

Action Alternatives Information New Threats Contractors Organising

PRICE 50p Bulk rates – see back page

No 29 JULY 1987

OUEEN'S SPEECH:

Housing Bill:

- to encourage council tenants to opt out of council ownership
- get rid of rent control for all new lettings and encourage insecure 'assured tenancies' and 'shortholds'
- to set up 4 Housing Action Trusts to take over council housing in inner cities (and sell it off)
- to encourage housing associations to move into commercial renting as private landlords.

• Compulsory YTS for school leavers – or loss of right to supplementary benefit.

• Water: first stage of privatisation plan, with bill to restructure industry and pilot water metering plan.

• Education: first moves to break local authority control of schools, allow schools to opt out, break up ILEA, introduce competition for pupils between state schools, centralise curriculum to DES, decentralise budget control to schools: more pressure to cut or privatise school cleaning and meals.

• Poll tax (called a community charge) to replace domestic rates with a more regressive system: a property tax with a flat rate charge on all over 18, maximum rebate only 80%: will add to pressure on councils to cut costs on services.

A Local Government Bill

CONTENTS

Catering:cashing in on health Sid sells out Council transport: firms line up Water: new sell-off plans Tory housing plans London bus tendering Westminster action BT: management offensive Education blueprint Health service news



TENDER PLANS HIT COUNCILS

The new Local Government Bill will require all local authorities and other public bodies (including Passenger Transport Authorities, Urban and New Town Development Corporations, Inner London Education Authority, and fire, police and civil defence bodies) "who wish to afford their own staff the opportunity of carrying out certain services" to put, at least initially, six services out to competitive tender from 1st April 1989. The Bill seems to imply that if local authorities want to hand over services lock, stock and barrel to contractors then few of the regulations apply. The Bill will undergo its second reading in Parliament in mid-July. Right-wing Tories will be pressing for even wider and tougher laws.

THE LOCAL GOVERNMENT BILL EXPLAINED

on page 2.

THE LOCAL GOVERNMENT BILL EXPLAINED

THE SIX SERVICES

Refuse collection: the collection of household and trade waste. Waste disposal is not initially included.

Street cleansing: including sweeping, litter removal from streets and open scpaces (including leaves but not derelict vehicles or scrap metal), emptying litter bins, gully emptying, cleaning traffic signs, snow clearance other than streets.

Cleaning of buildings: covers all internal cleaning and window cleaning of publicly owned buildings except for council housing, police stations and offices, and residential homes for children, elderly etc. Includes public toilets, town halls, depots, centres etc.

Catering: preparing, delivering, and serving meals and refreshments in schools (except special and boarding schools) and colleges, town halls, depots, leisure centres etc and including meals on wheels. Residential homes and day centres for the elderly, children are exempt if they prepare meals on the premises.

Tendering: How it will work

• Tendering will be phased in. The Secretary of State will have powers to regulate its introduction in each service. No details have yet been released.

• Public bodies will have to invite at least 3 firms in addition to the DLO to tender or advertise the tender invitation in one local newspaper and one trade journal. The notice must describe the work, where a detailed specification can be inspected or obtained at a reasonable time, place and cost.

• The public body must not "act in a manner having the effect or intended or likely to have the effect of restricting, distorting or preventing competition".

• Any in-house tenders accepted before 1st April 1989 which restrict, distort or prevent competition will be declared invalid on that date.

• The DLO must prepare a written bid if it wants to compete for the work.

• Annual accounts must be kept for each area of work carried out by the council. The Secretary of State can determine the items and the method of determining the amount of such items to be included in the accounts, and any financial objectives ie the level of profit or rate of return.

• An annual report for each area of work will have to be published containing a summary of the accounts and statements that other requirements have been met.

Contract compliance reduced

It will be illegal to impose "noncommercial" conditions on contractors for inclusion on approved lists or in contract conditions. These include:

 "the terms and conditions of employment by contractors of their **Ground maintenance:** covers the planting and tending of trees, hedges, shrubs, flowers and other plants, weed control, grass cutting including re-turfing and re-seeding. Does not include landscaping or initial grass turfing or seeding.

Vehicle maintenance: covers the repair and maintenance of cars, vans, trucks, tractors, buses and any mechanically propelled vehicle and trailer (excluding police vehicles) for use on roads, parks etc. Damage repair caused by accidents is excluded.

More services to be added

The Secretary of State for the Environment will have the power to add further services at any time. The Government has already stated that it hopes that local authorities will voluntarily put architectural, computing and printing services out to tender.

workers or the composition ot, the arrangements for the promotion, transfer or training of or the other opportunities afforded to, their workforces". This means no clauses on wage levels, working conditions, equal opportunities, local labour employment, of staff numbers employed, apprentices, health and safety records (contractors will still have to comply with existing health and safety legislation on the contract, but it becomes irrelevant if they have ignored it in the past).

Other conditions which will be illegal include:

• imposing constraints on the use of sub-contractors, suppliers, and lump labour.

• contractors' involvement in trade union disputes.

• affiliations by contractors, their directors or employees to political, industrial or any society or association.

• financial support or non-support to any organisation.

• supplying goods, services and other work on government contracts covering defence, foreign and Commonwealth policy.

• supplies from, and contractors' activities (or their subsidiaries or holding company activities) in other countries eg South Africa, Chile.

The Secretary of State will have the power to add further "non-commercial" criteria to this list. It will be illegal to charge for inclusion on an approved list. Existing approved lists will have to be revised under the new rules.

If an authority refuses to accept a contractor's request to tender or a completed tender then, if requested, the authority will have to give the reasons in writing.

But no constraints on contract monitoring

'Commercial' criteria are not specified in the Bill. This gives a great deal of scope for imposing performance conditions and financial penalties on contractors covering the quality of work, strict adherence to all aspects of the specification, the timing and cost of the work, and the firm's track record. Contractors are generally more vulnerable to these conditions than to political ones.

Information to contractors

If an in-house bid is successful the public body will have to provide a written statement giving the following information if requested by "a person" ie contractor, ratepayer.

- the authorities' decision to carry out the work

- financial details of each tender submitted

- the "contents of the bid" prepared by the public body.

The authority will have to advertise in at least one local newspaper the time, place and cost of this report.

