

PUBLIC SERVICE ACTION

Action Information Contractors

PRICE 80p
Bulk Rates — see back page

No 41 November 1989

THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT

Northern Ireland Trade Unions campaign for quality services

HEALTH ACTION RAISES STANDARDS



NUPE, the Irish Congress of Trade Unions (ICTU) and hospital domestics have succeeded in putting standards, quality of service and equal treatment of women workers at the centre of the political agenda in the health service in Northern Ireland. By July 1988 only 3.9% (by value) of hospital hotel services in Northern Ireland had been put out to tender, so the Government instructed tendering of all services by 31st March 1990.

The campaign is significant because it has succeeded in combining well organised industrial action, political pressure, and technical analysis which exposed tenders and the tendering system.

On the day of the Eastern Board meeting on 31st August, hospital workers took industrial action, providing only emergency cover, and 600 marched through Belfast to the Board's offices. Two hundred workers remained outside during the meeting. Inside, a dele-

gation of domestics put their case against privatisation.

A submission from the Health Services Group of the ICTU heavily criticised the evaluation of tenders and exposed major problems in the tenders:

- The input hours of Initial and Mediclean for Belfast were 25% and 19% below the 'comparative factor' (a DOH national average concocted from NHS tenders submitted since 1983). When asked about the low hours the contractors standard response was 'any shortfall will be provided at no additional cost to the Board'. The cut in hours and staff would have had a devastating effect on the quality of service.

- The contractors had grossly underestimated the cost of materials even by their own stated standards.

- No allowance had been made for the additional costs of monitoring private contractors.

These factors radically changed the tender prices. But the issue was not primarily about costs.

CONT. ON PAGE 2

INSIDE

- **Private Security**
- **Contractors' Failures**
- **Catering Contracts**
- **Estate Transfer Rejected**
- **Wirral Women Win**
- **Education — Opting Out**
- **Companies and Consultants**

The Eastern Board invited tenders for domestic services at Belfast City Hospital and the Lagan Valley Hospital and community health facilities in the Lisburn area. Initial (BET) submitted the lowest bid (£1.25m) at Belfast followed by the in-house (£1.36m) and Mediclean (£1.43m). At Lagan Valley the in-house bid was third lowest. The same contractors also tendered for the community facilities contract along with two local firms, all except one were lower than the in-house bid.

Re-tendering

The Board rejected the proposals to privatise by 16 to 6. They accepted the resolution by a vote of 10 to 8. The Minister then stepped in and ordered the lowest tender to be accepted. The day before the Board meeting to discuss this, Initial Services withdrew their tender and all other bids in the Eastern Health Board. At the Board meeting the Board voted 13 to 11 to accept the Minister's directive. All political parties and trade union representatives held steady together with a couple of ministerial appointees. The rest of the ministerial appointees were frightened by a legal opinion which threatened a surcharge if they did not accept the Minister's decision.

The General Purpose Committee of the Board met on Thursday 12th October at which they decided to re-tender the Belfast City Hospital contract. The Board's rationale was that the next lowest tender was the in-house tender which they had said was not viable, that would leave only Mediclean and they did not want just one firm in the ring. 'We believe the real reason is that Mediclean doesn't want the City Hospital but wants easy pickings elsewhere. We have heard but cannot prove that Initial Services have withdrawn from all bids in the Southern Health Board and it looks as if the Department is now encouraging Mediclean to stay in Northern Ireland. Mediclean advertised last week for a Northern Ireland Domestic Services Regional Manager.'

'We also demanded a re-tendering of the Belfast City Hospital, but for different reasons. We demanded that new procedures, new specifications and new professional advice be developed as the previous recommendations showed that their past practices on tendering were incompetent and invalid,' stated Inez McCormack, NUPE Regional Organiser in Belfast.

In-house tenders win

The Northern Board voted to accept the lowest tender in four cases (all in-house) and in two cases rejected Mediclean's tenders because they provided insufficient hours. These two contracts were also awarded in-house.

The contractor's tenders were fake. They ranged from 7% to 43% below

Wirral Women Triumph

Bob Bird



In the face of privatisation, women workers in Wirral have managed to keep contractors at bay and win themselves a pay rise.

Domestic services at hospitals in the Wirral were put out to tender by the Health Authority three years ago, affecting the jobs of about 470 women. **Mediguard** won the contract at Clatterbridge Hospital, the region's cancer treatment centre, where privatisation involved massive cuts in pay, holidays and sick pay for the 200 staff.

At Arrowe Park Hospital — the largest on Merseyside, employing about 270 domestic staff, the in-house tender won the contract — but only at the cost of a 25% cut in pay.

Since then, women working at both hospitals have gradually fought back. Recently, their union (the TGWU), successfully negotiated a pay rise after threatening to take an equal pay case against the Health Authority and Mediguard. They argued that staff at Clatterbridge should be paid Whitley Council rates of pay. One of the emerging problems was whose responsibility it is that the women were paid such low rates (£2.23 an hour), as agreed in the Mediguard contract. Mediguard argued that profit margins on cleaning contracts are too small to allow for pay

raises and that as in all NHS contracts, money for pay rises comes directly from the Health Authority who are responsible for setting the rates.

Tenders rejected

At Arrowe Park, the Health Authority plans to have another go at contracting out the service. The workers there, who are also mainly T&G members, have managed to delay tendering until next April. They threatened an all-out strike following a management refusal to put forward an in-house bid, because they did not want to include a 10% bonus. This action forced the Health Authority to reject the four private bids which had been submitted, all of which would have meant reducing holidays to two weeks per year and proposed pay cuts of 20p an hour.

The workers, with the support of the TGWU, are now trying to ensure that both contracts are won by in-house tenders. They are demanding that whoever wins the contracts, staff would be paid Whitley Council rates plus a 10% bonus, together with the normal holiday, pension and sick pay schemes.

