

PUBLIC SERVICE ACTION

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New Threats
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THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT

Local Government

BRADFORD'S BLUE PRINT

Bradford is the latest Tory vision of inner cities. It joins Wandsworth, Westminster and Merton as the 'test beds' for the future role of local government. Within a few weeks of gaining control after a by-election in September, the Tories had pushed through a drastic programme of privatisation and asset-stripping on the casting vote of the Lord Mayor, used 35 times in a rowdy late night meeting. Bradford is the biggest Tory held authority and in the Labour heartlands.



The by now familiar strategy is to privatise council services ahead of the legislative timetable, bring in economic charges for services, sell assets, axe politically unacceptable departments and force senior officers into business methods. Local councils are to "enable" other organisations to provide services rather than provide them directly themselves. They are to operate more like private companies and not local government. Cuts of £5.8m this year and £6m each year for the next five years are planned.

This is very much in line with Government thinking, and Bradford has received messages of support from Thatcher and Ridley. Bradford will be putting into practice all the enabling legislation that the Government has put into place over the last few years. The Adam Smith Institute report due out later this year proposes that local councils should be turned into private companies.

Bradford's plans:

- cut 9000 out of 28,000 council workers jobs over five years

- sell off 15 old people's homes
- increase council rents by 16% – about £3 per week
- put up price of school meals by 25% to 80p, and increase charges for leisure activities
- introduce 'economic' charges for home helps and meals in day centre
- sell off parks, sports grounds, a leisure centre and a theatre
- bring in performance related pay and seven year contracts for senior management. They will then be encouraged to negotiate similar performance pay deals for their departmental staff, within cash limits
- abandon the employment advice centre, work on race and sex equality, low pay and peace studies, and benefits take up campaign. The Benefits shop is already closed
- launch bids for a Housing Action Trust and a City Technology College
- transfer funding for voluntary sector organisations to a community trust which will have to raise private finance
- establish an active policy of selling estates, and encouraging home ownership
- Council meetings are no longer to be open to public, but ticket only, with a list of those not allowed to attend at all. The public will no longer be allowed into City Hall, unless they are accompanied.

Opposition

Opposition to these plans is widespread. The unions are threatening industrial action, campaigns in the community to defend services are attracting support throughout the town, including Tory supporters. Local church leaders and the Bishop of Bradford have issued warnings about the effect of such cuts on an area with high unemployment.

INSIDE

**ARA SACKED
TENANTS WIN
WATER BIDS**

Unhygienic kitchens, rotting food, warehouse portions

ARA SACKED

ARA Services have been sacked by Wandsworth Council from their five year £3m catering contract in 10 old people's homes. Three years ago council trade unionists campaigned hard to prevent ARA getting the contract, using evidence supplied by PSA, citing ARA's parent company's US track record of Federal and State fines for price fixing and nursing home violations, and alleged mafia links. (PSA 13, 14, and 15). Now its British subsidiary has been sacked for running unhygienic kitchens, supplying rotting food and short changing elderly residents with meagre warehouse portions.

The letter sacking ARA sent by the Director of Social Services to ARA's Managing Director, A.J. Meakin, on 7 October 1988 reported the findings of Environmental Health Officers who carried out random inspections of five homes on 27 September:

"Overall standards were unacceptable. Basic principles of food hygiene are being ignored. Specific requirements of the Contract regarding personal hygiene are being breached. Raw and cooked meats have not been properly separated with consequent risk of contamination by salmonella bacteria."

The letter continues:

"Instances of failure to observe the necessary temperature controls which could lead to dangerous levels of bacterial growth. There was evidence of smoking in the kitchens and many other contraventions of the Food Hygiene Regulations which could, of course, be the subject of criminal prosecution."

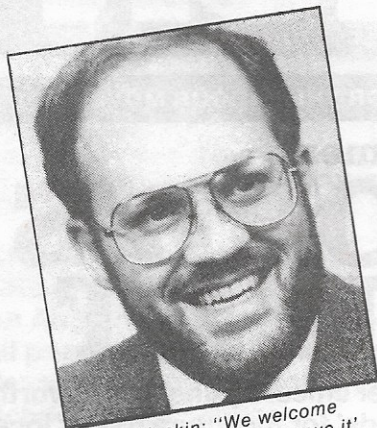
The letter also concludes:

"It is apparent that your staff are inadequately trained and supervised ... Management was very lax and totally unprofessional."

Council staff mount rescue operation

The contract was terminated on 12 October. The next day the council had to mount a rescue operation sending in their own supervisors, using their own staff from the town hall and luncheon clubs to clean the kitchens and train some retained ARA staff and agency workers. Even the council were moved to express their gratitude for the way council workers ensured the elderly received all their meals despite the difficulties. ARA will be liable for any council losses and increased costs.

ARA have admitted that their "budget for feeding residents was £1.08 per person per day. This was totally inadequate, and this year we had already spent an average of £1.42 a day - subsidising the balance out of our own pockets" claimed an ARA spokesperson in *Caterer & Hotelkeeper* (20 October 1988). "For the past three years we were trying to renegotiate or withdraw from the contract." The coun-



Arthur Meakin: "We welcome contracts gained on a 'prove it' basis."

cil claims that ARA gave a categorical assurance that they did not submit a loss leader tender, nor did they indicate that they could not or would not provide a proper service.

Other contractors such as Gardner Merchant are now renewing calls for management fee contracts in which food and labour costs are borne by the local authority, virtually guaranteeing profit levels for contractors. Most local authorities are rightly strongly opposed to such contracts.

TRADE UNION REPORT

A report compiled by the trade unions in Wandsworth emphasised that:

"Residents' early morning tea has actually been provided by the directly employed care staff. Care staff and officers have also stepped into the breach and cooked breakfasts for resi-

ARA
services

MANAGEMENT OPPORTUNITIES

It takes real flair and organisational ability to keep our large portfolio of Clients and Customers satisfied every working day.

As a Catering Manager, or Assistant Manager, you not only have to maintain the highest standards of food quality and services, you also have to create a varied and interested menu that stimulates sales and keeps people coming back for more.

We also believe in giving our Managers full local responsibility for their contract, therefore you will enjoy the challenge of meeting budgets and profit targets.

Presently, the positions available are varied:

Catering Managers, Central London £10-12½K
Assistant Managers £6-8K

dents when contract staff have failed to appear at all. This practice of dependency on direct labour staff to ensure residents needs are met involves the ratepayer paying twice and diverts care staff and officers from essential work of assisting residents to get up, dress, wash and toilets in the morning."

