

# PUBLIC SERVICE ACTION

**Action  
Alternatives  
Information  
New Threats  
Contractors  
Organising**

PRICE 80p  
Bulk Rates — see back page

No. 42 APRIL 1990

THE ANTI-PRIVATISATION MAGAZINE FOR THE LABOUR MOVEMENT

**Draft Circular issued**

## DoE ACTS FOR CONTRACTORS

**THE LONG AWAITED draft DoE Circular on competitive tendering imposes new constraints on local authorities and DSOs. The Government predictably moves the goal posts following over 200 complaints from contractors. But the circular has glaring omissions. For example, nothing is said about the form of contract and size of school meals tenders — despite a 99.5% success rate for DSOs (see Table page 5).**

The Draft Circular proposes:

- Changes in the calculation of redundancy payments: The Government has found a way of reducing the impact of redundancy costs which have been crucial in the award of many tenders to DSOs whilst reflecting the full cost to the local authority.

In future, DSOs will have to assume that there is a 50% probability that they would lose the contract in the next round. Councils will have to calculate the cost of 50% of redundancy payments and based on a return of 6% on a sum invested at the start of the contract to meet the cost of redundancy. The difference between this sum and the cost of 100% redundancies would be the amount to be added to the contractors bid. It is simply a way for contractors to win more contracts irrespective of the real financial impact on local authorities.

- Higher supervision costs should not be used in assessing contractors bids unless they are 'based on specific quantified evidence'.

- Depots should be made available to contractors but councils cannot require contractors to take over depots.

- Grounds maintenance must be put out in 20% tranches (but no comments on the value of individual contracts).

Cleaning contracts should not exceed 200 buildings. It is 'suggested' that local authorities consult the relevant contractors and trade associations about packaging.

- Costs to be taken into account in tender evaluation should be limited to: potential redundancy costs. additional costs incurred as a result of employing disabled people, apprentices or trainees.

any net costs incurred as a result of the cancellation of leasing, maintenance, service or supply contracts.

cost of any losses incurred if a contractor did not wish to use vehicles.

costs arising from the immediate payment of frozen holiday pay.



**INSIDE**

- **CCT Tables**
- **Community Care**
- **Companies & Consultants**
- **Bradford Experiment**
- **Scottish Health Privatisation**
- **Tenants resist HATs**
- **'Anti-Competitive' Complaints**



# 'ANTI-COMPETITION' COMPLAINTS

THE DEPARTMENT of the Environment has issued eight Section 13 Notices against local authorities to date. In one case, Hillingdon, the DOE has gone further and issued a closure notice to take effect from September 1990.

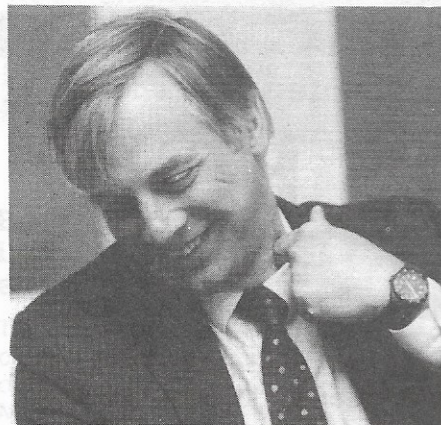
The Government can issue Section 13 and 14 Notices under the Local Government Act 1988 to prevent local authorities acting 'in a manner, having the effect, or intended or likely to have the effect of restricting, distorting or preventing competition'. A Section 13 Notice requires the local authority to justify a contract award decision by providing evidence to substantiate its decision. The notice is issued if the DoE has failed to resolve complaints through normal channels.

If, after receiving a report under Section 13 the Government does accept the local authorities evidence and believes it has acted 'anti-competitively', it can issue a Section 14 Notice ordering the authority to terminate the in-house operation, retender, and award the work to a contractor.

Hillingdon is preparing a legal challenge. All the contracts listed in the Table have been operating for several

months.

The Government has received over 200 complaints, mainly from contractors. UK Waste has stated it has made over 10 formal complaints. It is interesting to note that the French company Sitaclean are involved in 4 out of 6 refuse contract notices.



## TRADE UNIONS AND TENANTS UNITED IN NEWCASTLE

### A CLEAN SWEEP

NEWCASTLE Tenants Federation and the City Council Trade Union Anti-Privatisation Working Group have jointly produced a report recommending major improvements to street cleansing. Council workers and tenants are committed to work together to try to ensure the cleansing contract is won in-house. But they do not want to win at any price. The in-house tender must ensure a high quality and standard of service.

Following a survey of 26 tenants associations, a list of recommendations was drawn up including:

- increasing the number of manual sweepers and extending the job of the sweeper into a community caretaker.
- increased frequency of street sweeping.
- a regular programme of litter picking from shrubs.
- regular checking of and collections from known areas where dumping occurs.
- an improved and more responsive complaints system.
- a structure for community involvement which includes regular contact between tenants associations and those monitoring the contract, and a quarterly forum to discuss strategies and policy issues involving councillors, trades unions, tenants groups, and Cityworks (DSO) officers.

Copies of the report can be obtained from Newcastle Tenants Federation, 4th Floor, High Bridge House, 21 High Bridge, Newcastle upon Tyne, NE1 1EW.



Local Authority	Service	Contractor	Complaint	DoE Action
Braintree DC (Con)	Street Cleansing	UK Waste	Awarded to DSO with £239,000 bid, UK Waste £225,000 bid. DoE claims £9,344 difference but Council states £2,500	Section 13 Notice
Bristol (Lab)	Refuse, street cleansing, office cleaning.	None	Packaging of services onto one £6.5m contract	Section 13 Notice
Charnwood BC (Con)	Refuse	Sitaclean, FOCSA, UK Waste, BFI, Environman	Inclusion of discretionary severance costs	Section 13 Notice
East Lindsey DC (Ind)	Refuse	Waste Management	DoE claims 'unjustifiable' costs of £49,602 included	Section 13
Eden DC (Ind)	Refuse	Sitaclean	Awarded to DSO, £477,000 bid, Sitaclean £466,000 DoE claim DSO £18,885 higher after redundancy and close down costs	Section 13 Notice
Hillingdon LBC (no overall control)	Vehicle Maintenance	Serco Ltd	Factors included in decision to award to DSO when Serco claimed £109,000 cheaper. 4 year £2.48m contract.	Section 14 Closure Notice
Knowsley MDC (Lab)	Refuse	Sitaclean	Pension costs and profit provision £8.5m five year contract awarded to DSO	Section 13 Notice
Wolverhampton (Lab)	Refuse	Sitaclean	Inclusion of pension and support costs. DoE claims Sitaclean £636,474 cheaper over five years.	Section 13



# COUNTING THE COST OF THE BRADFORD EXPERIMENT

**TORIES IN BRADFORD** are determined to create a model 'enabling' council for the 1990s, embracing Government policies with unseemly vigour, irrespective of local needs and conditions.

