

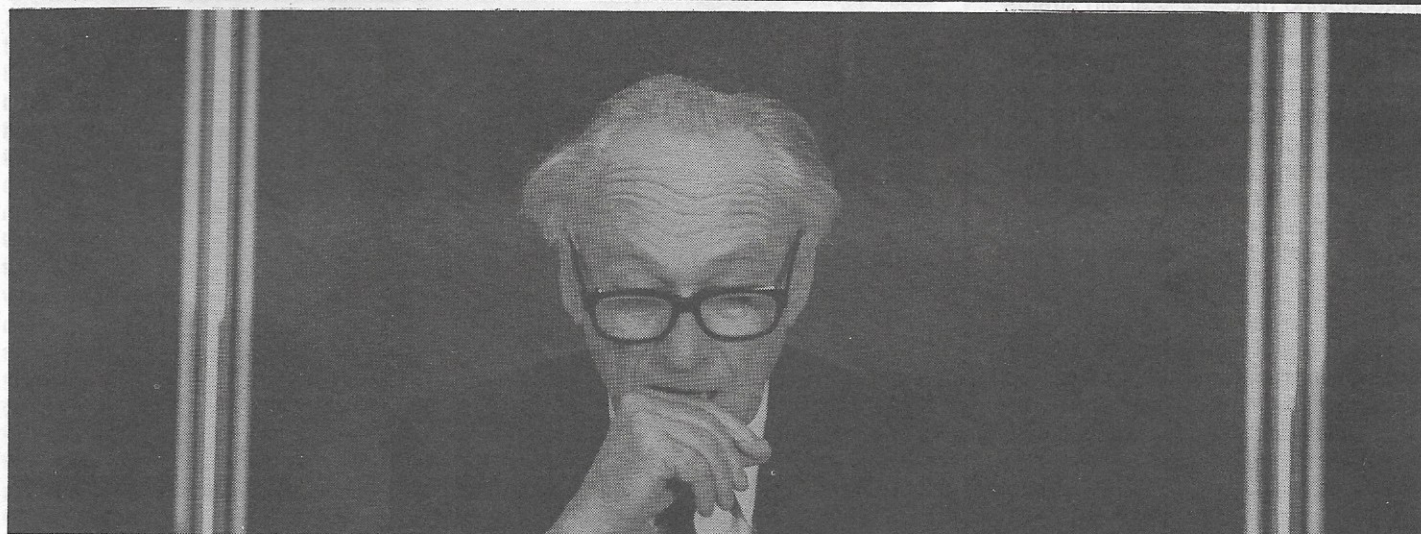
PUBLIC SERVICE ACTION

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No 39 April 1989

THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT



Tories exploit tendering process

CONTRACT ABUSE

Contractors and their trade associations have been making wild claims about so-called anti-competitive behaviour by local authorities on behalf of the DOE. However, PSA reports on several examples of much more serious abuses of the tendering process by Tory controlled councils and private firms.

Amber Valley in a mess

Amber Valley District Council couldn't wait. They decided to put services out in one go in advance of government legislation. The results have been disastrous for services and workers.

Doing five years work in just eight months has led to an intolerable burden on officers and resulted in:

- alarming gaps in specifications and schedules thus reducing the so-called "savings".
- failure to impose full contract conditions on health and safety
- incomplete investigation of contractors policies and experience. The council did not request contractors to supply a safe system of work as required under health and safety legislation nor did

they include equal opportunities in the contract conditions.

Ground maintenance: Awarded to Tyler Environmental Services (£117,000) despite Derbyshire County Council submitting the lowest legal tender. Tyler's did not fill in the price in the Form of Tender until after tenders had been opened! The Competition Requirements Sub-committee on 20 January agreed that "a contract be negotiated with Tyler". The council described the problem as merely "technical".

Street cleaning: Awarded to UK Waste Control (£213,467), their first local authority contract. Councillor Cowley was clearly under the impression that UK Waste Control had current con-

Anti-Competitive Behaviour in Grantham

The Policy and Resources and Finance Committees of South Kesteven District Council decided to award the refuse and street cleansing contract in-house after two previous contracts with Exclusive Cleaning (BET). Percy Wilson, Leader of the Council also publicly stated the contract had been won in-house.

But by the time the full Council meeting came the Tories had suddenly changed their minds. Exclusive have retained the refuse contract with street cleansing being awarded to Charles Plant. The whole thing smacks of DoE and/or Conservative Central Office intervention – the Tories could hardly allow direct labour to win in Thatcher's home town. Meanwhile, Exclusive have suspended two employees at Grantham for 'irregularities' – the unions have called for a police investigation.

tacts in Wandsworth, Basingstoke and Kensington & Chelsea. There is evidence of other councils also being confused by UK Waste Control using these contracts carried out by BFI Wastecare for references because of managerial involvement.

Amber Valley sold its street cleansing vehicles and plant to UK Waste Control's parent company, United Environmental Systems, thus limiting future action. The specification omitted many streets.

Refuse collection: Awarded in-house. An estimated 1,000 households had reportedly been missed out of the specification. A report for the Competition Requirements Sub-committee (agenda item 4f) on 16 February revealed that "due to a problem with the photocopying machine" certain streets had been omitted or streets mis-named. There is also a large discrepancy in the trade waste collection. The council now expects the "contractor", the DSO, to be responsible for the administration, surveying and collection of payments – clearly client duties – and collect all the trade waste, without payment, until the discrepancies are sorted out.

Cleaning: Initial Contract Services won three out of four contracts with the smaller fourth contract being awarded in-house. There were over 100 complaints in the first two weeks of the contract starting.



TYLER TOWN MONOPOLY

The Wandsworth litter picking contract has been won by **Tyler Environmental Services** but at a price! Tyler's was the lowest tender of £244,054 (there was no in-house bid) but this was 84% higher than the previous annual contract (£132,000) also carried out by Tylers. The tender was still about 22% above the Council's estimate after improvements to the specification. The extra £112,000 will come out of the Leisure & Amenity Service budget.

CONTRACTS AWARDED

PSA will be reporting on the award of contracts of local government services. The table below who gained the contract, its annual value other tenders submitted, and firms invited to tender but not submitting bids. No mention of an in-house tender indicates none was allowed or not submitted. We will be reporting on the employment and financial impact of tendering separately.