A sample of the hundreds of specific defaults by ARA have included:

- 10/14/87 all residents refuse evening meal: 24 rotten eggs in fridge
- 5/5/87 all 'fresh' veg not fit to cook
- 2/7/87 1.5 brussel sprouts per person allowed
- 15/8/87 0.5 sausage roll per resident
- 19/11/87 ARA staff untrained, no supervision
- 24/11/87 kitchen in filthy condition, bins not emptied
- 3/3/87 no cook, officer in charge prepares breakfast
- 18/3/88 ARA staff abusive to council officer, walk out, council care staff left to prepare
- 17/4/88 Insufficient meat again, regular occurrence

There were additional defaults:

- numerous cases of birthday cakes not provided (a stipulation of the contract)
- numerous other cases of food shortages
- numerous cases of no milk for residents' evening drinks

Catering Contract Defaults: April 1987 - May 1988

Type of incident	No of incidents	% of total
Insufficient food	113	29.3
Hygiene/health and safety failures	70	18.1
Inedible/unfit food	62	16.1
Failure to provide early morning tea	61	15.8
Lack of supervision	32	8.3
Equipment faults/lack of servicing	27	7.0
Breakfast faults/no cook etc	16	4.1
Lack of food samples to check as per contract stipulation	5	1.3
Total	386	100.0

Total financial penalties £14,702.03

Mounting defaults

ARA's defaults and fines since April 1985 have been:

	Defaults	Fines (£)
April 1985 to		
13 April 1986	144	8,185.44
April 1986 to		
13 April 1987	37	1,913.17
April 1987 to		
13 April 1988	188	11,751.53
April 1988 to		
2 Oct 1988	188	12,607.74
3 Oct 1988 to		
12 Oct 1988	(still to be calculated)	

The scale of defaults and fines in the last six months shows clearly that the standard of service deteriorated rather than improved despite warnings from the council.

Initial DIRTY LINEN

Merton and Sutton DHA was the first to put out a total district-wide linen services contract, won by Initial (BET) (see PSA 33). The August meeting of the Health and Safety Committee at St Helier's Hospital received a report of some problems with that contract:

- A shortage of white linen bags, causing linen to be mixed.
- A shortage of baby linen.
- A deterioration in the quality of cleaning since Initial took over and linens not coming up 'white' anymore.
- So many disposables still being used that it is difficult to assess the cost effectiveness of the services being provided.

CONTRACTOR POISONS JUDGES

Two meals prepared by contract caterers Ring and Brymer, a Truhouse Forte subsidiary, gave food poisoning to over 150 City guests at two dinners on 12 October. Two Old Bailey judges, two sheriffs and the Lady Mayoress of the City of London were taken ill. Five guests had to receive hospital treatment. Many suffered stomach pains, diarrhoea, and sickness.

At the dinner of the Corporation's City Lands and Bridge House Estates Committee at the Clothworkers Hall, 66 out of 130 guests fell ill. Meanwhile 85 out of 220 guests at the Swan Dinner of the Dyers Company at Carpenters Hall were taken ill. City of London Corporation Environmental Health Officers were unable to test parts of the meals because, despite a contractual obligation to retain samples for analysis, none had been kept.

However, tests have revealed salmonella typhimurium phage type 49 as the cause of 27 deaths at the Stanley Royd Hospital, Wakefield four years ago. Cannape Roquefort, a 'flash grilled' cheese and raw egg dish which appeared on both menus, is believed to be the source of the illness.

BIFFA BIFFS SOUTH BUCKS

Within six weeks of being awarded the South Bucks District Council refuse collection contract Biffa Waste Services (BET, and includes Exclusive Cleansing) were demanding extra payments before starting the contract. PSA has obtained a confidential Council report which details the negotiations. There are important lessons for trade unions and local authorities.

Biffa Waste Services Ltd (BET) was awarded the South Bucks District Council refuse contract on 20 July 1988 with a £670,165 tender. Biffa started recruiting staff and organising to start on 3 October 1988. On 30 August Biffa wrote to the council claiming they had made a mistake in their calculations and demanded an extra £58,890 per annum.

Contractor's mistake

A report to the Environmental Control Committee on 14 September explained that it appeared that Biffa had not fully read the tender documents. The documents stated that the council would make payments of £58,890 for the six months of the contract for trade refuse charges collected by the Council. After six months the contractor was expected to fix and collect the charges directly.

After long negotiations with the Council's Chief Technical Officer and Treasurer Biffa offered to proceed with the contract if the council agreed to pay £34,680 per annum. This proposal was reported to the Environmental Control Committee and the Policy & Resources Board. They decided that "the Council has accepted in good faith a tender from a bona fide company of good repute and the company should stand by its tender price despite errors". The error was entirely Biffa's and could not have been detected by council officers checking tender prices.

Biffa
Waste Services

Biffa threatens to withdraw

Biffa replied by threatening to withdraw from the contract. They claimed a 'genuine arithmetical error' and offered to allow the Council to inspect their books showing the original calculations. A Biffa director addressed a meeting of councillors and the firm offered to issue a press release on terms agreed by the Council making Biffa solely responsible for the error.

The Council then agreed to pay 50% of the claim (£29,445) on condition that:

- the payment was not index linked
- the advice of the Council's External Auditors be sought after inspecting Biffa's accounts and calculations for the tender
- Biffa undertakes "not to cut costs or trim services or ask for additional payments other than those provided for in

the contract documents during the currency of the contract"

Council panic

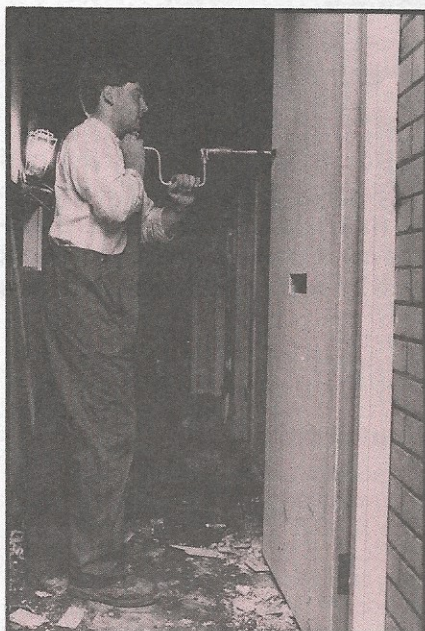
The additional payment still made Biffa the lowest tenderer compared to Grundons' £749,810 bid. If Biffa did withdraw the Council could have claimed damages but would have had to approach Grundons and pay some £80,000 more. Another contractor would have been unable to start by 3 October and the Council, having issued redundancy notices, would have had to 'resort to temporary contracted labour' further adding to costs. The Council aggravated the situation having agreed to sell rather than lease its vehicles to Biffa and having agreed to sell its depots to another purchaser.

Evidently, Biffa also sought legal advice which confirmed they would be liable for damages for breach of contract. They eventually dropped the demand for extra payments and commenced the contract at the beginning of October.

None of the Council's refuse workers took jobs with Biffa. The firm are reported to be bussing workers from Exclusive's Medina, Isle of Wight contract. There are reportedly constant complaints about poor standards.

