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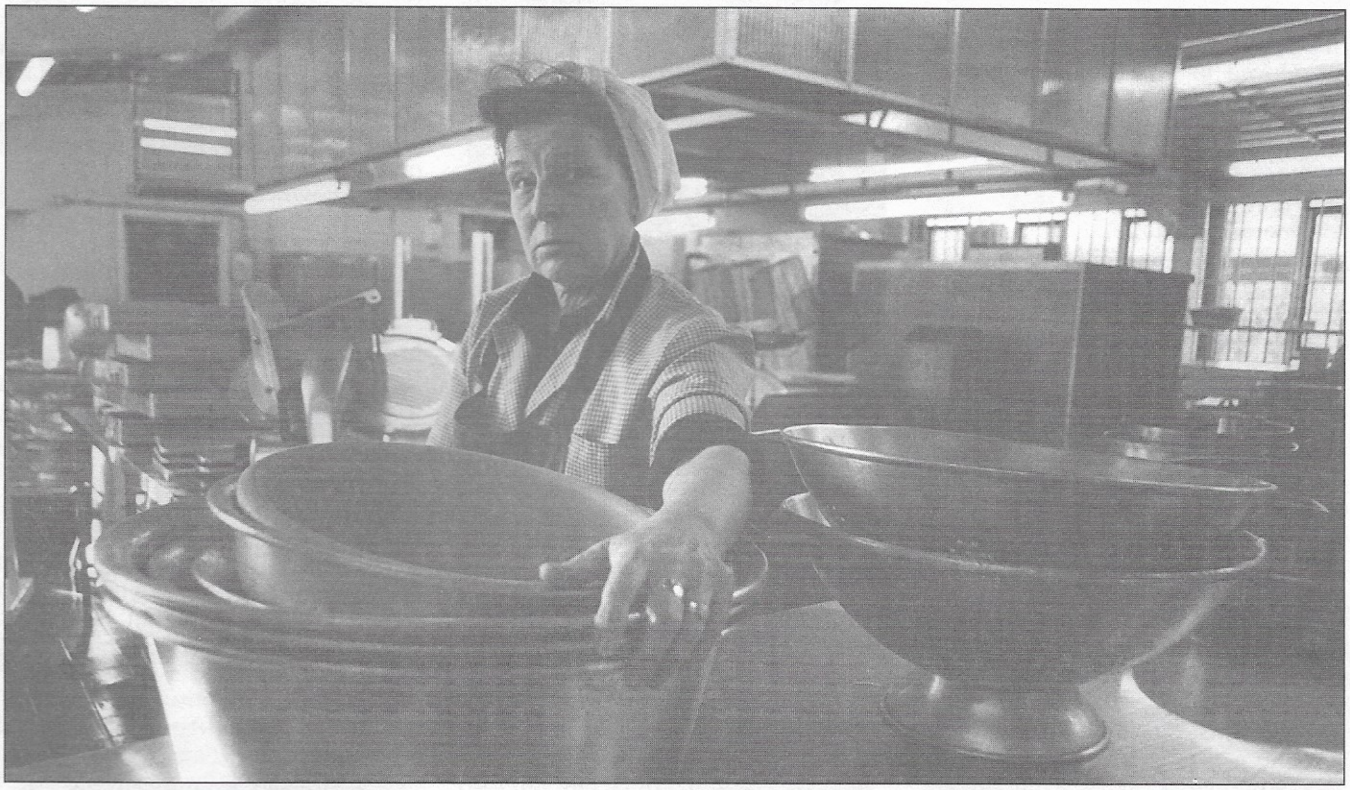


Photo: PHILIP WOLMUTH

Northern Ireland EOC charts discrimination

HEALTH TENDERING COSTS JOBS

A detailed investigation by the Equal Opportunities Commission in Northern Ireland (EOCNI) into the effects of competitive tendering on women's employment in health and education, published in February, has recommended that the policy be suspended pending a full review.

The report, which has serious implications for competitive tendering policies, reaches similar conclusions to research carried out by the Equal Opportunities Commission into the effect of CCT in local government in England, Scotland and Wales, published last year. The new report is a further embarrassment for the Government which has attempted to dismiss the findings of the initial EOC research.