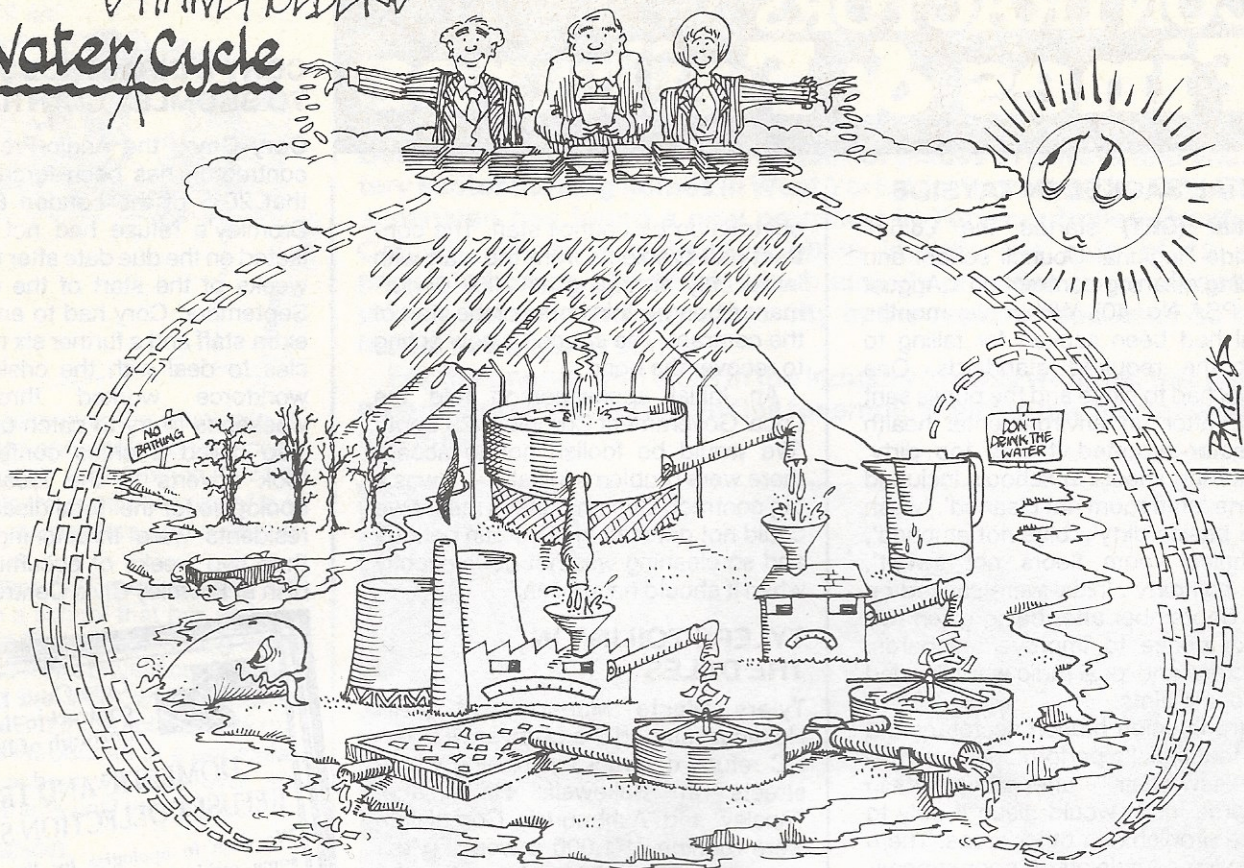
the so-called 'comparative factor', itself based on massive cuts in hours. The offer of 'free' hours was totally spurious. And their sick leave and holiday cover was only half that allocated in the in-house bids.

The Government is rooted in trying to obtain 'savings'. Whilst the Health Boards have stood up to the Government, NUPE and the IFTU are making the quality of service, standards and

staffing the central issue. The unions reject the strategy of in-house bids winning at any price. So-called competition has created a phoney price war in which patients get a lower quality service, domestics pay the price with fewer jobs, reduced earnings, and are forced to work to lower hygiene and health care standards.

Thanks to Inez McCormack, NUPE Regional Organiser, Belfast.

SHAREHOLDERS The Water Cycle

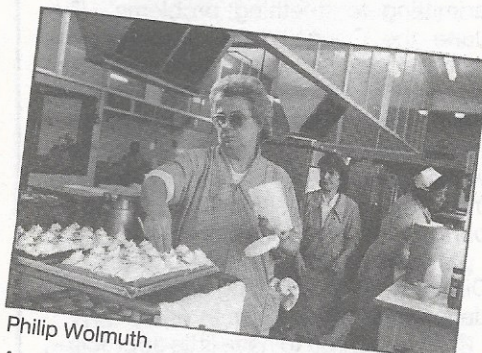


CATERING CONTRACTORS SCARED OFF

The first round of tendering under the 1988 Local Government Act for catering services has shown a largely disinterested private sector.

Although catering, like cleaning, is labour intensive and a large employer of part-time women, it has a much higher public profile and the profit potential is more limited. These two factors make public catering services, especially school meals, much less attractive to private contractors.

Very few companies have expressed interest, let alone tendered for catering contracts, although a whole variety of contracts of differing sizes have been up for grabs. In many local authorities there has been no bidding at all for school meals and welfare catering eg., Gateshead MDC, Lancashire CC and Central Regional Council. The same is also true for civic catering, eg., there was no competition to the DSO in Leicester DC, Manchester MDC or Northants CC. Where there has been bidding, there is plenty of evidence that contractors have been picking and



Philip Wolmuth.

choosing between locations and packages. The most popular contracts appear to have been in small district councils and for particular parts of the service — leisure catering or catering on one site eg., a college.

DSO Successes

Of 63 local authorities who have put school catering or civic catering or both services out to tender so far, 55 were

won in total in-house. In 5 of the 8 cases of privatisation contractors were only awarded part of the catering work eg., in the London Borough of Harrow leisure centre catering has been contracted out to **Sports and Leisure Foods** whilst a £1.95m catering contract has been awarded in-house.

The major contract to be privatised so far is that for Dorset County Council school meals. The service, which is limited to the provision of cold meals and snacks has been awarded to **Sutcliffe Catering**, subsidiary of the giant P&O Group. Sutcliffe's already have school meals contracts in Merton and Buckinghamshire and claim they can run the service at a low price — 'saving ratepayers £1m over 5 years'. This is heavily disputed locally where there is concern that Sutcliffe's have put in a loss leader. 250 catering jobs are at risk.

The lessons are clear. Catering contractors seeking high profits have realised from poor experiences in the health service and in Tory authorities where privatisation has already taken place that they cannot compete with DSO's in running high quality, cost efficient services to meet very specific requirements. The profit motive is not high enough — profit margins in school meals especially are very slim. In addition contractors have probably been scared off by the embarrassing experiences of **ARA Services** who were sacked by Wandsworth (see PSA 38).

CONTRACTORS Fines & Failures

INITIAL SACKED IN TAYSIDE

Initial (BET) started the £6.6m Tayside Regional Council school and building cleaning contract on 1 August (see PSA No. 40). Within two months Initial had been sacked for failing to meet the required standards. One school had to close and the pupils sent home after an environmental health inspector reported it was too dirty. Monitoring sheets in schools included reports 'staff room not cleaned', 'wash hand basins dirty', 'bins not emptied', 'Technical room floors not swept', 'gym hall dirty'. Initial were sacked on 29th September after being given two weeks notice to improve standards. The press and local radio were flooded with complaints.

A trade union branch secretary told PSA that Initial's performance was like a see-saw affair — after complaints in one area Initial would clean it only to create problems in other areas. There were also complaints of poor supervision, a lack of equipment and poor cleaning materials.

**ISC
INITIAL**

The Council had to advertise to call back cleaners — about 700 of the 862 previously made redundant have returned on a temporary basis. Other cleaners have been recruited. They are now back on the previous hourly rates working 15 hours per week under the supervision of caretakers. The council has decided to re-tender. The cost of additional monitoring, re-tendering, and wages in the intervening period are estimated at £800,000.