Lessons

1. It is further evidence that the large companies - Biffa is part of BET, a transnational company with £1,600m annual turnover - make elementary mistakes and will use their muscle wherever local authorities do not bow to contractors demands simply because the firms have made a 'mistake'.
2. There have been other examples of contractors making demands for additional payments before starting a contract, for example Pall Mall in Merton (see PSA 34), and this is likely to escalate, particularly where firms submit loss leader bids and discover their tender is much lower than others.
3. Local authorities should retain ownership of vehicles, equipment and depots.
4. It is essential that trade unionists watch out for post-tender demands from or deals with contractors.
5. Tender evaluation should be comprehensive and rigorous to minimise post-tender conflict.
6. Local authorities should ensure contractors demands for additional payments are publicised to prevent abuse of the tendering system.



Merton NEVER MIND THE QUALITY ...

Merton council has agreed to extend the private contract for social services meals for a further 2 years, without retendering. Since 1985 **Catering by County** has supplied meals to Merton's meals on wheels service and some care services establishments. This followed **Sutcliffe's** pulling out of the contract after one disastrous year.

Despite problems with the contract the decision was made simply because no other private contractor would be cheaper. The contract price for 1987-8 was £568,718, an increase of only 7.7% since 1985, while, the officers' report claimed, pay for local government manual workers had risen by an average 26% during this period.

Contract problems included:

- High staff turnover
- Inadequate training
- Unauthorised use of frozen foods
- Unagreed variation of menus
- Under weight sample meals: 43 out of 390 meals sampled in 6 months to August 1988
- Delay in service when a member of the contractor's staff is unexpectedly absent:

"The view of officers is that this is probably an inescapable feature of contract operations, since the only staff the contractor has on site are those required for that day's service, whereas the Council was always able to plug gaps by using, for example, care staff to cover kitchen vacancies."

The company had written to the council saying "... we will not make any money on the contract. However, notwithstanding this, I must emphasise that this does not affect our dedication to the contract. We are ... proud of our reputation ..."

Council builders

NEW THREAT TO DLOs

The future of councils' building DLOs is threatened by Government plans to change Regulations under the 1980 Local Government Planning and Land Act.

Consultation has just finished on proposals to:

- Make councils put ALL building and repair work out to competition by abolishing the 40% competition-free allowance for minor works and repair and maintenance.
- Change the definition of emergency work, so that 'predictable' emergency work has to go out to tender.
- Reduce the level for exemption from competition from DLOs of 30 workers to those with only 5 workers.
- Abolish the right to grant extension contracts for repairs.
- Introduce the changes on 1st April 1989.

Building and maintenance DLOs have recently been hit by provisions in the Local Government Act which severely restrict the grounds on which private contractors can be excluded from Approved Lists. Enforced cuts in coun-

cils' housing expenditure have added to their problems. The new proposals will mean the end of any guaranteed work-flow for all DLOs and threaten the very existence of the smaller DLOs. By putting a further £400 million of work up for grabs, the proposals will give the private sector an even greater slice of the local authority market, and also put pressure on councils to reduce their permanent workforce, reduce training provision, increase the use of short term contracts and add to the growing casualisation in the industry.

ADLO has submitted a detailed response to the proposals which includes a challenge to the DoE's 'value for money' arguments, on the grounds of the increased costs to local authorities of more tendering.

(ADLO's response is available from ADLO, 6th Floor, Peter House, Oxford St, Manchester M1 5AZ. Tel: 061-236 8433)

LANDSCAPE CONTRACTOR JAILED

A leading member of the British Association of Landscape Industries (BALI) was jailed for 6 months in July 1988 after burying an agricultural digger in his yard then claiming £14,000 insurance by deception. Michael Hulton, owner of Panflora Nurseries, Knutsford, pleaded guilty to burying the digger after it had been vandalised. He then reported it stolen and claimed from Prudential Insurance.

Hulton was given a further 6 month sentence, suspended for 6 months, after pleading guilty to another charge of attempting to obtain £8,000 by inflating the value of two stone lions and keystones which had been stolen from the nursery. (*Knutsford Guardian*, 21 July 1988)

Chaired BALI seminar

A few months earlier Hulton had chaired a national BALI Privatisation of Grounds Maintenance Seminar at London's Barbican Centre at which Christopher Chope, MP, Parliamentary Under Secretary at the DoE and ex-leader of Wandsworth Council, was the main speaker.

Hulton is very active within BALI as the following glowing biography which appeared in *Landscape Industries*, No 3 February 1988 shows:

"Michael joined BALI in 1981 and by 1983 was Chairman of the North-West

Region where he was re-elected in 1984 and 1985. He is the BALI representative on JCLI and, within the Association, is responsible for PR and the 1988 Awards while still representing the North-West on the National Council. He serves on the Advisory Board for the Welsh College of Horticulture and is an examiner for the Agricultural Training Board."

Panflora Nurseries has an annual turnover of £700,000 and is seeking local authority grounds maintenance contracts. Hulton started the business after completing an apprenticeship with Manchester Parks Department. He had earlier helped his grandfather and "at ten years old he realised that ... had qualified him to make money out of his passion for gardening. He moved into garden maintenance in his spare time and has never looked back".

(*Landscape Industries* No 3 February 1988)

Social Landlords

SCOTLAND FOR SALE!

One tenth of all Scottish public housing is to be handed over to a Government quango – Scottish Homes – without any consultation with tenants; their demands for a ballot were rejected. Its job will be to transfer as many homes as possible to new landlords, co-ops and owner occupation.

The Housing Bill (Scotland) 1988 (awaiting royal assent) will set up 'Scottish Homes' on 1 April 1989

- It will take over 80,000 rented homes from **Scottish Special Housing Association** (a public housing authority with houses all over Scotland). It will have powers and policies identical to a Housing Action Trust ie, to sell them off to other landlords.

- It will take over all the powers of the Housing Corporation ie, the registration of housing associations, the "approval" of new landlords, the monitoring of the new landlords and the promotion of "tenants' choice".

- It will have extensive social, economic and environmental powers, similar to an Urban Development Corporation. It will be able to buy and sell land and homes including existing council estates, make grants and invest in private companies, and raise private finance.

Scottish Homes will take over significant local authority powers in large parts of Scotland, especially the peripheral estates on the edge of the big towns. Transport, education, training and employment policy are to be included.

Yet Scottish Homes budget will be no bigger than the combined budgets of SSHA and the Corporation – any improvements and investments will be privately financed. The SSHA DLO is to be sold off to a private interest. 2000 staff are to be affected.

Tory landlords

Even before the Bill is law, the nine members of the Board have been announced – Tory supporters and businessmen, and not a council tenant amongst them.

- Sir James Mellon, the Chairman of the Board – 25 years a diplomat in USA. When asked at a noisy tenants conference about his housing experience, he replied that he had none, and if the Government wanted housing experience they had picked the wrong man for the job. His view is that Scotland does not have a housing problem, what it lacks is a "market in housing".

- Michael Ancram, ex Tory MP who was responsible for Housing at the Scottish Office until he lost his seat in 1987.

- Tom Begg – failed Tory Parliamentary candidate.

- Norman Lessells, Chairman of Standard Life Assurance Co and an accountant.