More Government powers

If the Secretary of State believes (ie receives complaints from contractors) s/he can demand a written response from the authority stating whether the regulations had been implemented or not and giving reasons. The Government can then lay down conditions which the authority must comply with in order to continue the work or can be stopped from carrying out the work.

Higher costs

The Bill accepts that there will be an increase in council spending due to the cost of preparing specifications and other tender documents, supervising contractors, and redundancy costs. Central government staff and costs are expected to increase to monitor the legislation. The government still claim that overall 'savings' will be achieved by contracting out or by "tighter in-house management".

Other sections of the Bill

The Bill also includes amendments to the Local Government, Planning and Land Act 1980 giving the government the same powers to intervene on construction and maintenance contracts if local authorities "restrict, distort or prevent" competition. "Political publicity" by local authorities will also be prohibited. The Bill will give new powers to local authorities to give public money to private sector organisations including housing associations for the purchase, construction, improvement, repair and management of private rented housing.

Tory Housing Plans **More Stick than Carrol** The Government's plan to dismantle council housing will not be by ferences opposit

draconian laws forcing councils to sell, but a mixture of bribery to tenants, financial pressures and ideological assault. Most of the powers are in place already, and this autumn's bill will complete the picture.

The major themes are:

1. "double the rents": rates subsidy to rents will be outlawed; housing revenue and capital accounts will be "selffinancing", ie any expenditure will have to be paid for by higher rents or sales of estates; any government subsidy will have strings attached.

2. "no repairs, unless...": HIPS are to be allocated only to estates where they are to be privatised. Government grants will be paid direct to new landlords to enable them to make sufficient profits. Major repairs programmes will only be paid for by the sale of estates. Landlords and tenants will be able to "choose" whether they repair or sell.

3. "opting out": tenants will be able individually or collectively to opt out of being a council tenant. The question is whether that happens because tenants are dissatisfied, want repairs done, think that housing associations or tenant management co-ops will be better or because of "an offer they can't refuse" from a speculative landlord with an eye on a vacant site in few years. 4. Where this draining away approach will not work, because private financiers and landlords do not foresee enough profit, whole areas of council housing in cities will be handed over to *Housing Action Trusts* – similar to UDCs – to be refurbished and then disposed of.

DIVIDE AND RULE

Of course many local councils will be only too pleased to get rid of their council housing. And some will be simply given to HATs. But for those who want to keep their housing stock and the jobs that go with it, unless their tenants are convinced that it is better to stay a council tenant and fight, then local landlords and trade unions will find it difficult to stem the tide of opting out. It is true that publicly funded housing is the only way of providing housing for those who need it - but unless the tenants are convinced that they will get a better deal from the council than from anyone else, they will go. The quality of the service is to be tested.

Both NALGO and NUPE passed excellent motions at their Annual Con-

ferences opposing these housing policies and committed themselves to defending housing and jobs. Alliances with tenants organisations are a priority.



COALHOUSE BLUES

You don't need a crystal ball to foresee the new Conservative policy of new landlords for council estates . It's already in operation and causing chaos on

the Calverley estate, Derbyshire. Some 201 houses were bought blind by Vraj Pankhania of London based Westcome Properties in July 1986 for over £½ million from the Coalboard. Built to the Wates system of pre-reinforced concrete many have structural problems. Since the sale tenants have faced months of "confusion, anger and frustration" according to local tenant activist Eileen White.

 tenants have found it difficult or impossible to find out who their landlord is.

 empty properties have been vandalised and rubbish left uncollected

• whole blocks of property have been sold on to other landlords without tenants knowledge.

the neglect has helped the estate become a haven for rats

promises to renovate houses have been broken

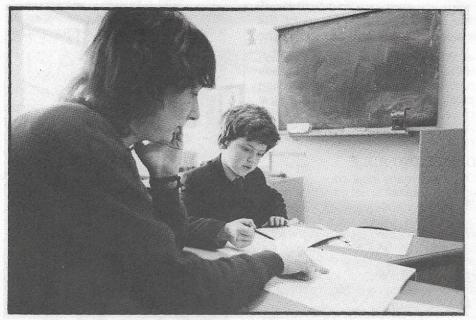
repairs have not been done. Only recently a couple, in their 70s and 80s, have been trying to get a leaking kitchen pipe repaired unsucessfully The main owner Westcome Properties now hold 70 properties. Immediately after their original purchase they offered them to tenants at £6,500 each, more than double the asking price. They have now "sold off much of the rubbish" according to the owner. He has



recently written to his remaining tenants asking for a £4 per week rent rise on top of the present £14 and for tenants to be responsible for their own internal repairs. However, he is now being pursued by the bailiffs hired by Bolsover Council for £20,139 rates arrears.

Bolsover Council have also served 62 notices covering repairs, rodents and other aspects on existing landlords so far. Deputy Council leader.Charles Limb would like to see the estate demolished and government redeveloped but housing cuts make this impossible. To "try and force the issue" they have threatened to demolish 18 houses as unfit for human habitation. They too claim difficulties in locating the owners who now include Deep Sound Properties Ltd, Malbury Trading Ltd and 5 individuals. Many of these are London based and use Chesterfield estate agents Wilkins and Vardy to collect rents. Whatever the Conservatives now claim about responsible landlords taking over council estates it is clear that there are plenty of landlords willing to exploit tenants by standard methods of ignoring repairs, waiting for tenants to die, selling on for a profit, and raising rents.

EDUCATION: WHO'S WRITING THE AGENDA?



Kenneth Baker's casual post-election announcement that new legislation will allow schools to charge for 'extras' to clear an 'anomaly' fits well in with Tory manifesto proposals for 'reforms' to the school system. These appear on the surface as a hotch-potch of vote-catching ploys designed to appeal to perceived dissatisfactions with a chronically under-resourced state system.

We are to have centralised control of the curriculum and standardised testing at 3 stages of school life. At the same time curriculum, management and budgetary control is to be decentralised to schools thesmelves, with the balance of power on governing bodies switched from local authorities to parents. Schools are to be allowed to opt out of the local authority service, selective, partly-privatised City Technology Colleges are to be established in inner cities. The assisted places scheme is to be expanded and there are plans for direct grant schools to be resurrected, including direct grant primary schools.