The aim is to lead the way for other councils by implementing the most extensive package of commercialisation policies yet seen in local government.

A hard-hitting new report by SCAT, commissioned by Bradford NALGO examines the sweeping changes which have taken place since the Conservatives narrowly gained control of the city council in October 1988, until the setting of the Poll Tax in March 1990.

The Bradford Experiment describes the scale of the cuts in jobs and services since October 1988, and links these to plans for restructuring council services. It concludes that those most effected by the cuts have been the elderly, those on state benefits and the black community.

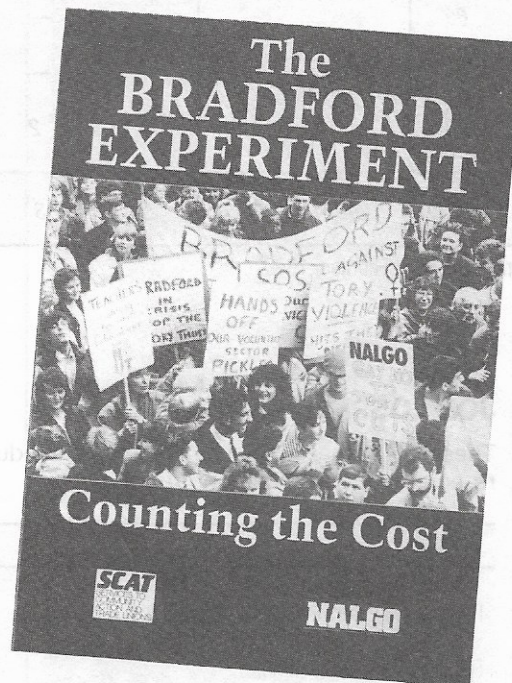
The report contains a critical analysis of the commercialisation strategy being pursued by Bradford Council, and exposes:

- the methods being used to commercialise services and speed up the enforced tendering programme.
- the dependence of the Council on private sector management consultants to draw up plans and implement new proposals.
- the inadequacy and inappropriateness of its business plans for public sector services.
- the negative impact on services, jobs and trade union bargaining of these policies, especially the creation of SDUs, support for management buy-outs etc.

Another chapter looks in detail at what the **Bradford Experiment** has meant for specific services which have been the focus of concern since the Tories came into power in October 1988.

● **The sale of elderly homes.** This is placed in the national context of legislation on community care and the growth of the private residential sector. It criticises the role of private consultants, outlines the implications for jobs and services and looks at the role of the campaign against the sales.

● **Cuts and changes to the Education service.** This explores the Council's attempt to integrate current Tory thinking in a context of declining resources, spiralling repairs and cuts. It includes the setting up of a CTC, plans



to magnetise Bradford's upper schools, raising the price of school meals, and attempts to privatise the service by encouraging a management buy-out.

● **The Council's Housing Policy.** Most important has been the attempt to reduce Council provision by speeding up sales encouraged by massive rent rises, making deals with the private sector and breaking promises to tenants. This has taken place in a climate of growing numbers of homeless, delays in housing repairs and attempts to reorganise the administration of housing on a 'business' footing.

The impact of the **Bradford Experiment** on the local economy of the city is also examined, analysing the cuts and job losses and their knock-on effects in terms of the local labour market.

The report draws out the lessons trade unions can learn by exposing the myths and focussing on the reality of the **Bradford Experiment**. This means:

- developing a local and national response to commercialisation in local government.
- ongoing research and analysis.
- education and organisation around commercialisation.
- branch level response and action.
- a perspective for developing joint action between trade unions and users of services.

Copies of **The Bradford Experiment** can be obtained from SCAT, 1 Sidney Street, Sheffield S1 4RG. Tel. 0742-726883. Price: £4.50

## More News

### BRIGHTON STRIKE

After Spanish contractor FOCSA imposed a new shift system on its Brighton street cleaning contract, 40 of the 124 workers went on strike. FOCSA has also reneged on its promise to honour existing Council terms and conditions of employment. Pay rates and weekly earnings have fallen sharply. Sick pay is limited to SSP. The firm claims to have sacked and replaced 22 workers. Over forty ex-council workers had left the firm in the first few weeks of the contract.

FOCSA recently won other contracts at Stockport (refuse and street cleaning) and Hastings.



### POLICE & AUDITORS PROBE BUY-OUT

West Wiltshire Information Systems, the computer software management buy-out from West Wiltshire DC, resulted in a £20.6m loss over five years to the Council according to a detailed Labour Party report.

Wiltshire Police are investigating and the first of several District Auditor reports alleged serious conflicts of interest. The buy-out obtained, without tendering, a £150,000 per annum five year contract with the Council in April 1989 which was double the council's existing expenditure. Despite the software operation contributing over £200,000 per annum to the rates fund, it was handed over free to the buy-out, following a report from the then chief executive who was also chairperson of the buy-out company!

PSA will carry more details in the next issue.



# THE PRICE OF WINNING

## — CONTRACTORS AUDIT VOLUME 3

Table 1

## CONTRACT ANALYSIS BY LOCAL AUTHORITY

Service	DSO		Shared by DSO and Private Contractor		Other DSO		Private Contractor		Total	
	No	%	No	%	No	%	No	%	No	%
Catering, School Meals	40	98	1	2	—	—	—	—	41	100
Other Catering	52	85	1	2	1	2	7	11	61	100
Building Cleaning	57	61	14	15	—	—	23	25	94	100
Grounds Maintenance	238	78	12	4	17	6	36	12	303	100
Refuse Collection	77	74	—	—	2	2	25	24	104	100
Street Cleansing	36	80	—	—	—	—	9	20	45	100
Refuse and Street Cleansing	49	89	—	—	—	—	6	11	55	100
Vehicle Maintenance	84	79	1	1	2	2	19	18	106	100
Total	633	78	29	4	22	3	125	15	809	100

Source: Based on *Price of Winning* and SCAT information up to end of February 1990.

A major report on the lessons from the first round of compulsory competitive tendering researched by SCAT has been published by Manchester City Council.

The report which follows Audits 1 & 2 includes sections on who won what, how and why. This is based on analysis of 448 contracts by service, contractor, geographical area and political composition.

