on small quantities of work, though warned that they might have to during the tendering process. The DLO was asked to pick up an increasing proportion of street lighting work. The fourth tenderer was brought in later in the year – but a 'blitz' to clear up a maintenance backlog by the DLO had to be done out of normal hours – at premium rates.

When questioned by councillors as to how such a situation could be avoided, the works officer explained: "We had all the tenders in and said 'you will do it when we tell you to' and they said 'Yes'. It is not easy to write in penalties because if we do they would not price the document (job)."





Scarsdale domestics on strike 1985

BRISTOL LAUNDRY: JOBS LOST, STEWARDS OUT

In PSA 25 we reported on the laundry takeover in Bristol DHA by Dutch multinational **Healthtex**. NUPE now reports that only 33 of the former laundry workers have been offered jobs by the firm – after 2 minute interviews to weed out the union stewards and the older workers. ("Optimum age – 35".) The firm's plan to handpick representatives for its 'Works Council' is being challenged by the unions who are insisting that the worker members be trade union reps.

PRIVATE HEALTH LOBBY GROWS UP

An end to 'juvenile jealousy' is planned by the **Association of Independent Hospitals** and the **Independent Hospital Group** in a merger to form a new **Independent Hospitals Association** to represent the interests of their 248 hospital and nursing home members in the run up to the next election. They are concerned at Labour and SDP threats to their VAT and charitable status and expect Health Minister Tony Newton to be a willing listener to their concerns over 'co-operation' with the NHS, registration, etc.

HULL FIRM CHEATS WORKERS

Cleaners working for **Ideal Cleaning Services** at Hull DHA headquarters are being paid 20p per hour less than the NHS rate. Despite their promise to pay NHS rates when the contract started in July 1985, the company is still paying the 1984 rate.

NUPE has taken up the workers' case but has failed to win any improvements from the company so far. The DHA management seems to be refusing to intervene: "... the company is not in breach of contract. It put forward a price and we accepted it" (District planning manager).

HEALTH

SCARSDALE STRIKERS PROVED RIGHT

Scarsdale Hospital in Chesterfield hit the headlines last year when cleaners maintained a six-month strike against the privatisation of domestic services. The contract was taken away from the in-house team and awarded to ICC Hospital Services (now part of the BET empire) when Trent RHA intervened to force acceptance of their tender.

Now ICC has pulled out of the cleaning contract because it was operating at a loss and the DHA refused its request to pay an additional £25,000 on the original contract price. The domestics had predicted that this would happen because the ICC bid was unrealistically low.

Compensation to be paid to the DHA by the company is being used to take on the company's staff on temporary contracts, until a retendering exercise is completed next year.

NI UNIONS FIGHT TENDERING

Health Boards in Northern Ireland are coming under increasing DHSS pressure to seek 'savings' from tendering for ancillary services. The Western board has just decided to embark on competitive tendering – and ancillary staff unions have declared a policy of non-cooperation. "The board's vote was for confrontation and we shall fight every inch of the way" (NUPE area officer, Joe Donaghy).



NUPE BOYCOTT ACTION

NUPE members in Clwyd have imposed a boycott on the businesses of health authority members who voted in favour of putting laundry, sterilisation and cleaning services out to tender. The DHA members affected include a director of National Westminster Bank, a dairy owner and a GP.

"This is a campaign against individuals aimed at bringing home the effects of privatisation. Some of our members have been customers of these people for years and now they are threatening their jobs". (NUPE Area Officer, Howard Marshall)

NUPE reports that the boycott was

proving very effective and other branches are considering similar action. Unions and DHA officials are expected to have further discussions about the tendering exercise, being undertaken by the authority only after considerable pressure from the Welsh Office.

Impact of privatisation

British Telecom 2 YEARS ON

The British Telecom Unions Committee (BTUC) campaigned hard against the sale of BT in November 1984. Their campaign material argued that once BT was privatised it would force up the cost of calls to residential users, impose new charges, reduce standards of service, and abandon its policy of buying equipment in Britain. Now the BTUC has analysed the changes in BT in the last two years which reveal:

- Residential charges rose by an average of 7 per cent in November 1985 compared to just 1 per cent for business users. Further price increases started in November 1986.

- The connection charge increased by £10 – 11.7 per cent in November 1986.

- BT is buying more equipment abroad. The trade deficit for telephones has increased four-fold in the last 3 years. 45,000 jobs in British manufacturing companies are increasingly at risk as BT buys on a world-wide scale to maximise short term price advantages.

- There are much longer lead times in installing and repairing equipment. BT staff have been cut from 252,647 in 1983 to 230,097 in 1986. The number of



apprentices has fallen from 5,400 to 526. Since privatisation overtime has gone up 41 per cent a week to an average 4.5 hours – equivalent to 15,000 new jobs.



- Research and development has been cut – down 11.5 per cent in 1985 alone. Research is now financed by each division rather than nationally.

- Safety has been cut. Accidents now total 16,000 annually at a cost of some £6.5m – the rise in accidents is due to a combination of a lower priority for safety from line managers and more pressure on managers and staff to achieve improved productivity and profits.