Local Authority	Awarded to and Annual value	Tenders also submitted by
REFUSE COLLECTION/STREET CLEANSING		
Kensington/Chelsea	BFI Wastecare (£4.4m)	UK Waste Ltd (3.7m, Highway Cleansing Services (£4.4m), Ocean (£5.3m), TNT (£6.9m), Nationwide Waste Management Ltd (£7.1m – management buyout)
Lewes DC	In-house	6 contractors
South Wight BC	In-house	Exclusive, Isle of Wight CC
Westminster	MRS Environmental Services (£12.1m – management buyout)	In-house (£13.5m). BFI Wastecare Drinkwater Sabey, RB Tyler Group, Prichard Industrial Services did not tender
Sheffield	In-house (£7.8m)	Sitaclean Technology, Cory/CGEA, BFI Wastecare, Town & Country Community Services (Hekla Holdings) all withdrew
REFUSE COLLECTION		
East Staffordshire	Leigh Environmental (£706,522)	RB Tyler Group (£787,467), Biffa Waste Services (£895,251), BFI Wastecare (£892,686), DSO (£898,778), UK Waste Control (£1,068,914), Highway Cleansing – no tender
Cotswold DC	Stratford Upon Avon DC (£414,980)	In-house (£628,092), Biffa Waste Services (£509,761), Taskmasters (£651,73)
East Devon DC	Tyler Environmental Services (£643,800)	
North Cornwall DC	In-house	Biffa Waste Services
S. Cambridgeshire DC	In-house (£657,320)	Cambridge City Council and 3 contractors
W. Oxfordshire DC	Leigh Environmental	In-house and 2 contractors
STREET CLEANSING		
E. Staffordshire	DSO (£264,738)	Charles Plant Ltd (£304,737) RB Tyler Group (£340,364), Biffa Waste Services, BFI Wastecare and Highway Cleansing Services – no tenders
Barnsley	In-house	UK Waste Control, BFI Wastecare, General Contracting, Lidster
GROUNDS MAINTENANCE		
E. Staffordshire	DSO (£159,260)	Town & Country Landscapes (£155,984), Tyler Environmental Services (£212,031), Lanman Landscapes – no tender
Wandsworth (litter picking in parks)	Tyler Waste Management (£244,054)	Drake International (£277,272), Alder Garden Care (£501,951), Initial Contract Services, Whit Contracts, In Town Cleaning & Property Maintenance – no bids
CLEANING		
Devon CC	In-house (18 contracts)	10 contractors
Doncaster	In-house (£3.98 per sq m per annum)	Initial Contract Services (£5.40 per sq m per annum), Hall Cleaning Services (bid for 20% work £7.84 per sq m per annum), Trust Clean withdrew
Wakefield	In-house	
Avon CC	In-house (£3m)	No other tenders
SOCIAL SERVICES TRANSPORT		
Westminster	Transfleet Services (£523,500 – 3 years)	Oakwood Vehicle Contractors (£631,775), BRS Contract Hire (£832,320)
PUBLIC CONVENIENCES		
Westminster	Electrolux Contract Services (£830,000)	Initial Contract Services (£798,412), Anglia Cleaning Services (£950,060), MRS Environmental Services (£1,198,350 – refuse management buyout), Academy Cleaning Services (£1,258,327)

Successful bus strike but . . . BUS BLUES

TGWU bus drivers at Central Scottish (part of the Scottish Bus Company in Motherwell, Glasgow) have just won a seven weeks strike which has prevented management knocking the stuffing out of the workforce before selling off the dismembered SBG as part of national bus privatisation.

New management from a neighbouring company, **Kelvin**, which is to be amalgamated with Central, tried to ignore the existing union agreement, cutting bonuses and introducing new duty rosters. It meant a £10 a week drop in wages and compulsory Saturdays and Sundays working, which had previously been voluntary.

"The strike which began on 1 January was to get recognition for the existing agreement and guarantees that management would follow the agreed consultative process." Local TGWU officer, Archie Wilson told PSA.

Owning the buses?

In spite of the climbdown by the company, there is no optimism about the future of public bus services in Scotland under forced privatisation. The best that the unions can offer their members is the short term possibility of keeping out the worst type of firms by transforming employees into share owners. Employee Share Ownership Plans (ESOPs) which hand over 49 per cent of the privatised company's shares to employees, are supported by many trade unionists who say that it is better than the other evil – monopoly entrepreneurs taking control.

However, as employees of **Yorkshire Rider** have found, this does not mean that workers have any control over their future. Eight senior managers took 51 per cent of the shares when the local authority owned company was sold five months ago – the boss's alone are worth £2.3 million; 3,500 employees have the rest. Millionaires are created overnight. As long as they are not workers, whose pay has been cut by an average of £2,700 each over the last 18 months.

Critics of sweetening privatisation with the ESOPs pill focus on the failure to address the issue of long-term planning for an integrated public transport system. Services will not be more accessible or cheaper. Companies will operate the more profitable routes with



the minimum investment and unions will be left to worry simply about wages and conditions. Sid Platt, Chair of the West Midlands TUC: "Unions are participating in the process and mechanics, but are doing so without identifying longer-term political objectives."

Takeovers

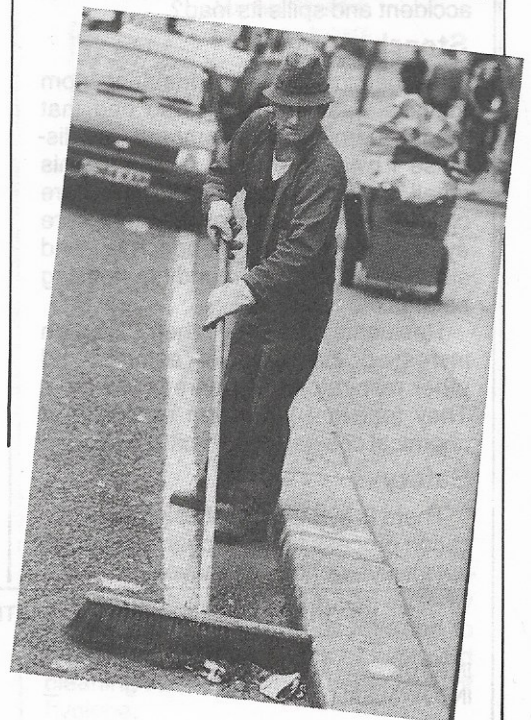
The "competition" introduced by splitting up and selling the local authority owned bus companies is put in doubt by the experience of the fragments of the old National Bus Company (sold at £80 million profit to the government). They are falling into the hands of regional monopolies. The **Alder Valley** company has been sold to Q-Drive which now runs services in four counties in the South East, including some parts of London. Ex-NBC company **National Welsh** is likely to swallow up another two municipal bus companies, **Inter-Valley Link** and **Cynon Valley**, to follow **Taff Ely Transport**, **Midland Fox**. (also ex-NBC) took over six local companies last year.