But this isn't the hotch-potch it appears: it is part of a plan for a 5-year programme to reach a 'free market' in schools, a privatised service, drawn up for the right wing Institute for Economic Affairs by Stuart Sexton, a former adviser to Keith Joseph. The old discredited Joseph plans for vouchers to parents to buy their children's shooling in the public or private sector is the aim, to produce a 'consumer-led market: but now they've been renamed 'education credits'. The phased introduction of changes, to get parents used to paying for 'extras', to increase 'parental choice', to encourage the removal of

VANISHING SHAREHOLDERS

Individual share ownership in British Telecom has shrunk to 12 per cent compared to 20 per cent at the time of sale in December 1984. BT workers own less than 1 per cent of the shares.

The number of shareholders in Britain has increased from 3m in 1979 to 8.5m in early 1987 according to a survey of 7,000 adults commissioned by the Stock Exchange and the Treasury. Despite this the proportion of UK company shares held by individuals continues to decline – it is estimated to be between 21 and 25 per cent compared with 54 per cent in 1963. •Over 420m out of the total 801m shares in **Rolls Royce** were sold on the first day of trading on 21 May. The 85p partly paid shares reached a peak of 147p. Rolls Royce management had to post warning notices forbidding workers to leave the factory to sell their shares. An ASTMS official commented: "Rolls Royce was like a huge casino and offices resembled the stock market". Long queues developed outside banks in Derby and extra staff had to be drafted in. The 38,000 workforce had been given free shares and a special allocation at a discount.

local authority control, to direct government money towards the wholly or partly privatised sectors, is proposed as the means to make acceptable what has so far proved politically unacceptable.

The Government's current proposals are themselves seen as radical: but they form only Stage One of the IEA blueprint. If those concerned to defend the state education system don't resist each of the new 'reforms' as they appear, with the understanding that each is part of a sinister master plan, then there may well be no system left to fight for at the next election.

Read 'OUR SCHOOLS – A RADICAL POLICY' from the IEA, 2 Lord North Street, London SW1P 3LB.

CTCs: Tory friends pay up

Despite continued resistance to Government plans for City Technology Colleges from major industries and the CBI, sponsors have been coming forward. Following the **Hanson Trust** and **Lucas Industries** offering support to the first Solihull College plan, **Dixons** the electronic retail company offered £1 million for another in South Yorkshire, and a self made textiles millionaire, **Harry Djanogly**, pledged £1 million for one in Nottingham.

The Government is to match the private £1 million donations with £6 million of public money for each college – which will be selective and privately managed.

There are plans for a CTC in Wandsworth which **Harris Queensway** stores will sponsor, but ILEA, Brent and Haringey are refusing to offer sites. In Docklands and Thamesmead sponsors and sites are expected to be found. ILEA has been working with industry for many years to ensure school leavers have appropriate qualifications and job openings and sees the new college plans as "irrelevant".

Over 1,250,000 **British Gas** shareholders have sold their shares in the 4 months following the sale in December 1986. Individual shareholders now hold only 28 per cent of British Gas shares compared to the initial 60 per cent.

•More than 750,000 people who bought shares in **British Airways** have cut and run taking large profits. Within three months of the sale the shareholders' list has shrunk dramatically from 1.2m down to 450,000 by May 1987.

●124 Tory MPs bought shares in British Gas and 94 hold shares in BT according to an analysis of shareholders' lists by Labour Research (June 1987).

WATER: Ridley goes down river

The government has made new proposals for privatising water. The principle of integrated river basin management will be abandoned. The Water Industry Unions Committee have declared that this could have a worse impact than the 1986 proposals.



At present each water authority is based on a natural hydrological area and is responsible not only for water supply and sewage treatment, and the infrastructure essential for that process, but also for water conservation, pollution control, river management, land drainage, flood prevention, sea defences and fisheries.

The government now intends "to establish a National Rivers Authority to retain in the public sector the functions of water conservation and resource planning, pollution control, fisheries, land drainage and flood protection, and navigation" (letter from Nicholas Ridley, Secretary of State for the Environment to Gordon Jones, Chairperson of the Water Authorities Association, 18 May 1987).

The Water Unions Committee believe the proposals will:

•create a two-tier first and second class service; the profitable parts sold off, the unprofitable ones left behind.

elead to a fragmented water industry which would be impossible to monitor effectively.

•reintroduce the pre-1974 organisation of water which was universally regarded as a mess.

•the public would pay twice where we now pay once. At present we pay for the essential water conservation, resource planning etc through paying water rates since these functions are cross subsidised from the parts of the service which create a surplus.

Under the Government's proposals

the profits from water supply and sewage treatment would go to private shareholders, while the taxpayer would pick up the bill for the functions remaining in the public sector. And if water meters are installed in every home at public expense as part of the move to privatisation, users would be paying yet again.

Thames Water, in the forefront of the race for privatisation, reacted with "disappointment". The main legislation is not expected until 1988 although measures to prepare for privatisation will be introduced this year.

Big business prepares

Trafalgar House, the construction, property and shipping group, has bought a 22 per cent stake in the Rickmansworth Water Company (one of 28 quasi independent statutory water companies) through **Cementation-SAUR Water Services**, a joint venture with **Bouvgues** the French construction group. The move is to gain experience in Britain in preparation to exploit water privatisation.

Another construction group, John Laing, and Lyonnaise des Eaux, a privately owned French water treatment firm, have also started a joint venture through Water Services.

Westminster UNIONS RESIST PRIVATISATION

Westminster council is proceeding with putting 13 services out to tender. First in line are printing, cleaning and catering services – including social services.

The leader Lady Porter wrote to council workers on 26th February: "... I was disturbed to hear that some members of staff had been led to believe that they would be losing their jobs in April as a result of a privatisation exercise.

"Let me make it clear that Policy and Resources Committee has decided to undertake a tendering out exercise to ensure that the Council's services are provided as effectively and efficiently as their private market equivalent. This is not a privatisation exercise . . .

"... I do hope you will co-operate ... I know I can count on you to do this."

She miscalculated. NALGO and NUPE have mounted a joint campaign in Westminster to resist the double threat they now face – of extensive tendering AND withdrawal from the National Joint Council. There have been mass meetings and lobbies of council and on 29th April over 1000 NALGO members came out on a one day strike. Leaflets have been produced for workers and the public to expose the threat to all jobs and services of tendering and privatisation. NALGO has ballotted all its members on a policy of total non-cooperation with tendering.

