

PUBLIC SERVICE ACTION

**Action
Alternatives
Information
New Threats
Contractors
Organising**

PRICE 60p
Bulk rates – see back page

THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT

No 30 August 1987

Gas and airline deals

TAKEOVER MANIA

Just months after being privatised British Gas and British Airways plan major takeovers – highly predictable in both cases. The British Airways takeover of British Caledonian has caused a storm of protest and makes a mockery of the Government's so-called 'competition' policy.

British Gas back into oil

British Gas, bitter at the Government's forced sale of its offshore (Enterprise Oil) and onshore (Wytch Farm) oil interests, will spend £650m over the next three years to gain a controlling interest in **Bow Valley Industries**, one of the largest oil and gas exploration companies in Canada. Bow Valley has oil and gas interests in Canada and Indonesia and has a 14 per cent stake in the Brae North Sea oilfield. So British Gas is back in the oil business.

Indecent haste

British Airways wasted little time since privatisation earlier this year. Originally presented as a 'merger', the £237m deal with B.Cal is clearly a takeover. B.Cal clearly has financial difficulties with £19.3m losses last year. Lord King, BA chairperson, argued that Britain needs a 'mega-carrier' to compete against the US airlines in world markets. However, five US airlines are substantially larger, two – Texas Air and United Airlines – are over twice the size of a combined BA/B.Cal group in terms of revenue passenger miles. So the takeover will make little difference in these terms.

The bid has now been referred to the Monopolies and Mergers Commission. A decision has been promised within 3 months instead of the usual 6-9 months. Many smaller British airlines

have combined together to argue against the takeover claiming that a joint BA/B.Cal would have 92 per cent of Britain's airline capacity.

BA has threatened to reduce the offer if the bid was referred to the MMC. B.Cal has said it would reopen talks with other airlines such as Texas Air and Alitalia. Air Europe, owned by the International Leisure Group, may make a rival but lower offer for B.Cal.

BA chairperson had the tables turned on him in the same week. He's also chairperson of Babcock Interna-



Lord King, Chair of British Airways. Creating another monopoly.

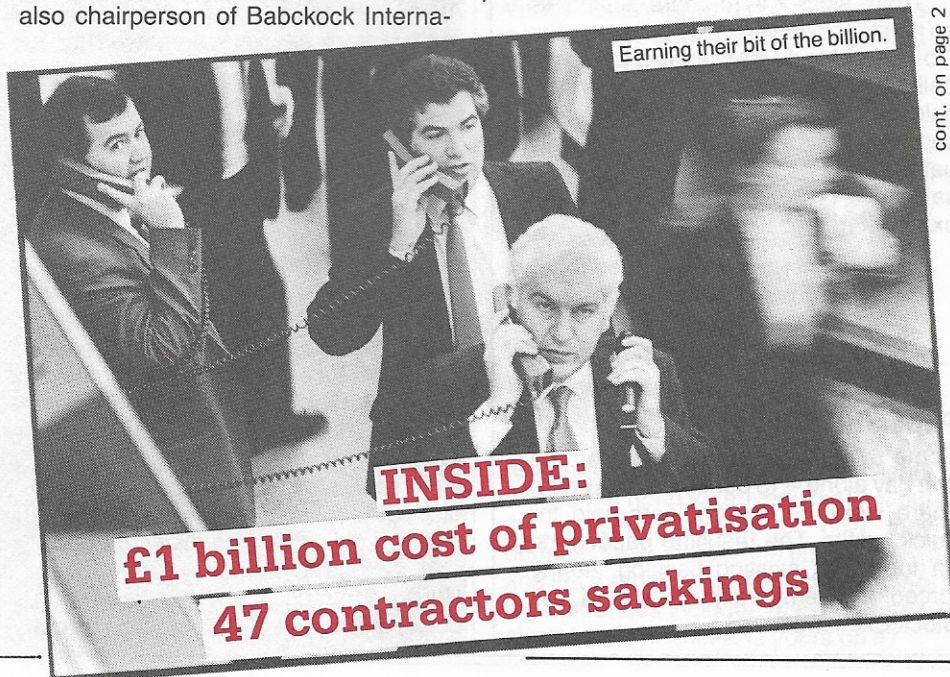
tional, the engineering group, which was taken over by the much smaller FKI Electricals.

Job losses

Another 1,000 B.Cal job losses, on top of a similar number last year, will go in the takeover.

Blue Arrow in mega bid

Another example of the international restructuring of companies is **Blue Arrow's** proposed £767m takeover of **Manpower**, the US employment



Earning their bit of the billion.

INSIDE:

£1 billion cost of privatisation

47 contractors sackings

cont. on page 2

FROM PAGE 1



agency which also has chains of agencies in Britain and France. If the bid is successful Blue Arrow will be the world's largest recruitment agency. Blue Arrow is planning a £837m share issue to finance the deal, the largest ever call for cash by a British company.

The deal will triple the size of Blue arrow which has grown rapidly since Tony Berry, sacked by Brengreen Holdings after a boardroom row, invested his pay-off and proceeds from selling Brengreen shares in the company and became company chairperson. Manpower are likely to resist the takeover. And Blue Arrow may find it difficult to raise all the cash at a time of falling share prices.

BAA SHARES TAKE OFF

Shares in BAA (formerly the British Airports Authority) ended at 146p on the first day of trading on the Stock Exchange on 28 July – a 46 per cent premium on the 100p partly paid shares. This values BAA at some £500m more than the Government received from the sales.

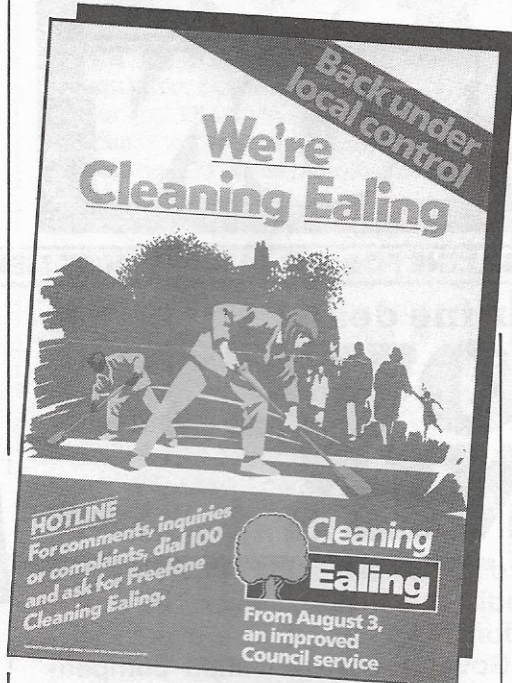
There were 2.47m share applicants so most received only 100 shares as the Government and BAA wanted to avoid a ballot. A quarter of the share offer was sold by tender – the average price of successful bids was 290p on the fully paid up shares compared to the fixed sale price of 245p. This brought in an extra £56m proceeds.