Bus firms lose services

Where there is competition, it has resulted in confusion, insecurity and increased safety risks. A bus war on the streets of Bournemouth has resulted in the closure of a company owned by **Drawlane** with more than 60 jobs lost. Two companies in the North East (subsidiaries of **ATL Holdings**) have lost 34 of the services they operated after some of their vehicles failed safety tests and the Traffic Commissioner found their maintenance facilities lacking.

Some local bus companies have tried to improve services by cooperating rather than competing. They recognise each others tickets on jointly operated routes and coordinate timetables. But the government – in the shape of the Office of Fair Trading – has condemned these practices as "anti-competitive". The National Federation of Bus Users commented, "It is appalling that these companies should be attacked for actually responding directly to demands from their passengers instead of simply running each other off the road."

There was also a strike against privatised buses in the USA in January. Santa Rosa, California, has a private and a public bus company. The private one pays about 30 per cent less with worse health benefits and no pension – it is also 45 per cent more expensive to users. A new contractor took over on 1 January, putting the whole work force on probation and imposing new rules. After a three week strike during which the workers put pressure on local employment agencies not to provide scab labour, the company gave in, signing an agreement with the Transport Workers Union which includes a wage rise, dental insurance and sick leave. A rank and file network of privatised transport workers has been started.



TENDER EVALUATION REPORTS

PSA would like to receive copies of all tender evaluation reports covering all the services under CCT. This will help us provide an improved flow of information about who wins contracts for which services, contract prices, employment changes and so on which will assist trade unions and local authorities in subsequent phases of CCT. Please send them to SCAT Publications, 15 Micawber Street, London N1 7TB.

COMMUNITY ACTION AGAINST TOXIC WASTE

Residents in Walsall have been campaigning against Leigh Interests plc, one of the largest waste disposal companies in the UK. The Campaign has been winning the arguments and now is in a position to pass on their evidence.

Leigh have been expanding fast in the waste disposal market, making record profits and buying up other companies at a rapid rate. Their headquarters and their longest history of operation is in Walsall in the West Midlands. Here they operate several landfill sites and Europe's largest toxic chemical disposal site.

Leigh boasts of its concern for the environment. Even its vehicles are painted green. However the local residents tell a different story. Some have been campaigning since the early 1960s against the expansion of the industry, the odours, fumes, fires, and the accompanying risk of health problems and environmental disaster.

Dustbin of Europe

Walsall is the disposal site for the majority of waste from the rest of the West Midlands and as much again is transported in from elsewhere in the UK. In recent years imports from Europe have been shooting up (see table).

All this waste is transported by road. Recent analysis of mud dropped by lorries revealed the presence of toxic chemicals. How long will it be, asks Community Action against Toxic Waste (CAATW), before a tanker of toxic or explosive chemical is involved in an accident and spills its load?

Stench

The chemical stench emanating from the site was at one time so bad that Leigh themselves attempted to disguise it with an added perfume. This smell, or possibly dust and vapours, are claimed to have caused bouts of sore eyes, sore throats, headaches, and sickness in the surrounding housing estates.

Residents believe there is an increased incidence of asthma and other respiratory disorders in the area. They fear that long term exposure to chemical cocktails could cause cancer.

Safety

There is evidence that Leigh's solidification process for toxic chemicals does not always work. There have been leaks

in the past and residents are suspicious about recent contamination of surface water killing fish and wildlife in local ponds.

There have been fires and one last year almost caused the evacuation of the local area. PCB's are stored on the site and had those been involved could have released deadly dioxins.

Leigh's workforce is not well unionised. However ex-employees have spoken at public meetings of dangerous work practices. Recently, technicians went on strike over poor health and safety standards in their analysis laboratory.

Karin B

Last August, the news that Leigh were seemingly willing to accept the cargo of the Karin B was the last straw.



Local discontent exploded and hundreds of residents blockaded the site. Public meetings called by the council and the campaign were packed out. Hundreds turned out for a protest march and rally in Walsall town centre. Thousands signed protest petitions.

CAATW declares itself non party-political and draws support from a wide cross-section of the local community. It receives support from local councillors, local Labour MPs, the MEP, FOE, and

local Trade Unions. It has established links with campaign groups opposing Leigh's incineration plants at Dudley also in the West Midlands, and Kil-lammarsh in Derbyshire, and Leigh's proposed new site in Doncaster.

Success

Under pressure from CAATW, Walsall Council pressed a two year backlog of prosecutions against Leigh. An injunction halting further deposits of treated waste was fought through the High Court in London. An independent survey was commissioned to detect local health problems and to determine the safety of the company's disposal techniques. Planning applications to extend the site was rejected. Most importantly, a resolution effectively declaring the Council's intention to close the site down was passed unanimously with support from all political parties.

LEIGH FINED

Leigh were found guilty of 12 offences under Section 3 of the Control of Pollution Act and fined £7,000 with £3,000 costs in January 1989. Two employees were also found guilty of 3 charges and fined £300. The offences took place between October 1986 and January 1988. The offences covered illegal dumping of liquid industrial wastes and failing to properly cover wastes which

were illegally dumped. The charges were brought by Walsall Council.

Untrustworthy custodians

CAATW's evidence is that Leigh are untrustworthy custodians of a sensitive and risky industry.

CAATW have assembled their evidence into a factfile. They will be happy to make this available to Local Authorities who might be approached by Leigh to develop facilities or to tender for refuse disposal contracts, to Trade Unions fighting privatisation, and to other Community Campaign groups.

Please write to: CAATW (PSA), c/o Rev. M. Hatton, The Vicarage, 25 Green Lane, Sheffield, Walsall.

IMPORT OF FOREIGN SPECIAL WASTE INTO UK AND WALSALL (TONNES)

	1985	1986	1987	1988
INTO UK	5,000	25,000	53,000	70,000 ?
INTO WALSALL	—	5,000	19,000	26,000

(First 6 mnths)

Companies bid for local government contracts

FRENCH CONNECTION

They couldn't be worse than the British contractors, could they? In fact, the French companies which have expressed an interest in bidding for many local government street cleansing and refuse collection contracts are probably more of a threat to services because they could be better than British companies.

Better at putting together persuasive tenders because of their size and experience in France and other countries. Better at convincing local authority managers, the public, and maybe even the workforce that they are more competent to take over services. We will soon know how successful they have been.