British Gas price reduction **DON'T BE FOOLED**

British Gas recently announced a 4.5 per cent reduction in gas prices to domestic users following a 36 per cent increase in 1986 profits to £1.06 billion. Don't for one moment believe this is due to increased efficiency or other 'advantages' of privatisation.

The real reasons for the price reduction are:

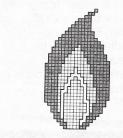
Firstly, British Gas operating costs fell because North Sea oil and gas prices are linked and the fall in oil prices led to lower costs to British Gas. It also reduced its workforce by 4 per cent. The average cost of gas fell by 11 per cent in 1986.

Secondly, under the Government's price formula British Gas is expected to pass on to consumers any rise or fall in the cost of supplying gas.

Thirdly, the long cold winter led

to a 3 per cent increase in domestic gas sales which have a higher margin (ie profits) than industrial users.

Fourthly, British Gas was a private company for only 4 months of its financial year.





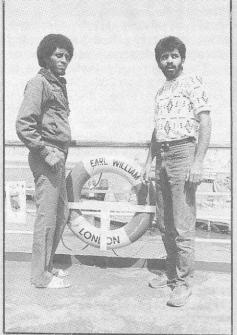


Photo: Carlos Guarita

Like a scene out of Charles Dickens, a floating prison ship in Harwich Harbour has been used to detain immigrants, refugees and asylum seekers since 23rd May. Despite refusals to co-operate from the National Union of Seamen and the CPSA, a Sealink ferry was brought into use, staffed by private security firm Securicor, who already guard the Home Office's onshore immigrant detention centres. There are reported to be some 50 people on the ferry (which can take up to 120), who must stay there until decisions are made on their futures. Privatised Sealink is making £2,500 a day from the contract - a much needed boost for the financially troubled company, now owned by Sea Containers Limited of Bermuda.

BRITISH AIRPORTS SALE

The sale of seven airports – Heathrow, Gatwick, Stanstead, Glasgow, Edinburgh, Prestwick and Aberdeen – was announced just days after the General Election. Shares in the British Airports Authority (BAA) which owns and operates the airports will be sold in July for about £1.2 billion. BAA's 1986–87 operating profits rose marginally to £124m. However, basic air traffic operations consistently lose money – £35.4m last year – but BAA can be sold off because of the highly profitable duty free shops, car parking and other commercial concessions.

BUS WORKERS IN TENDER TRAP

London bus drivers have been famous for effective trade union organisation and action. The continuing shortage of suitable applicants for driving jobs should in theory put them in a strong position. But the determined pursuit of tendering by LBL (London Buses Ltd) to achieve Government set targets for subsidy cuts has faced the workers with impossible choices here, as elsewhere. They are resisting.

Since July 1985, 79 bus routes have been put out to tender. The results:

 839 driver operators' jobs have been lost

- 186 engineering jobs have been lost
- garages are being closed
- 309 LBL buses have been withdrawn

45 of the tendered bus routes have gone to private operators – mostly to the National Bus Company and ex-NBC subsidiaries. In April LRT announced that 12 of the 34 routes won by LBL would have to be retendered as they are not commercially viable.

• Most of the private companies run only 1 or 2 routes, with the biggest, Metrobus, running 5 (of which 2 were won from LRT).

THE EFFECTS OF TENDERING

• Private companies have lower vehicle standards – generally secondhand buses discarded by public transport companies or unsuitable new buses, inaccessible for many users.

• Older buses, poorly maintained and ill-garaged mean more cancellations and worsening reliability.

 Private companies offer a lower standard of driver training, wages and conditions. LBL is cutting its terms and



conditions to compete. Staff shortages in both public and private sectors add to the deterioration in services.

 Failures to provide services according to contract are neither monitored nor are improvements insisted upon by LRT -

• The high standards of in-house medical supervision provided by LRT are being undermined by the private companies, some of whom are employing former LRT drivers, dismissed on medical grounds.

LRT Tendering is a closed process: the specifications are secret, the terms of the bids are secret, the grounds for granting the contract are secret.

WAGE CUTTING WILES

The private companies and NBC subsidiaries are weakly unionised at best and inevitably workers' terms and conditions are considerably lower than in LBL. Now LRT is blackmailing its drivers to accept worse wages and longer hours in in-house tenders. In some cases it has set up its own subsidiary companies (Kingston Buses, Westlink, Roundabout) and offered drivers a choice of transferring to one of these companies with lower wages and longer hours ... or being out of a job. The new subsidiary companies impose their own deals on workers and are reported to be obstructing effecting trade union organisation. In one deal at Norbiton bus garage in south west London, the new contracts with subsidiaries, Kingston Buses Ltd and Stanwell Buses, Ltd (Westlink) involve a cut of up to £37 a week in pay and 5 extra hours' work.

ACTION

Industrial action against the new Norbiton contracts has been followed by legal action to challenge LRT's tactics. Pending a full trial of the dispute, the unions have lifted the threat of further strike action in return for the employer's promise to offer Norbiton drivers transfer to other LBL routes as vacancies arise.

Comparison of wages & benefits in LBL and Ensign (private company with 2 routes)

	EDE	LIISIGII	
Hourly rate	£4.00	£3.55	
Overtime premium	Time plus ² /3	None	
Unsocial hours	Double time on Sundays	None	
Unsocial hours	Double time on Sundays	None	

FOOD COMPANIES HI-JACK HEALTH AGENDA



Chips with everything - a school meal provided by health conscious Compass Catering

The big catering companies are preparing for the scrabble for school meals and public catering contracts by putting on the pressure for favourable ground rules.

Two of the members of the Coronary Prevention Group Working Party on school meals were the Contracts Manager for **Gardner Merchant** subsidiary of **Trust House Fortes** (and the Technical Developments Manager for **Compass Services** exposed for the "chip shop menu" of their school meals in Hereford & Worcester (see below).

Cuts kill

The CPG Report on School Meals "Diet and Disease" describes the poor diet of children and promotes the role of school meals in improving the nutrition of school children. It regrets the removal of minimum standards in 1980 and the priority given to cost cutting. All laudable stuff. The Report then "rips off" – without credit – the ideas developed notably by the Haringey School Meals Project: e.g. menu development to take account of changes in taste and the diets of ethnic minority children, healthy eating education, better presentation, taste-ins and parental involvement etc.