- Professor Duncan MacLennan, academic, ex adviser to Waldegrave and the DoE. Housing economist who considers council rents too low.

- John Richard, businessman.

- Heather Sheerin, Young Businesswoman of the Year, runs a carpet shop.

- Charles Snedden, Labour Councillor in Central Region – which is not a housing authority.

- Mrs Frances McCall – a member of the management committee of the Calvey Co-operative Ltd (an ownership co-op, ie, not longer council tenants).

- The Chief Executive is to be George Irvine, formerly in the building industry.

SSHA Housing is already being sold off. 20,000 homes have been sold since 1979. Before it is wound up it is getting rid of stock.

1700 homes in the Borders are to be managed by "non-profit making" **Waverley Trust**, set up by Michael Ancram, member of the Scottish Homes Board. It will have an associated private company for the "operational side". In a few years time it will buy up the homes as well as other council estates. Ancram explains this move as protecting tenants from the "free for all" of predatory landlords following the Housing Bill that he was responsible for.

In Shetlands, all the SSHA homes are to be handed over to a similar private trust. The Island Council was specifically requested to keep these plans secret from the tenants.

BES Schemes

TAX SHELTERS



Millions of pounds of tax relief are to be given away to try and revive the private rented sector. The Government has extended the Business Expansion Scheme tax relief scheme to rented housing. Originally set up in 1983 to provide capital for new technology companies, in 1986 it was used to fund the private health and social services companies (see PSA 21).

Under the **Business Expansion Scheme** investors get tax relief of 40% (60% if they invested before October 1988) on an investment of up to £40,000. That means they only pay £30,000 for each £50,000 house. They have to let using assured tenancies and so can charge market rents. And so long as they do not sell the property for five years they will not have to pay capital gains tax on the increased value. At the end of five years to get their money back, they will have to evict the tenants or sell the property with sitting tenants and lose on the reduced house price.

Commentators suggest over £500 million will be invested in BES landlord

schemes in the next few years. The big financial institutions are establishing investment companies to attract individual investors. Several building societies are setting up schemes notably **Nationwide Anglia** raising £150 million for 30 BES companies. Housing associations are also investigating setting up BES companies as well as contracting to carry out the management functions for the private property companies with no interest or experience in being a landlord. If house prices only rise by a minimum of 5% over the next five years, investors will double their investment.

HATs

"REHOUSE OCCUPANTS AND CHANGE COMMUNITY"

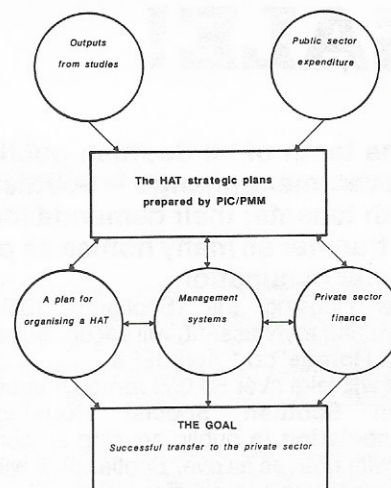
"Rehouse occupants and change community". That is one of the options being considered by the DoE consultants now drawing up plans for the imposition of a HAT in Tower Hamlets.

It is contained in the minutes of a Meeting held by the Consultants, **Peat Marwick McLintock and Property Investment Company (PIC Ltd)** on the fate of the 6 Tower Hamlets estates covered by the Housing Action Trust.

The meeting of the senior staff of the two consultancy firms discussed the boundaries of the HAT, including taking

over other blocks of flats, private homes, a street market and shops, school playground and several schools and even a firestation. The Consultants plan to talk to playleaders, teachers, doctors, police etc for their views and for information on the local response to a HAT taking over other buildings in the area.

HATs - The desired end result drives the means of achieving the result



The chart setting out the goal of a HAT - "the successful transfer to the private sector"

Part of the tender bid by Consultants PIC Ltd and PMM Ltd to provide "evidence to justify designation" as a HAT.

CONSULTANTS EXPOSED

All claims to independence and a willingness to listen to tenants views are proved false by the contents of the tender documents submitted by the Consultants **Peat Marwick McLintock and PIC Ltd (Property Investment Company)** in order to win the contracts for the consultation studies on the 6 proposed HAT areas. They won the contracts for Tower Hamlets, Southwark, Lambeth, and Sunderland. **PIEDA Ltd** won the Leeds contract, and **Price Waterhouse** the Sandwell contract.

"Justify designation"

Documents in the hands of the tenants campaign against HATs confirm that the Consultants employed by the DoE see their job is to "find the evidence to adequately support designation decisions". They are keen to reassure the DoE that they support the idea of Housing Action Trusts, and are eager to help the DoE overcome the "political problems". They offer "our single minded focus on the results which the Department needs after the studies are complete, ie, a fast, surefooted and successful implementation of the HAT programme".

The studies will be to "deliver to Ministers the successful result they require, namely:- The successful transfer of revitalised housing estates with a good future out of the ownership of HATs into the ownership of the private sector". The role of the HAT is to "create



Tenants from Lambeth and Tower Hamlets confronted **Property Investment Company LTD** in their offices about the threat to HAT their estates. photo: Nick Hazlewood



Tenants from Sandwell paid a surprise visit to **Price Waterhouse** in their Birmingham office to tell them their views of a HAT on their estates. photo: Barry Toon

the environment in which performance related private sector businesses and private sector methods can operate".

Local authority opposition is to be expected and the "substantial resistance" in itself "justifies designation". They identify local authority opposition as useful to them and the Government: it will stimulate the creation of a key element of the future success of HATs" ie, the creation of a private housing information system, outside of local authorities. It will also of course provide a profitable product for the private consultants.

Tenants to be decanted

Decanting will be critical to the "success" of the HAT. The HAT will have the powers to force tenants to move in order to empty blocks either for improvement or sale. If the HAT does not have enough homes left to let within its borders, it will have to come to some arrangement with the local council. They are looking at land and buildings on the borders of the HAT to create valuable sites for development.

Tenants views are irrelevant to the Consultants, but they are a "major source of evidence". The opposition to the HAT is a problem for "their extensive business relationships in the social housing market" and the security and safety of their employees. Their view is that the DoE has to do a marketing exercise to counter the tenants' views. **Aldbourne Associates** – consultants who are ex or current members of the DoE's Priority Estates Project are to draw up a Model Tenancy Agreement between the HAT Board and its tenants to "assist with public relations".

Their access to official information is revealed by the suggestion that the Restart Interviews conducted by the Department of Employment could be used to gain information on unemployed tenants on HATed estates.

CONSULTANTS' BOYCOTT

The **Association of Metropolitan Authorities (AMA)** Housing Committee has asked all their member authority housing departments to boycott the major HAT Consultants as well as the dozen or more private companies sub contracted to work on the Housing Action Trust studies.

Major contractors are **Peat Marwick McLintock**, **Property Investment Company (PIC)**, in Tower Hamlets, Lambeth and Southwark and Sandwell, **Price Waterhouse** in Sandwell, **PIEDA** in Leeds.