Paper mountain

Some 67m shares were traded on the first day alone – 13 per cent of the entire share issue as shareholders sold for quick profits. The resulting paperwork, on top of an existing backlog, nearly forced the temporary closure of the Stock Exchange.

CLEANER EALING

Ealing Council has terminated *Exclusive's* street cleansing contract a year before it was due to expire, and brought the work back in-house. A new DLO team of 111 workers and 6 officers began on August 3rd.



There had been widespread dissatisfaction with *Exclusive's* inability to meet the performance standards – sometimes only achieving 57%–79%. The previous Tory council had tried to help them out by reducing the performance standard by 25%, agreeing extra payments and spending £15,000 on new lit-

ter bins. But when the new Labour council did a survey of residents' views on local services they found that the least popular was the privatised street cleansing with more than 50% unhappy with the service compared to 80% who were happy with the council's own refuse collection.

The new workforce appointed under an equal opportunities policy includes recruits who had worked on the service before privatisation, as well as existing employees of *Exclusive*.

Staff numbers have been increased from 84 to 111, all on proper local authority pay and conditions; they will also have induction training, proper protective clothing, health and safety training and new equipment and materials. 36 new vehicles had to be bought at a cost of £840,000 as the others had been given away to *Exclusive* in 1983. (Before privatisation, there were 128 staff.)

The specification has been improved with more frequent cleaning of some shopping streets – but mostly the additional staff means that the existing performance standards can actually be met. A 'hotline' freefone service means that members of the public can report rubbish or flytipping, request special collections or complain about the service.

HAWLEY SAFE IN MERTON

Merton's Tory council has reaffirmed its faith in **Hawley Group** services. The **Taskmasters** refuse and street cleansing contract has been renewed for a further 5 years without retendering, despite 8,500 public complaints about street sweeping and 1,100 about the refuse service in the year up to November 1986. And the council is buying the contractors a new vehicle fleet for £1 million.

In June a decision was made to award **Pritchards** with a renewed contract to clean the council's main offices at Crown House, now extended to cover 3 district offices and the Rent Officer's premises. The decision was made on officers recommendations although **Pritchards** was not the lowest tender, its planned deployment of resources in the district officers "on the low side" compared with other shortlisted tenders, and despite problems in the Crown House contract: "... there have been occasions where standards have drop-

ped below an acceptable level". The solution to that problem is seen as improving "the council's own supervision of the contract", not getting rid of the contractor. Eight council cleaners are to lose their jobs in offices now added to the **Pritchards** contract.

(Thanks to Cllr Geoff Martin for this information)



Sale preparation starts

ELECTRIC SHOCK

The Government have virtually decided that the electricity industry will not be sold off as a whole like British Gas and British Telecom. Instead the Central Electricity Generating Board (CEGB – generating and supplying electricity) and the 12 Area Boards (sales and distribution) plus the North of Scotland Hydro Electricity Board and South of Scotland Electricity Board is likely to be split into separate generation and distribution companies. The Government is keen to introduce 'competition' particularly into the generating operations. The electricity assets are valued at between £35–40 billion so the sale will dwarf all others to date.



Showrooms to be sold

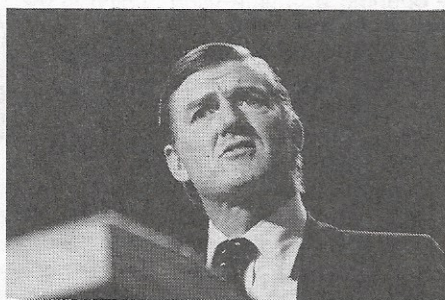
One option is to form six regional distribution companies (including the showrooms) which would be sold off one by one. The CEGB would be split into two companies, one operating power stations, the other the national grid. Another option being considered includes giving the regional distribution companies ownership of local power stations as well. A crucial issue is who controls the nuclear power stations.

Impact on coal

The CEGB currently buys 95 per cent of its coal from British Coal but private ownership will leave it free to buy cheaper coal on world markets. The consequences for British coalmining could be disastrous. Legislation will not be ready until November 1988 but PSA will be closely monitoring events. At the end of July the Government appointed merchant bankers Kleinwort Benson to advise on how to organise that sale. They also advised the Government on the sale of British Telecom, Enterprise Oil, British Aerospace and Cable & Wireless.

Meanwhile, it has been reported that the Government is having negotiations

with CEGB, British Gas, BP, and a major engineering firm over plans to build a private power station on the south coast near Poole or Plymouth. It would be the first such station to sell electricity to the national grid.



Cecil Parkinson: now at Department of Energy with the job of selling off the Electricity Industry.

AUSTRIA SELLS ELECTRICITY

The Austrian Government is to sell 49 per cent of Verbund, the national electricity distribution company together with 49 per cent of the eight power supply groups. Verbund will acquire the Government's stake in these power groups and then sell shares to investors over the next five years. The sales are expected to raise about £375m.

More News

SEED SELL-OFF

The Government has put the **National Seed Development Organisation** and part of the **Plant Breeding Institute** up for sale. Many farmers and agricultural interests protested at the planned sale after a feasibility report by Lazard Brothers merchant bank last year. They will be sold as a single package to **Unilever**.

In 1986 the NSDO received £3.5m in royalties on plant varieties plus £2.5m other profits. The PBI received a £3m government research grant plus £1m from private sources. Lazard's, not surprisingly, is handling the sale and has had inquiries from the USA, several European countries, and firms in Britain.

LESSON FROM AMERICA

Greyhound Lines, the main US long distance bus company, is planning to buy its main competitor **Trailways** for £49m. Greyhound claims it will maintain services where Trailways is the sole operator but since it is buying only 450 of Trailways 1,200 buses substantial redundancies are likely. Large tracts of rural America are dependent on bus services. Greyhound will now have a virtual monopoly of long distance bus services. So much for market forces creating competition and increased choice.