Women lose most

The Northern Ireland research shows that Government policies are contradictory in their application and highly damaging to employment, particularly for women. Northern Ireland has a high dependence on the service sector, which employs large numbers of women, many on low pay.

The investigation found that competitive tendering has had an adverse impact on female employment, and cited two key factors. First, most services selected for tendering were female dominated. Secondly, there was a gender differential in the reduction of employment, hours of work, and wages brought about by the process. Competitive tendering resulted in a higher rate of job loss, a greater reduction in working hours, and a larger decrease in wages for women than for men.

Competitive tendering of public services was introduced into Northern Ireland as a result of Government policy on deregulation and market place competition during the 1980s. Other Government policies have been introduced into Northern Ireland to strengthen employment rights, promote equal opportunities and address social deprivation.

Fair treatment

The latter include, the Policy Appraisal and Fair Treatment (PAFT) initiative which takes a far reaching view of discrimination and protection of rights with guidance that all policy proposals must undergo a PAFT appraisal to ensure they do not give rise to discrimination on the grounds of religion, gender, political opinion, marital status and so on. PAFT guidelines provided an opportunity to assess and gender proof the competitive tendering policies. *(continued on 2 &3)*

Northern Ireland EOC report *(cont)*

The investigation by the EOC showed that there was no evidence that in implementing the policy of competitive tendering any attention was paid to its potential impact on the goals to be achieved by PAFT.

The Targeting Social Need (TSN) public expenditure priority was introduced in 1991 to improve the social and economic conditions of the most disadvantaged areas and people of Northern Ireland. The investigation provided no indication that the impact of competitive tendering was considered in relation to the goals set out under the TSN initiative and did not reveal any attempt to assess the impact of tendering on women and men living in areas of social need.

Report recommends end to competitive tendering

The report includes 35 detailed recommendations, the key ones on competitive tendering and employment policy being:

* The Government should suspend its policy of competitive tendering in health and education services in Northern Ireland pending a review of policy in the light of the findings.

* NI Boards and Trusts should suspend any re-tendering of services and any extension of competitive tendering to additional services pending the completion of the review.

* The PAFT guidelines should be applied to competitive tendering and their application in health and education should include a gender analysis of the workforce including pay, hours of work, terms and conditions of employment, benefits and pensions arrangements. In addition, any adverse effect of policy decisions on equality of treatment or opportunities for women and men should be identified and justified.

* Equal opportunity issues to be given sufficient weight at all stages of the tendering process including select list, job specifications, tender documents, evaluation of tenders, and contract conditions.

* The Government should introduce a statutory minimum wage in order to protect the earnings of workers affected by competitive tendering. In addition, Boards, Trusts and contractors should carry out independent pay audits to assess the impact of competitive tendering on women and men.

* The Government should introduce legislation enabling all employees regardless of earnings to contribute to the National Insurance scheme and that all employers should be required to make contributions for all their employees.

Photo: DAVID BOCKING

* Employees in multiple jobs should be able to combine their earnings for National Insurance purposes.

* Part-time employees should have equal access with full-time employees to contractual benefits.

* State earning-related pensions should return to being calculated on the best 20 years of workers' earnings.

* The Government should publish a full analysis of the costs of competitive tendering in health and education with a view to assessing the relationship between the economic savings and costs in terms of women's employment.

Scope of the investigation

The formal investigation focused on 20, out of a total of 86, contracts in the ancillary services of catering, domestic service, linen and grounds maintenance in Health and Education Boards. Eighty five per cent of the case studies were health service contracts, mainly in catering and domestic services. Five out of the 20 contracts were privatised, the remaining 15 having been won in-house. Data on terms and conditions of employment was collected and interviews held with management in Boards, Trusts and private companies and with trade union members and officials to investigate the impact of competitive tendering on employment in these services.

The main findings:

Greatest impact on women

* In the 20 contracts, 14% of female jobs were lost compared with 6% of male jobs. Those remaining in employment, 85% of whom were women, had a reduction in hours, wages and terms and conditions and were working under pressure to increase productivity due to the changes linked to competitive tendering.