- Conditions for staff have worsened. BT has set up various subsidiary companies so that workers are no longer directly employed by BT plc. Short-term contract workers have been introduced for the first time and are increasing significantly. More work is being contracted out. New employees have to join a significantly worse pension scheme.

Meanwhile the BT Board salary bill has more than doubled to over £1.1m.

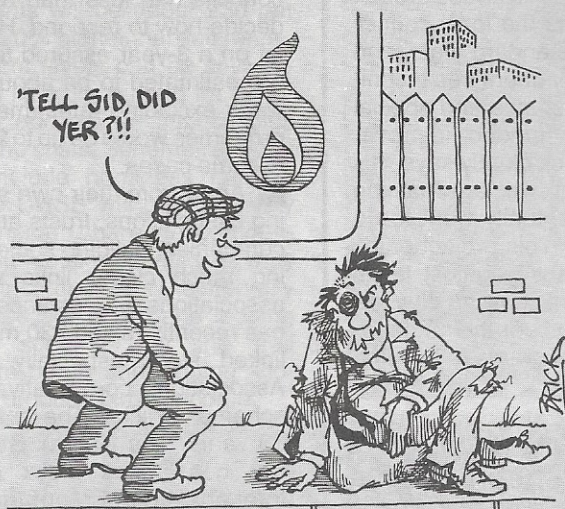
Copies of the report *A Fault on the Line* from BTUC, 14-£5 Bridgewater Square, London EC2 8BS.

WHAT SID DIDN'T TELL YOU

- British Gas is being sold for £5,400m but only two years ago stockbrokers were valuing it much higher, for example a Grieson Grant research report valued BG at between £6,400m–£7,800m ie nearly 50 per cent more.

- The Directors have doubled their salaries. Their annual salary bill came to £376,500 in the year to 31 March 1986 (but excluding pension contributions and other perks). Massive pay increases – Sir Denis Rooke, chairperson, now gets £175,000 – means that the annual salary bill is now £789,800 – up a mere 110 per cent.

The new Gas Consumers Council, set up to takeover the work of the National Gas Consumers Council to deal with complaints, has only 75 staff compared with 120 at the old Council. Its annual £180,000 advertising budget is 0.9 per cent of the advertising budget for the British Gas sell-off – so small it cannot afford to advertise in national newspapers or on television.



More News

NEW LAND ACT THREAT

More council work on roads is to be subject to tendering with new Regulations under the 1980 Land Act. Currently all work over £50,000 and 30% of all work worth less than that has to be tendered for. Now the Department of Transport plans to force all work worth £25,000 or more, and 60% of smaller jobs out to tender. Emergency and winter maintenance works will remain outside the regulations – but the changes present a serious threat to jobs in local authority highways sections.



ITALIAN SUGAR

In 1982 the government sold its 24 per cent stake in British Sugar for £44m (net). The Italian group Ferruzzi has now won control of British Sugar, subject to Monopolies and Mergers Commission approval, paying £425m for a 70 per cent stake.

PRIVATE CASH FOR PUBLIC HOUSING

The drive to introduce private funding directly into public sector housing has gained a terrifying momentum in recent months. *PSA* examines exactly what is happening, and how these new sources of finance can change the shape, price and standard of housing, together with the tenure, at the expense of tenants and trade unionists.

GOVERNMENT PLANS

The move to introduce private finance links tightly with other current government housing policies – the drive to sell yet more council houses, the encouragement of estate sales, the push to privatise housing management, Urban Development Grants. Yet the implications of private finance go even further since, if it can provide the rented accommodation that the Tories and DSP think necessary, then, they can argue, there is no longer any need for council housing.

For space reasons we do not include discussion of the estate sales nor the profits being made from becoming landlord of a string of estates – more on this next issue.

BUILDING SOCIETIES BUILD

Building Societies are at the heart of new moves towards providing private finance.

■ The Building Societies Act comes into force on January 1st, 1987. The Act signals a revolution in the aims and activities of building societies by allowing them to enter completely new financial fields. Many are already prepared, or thinking of, selling pensions, houses, insurance advice, health insurance, redundancy cover, unit trusts, stocks and shares and other services. The profitability of housing, especially owner occupation, is seen in the stampede by all financial institutions to buy estate agents in the past year.

Such activities promise a totally different and vicious round of competition as building societies fight banks, insurance companies, pension fund companies and estate agents for business. One analyst has predicted a huge casualty rate and that the mortgage market will eventually be dominated by the **Prudential**, one or two leading banks, one or two building societies and one or two other institutions.

■ **Nationwide** and **Halifax** have backed Partnership Renewal of the Built Environment (**PROBE**) by providing a kitty of £150 million which this "action agency" can call on (see *PSA* 20). The builders **Lovells** are at the heart of what they themselves call an "enabling agency or developer for the building societies". They claim to enable "public authority policy objectives to be achieved through private sector finance". This includes not only buying up estates, but also building on public land and financing new private housing whilst at the same time providing cash for some of the council's plans. The first scheme has just been announced in Swindon.