Initial are considering legal action claiming lack of co-operation and

EVIDENCE OF DEFAULTS AND PENALTIES

Please send PSA any evidence — press cuttings, committee reports, trade union surveys etc — of contractors' fines and failures. This will provide vital evidence for local authorities and trade unions in subsequent rounds of tendering. PSA would also like to receive any evidence of lower quality service on contracts won by DSOs after cuts in jobs, specifications, and budgets.

obstruction by council staff. The contract had problems from the start with Initial only arranging its 10% performance bond within hours of the start of the contract. The council is now acting to recover the bond.

An Initial spokesperson told the Local Government Chronicle (29 Sept): 'We would be foolish not to accept there were problems initially — it was a big contract. Circumstances meant we could not get staff in at certain periods and so cleaning was not done exactly when it should have been.'

TYLERS TOILING IN THE DALES

Tylers Waste Management (AAH Holdings) started the Derbyshire Dales DC refuse contract by missing whole streets in Bakewell, Hathersage, Tansley and Ashbourne. Complaints were running at 1,000 a week. Tylers won with a £680,000 tender cutting the workforce from 45 to 23. They admitted that only one of the council's workforce had accepted a job with the firm in the northern area of the local authority.

SEVEN MONTH SETTLING-IN FOR BFI

BFI Wastecare started the £4.8m annual Kensington & Chelsea combined refuse collection, street cleansing, vehicle maintenance and public toilets contract on 1 April 1989. The council refused to allow an in-house tender.

In May the Council and BFI were admitting to 'teething problems'. By June the Council were admitting to 'serious problems' and extended the six week settling-in period indefinitely. Seven months later the Council admitted to PSA that the settling-in period, when the contractor is usually exempt from financial penalties for non or poor performance, is still continuing.

A leaked report by the Council's Director of Engineering in June had described the situation:

'BFI appeared to have little appreciation of the sweeping requirements in the Royal Borough, a situation exacerbated by the fact that only about 20 percent of the former council staff were now employed by BFI (as opposed to 50 to 70 percent initially) and there was inadequate supervision and training of the street sweeping workforce.' The report also called on the contractor to increase wage rates and benefits and to recruit more widely.

CORY'S DISASTROUS START TO BROMLEY CONTRACT

Cory-Onyx, the Anglo-French refuse contractor, has been forced to admit that 20% of the London Borough of Bromley's refuse had not been collected on the due date after the first few weeks of the start of the contract in September. Cory had to employ thirty extra staff and a further six refuse vehicles to deal with the crisis. Half the workforce worked through two weekends to try to catch up. The firm also called a press conference and took adverts in the local press to apologise for the 'total disaster'. Many residents were threatening to dump their two weeks of accumulated rubbish at Bromley Civic Centre.



Rounds Cut

Cory had cut the rounds from thirty to twenty-four and had employed a 'highly reputable' distribution company to deliver leaflets notifying residents of the change in the collection day. But only 30% of residents were informed. Another 120,000 leaflets had to be printed and distributed. Cory also blamed problems with its computerised schedule which had failed to take into account the geography of the borough!

(Kentish Times, 21 and 28 September 1989)

WATERERS FAIL TO CUT GRASS

Waterers Landscape Ltd of Ascot were recently sacked by Torbay District Council from a 4 year highway verge grass cutting and weeding contract after less than 10 weeks. Waterers won the contract with a £55,733 tender substantially undercutting the DSO's £103,869 and a higher bid from Devon County Council. Nine jobs were lost. In fact Waterers planned to sub-contract the work but they pulled out ten days before the start of the contract forcing Waterers to start the contract itself.

The specification required high grass to be cut on a 21/28 day cycle with a daily cut of about 23,000 square metres

to a height of 40mm. Between 10 and 12 cuts a year were required with a small area of rural grass being cut twice a year. The Council allocated one third of a person day to supervise the contract.

'It became clear after the second week that things weren't going well. Whole lengths of verges were ragged, large piles of grass were left lying around and litter wasn't being collected off the grass either' stated Torbay's Group Engineer Malcolm Webley. (Municipal Journal 28th July, 1989). Complaints were flooding in. Waterers increased their staffing and started a seven-day week to catch up and the Council increased its supervision. By the end of the second cycle of cutting the Council had issued 113 default notices. The Council even called in the DSO to cut the areas missed by the contractor. By the end of May it was clear to the Council that the firm would not even finish the second round of cutting and was formally told it was in breach of contract. They were told to complete the second cycle by June 9th, but the contractor instead withdrew from the contract. By June the Council's time monitoring the contract had increased 900%. Some 100 photos were used in evidence to the Council committee at which the contract was awarded to the DSO. Waterer's admitted to 'seriously underestimating the job'!

WATERERS AGAIN

Basingstoke and Deane DC terminated a one year £55,000 grass cutting contract with **Waterers Landscapes Ltd** in June 1989. The work returned to the DSO. The Council stated that 'the work was not fulfilled to specification as regards both time and standard'. (Horticulture Week 14, July, 1989).

TENDERING FOR WASTE DISPOSAL

The Government's latest proposals for 'greening the environment' will force Waste Disposal Authorities to transfer their operations — landfill sites, incinerators, transfer stations — to 'arms length local authority controlled companies'. The companies will 'have scope for private sector investment' and will have to compete with the private sector for waste disposal contracts. Although 'initially' controlled by local authorities the Government clearly intends complete privatisation in the longer term. The WDAs will be renamed Waste Regulation Authorities and will be required to regulate the 'market'.

Profit margins are much higher in waste disposal than refuse collection. These changes are likely to strengthen the waste disposal companies' position at the expense of cleaning companies which focus only on collection.

COMPANIES & CONSULTANTS

● Management consultants and auditors **Coopers & Lybrand** have merged with the UK and Dutch practices of **Deloitte Haskins & Sells**. They had a combined fee income of £415m in 1987/88. This is a counter move after the US, French and Japanese sections of Deloitte's had merged with Touche Ross International to form **Deloitte Ross Tohmatsu**. The move follows the merger of consultants and auditors **Ernst & Whinney** and **Arthur Young** to form **Ernst & Young** earlier this year. Merger talks between **Price Waterhouse** and **Arthur Andersen**, in what would have been the world's largest accountancy merger, recently broke down.

● **British Steel** has acquired the steel stockholding (purchases steel from producers to sell to users) firm of **C. Walker** for £330m. The deal lifts British Steel's market share of steel stockholding from 16% to 35%.

● ADT (previously known as the Hawley Group), the Bermuda based services group, has acquired a 4.2% stake in **BAA plc**, the privatised airports authority. ADT, once one of Britain's largest cleaning contractors with **Mediclean** and **Pritchards** among its subsidiaries, stripped out its cleaning operations in 1988 to concentrate on higher profit margin security and car auctions. **Laidlaw**, the Canadian waste management and transportation group, has a 28% stake in ADT. So rather than clean BAA's airport lounge floors ADT has decided to buy a chunk of the company!

● **BET** paid £20m cash for a waste disposal landfill site near Redhill, Sur-

rey for its **Biffa Waste Services** subsidiary earlier this year. It also recently entered the US cleaning and building maintenance sector by acquiring **Arcade Cleaning Contractors** and **Arcade Building Services** in New York. The companies have a combined annual turnover of £48m.