- Local authority and trade union strategies by looking at different approaches to enforced tendering and the lessons learnt from the process.

- The response of contractors in each service area. This updates the sector analysis in volume one and assesses company tactics.

- The cost of tendering. An examination is made of the effects of restricting, reorganising and contracting out on jobs and services and the cost of implementing the legislation.

- Finally, a section on commercialisation looks at the trend towards management buy-outs and cross boundary tendering.

### The Cost of 'Success'

Table 1 shows the success rate for DSOs and private contractors respectively for each service, based on 809 contracts. The average DSO success rate at March 1990 across all services is 78%.

Table 2

## JOB LOSSES

These are actual job losses and exclude redundancies where workers are re-employed by private contractors.

Service	Job Losses
Refuse Collection and Street Cleansing	5,585
Building Cleaning (estimate)	5,000
Catering (estimate)	500
Vehicle Maintenance	445
Grounds Maintenance	250
Total	11,780

Source: Based on 448 contracts, *The Price of Winning*, Contractors Audit, Vol. 3, Manchester City Council/SCAT.

However, the 'success' for Local Authorities has often been at the expense of jobs and cuts in earnings for those who work in the service. Table 2 illustrates the level of job loss for each service. The Audit highlights some cases where Local Authorities have clearly misinterpreted the private sector and contractors' strategies and imposed major cuts in jobs and conditions, yet received no competing bids to the DSO.

The economics of enforced tendering means that the cost of implementing the tendering process in financial terms must be counted against any savings produced as a result of differences between contract prices and existing budgets. The cost of tendering based on 809 contracts nationally (Table 3) is calculated to be £55.4m. This figure reduces the estimated financial savings claimed by local authorities by at least half.



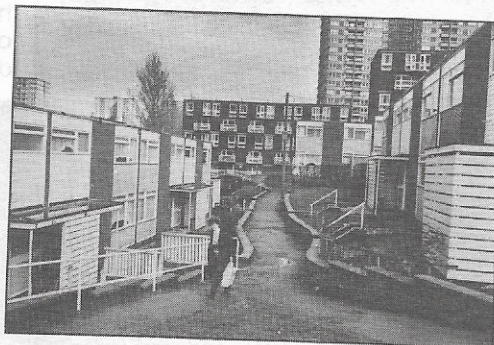
# TENANTS RESIST GOVERNMENT PLANS 'HATS' RESUSCITATED

**THE FORMER HOUSING Minister, Michael Howard, was attempting to get the stalled Housing Action Trust programme back on the road before his removal from office. The original six designated areas were: Tower Hamlets, Lambeth, Southwark, Sunderland, Leeds and Sandwell.**

**Tower Hamlets** was dropped from the list earlier last summer following a consultants' report which concluded that the overcrowding problem 'would be impossible to solve'.

In **Lambeth** a MORI survey of 1,000 tenants on the two 'hatted' estates, Angell Town and Loughborough, revealed that 72% of interviewees were opposed to a 'HAT'. Despite the poll results, the DoE still intends to proceed with its plans.

On the Gipton estate in **Leeds** there is considerable tenant resistance. The Minister met with tenants' leaders in November and offered to set up a 'shadow' management board for the estate prior to any ballots, but tenants have denounced the offer as blackmail. He has also assured Leeds council that they would be allowed sufficient funds to buy back properties once the 'HAT' programme was completed. But his unwillingness to allay residents' fears



over security of tenure and 'affordable' rents under a Trust makes the likelihood of winning a ballot highly doubtful.

In **Sandwell**, where there is equally strong resistance, the process seems to be deadlocked.

In **Sunderland**, despite tenant resistance, Michael Howard has appointed Jim Gardner, a popular local figure, as the first HAT chair-designate. He has also pledged funds to enable the council to buy back the designated

estates. A ballot is expected sometime in 1990.

At present **Southwark** looks to be the most likely contender for a 'HAT' with a ballot planned early in 1990. A major consultation exercise is taking place on the North Peckham and Gloucester Grove estates by DoE appointed consultants PIC (Property Investment Company). Southwark council have appointed their own consultants, CSL, to examine the proposals. Tenants' leaders on the two estates are willing to be involved in a dialogue, and some have shifted from their total anti-HAT position of a year ago.

But the one crucial question which will determine a 'yes' or 'no' vote is what will happen when the 'HAT' comes to an end? Government consultants, Peat Marwick McLintock and PLC Ltd have both identified this as a major stumbling block, and have identified two possible front runners — transfer back to the local authority, or transfer to a Housing Association and Co-ops.

As to transfer back to the council, Mark Howarth, Southwark's Chair of Housing, is sceptical of the promise made in Parliament by the former Housing Minister, Trippier, that he would allow the council the necessary supplementary credit approval to buy back the estates if tenants opted for that course. Given that 'HATS' were thought up as yet another snub to public sector ownership, the government clearly would not be happy with returning estates to their local authorities.

*Continued from page 4*

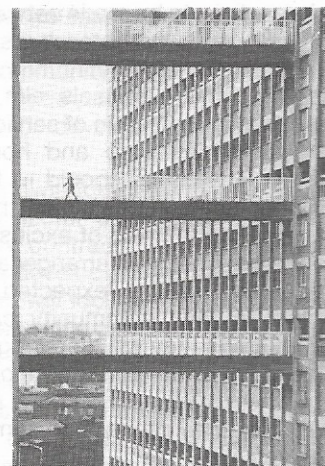
'The Price of Winning' is available from Enforced Tendering Team, Manchester City Council, Chief Executives Dept. Room 716, Town Hall, Manchester M60 2LA. Tel. 061-234-4413.

**Table 3  
THE COST OF TENDERING**

Service	Average % Costs	No. of Tenders	Total Value of Tenders £m	Total Cost of Tendering £m
Building Cleaning	7.7	94	145	11.2
Refuse & Street Cleansing	7.5	204	260	19.5
Grounds Maintenance	5.6	303	130	7.3
Vehicle Maintenance	5.1	106	75	3.8
Other Catering	5.4	61	30	1.6
School Meals	4.0	41	200	8.0
<b>Total</b>	<b>6.1</b>	<b>809</b>	<b>840</b>	<b>51.4</b>
Additional cost of management consultants engaged to reorganise client/contractor relationships, prepare specifications, evaluate tenders etc.				4.0
<b>Total Cost of Tendering to date</b>				<b>£55.4m</b>

Based on 789 contracts as of February 1990.