■ Building societies are already building many homes and plan to expand rapidly by building for sale, building for equity sharing and building for rent. The **Halifax** expect to be building 3,000 houses for rent by 1990 and to act as "honest broker" bringing public and private sector resources together. The **Nationwide Housing Trust** carries out schemes throughout the country. Its current development programme is worth £60 million, they've just completed their 1,000th house and have 972 more in the pipeline.

■ The **Northern Rock Building Society** has launched a number of new projects using its subsidiary **North Housing Limited**. Apart from taking over management of a privatised estate in Benwell (see *PSA* 24) it has set up a special agency in The Avenues area of Gateshead 'assisting the local council improve local substandard flats and housing. The agency offers free technical advice and assistance and special loans for privately funded improvements. Northern Rock bluntly says "It's early days yet but we are gaining experience and eventually want to do our own schemes". This project gains even more significance against leaks from the Government showing they are considering handing over the management of improvement grants to building societies.

■ A much larger venture is planned by **North Housing Association Ltd.** They intend to build 3–4,000 houses around London and let them on assured tenancies. They have approached a large number of home county councils asking for enough land to build about 40 houses and in return they will offer 50% nomination rights. They will then use this land bank to raise £100 million on the private money market plus put about £12m themselves. There has been a huge rush to set this scheme up (so the money can be raised from the City before British Gas is launched) and councils had less than two months to decide how to respond. Houses will be let on a 3-year assured tenancy; rents are estimated to be about £35–50 per week excluding rates; management of properties would be up to 20 miles away in some cases.

■ Apart from their own satellite housing associations, trusts and sponsored companies, building societies are forging much closer links with housing associations. For instance **Nationwide** has recently raised £30 million in index linked stock especially for Housing Associations, co-operatives and similar schemes which will be lent at 4.5% over 35 years. The **Halifax Building Society** has raised index linked funds through **Samuel Montagu** which they will lend at 4.6%.

"Local authorities used to be a power base of rented housing, now they need to become enablers with entrepreneurial thinking. All the old boundaries are blurred." David Couttie, Halifax Building Society & UHRU.

HOUSING ASSOCIATIONS

Housing associations wanting to use private capital face a key problem. Fair rent income will usually only cover about 10–30% of the cost of the scheme. So four main options exist:

1. Reducing a housing association's loan repayments eg through index linked mortgages (ie payments rise with inflation (and rent income) rather than starting high and falling with inflation) or deferred interest mortgages (where you defer paying some of the interest until later years).
 2. Increasing rent income by letting on a basis of assured tenancies or market rents.
 3. Funding the gap by means of a one-off grant from the Housing Corporation, a local charitable trust, a government grant or any other means.
 4. Reducing the standards of building.
- All these four steps can be used together or in various combinations.

Many housing associations have already taken steps to increase private investment. Examples include:

■ The Housing Corporation's Corporate Plan for 1986 has as key objective "to prime the pump for private investment and work closely with all housing agencies to maximise the impact of investment."

■ **Coventry Churches Housing Association** has set up a "New Initiatives Team". It has invented packages it calls "Easy Start", "Pathfinder" and "Sundowner" to make owner occupation or equity sharing easier and is looking for new ways to bring private finance in.

■ In Cardiff at St Mellons, the **Secondary Housing Association for Wales** and **The Wales and West Housing Association** are to borrow index linked funds to build 600 new houses for letting under assured tenancies. Even with cheap land which is meant to cover 5% of rent costs and housing association grants which will cover 24% of capital costs, rents will be about £30 per week, some 20% higher than fair rents.

■ Where rent levels can be set very high there is little or no need for a hidden subsidy and private finance plus rents cover the costs. Schemes already underway include homeless families units (where DHSS will pay relatively high allowances); shared accommodation for young mobile tenants who may have higher incomes or for the mentally ill where there are board and lodging allowances; schemes for the frail elderly where board and lodging allowances can produce larger income.

We are looking for ways to dilute the local authority monopoly and not to strengthen it. The aim must be to create the conditions in which other providers of rented housing, drawing on private finance can multiply alongside local authorities." Ridley

■ In Sheffield the **United Kingdom Housing Trust** are planning 2,000 new houses with Sheffield City Council in a £70 million deal. 60% would be managed by the Housing Department, 10% by UKHT's non-charitable subsidiary **Kingdomwide Housing Association** as fair rent housing, 10% by UKHT, 20% by local builders for owner occupation. Design of the rented houses will be by UKHT who insist on being seen as equal partners in "A new form of partnership between a local authority and the housing association movement".

UKHT has always been active in the financial wizardry market, for instance it has raised index linked mortgages direct from the **Prudential Assurance Company**. It is also very keen on building for sale. In Swansea it built 253 homes, yet only 33 were for rent. It has even attracted funds from **Unity Trust** the trade union bank for building 'cost sale houses'. UKHT have over 200 staff and some 4,000 properties. It has recently totally reorganised itself into a fair rent section and a non fair rent section. Half of the cash for Sheffield would be half from the **Nationwide** and half from a merchant bank.

Particular advantages of the scheme from the council's view include: providing rented housing, keeping a housing programme going ready for future expansion, the scheme not counting against HIP allocation, ownership of the housing will eventually return to the council.