● The private security firm **Securiguard Group plc** virtually doubled its turnover in the first half of 1989. The group includes **Securiguard Services**, **Academy Cleaning Services** (which has several contract terminations to its credit), and **Mediguard Services** (hospital cleaning and portering). Security services had a £36.6m turnover in 1988 and cleaning £10.7m.

● **Hargreaves Clearwaste Ltd** and other subsidiaries of the Coalite Group plc (turnover £666m in 1988/89) are owned by **Anglo United plc** (turnover £51m in 1988) the opencast mining and coal distribution firm, after a bitter takeover battle in the summer.

● **Environman**, bidding for local authority refuse contracts, was set up by the **Caird Group plc** last autumn. Caird has a 60% share stake and provides 'full financial and operational support'. Meanwhile, Caird has continued acquiring a number of waste disposal companies — **Catwick Landfill** (Humberside), **Birchley Waste** (Rochdale), **BAS Skip Hire** (Cambridgeshire). It has just paid £4.5m cash for a landfill site in South Yorkshire in addition to a new joint venture, **Caird-Evered Ltd**, to develop the empty quarries of **Evered Holdings**. Earlier this year it acquired waste disposal companies in South Wales and Aberdeen.



"ACTUALLY DOCTOR, THAT'S OUR DOMESTIC.... THE PATIENT'S OVER HERE....!"

The record of private security firms is now being exposed in the wake of the bombing of the Royal Marines Barracks in Deal in September. Revelations include accusations that firms employ people with criminal convictions and that the industry depends for its profit on employing staff on low-pay for long hours without proper training, resulting in an estimated staff turnover rate of 400%.

For the first time attempts to regulate the activities of the industry may prove successful. Following concerns expressed by MPs and the police, a private Security Registration Bill including a licensing system and controls over the kind of people firms employ is being tabled by Bruce George, a Labour Member of the Commons Defence Committee.

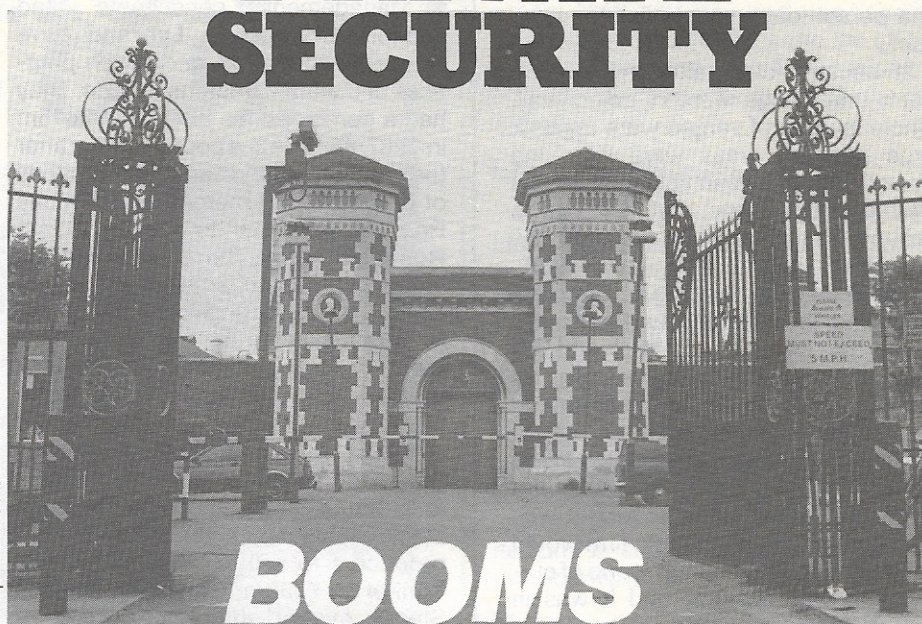
This instability has not stopped private security firms from proliferating. Over the last ten years the number of people employed in the industry has increased to 250,000, twice the number of police in England and Wales, and sales are now estimated at well over £400 million — equivalent to ten percent of the entire Government law and order budget. There are now estimated to be 1,500 private security firms in operation.

Privatisation Spreads

The growth of the private security industry has been supported by the Government, whose encouragement of privatisation and emphasis on cutting costs has meant using private firms more and more. Many police services could theoretically be privatised. The Home Office has recently appointed a merchant bank to explore privatising forensic science and the police national computer. It is also drawing up plans to allow the private security industry access to criminal records — essential if firms want to vet prospective employees. This is taking place in the context of widespread criticism of contractors activities — including bugging and surveillance. Access to police records would give security firms the powers of police constables, making it possible to increase the number of partly-trained, privately employed 'street wardens'.

The precedent for this has already been set by Tory-controlled Bromley Council, who have contracted **Sentinel Security Group** to patrol four council estates. According to a Guardian report the private security guards

Philip Wolmuth.



employed play their policing role 'with a peculiar mixture of emotions — ranging from an unrefined sense of civic duty to a thirst for power and a simple desire to make money'. (8.3.89.)

Examples like this present the worrying possibility of a two-tier policing system, with private firms taking on the less-skilled job of providing local information, dealing with minor offences, providing a reassuring police presence and helping old ladies across the road. Official police budgets could then be reduced and resources concentrated on providing a smaller number of highly trained regular officers.

The Security Business

Private security firms mainly deal in static and mobile guards, armoured cars, alarms and, more recently, telecommunications and electronics. The Ministry of Defence, for example, has 16 contracts with private firms to guard forty-four military establishments, one of which is the Royal Marines Barracks at Deal where the contract has been held by **Reliance Security Services** since January 1988. Reliance employ 3,500 staff on more than 800 commercial, retail, manufacturing and military sites. Despite the company's claim that employees are carefully screened and undergo off-site training, ex-employees claim that training is a farce, lasting just two days, and with pay rates of £1.81 an hour staff are forced to work up to eighty hours a week. Long hours and poor pay encourage high staff turnover, and once some experience has been gained it is not uncommon for staff to move from company to company, especially as the unregulated security business is expanding so rapidly.

The GMB's annual survey of wages

and conditions in the private security industry found basic wages as low as £1.58 an hour in 1988. The industry average was £1.95 an hour, an average sixty hour week and only sixteen days holiday.

Costs of Security

The Home Office currently employs the services of eight private security firms for a variety of tasks ranging from the guarding and escorting of Immigration Service detainees, through cash-in-transit duties to the safeguarding of

The Companies

Securicor is Britain's largest security company, with 25,000 employees and a world turnover of £450 million. Increasingly important are **Group 4**, with 6,400 workers and a turnover of £200 million, **Chubb**, **Security Express** and **Pritchards**.