Wandsworth: CARETAKERS' TRIBUNAL WIN

The wheels of administrative justice grind slowly. In 1980 GLC Housing Caretakers in Roehampton found themselves transferred to Wandsworth Council with the housing stock. After endless disagreement with the council over terms and conditions, the caretakers lost their jobs with the pilot project for privatisation of their service in the Borough, when resident caretaking was replaced by private estate cleaning and private security patrols. The caretakers, through their union NUPE, took their case against the council to an industrial tribunal – and finally won a decision on their entitlement to compensation under the GLC Housing (Compensation) Regulations 1980.

The council knew that this compensation was likely to have to be paid – at worst over £800,000 – when they decided to privatise. (The rest of the borough followed Roehampton in 1985.) They didn't take it into account in assessing bids for the contract. Now Wandsworth ratepayers have dirty estates and the financial burden of caretakers' redundancy payments and legal fees.

National Health Service

TRADING BODIES?

Thatcher's determination to fund 25% of the NHS from private sources can be seen in a number of recent developments. Before the election, the NHS was buying-in treatment from the private sector to get the waiting lists down. Now the NHS is selling beds and staff to private customers, just to keep going. The impossible pressure of falling budgets and increasingly desperate patients is encouraging General Managers and Health Authority members to look around for a way out.

No fight

The Institute of Health Service Managers has given up on persuading the Government to provide proper funds for the NHS, and is conducting a Review of ways to raise money for a health service that is "equitable, though not necessarily free at the point of use". Different models of insurance schemes, charges, 'health tax' 'and any other ideas' will be considered.

They will also be looking at ways of providing the health care more "cheaply" for instance trading patients between districts, competitive pricing of certain specialities, selling staff and skills in the private sector. All of these ideas are quietly being put into practice already.

Going Spare

The most graphic example of what this would mean is in City & Hackney HA, East London, struggling with a £1.25m deficit.

At the Homerton Hospital which only opened last year, a general surgical ward is to be closed for 5 weeks over the summer for "re-decoration". Although the general manager claims fewer "planned" admissions, Health Authority Meetings regularly receive formal complaints from patients with a "planned admission" being sent home up to 3 times as their bed is needed for an emergency. One scenario is that the ward will be lost to the district completely by being re-opened as a specialist unit that can be "sold" to other districts.

Barts, at the city end of the district, happens to be the Regional Diagnostic Centre for Breast Screening, although it does not provide actual screening for local women - they have to travel out of the district for that. The proposal is to sell "spare capacity" screening services to city firms for their staff at £40 a time. The income can then be used to provide "screening for the HA's own staff.

Barts has other "underused" capacity after ward closures and consultants being ordered to cut the number of operations to keep within budgets. So, money can be raised by:

- selling non-clinical services such as



NHS workers laundering for profits?

laundry, catering, printing to other HAs, local authorities or private companies. They estimate this will only raise about £100,000

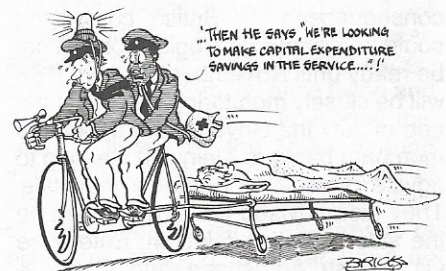
- selling clinical services to other districts or to private patients, e.g. immunisation and advice to overseas travellers, laboratory services
- opening a private wing, which is forbidden by Bart's Charter
- employing a full-time fundraiser to organise 'flag day' donations for special wards/projects.

None of these will raise more than a tiny proportion of the deficit.

Trading profits and losses

The need to develop those services and specialities that will "sell" in competition with other districts and the private sector will distort health service provision. Patients will have to travel long distances for treatments that one hospital has a monopoly of. Priorities will be dictated by commercial considerations. Low waged NHS staff will be exploited to provide 'competitively priced' services.

UNIONS SAVE LAB
 Joint trade union pressure has defeated a plan to lease Wexham Park Hospital's labs to a private company: **International Hospital Group**. The Head of the Pathology Laboratory at Wexham Park Hospital, East Berkshire HA had started negotiations, on his own initiative, to rent out the labs after 5pm on a casual basis for a private company. In the face of opposition from trade unions, consultants and from other parts of DHA management, IGH withdrew.



Local Government Privatisation:

JUMPING THE GUN

The race has started to be the first local council to get rid of all their services to contractors, and be the UK version of the American town council who just meet once a year to re-award contracts. Thatcherites – officers and councillors – are pushing ahead with competitive tendering and privatisation in the face of opposition, not just from trade unions and users of the service, but often of other Tory councillors who don't want to lose control of their services.

LINCS. C.C. plc
Department of Competition



Lincolnshire

Lincolnshire County Council has set up a "Competition Unit" to prepare for putting ALL their services out to tender, only excluding those they are not legally able to sub-contract. This policy applies to all jobs – manual, professional and administrative.

Following the Audit Commission approach, their declared aim is to "pursue cost competitiveness through the market place". They claim no preference for in-house workforce or private contractors – cheapness is everything. But, of course, the arrangements for competitive tendering will be designed to encourage the private sector, e.g. ensuring the work is offered in such a way as to suit the "select" list of companies. Service standards need not be the same as they are now; they simply have to be defined and monitored.

Far from learning from the disastrous experience of their privatisation of the school cleaning service (see PSAs 24 and 27) the same Cleaning Contract Manager will be responsible for putting out all the other services, using the budget put aside for managing the cleaning contract.

Lincolnshire have already established "quasi trading units" in the legal and computer services, printing and vehicle fleet service. These independent units run on commercial lines with a predetermined rate of return. They can work for council 'client' departments or for outside private interests. Client departments can choose to buy their services from the DLO or from a private contractor.