Consultation meetings are currently going on. Sheffield Tenants Federation says, "It all sounds neat but we have a number of doubts – a shortfall on rents appears to be being met from the Housing Revenue Account, ie other council tenants. Will owner occupiers get the best sites? Is this the only alternative to nothing? Who will control building standards, rent levels, etc.?"



WHO GAINS WHO LOSES?

Why should the trade union and tenants movement be worried about the new steps? After all, it will be argued, local authorities have traditionally gone to the private sector to raise the finance for capital spending on housing. **True, but when a local authority borrows in this way it has control over the size, design, location, management, rent levels, repair and maintenance of the housing.** However, with almost every scheme described above, firstly it is **not local authorities who get most of the housing but housing associations; secondly, when they do get some new housing their control over it is usually severely limited.**

For tenants and trade unionists:

● The shape of 'public subsidy' is changing. Instead of government grants to support council housing, local councils are stepping in with free or cheap land to subsidise schemes. Or the government will give their own grants to schemes that suit their policies.

● The majority of many schemes consist of housing for sale and not for rent. *Multi-tenure* and *social mix* have become the latest catch phrases.

● Rent levels are often pushed up as high as possible to cover the costs of private finance. Security of tenure also is sacrificed.

● Space and building standards come under threat again to cut building costs. Some new housing is below standards set in 1918!

● The Government will publicly claim rented housing is being provided.

● Index linking in particular promises high rents in the future.

● It fragments the whole housing market creating a thousand little islands. This raises difficulties for tenants and trade unionists wishing to organise. Many tenants will be faced with remote management and regional offices literally miles away.

● It means job cuts in housing repair, maintenance and management.

● The packages will be dressed up with seductive tinsel, eg "releasing unused land" (using land which should be used for council housing); "nomination rights for waiting list and transfer list" (for the few who can afford the house prices or rent levels).

Above all it allows large financial institutions to dominate and shape the rented market when they freely admit, despite their public image, social considerations will always come second best to profit targets.

All the deals offer nothing that local councils could not undertake themselves if allowed to borrow. Instead private schemes usually offer the wrong housing, in the wrong place, at the wrong price for the wrong people.

More News

HARD LABOUR

Wastecare (Browning Ferris Industries) have issued an ultimatum to its Wandsworth refuse collectors. Either accept a measly 2½ per cent increase on the present wage (basic and bonus included) plus an increase in the Christmas clear-up bonus to £220 per person for "fully participating in the complete clearance of all backlog" by 10 January, or a 4 per cent wage increase, the £220 Christmas bonus, plus a further £10 per week after 9 February 1987 so long as there are 15 redundancies. This would bring the workforce down to 105 from 119 compared to 216 under direct labour in 1982. A 4-person crew would have to move 17 tons daily.

Although Wastecare 'recognise' the GMBATU they have refused to negotiate further and organised their own ballot. They have also refused to go to ACAS, the arbitration service. If less than 75 per cent of the workers vote then the firm intends to impose the first option.

ROLLS-ROYCE RALLY

More than 2,500 Rolls-Royce workers attended a rally at Westminster Central Hall in late November organised by the Confederation of Shipbuilding and Engineering Unions to build opposition to the planned privatisation of the company. The campaign has won a pledge that the next Labour Government will reverse any privatisation moves. Support has also been won from the Liberals and the SDP together with some Tory MPs in marginal seats where Rolls-Royce suppliers are located.

RAIL MAINTENANCE CONTRACTED OUT

British Rail has agreed for the first time to allow private contractors to carry out maintenance work on railway sidings. This could be the first step in the privatisation of BR's entire track maintenance work which employs 19,000 workers. BR claimed there was "no intention or plan on the table" to extend the role of private contractors. Three large contractors have most to gain, **Henry Boot**, **Grant Lyon and Eagre**, and **Balfour Beatty** which already has large contracts from BR's electrification work.

PORT PROPERTY

Associated British Ports, privatised in 1982, has diversified directly into property development by acquiring Grosvenor Square properties for £14.9m. Grosvenor has developments in Piccadilly and Bishopsgate in London and a scheme in Bath. Associated British Ports is seeking to develop its extensive land holdings.

Electricity and coal next targets

PRIVATE POWER

A £500m new power station in Northern Ireland could be built and operates privately – a government decision is expected soon. It may well be used as a test for privatising the Central Electricity Generating Board if the Tories win the next election. With British Gas, Britoil, Enterprise Oil, and the Wytch Farm oilfields now sold-off and renewed talk of privatising British Coal, the entire energy supply industry could be in private hands again by the early 1990s