The security market is valued at £400m annually with a current growth rate of between 10%-15%. Four firms have over sixty percent of the market:

Group 4 24%
Securicor 21%
Reliance 9%
Securiguard 9%
Others 37%
100%

The British Security Industry Association represents most of the market in terms of turnover but there are a growing number of small firms outside of the association. The BSIA issued a report last year detailing 609 firms which were causing concern to the police including 326 firms which employed workers with known criminal records. Some firms had 10% of their workforce with criminal records.

buildings and residential establishments (eg Police Colleges). Excluding residential training establishments, the costs of these was in the region of £1,266,000 in 1985.

The precise costs of specific contracts are shrouded in the secrecy of 'commercial confidentiality'. The nature of the Government's relationship with private security firms remaining closed to public scrutiny. The cost cutting involved and the profits made by security companies means that with no public accountability the management of privately run security services remains open to abuse.

It is clear that the cost of employing private security contractors is a far cheaper alternative than the direct employment of additional immigration or prison service staff. The extremely low wages and long shifts worked by private security guards ensure that they provide the cheapest option for a cost cutting government bent on a programme of privatisation.

According to a MATSA survey on wages and conditions, the only way for guards to earn a living is to work extremely long hours. In 1988, static guards at **Securicor** worked an average fifty-four hours a week and those at **Group 4**, sixty hours.

Private Prisons

The ability of private security firms to handle people as well as money has been put to the test. Private security firms have run immigration detention centres since 1970. This experience provides the precedent for Government proposals to encourage private sector involvement in the penal system. Its relevance is increasing as plans to privatise remand prisons begin to unfold. Privatisation is being put forward as a panacea for overcrowded prisons by the Government who need to balance attempts to reduce the prison population against its commitment to introduce tougher sentencing.

Group 4 Securities Ltd

As part of a consortium involving **Tarmac Construction** and **Midland Bank**, **Group 4** are preparing a bid for the new remand prison contract. The difference between them and other companies is that they are already doing work for the Home Office, running immigration detention centres such as Harmondsworth, having won the contract from **Securicor** in January 1988.

Their experience of the management of immigration detention centres and the impression they create in cost efficiency will be important in assisting the bid to run remand centres.

It is significant that **Group 4** only became involved in the management of immigration detention after the Gov-

ernment's proposals to privatise remand centres were made clear. The decision to call for tenders for the Immigration Contract being made at the same time, even though the Government expressed itself to be happy with the service provided by **Securicor** since being awarded the contract in 1970.

Both **Group 4** and **Securicor** are looking to diversify their security work into prisons, whilst a number of other firms now offer a complete package of services including cleaning services and office maintenance.

Private Prisons — Overseas

Immigration detention centres abroad have provided the model for private sector involvement in prison services.

Corrections Corporation of America (CCA), the first private prisons company, is currently part of a consortium with **Sir Robert McAlpine and Sons** and **John Mowlem and Co** proposing to bid for the new British remand centre contract. **CCA's** first contract was for a 300-bed detention centre for illegal immigrants in Texas, and since then it has also started to run a work farm and a women's gaol. **CCA** currently owns or manages nine facilities containing a total of 1,719 beds.



The experience from America is not however encouraging for those concerned to cut costs, reduce the number of prisoners or improve conditions. Private prisons are highly selective and the so-called 'model' prisons are expensive to run. The very fact of privatisation substitutes the goal of profit maximisation for the goal of the general welfare of the public. The danger is that more prisoners will equal more profits.

Subsidiary companies of **Group 4** are also involved in the management of prisons/detention centres abroad. It is likely that this experience has been important in securing them the Home Office contact at Harmondsworth.

Racism

In addition to the lack of accountability and secrecy surrounding the Home Office relationship with the private sec-

urity industry, a recent report by the Howard League penal reform group has revealed the inherent racism of the centres now managed by **Group 4**.

The report by Dr Penny Green criticises the lack of formal complaints procedure, poor vetting of new staff, poor staff-training and low pay and long hours. The centres have no boards of visitors or visits by the Prison Inspectorate.

The very nature of immigration controls in Britain have been shown to be racist both in terms of their aims, which have largely been to limit black immigration from ex-colonies, and in the way they are applied by the Immigration Service. It is assumed that only passengers from third world or developing countries will want to remain illegally in the UK. As a result they are likely to be more thoroughly investigated than white Canadians or Australians for example. This, together with the use of prison detention, has led to the conflation of race and crime resulting in crude racial stereotyping.

Influential in this stereotyping has been the employment of private security firms whose experience is as guardians of property. Their reputation for equating people with property and treating them accordingly, ensures the continued vulnerability of immigration detainees.

The case of immigration detention illustrates that prison reform and profit do not go hand in hand presenting a disturbing picture for the future.

PRIVATE PRISONS UPDATE

● Following a review of security at Deal, the Ministry of Defence has told unions that it is 'very unlikely' that they will contract out anything other than cleaning and catering work in future. A commitment which has yet to be tested.

At the same time it has been reported that **Reliance Security Services** have taken on more security work for the MOD, this time at Tidworth Barracks on Salisbury Plain.

● The ability of security firms to run immigration detention centres has also been found wanting following outbreaks of discontent. This focuses on the long months detainees spend in boredom waiting for immigration officials to process their cases. Cramped conditions fuel feelings of frustration and anger.

Criticisms at Harmondsworth, run by **Group 4**, also include refusals to eat the monotonous and boring cook-chill food provided under a private contract by **Scandinavian Airlines**. Thirteen Kurdish refugees at Harmondsworth were released recently following incidents including one where two Kurds set fire to themselves.

The Education Reform Act

EDUCATION — OPTING OUT

Philip Wolmuth.



This article looks at the opting out powers under the Education Reform Act and the implications for staff and pupils. (See also PSA 40). Opting out is a key part of the Government's dismantling of the education service run by local authorities. Children's education will suffer if schools opt out and cut themselves off from the rest of the local education service. There are fears that opting out will result in selective schools thereby damaging the principles of state education.

Opting out is part of the Government's push towards greater competition between schools, especially those that are flourishing. In fact, the first round of ballots have been contentious, with the majority of schools involved being those threatened with closure or merger. The Secretary of State has already rejected the opt out applications of some schools not considered 'viable'.

What is opting out?

Schools with over 300 pupils are allowed to opt out of local authority control and become independent Grant-maintained schools (GMS) funded directly by Central Government. If the Secretary of State agrees to funding by grant from the Government, instead of maintenance by Local Education Authorities (LEA's), opted out schools are owned by the governing body and not by the LEA.

The Grant-Maintained Schools Trust, funded by private industry and supported by the Government has been set up to help schools opt out.

The opting out procedures can be started either by a vote of the school

governors or by a petition from at least 20% of the school's parents. There must then be a ballot — a simple majority of those voting (at least 50% of parents) is all that is required. The final decision rests with the Secretary of State.

Once schools have opted out, they cannot go back into the LEA system for at least ten years, and then only with the Government's permission.

Implications for staff

Staffing is the total responsibility of a GMS governing body. Governors control staffing levels, all staff appointments, pay, conditions of service including those for non-teaching staff.

If a school opts out, its staff have to leave their current employer, the LEA, or leave the school. If any staff do not wish to transfer with the school and cannot be found another job by the LEA, they are deemed to have resigned and are not entitled to compensation. Over a third of the teachers at Audenshaw High School, one of the first schools to be given GMS status, resigned in time to leave prior to the change taking place, fearful of not getting a job in the LEA again.