Enfield

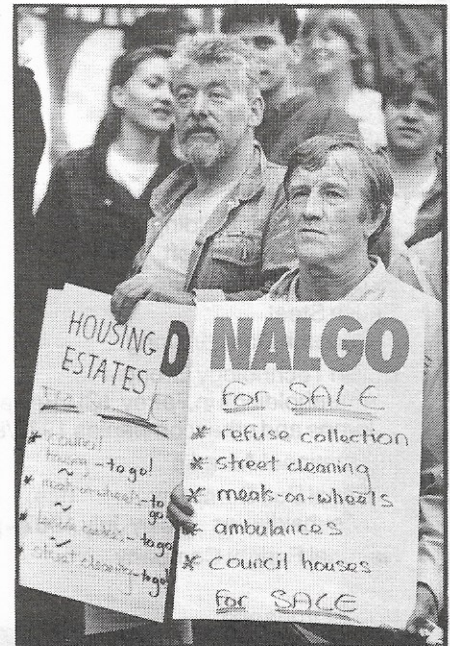
Terry Neville, newly elected Councillor in Enfield and ex-solicitor at Westminster City Council has pushed through a proposal that a Chief Officers Management Team start on the competitive tendering process in 11 services: refuse collection, street cleaning, public conveniences, vehicle maintenance, transport services, catering services, office and other cleaning services, garden and ground maintenance, housing estate cleaning, housing estate management and, surprisingly, the valuation services.

Pritchards sacked

Ironically, this comes within weeks of Enfield sacking the contractor in their only privatised service. The Civic Centre cleaning contract was won by a small firm that has since been taken

over twice, and is now owned by Pritchards (part of the Hawley Group). Pritchards were unable to clean the council offices adequately, and after numerous complaints and fines have now been dismissed. A new company has had to be brought in, with a tightened up specification and an initial payment to bring the offices up to standard.

There had been concern that Pritchards' employment practices were behind many of the problems: e.g. employing mainly schoolchildren and pensioners, no contracts of employment, very low rates of pay, no references or checks on cleaners with access to confidential files etc. On the new contract, Enfield are insisting on specifying rates of pay, minimum conditions of employment and overseeing the employees' records.



Westminster

Following their announcement that 13 services would go out to tender (see PSA 27), Westminster are now going ahead with the cleaning in social services residential homes, and the catering in day nurseries and old people's homes. That means that about 60 jobs are directly threatened. The catering staff in children's homes and mental health establishments are saved as the Council accepted the argument that catering in those homes has a rehabilitation element. Catering on site in residential establishments is not covered by the compulsory tendering legislation.

The specifications have already been drawn up by Gardner Merchant. This "welfare" catering will be 'packaged' with the Staff Catering – currently provided by ARA Catering Services – making it extremely difficult for any in-house bid to win.

There is a joint union campaign against the loss of jobs, although differing tactics. NALGO has a policy of non-co-operation with preparing specifications or the in-house tender and any other work relating to the competitive tendering process. NUPE have decided to co-operate with preparing in-house tenders.



THE SOARING COSTS EXCLUDING UNDERPRICING OF ASSETS

Private Sales 1979-87

	Gross Sale Price £m	
British Airways Helicopters	13.5	
British Gas (Wytch Farm)	85.0	+ 130.00 when production target met
British Rail (23 hotels)	45.0	
Sealink Ferries	65.7	(£32.7m book value loss + £10m revenue loss)
British Shipbuilders		
Brooke Marine Ltd	0.1	
Hall Russell Ltd	—	
Scott Lithgow Ltd	26.0	(£71m net loss)
Swan Hunter	5.0	
Vickers Shipbuilding	60.0	
Vosper Thornycroft	18.5	
Yarrow Shipbuilders	34.0	
British Steel		
Redpath Dorman Long	10.0	
British Technology Group shareholdings in Fairey, ICL, Ferranti Inmos and other companies 1979/87	313.1	
International Aeradio	60.0	
National Bus Company 37 subsidiaries sold by July 1987	100.0	(estimate)
National Freight Company	7.0	(£100m debt written off, £47m paid into underfunded pension scheme)
Royal Ordnance		
Leeds factory - Vickers	11.0	
Remainder - British Aerospace	190.0	
Rover Group		
Leyland Bus	4.0	
Leyland Trucks	none	
DAB	7.0	
Istel (computing service)	26.0	
Unipart	30.0	
Other share sales		
Suez Finance Company	22.0	(net)
British Sugar Corp.	44.0	(net)
Drake & Scull Holdings	1.0	(net)
Others	19.0	(net)
Motorway Service Areas	47.0	(net)
subtotal	£1,373.9m	

Cost of private sales at 1.5 per cent fees, commissions etc - **£20.6m**

Land and Property sales 1979-87

New Towns		
Commercial/industrial property and land	663.0	
Housing land	146.0	
Cost of sales at 1.0 per cent fees, commissions etc - £8.1m		
Council Houses		
1,078,510 local authority, new town and housing association dwellings sold	10,900.0	(capital value)
plus 2,315 hectares of council housing land	—	(value not known)

Cost of sales at £100 per sale - **£107.8m**



Notes: Excludes internal Government Department costs. Excludes sale of other subsidiaries by nationalised industries. Excludes other land and property sales by local authorities, NHS, Property Services Agency, Forestry Commission, Crown Agents and nationalised industries.

OF PRIVATISATION



The sale of public assets 1979-87

Cost of sales including fees, commissions, marketing and share incentives

Public share sales	Net cash raised by		Cost of sale to	
	Government £m	Debt written off £m	Government £m	Company £m
Amersham International (1982)	65.0		3.0	0.7
Assoc. British Ports (1983)	34.0	cost 56.0	3.0	0.22
Assoc. British Ports (1984)	52.0		1.0	—
BAA plc (1987)	1,281.2	gross	35.0 (est)	7.0 (est)
British Aerospace (1981)	50.0	135.4 dividends foregone & shortfall	5.0	1.0
British Aerospace (1985)	363.0		18.0	8.0
British Airways (1987)	892.3		42.6	10.0
British Gas (1986)	5,591.0		360.0	15.0
BP (1979)	290.0		14.0	—
BP (1983)	566.0		9.0	—
British Telecom (1984)	2,626.0	1,290.0 to eliminate pension fund liability	263.0	8.0
Britoil (1982)	549.0		13.0	4.0
Britoil (1985)	449.0		12.0	3.0
Cable & Wireless (1981)	189.0		7.0	0.55
Cable & Wireless (1983)	275.0		5.0	—
Cable & Wireless (1985)	602.0		10.0 (est)	12.5
Enterprise Oil (1984)	392.0		11.0	2.0
Jaguar Cars (1984)	294.0		5.5	0.3
Rolls Royce (1987)	1,080.0		35.0 (est)	7.0
sub totals	£15,572.5m		£852.1m	£79.27m