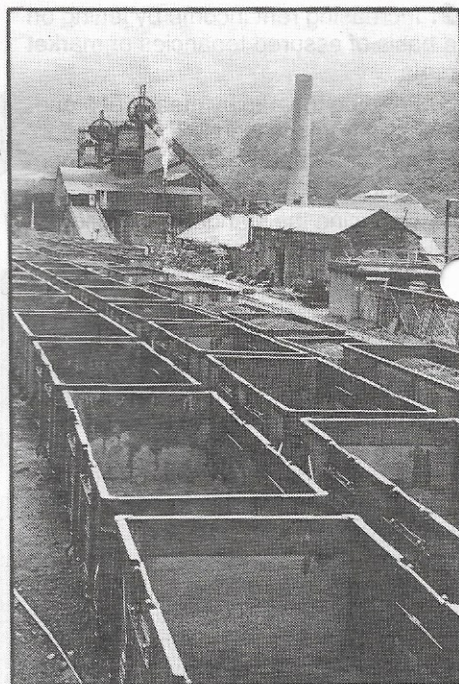


PSA's evidence two years ago

Power struggle in Ireland

Two private consortiums are competing with the Northern Ireland Electricity Service to build and operate the 450 Mw power station to be run on lignite from opencast mines in Northern Ireland. The rights to mine the lignite are now owned by BP Coal (acquired from Burnett and Hallamshire) and the Australian firm Meekatharra Minerals. Both consortiums are headed by American multinationals. Loughside Power is led by Foster Wheeler Energy and Costain whilst Antrim Power is led by the US Bechtel Corporation (see PSA No 19) and also includes Hanson Trust, and GEC Turbine Generators. The government has already said that it favours the two private bids.

In another development the coal recovery company Ryan International has launched a plan to takeover the Rogerstone power station at Newport, Gwent. This would be the first use of the Energy Act 1983 which allows large scale private electricity generation to the national grid. Two years ago Taylor Woodrow dropped plans to takeover two CEBG power stations in Plymouth and Carmarthen Bay. Ryan International has access to cheap coal from its colliery clean-up operations. The US Bechtel Corporation has been commissioned to carry out a feasibility study for Ryan. Consolidated Goldfields (which



owns a British opencast company and has extensive South African mining interests) is also involved in the project.

The not so hidden agenda

Sir Robert Haslam, chairperson of British Coal, announced publicly for the first time at a November press conference that he supports the sale of British Coal as long as it is sold as a whole. A week earlier he had broadly backed proposals made by the Nottinghamshire Area Director which include large job losses, increased use of private contractors, and new working practices including 6-day/24-hour working. British Coal expects to lose £300m in 1986/87 but to break even in two years' time.

The CEBG is British Coal's dominant customer, highly profitable, and is likely to be privatised first, or as British Coal's Deputy chairperson suggested, sold in conjunction with the power stations.

True colours

Sir Meanwhile, Michael Eaton, British Coal's Yorkshire Area Director, is now chief executive of Ecobric which has just bought a 60 per cent stake in a private drift mine near Stoke on Trent.

ESTATE SALES

ACTION CONFERENCE

"What people want is good council housing" – the much-echoed response of one Manchester tenant to the Government's numerous schemes for taking housing out of the hands of elected councils, included its sudden and suspect love for co-ops. A defiant challenge was made to the Government's plans for the future of public housing at a conference in Manchester on 8th November by those whose views are rarely sought or heeded in the great debate about urban renewal: those who live and work on council estates. More than 250 representatives of tenants' organisations, trade union branches and councils from all over the country were brought together by **CASE UK** (the Campaign Against the Sale of Estates) to launch a vigorous campaign against the sale of council estates to private developers.

NEW LAW

The Housing and Planning Act had become law just the previous day. Delegates heard about the threats to tenants, the homeless and council workers posed by the new law

GRIM REALITY

The grim reality of estate privatisation was related by tenants who had experienced it. Reports of refurbishment for sale of former council estates in Salford and Newcastle by **Barratts** and **Bellways** respectively revealed a catalogue of disrepair and dampness from shoddy work and unremedied structural defects suffered by the new owner occupiers. The unacceptable face of the 'property owning democracy' was exposed: people on low incomes forced by lack of rented housing into owner occupation had led to an 8-fold increase in mortgage defaults since 1979, and the government's own figures showed that owner-occupied property accounted for 51% of all housing in serious disrepair, while council housing formed only 5% of the total.

THERE ARE ALTERNATIVES

The conference also heard accounts of local campaigns by groups of tenants and trade unionists who had successfully fought off plans to sell estates and discussed ways in which privatisation could be challenged at a local level – against councils of all political shades now engaged in estate sales. The plea of many councils that 'there is no alternative' to the financial pressures from



government to privatise was challenged by Manchester's Chair of Housing, Sam Darby, who explained how his council aimed to improve and refurbish its housing in the public sector with participation by the city's tenants. This was the way that choice and control could be given to council tenants, not just to those who could afford to buy.

NEXT STEPS

The conference charged **CASE UK** with the responsibility for taking forward the campaign:

- to challenge and expose the true motives of the Government in proceeding with its openly declared aim of 'breaking up public housing';
- to expose the real interests and record of developers, property companies and financial institutions behind the smokescreen of 'caring' about urban decay;
- to promote a positive vision of what public housing can and should be;
- to argue for the right of elected councils to use their own capital receipts and to borrow funds, to refurbish existing housing stock and to build new homes;
- to support all tenants, trade unionists and councils campaigning against the sale of estates.



Housing News

REPACKAGED OR RENEWED

The sale of 146 Salford Council flats to **Barratt** has been heralded as a showpiece of 'urban housing renewal'. A survey by Trinity Tenants Association however shows how the sale not only fails to meet local needs but also fails to please many of the buyers of the 'renovated' properties.