* There was a significant decrease in the availability of full-time employment. Forty five per cent of female full-time jobs were lost compared to 17% of male full-time jobs. There was an increase in the proportion of work that was part-time only in the female dominated services

Table: Comparison of in-house and private contracts

	In-house	Private
Overall job loss	%	%
Female	-10.8	-36.6
Male	-2.9	+1.7
Loss of full-time employment		
Female	-44.2	-44.9
Males	-20.2	-7.9
Reduction in average hours		
Females	-7.9	-20.5
Males	-0.02	-9.2
Increase in proportion working under 16 hours		
Females	+14.1	+10.9
Males	+0.1	+10.0
Change in weekly wages		
Females	-2.8	-16.8
Males	+3.2	-11.9
Increase in proportion earning under Lower Earnings Limit		
Females	+10.4	+16.0
Males	+0.1	+15.0

of catering and domestic service.

* Women's average working hours were reduced by 11%, a much greater percentage than men's at 5%.

* There was a differential impact on women and men's weekly wages. Low paid women experienced a larger reduction in pay than men with 87% of women and 67% of men receiving pay cuts after competitive tendering.

Loss of employment rights

* Loss of hours after tendering resulted in an increase in the number of employees who had limited or no access to statutory employment rights. There was a 50% increase in the number of staff, who were mostly women working under 16 hours, and a doubling of the number of women working under 8 hours a week.

* Following tendering 31% of women and 7% of men earned below the lower earnings limit and were no longer entitled to a range of contributory national insurance benefits.

* Using the Low Pay Unit's definition of low pay, most employees were earning low pay before tendering and this increased; following tendering 99% of women and 95% of men had basic wages below the low pay threshold.

Differential impact

* Contracting out resulted in a 37% job loss among women, compared with a 2% gain in men's employment.

* Women's average hours were reduced by six hours (21%) which was larger than the male decrease of three hours (9%).

* Women were more likely to be employed in jobs where there were decreases in hourly wage rates than men.

Full-time and part-time women lose out

* There was a marked shift in the proportion of part-time work which increased from 60% to 71% of employment in the 20 contracts, affecting more women than men. Women's full-time work was reduced by 45%.

* Contracting out resulted in deteriorating terms and conditions of employment, especially for women. These included loss of benefits, more stringent qualifying conditions, as well as lower level entitlement than before tendering. Part-timers, 96% of whom were women, were particularly affected on private contracts.

Job insecurity

The investigation concluded that for the predominantly female workforce, the strain of working under pressure for very low wages is coupled with fears for the future because of job insecurity and reduced sickness and pension benefits, job insecurity has increased because of the expected retendering of contracts and the increase in privatisation.

Increased inequality

The report found large inequalities in pay and conditions between those who are directly employed by Health Boards and Trusts and those employed by private contractors. This inequality is likely to be exacerbated with the increase in the number of private contracts during the second round of tendering.

Pensions

The investigation found that a number of older women felt they had no option but to take early retirement or accept voluntary redundancies because of the pressure of changed working conditions. It concludes that competitive tendering has curtailed their working lives and left them dependent of a pension system which has produced hardship for many women in old age.

Savings

The report shows that the benefits attributed to competitive tendering in terms of cost cutting and savings have been at the direct expense of women. In addition, there was no evidence that the additional costs to the Government which include the increased numbers claiming benefits have been taken into account.

Monitoring

None of the Boards or Trusts monitored or audited the impact of competitive tendering on gender or on terms and conditions of employment in either in-house or private contracts.

Equal opportunities

There was minimal consideration of equal opportunities issues in the competitive tendering process. Although contractors were required to submit an equal opportunities policy, no steps were taken to ensure that contractors observed anti-discrimination legislation after contracts were awarded.

There did not appear to have been any investigation of the past record of contractors in regard to gender discrimination when drawing up the select list of firms to be invited to tender. No equality standards had been included in tender documents or in contracts. In addition, there was no provision for monitoring the provision of equality of opportunities by contractors after the award of contract. The report concludes that competition has brought about redundancies and reduction of hours with inadequate regard for the impact of the policy on the provision of equal opportunities for women and men. *"Competitive tendering has undermined the development of comprehensive equal opportunities policies in the public sector".*

Action taken

Five education boards have already suspended competitive tendering in Northern Ireland as a result of the report.