Cost of public share sales—£931.4m

Total Costs of Privatisation

Public share sales	£931.4m
Private sales	£ 20.6m
Land and property	£115.9m

£1,067.9m

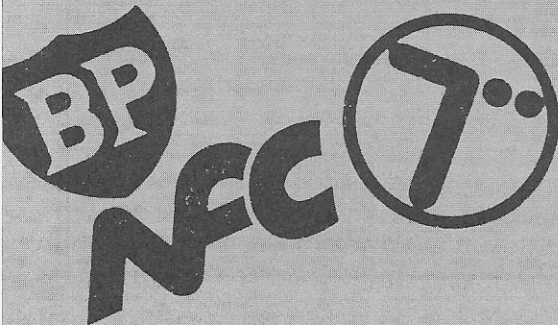
The cost of selling
British Gas
was
£51.09
for every
public and employee
shareholder

4,550,206 applicants received 62 per cent of shares





Sources: National Audit Office reports Sale of Government Shareholding in British Airways, HC/37, HMSO 1987; Sale of Government Shareholding in British Gas, HC/22 HMSO 1987; Sales of Subsidiary Companies and Other Assets by Nationalised Industries, HC/162 HMSO 1985; Disposal of New Town Assets, HC/76, HMSO 1986; Sale of Government Shareholding in British Telecom, HC/495, HMSO 1985; Privatisation - The Facts, Price Waterhouse, London, 1987; National Enterprise Board, British Technology Group, 1987; Economic Progress Report No 145, May 1982, The Treasury; Public Accounts Committee, Sale of Government Shareholdings in Publicly Owned Companies, HC 443, HMSO 1983; Public Accounts Committee, Sale of Shares in British Aerospace, HC/189, HMSO 1982.



CONTRACTORS: 47 SACKINGS/ABANDONED CONTRACTS

There are at least 47 examples of contractors being sacked or abandoning contracts in local government (21 cases), NHS (25 cases), and the civil service (1 case) in the last three years alone.

Where contractors have withdrawn this is usually to prevent actually being sacked because of consistent failure to meet the required standard of work or because the authority has refused to bow to the contractor's demands for additional payments. The list does not include examples where contractors have not succeeded in renewing contracts, ie the work has been brought in-house or awarded to another contractor. Two firms, BET (with 13) and Hawley Group (with 10), have 50 per cent of the list.

LOCAL AUTHORITY SERVICES

Contractor	Service	Local Authority	Reason
Academy Cleaning (Securiguard Group)	School cleaning	Merton	Poor standards, 1983
Amalgamated Cleaning (Hampson Industries)	Market cleaning	Gloucester	Demanded £24,000 extra, 1983
Exclusive Cleaning (BET)	School cleaning	Dudley	Low quality work, 1984
Exclusive Cleaning (BET)	Street cleansing	Ealing	Firm withdrew 1987, return to direct labour
Home Counties Cleaning (Hawley Group)	Bus station cleaning	Milton Keynes	Poor standards, 1983
Initial (BET)	School cleaning	Dudley	Low quality work, 1984
Initial (BET)	School cleaning	Cambridgeshire	Failure to clean, 1985
Initial (BET)	Toilet cleaning	Kennet DC	Poor quality, 1986
Initial (BET)	Market cleaning	Gloucester	Low standards, EHO threat to close, 1983
ISS Servisystem (ISS International, Denmark)	School cleaning	Norfolk	Poor quality, 1984
ISS Servisystem (ISS International, Denmark)	School cleaning	Birmingham	Complaints in 50 schools, firm withdrew
Landscape Control Services	Grass cutting	Boothferry	Low standards, 1986
Office Cleaning Servs (OCS Group)	School cleaning	Dudley	Low quality work, firm withdrew 1984
Pall Mall Cleaning (Sunlight Services)	School cleaning	Cambridgeshire	Failure to clean, 1985
Pritchard Services (Hawley Group)	Grass cutting	Wandsworth	Fined £138,116, dismal standards, 1983
Pritchard Services (Hawley Group)	Grass cutting	Kingston	Failed to comply, 1984
Provincial Cleaning (Hawley Group)	School cleaning	Berkshire	Low standards, 1986
Supercare	Sports facilities	Warwick DC	Poor service, 1984
Taskmasters (Hawley Group)	School cleaning	Cambridgeshire	Failure to clean, 1985
Sutcliffe Catering (P&O Steam Navigation)	Residential/homes meals	Merton	Complaints over quality/size, 1985
Whyatts	Repair/improve 80 flats	Camden	Long delays, 1985

CIVIL SERVICE

Contractor	Service	Department	Reason
Academy Cleaning (Securiguard Group)	Office cleaning	Home Office	Staff using false identity cards, 1987

NATIONAL HEALTH SERVICE

Contractor	Service	Health Authority	Reason
Advance Laundries (BET)	Laundry	Kingston HA	Firm withdrew 1986
Allied Medical	Catering, Farnham Rd Hospital	SW Surrey HA	Poor standards, firm voluntary liquidation 1985
Andmarc Services (Andmarc Holdings)	Domestic, staff residences	NW Surrey HA	Poor standards, sacked 1987
Blue Arrow Group	Domestic, Parkside Hospital	Macclesfield HA	Poor quality, firm withdrew 1986
Contract Clean (Hawley Group)	Domestic, 3 hospitals	NW Surrey HA	Firm withdrew 1986
Crothall Ltd (Hawley Group)	Domestic, Maidstone Hospital	Maidstone HA	Fined and sacked 1986
Exclusive (BET)	Domestic	Barnet HA	Sacked, demanded more money 1986
Gardner Merchant (Trust House Forte)	Catering Manag. Guys Hosp	Southwark HA	HA withdrew 1986
Hall Hospital Serv. (Hall Cleaning Servs.)	Domestic	Rochdale HA	Firm withdrew 1986
Home Counties Cleaning (Hawley Group)	Domestic, Midland Women's Hospital	Central Birmingham HA	Firm withdrew 1986
Hospital Hygiene Serv. (Care Servs Group)	Domestic, Orpington Hosp.	Bromley HA	Sacked for poor work 1985