The largest – **Compagnie Generale des Eaux (CGE)** – has a turnover of about £5bn (two and a half times the size of BET); 5 per cent of this from cleaning and refuse collection. The rest of its activities are 25 per cent water distribution, 25 per cent construction; it generates thermal energy from burning rubbish and operates some urban bus routes.

Paris strike

One of its better known cleaning contracts is for the Paris Underground. It is part owner of a company called COM-ATEC which has brought in robots to replace several hundred cleaners. Six hundred Paris Underground cleaners (out of the total workforce of 1,163) went on strike in February for nearly four months after the sacking of a shop steward, opposing the increased use of casual labour and demanding a decent wage (they are asking for a rise from about £450 to £500 a month). Some of the mostly African and Arab workers were hospitalised after police and scabs attacked the strikers on 3 March, but the company finally agreed to negotiate. CFDT official, Joseph Lecorre told PSA: "This is a great victory. A monthly pay increase of 300–800 francs (£30–80) and an enquiry into disciplinary procedures is an excellent result."

CGE's subsidiary CGEA (Compagnie Generale d'Entreprises Automobiles) has started a joint venture with British waste disposal firm **Cory Waste Management** (owned by international shipping company Ocean Transport and Trading) calling itself **Ocean Environmental Management** (with a subsidiary, Cory Onyx) but usually known as **Cory CGEA**. It claims to be Europe's biggest provider of street cleaning services. It links up CGEA's

street cleansing experience with Cory's activities in transporting waste by barge from Wandsworth to landfill sites near Pitsea.

Waste, water and funerals

The second French water services company, **Lyonnaise des Eaux**, also claims to be the largest cleaning contractor in Europe. It has formed **Sitaclean Technology** as its UK subsidiary with the former director of Exclusive (Brengreen), Andrew Barlow, at its head. With the experience of 116 local authority street cleaning and refuse collection contracts in France, it hopes to win contracts in Britain.

Lyonnaise has a turnover of £1.8bn, about 15 per cent of this from cleaning and waste disposal; 42 per cent from water services. It is also involved in energy production. It owns France's largest funeral companies, **Pompes Funebres Generales (PFG)**. Last year PFG was mixed up in a scandal involving bribes to nurses, morgue attendants and council officials to ensure a ready supply of corpses. Seven people were arrested; PFG and two other companies were sued.

In Paris, SITA and CGEA hold 25 per cent each of the street cleaning and refuse collection contracts – by 1990, 50 per cent of the service will have been contracted out. At the same time, the two parent companies distribute all the city's water. There are indications that the two collaborate together as often as they compete – dividing up the spoils between them. They own jointly the company which deals with the Lille's waste, and another which owns 13 centres for processing hazardous waste.

Fifty per cent of local authority refuse collection and disposal in France is still in house but privatisation is increasing. The third French water company **Saur** (owned by the world's biggest construction company, Bouygues) already runs 16 per cent of the privatised French refuse services, although it only started in this sector in 1985. So far it has not entered the scramble for contracts in Britain, but it has large financial resources for expansion.

NEW EUROPEAN CATERING MONSTER

In the race to build new Euro-monopolies, Europe's largest contract company has been formed. One of its main objectives is to take control of some areas of public service catering in Britain.

Sodexho of France has linked up with its competitor **Eurest** in an offensive which will take on Britain's biggest catering company **Gardner Merchant** (Trust House Forte) which is expanding in France, with three catering company takeovers in the last few months. In fact the new French partnership is almost twice the size of Gardner Merchant with joint sales of £1.3 billion a year.

Specialising in catering for large companies, running more than 5000 canteens and restaurants in large countries, Sodexho has to expand more in the public sector because company catering is not growing fast enough. It needs Eurest for its cook-chill production facilities which churn out 15,000 tons of meals a year.

Both companies are eager to exploit the old people 'market' more thoroughly. Eurest already runs catering for many old peoples homes and Sodexho is building dozens of homes in France (in partnership with Bouygues). The companies also supply catering for schools, universities, prisons, airports.

Sodexho is most interested in hospital and school catering. Its first hospital contract in Britain has already started at Glasgow Royal Infirmary. However, it has had no other successes in Scotland, losing at four other hospitals including Dumfries and Galloway Psychiatric where the in-house team found they had undercut Sodexho by £100,000 after following the advice of management consultants, Grant Thornton. This means some redundancies and cuts in hours. COHSE Branch Secretary, Bill Nimmo said "I would not recommend these management consultants to anyone. A week before the tenders went in they came and asked for another £50,000 reduction in costs. If we had refused we would have saved the cuts in staff and hours."

School meals are increasingly a target for Sodexho. Recently the company won a contract to provide cook-chill meals for all the schools in a French town. This is in addition to the 1,400 school canteens it already runs. In 1987 Sodexho increased its contracts in school catering by 23.9 per cent, hospital catering by 15.7 per cent.

Sports and leisure management contracted out

PLAYING THE GAME!

The management of five Westminster City Council leisure centres was put out to tender early in 1988 well in advance of the Government including sports and leisure management under enforced tendering. This is a report of the tendering process, compiled mainly by JEREMY JOHNSON, which reveals major abuses and anti-competitive behaviour which make contractor's current complaints ridiculously trivial.

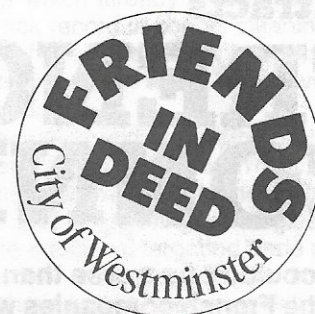
The Council advertised in various leisure journals and the *Daily Telegraph* on the 25 January 1988 that it was interested in contracting out the management of its leisure centres. The task of investigating the viability of putting the centres out to tender was given to one of the Council's consultants, Albert Newman, ex Chief Executive of Wandsworth. The leisure centres were Jubilee, Marshall Street, Queen Mother and Porchester.

Eleven firms expressed interest and eight were invited to tender:

Fitness for Industry
London Central YMCA
Recreation Management
& Development Company
Archer Securities
J Lyons Catering Ltd
Granada Entertainments
City Centre Leisure
Crossland Leisure

However, only three companies submitted tenders by 20 April 1988 followed by an in-house bid slightly later. All three companies contained senior officers from local authority leisure services, all three companies were created with the sole purpose of winning the Westminster contract. It included one company, Archer Securities, which had been "identified" by Albert Newman.