Copies of "Report of the Formal Investigation into competitive tendering in health and education services in Northern Ireland" are available from the EOCNI, Chamber of Commerce House, 22 Great Victoria Street, Belfast BT2 7BA. Tel: 01232-242572.

Photo: JOHN BIRDSALL

News

Bus takeovers continue

FirstBus recently acquired Greater Manchester Buses North for £47m, Portsmouth Transit (£5.2m), a 20% stake in Sheffield's Mainline (£2m), and People's Provincial (£4.1m). Meanwhile, the rival Stagecoach Holdings acquired Greater Manchester Buses South for £40.7m, paid £16.1m for two Devon bus firms, Devon General and Bayline, which will help to feed into its South West Trains franchise, and has been given approval by the Monopolies & Mergers Commission to acquire Chesterfield Transport.

Privatisation give-away

The privatisation of the Government department which manages Whitehall's estates, the Property Services Agency, has cost the taxpayer £300m the National Audit Office has revealed. The sale raised just £4.7 million set against redundancy payments of £133m, £13m in payments for lieu of notice, and £21m worth of consultancy and management fees. The Government also guaranteed orders from the Ministry of Defence worth £400m.

The NAO's report catalogues the massive scale of the privatisation give-away. Companies were either paid to take parts of the Agency off the Government's hands or given easy payment terms on knock-down prices. As part of the deal W.S Atkins was paid £11.5m by the Government to take over Building Management (BM) Manchester. Other companies benefiting from the sale include Serco, Mowlem Construction, Pell Frischmann and the Mathew Hall Consortium.

Cash Incentive Scheme

The Government has allocated £60m in 1996/97 to help council tenants buy private homes thus "freeing-up their homes for people in housing need." With average grants of over £13,000, this is another form of privatisation which fails to add a single home to the housing stock.

Rail privatisation

SAFETY FEARS GROW AS PRIVATISATION GATHERS SPEED

Two recent derailments involving privatised freight operators and a damning report on Railtrack by the Health and Safety Executive have ensured that safety remains high on the agenda in the campaign against rail privatisation.

Early evidence suggesting that the Stafford derailment, which resulted in the death of one postal worker and 22 injuries, was the result of a failed axle on one of the privately own freight trucks is yet to be confirmed. However, the fact that the accident occurred just two weeks after the American-based company, Wisconsin Central Transport bought three of BR's heavy freight operations, Mainline, Loadhaul and Transrail for £225m, is causing particular concern.

Another Wisconsin train carrying liquid polystyrene was derailed near Wakefield just hours after the Stafford accident.

Questions as to whether the company, which took over the royal train and mail train services at the beginning of the year, can be held fully responsible for the state of rolling stock acquired just days before the accident have been tempered by news that its safety record is currently under investigation in the United States and New Zealand

The company is also known to have submitted bids for the ScotRail sleeper and the Channel tunnel to the north of England passenger services.

Railtrack safety criticised

Accusations that the Government is putting safety at risk by forcing the pace of privatisation have grown since the leaking of Railtrack documents which reveal the suspension of new safety measures - including signal work at Clapham where 36 people died in 1988 following a major rail disaster - until after privatisation.

Fears have been compounded by the publication of a highly critical report by the Health and Safety Executive which identifies serious flaws in the way that Railtrack manages contractors. The Health and Safety Executive (HSE) identifies ten key improvements, some of them urgent, which Railtrack must adopt to improve safety.

Responding to the report, the all-party Save Our Railways Campaign has accused Railtrack of failing to carry out its primary duty of putting safety first and has called for the sell-off, due to take place in May, to be delayed until safety problems have been ironed out.

The campaign identifies three main reasons why safety standards are under threat:

* Inadequate spending on maintaining the system and on making essential improvements in a bid to maximise profits.