The St Stephen Street flats were sold to Barratt at £1,000 each two years ago. Barratt received £4,000 Urban Development Grant per flat and then sold them for £15,500–£19,250. The final number of properties was 98 dwellings plus 8 shops. The survey covered exactly a third of the buyers and found:

- Only one in 6 residents had previously lived on the estate and less than half had previously lived in Salford
- 47% said they were not satisfied about the condition of the property and complained of: poor painting, ill-fitting doors and windows, gaps and cracks in floorboards, condensation, water penetration. "5 residents are known to have replaced internal walls because they are falling down" says the report.
- Only 6% of buyers had previously been on the waiting list and only 6% had been on the transfer list.
- Some former council residents hadn't wanted to buy but saw buying as the only immediate solution to a decent home.
- 47% anticipated difficulty in reselling their property.

In a 1,000-person survey earlier this year tenants found only 4% of local residents able or willing to buy, 64% unemployed and 66% wanting to stay in the Trinity area. Clearly selling to Barratt acts directly against their interests. Whilst the buyers are finding the properties have been repackaged rather than renewed.

Private homes:

STAFFING SCANDAL

A new report on staff training in private residential homes shows that there are insufficient trained or qualified staff to run them. One half of all private home proprietors have no nursing qualification and those who have are often inexperienced in working with the elderly. Further, council registration officers are known to lack confidence in their role as inspectors when dealing with owners and staff of homes. The Central Council for Education and Training in Social Work, which produced the report, proposes the introduction of support groups, courses and discussions on residential care issues.

CIVIL SERVICE



(Thanks to Red Tape for photo)

STRIKE AGAINST PRIVATISATION

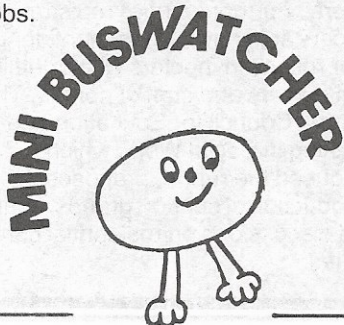
21 typists at the Army Central Ordnance Depot in Bicester, Oxfordshire, are on all-out strike against an MoD decision to make them redundant and contract out their work to outside agencies. The typists

have 491 years of experience and service between them. Their action is crucial for the future of all 5,000 typists employed by the MoD – which plans to contract out *all* typing work. Their union, the CPSA, has previously succeeded in forcing a government climbdown over plans to contract out typists' work in the Navy, where the Navy was persuaded to support their arguments. The union is asking all members in the MoD section to assist in supporting the strikers in this crucial action.

As we go to press typists at Kineton are meeting to decide whether to take similar action, as their jobs face similar threats. More information from: Angela Ball, CPSA Branch Sec, Controlled Issues, DSM(A)COD, Bicester, Oxon.

ROFS SALE NEARS

The Government is now actively seeking buyers for the Ordnance Factories, said to be worth some £150 million. The sale prospectus has been sent to 12 possible purchasers, including **British Aerospace, Trafalgar House, GKN, GEC, Plessey** and **FKI Electricals**. The Government hopes to sell the factories (on 16 sites in the UK to a single buyer, which they stipulate must be British, by the new year. Talk of essential restructuring to produce acceptable profits for the buyers sounds bad news for jobs.



Dockyards unions win sale delay

Government plans to sign contracts for the privatisation of management of the Naval Dockyards before the end of the year have been spiked by the threat of legal action from the unions. A surprise intervention from Lord Denning in the debates on the Dockyard Services Act led to the inclusion of detailed consultation with the unions in the legislation. Now consultation will start with discussion of the unions' argument for running with a trading fund as an alternative to contracting out management.

LONDON STEWARDS TENDERING CONFERENCE

At a conference in Camden on 21st November shop stewards from London councils met to discuss strategies for fighting the Government's planned legislation on competitive tendering in local authorities. Discussion centred on crucial questions of how far trade unions could work with councillors and management in defending jobs and services without compromising their essential role in defending members' interests. The experience of building and engineering DLOs of surviving under the Land Act, of tendering in the NHS, and of the rate-capping campaigns provided the context for working out a realistic strategy for the fight ahead.

TRANSPORT

LRT BUILDING JOBS THREAT

In the same months as a report from **CAPITAL Transport Campaign** accusing **LRT Builders** of 'gross mismanagement', new plans have been announced for a massive scaling down on all fronts, with a loss of 470 jobs. 500 jobs have already been lost over the last year. The new cuts will leave a workforce of just 340.

Despite continuing complaints of shoddy and dangerous work by private contractors (see **PSA 25**), management now plans to withdraw from general contracting, plant hire and painting and the joiners' shop is to be closed. All that will remain is sign writing, plumbing and scaled down maintenance force.

The trade unions are bitter about the effects of tendering and the failure management with all its cost cutting exercises to cut losses. An imbalance of skilled trades created by cost cutting led to recruitment of more workers – now some of these have been made redundant after only 6 months. In the last 3 months, £3 million of work won by the DLO has been handed back for putting out to private contractors.