Its main recommendation though is for the Government to re-introduce minimum national guidelines for nutritional standards for school meals. The CPG was one of the main promoters of a Private Members Bill introduced by Tony Lloyd, a Tory MP, in February, which called for just that. The Government turned it down saying that parents were responsible for what children eat, not the Government.

Health profits

So what is behind the catering companies' new found (but not yet practised) interest in health food? • minimum standards would apply to ALL contractors. The big caterers are concerned to protect their reputation for high quality food but don't want to face the choice of competing in the cost cutting exercise by providing junk food or passing up the massive profits awaiting them in public catering contracts.

• they recognise that healthy eating is a growing popular concern. If office and works canteens, local restaurants and even hospitals are going to demand healthy food, then school meals better fall into line. Then the one local production line can produce the same food (or food supplies see **PSA** 24) for all the contracts.

• they need a growing and guaranteed market for "set meals" – for which they are in the best position to compete. CPG says that the "free choice cafeteria system coupled with the need to generate business has tended to result in the easy option of providing popular fast-food items such as burgers and chips". The big companies fear that they cannot compete in the junk food market with the local chip shop or that more children will "opt out" and bring in their own snack food.

• they see that they will get the blame for the poor quality of school meals – and their public reputation will suffer. People will stop going to their restaurants or motorway service stations because they will be associated with all the problems that now bedevil the few privatised hospital catering services.

Junk merchants?

Meanwhile, Hereford & Worcester school meals - of which Compass

holds the contract for 4 schools – could be a case study of the effects of cost cutting and privatisation and the resulting disastrous diet that the CPG booklet is concerned to prevent.

West Midlands NUPE Report "Healthy Meals or **Private** Deals" compares the meals provided directly by Birmingham City Council and neighbouring Hereford & Worcester who cut and privatised their school meals in 1984.

Teachers and head teachers in Hereford & Worcester reported that **Compass Meals** were of "little value being a chip shop menu", so highly priced and such low quality that school pupils organised a petition in protest. They as well as Maintable Ltd the other private company involved are demanding an increase in the contract price because of their loss of profitability as well as additional payments to cover the repair and replacement of equipment and their underestimation of their VAT liabilities.

The "savings" from cutting school meals were supposed to be spent on more resources and extra teachers: but 91% of the teachers responding to NUPE's survey had seen no evidence of this. And Hereford & Worcester's teacher-pupil ratio is well below Birmingham's.

"Chips with everything. Masses of carbohydrates. No pure meat. No fresh veg. Lots of soft drinks, chocolates and biscuits": one teacher's description of the privatised meals in Hereford & Worcester

Coronary Prevention Group, 60 Great Ormond Street, London WC1 West Midlands NUPE, 101 Sutton New Road, Erdington, Birmingham B23.

RETHINKING PUBLIC HEALTH: a new agenda for local government

Conference on 14/15 July 1987, Birmingham, organised by Health Rights. Workshops covering a wide range of issues including housing and health, local economic development, trade union initiatives, community participation, role of council health committees. Open to all interested: a strong presence of trade unionists and tenants would get the new alliance off to a new start. DETAILS from Health Rights, 344 South Lambeth Rd, London SW8. Tel: 01–720 9811.

BT Management Offensive **RINGING CHANGES**

In a spiteful but yet predictable manouvre, British Telecom has cancelled payments due under the employee profit sharing scheme because of industrial action earlier this year. Last year £18m was distributed under the scheme. No doubt BT would have liked to make payments to those who did not take part in the industrial action but Inland Revenue regulations restrict such moves. BT directors and 20,000 managerial staff will, however, be eligible for cash payments under a separate perforamance-based bonus scheme. But this is only a small indication of the fundamental changes taking place at BT.

PROFITS INCREASE

BT announced a 12 per cent increase in pre-tax profits to £2.07 billion on turnover of £9.42 billion in 1986/87. The number of domestic calls increased 7 per cent and international calls rose by 11 per cent. A further 4,800 jobs were lost and another 5,000 job losses are planned this year.

TRANSFORMATION

BT is a clear example that privatisation is not simply about changing ownership or giving contracts to big business. PSA has constantly shown that privatisation is equally about changing working practices, imposing flexibility on the labour market, and weakening trade union organisation. It is about creating conditions to enable senior management to restructure and reorganise to create a business and non-union culture in what was previously a public service. BT is in effect trying to privatise its industrial relations, isolating and individualising its dealing with employees.

This started in the lead up to privatisation in 1984 and has been gaining momentum ever since. BT has been reorganised into a form of holding company with different business interests relatively independent organisationally but linked together for operational purposes. Profit centres, payment by performance, persistent attempts to end national pay bargaining with local pay and productivity deals are the order of the day.

A number of recent developments highlight this trend in BT.

• A 40 per cent cut in basic pay has been negotiated at the BT Consumer Electronic factory in South Wales. Workers will receive a £150 lump sum payment in the deal. Management salaries are not affected. The factory refurbishes telephones for sale to the Third World but demand is declining.

• BT wants to re-negotiate a 1973 agreement under which BT gives paid leave to local and national executive union officials. This could reduce the

National Communications Union's ability to organise locally.

• Where new technology is being introduced line managers are increasingly doing work previously carried out by engineers, again trying to undermine the union's position.

• Where the NCU no longer represents a majority of workers (several hundred members resigned after the industrial action earlier this year) local managers no longer recognise the union for collective bargaining but deal with 'staff reps'.

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TRANSFORMING THE SERVICE

The service is changing too, again predicted in the campaign against privatisation.

• The Office of Telecommunications, set up to monitor BT's services and charges, has launched an inquiry into BT's plans to hive-off telephone information services. Raceline, the results and racing information service which receives up to 40m calls a year, is threatened with closure. Each call costs 5p but BT wants to charge premium rates of between 25p–38p a minutes. The weather information service is to be curtailed and BT wants to hive-off the sport, recipes, pop music and City prices information services.

• The National Parks Weather Service has been provided free of charge to tourists and climbers via the Lake District Planning Council. BT wants the service transferred from the standard to premium rate.

• New BT regulations for disabled subscribers were introduced in May. Disabled subscribers who were previously entitled to a free emergency repairs service now have to prove they are in a



'high risk' group ie living alone and immobile thorugh long term sickness or disability. Those not in this group have a choice of Prompt Care (costing £3.80 per quarter covering Mon-Fri, 8.00am to 5.00pm) or Total Care (costing £10.45 a quarter covering seven days a week, 24 hours a day).