Pay and conditions of non-teaching staff are not necessarily tied to national agreements on pay and conditions. Agreements can be negotiated at school level and pay and conditions may vary between GMS's and the LEA schools. This move away from national collective agreements is clearly very divisive.

Equal opportunities?

GMS's will be no longer bound by LEA equal opportunities policies. Black and women workers already face discrimination in terms of appointment and promotion. This is likely to increase where schools are no longer bound by LEA policies and practices. Schools which opt out will not receive the advice and support of LEA advisers for gender and race. GMS's will not be encouraged to adopt anti-racist and anti-sexist approaches in the curriculum, in-service training and career development.

Finance

GMS's will have total responsibility for the entire school budget. The school is given a grant for the amount the LEA would have spent on the school, with an additional share of the LEA's central costs from which it will have to buy services no longer provided by the LEA. This could mean alternative sources including using private companies for services such as personnel, legal, finance, training libraries, property maintenance and so on.

Skegness Grammar School, one of the first schools to opt out, is planning to use its independence from the LEA to put key services out to tender. The 600 pupil school in Lincolnshire may buy-in services like legal advice, insurance and payroll management from outside firms.

Undermining LEA's

Since GMS's are totally independent of LEA ownership and control, central LEA functions will be weakened and councils will be deprived of major public assets. Even premises will belong to the governing body of GMS's. The planning of the education service across districts will be drastically undermined if a number of schools in one area agree to opt out.

The jobs of thousands of workers providing LEA services such as inspectors, advisers, librarians, welfare officers, admin and clerical workers are threatened as schools opt out and take over these functions themselves or buy them from private contractors.

Catering, cleaning, grounds maintenance and vehicle maintenance services — all vital to a school's successful operation are subject to competitive tendering. Under opting out individual

GOOD MORNING, MS BINKS,
CONTRACT COMMISSIONER, QUALITY
CONTROLLER AND
SOMETIME SCHOOL
SECRETARY
SPEAKING....

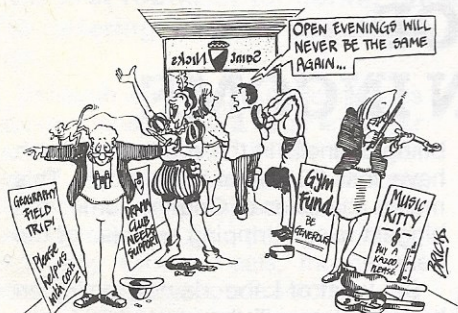


schools will take over the client role of these services and decide on the contractor. Budget decisions in GMS's could result in the escalating use of low cost private contractors and a poorer quality service.

It seems that CCT requirements will not apply to a school that has already become a GMS, ie., a governing body will be able to invite private contractors to carry out the work without facing competition. But if the school opts out after CCT is introduced in a particular service the school will take over the existing contracts until they expire.

Discrimination

GMS will have the freedom to discriminate in their admissions policy on the grounds of ability or race for example, with the result that GMS could decide to have intakes of predominantly white, middle-class children with well off parents who could afford substantial voluntary contributions to pay for the running of the school — giving further potential for a trend towards privatisation. The legislation could also be used by groups of parents of one particular religion to establish an exclusive school of their own.



Elitism

Behind the Government's thinking is the intention to re-introduce an elitist and centrally controlled system of direct grant schools. This represents a trend away from the basic principles of state education which have always argued for equal access to good quality education for all children.

For further details and information briefings contact Local Schools Information (LSI), 11-13 Charterhouse Buildings, Goswell Road, London EC1M 7AN.

THE COST OF CARING

Between 1984 and 1988 the number of places in private and voluntary sector nursing homes in West Yorkshire increased by 78%. This expansion has found a new promoter in Tory-controlled Bradford Council, whose privatisation plans include the sale of 12 old people's homes. Bradford, which already provides more places in private homes than any other city in the region, sees itself as the model of things to come.

For the people who work in the industry (mainly women), this news means increased opportunities for employment in low paid exploitative jobs.

Maggie Murray/Format.



The Cost of Caring, a report published by the region's Low Pay Unit, reveals the pay and conditions of the nursing auxiliaries who make up the backbone of the nursing home service. Hourly rates for unqualified care assistants average about £2.00 per hour, but can fall to as low as £1.20 an hour. The quality of life for the fast growing numbers of elderly people in the region is in the hands of these workers. The majority are women working part-time, with few paid holidays and often no entitlement to paid sick leave. Yet, as the report emphasises, the work of caring for the elderly is demanding and skilled.

The Cost of Caring is based on material collected throughout 1988 including interviews with hundreds of workers and owners in private old people's homes. It looks at the use of youth trainees to do care assistants' jobs and reveals the extent to which increased costs are squeezing out the owners of smaller homes. The industry here as elsewhere is being threatened by takeover by big companies relying on the image of caring work as a labour of love to increase profits.

The Cost of Caring. A West Yorkshire study about pay and conditions of care workers in private old people's homes. By Maggie Hunt.

Available from: WYLP, Field Hill Centre, Batley WF17 0BQ. Price £3.00.

Future of the NHS Campaign

A new campaign has been set up by Health Rights, an independent organisation working on health issues from the patient and community viewpoint. It has been launched with a charter which already has the support of patients groups, voluntary organisations, councils and trade unions. The campaign is arguing for:

- extra money for urgently needed services
- real choice for patients
- improvements in the pay and conditions of thousands of workers.

Health Rights can be contacted at 344 South Lambeth Road, London SE8.

ROYAL REDEVELOPMENT REJECTED

Labour controlled Waltham Forest LBC was the first non Tory borough to seriously consider the voluntary transfer of four Tower block estates to tenants through the establishment of industrial and provident societies.



The controversial scheme, welcomed by some tenants but opposed by the Tenants Federation as a form of privatisation, has cost Waltham Forest £1 million during a 3 year development programme. Whilst the scheme 'fascinated' Prince Charles sufficiently to include it in his Vision of Britain exhibition at the Victoria and Albert Museum, at the end of the day it was not acceptable to the DoE who suddenly withdrew their support just as the Prince's exhibition opened.

The scheme would have challenged the DoE's new capital controls system but indications up until the last moment were that the government was sympathetic and supportive. Indeed, it would have fulfilled several aims of the government's housing policy, and, crucially, was being promoted by a Labour authority. If approved it would have promoted tenant ownership and management of their homes, it would have brought in private finance, and would have provided a solution to structurally unsound 1960's built tower blocks.

High Finance

The four estates — in urgent need of major repair — would cost £145 million to refurbish. Alternatively, complete redevelopment, taking into account tenants' wishes, would cost £175 million — just £30 million more to totally transform the estates. Given that Waltham Forest's borrowing allowance is only £5.7 million this year they looked to using the new housing legislation to finance the scheme.