The joint convenors are demanding a full enquiry and have written to all London MPs, which led to a counter-letter from the Director. There has been a meeting with Labour MPs to gain their support. At the time of writing mass meetings of union members are taking place to discuss what kind of action should follow. Meanwhile the convenors are asking people in London to take up the issue with their MPs and the transport and employment committee of local councils. Further information, and leaflets from the senior convenor, Chris Murphy: 01-359 0210.

BUSWATCHER

MONITORING THE BUSES

BUSWATCH has been set up by a range of organisations including Friends of the Earth, the Civic Trust, Transport 2000, Pedestrians Association, transport users groups, and the national bodies for Women's Institutes and Townswomen's Guilds. It aims to monitor bus services nationwide, by getting users to fill in and send back survey forms. **BUSWATCH** organiser Jo Guiver emphasises that the organisation is not political and not against deregulation or privatisation, but concerned only with a good service to passengers.

Details from: **BUSWATCH**, Unit 5.2.10, Whitecross, Lancaster.

HEALTH WARNING!
WHAT PRIVATISATION
WILL MEAN FOR YOU!

The Government is planning to force all small contractors to put their core services out to tender to private contractors. This will mean poorer quality, less reliable and more restricted services as well as more redundancies and wage cuts. As workers protesting a comprehensive list of strikes in Sheffield we are very concerned about the implications for services, jobs and the quality of life in this city.

NO RETURN TO VICTORIAN STANDARDS

Die Werte werden in Abhängigkeit der Anzahl der Beobachtungen

- Dirt
- Vermin
- Rubbish
- Waste (small) streets and open spaces
- Flooded streets
- Piled footpaths
- Altered street patterns

For you, your family and friends it could mean:
 increased safety
 increased assistance to elderly, disabled and children
 dignified care
 better quality living and working environment
 and reduced personal costs of disposing of your own
 and others' bodies.



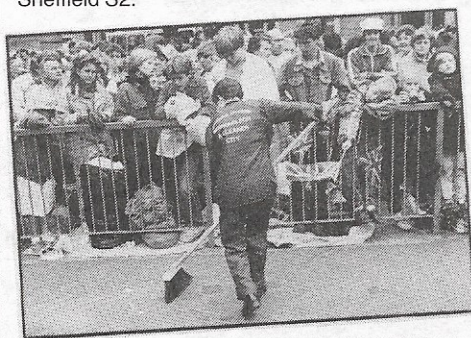
'What Privatisation Will Mean For You' is a 4-page leaflet produced by

'What's a Victorian? What Mean?' is a 4-page leaflet produced by workers and shop stewards in Sheffield's Cleansing Department which is being distributed to every household in the city. It explains the real value of their work, contractors' failures, and argues for no return to Victorian standards.

'Contract on Cleansing' is a 4-page broadsheet written for councillors and other trade unionists in Sheffield and spells out the advantages of a public cleansing service, the value of cleansing work for the city, and exposes the myths about so-called savings. It details contractors failing to meet standards of service on refuse and street cleansing contracts, their anti-union activities, and the impact on jobs. It compares wages and conditions between a refuse collector employed by the city council and one of the major contractors.

Both publications were produced as part of the Project to Defend and Improve Local Authority Services and Jobs in Sheffield in which workers and shop stewards are assisted by Services to Community Action and Trade unions (SCAT). The project is funded by the Public Sector Team of the council's Employment and Economic Development Department.

Copies of the leaflet and the broadsheet can be obtained by sending an s.a.e. to Convenor's Office, Bernard Road Depot, Cleansing Dept, Sheffield S2.



SELLING TO BUY VOTES

The Government's Autumn Economic Statement released on 6 November 1986 included yet another increase in the target for receipts from the sale of nationalised industries and state shareholdings. A £250m annual increase will bring the asset sale income to £5,000m annually for the next three years.

Once the sale of British Gas is completed, British Airways, rolls Royce, National Bus Company, and the British Airports Authority are all likely to be sold in 1987/88.

The Tories are still hoping to implement tax cuts before the next election despite the £7,500 increase in public spending. They could achieve this through privatisation measures in two ways. Firstly, British Gas is to repay the Government £2,500m of debt, and £750m of this falls due between 20 March 1987 and 20 April 1988 and £250m the following year. This period

spans two financial years but the Government could decide to take all of it in the next financial year so reducing the public sector borrowing requirement.

Secondly, there are rumours that the government is planning to sell all or part of its remaining 31.7 per cent stake in British Petroleum. This could be worth up to £3,000m which would finance a 3p cut in the standard rate of income tax. The Tories gave a commitment after the last sale of BP shares in 1983 that there would be no further sale of shares for the 'foreseeable future'.

TWO ESSENTIAL PUBLICATIONS

THE PUBLIC COST OF PRIVATE CONTRACTORS

Challenges all the current ‘research studies’ by the contractors’ allies and academics claiming so called ‘savings’ from tendering.