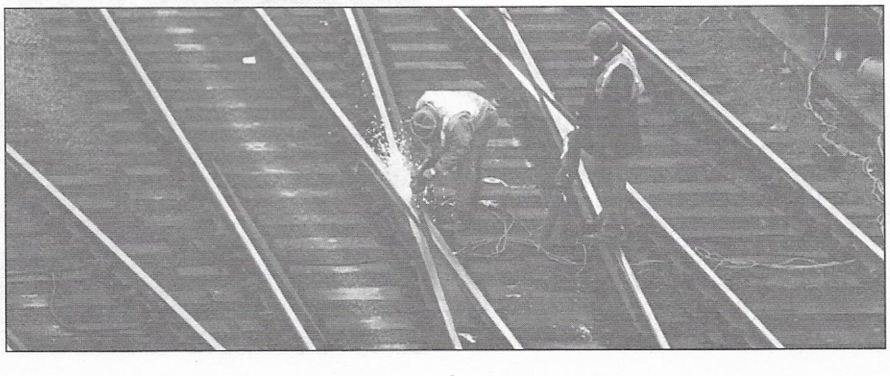


Photo: PHILIP WOLMUTH

Rail privatisation

* Confusion and split responsibility for safety caused by the break-up of the rail network.

* Cost cutting through the increased use and improper management of contractors with inadequate knowledge of railway maintenance work.

An announcement by Tony Blair, committing a future Labour government to renationalising Railtrack was expected at the time that Public Service Action went to press. Although it is widely expected that Mr. Blair will go beyond previous public statements in favour of "a publicly owned, publicly accountable railway", it remains unlikely that he will commit the party to a full renationalisation.

Privatisation bonanza:

● Six of BR's thirteen track renewal and maintenance companies have so far been privatised with construction giants Tarmac and Amey moving into the rail maintenance industry:

At the end of February, a joint venture between GEC Alsthom and Tarmac paid £18.8m for the Central Infrastructure Maintenance Company (CIMCo), the largest of BR's 13 track and maintenance companies. The previous week, Tarmac acquired another of the BR companies, Central Track Renewals, for £2.9m. CIMCo is reported to have an annual turnover of around £160m and currently employs around 3,900 people.

Another joint venture bid of £15m by Amey and the internal management team has been successful in securing control of the Western Infrastructure Maintenance (WIMU). Amey will have a 75% stake in Amey Railways which currently employs over 2,500 staff and has an annual turnover of around £110m.

● Assets and cash worth £5.7 billion - including Waterloo International Station, 240 acres of land in central and east London, St Pancras Station and hotel, Eurostar trains and rolling stock - has been handed to to the consortium which won the £3 billion to build the Channel Tunnel rail link. The consortium includes Richard Branson's Virgin company, bankers S.G. Warburg, National Express and civil engineering company Ove Arup.

● British Rail's 11,000 strong fleet of trains and carriages valued at £3 billion was sold to Angel Train Contracts, Eversholt Leasing and Porterbrook in November for just £1.8 billion.

● It has emerged that Railtrack could be sold for as little as £1.5 billion - less than a third of the company's asset value, and £500 million less than the company's annual turnover. At the time it was set up, Railtrack was valued at £5 billion.

● Signalling Control UK has been sold to Westinghouse Signals Ltd, a subsidiary of US transnational BTR.

● Racal Electronics, owners of the Vodaphone cellular network, paid around £100m for BR telecommunications - the second largest telecom network in Britain.

● W. S. Atkins has bought the electrification specialist Powertrack Engineering and the engineering design office CEDAC.

● Management teams have won bids for two specialist health and safety operations, Railway Occupational Health and Safety Services, employing around 130 staff.

● BR's Red Star parcel service was sold to its management for just £1 - despite three substantially higher bids from outside companies. Massive redundancies have followed the privatisation.

Sell-Off Plans Exposed

A leaked timetable for privatising the remaining rail franchises has confirmed suspicions that the Government is making a renewed effort to complete rail privatisation prior to the next general election.

Details obtained from the Rail Franchising Office reveal that it wants all the remaining franchises to be awarded before March 27th 1997.