The scheme, devised with consultants Godsell, Astley, Pearce, was to transfer ownership of the four estates to tenants through the establishment of non profit making industrial and provident societies. These societies would raise £75 million from the private sector, helped by the possibility of building homes for sale on adjacent land. Rents were to go up from £20 to £35. The remaining £1 million required is the negative value of the estates which the council would have to pay the new landlords in the form of a dowry.

Because this would be a debt, the council proposed financing it through the 75% of capital receipts it will have to set aside in future to redeem debts under the new financing regime.

Backtracking on their encouragement of the scheme, the DoE insisted that only 25% of capital receipts could be used, nor were Ministers prepared to increase credit approvals for such dowries. The government priority is to reduce local authority debt and place a ceiling on public borrowing. But, according to Waltham Forest's Director of Housing, Chris Langstaff, the scheme would not have increased public spending as funding would have come from receipts if the DoE accepted that the condition of the stock constituted a form of debt.

Sell more to transfer!

The DoE has suggested that the borough reconsiders the scheme or sells more council properties to pay for it. The latter suggestion would require the council to sell all its 20,000 properties several times over to raise enough cash!

The Tenants Federation in the borough have been suspicious of the scheme all along, seeing it as a form of privatisation bringing in assured tenancies, higher rents, and fewer properties to let. They have been campaigning for cash with no strings attached, and feel that the council has wasted £1 million on developing the scheme.

The pros and cons of voluntary transfer are still very much up for debate. Any number of councils up and down the country have been investigating this as a course of action, but even Tory authorities have been rejecting the idea because of the uncertainties of raising the finances.

HOUSE SALES TOP PRIVATISATION INCOME

Sales of public sector housing (ie., council, housing association and new town homes) have raised the largest sums of money from privatisation over the last ten years, according to a report in October's 'Housing' magazine. Sales raised £17.5 billion between 1979 and 1989. British Gas comes second in the race with sales worth £6.1 billion. 43% of the proceeds were from council house sales.

Capital expenditure on local authority housing has reduced during the same period from £2.1 billion to £95 million. The consequent stock losses are phenomenal, with the main losers

being councils in the south east which have lost 23.6% of their stock. This makes the sales of Council homes the biggest asset stripping exercise of the decade.

So, what of Labour's new policy on house sales; will they be intent upon reversing the trend? On 'Right to Buy' their policy review document '*Meet the challenge, make the change*' says that this should be extended beyond local authorities to 'all tenants of non-resident landlords, subject to appropriate safeguards'. Local authorities and housing associations should meanwhile 'have a duty to replace homes sold in areas of high demand'. Where will the finances come from for such a replacement programme? All that is said on this is that social landlords should receive an annual housing

The council house sales drive continues

'BUY AS YOU RENT' HOMES

Welsh Secretary Peter Walker unveiled a pilot cut-price mortgage scheme for 1,300 tenants of the Development Board of Rural Wales last month. If it proves popular with tenants in Powys the Government will 'see whether there are principles to be applied over large Welsh and UK council house schemes in England and Wales'. A similar experiment is to be run in Scotland by the Scottish Secretary, Malcolm Rifkind. The announcement coincides with Government figures showing a drop in council house sales by 11.9% in the second quarter of this year.

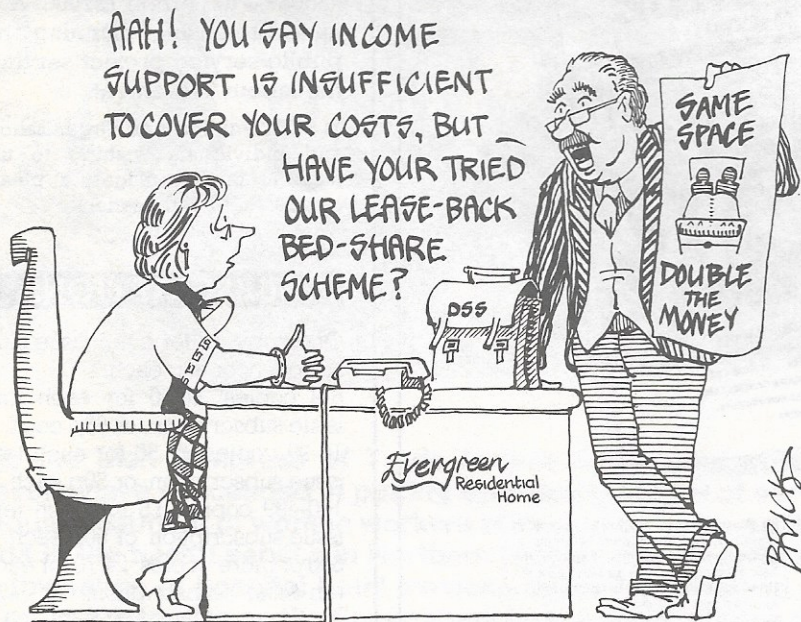
The 'flexi-ownership' scheme is designed to encourage people who could not afford their dwellings under 'right to buy' to become homeowners.

Under the scheme, tenants will not

have to pay a deposit, but simply convert their rent into mortgage repayments which will be slightly less than their weekly rent. Discounts of up to 45% on the purchase price will be available dependent upon the length of tenancy. Any difference between the mortgage and the actual value of the house is held as a charge on the home by Tai Cymru (Housing for Wales), which has to be repaid when the house is sold.

Tenants who have received housing benefit or rent rebates within the last year are not eligible. Mr Walker expects to have a clear idea of the success of the scheme and its implications within twelve months.

One drawback is the complexity of the scheme, even though it has been made simpler than the Scottish version. Another drawback to tenants is that the discounts are 15% less than those available under the Right to Buy scheme which offers reductions of up to 60% for houses and 70% for flats.



Continued from page 10.

revenue subsidy 'to be decided on the basis of available resources'. There is no firm commitment in the document to finding extra resources. And where will they find land to build new homes on when the greatest areas of demand for council housing have the least available sites and the highest land prices?

Threat to Social Security Staff

As part of the sweeping reform of the welfare benefits system, the jobs of 4,000 social security staff in Wales alone could be threatened. The Government announced in May that the social security system is to be run by three 'corporate' agencies who will have the powers to privatise services such as computing and staff training.

REVIEW

'Small print big deals'

The 1988 Housing Act: A guide for tenants and trade unionists
A NALGO/Shelter publication

The aim of this thirty page booklet and accompanying six panel A2 size poster set is to raise people's awareness of and support for the development of a housing policy based on need not profit.

The booklet is divided into two sections. The first explains the deleterious effects of the 1988 Act, running through new types of tenancies, 'Tenants Choice', HATS, Voluntary Transfers and Housing Associations.

The second section suggests a number of campaigning ideas to save homes and jobs; how to find information, getting support, use of the media, developing alternatives, and building links between the unions and tenants. The guide gives fairly detailed advice on how to use the media and on campaigning tactics for NALGO members. It also includes a useful resources and contacts list at the end.

Available from Shelter Campaigns Unit, 88 Old Street, London EC1V 9HU.

Price: £2.00 for booklet. £10.00 for booklet and poster set.