Sub-contractors include: Ove Arup, Dent & Partners, Rodney Dykes Housing Services Ltd, CES Ltd, HSG Consultants Ltd (Housing Studies Group, South Bank Polytechnic), NBA Building Cost Consultancy Partnership, Aldbourne Associates (ex PEP employees), Shephard Epstein & Hunter, Smith Darby, Dome Services (Patrick Harkness).

Housing Bill

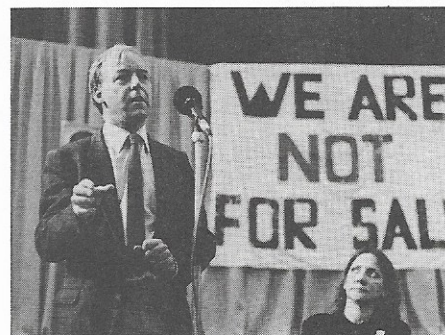
BALLOT RIGGING

The Housing Bill is almost law – the royal assent is expected in November and unless there are any more surprises, it will be virtually unchanged since the summer.

Much of the debate since then has been around the balloting procedures to be used for "Pick a tenant" sales.

- In a surprise amendment, the Government introduced a requirement that unless there is a 50% turnout in the ballot, the bid by the new landlord will fail. This still means that in a ballot where 50% tenants vote, of whom only 1% are in favour, that 1% is added to the 50% non-voters to achieve the 51% who are not opposed. This means tenants campaigns will have to judge whether to go for a boycott, and defeat the bid that way – or to work for a 51% vote against the sale.

- The ballot is to be conducted by an independent body, paid for by the landlord and will take place over three weeks. The organisation running the ballot will be able to chase up tenants who have not voted.



Clive Soley MP speaking to the Tenants Rally against the rigged ballots that will be used to sell their estates.

TENANTS RALLY

On 10 October more than 2000 tenants travelled from all over the country to a rally at Central Hall. More than 20 petitions to the House of Lords were presented to Lord Mackintosh, who led the opposition to the Bill in the Lords. HAT tenants started the day with a demonstration at the DoE. But it was not enough to convince the House of Lords to pass an amendment that more than 50% tenants on an estate had to be in favour before their estate was sold off.



STOP PRESS: TENANTS' VICTORY

Tenants have won a major victory on the Housing Bill. The Government has agreed to tenants demands that estates threatened with Housing Action Trusts should be balloted first. And it will be normal simple majority ballot, not a rigged ballot. The NO TO HATS Campaign are confident that HATs will be defeated in all six areas.

Private health

MORE PROFITS PLEASE

The private health care sector is reported to be 'champing at the bit' to seize the opportunities it expects to emerge from the current government review of the health service, hoping for tax relief for private health insurance cover and increased 'collaboration' with the NHS.

Last year private hospitals in the UK increased their turnover by 30% but their profits by only 17%. The initial impact of the nurses' pay award is reported by AMI to have been dealt with by increasing prices. In London there is an overcapacity of private hospitals with increasing numbers now operating elsewhere in the UK and falling demand from overseas patients. Last year 16 out of London's 23 private hospitals made a loss of £7.5 million between them.

The private hospital sector is increasingly dominated by the large operators. Within the next 3 years it is predicted that **AMI**, **BUPA** and **Nuffield** will between them have a 50% market share and that almost all the 32 individually owned hospitals will be taken over by the commercial groups.

Meanwhile the big 4 companies in the private health insurance sector (dominated by BUPA with over 60% of the market) have been doing well, achieving a £90m surplus on income, despite being supposedly 'non profit making'. Subscription revenues increased by 14.7% and money paid out in claims by 12.78%. Three quarters of private patients are insured patients, allowing the insurance companies to impose controls on private hospital costs.

Over 5 million people now have some kind of health insurance, some 75% through company schemes, employer provided or sponsored. Now one company, **Crusader** has joined with **Nuffield Hospitals** to offer a cut price deal – on condition that patients use one of the 32 Nuffield hospitals or the other 15 hospitals in the scheme. Similar deals are now expected from other companies.

Bioplan Holdings claims it is now in discussions with 50 health authorities about deals to manage private beds and build day surgery units. While Salford DHA has pulled out of their deal with Bioplan, Hillingdon HA agreed last week to a deal which involves Bioplan building a 50 bed private hospital at Mount Vernon Hospital and paying £300,000 towards a new X-ray department – and getting 75% of the additional income from private patients. Other deals known to be under discussion are with Kingston and Eastbourne DHAs.

Scotland

THE FORSYTH EFFECT

The first round of NHS tendering in Scotland has given the private contractors a large slice of the cleaning.

Mediguard (owned by the **Securiguard Group**) was the first winner with a Grampian Health Board contract for 6 hospitals worth £2 million, bringing 'savings' to the Board of £200,000 and redundancy for 500 cleaners. The Mediguard bid was accepted despite criticism from the area domestic advisor and West Midlands RHA that it proposed insufficient hours, and another assessor's criticism of the firm's training provision and answers on equal opportunities. Mediguard recently offered a 'no blacks' recruitment policy in a bid for a Manchester NHS contract (see PSA 34).

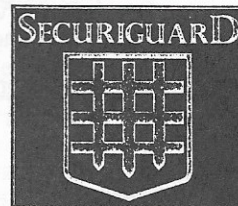
Initial Healthcare Services (BET) won contracts to clean clinics and health centres in north and west Glasgow, one contract for Fife Health Board and 2 large multi-hospital contracts in

Edinburgh, worth some £4.6 million.

Lothian's contracting out means 'savings' of £1.1m for the Health Board – and redundancies for 830 staff. Hospital staff are taking selective industrial action.

Hospital Hygiene Services won 3 hospital cleaning contracts in Glasgow and **Dysart Cleaning Services**, based in Glasgow is to clean a group of clinics and health centres.

In-house contracts have been awarded in Ayresshire and Arran and Lanarkshire, but with sizeable cuts in hours and pay. Other Boards also awarded contracts in-house include the Orkney and Shetland Boards where there was reportedly no private sector interest.



MEDIGUARD OUT

Mediguard won a cleaning contract for Ham Green Hospital in Bristol – and then lost it after a COHSE campaign to ban the company on the grounds of its self-confessed racism (see PSA 34). The DHA has reversed its decision and awarded the contract in-house.



WHO NEEDS COMPETITION?

There are now only 28 cleaning companies tendering for NHS contracts, according to the CCMA, the contractors' trade association. Only 17 of these have ever held NHS contracts and just 9 have 86% of the total number held by private firms.

PRIVATE MOVES

Independent British Hospitals is planning to build 6 new private hospitals in Scotland. Planning applications are currently with Stirling and Perth councils. The development at Perth is described as a 'nursing home' – but COHSE is sceptical, since the plans show 3 storeys, an operating theatre, an acute ward, and X-ray facilities. There are fears that the new Perth development will poach local staff from the NHS.