Privatisation Targets:

April 22, 1996:	Inter City East Coast; Midland Main Line; Gatwick Express
May 20, 1996:	London; Tilbury and Southend; Network South Central
July 15, 1996:	South Eastern Trains; Chiltern Railway
September 9,1996:	Island Line
October 7, 1996:	Cardiff Railway; South Wales and West; Thames trains
December 30, 1996:	Anglia; Scotrail; Cross Country
January 27,1997:	Merseyrail; Great Eastern; West Anglia; Great Northern; Central Trains; Thameslink
February 24,1997:	InterCity West Coast; North London Railways
March 24, 1997:	Regional Railways North East; Regional Railways North West

(The Great Western and South West services were privatised in February 1996)

News

Community Care Review: The Department of Health has launched a review of social services spending. Local authorities will be demanding additional funding to meet increased responsibilities whilst the private sector intends to argue for full privatisation of residential and community care services.

National commission into funding of universities: The Government, with Labour Party support, has launched a review into the size and funding of Britain's universities. It is not due to report until June 1997, after the next general election! Students loans and fees and private finance will be central issues.

Local Housing Company ban: The Government and the Housing Corporation are planning to prevent tenant management cooperatives, estate management boards and community housing associations from establishing local housing companies. They also want to a third of housing company board directors and the chairperson to be 'independent' with tenants and council representatives having the remainder of the seats on the board.

Job insecurity increases: Research by the Labour Party shows that nearly 9 million people, one in four of the population, have had at least one period of unemployment since 1992. One in three men and one in five women have been affected.

Contractors profit from NHS: Market testing of NHS services has resulted in privatisation of two-thirds of the contracts. Out of 4,181 services put out to tender, 2,747 (66%) went to private contractors. The contracts cover pharmacy services, pathology, ophthalmology and sterile supply.

Economical with the truth: The electricity industry's net contribution to the Government was £5,998m in the four years leading up to privatisation but almost halved to £3,103m in the four years after privatisation.

BP sell-off: The Government has sold its remaining stake in BP for £513m. Share stakes in BA (2.5%), British Gas (3.3%), BAA (2.9%) and water and electricity companies are likely to be sold in the next 18 months to help fund tax cuts.

Social Security cuts

PRIVATE SECTOR TO BENEFIT FROM DSS CUTS

Government plans to slash social security running costs of £3.5 billion by 25% over the next three years will lead to 20,000 job losses, increased contracting out and privatisation, and cuts in services to claimants, Civil Service trade unions and welfare campaign groups are predicting.

Photo: MARTIN JENKINSON

The cuts, twice the percentage level being demanded of other government departments, come at a time when the social security bill is expected to rise sharply due to the effects of government policy and demographic changes.

News of the Government's plans, which will lead to massive changes in the way that the benefits are administered, originally came to light in early February following a letter to staff from DSS Permanent Secretary Ann Bowtell.

Since then Social Security Secretary Peter Lilley has made it clear that the privatisation of services and the widespread use of the Private Finance Initiative (PFI) for new projects will be central to any attempts to cut the department's running costs. He has also called upon DSS management to use "suppliers who offer the best value for money irrespective of whether they are in-house or private sector".

Civil Service unions are now warning that reliance on the PFI and the introduction of payment by results increases the likelihood of the future privatisation of benefit delivery and the eventual introduction of localised benefit rates.

From April 1996 the Benefit Agency will be divided up into 13 Area Directorates operating along similar lines to NHS Trusts. Civil Service unions suggest that the greater autonomy given to the directorates will allow benefit delivery targets to coninue to be set centrally accompanied by the introduction of service level-type agreements.

However, it is clear that it will be up to operational managers to determine exactly how services are provided and targets achieved, leaving maximum scope for contracting out and privatisation.

This could mean the private companies taking over benefit processing and the creation of more "benefit factories" similar to those already operating in Glasgow, Belfast and Macclesfield, as well as differing service standards throughout the country, warns Jim Boyd, DHSS Group President of the Public Services, Tax and Commerce union (PTC).

Other changes under consideration include:

* a reduction in the legal basis on which benefit decisions are made

* the widespread introduction of self-assessment

* the simplification of benefit entitlement rules

* attempts to get more accurate information from claimants

* the creation of 'single personal accounts' for all types of benefit

Describing the proposals as a backward step which would move the Benefits Agency away from its "one stop service" philosophy, the PTC has stressed the end result will be even less claimant friendly, and more remote administratively than is currently the case.