Newman's faith in **Archer Securities** as a business capable of operating the five local authority leisure centres in the heart of the capital is a little curious. Archer Securities Ltd (owned Latchmere Leisure Ltd and Vale Leisure Ltd) were at the time a holding company for seven small health fitness clubs mostly in the south west of London. It was set up under the Government's Business Expansion Scheme with the backing of some 26 investors. Its managing director, Harm B. Tegelaars, purchased an "off the peg" company, **Civic Leisure**, to bid for the Westminster contract. Tegelaars claimed to the Council that Civic Leisure was backed by a consortium including the First Leisure Corporation and the Condor Group (a construction and property development company). Both companies were invited to join Civic and Archer Securities to bid for the



contract, but this appears to have been as far as the consortium got. It remained a bogus consortium even in late June 1988 when post tender negotiations were at an advanced stage.

On 5 July 1988, just as negotiations were coming to an end and council officers were preparing a report for the Competitive Tendering Committee on 14 July, Queens Moat Houses plc, owners of the Holiday Inn hotels group, purchased 64% of Archer Securities.

City Centre Leisure was formed by four of the council's leisure management team, assisted by Spicer and Oppenheim. It had no accounts and no contracts. **Recreation Management & Development** was also a new company formed by ex-London borough leisure managers.

The original tenders

The total five year tender prices for all five centres were (they were also costed individually):

Civic Leisure	£12,976,500
City Centre Leisure	£ 7,325,690
Recreation Management & Development	£ 7,227,200
In-house	£ 7,025,490

The in-house tender was the lowest. Civic's would normally have been eliminated from a detailed evaluation of tenders.

The post-tender negotiations

By 2 June 1988 Civic Leisure dramatically announced that they could undertake the contract for £7,020,240, a massive 46% reduction in the original tender price which must be a local government record! City Centre and Recreation Management marginally reduced their tenders so that there was now only £14,000 separating three tenders including the in-house bid. Negotiations continued and by 7 June the tender prices had changed again:

Civic Leisure	£6,419,000
City Centre Leisure	£6,807,200
Recreation Management & Development	£7,227,650
In-house	£7,467,240

What is revealing about these figures is that while Civic were removing contingencies from their bid to lower their costs, the in-house team were being advised to add more on thus increasing their costs. A meeting of senior council officers with Tegelaars and Chamber-

laine from Civic Leisure on 4 July discussed the 17 contingencies in Civic's original tender and all the subsequent changes, errors and new figures for management fees and estimated costs. Civic were asked to confirm in writing that standards would not be reduced as a result of the substantial changes to their tender. Civic duly obliged: "the reduction in prices . . . was a result of detailed financial information received from the City of Westminster and those reductions were not achieved as a result of savings made by lowering the standard of service provision" (letter to City Council, 5 July 1989).

More changes

The Competitive Tendering Committee on 17 June decided to split the contract with Porchester, Marshall Street and Jubilee in one contract and the remaining two in another. By the Competitive Tendering Committee on 14 July tender prices had changed again. Civic Leisure were awarded the Porchester/Marshall/Jubilee contract for £3,975,000 (compared to in-house bid of £4,266,230) and City Centre Leisure won the Queen Mother/Seymour contract at £2,590,300 (compared to in-house bid of £3,449,010). Both winning tenders had much higher management fees – Civic's was £1.25m compared to the in-house £0.64m. The Council claimed "savings" of £1.9m over five years.

Managers desert

In the evaluation of tenders the in-house tender scored only 11 fewer points than did City Centre Leisure on matters connected with the quality of the bid. It was three points down on staffing matters and scored six fewer points on managerial experience which is not surprising since several managers deserted the in-house tender in order to form companies to challenge for the contract.

Civic Leisure strengthened its bid by employing Malcolm Chamberlain, an experienced leisure manager from the Royal Borough of Kingston upon Thames. He became Civic's operations director shortly before the award of contract. However, it was alleged at an extraordinary meeting of Kingston Council on 6 September 1988 that Chamberlain had made "improper use" of Kingston funds and that he had committed "serious breaches" of the local government code of conduct. An all party motion was endorsed at that meeting to take legal action against Chamberlain.

Civic Leisure's submission emphasised the need for "value for money" as opposed to "low prices" and suggested rather patronisingly that "those not usually considered well off do enjoy a relatively high level of dispos-



The future of leisure facilities was in part summed up by the analysis of suggestions for improvements to and the promotions of each centre submitted with each tender. The in-house bid included many ideas to improve, extend, and modify facilities based around sport, fitness and leisure. Civic's ideas were less detailed and based on adding activities which could be charged for ie, adding water flumes to three centres and snooker in four.

The job losses were as follows:

LEISURE CENTRE STAFFING LEVELS

(As Full-time Equivalents)

Category:	Current Establishment	Civic Leisure	City Centre Leisure	RMD Co.	In-House DLO
Central Staff	1	5	13	8	5
Jubilee	22.7	15	21.95	25.5	15.1
Marshall St	18	14	17.95	20.5	14
Porchester	46.5	29	38.7	33.5	22.6
Queen Mother	44	25	32.95	30.5	5
Seymour	41.6	25	33.45	28	28.5
Other	—	16	—	—	5
Total:	173.8	129	158	146	117.2
Staff in post:	162.1				
Variation from staff in post:	—	33.1	4.1	15.1	44.9
Potential Redundancies:	—	152.1	162.1	162.1	44.9

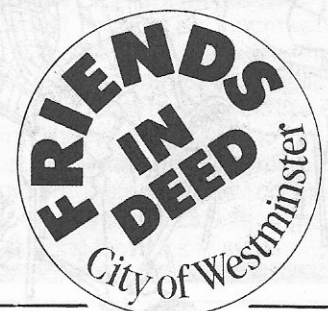
Notes:

1. The above chart shows the staffing levels by centre and category.

2. There are a number of inconsistencies in the presentation of actual FTE numbers involved within the tenders. A major problem in evaluation is that the use of casual and part-time staff has not been quantified. This applies particularly to Civic Leisure's staffing figures which quantify full-time staff only and do not include, for example, numbers of early morning cleaning staff.

(Report to Competitive Tendering Committee, 14 July 1988).

able income for leisure". Westminster Council have since increased prices above the level of inflation. Reports of falling standards and questions over health and safety are increasing. City Centre Leisure have relatively similar terms and conditions of employment to the council but not so Civic Leisure staff. They have just been told they must work bank holidays without any extra pay.