PROPERTY BOOST

BT's finances will be boosted by property sales over the next decade. About 10 per cent of its £4.74 billion valued property is expected to be sold as new smaller digital exchanges are introduced. Over 500 properties have already been sold in the past eighteen months. These sales would have taken place if BT had remained in the public sector, but the extra income will be used by the supporters of privatisation to exaggerate the so-called 'gains' of privatisation.

British

However, the BT unions are resisting these changes and the NCU is trying to organise and win negotiating rights at BT's non-union subsidiaries. The fact that most workers accepted the offer of free shares at the time of privatisation has not deterred industrial action. The vast majority of workers obviously accepted it as a give-away without strings. BT's move in cancelling the profit sharing payments is clearly retribution for taking industrial action and another attempt to impose BT's business values onto its workforce. It does, however, reinforce the existence of a "them and us" which the original share give-away was supposed to reduce.

Council transport

COMPANIES GEARUP

Since 1985 vehicle maintenance has featured in all the lists of target services for the long promised legislation to force competitive tendering on councils. Last year a broader category of transport services also crept in. This broadening gives scope for the development of whole fleet hire and maintenance contracts which have mushroomed in the private sector and are gaining popularity in the public sector.

In 1984 the Audit Commission's report on vehicle fleet management did not recommend wholesale privatisation, arguing that councils' own workshops may well be best suited and equipped to deal with specialist vehicles. It proposed a measure of contracting out for maintenance according to the efficiency of in-house provision. It did suggest, though, that local authorities should look to lease hire arrangements with the private sector to fill part of their transport requirement to reduce under-utilisation of vehicles.

Some local authorities have already chosen to hand over the whole transport service to a private company: Hammersmith and Fulham did so in 1985 to **Mitchell Cotts** (and the present Labour controlled council is proceeding with a plan to bring the work back in house). More recently, **Transfleet Services** has acquired the contract for whole fleetlease and maintenance from 3 Surrey councils: Woking, Runnymede and Three Rivers.

The holding company for Transfleet Services is Lex Services PLC which also owns Lex Vehicle Leasing and Harvey Fork Truck Hire and has a turnover of over £1 billion. Transfleet is a growing concern with its contract hire and warehousing business spread over 14 locations and increasing turnover and profit growth over the last year.

Other companies limbering up for the new opportunities include Kennings Motor Group PLC with the largest van rental fleet in the UK and some lucrative big contracts like that with the Metropolitan Police. Earlier in June this year, Blue Arrow the recruitment and contract cleaning company bought a 35% stake in Fleetlease, which has itself recently taken over 75% of the contract hire business of another company, Gowrings.

Clearly the transport business is regrouping, as other industries have done, in readiness for the scramble for council contracts. The Audit Commission assessed local authority expenditure on transport at over £1000 million per year.



CLAMPERS

Wheel clamping was privatised by the Metropolitan Police in December 1986. The 2 firms with the contracts, **Parking Protection Ltd** and **Highway Maintenance Services**, are paid £5 per vehicle clamped. In the last few weeks public concern has exploded with 30 doctors' cars and a hearse immobilised, and a charity's van was prevented from taking meals to 200 homeless people on a regular "soup run". After 3 hours' wait and a £37 fine, the food was ruined and the homeless left hungry.

The 2 firms between them clamp some 700 vehicles each day and expect to make at least £250,000 each this year. They take no special pleading, whatever the emergency. One single woman who waited hours in her car alone to have the clamp removed was told that the frightening wait was "part of the punishment". The only hope of improvement is that Westminster council is now concerned about the damaging effects of the wheel clampers on local business – and may exert pressure for changes.

Contractors GRANDMET HIVES-OFF COMPASS

Grand Metropolitan has sold its Compass Contract Services group of companies in a £160m management buyout. Compass has a number of town hall and leisure centre catering contracts in addition to extensive catering in factories and private hospitals. Included in the deal are GM Health Care which operates 6 private hospitals; GIS with international catering and property services; and building services contractor Rosser and Russell.

Compass had a combined turnover of £231m in 1986 and employed 20,000 workers. Grandmet sold the group claiming it wants to concentrate on consumer markets. Profits remained low even after most of the directors left in 1985. Compass now intends to diversify into other contract services.

BETter Profits

Following the takeover of Brengreen, HAT and other firms (see **PSA** No) **BET** pre-tax profits rose 25 per cent to £157.4m in 1986–87 on turnover of £1.7 billion. The Initial services subsidiary increased profits to £59.3m – up 19 per cent. Profits from cleaning and waste disposal increased 70 per cent as the new acquisitions were incorporated with BET's existing businesses.



HOSPITAL FIRM IN TROUBLE

The **Hospital Corporation of America** (HCA), the biggest US private hospital operator with several in Britain, is selling 104 of its 250 hospitals to managers and employees. HCA's profits fell 48 per cent in 1986 due mainly to Reagan's health spending cuts and tighter controls on private medical insurance. The £1 billion sale will enable HCA to reduce its debts yet retain control of its more lucrative hospitals. Managers and employees are using their pension fund as collateral to finance the deal. HCA will eventually end up with 34 per cent of the new company's shares.

HEALTH AND WEALTH WARNING

A WestMidlands firm, **W. Canning**, plans to extend its fast growing US home healthcare services to Britain. Its US subsidiary **Medserv** was set up nearly three years ago and has acquired a chain of dental laboratories, expanded home healthcare with the recent £44m takeover of a medical services firm, and is developing a network of laboratories to serve vets and animal hospitals.

CONTRACTORS Fines & Failures

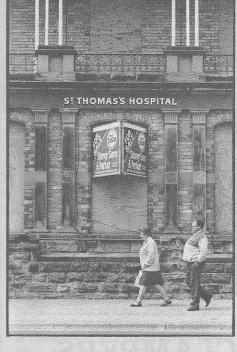
NHS PRIVATISATION DISASTROUS RECORD

One in five private contracts in the NHS are failing, according to a report published in May by the Joint NHS Privatisation Research Unit set up by NUPE, COHSE, GMBATU and TGWU. The worst problems have been in catering with 37% of contracts failing and laundry with 27%. Failures listed in the report include contracts where the company has been sacked or has withdrawn and those where there have been substantial complaints.