Contractor	Service	Health Authority	Reason
Hospital Hygiene Serv. (Care Servs Group)	Domestic	Gateshead HA	Firm withdrew 1985
ICC Hospital Services (BET)	Domestic	Barnet HA	Sacked, demanded more money 1986
ICC Hospital Services (BET)	Domestic	N. Derbyshire HA	Firm withdrew 1986
ICC Hospital Services (BET)	Domestic, Colchester Hosp.	N.E. Essex HA	Firm withdrew, low quality, 1986
ICC Hospital Services (BET)	Domestic, health centres	Nottingham HA	Firm withdrew 1986
Initial (BET)	Laundry	N. Warwicks HA	Firm withdrew 1986
Mediclean (Hawley Group)	Domestic, Ambulance HQ	Bristol HA	Sacked 1986
Mediclean (Hawley Group)	Domestic, Botleys Park Hosp	N.W. Surrey HA	Firm withdrew 1986
Pall Mall Cleaning (Sunlight Services)	Domestic, Queen Mary's Hosp	Richmond HA	Firm withdrew 1987
Reckitt Cleaning (Reckitt & Colman)	Domestic, Worthing Hospital	Worthing HA	Firm withdrew 1985
Royal Jersey Laundry	Laundry	Harrow HA	Firm withdrew 1985
Spinneys Ltd (Steel Bros Holdings)	Catering, Queen Elizabeth Hospital	Central Birmingham	Poor service, firm withdrew 1986
Spinneys Ltd (Steel Bros Holdings)	Domestic	Solihull HA	Firm withdrew 1986
Westcott Laundry (Co-op cleaners)	Laundry	Harrow HA	Firm withdrew 1984

Note: A few sackings took place before they were acquired by the current parent company.

Contractors & Consultants

Wandsworth in 4-year legal battle

After a 4-year legal battle Wandsworth Council has still failed to obtain the £75,000 performance bond which Pritchard Services Group (now part of the Hawley Group) had placed with Bank of America.

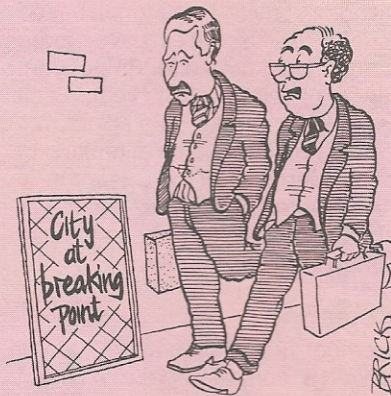
The council had sacked Pritchards from a grass cutting contract in 1983 after the firm incurred £138,116 fines for failing to carry out work and poor standards. On 25 June 1985 the Borough Solicitor wrote to the Bank of America demanding payment of the bond.

Pritchards immediately started legal proceedings against both the council and the bank claiming damages against the former for breach of contract and demanded an injunction restraining the council from seeking payment of the bond from the bank. Pritchards also took out an injunction against the bank to restrain it from paying the council. An application for an interim injunction was heard on 18 December 1985. The Borough Solicitor counter-claimed against Pritchards for losses suffered during the period the firm had the contract.

By the end of July 1987, four years since Pritchards were sacked, the council is still seeking payment of the bond. Nor is there any estimate of the council's mounting legal costs. Another example of Wandsworth's so-called 'savings'.



**Hawley
Group
PLC**



'I tell you it's Hell! We just can't make the quantum leap from getting rich to getting stinking rich quick enough!!'

ANOTHER HAWLEY TAKEOVER

The **Hawley Group** has acquired the Australian cleaning firm **Berkeley Cleaning** for £13.7m from the Berkeley Group. Berkeley cleans offices, hospitals and schools and will be merged with Hawley's Australian subsidiary Challenge Property Services. Berkeley's British cleaning (8 NHS contracts) and catering (135 mainly commercial and industrial contracts and the sixth largest contract caterer) subsidiaries eg Taylorplan Cleaning Services, are not included in the current deal. Hawley has also added the US firm Crime Control to its security operations in a £32m deal.

GAS CUT-OFFS RISE

Gas disconnections increased 43 per cent in the three months following privatisation of **British Gas** in November 1986. Cut-offs rose to record levels in virtually every region. Monitoring by the Right to Fuel Campaign showed that only 12 per cent of those disconnected got their supply reconnected within a month.

GRANDMET SELLS HOME NURSING FIRM

Grand Metropolitan has sold another of its contracting activities (see PSA No 29). This time it is **Quality Care**, the US chain of home nursing staff agencies, which has been sold to the Lifetime Corporation for £63.7m, some £13m less than GrandMet paid for the firm in 1985. Quality Care's turnover was £100m in 1986 but pre-tax profits of £4.6m have remained static. GrandMet also announced it is considering selling its US chain of Childrens World nurseries.

GrandMet's recent newspaper adverts told the story between the lines. They failed to say that they could provide the cooks, the cleaners, the private hospitals just in case of food poisoning, the refuse collectors to take away the empty bottles and leftovers. They've recently sold all those subsidiaries.



More News



BROWNING FERRIS LOSE WANDSWORTH REFUSE CONTRACT

A seven-year Wandsworth refuse contract has gone to **Teamwaste (R.B. Tyler Ltd)** – part of **AAH Holdings plc** replacing Browning Ferris Industries' Wastecare subsidiary. Tylers already have the street cleansing and grass cutting contracts. Wandsworth is fast becoming a one-company town like neighbouring Merton (controlled by the Hawley Group).

Six firms were invited to tender but Exclusive Cleaning Services and Waste Management International (USA) pulled out. The four tenders were:

Teamwaste (R.B. Tyler (Ware) Ltd	£2,057,112
BFI Wastecare Ltd	£2,342,784
Taskmaster Ltd (Hawley Group)	£22,540,980
Drinkwater Sabey Ltd (Attwoods plc)	£4,655,928

based on the first year annual cost. There was no direct labour tender.

Pay and conditions

The tender document included details of proposed staffing levels, pay and working conditions.

	Teamwaste	Wastecare	Taskmaster
Workforce	108	102	106
Managers/admin	6	5	7
Working week	40hrs	40hrs	40hrs
Weekly wage			
Driver/Loader	£156		
Loaders	£150	£137	£142.20
Allowance for Chargehand	£ 5		
Drivers			£151.00
Charge/Driver		£173	£161.50
Co/Drivers		£155	
Pension Scheme	None	Company Scheme	Voluntary Company scheme
Holidays	20 days + statutory	20 days + statutory	20 days + statutory
Sick Pay	Scheme after 1 year	3 weeks after 1 year	Scheme after 1 year
Training	On the job	On the job	On the job

All contractors said they would take on extra staff at peak holiday periods.