The % costs of tenders are taken from *The Price of Winning* Contractors Audit Vol. 3 (Part 9 — The Costs of Tendering)



The latest development on 'HATS' is in **Waltham Forest**. In November last year, Michael Howard met tenants and councillors from the four estates where a voluntary transfer had been squashed the previous month and said he was prepared to release money for redevelopment if tenants would agree to the establishment of a 'HAT'.

At the end of the day, only tenants can decide, and nothing is certain yet. In the meantime it looks unlikely that the £68m earmarked for this year will be spent, and government spending plans on 'HATS' for 1990/91 have been reduced to a figure of £42m.



## IMPLICATIONS OF THE COMMUNITY CARE PROPOSALS

# CASHING IN ON CARE

**THE GOVERNMENT'S PROPOSALS** for Care in the Community represent the long delayed response to the crisis in the care of the country's most vulnerable people. Over the past ten years whilst community care facilities have declined there have been revelations of squalid over-priced private nursing homes, neglect of community care services for the mentally ill, demoralisation within hospitals awaiting closure and continuing exploitation of unpaid carers.

In this article we look at the government's White Paper proposals, in particular, how they tie in with plans to privatise local authority services and transform councils into 'enabling' authorities.

### LOCAL AUTHORITIES: RESPONSIBILITY WITHOUT POWER

Rather than being a vote of confidence in local government the decision to give responsibility for coordinating community care to local councils reflects the Government's acceptance that decentralisation is a necessary part of stimulating markets and increasing competition for local authority services.

Reluctance to give local authorities a key role has meant that although the White Paper confirms the central role of social services departments, councils will also bear the brunt of the under-funding of care. This is made clear by the decision to provide funding through the RSG rather than through a ring-fenced budget which would have allowed clear links to be made between financial resources and standards of care.

In addition, the proposals aim to encourage the privatisation of services such as residential care and home helps. Local Authorities should — the White Paper says — 'organise their move away from the role of exclusive provider to that of service arranger and procurer'. They will be 'expected to make clear in their community care plans what steps they will be taking to make use of non-statutory service providers or where such providers are not available, how they propose to stimulate such activity'.

### CENTRALISING POWER

In order to ensure that authorities comply, the Government intends to create powers which will 'enable the Secretary of State for Health to issue directions and give guidance over the full range of personal social services activities by local authorities'. It also states that the Government 'will not hesitate to intervene in order to stimulate improvements'.

These powers are designed to ensure the growth of the private and voluntary sectors, particularly in those areas like non-residential domiciliary services. They represent a further

lation to enforce tendering out at this stage.

This is largely due to the success of the strategy of using centralised control and continued under-funding of care services to force councils to privatise services. Existing practice whereby councils have to provide the full cost of council run residential homes also continues to favour the use of private sector residential accommodation.



### THE WHITE PAPER PROPOSES COUNCILS WILL:

- Take responsibility for assessing individual need and designing care arrangements for elderly, mentally ill and disabled people before placement in residential accommodation or allocation of community based support.
- Not be the main providers of community care. The existing financial restriction whereby only residents in private or voluntary homes are entitled to state benefits will continue and local authorities will be expected to make maximum use of the expanding voluntary and private sectors.
- Be expected to produce and publicise plans for the development of the community care service. These will be open to inspection and must be approved by the Department of Health and should emphasise using independent provision. They must also aim to strengthen support for individual care at home or by carers.
- Manage the budget to cover the costs of care whether in a person's home or in a residential or nursing home, including day care costs. They will be responsible for financial support for people in private and voluntary homes, over and above general social security entitlements.
- Get a specific grant, channelled through health authorities, to develop care for seriously handicapped people including those discharged from hospital. A register of discharged patients is expected to be maintained to prevent people 'falling through the net'.
- Be required to set up arms length inspection and registration units responsible for checking standards in council, private and voluntary homes.

increase in central government powers to intervene in local authority affairs.

### INCREASING COMPETITION

Despite the aim of increasing competition for caring services, the Government has decided against using legis-

Although the Government has stopped short of using compulsion, the emphasis of the proposals is as Kenneth Clark admits, 'to make people do things that they might not otherwise do.' 'Caring for People' may force local authorities to foster the development of



a private monopoly of care, as they sell homes to pay for the buying in of services.

## PRIVATE HOMES

The Government proposals are likely to boost the market for private residential and nursing homes which is already worth more than £2 billion a year. With over 9,000 residential homes and 3,000 nursing homes the sector is currently booming, as Britain's ageing population creates a spiralling demand for long-term residential care. This process will continue unless real efforts are made to develop alternative elderly-care services.

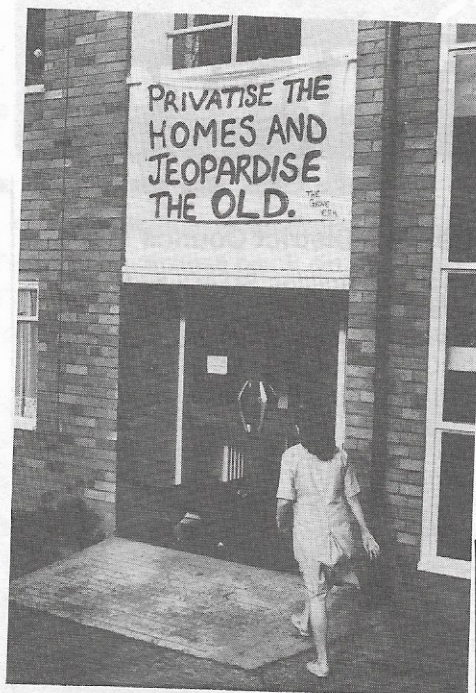
People dependent on income support living in private homes stay in the cheapest accommodation, with shared rooms and low standards of care. At the top end of the market is hotel style private residential accommodation for the 'active' elderly with private incomes of their own. This is the sector where growth is being led by international companies who are buying up and developing homes. Breweries such as Boddingtons and Vaux, and hotel and leisure groups such as Stakis, who between them own 42 homes, are attracted by the stability of the market in elderly care compared to their other operations, affected by seasonal and economic fluctuations.

Other private companies in the running include those already involved in joint ventures with Health Authorities. Westminster Health Care (owned by US consortium, National Medical Enterprises Inc.) is already the single largest operator with 19 nursing homes. The company recently signed a deal worth £3 million with Plymouth DHA to provide elderly nursing care. Takare who operate 9 residential and nursing homes are involved in deals to provide elderly nursing care for both Oldham HA and Glasgow Health Board.

The market is already becoming polarised with voluntary organisations catering for those on income support and many private operators concentrating on the 40 percent of residents who are self-financing and those whose relatives top up the fees.