This Privatisation Audit examines the detailed impact and costs of contracting out refuse collection/street cleansing, parks maintenance, cleaning, catering, and vehicle maintenance in Sheffield City Council. It shows:

- the cost of contracting out to both local and central government
- the impact on council jobs
- the impact on women's employment
- the knock-on loss of jobs in the private sector
- the impact on jobs and public sector costs nationally

Copies of the 68-page pamphlet, price £1 to cover postage and packing, can be obtained from SCAT, 31 Clerkenwell Close, London EC1R 0AT or from the Public Sector Team, Employment Department, Palatine Chambers, Pinstone Street, Sheffield S1.

CAMPAIGNING FOR CARE NUPE ACTION PACK

The most comprehensive and up-to-date material on privatisation and tendering yet available.

The ACTION PACK contains 11 broadsheets ranging from between 4–16 pages, 4 Monitoring Sheets, and a Red Alert Card.

The broadsheets cover:

- ★ Counter Offensive Against Contractors – includes the tender trap, specifications, contract conditions and cost comparisons
- ★ Developing alternative ideas to improve services
- ★ Education and propaganda
- ★ Producing leaflets
- ★ Tactical use of industrial action
- ★ Building stronger workplace organisations
- ★ Trade unionist's guide to value for money
- ★ Direct action by workers and users
- ★ Developing joint action with users
- ★ Working for contractors – job losses, wage cuts, worse conditions
- ★ Useful information – where and how to get it
- ★ Monitoring Sheets on private contractors, agency staff, volunteers, and private residential homes.

Price £3.00 from SCAT, 31 Clerkenwell Close, London EC1.

PUBLIC SERVICE ACTION

Information

WHOSE VALUE? WHOSE MONEY? How to assess the real value of council services

This welcome publication, produced jointly by the LGIU and Birmingham TURC, challenges the current dominance of the business of judging public services by accountants and management consultants with their particular version of 'value for money'. It analyses and exposes their criteria, challenges the role and record of accountants in the public sector and beyond, and offers suggestions for alternative ways of assessing and improving council services on the basis of effectiveness in meeting needs, involving workers and users.

Bulk orders from LGIU, 1-5 Bath Street, London EC1. Other orders from TURC Publishing, 7 Frederick Street, Birmingham B1. Price £2.50.

MORE CONTRACTORS' FAILURES

This publication from the TUC brings together press reports (from PSA, Labour Research, and elsewhere) on contractors' failures in local and health authorities. Accounts are listed under authorities (with an index of contractors involved at the back), rather than by type of service, but it nonetheless provides the information in a usable way for campaigning groups. The problems lie in its claim that the facts speak for themselves as explaining the lack of editorial comment. It might have been helpful to show how contracting out will inevitably reduce standards and why.

£2 from TUC Publications, Congress House, Great Russell St, WC1.

BEYOND THE PAIL

A report from the Transnationals Information Centre (London) on the transnational cleaning companies in Europe, showing the continuous pressure by companies to cut labour costs, the way in which migrant workers are used as part of this the cost-cutting strategy, the experience of workers taking action, and the extent and problems of unionisation.

The report is important in placing changes in the UK cleaning industry firmly in an international context, and includes first hand reports from workers themselves. It provides essential information for trade unionists and others arguing against contracting out of cleaning – but, as crucially, it shows what has been achieved by workers elsewhere in Europe, a much higher proportion of cleaning is contracted out. What stands out in contrast to the UK include agreements reached, in Spain, Holland and Belgium that workers keep their jobs when a contract changes hands, and Collective Agreements in France as well as the above 3 countries, negotiated between employers' and workers' representatives which set minimum wages and conditions for all contract cleaners. Read this.

(Available also in French, Spanish, Arabic, Turkish)

From TICL, 9 Poland St, London W1V 3DG.

*I suppose
Britain
will be
completely
socialist by
now!*



TIME FOR JUSTICE: NUPE'S REPORT ON CARE FOR THE ELDERLY

This report from NUPE's Care of the Elderly Working Party follows the union's now well established pattern of involving members who work in services in formulating national demands for policies to meet needs in an effective and humane way.

It provides an essential update on NUPE's previous work on social services, providing a catalogue of the devastating effects of seven years of policies of cuts, closures, privatisation in health and social services, and exposing the reality behind 'community care' on the cheap.

Its recommendations for provision across the board, from hospitals to homes to domiciliary services offer a much needed positive charter of demands for the elderly. Proposals for stricter control of the private sector, effective support for informal carers, and a code of practice for the use of volunteers in health and social service offer much which should be taken up immediately.

From NUPE, Civic House, 20 Grand Depot Road, London SE18. £2.50

A WORKING COMMUNITY: A report on the role of a local authority in creating jobs and the problems of reducing unemployment.

£2.50 from London Borough of Southwark, Town Hall, Peckham Road, London SE5. Shows how Southwark Council could generate 4,400 jobs in council services in two years which in turn would generate a further 1,400 jobs in the private sector. The £76.4m cost would be small in contrast to the £200m annual cost of unemployment in Southwark. The report also identifies changes needed at national level municipal enterprise, training, reducing financial controls on local authorities etc. It is the first of several reports planned to show local authorities' role in meeting Labour's commitment to create 1m jobs in two years.

Photographs by Philip Wolmuth unless credited otherwise

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A national housing, planning and public service project serving the labour movement.

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