Note: **The pay levels are for London**

Attwoods waste disposal investigation

'MAFIA LINKS' ALLEGED

Further allegations of links between Attwood's, the waste disposal and mineral extraction firm, directors, its US subsidiary, and the Mafia together with more price fixing indictments have been made in America. Denis Thatcher has been a director and shareholder in Attwoods since 1983. He is now deputy chairperson. The Hawley Group has a 30 per cent stake in Attwoods.

More charges

In *PSA's* special supplement on waste disposal (see *PSA* No 22) we reported that Attwoods had been indicted by a Federal Grand Jury on a price fixing charge. The *Observer* recently reported further legal action against the company and some of its directors.

Attwoods acquired the Florida based Industrial Waste Services (IWS) three years ago. It accounted for 65 per cent of Attwood's profits last year. Jack R Casagrande and Ralph Velocci, directors of IWS became directors of Attwoods. Members of the Casagrande and Velocci families were the major shareholders in IWS and now have large shareholdings in Attwoods.

Racketeering

In December 1986 Casagrande, Velocci and an IWS company were charged with theft and conspiracy in an energy/waste scheme planned for Ocala, Florida. In May this year a Grand Jury brought new charges of racketeering and fraud against Velocci. The IWC company was also charged with racketeering.

IWS, World Sanitation – run by members of the Casagrande and Velocci



families from an Attwoods address, and three other refuse companies were charged with making excessive profits by the Florida Attorney General. The State is suing IWS in a Federal court case for £1.9m for the excessive profits allegedly made between 1979 and 1984 by overcharging hospitals, schools and government offices. A further £600,000 is being sought in another court case.

Last year IWS was fined £235,000 after pleading "no contest" to charges of price-fixing on refuse contracts since 1971.

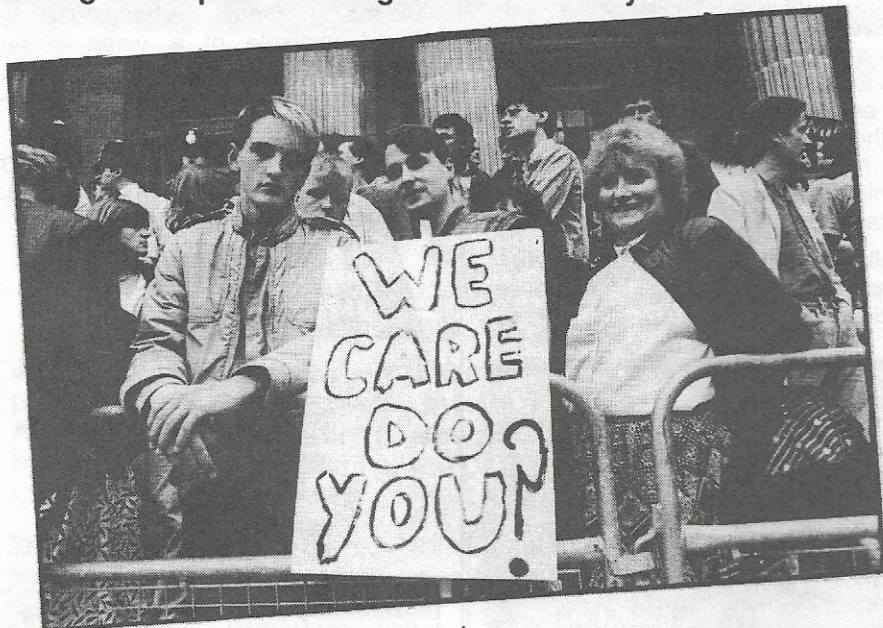
Mafia links

The Casagrande and Velocci families were also directors and shareholders of Five Counties Carting, a New York refuse disposal firm. Five Counties and a number of other firms along with three known Mafia figures have been accused of conspiring to make excessive profits, £6.25m, by price fixing and allocating customers. It is alleged this was controlled by the Mafia through intimidation and corruption. Some of the evidence for this case and a number of other charges came as a result of electronic bugging of a car used by Antonio Corallo, boss of the Lucchese Mafia family who was jailed for 100 years in January this year.

SOCIAL SERVICES

PRIVATE CARE SCANDAL

In 1984 we wrote about a firm called Care Concern set up by a property developer called David Rattray running children's homes in Wales – funded by placements from 55 local authorities. Times have been good for businessmen who've diversified into 'care'. The Health Service Journal of 18th June 1987 carries a full-page advert for the company (now international) offering a whole range of private facilities for all kinds of special needs providing 'programmes leading to independent living in the community'.



The timing of the advert owes nothing to chance. There have been odd rumblings of complaint over the years and the refusal of registration in 1985 for expansion of 'The Village' for the mentally handicapped by a tribunal appalled at conditions there. Now the Welsh Office has published a damning report on 'The Village' following an inspection in July 1986.

'The Village' is not located in any 'community', but in the buildings of an old TB isolation hospital. When inspected it housed 104 residents, sponsored by 53 local authorities all over the UK. The report's findings include:

- "... the quality of accommodation was sparse, invariably in bad disrepair, and furnished to an unacceptably low standard in most of the places."
- Dining and kitchen areas had scraps of food left on the floor, dirty washroom and 2 cockroaches were seen in the corridor. . .
- Special Care (for some 25% of residents) . . . "the environment of all 3 Special Care units was bare and spartan . . . the basic facilities were the same as provided in hospital days . . . no locks on some of the toilet doors. Where staff identified special problems . . . staff

reported that they had no solutions to these problems, or dealt with them by ignoring them. The residents were referred to as children although they are mainly young adults."

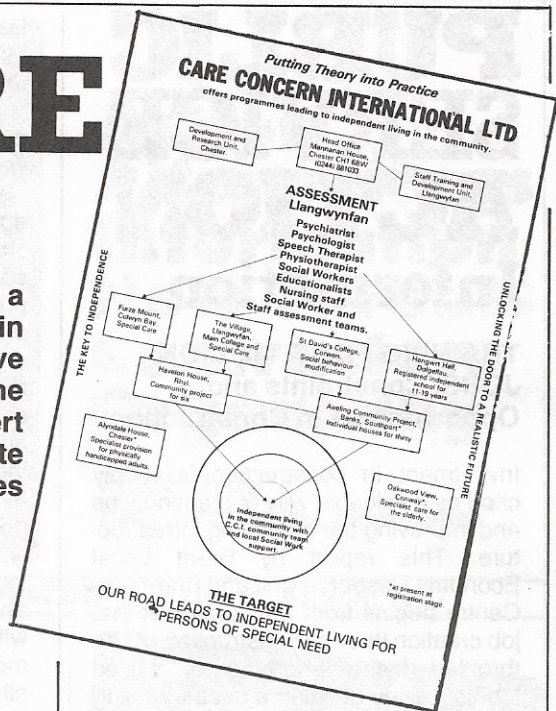
● Main Care (for other 75%). The report questions the suitability of The Village for some residents who appeared not to be very handicapped, but perhaps maladjusted, and for a group on probation who were contained but were not receiving 'the skilled intensive help' they needed.