The controversial Clydebank plan by US company **Health Care International** for a £112m private hospital for non-UK patients has now been approved by the local council. The company's plan to recruit 590 nurses, 80 consultants, 34 registrars and over 1000 ancillary staff on opening is seen by local trade unions and health councils as a huge threat to staffing in local NHS facilities. And Scottish Health Boards are to be approached by the company to provide training for the new private nurses.

NHS Tendering

LEARNING THE LESSONS

Increasing numbers of NHS contracts are coming back in-house, according to a survey by the unions' Joint NHS Privatisation Unit. Currently 80% of all contracts are held in-house: 95% in catering, 74% in laundry and 73% in cleaning.

- On 25 contracts (6% of the total) the private contractor was sacked or pulled out during the contract, and 22 of these were then awarded in-house.

- Where second-round tendering has been carried out, authorities seem to be keen on bring work back in-house. Examples include:

- ▶ Cleaning at the Royal West Sussex Hospital in Chichester where **Crothalls (ADT)** were fined and given deadlines to improve on their contract.

- ▶ Catering at Frenchay Hospital in Bristol, where **Spinneys** were prosecuted under the Food Hygiene Regulations.

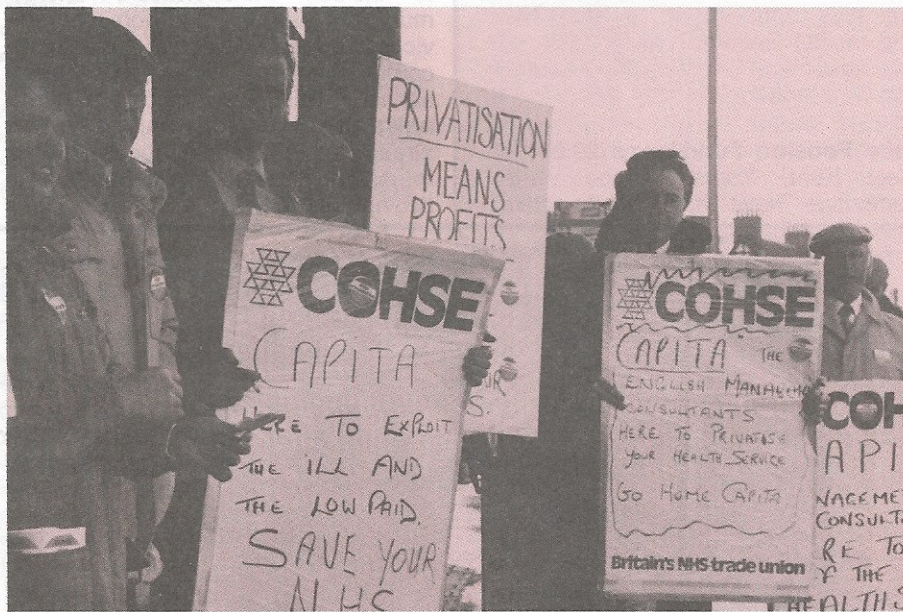
- ▶ Cleaning in hospitals and clinics in Medway where the **Exclusive (BET)** contract was the subject of patient complaints of 'appalling standards'. (Most of the work is now back in-house.)

- ▶ Cleaning at the Radcliffe Infirmary in Oxford where **Hospital Hygiene Services** had the contract and at the Churchill Hospital, where **RCO** cleaned. Serious problems with standards were reported on both contracts.

- ▶ Cleaning at Worthing Hospital, where **Reckitts (BET)** pulled out and **Crothalls (ADT)** took on the contract – and achieved fines and threats to terminate.

- Authorities are tightening specifications for the second round in attempt to raise standards – with inevitable large increases for contract prices. **Mediclean (ADT)** has won a contract at Nuffield Orthopaedic Hospital in Oxford where the contract price has increased by £80,000 and one at Stoke Mandeville Hospital, where the increase is £500,000.

photo: Robin Arthur



COHSE picket of CAPITA. Management consultants in Belfast, September 1988.

Merton & Sutton

GIVING IT ALL AWAY

A new full 'hotel services' contract is planned for St Helier's Hospital by Merton and Sutton Health Authority. It will include the following services:

- domestic
- catering
- grounds
- window cleaning
- pest control

- portering
- car parking
- residence management and security

Privatisation will inevitably follow. The cleaning and much of the portering is already done by **Mediclean**, who have publicised their wish to diversify into other hospital 'hotel' services. (Parent company, ADT, kept Mediclean when it sold its office cleaning companies to BET earlier this year.) Management

NEW TRENDS

NURSING NEXT?

Northern Ireland is to be the testing ground for Government plans to invite private bids for ward orderly or house-keeping duties in hospitals. The large cleaning contractors, led by **Mediclean**, have been pressing for the chance to move into these areas.

The move is part of a new push to end the resistance to tendering in Northern Ireland's Health Boards: only 3.9% of services have so far been put out to tender. Boards are now 'instructed' to put all cleaning, catering and laundry work out by March 1989. Boards are urged to make contracts attractive for private firms and to talk to the firms first about what kinds of contracts and packages they would like.

Trent RHA has privatised its engineering work with the transfer of most of its engineering staff to a private firm, **Edward A Pearce Associates** which will undertake agreed RHA work for the next 4 years.

Brighton DHA has contracted out its computer services to **Pentagram Health Limited**, a company set up by 15 former employees with software firm, the Pentagram Group. Pentagram plans similar deals with other authorities.

West Midlands RHA which has responsibility for all NHS food purchasing has given a contract worth £6m a year to transport company **Christian Salvasen** to distribute canned food to 10 RHAs in England. Meanwhile the planning director of East Birmingham DHA is on secondment to transport giant **TNT**, to assist their tenders for health authority contracts.

Birmingham DHA has contracted out the supply of locum doctors to a private agency **Nationwide Locums** for 6 months at a cost of some £2m. Oxford DHA has now invited the agency to submit a tender.

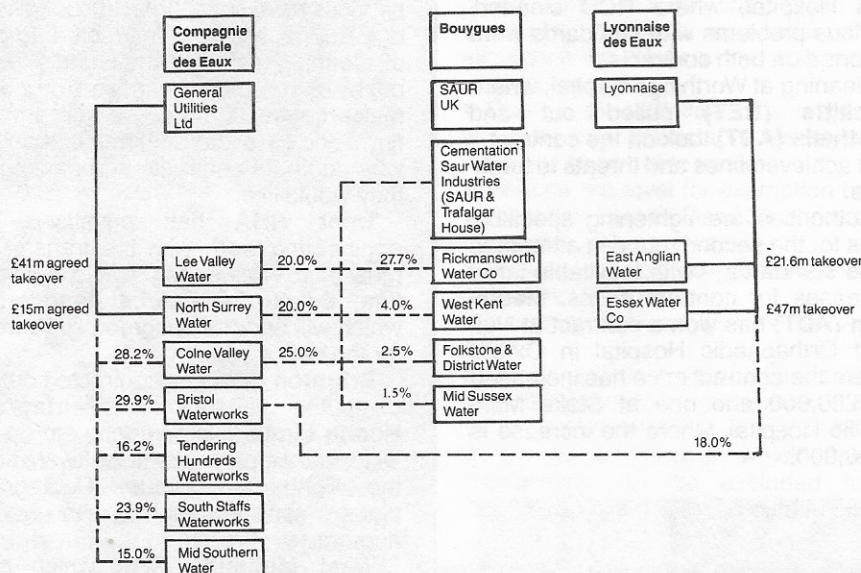
Results of tendering for hospital portering known so far are 10 private contracts and 6 in-house awards. A further 15 DHAs are in the process of tendering the service.