## PRIVATE CARE AT HOME

The Government's proposals also encourage a process whereby services for people cared for at home will increasingly be provided by the private and voluntary sectors, although the market for non-statutory day care and respite services are not as well developed as residential services. This is one of the reasons the White Paper does not recommend competitive tendering for these services, instead local authorities will be given the task of encouraging the development of private and voluntary provision.



The market for home care, although growing, is currently only estimated at about £20 million, largely because of the continuing reliance on unpaid 'carers', and is considered 'small fry' compared to the residential sector. Developments are likely to be slower too because of smaller profit margins and high costs. This limits the number of people able to pay for home helps, meals and nursing help.

## THE VOLUNTARY SECTOR

The White Paper envisages a dramatically changed role for the voluntary sector. The proposals aim to marginalise the distinction between voluntary agencies and the private sector.

Already providing a wide range of accommodation, the voluntary sector has traditionally played a leading role in developing more innovative forms of care, with an emphasis on meeting particular needs. The temptation might be for some organisations to see the proposals as an opportunity to expand their services without looking at the wider implications, or developing the necessary contractual skills to tender for work. It is also possible that this expansion may increase the use of unskilled volunteers and trainees in essential caring services.



The voluntary sector has developed a multi-purpose role as service providers, advocates of service users and pressure groups on government and statutory agencies. The scope for this multi-purpose role will decline and the very basis of voluntary organisations undermined under the contractual relationship between authorities and the voluntary sector involving money and means testing outlined in the White Paper. Many voluntary sector organisations will be unwilling or unable to become mainstream providers as this could mean a major change in their relationship to local government or could effect their ability to attract charitable status and support.

Already some larger organisations are gearing up to respond to the changing situation. Anchor Housing Association, with a reputation for anti-union activities is trying to negotiate single union deals as part of contracts to take over council homes. It is already the largest supplier of residential accommodation for elderly people and has now set up a new company called Anchor Care to provide home-based care services. Anchor have already taken over long term elderly care from several northern hospitals and plan to supply home helps, gardeners and wardens to health authorities and local councils.

## COMMUNITY CARE STRATEGIES

In order to respond effectively to the issues and problems which will arise as the community care proposals take effect, trade union and local authorities need to develop strategies based upon:

- a knowledge of the private and voluntary sector companies likely to bid for care contracts, how the market for care is developing and what the future options will look like. This requires an analysis of the care industry both in this country and elsewhere.
- the likely impact on jobs, conditions and trade union bargaining.
- an understanding of public sector planning, so that care plans reflect the needs of the community rather than simply reflect business and financial planning criteria.
- the lessons to be learnt from strategies developed to fight CCT.

SCAT is developing our services in this area and trade unions and local authorities are encouraged to contact us to find out more about the information and resources we can offer.

SCAT, 1 Sidney Street, Sheffield S1 4RG. Tel. 0742-726683.

**Next Issue:** Public Service Action No. 43. Community Care: The Impact on Jobs and Carers; The Future Pattern of Care.



# CONTRACTORS Fines & Failures

## REFUSE COLLECTION

### Chester City Council

**Biffa** took over the refuse collection contract in January 1990. Already the council has had hundreds of complaints of mounting rubbish, particularly in the city centre. 'A company spokesman said the company needed more time to settle down — there was more waste to be collected over Christmas and the New Year than we had anticipated' (*Municipal Journal* 12.1.90). In February, complaints were still running at over 100 a day.

### Forest of Dean

Over 2,000 complaints were received at the start of their refuse contract. The contract won by **Biffa** involved a reduction in jobs from 27 to 18.

### Carlisle

Labour councillors have described Carlisle's privatised refuse collection service as 'appalling'. In the first 2 months since **Biffa** took over the service 233 bins were not collected. Dogs were ripping open bins left on pavements all day and footpaths were obstructed for hours. Councillors were told binmen had been forced to work late on 21 out of 35 days because of vehicle breakdowns. Default payments have already been collected from Biffa. Their contract manager, Michael Chisholm, who previously worked in Carlisle's waste department, has been sacked.

### DSO Cuts

Several complaints have emerged in authorities where the DSO won refuse or street cleaning in-house but with substantial cuts. In **Dacorum District Council**, where 26 redundancies were made, there have been frequent complaints. In **Windsor District Council**, where there was a 25% reduction in job levels, complaints about uncollected refuse peaked at 2,000 in August '89. **Calderdale MDC** cut staffing levels by over a third, reduced collection rounds from 29 to 17, and is now struggling to maintain service standards.

### Chorley District Council

**Biffa** have also proved problematic in Chorley. The council has served an enforcement notice on the firm after Biffa set up operations in a vehicle repairer's yard without planning permission.

### Erewash District Council

Private contractor **SITACLEAN** who were awarded the refuse contract for Erewash in Derbyshire has been told by the Council to get its act together. The Chief Executive has written to the firm expressing concern about the 'rapidly deteriorating situation' (*Ilkeston Advertiser* 23.2.90.) and a disrupted service. Refuse workers took strike action calling for their union, the GMB, to be recognised by Sitaclean. The company have now told the workers that they are prepared to recognise the GMB, subject to a suitable agreement being drawn up. However, the union has not ruled out further action. The council have asked the company not to use the authority as a referee until it is satisfied that the firm's management is 'in full control of the situation'.



### SITACLEAN — OVER 1,000 COMPLAINTS

In the first four weeks of **Sitaclean's** refuse contract in **Rossendale**, 854 missed bins were reported along with 213 general complaints. In the fifth week 108 missed bins were reported with 59 general complaints. Four default notices have been issued. Sitaclean has been allowed to use subcontractors to collect refuse from outlying properties and farms. A second notice informing residents of collection dates will be circulated to all households (*Manchester Evening News*, 7th March 1990).

### WANSBECK IN TROUBLE

Over 100 complaints a week were against **General Contracting's** refuse contract with **Wansbeck DC** which started in January 1990. The Council took legal advice and increased daily monitoring of the contractor. New owners **Cory Onyx** admitted there was a high level of complaints — a situation not unfamiliar to the firm on its Bromley contract, (see PSA No. 41).

## BUY-OUT WARNED

**Cotswold DC** has warned the **Fosse Group** (a management buy-out of the Stratford DC DSO) to improve its refuse service. Councillors have informed the firm that withdrawing the contract is 'seriously under consideration' after further complaints about missed bins.