Lincolnshire County Council protects ISS

CONTRACT COLLUSION

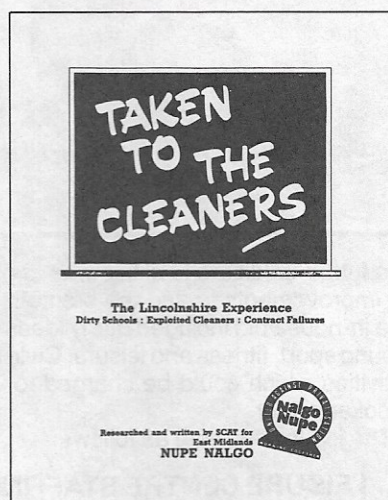
Lincolnshire County Council privatised its cleaning of buildings, mainly school cleaning, early in 1987 to ISS Servisystem, part of the Danish based cleaning multinational. Joint NUPE/NALGO cooperation led to a detailed investigation of school cleaning, 'Taken to the Cleaners' carried out by SCAT.

It reports on conditions in over 35 schools and shows that the problems were not initial teething failures but fundamental ongoing failures. But the County Council and ISS have worked hand in glove protecting each other from any criticism despite evidence of:

- Poor quality cleaning.
- Classrooms, changing rooms and other areas regularly not cleaned because ISS could not provide the required quota of cleaners.
- Mistakes and omissions abound, windows left open, lights left on.
- Very high turnover of staff, up to 600% in the first eighteen months of the contract.
- The failure to recruit and retrain staff was caused by ISS's low wages of £1.77 in 1988.
- Many teachers and caretakers had given up complaining about conditions.

Following publication of the NUPE/NALGO report the Labour Group forced a special Policy and Resources Committee just before Christmas. The County Council produced another whitewash report. It did, however, reveal for the first time that ISS has been penalised £35,352 for poor quality and non-performance up to November 1988. This included an average 68% monthly increase in deductions in the second year of the contract. The County Council also included these penalties as part of its claimed savings.

YOU WOULDN'T BELIEVE
THE LEVEL OF CHALK
DUST IN 4B....



Savings myths

'Taken to the Cleaners' challenges the County Council's savings arithmetic arguing that they are less than a third of the original savings claimed because of a series of additional costs. The report calculates that the 'savings' have been achieved directly at the expense of the cleaners wages – they suffered a £452,000 loss over the two year contract.

The Lessons of Lincolnshire

The report itemises 16 important lessons which include:

- The extent to which schools are fully cleaned on a regular basis directly related to the contractor's ability to recruit and retain suitable staff, which in turn is directly dependent on the contractor's wage rates and working conditions.
- The quality of cleaning is directly related to the quality of the specification.
- The method and results of monitoring and inspecting the contractors performance must be public information to prevent collusion.
- The financial deductions imposed on contractors for poor quality and incomplete work must be greater than the gains made by the contractor in paying sufficient staff to do the job properly in the first place.

● The contract was awarded to a contractor which already had a questionable track record in school cleaning – a comprehensive technical and financial tender evaluation would have revealed this evidence.

● Recruiting and organising part-time workers on scattered sites in rural areas is difficult at the best of times. Recruitment and organising strategies will require additional targeted trade union resources and specific training in organising and campaigning skills.

The report also examines private school cleaning in nine other local authorities which shows a dismal record for contractors. Fifteen contracts have been terminated or firms have withdrawn after mounting complaints and at least five local authorities returned to direct labour.

Meanwhile, the NUPE/NALGO report has been sent to the European Commissioner for Social Affairs and Employment, Vasso Papandreou, requesting that the Commission "investigate dirty schools and exploited cleaners" in Lincolnshire and "consider directives to outlaw anti-social practices".

Failures continue. Heads of schools in the Deepings and Stamford areas are still reporting that "there is still some way to go before the service is completely satisfactory" (Head of Deepings School). Others continue to report ISS's failure to recruit enough staff. The County Council has since extended ISS's contract for another year.

Trade unions and local authorities must not rely on any references from Lincolnshire County Council in support of ISS Servisystem applications to tender lists.

The 40 page report, which also has a detailed company profile of ISS, can be obtained price £2.00 from: NUPE, 6 Sherwood Rise, Nottingham NG7 6JS or NALGO, 15 Castlegate, Nottingham NG1 6BY.



ISS Takeovers

ISS acquired Mediclean (£24m turnover with 6,000 staff) from ADT in January 1989 for an undisclosed sum. Mediclean has about 80 NHS cleaning contracts and gives ISS about 34% of NHS cleaning contracts compared to BET's 29%. ISS's US subsidiary acquired ADT's office cleaning operations – Oxford Services, Omni Building Services, Pritchard Services for £37.6m cash in December 1988. The ADT businesses had £115m. turnover in 1988 and were sold because ADT were seeking 'higher margin sectors'.

CONTRACTORS Fines & Failures



ISS LOSE ANOTHER NORFOLK CONTRACT

Having been sacked from two Norfolk school cleaning contracts in 1984 ISS had its Bircham Primary School contract terminated in December 1988. The school had to close on 9 and 10 December 1988 so that ISS could thoroughly clean the school after failing to keep it clean. The next day ISS again failed to clean the school which led to the County Council sacking ISS and returning to direct labour. ISS had won the trial contract to clean schools in the Hunstanton area last summer. The Head stated "It was quite a problem, which was interrupting the education function of the school." (*Eastern Daily News* 13 December 1988/Norfolk County Council Press Office)

ACADEMY WITHDRAWS FROM KINGSTON

Mounting complaints about the standard of cleaning in the council's Guildhall complex led to **Academy Cleaning Services** (Securiguard Group) withdrawing from the £58,800 annual contract. Tory councillors used emergency powers to appoint Office Cleaning Services (OCS); which had previously submitted a low £48,265 bid which had been rejected by the council. However, OCS has been taken at the same contract price paid to Academy.

TYLER'S REFUSE RECORD

Complaints about **Teamwaste** (RB Tyler Group/AAH Holdings plc) Wandsworth refuse contract reached

1,411 and 1,594 in the first two months at the start of the contract in October 1987. The level has since reduced to an average 508 per month up to September 1988. Financial defaults totalled £1,400 in the first year. (Paper No 5415, Leisure and Amenity Services Committee, 8 November 1988, Wandsworth Borough Council)

INITIAL'S WESTMINSTER FAILURE

"To date, the company has performed poorly with the Council's Corporate Buildings Cleaning Contract and has received two warning notices for repeated failure to meet the contract requirements. There has been a rapid turnover of contract managers, and throughout the repeated negotiations with Council officers, the company's senior management has demonstrably failed to comply with their contractual obligations. Given the highly public and sensitive nature of the current service in question, and given the high degree of risk inevitably attached to the company's proposed recruitment package, officers are accordingly unable to recommend its tender." (Award of Contract for Management and Operation of Public Conveniences, Competitive Tendering Committee, 23 November 1988, Westminster City Council)

MERTON'S DIRTY SCHOOLS

Here are just two letters from schools about the state of cleaning with **London Property Maintenance's** school cleaning contract. The first is from the

Chairperson of Governors, Cranmer Middle School, Mitcham, Surrey, to Councillors J Smith (7 November 1988):

"The cleaning of the school is still unsatisfactory despite persistent monitoring and regular complaints. The levels of dust and dirt are now such that the Headteacher and staff are of the opinion that working in the school is a health hazard for adults and pupils.