A total of 28 companies are covered in the report – and it is some of the biggest and best known firms that have the highest failure rates: **Spinneys** 57% (of all their contracts), **Initial** 45% (now owned by **BET**), **Crothall** 33% and **Mediclean** 16% (both now owned by **Hawley**).

The giants, BET and Hawley, now hold 55% of all private cleaning contracts in the NHS. BET has a failure rate of one in three and Hawley one in four.

The report also shows that the early talk of 'teething troubles' on NHS contracts has been proved again to be wishful thinking. The failure rate has increased in the last 6 months – and in over half of these failures, the contractor has withdrawn entirely from the contract.



ACADEMY SACKED

Civil Service departments are generally reluctant to sack private cleaning contractors, since they were the proving ground for Government policies of privatising office cleaning. But the failure of Academy Cleaning Services (London) Ltd to stick to the rules in their contract to clean two major Home Office buildings (Abell and Cleland Houses) has led to its sacking by the Home Office. A security check found many of the cleaners having identity cards in other people's names or carrying no other proof of identity. This is a well known practice in the casualised contract cleaning industry in London and the civil service unions have long been arguing about security risks involved in contracting out. The Home Office solution is, of course, to employ yet another private contractor.

ANDMARC OUT

Andmarc Ltd was sacked after only 2 weeks from a contract with North West Surrey DHA to clean'staff residences.

'Major problems' were apparent within a week, and despite given a chance to put things right, 'there was no way it could bring the cleaning up to the required standard'.

The same health authority has previously experienced two firms of private cleaning contactors – **Mediclean** and **Hospital Cleaning Services (Southern)** pulling out of hospital contracts. These two contracts are now being carried out again by in-house services after retendering, but despite so many burnt fingers, the authority is to put the Andmarc contract out to tender again.

MEDICLEAN MESS

"Since Mediclean took over the domestic services from Sunlight on 1st May 1987 at Queen Mary's Hospital, Roehampton, the cleaning standards have dropped to danger levels" claims Leno Ruocco, District Convenor for the Health Care Union, COHSE.

The union has produced the following statistics after a short survey:

1. Bloodstains on theatre walls and floors left for as long as 3 weeks.

2. Patients' toilets and sluices have remained filthy for weeks.

3. Ward kitchens are left in appalling conditions.

4. Theatre corridors, foyers, rest rooms and other areas, have been unattended since Sunlight's contract was terminated.

5. Cleaning is carried out while wound dressings are being changed and at mealtimes.

6. Carpets of dust are clearly visible under patients' beds.

7. Mediclean employees make worse the already bad security problem at the hospital by constantly leaving windows and doors open. 8. The Nurses' residents complex, Arton Wilson House, has not been cleaned for a month.

9. Patients are being served food on cold plates.

There seems to be a lack of supervision as Mediclean staff are generally not aware of what they should be doing.
Conditions of employment with Mediclean are so bad that they are failing to recruit staff.

12. Nurses and other staff have complained about the levels of cleaning but to no avail.

13. Their performance as a contractor is not being monitored.

14. Rubbish is left for days in various areas of the hospital before it is taken away by Mediclean staff.

"Although the In-House bid failed because it was too expensive, in accordance with the Richmond, Twickenham and Roehampton Health Authority", states Mr. Ruocco, "I maintain that direct labour would have provided a far cheaper alternative if staff were expected to upkeep the type of standards Mediclean have set at the hospital."

"The specifications are not being adhered to at all and it seems that, as usual, management are turning a blind eye to it. Ironically, he concludes, you will not find a speck of dust in the Administrative blocks at Queen Mary's Hospital. Could Mediclean's motto be: 'If you keep the masters happy, who cares about the service the patients are getting?'."

More information from Leno Ruocco tel 01-789 6611, ext 2293/bleep.

NHS privatisation HULL FRAUD INOUIRY

The Fraud Squad has been called in to investigate the award of the cleaning contract at Hull Royal Infirmary, at the request of the local NUPE Branch.

In March, the DHA agreed to accept the in-house tender, though a bid from **Reckitt and Colman** was £85,000 lower. There was concern that Reckitts was not up to managing a major contract, that they employed staff only on low hours, that they restricted trade union rights – and for fear of 'industrial discontent'. After pressure from the RHA to reconsider, the authority decided at the April meeting, to reverse its decision and give the contract to Reckitts.

NUPE is concerned that the DHA chair Dr Nick Varey being a director of Reckitts may have influenced the decision – but the authority claims that he played no part in the award of the contract.

TENDERING COLLAPSES IN NORTHERN IRELAND

Attempts at tendering for hospital support services have failed in Northern Ireland - because, as in Scotland, there are not enough private contractors to compete for contracts. The Northern health board tried tendering its laundry services, but of three firms interested, only one was technically capable of meeting the specifications. The same problem emerged with attempts to put domestic services out to tender. The Western and Southern Boards similarly failed with catering. Only one board, Western, is now going ahead with tendering for domestic services: the others, with added pressure from trade union protests have given up. Workers will now be fighting a more straightforward battle - against attempts to achieve "savings" without tendering.

PRIVATE LABS DANGER

Recent demand for access to cervical and breast screening for women has led to an upsurge in private enterprise in this field. Existing concern over the high rates of error in analysis by private path labs used by the NHS in some health districts has been compounded by reports of shoddy practice by private screening firms. A recent investigation of Milton Keynes based **Healthright** by LWT's London Programme showed failure to detect breast tumours clearly visible on the X-ray plates of two women.

PRIVATE DEALS

The concern of the private health sector about over-capacity should have begun to be eased by the Government's £50 billion pre-election contribution. The funds were intended to cut hospital waiting lists by buying private operations for NHS patients.

At Easter consultants from Barts Hospital in London used £30,000 to carry out surgery at AMI's **Princess Grace Hospital** in Harley Street, for children who had waited over a year for tonsil and adenoid operations.

The Scunthorpe DHA aims to spend its share of £30,000 in paying a local private hospital for 70 ENT operations. Similar deals are reported to be organised by other DHAs.