## CLEANING

### Doncaster Cancels In-House Contract

Doncaster MDC has cancelled a £1.9m building cleaning contract with its direct service organisation **Metroclean**. This follows alleged inadequate standards and financial losses. **Metroclean's** tender for the work which started in April 1989 was £500,000 less than its nearest rival and followed major rationalisation of the service including cuts in jobs and cleaners' hours. The council is retendering for the work in September 1990, but in the meantime is keeping on the DSO workforce and paying for the extra hours cleaning to bring work up to standard.

### Cambridgeshire County Council

**SBS City Cleaning** has been sacked by the council for failing to clean two secondary schools. The contractor had major recruitment problems and the DSO, which won the remaining contracts, is expected to win these when they are retendered (*Privatisation News* No. 5).

### Suffolk County Council

**Taylorplan Services** was originally awarded one of five contracts building cleaning contracts. However, the company had major difficulties maintaining a stable workforce on wages of £2.40 per hour (*Privatisation News* No. 5). The firm withdrew from the contract and the DSO were awarded the retendered contract.

### Norfolk County Council

In November, Norfolk CC cancelled an **ICS** contract worth more than £25,000 for the cleaning of a school because it claimed that the company had 'failed to carry out any holiday cleaning and only a limited service on a day basis thereafter' (*Financial Times* 6.2.90.).

### Initial sues Tayside

**Initial Contract Services** have served a summons against Tayside Regional Council for breach of contract, seeking damages and compensation of more than £1.3m. The summons follows the council's decision in September to end the £6.6m cleaning contract for failing to meet the required standards (see PSA No. 41).



## Rotherham MDC

**Initial Contract Services (ICS)** have already been fined by Rotherham MDC where they were awarded three out of four building cleaning contracts in July '89 with a saving on the previous service of £1m.

A joint NUPE/GMB report on school cleaning in Rotherham, produced in November '89, revealed major problems, poor standards, and impossible targets for cleaners. **Initial**, who pay cleaners £1.85 per hour, have been bussing in workers from Liverpool because of major recruitment difficulties and high staff turnover.

## Leeds City Council

Evidence is emerging of major problems with the **DSO's** cleaning contract in **Leeds**. The DSO won the contract to clean 1000 public buildings in Leeds but to get the contract the DSO (Sovereign Cleaning Services) cut staff hours and introduced more mechanisation and new productivity rates (*Leeds Other Paper* 23.2.90.). Many experienced council staff took early retirement rather than work under worse conditions. Recruitment problems have resulted with new schools having to close early and children being sent home because of the lack of cleaning. In addition, parents and 6th formers have been offered part-time work tidying their own classrooms. The DSO has resorted to bussing in cleaning staff from towns outside Leeds to meet the crisis in cleaning affecting the city's schools.

## GROUNDS MAINTENANCE

### West Lothian District Council

The council has withdrawn a grounds maintenance contract from London-based **Brophy PLC** as they failed to lodge a performance bond in the specified time period of 30 days. West Lothian has since awarded the contract to their own DSO. The 4 year contract would have been worth £1 million to Brophy.

### Berkshire Parks — Management Buy-Out

A management buy-out of part of Berkshire County Council's ground maintenance service, with a contract value of £1.3m has been approved. Employees are forming a company called Land Technology which will employ 76 people. The buy-out comes at a time of concern about MBOs following an Audit Commission report highlighting potential problems and the district auditors investigation of West Wiltshire's handling of the buy-out of its software development department.

# COMPANIES & CONSULTANTS

● **French multinational CGEA** (a division of Compagnie Generale des Eaux) has made a surprise sale of its 50% share of **Cory Onyx**, the refuse contractor which has been bidding for local authority contracts over the past year to Ocean Environmental. Cory Onyx was jointly established by CGEA and the Ocean Group in November 1988. Ocean Environmental has also bought **General Contracting**, a small contractor with three council contracts in the Midlands and North East. East Northants (a combined refuse, street cleansing, grounds maintenance, building cleaning and vehicle maintenance), Wansbeck (refuse), Sedgefield (refuse).

● **Cambrian Environmental Services** has been set up jointly by Welsh Water and SAUR, a subsidiary of the French construction transnational, Bouygues. It will bid for local authority and commercial refuse collection, waste disposal and cleaning contracts in Wales and neighbouring parts of England. SAUR also owns three statutory water companies in the South East and has another waste disposal operation with Southern Water.

● Newly privatised **Thames Water** has invested £2m in ground maintenance contractors Brophy. Thames will now own half of a new parent company, **Brophy Group**, which will include all of Brophy's existing landscape and grounds maintenance contracts and Thamesgro, an existing joint venture between Thames and Brophy involved in land reclamation.

● **American Medical International (AMI)** has sold its British subsidiary which operates 16 private hospitals (1400 beds) to the French conglomerate **Compagnie Generale des Eaux**. The US hospital group sold out to concentrate on the growing problems in its US operations and to reduce borrowings following a buy-out. CGE's activities are spread across Europe and North America covering water distribution (it has share stakes in 9 British statutory water companies), building and public works, energy, waste disposal/refuse collection, television and other services.

● A health care services group, **Nestor-BNA**, has acquired US nursing agency Medical Recruiters of America for £24.7m. MRA supplies temporary nurses and other hospital staff to hospitals. Nestor-BNA has also acquired MEDS, a Manchester based doctors deputising service for £1.6m. The Government's changes in the NHS will

encourage further similar deals as companies prepare to exploit financial and recruitment problems in the NHS.

● **McCarthy & Stone**, the sheltered home operator, has sold its nursing home subsidiary, Homelife Investments to BUPA for £9.2m. Homelife operates 5 nursing homes with 271 beds. McCarthy is suffering from the slump in the housing market — 1989 sales of its sheltered units were running at a third of the previous year's level. BUPA now operates 13 nursing homes with about 600 beds.

● **BET** has acquired **Hestair**, the employment agency group for £192m — BET's shares slumped when the Hestair purchase was announced reflecting stock market worries that the company was making a big move into the personnel services sector — a new business area. BET has also just announced the sale of its joinery and replacement window operations and expected to raise more than £200m even though the building and home improvement market is currently depressed.

● **Godfrey Davis Holdings** (parent of Laundry and cleaning firms Sunlight Services and Pall Mall Cleaners) has acquired the Cooperative Laundries Society for £11.35m. Godfrey Davis also made a £126m offer for the dry cleaning and office services group Sketchley in February 1990. However, the offer was withdrawn after Sketchley reported that profits for the year to March 30th 1990 could fall to £6m from £17.6m last year. **Compass Group** then made a £96.5m takeover bid for Sketchley.

● **Leigh Interests**, the waste disposal contractor, has raised £35.6m via an issue of shares to eliminate borrowings and raise cash for further expansion. Further takeovers of smaller firms are planned.