TUPE developments

PENSION BLOW FOR SCHOOL MEALS STAFF

A High Court judgment has ruled that employees transferred under TUPE (Transfer of Undertakings Protection of Employment Regulations) to private contractors do not have the right of access to a pension scheme.

The case concerned eleven school meals workers working on a £17m a year BET contract for Lancashire County Council. BET refused to include them in the pension scheme because they earned less than £15,000 a year. The ruling directly affects 600 out of the 3000 catering staff who transferred and were previously covered by the local authority pension scheme. It also has serious implications for thousands of local authority workers affected by privatisation.

The judgment opposes government advice, now accepted by many contractors, that councils should offer comparable pension schemes. The trade unions, GMB, T&GWU and Unison, who brought the case have lodged an appeal. The case shows firstly, the kind of discrimination part-time women staff face in cases of privatisation and, secondly, that there is little serious consideration of the needs of lower paid employees who will have fewer benefits in their old age as a result of privatisation.

TUPE plans scrapped

In a separate development, the European Commission has dropped plans to amend the Acquired Rights Directive, which would have affected the employment status of many local authority workers.

The commission had examined an amendment which centred on the issue of whether staff transfered under CCT were entitled to employment protection under the directive. The amendment, supported by the UK Government, included attempts to define whether local authority contracts were 'economic entities' or sub-contracted work.

Photo: WENDY HISLOP

WANDSWORTH BENEFITS FROM MASSIVE SUBSIDY

Wandsworth, the Tories 'jewel in the crown' of local government, has received substantial transitional council tax relief payments from the Government in the last three years. They received 9.5% of the total relief in England in 1993/94 rising to 37.1% in 1995/96. This information was supplied by Environment Minister Sir Paul Beresford, ex-leader of Wandsworth Council.

Transitional Council Tax Relief in England and Wandsworth

Year	England £m	L.B. Wandsworth	Wandsworth share of national total
1993/94	378.6	36.0	9.5%
1994/95	111.3	23.6	21.2%
1995/96	27.2	10.1	37.1%

Source: Department of the Environment

Private Finance Initiative

PFI: HIGH SPEED PRIVATISATION

Critical analysis and assessment of the Private Finance Initiative (PFI) will be a regular feature of PSA. The three page feature in the last issue (PSA No 52) highlighted how the PFI represents a new era in the drive to privatise public services and the welfare state. We will report details of new PFI developments, critical analysis of PFI policies and public sector alternatives.

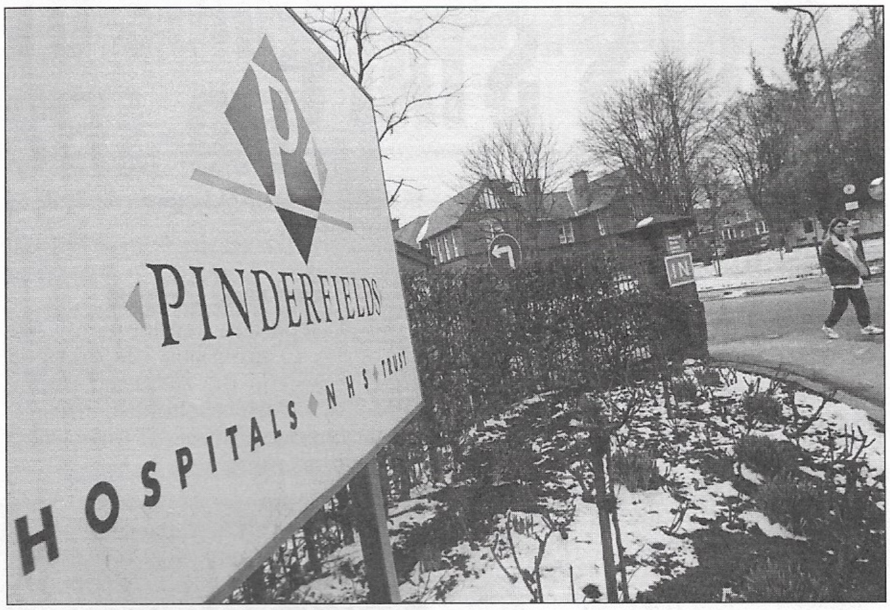


Photo: MARTIN JENKINSON

New regulations

"I hope the DBFO (Design, Build, Finance and Operate) concept can now be extended to virtually the full range of local authority capital expenditure" stated Local Government Minister David Curry announcing new regulations. These are intended to encourage local authorities *"to make more use of private-sector finance and management expertise in upgrading schools, leisure centres, libraries, theatres and other local facilities."*