● Cedar, a unit for 14 women was "a cheerless place, a dark dismal lounge had all the worst features of institutional living. . ."

● Cherry, a unit for 3 young men . . . "no adjectives can adequately describe the standard of accommodation. . ."

● The workshops . . . "equipment provided seemed appropriate but it was not clear what purpose lay behind the programmes of activity. . ."

● The reviews of residents progress . . . files were kept locked, staff rarely saw them . . . reports lacked "historical perspective", "specific goals" or "a sense of direction." . . . "we saw no written reports by social workers and the whole review document was completed



by staff . . . recommendations were invariably limited to proposing firstly a continuation of the placement. . . In one instance, where there was a proposal to discharge a resident who was judged only to be only mildly mentally handicapped (if at all) he remained at The Village some 9 months later without a clear plan of action."

- Staffing was largely young, newly appointed and not given appropriate training.
- Management lacked clarity of vision and a sense of direction.
- There was a serious lack of adequate professional support.

Overall ". . . the campus is not an appropriate environment for people with a mental handicap . . . the organisation is not delivering the right sort of support to the residents in its care . . . the discrepancy between the level of service contracted for and that actually delivered appeared to us to be unnecessarily great and this places all concerned at serious risk".

MONEY

Weekly fees were £217 for standard care, £312 for special care and £446 for intensive care – paid by Social Security and payments from referring local authorities. . . Placing agencies maintained only a low level of contact. . .

WHO CARES?

The place wasn't closed, but the report has 43 recommendations for improvements. Some local authorities are reported to be removing their clients (hence the need for advertising) . . . but the question remains of how they dumped them there in the first place . . . and left them so long. The list of 55 placing authorities includes many 'progressive' Labour councils. Is yours on it?

PUBLIC SERVICE ACTION

Information

TRAINING FOR A MILLION JOBS. Constraints and Opportunities in Construction

Investment in construction is widely cited as a valuable way of creating jobs and improving the crumbling infrastructure. This report by Brent Local Economy Resource Unit and Brent Law Centre begins from the "prospect that job creation through construction will be throttled by a shortage of skilled labour". They develop a useful training policy programme – national and local – to meet the industry's needs for skilled workers and local peoples' need for skilled jobs (including a commitment to equal opportunities). Although clearly a contribution to the debate around the

Labour Manifesto commitment to One Million Jobs, it is still useful in the current climate.

The public sector – local authorities as well as other public authorities e.g. water, roads, gas and electricity – have traditionally been a major source of apprenticeships and training in the construction industry. The Government's policy of only investing in private or privatised housing, and the imminent privatisation of water and electricity and other "infrastructure" authorities means not only less publicly funded construction, but also the loss of those authorities' DLOs as a source of training. Such "wider social responsibilities" as training and equal opportunities will no longer be their concern.

Even if the industry takes on providing proper training itself, local training and local jobs with equal opportunities will only be achieved by the unwieldy method of contract compliance, or locally funded Training Centres. A local training plan and policy becomes all the more urgent.

Available from Brent LERU, 389 High Road, Willesden, London NW10; price £2.50.

INEQUALITY IN HEALTH – A STRATEGY FOR CHANGE

"Good health does not just come from treating illness. Illness and premature death are not primarily a product of individual neglect or remedied by individualised medical intervention. Instead the causes are part of the structure of our society." This report is a statement of NUPE's policy on health – a framework for organising and campaigning. It was drawn up as a result of discussions throughout the Union. It sets out its strategy for health covering public health, care in the community, health at work, inequalities in health, the case for elected health authorities, privatisation, private health companies and the drug industry. A beautifully produced example of a union taking responsibility for the quality of life of its members and the services they provide.

Available from NUPE, Civic House, 20 Grand Depot Road, London SE18. £2.50 to non-members.



System-built and Tower Block Housing Project Ltd are advertising two posts: Team Leader and Campaigns Worker. If you are interested, phone 061-276 2643 for more details. Closing date 28.8.87.

- Apologies to Tony LLOYD MP for Stretford for describing him as a Tory MP in the article in PSA 29 "Food companies hi-jack health agenda". He is in fact a Labour MP.
- Apologies to CAPITAL for omitting to credit them for the information in the article "Bus Workers in Tender Trap" in PSA 29. Their regular Briefing can be obtained from CAPITAL, 308 Grays Inn Road, London WC1.

Photographs by Philip Wolmuth unless credited otherwise.

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

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

CAN YOU HELP
Public Service action urgently needs:
1. Copies of council, NHS and other public bodies' reports on the tendering of services, cost comparisons, and trade union submissions.
2. Information on contractors' fines and failures.
3. Details of contractors' wages, conditions, benefits and employment practices.
4. Regular news about campaigns against privatisation, cuts and contractors. Share your ideas, tactics and lessons learnt with other campaigns.
5. Details of trade union and/or local authority, NHS, civil service and nationalised industries' initiatives to improve and expand public services.
6. Information about new plans or schemes to privatise services e.g. contracting out, use of volunteers, expansion of private services etc.
Please write or phone now – Public Service Action, 27 Clerkenwell Close, London EC1R 0AT, Tel: 01-253 3627.

Subscribe NOW

PRICE: 60p each including postage or £6.00 for a 10 issue subscription.
BULK RATES:

5–9 copies at 55p each inc post or £5.00 for each 10 issue subscription.
10–99 copies at 50p each or £4.70 for each 10 issue subscription.
100–499 copies at 47p each or £4.50 for each 10 issue subscription.
500 or more copies at 45p each or £4.30 for each 10 issue subscription.
Airmail Rate: £12.00 for ten issue subscription – International Money Order only please.

We have held the price of PSA constant for over 2 years. In setting the new prices we have **subsequently increased the advantages for bulk purchasing** 5 or more copies. PSA has always been intended for wide distribution and readership in the labour movement.

Circulation: 12,000