The Chairman and Governing Body wish to express their extreme concern that this situation has been allowed to continue, and look to the Authority to take all necessary steps to put the matter right."

The second is from the Head of Hollymount School, Wimbledon, to parents (9 January 1989):

"I fear that I have to start the year with gloomy news. It appears that the inefficient cleaning of last term has deteriorated into the "no cleaning" of this term.

The extra clean which was due during the holidays, and was promised, did not take place. The routine clean did not happen on the last two days of term and half the school has had no cleaning since that time. The teaching and non-teaching staff are doing their best to empty bins and keep the place as hygienic as possible but I have to advise you that unless a proper clean takes place this evening I feel that the school will be unable to admit children tomorrow (Tuesday 10th January).

Will you please check that the school is open tomorrow and subsequent days before you leave your child.

I very much regret this decision but we cannot exist on promises which are unkept and therefore leave children vulnerable to discomfort and illness."



ISS LOSE ANOTHER CONTRACT

North Kesteven District Council's building cleaning contract with ISS recently ended and the council has returned to direct labour on the basis of improved cleaning standards and a better level of hygiene.

National Health Service White Paper

RADICAL SURGERY

The Government has unveiled its plans to de-structure the NHS. The White Paper "Working for Patients" and its accompanying eight working papers were published in February; it will be the basis of a Bill in the next session of Parliament.

There has been no consultation with any of the statutory or professional bodies. In an attempt to gain support from NHS staff, more than £1m was spent on a promotional video and PR campaign. It failed. Instead the White Paper has met almost universal opposition with GPs, Consultants, Unions, Local Authorities, CHCs and Consumer groups all protesting that the proposals bring the end of the NHS one step nearer.

Free at the point of delivery

Interestingly, the Tories have backed down from challenging the central concept of the NHS that service should be available free at the point of delivery. Taxation will continue to be the major source of health finance – for the moment.

The White Paper is about the privatisation and commercialisation of the provision of health services. The break up of the NHS will directly benefit the private health industry, enabling them to become integrated into the NHS, to take on the profitable parts of the service and build up to the point they can take over from the NHS.

Throughout the Paper, the NHS is seen as a limited medically dominated "illness" service with hospitals as the central function. Community care residential care, health promotion are hardly mentioned. Rumours are that a further white paper will propose another government appointed authority that will absorb parts of the NHS and parts of social services, and will "buy in" community care services from the statutory, voluntary and private sectors.

WORKING FOR PATIENTS

Contract Doctors

- GPs Group Practices with over 11,000 patients will be able to "opt out" of the NHS. They will receive an annual fee per patient, and will be able to spend that money as they wish, buying treatment from the NHS, "opted out" hospitals or the private sector.

- For GPs who do not opt out, or are in small practices, the District Health Authority will make "contracts" for different categories of treatment e.g. all cataract operations with Hospital A, all hip replacements with Hospital B.



Neither patients or doctors will have any choice about which hospital or consultant a patient is referred to. And the DHA will have a duty to buy the "best" (i.e. cheapest) regardless of the implications for patients.

- All GPs will have cost limits on their treatment budgets and on their drug prescribing budgets. And there will be penalties for overspending.

Hospital business

- Major Hospitals will be able to "opt out" of the NHS and become self governing Trusts, with Boards appointed by the Government. They will be free to offer whatever services they think they can sell in the market, with no obligation to meet community needs. They can treat private or NHS patients. They will be free to employ staff on whatever pay grades they choose, and to contract out as they please.

- NHS Hospitals will be run by the hospital managers, not by the DHA. They will have to compete for patients with Private and Trust Hospitals. There will be little or no investment to enable them to compete, and if they cannot attract enough custom – or enough staff – they will be allowed to close.

- Hospitals will have to pay a "mortgage" on the value of their site and buildings and other capital assets. This will encourage the sale of land and the commercial use of hospital buildings and equipment.

- A National Health Management Executive will run both the hospital and GP service. Although it will be appointed and controlled by the Government, it will be kept at arms length, so that politicians are not directly implicated.

- Regional Health Authorities will only have a policy implementation role. The services they now provide will be privatised or handed to the DHAs.

- District Health Authorities are to lose any local authority or trade union representation: all members will be appointed. Their role will be the one familiar to local authorities and housing departments: they will only *enable* the necessary services to be provided rather than provide it themselves. Operational control of hospitals will be in the hands of hospital managers.

- Any input from the community, from statutory services who liaise with the NHS or from patients themselves would be lost. Instead of planning a local service, with the complete range of diagnostic and treatment services available locally, apart from certain core services e.g. casualty, it will be left up to the "market".

Less choice, low quality, high costs

All treatments will have to be priced, and every transaction billed to the patients GP or DHA. This will require £1 billion from the NHS budget to be spent on the information technology that will be needed.

The handing over of the NHS to market forces will exacerbate the inequalities of the service, with the "best" attracting the funding, and the "worst" left to deteriorate. Richer districts will be able to pay more, and richer patients will top-up the NHS service for convenience or for any expensive extras.

It will remove all choice from doctors or from patients. DHAs will bulk purchase operations and treatments regardless of needs. Cost limits on budgets will mean that patients will never know whether they are getting the best or just what can be afforded.

Any democratic or local accountability will be lost. The development of an integrated health and illness service will be lost. The rule of the "market" will distort provision, and leave others with no health care.

Workers in the NHS will lose not just national pay bargaining, but find themselves employed by Hospital Trusts and GP Practices operating as private employers, with cost cutting and winning contracts as their priority. Competitive tendering will spread to all services. X ray units or laboratories will be privatised. Competition for scarce skilled staff – including doctors and consultants – means that NHS hospitals will not be able to afford to employ such staff.