ADT

French companies buy private water

WATER STAKES

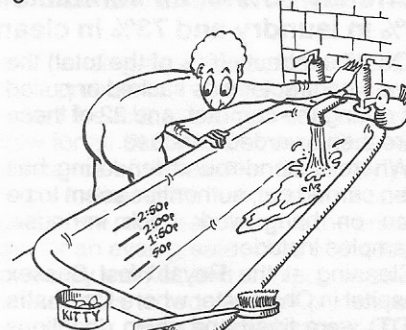
Three French companies have rapidly acquired control of 42% (by turnover) of the twenty nine statutory water companies in England and Wales. They plan to increase their control of the water industry when the ten regional water authorities are privatised in 1989. The small private water companies provide about 25% of the mains water supply.



The French are not alone in acquiring water company stakes. An Australian financial institution, **Associated Insur-**

ance Pension Fund owns 29.9% of West Kent. Some of the Water Authorities have also been active.

Southern Water has a 24.9% stake in Eastbourne Waterworks 10.8% in West Kent and just under 10% in Mid Sussex. Northumbria Water recently acquired two small stakes in the Newcastle & Gateshead Water Company and the Sunderland & South Shields Water Company just two weeks before a judicial review, sought by NALGO, was due to consider the legality of the share stakes. Similar action is planned against Southern Water.



Wider interests

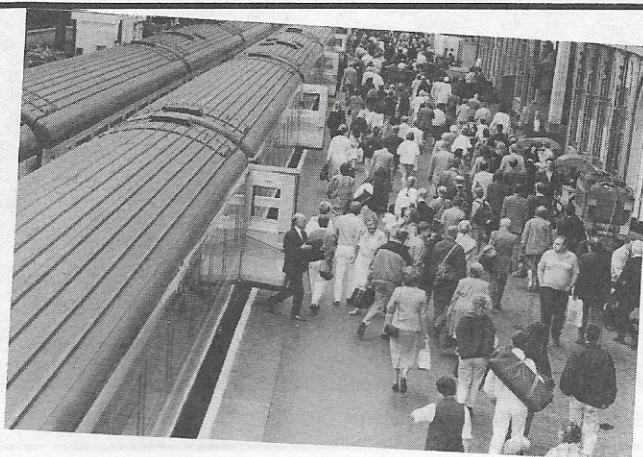
The French companies interests lie far beyond water. The Water Industry Unions Committee, which recently met with Confederation Generale du Travail (CGT – the French TUC) representatives in Paris to discuss joint action and exchange information, reported that “they will seek to extend their activities to include transportation, energy, municipal cleaning and domestic services, refuse collection, electricity, communications, television, funeral services, and many more”. A **Lyonnaise des Eaux** subsidiary, **Cita**, has already sought tender documents for refuse and street cleansing contracts in two northern cities.

Transport RAIL SALE

The true authors of Government policy have never been clearer. Under pressure from one right wing think tank, the Adam Smith Institute, he chose a meeting of another, the Centre for Policy Studies, to announce the plan to privatise British Rail. He outlined a number of options for privatisation:

- Selling it off as a whole (which is favoured by BR)
- Selling it off sector by sector
- One company to be the track authority, renting out track to private operators
- Division into regional companies

Channon claimed that privatisation would not mean line closures. The reason for that has become clearer since his speech, with BR announcing plans for massive closures BEFORE privatisation. There are reports that the sale process will start in 1991, though Channon is claiming that they will wait till after the next election. However, ministers are pressing BR to move forward with floating its Channel Tunnel Division on the Stock Exchange, to raise the £1 billion plus needed to



finance the high speed rail link from London. Major construction companies including **Costain**, **Rosehaugh** and **Trafalgar House** have all declared themselves interested in getting involved in BR projects.

BREL BIDS

Bids for British Rail's engineering subsidiary, were submitted in October. The major bidders include **GEC**, **General Motors**, a **Mitsubishi-Kawasaki** consortium and a management/worker buyout, put together by **Unity Trust** and

backed by both Swedish-owned **Asea Brown Boveri** and **Trafalgar House**.

After years of cuts and closures BREL, constituted as a public limited company last April, now has 4 railway works, at Crewe and York and 2 at Derby. BREL made a loss of £6.8 million last year, but could have thrived with BR plans for £3.8 billion new investment in services and rolling stock over 5 years. The European railway equipment industry is restructuring in preparation for 1992: GEC's bid is concerned to keep BREL out of foreign hands, and thus protect its existing **GEC Traction** subsidiary.



Royal Ordnance workers protest at BAe's plans to close factories and sell the land in a massive asset-stripping operation; 7000 jobs are at stake. British Aerospace (BAe) bought the Royal Ordnance

Factories for a cut price £190m and The Rover Group for £150m in Government privatisation deals. The unions estimate that 10 factories could be threatened with closure, in land deals worth £1.1bn.

CIVIL SERVICE

NEL: SALE COLLAPSES

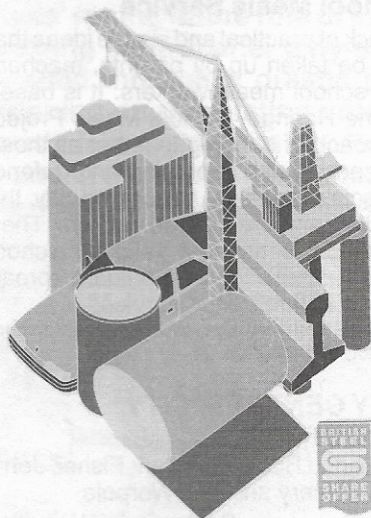
The National Engineering Laboratory in Glasgow was in line for sale to **Yarrow Admiralty Research Department**, a subsidiary of French-owned **Sema Metra SA**, but talks have now collapsed. The IPCS chair reported that French scientists 'couldn't believe that the British were prepared to sell their premier engineering research establishment to them'.

CROWN SUPPLIERS: DELAY

The early privatisation of Crown Suppliers is no longer on the cards, because of a sharp decline in turnover and profits in the last financial year. The decline was caused by the Government decision that Crown Suppliers must compete with private firms for the supply of furniture, equipment and building materials to government offices.