● **Takare** the nursing home operator, recorded more than doubled pre-tax profits of £2.15m in 1989. Takare runs 9 nursing homes with more than 1,000 beds. A further 720 are currently being brought into operation and by the end of the year the company plan to have facilities for 2,700 beds either in operation or under construction. A third of Takare's beds are occupied by NHS patients, of the remainder, 20% are privately funded and 80% supported by the DSS. (see also, article on community care).



# HEALTH PRIVATISATION IN SCOTLAND



Privatisation of health services in Scotland has accelerated rapidly over the last two years. As well as contracting out domestic and catering work several Scottish Health Boards have plans to privatise services such as pharmacy, (Grampian, Glasgow, Ayrshire and Arran), dialysis, (Ayrshire and Arran), laboratories, (Glasgow), administration/clerical and finance, (all Health Boards).

## THE RECORD SO FAR

In Scotland, 164 contracts have been awarded with 31 of these (19%) being won by private contractors (NHS Privatisation Bulletin, December 1989). The majority of privatised contracts have been won by three companies — Initial Health Care Services (10 contracts), Hospital Hygiene Services (7 contracts) and Mediguard (6 contracts).

**Glasgow** has been the most enthusiastic privatiser of all the Scottish Health Boards with 21 out of 52 domestic, catering and portering contracts put out to tender being privatised.

Patients and staff have clearly suffered. Pay and conditions for NHS workers have deteriorated. At the Victoria Infirmary in Glasgow, Hospital Hygiene Services were fined £3,250 for unsatisfactory performance by the local Health Board (*Health Service Journal* 2.11.89.). There was evidence of bacteria remaining after cleaning a ward and other problems revealed cleaning below standards. In **Edinburgh** the Health Board imposed fines against Initial for failing to meet their contractual obligations. The allegations against Initial were that wards have been left unclean, urine has been left near sinks, and that staff have inadequate training and experience.

## GLASGOW — CCT AND UNDERFUNDING

Greater Glasgow Health Board has been called the 'most pro-privatisation public institution in the UK'. In addition to the catering and domestic contracts, competitive tendering has been applied to clinical care with pathology, X-ray services, medical records and kidney dialysis all considered. The board says that savings of £10.3m a year have been made from tendering (*Health Service Journal* 11.1.90). In spite of this, the Board has lost £12m in its allocation from the Scottish Office and is expected to shed more from its budget next year. The Scottish Office is shifting resources away from Glasgow to other areas of Scotland under the SHARE resource allocation formula. Glasgow stands to lose 5.4% of its budget because of the arguments made about the city's falling population.

As part of the cuts, the board is now questioning whether long-stay care is best handled by the NHS. It has discussed a partnership plan to provide 300 long-stay geriatric beds with private nursing home operators, Takare. The plans would mean NHS consultants and patients but private nurses and buildings.

The unions are extremely concerned and have every reason to be, given the

Board's record. Since 1982 some 3,000 jobs have been shed, staffed beds have fallen by more than 1,800 and efficiency savings have been made at the expense of low pay and poor conditions.

The latest upset concerns the tendering for medical records. Glasgow Health Board is about to issue contract specifications for health records in the city's hospitals. Staff unions and consultants fear for the confidentiality of patients records. (*Health Service Journal* 8.2.90.).

## DOCUMENTING THE PROBLEMS

Edinburgh Health Service Campaign have produced an extremely comprehensive report on the Scottish experience. In addition to providing a breakdown of the plans and policies for health service privatisation, the report details the effects on particular areas of Scotland and includes a case study of the tendering process in Lothian's health service and links the privatisation issue to underfunding. Cases of contract performance reveal appalling pay and conditions and a declining service. For example, Initial took over one contract where '832 people were made redundant, of whom a quarter received no redundancy payment... cleaners that had previously worked for the board for 3 years or more had a pay cut of 69p an hour. The bonus of 15% that had helped to boost the workers' low pay was cut completely. Holidays were slashed and sickness benefits and pensions reduced to the statutory minimum'.

The report also assesses the broader implications for NHS workers' pay and conditions in Scotland, the effects of the White Paper *Working for Patients* and makes a comparison of the proposals for the UK's health services with those already provided in the US.

## FURTHER INFORMATION

*Privatisation: The Scottish Experience.* A study by the Edinburgh Health Service Campaign, 21 Torpichan Street, Edinburgh EH3 8HX.

*NHS Privatisation Bulletin.* December 1989 from the Joint NHS Privatisation Research Unit, Civic House, Grand Depot Rd, London SE18 6SF.

## HEALTH NEWS

Trent Regional Health Authority have become the first NHS authority to privatise its computer services. Trent have awarded the running of the computer service to Redditch firm Istel Services which claims the business will have a £5m per annum turnover. More than 80 of the Health Authority's computer staff have signed up with Istel. (*Sheffield Star* 9.2.90.).



# PRIVATE LANDLORD COMPANY REJECTED

**ABODE HOUSING LTD.**, the first private landlord company to go before the Housing Corporation's Board for 'approval' under the 'Tenants' Choice' section of the 1988 Housing Act, had their application rejected on December 4th. The Housing Corporation will not reveal why the application was turned down, but it is thought that the Corporation is concerned about ABODE's allocations policies and other housing management issues.

Clive Hyman, ABODE's Director of Marketing and Communications, said he was not unhappy at the decision; the Corporation's examination had been rigorous and there were only two elements in the submission which had been questioned; they will resubmit their application in 1990 either for the same or other London estates; and they are 'fairly confident' that they will gain approval.

## Who are ABODE?

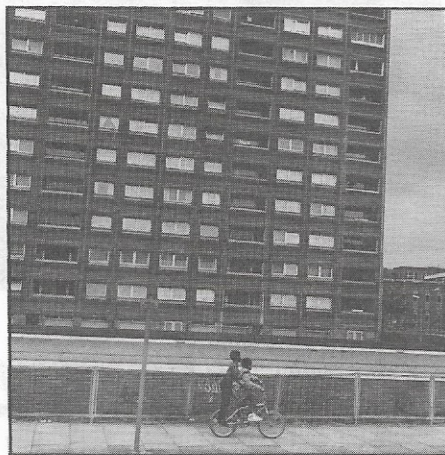
They are a private, off-the-shelf, profit making company set up in January 1989 by a group of discontented council officers specifically to take advantage of the 1988 Housing Act.

City financial institutions have agreed in principle to lend the company £40 million if approval is gained.