The West Middlesex Hospital was allotted £150,000 to contract out over 250 operations to the Royal Masonic Hospital. Surgeons from a Stockport Hospital are to do 40 prostate operations at the **AMI Alexandra Hospital** in Cheadle. The Brompton Hospital in London was forced to send two babies needing heart operations to the private **Cromwell Hospital** in May because not enough theatre nurses were available.

Last year the NHS sent 14,000 patients to 60 private hospitals for operations. There is a growing revolt among junior doctors against the practice of diverting public money from the NHS "to prop up an inefficient private sector"..."instead of investing money in recruiting new nurses, maintaining wards or providing more theatre space".

This new source of profit has been dismissed by the Chief Executive of the **Independent Hospitals Association** as mere 'token attempts' by Government to improve 'co-operation' between the NHS and the private sector. He will be perhaps comforted to know that enforced NHS cuts and premature hospital closures offer further opportunities for his members. In Tunbridge Wells, for example, the DHA is using a private psychiatric hospital, **Ticehurst House**, as a stopgap measure for 18 elderly long stay patients, while services are being developed in the district.

NEW PRIVATISATION PLANS

New instructions have been sent to health authorities from the DHSS to examine all hospital support services for possible savings through further contracting out. Suggested targets include ambulances, sterile supplies, gardening, building and engineering, energy maintenance and portering.

PRIVATE PORTERS

Portering has already been privatised in a few health districts. **Mediguard**, a subsidiary of **Securiguard** set up to secure portering contracts, have already taken over the service at East Birmingham Hospital and the reception security work at Homerton Hospital in Hackney. They are now reported to be in discussion with 10 more DHAs about possible contracts. Securiguard also own **Academy Cleaners Ltd**. Other security firms including Group Four and Securior are also expressing interests in NHS work.

MORE DEALS

Community Hospitals plc has won itself a clever deal from Hillingdon Health Authority. Capitalising on Mount Vernon Hospital's reputation in the field of plastic surgery, the company is to build a 24-bed private ward and outpatient unit on the hospital site. For the sole use of private patients, it will have access to all the NHS facilities on site including pathology, radiology and intensive care. And the unit will be staffed by NHS employees 'seconded' from Mount Vernon which already has a desperate shortage of nursing staff and has to rely heavily on agency nurses.

The Chairman of Community Hospitals is Sir Peter Thompson, Chairman of the **National Freight Corporation**. Appropriately the hospital company's main claim to fame is a photograph taken by a NUPE official in December 1983 of a patient, bed-ridden, in traction, being loaded onto a hired truck in Peterborough.

In Bristol, patients at the new Glen private hospital who pay £25 for a cervical smear get their tests analysed at a local NHS hospital – where they are given precedence over NHS patients.



SERVING THE PUBLIC: **BUILDING THE UNION. The** History of NUPE. Volume 1: The **Forerunners 1889–1928**

By Bernard Dix and Stephen Williams. £5.95, published by Lawrence & Wishart, 1987. A fascinating account of the struggles of council workers to build trade union organisations and fight against appalling wages and working conditions. The book has many accounts of campaigns against private contractors. A guote from the Municipal Journal of 17 April 1925 sums it up:

"There is not much that can be said in favour of contract labour with regard to refuse collection and street scavenging. Past experience has proved that where tact, cleanliness and unfailing regularity are required, the employment of contract labour will mean that the authority will be inundated with complaints.'

The book shows how local trade union organisations developed up to the formation of NUPE in 1928. Campaigns against contractors, spending cuts, reductions in standards, pressure on wages etc in the 1880s sound very familiar to those of Thatcherite Britain,

CUTTING DOWN ON CARE – The experience of competitive tendering in the Worcester **Royal Infirmary**

The cleaners at the Royal Infirmary agreed in a "ballot" to sacrifice their performance bonus so that the in-house tender would win the contract - which it duly did. But to this day no-one knows whether an outside bid from a contractor was even received. This report is a personal account by three NHS employees of the enormous costs paid by the 90 workers affected: wage cuts of £14-£19 p.w. extra work, demoralisation, and more than 25% of the staff have left the job.

Available from: West Midlands Low Pay Unit, Wolverley House, 18 Digbeth, Birmingham B5.

GET LONDON MOVING – THE CASE FOR AN OPO-FREE ZONE

London Regional Transport's aim is to make all inner London bus routes driver-only buses (one person operated). The booklet sets out the widely recognised case that these buses are unsafe for passengers, are much slower, cause traffic jams and don't save much money anyway. CAPITAL is an alliance of transport users and workers, so it is surprising that the devastating effects on the drivers' health gets so little attention.

Available free from CAPITAL, Headland House, 308 Grays Inn Road, London WC1X 8DP. (01) 833 4022.

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.

 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 indus-

tries' initiatives to improve and expand public services. 6. Information about new plans or schemes to privatise services e.g. contracting out, use

of volunteers, expansion of private services etc. Please write or phone now - Public Service Action , 27 Clerkenwell Close, London EC1R

0AT. Tel: 01-253 3627

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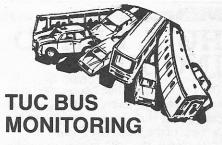
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SPECIAL OFFER

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

Circulation: 12,000



Trade unionists are asked to take part in the monitoring of bus services following deregulation in October 1986 (see PSA). The TUC wants you to send cut-No tings from local newspapers about the effects of deregulation on: Preliability

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Safety

any other aspect of bus services. Please send cuttings, stating date and source, to Economic Department, TUC, Congress house, Great Russell Street, London WC1B 3LS. The TUC intends to produce a collection of reports.

PARTTIME PREDICAMENT. THE RISE OF PARTTIME **EMPLOYMENT IN BRITAIN by Liz Morton**

A TEMPORARY PHENOMENON. FLEXIBLE LABOUR, TEMPORARY WORKERS AND THE TRADE **UNION RESPONSE by Terry** Potter

Two extremely useful pamphlets from the West Midlands Low Pay Unit on employment trends that are especially relevant to public sector trade unionists. Competitive tendering, Privatisation and the associated cost cutting (or profit improving) measures throughout the public sector have led to significant deterioration in employment conditions for hundreds of thousands of workers. Two case studies of temporary workers in the DHSS and the Severn Water Authority illustrate the problem.

Available from the West Midlands Low Pay Unit, Wolverley House, 18 Digbeth, Birmingham B5.

Photographs by Philip Wolmuth unless credited otherwise

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