Local Government & Housing Bill

CENTRAL CONTROL

With the usual smokescreen of "accountability" the Local Government & Housing Bill centralises effective control of major local government activities. Like preceding local government bills, it is an enabling Bill giving the Secretary of State for the Environment wide powers to make (and remake) regulations. It is now being debated in the Commons. But much of its real intentions will be contained in as yet unseen regulations.

- Council staff earning £13,500 p.a. or more, or in certain jobs specified by the DoE, will not be allowed to stand as Councillors, be politically active, or publicly comment on controversial issues. 70,000 workers are affected. Only teachers are exempt – as Kenneth Baker is quoted as saying, many of the best Conservative councillors are teachers!

- A Ban on voting co-optees on council decision-making committees, except on Police and Education Committees.

- The Government will have the power to force local councils to charge for services that are now provided free. The only exemptions will be education at school (but not extras), fire-fighting (not safety work) and public library lending (see PSA 34). They will also be able to fix the level of charges.

- Restrictions on £137 spending on voluntary organisations.

- Local councils are to be given explicit powers to carry out economic development activities for the first time. But there will also be regulations which will curtail those activities and limit the money that can be spent. The Secretary of State will also be able to regulate activities that he defines as "economic development" even though they are carried out under other powers e.g. planning or education.

- The Bill defines different categories of companies that local authorities are involved in: controlled, influenced and minority interest. These companies will have to comply with local authority regulations and financial controls. This jeopardises partnership projects, not just with private industry, but also joint care projects with the NHS, leisure activities and trusts. Private sector business interests have protested strongly that the whole concept of partnership is threatened and that public investment is essential to attract private investment.

- Housing Revenue Accounts are to be ring-fenced. Rates will not be able to be used to subsidise rents and vice versa. The only source of subsidy will be central government, giving them enormous powers over rent levels and housing policies.

- Any surplus that the HRA makes will

have to be spent on housing benefit for council tenants, reducing the cost to the Treasury. This is a fundamental change in income support which has always been a central government responsibility. It means that already poor tenants will be paying for the poorest.

- Capital receipts from the sale of land or buildings, including housing, has to be used to repay existing debts, rather than invest in new projects. £8bn will be lost to local councils.

- Improvement grants to owner occupiers are to be means-tested.

Water privatisation RUNNING

Privatisation is good for you! Especially if its water. Water authorities which are to be sold off in November are going to stop adding fluoride because any accident resulting in a court case and damages could affect future profits. Severn Trent will be first to stop in six months time. The outcome will be a lot more cavities in children's teeth.

There will be more pollution from sewage works. In January Environment Secretary Nicholas Ridley invited Water Authorities to drop the standards for their 2,300 sewage works because more than 20 per cent of them fail to meet present standards. A few weeks before, he had assured the public that there was no way he would lower standards. But who is going to buy a company which is breaking the pollution laws? And if they do there is not likely to be much investment in sewage treatment because it is not profit-making.

EEC Rules

Meanwhile the European Commission has worried the Water Authorities by refusing to lower drinking water standards. A spokesman for the DoE, which has tried to reach a compromise with the EC, explained: "If we have got hanging over us cases in court, it is not the best background for the flotation. Technically they (the EC) could go forward with proceedings against us".

Documents found by Friends of the Earth show that five per cent of £5bn made from the sale of water services

will be spent on advertising agencies and PR consultants hired to manipulate public opinion. Part of their strategy is to plant stories in the media to convince people that water quality is up to standard.

Price increases

Some statutory water companies are threatening to raise prices by 30 – 50 per cent; water authorities by up to 10 per cent. The Minister responsible for water privatisation, Michael Howard, has refused to estimate water price rises for the next ten years, saying only that by the year 2000 there will be price increases of up to 12.5 per cent.

Cutoffs

Essex Water Company, now owned by Lyonnaise des Eaux, has threatened to cut off water supplies from 6000 users who have not paid bills. The GMB's national water officer, Eddie Newell, said the company had decided "the people of Essex pay more or go thirsty. Their disconnection rate is twice as high as the publicly owned water authority cut-off rate." Three French water companies now own substantial shares of 16 statutory water companies.



PUBLIC SERVICE ACTION

Information

Second to None Haringey Council has produced a video complete with teaching pack on school meals. The 15 minute video covers the significance of healthy school meals in a child's diet, and the many benefits of a high quality service. Available from SMV, Press and Publicity, Room 2:15, LB Haringey, Civic Centre, High Road, London N22. Price £25.

LGIU guide to the Poll Tax Opposition to the Poll Tax does not only come from those who will be worse off – people also oppose the Poll Tax because of its blatant unfairness. This guide contains a description of the law and regulations surrounding the imposition of the tax, and the impact on local councils.

A section on the cost to different groups in the community contains useful campaigning material. Available from LGUI, 1–5 Bath Street, London EC1V 9QQ. Price £5.

PAY CUTS

R.B. Tyler have recently won a five year contract for grounds maintenance and gravedigging in cemeteries in the inner London borough of Wandsworth. Tylers already hold contracts in Wandsworth for garden maintenance on housing estates, refuse collection and street cleaning.

The rates of pay offered on Tyler's gardening, cemeteries and street cleansing operations are common and comprise:

Basic	£104/105
Bonus	£20
Attendance Allowance	£3 per per day with deductions for lateness, absence
TOTAL	£139/140 PER WEEK
Overtime at time and half; double time Sundays.	

The Council's own cemeteries employees were made redundant on 31 January 1989. Their rate of pay comprised:

Grade 3	£131.51 (includes £21.06 inner London weighting)
Bonus 33⅓%	£37.58
TOTAL	£169.09

A 17% cut in wages.

PUBLIC SERVICE PRACTICE 1

TENDER EVALUATION

Public Service Practice is a series of reports analysing policies and drawing together CCT best practice based on public service and trade union principles.

Tender Evaluation explains how tenders submitted under the Local Government Act 1988 should be technically and financially evaluated and appraised to maximise good quality service and employment criteria.

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More News

WANDSWORTH SPELLS IT OUT

Tory controlled Wandsworth Council has put a clause into its Conditions of Contract which prevents the contractor from terminating the contract.

"It is correct that the selected contractor cannot give notice to terminate the contract during the contract period. The inclusion of such a clause would leave the Council vulnerable to the 'whims' of company policy. The termination of any of the major cleansing contracts must only happen as a last resort and such a major decision must rest with the Council." (Paper No. 5681, Leisure & Amenities Services Committee, 10 November 1988). Eight firms were invited to tender for the five year Litter Picking contract but only three tenders were received. Other firms cited the 'no get out clause' for not tendering.

So if Wandsworth can do it . . .

PUBLIC SERVICE ACTION

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