Behind the Facade — Migrant Workers and the Private Rented Sector in Kensington and Chelsea

This book is the result of a research project funded by the London Race and Housing Research Unit and carried out by the Kensington and Chelsea Race and Housing Action Group.

The book documents the housing conditions of migrant workers in the private rented sector and examines the implications for these workers of the policies and practices of the local authority and voluntary agencies. The research also looks at the links between immigration, employment and housing. Finally, specific recommendations for changes in the policies and practices of the local authority and other agencies in Kensington and Chelsea are made.

Available from KCRHAG % 74 Golborne Road, London W10 5PS. The book is free but a 51p A5 SAE should be sent with the order.

Social Security secretary John Moore said that it would be 'silly' not to admit that jobs could go if new agency chiefs took up the option to put some services out to tender.

A new agency is to be set up for computing involving 3,000 staff by April 1990, followed by an agency for national insurance involving 7,000 staff. An agency to deal with benefits (7,000 staff) will be in place by 1991.

PUBLIC SERVICE ACTION

Information

The Continental Challenge — European Competition for Local Authority Services.

This is a valuable publication for all those concerned with the future of local authority services in this country. It examines in detail the threat of foreign competition which has arisen, largely unexpectedly, as a result of the enforced tendering of services under the Local Government Act 1988. A number of European companies have been systematically targetting the local authority market particularly in the refuse collection and street cleaning services. Joint ventures have been set up with a UK partner, and managers have been recruited with knowledge of the UK market and tendering strategies. The pamphlet analyses the expansion of the French contractors CGE and Lyonnaise des Eaux into the

UK and describes their operations in France. The emergence of Spanish (in particular FOCSA) and Dutch (in particular Krinkels), is also assessed in the light of their strategies for public sector expansion.



A number of appendices provide details on particular aspects of the context in which the contractors are operating abroad including health and safety policies and the legal framework in France, Spain and the Netherlands.

Available from Association of London Authorities, 36 Old Queen Street, London SW1 9JF. Price £5.

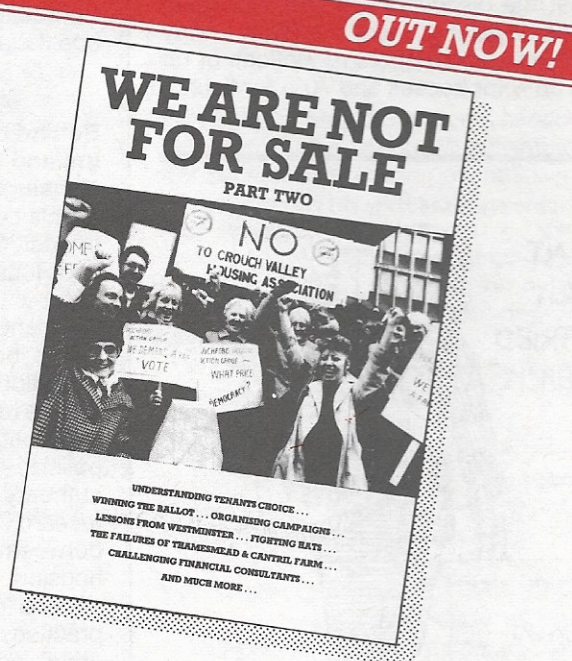
PRICE INCREASE

PSA has not increased in price since August 1987. Increased postage and other costs have led us to increase the price from this issue. In doing so we have made the benefit of bulk orders even more substantial.



This report is packed with information, ideas and analysis and is directly based on tenants' experiences in the last few years.

It aims to inform, explain and provide the basis for action.



■ **Jobs Under Threat** spells out the threat to the quality and quantity of jobs and how to take action. It includes brief notes on the move towards privatisation of management of council housing.

■ **Thamesmead Tragedy** describes how the government's claim that Thamesmead is a success is in fact a total sham.

■ **Stockbridge Fiasco** shows how the large scale original Heseltine privatisation scheme at Knowsley is also a total failure. Yet both Thamesmead and Stockbridge are used as successful models by the government.

■ **Useful addresses and publications** provides just a few starting points.

■ **Housing Co-ops** — a real answer gives a critical explanation of co-ops and lists the key questions and issues you need to take into account before even seriously considering a co-op.

■ **Money talks: finances of privatisation** outlines exactly how the government is using carrots & sticks to force tenants into considering privatisation. It provides invaluable information on how to analyse financial deals together with a brief explanation of the new Bill aimed at increasing rents.

■ **The Fixers: Stealing your watch to tell you the time** is an accurate description of a new breed of consultants cashing in on privatisation. This section explores their actions, their background and shows how to challenge and defeat them.

■ **Staying with the Council** discusses how to get improved council services, campaign for a NO vote and outlines an invaluable draft Charter to negotiate right now with your Council.

■ **Winning at Westminster** shows how tenants have successfully organised to defeat some of the sharpest and most powerful developers in the country.

■ **Pick a tenant** explains the procedure for the so called Tenants' Choice scheme and key points to watch out for.

■ **Council Cop-outs** describes the basis of "voluntary transfers", what they would really mean for tenants, how you can challenge them and includes details of Gloucester's tenants' campaign.

■ **Housing (less!) Action (not) Trust** (never!) sums up tenants feelings about the reality of HATS. This section gives a run down on HATS together with details of tactics and a strategy to fight them.

■ **Eviction for Sale** briefly covers the ever present danger of sales of empty blocks & barter deals.

■ **Resurrecting Rachman** provides details of the government attempts to revive private landlords, explains the new assured tenancies and also how the Housing Corporation is supposed to approve new landlords.

■ **Housing Association — Friend or Foe** aims to describe the different types of HA, how they are changing and the kind of questions to ask and information to obtain to enable you to judge them.

**PRICE: £3.90 for tenants groups and trade unionists
£7.50 for all others
(prices include postage)**

■ Also still available *We Are Not For Sale* Part 1: A 10 point action plan to fight estate sales. Price: £1.50 tenants groups & trade unionists, £2.50 all others.

Published by SCAT, 1 Sidney Street, Sheffield S1 4RG (Tel: 0742 726683).

PUBLIC SERVICE ACTION

Researched, written, designed and produced by SCAT Publications, 1 Sidney Street, Sheffield S1 4RG. Tel: (0742) 726683, Fax: (0742) 727066. A national housing, planning and public service project serving the labour movement.

© SCAT Publications. Organisations and individuals wishing to use material in this magazine please contact SCAT Publications

SUBSCRIPTIONS

One copy: £8 for a ten-issue subscription, or 80p each.

5-9 copies: £6.50 for each ten-issue subscription, or 65p each.

10-99 copies: £5.50 for each ten-issue subscription, or 50p each.

100-499 copies: £5 for each ten-issue subscription, or 50p each.

500 or more copies: £4.70 for each ten-issue subscription, or 47p each.

All subscriptions rates include postage.

The subscription rates for Public Service Action are set to provide advantages for bulk purchasing five or more copies. The magazine is intended for a wide distribution and readership in the labour movement.

Subscribe NOW