They were bidding to take over 4,000 council homes across north London: the De Beauvoir estate in Hackney, Maida Vale estate in Westminster, St. Luke's and Pleydell estates in Islington, four blocks at Adelaide Road in Camden, and the Cathall Road and Oliver Close estates in Waltham Forest which were part of a failed voluntary transfer scheme and now a likely contender for a 'HAT'.

## No Track Record

They admit to being a profit-making company who are committed to the principal of providing high quality social housing at rents affordable to those on low incomes. They claim that they can do the job better than local authorities and at cheaper costs by re-investing rental income back into the estates. And yet, by their own admission they accept that they have no track record in the management of social housing. They also admit that their costings for repairs and refurbishments on the earmarked estates were estimated because they did not have access to full information on structural conditions! They further admit that tenants response to date has been 'negative all along the line', but feel that that would alter after approval when they could offer more definite promises on issues such as rents.



## Opposition

Tenants and councils in the areas concerned have made their opposition to ABODE abundantly clear to the Housing Corporation, as has the Association of Metropolitan Authorities. A vote taken at a meeting of nearly 300 tenants from the De Beauvoir estate in Hackney was 100% opposed to ABODE becoming their landlords. This was followed up with meetings and a lobby outside the Housing Corporation's offices on the day of the Board meeting. Tenants in one of the earmarked Camden block confirmed that they were completely in the dark about the company!

Local authorities were not presented with any evidence that ABODE Housing has any record or expertise in finance, housing management, or maintenance, nor were they provided with any information to satisfy themselves that they have access to such expertise.

The fact that the Camden properties for which approval was sought are leasehold and therefore ineligible for transfer, confirmed doubts as to the company's competence and likely efficiency in managing social rented housing. There was also concern about the company's policy on sales to new tenants which would remove yet more properties from the rented sector. Brian Sedgemore, a Hackney MP has called on the Chair of the Housing Corporation to 'end this grisly farce which has brought the provisions of the Housing Act 1988 into complete disrepute'!

## SCAT SERVICES

We undertake the following range of work:

**Lessons from the first two rounds of CCT:** Including advice on contractors' strategies, tender evaluation, investigating the effects on jobs and quality of services.

**Public Service Educational and Training:** Increasing workforce understanding of public service processes and strategies. We can also design specific courses to suit your particular needs.

**Income Generation:** Studies to increase income generation based on improving services, retaining jobs and drawing together the workforce's ideas and experience.

**Public Service Planning:** Advice on drawing up public service/business plans.

**Community Care:** Sector analysis of major trends and private/voluntary developments, care planning and strategies.

**Research into Leisure Management Sector**

**NALGO/SCAT Housing Landlord Information Service:** Provides information on developments and trends on tenants transfer legislation, assesses local authority initiatives to improve housing services, and publishes Public Housing News.

**Training Workshops.**

### ● Economic Development and Employment Plans

Will cover the form and content of economic development plans, organising the planning process, consultation and monitoring, and evaluation.

### Dates and Venues

8th May 1990, Sheffield Town Hall, Surrey Street, Sheffield 1.

16th May 1990, London, AMA, 35 Great Smith Street, London SW1.

### ● Housing: Researching the New Landlords

Will be set against the background of recent legislation and trends in the transfer of public sector housing to private landlord companies and housing associations.

### Dates and Venues

2nd July 1990, Sheffield Town Hall, Surrey Street, Sheffield 1.

17th July, London, NALGO, 1 Mabledon Place, London WC1.

Each workshop costs £85 (plus 15% VAT £12.75) Total cost £97.75.

Further details are available from SCAT, 1 Sydney Street, Sheffield S1 4RG. Tel. (0742) 726683.



# PUBLIC SERVICE ACTION

## Information

### Education —

#### Local Management of Schools

The booklet explains the basic principles behind local management of schools, one of the main changes brought in by the 1988 Education Reform Act.

It describes how schools will be allocated their budgets and the financial formula in terms of age-weighted pupil units and discretionary exceptions. It also looks at how responsibilities, particularly on employment matters, are to be divided between governing bodies and local education authorities. Employment issues such as appointments, pay and conditions, grievance procedures, dismissal and redundancy are assessed.

The potential problems of implementing the scheme are also explained.

Available from Labour Research Department, 78 Blackfriars Road, London SE1 8HF. Price £1.00.

#### Housing Equality — an action guide

Written by Rita Dutta & Gil Taylor, CHAR, December, 1989.

CHAR, the housing campaign for single people, has drawn on its own experiences and that of an extensive number of housing agencies around the country to produce this 150 page practical guide to good equal opportunities policies and practices for housing projects and voluntary agencies.

The guide demonstrates how to deal with the challenges, complexities and problems facing organisations who are genuinely trying to make equal opportunities a reality. Unlike many earlier guides which have dealt only with race and gender issues, this guide also addresses the needs of people with disabilities, people with AIDS and lesbians and gay men.

The guide is easy to use and does not have to be read in its entirety. It contains chapters on the legislation, the process of implementing change, employment, internal structures, and service delivery. Each chapter has an action checklist and practical suggestions. The appendices contain examples of good policies which are being enacted in a range of housing settings, from a small hostel project to a local authority.

Copies available from CHAR Publications, Room 106, 5/15 Cromer Street, London WC1H 8LS.



#### Back from the Brink? Low pay and Local Authority anti-poverty strategies

This publication looks in detail at the contribution made by low pay to the overall picture of poverty in the West Midlands and Britain as a whole. Low pay increasingly acts as a major factor to family and individual poverty. The report also looks at the way in which a number of local authorities are attempting to tackle poverty despite the efforts of central government to weaken their role.

Available from West Midlands Low Pay Unit, Wolverley House, 18 Digbeth, Birmingham B5 6BJ. Price £2.00

#### 'I'm not racist, but ...'

Written by Greenwich Council's Tenant Support Workers, January '90.

This short, clearly laid out booklet aims to help tenants feel more confident about tackling racist comments in meetings. It has been produced as part of a move by Greenwich Council to encourage more black and ethnic minority tenants to participate in tenants' groups.

It contains genuine examples and realistic, practical suggestions as to why, how and when to challenge racist or offensive comments which can be a feature at meetings.

It helps to clarify issues and hopefully will act as a useful guide to anyone involved in the tenants movement wanting to take positive action. It also aims to encourage people to discuss the issue of racism and to realise how harmful it can be to a tenants group.

Available from Housing Strategy and Information, Peggy Middleton House, 50 Woolwich New Road, Woolwich SE18 6HQ. Cost: 50p per copy for bulk orders.

# 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**