SKILLCENTRES CAMPAIGN

Civil service unions fear that the sale of government skillcentres may be in the pipeline. The Skills Training Agency made a profit of £500,000 last year. The number of centres has been cut heavily from 94 in 1984 to 59 now. A campaign to keep skillcentres public and properly funded and staffed has been launched by the STA unions and can be contacted at Room W212, Moorfoot, Sheffield S1 4PQ.



ANOTHER STEEL

The packaging of **British Steel** is complete for its privatisation in early December. The shares will be priced on 23 November at between 125p – 140p giving BSC a market value of about £2,500m. Many of BSC's massive debts have been written off as part of this packaging and to reduce interest charges and hence increase profits after privatisation.

It is the first sale since the disastrous BP sale in November 1987. Up to 30% of the shares will be sold in the USA, Japan, Canada and Europe. Overseas steelmaking firms could readily gain a foothold in the privatised company.

Meanwhile, BSC is facing EEC charges of being involved in a stainless steel price and production fixing cartel along with eight other European producers. It could face fines up to £40m.

Westminster BUYOUT SELL OUT

As expected, Westminster Council has awarded its refuse and street cleansing contract to **MRS Environmental Services Ltd**, set up by the Council's senior managers – who remained in the council's employment until the contract was awarded to their company. The contract, the largest local authority contract to date, is worth £12.15 million a year. The only competing bid was from the in-house service (minus its top management preparing their own hand).

The council is claiming that the contract will save them £1.1m per year, MRS claims that there won't be wage cuts or mass sackings: but staff numbers will be 10% lower than the existing 800 and conditions of service will be 'tightened' up.



PRIVATISING POLL TAX

Pioneering Westminster leads the way again. It is reported by *Local Government Chronicle* as one of the first two councils (the other is Northavon) to invite tenders for drawing up the poll tax register.

One of the certain bidders for the Northavon contract will be **Wessex Data Register**, which prepares the council's rate demands. The company is offering to take on compiling councils' registers with the assistance of **Mail Marketing**, a mailing company and a firm of bailiffs, **Roche and Co.**

Warwickshire Computing Co., the privatised computing section of Warwickshire County Council, is also offering councils many of the register preparation tasks.

Even more alarming, British Telecom is reported to be offering councils a service of tracking the movements of their residents for poll tax purposes.

CHILD CLEANERS

Sixth formers at Droitwich in Hereford and Worcester are being paid to clean their school, because the council cannot recruit adult cleaners at new low pay rates. This autumn cleaning at 45 schools and colleges was put out to tender and the contract was won by direct labour – but only by the 185 cleaners taking a cut in pay of 23%. Local teachers have been complaining about a dramatic drop in cleaning standards. Earlier this year in a pilot tendering exercise for 21 schools, Initial Cleaning Services won the contract and 115 cleaners lost their jobs.

PUBLIC SERVICE ACTION

Information

We've concluded that "the ambulance service is a complex operation involving people, money and vehicles."



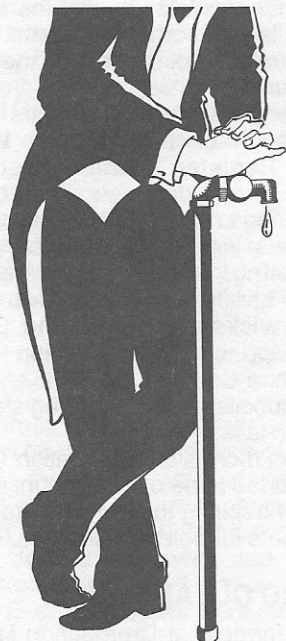
ABOVE: COOPERS AND LYBRAND'S LANCASHIRE REPORT.

MANAGEMENT CONSULTANTS

Who are they and how to deal with them

Management consultants are everywhere – and trade unionists are having to learn how to challenge both their use and their conclusions. The pamphlet is based on a survey of trade union experience with consultants, and has a section on what trade unions can do. Also a summary of the major companies – though not those involved in housing.

Available from: Lasbour Research Department, 78 Blackfriars Road, London SE1 8HF. Price £1.10.



TAP DANCING: Water, the Environment and Privatisation.

From JAWS, Midland Joint Action for Water Services, 7th Floor, Centre City Tower Block, 7 Hill Street, Birmingham B5 4JD.

This report is a trade union response to the 1988 Severn Trent Water Plan. It covers the threat to environmental standards, and the impact of water metering, rising prices, and cuts in jobs and services. Detailed appendices include information on water quality sampling and non-compliance with EEC Water Quality Directives.

LAST AMONG EQUALS

An investigation into Low Pay Among Black Workers in the West Midlands

by Carl Rice and Bharti Patel

This report draws together all the existing data and available evidence to establish beyond doubt the link between a worker's racial origin and their level of earnings. It uses previously unpublished data from a survey carried out by University of Warwick. The report assesses the various explanations put forward to explain pay differences, and the effectiveness of central and local government strategies, looks at the response of the trade unions. The report finishes with recommendations of ways that progress could be made on combatting racial discrimination in the labour market.

Available from: West Midlands Low Pay Unit, Wolverley House, 18 Digbeth, Birmingham B5 6BJ. Price: £3.95 + 50p postage.

CREATING DIALOGUE, CREATING CHANGE

An Anti-privatisation pack for all people interested in developing and defending the School Meals Service

A pack of practical and simple ideas that can be taken up by parents, teachers and school meals workers. It is based on the Haringey School Meals Project approach of bringing together all those concerned with improving and defending school meals – the community, the children and the women workers. Their approach is not just valid for school meals – these ideas should be spread across all threatened services.

Available from: Haringey Womens Employment Project, 01-889 6599.

CITY CENTRES, CITY CULTURES

by Franco Bianchini, Mark Fisher, John Montgomery and Ken Worpole

"This summer Basingstoke Womens Institute's tiny home-made cake and jam stall was given notice to quit by the property company that now owns the town's shopping centre. This was not due to congestion caused by the stall or complaints about the quality of its products but because it was undercutting prices in the centre's supermarkets." Bryan Gould uses this anecdote in his introduction to this pamphlet on reclaiming the city centre from market forces.

The transformation of retailing and the growth of hypermarkets, out of town shopping centres and retail parks affects the whole of city life: the job changes for shop workers, the loss of choice for shoppers and the loss of the cultural and social life. The authors argue that local authorities and not market forces can affect the quality of life in towns and cities.

Available from: CLES, Heron House, Brazenose Street, Manchester M2 5HD. Price £3.25.

COMMUNITY CARE: AGENDA FOR DISASTER

A reply to the Griffiths Report

The new London Health Emergency pamphlet argues that the Griffiths Report should be opposed, while defending the principles of community care. They stress that Griffiths' proposals will not lead to a needs-based service but to a rigidly cash limited service in which means testing and the imposition of charges will affect the mainly elderly people relying on care in the community.

This detailed analysis of the proposals and a challenge to the generally sympathetic response they have received is important reading.

Available from: LHE, 335 Grays Inn Road, London WC1. £1.50 each + 20p postage. Bulk orders of 10 copies or more £1.00 + 10% postage. Cash with orders please.

PUBLIC SERVICE ACTION

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