Coupled with the drive for Local Housing Companies (see PSA 51), the Government is trying to ensure that the PFI dominates all local authority capital expenditure projects. They have not yet imposed a financial limit over which all spending must be subject to PFI testing (see **chart**) but this may still be forthcoming.

The new regulations fall into three main categories:

1. Private use of public facilities

The regulations make 'dual use' schemes, where the private sector operate private services alongside and within public facilities, easier.

2. Financial incentives for privatisation

A new phrase has entered Government jargon - 'spend-to-save investment'

The regulations have been framed to encourage local authorities to increase the privatisation of educational services and other assets. They will be able to use:

* 75% (previously 50%) of capital receipts form the sale of education assets between April 1996 and March 1998.

* 50% (previously 25%) of capital receipts from the sale of shares in education companies and careers service companies.

* 90% of capital receipts from the sale of local authority farms.

* a one year extension in the use of 75% of capital receipts from the sale of local authority bus companies. Twenty eight bus companies have been sold todate and 19 remain in local authority control.

3. Assisting PFI schemes

Changes to regulations to enable local authorities to assemble and acquire land temporarily 'for onward disposal to private sector developers'.

NHS PFI Consortia

Examples of PFI consortia bidding for NHS contracts include the following five bidders for the Pinderfields Hospitals NHS Trust, Wakefield:

1. The Hospital Company
- Tarmac Construction Ltd
- Tarmac Health Estates
- Tarmac ServiceMaster
- United Medical Enterprises
- Medical Design Practice, Architects

2. W.S.Atkins Consortium
- W.S.Atkins Ltd
- Norweb
- Siemens
- Taylorplan
- Sureway Parking

3. Mowlem Consortium
- John Mowlem Construction plc
- Mowlem FM Ltd
- International Hospitals Group

4. Catalyst Health Care Ltd
- Bovis Construction Ltd
- RCO Support Services Ltd,
- British Linen Bank

5. Health Management Group Ltd
- AMEC Healthcare
- Building & Property Maintenance Services

The consortium involved in a £35m approved PFI project for South Buckinghamshire NHS Trust includes:

Healthcare Group
- Taylor Woodrow
- Granada TFM
- NWS Bank
- CODA, architects

Private Finance Initiative

PFI: Across the public sector

The Private Finance Initiative has now spread across the entire public sector. Even relatively small capital projects have to be PFI tested, in effect put out to auction, and can only be publicly funded if the private sector does not wish to be involved. The basic plan is for private finance to be the norm with public finance as the last resort.

The following list serves to indicate the broad range of projects which have to be PFI tested.

National Health Service

All capital spending has to be PFI tested. The previous £500,000 threshold has been removed.

- Hospitals and special units
- Medical equipment
- Patient hotels
- Laundries
- Staff residences
- Incinerators
- Private hospitals on NHS sites

Local authorities

The Government is considering requiring all capital investment schemes over a certain threshold being subject to PFI.

- Schools
- Housing
- Local roads
- Sports, leisure and arts facilities
- Street lighting
- Museums
- Crematoria
- Office accommodation
- Information technology
- Urban regeneration

Transport and other services

All new major capital investment must be PFI tested.

- Trunk roads and motorways
- Bridges and tunnels
- Public transport systems

Other public facilities

- Prisons
- Student accommodation
- Universities and colleges
- Defence
- Government office accommodation

New equipment

The PFI is being applied to capital spending for new equipment as well as for new buildings and urban regeneration schemes.

- NHS: scanners and dialysis machines
- Universities: scientific and technical equipment
- Department of Social Security, Contributions Agency: new computer for the National Insurance Recording System.
- London Transport: new trains for the Northern Line

The Private Finance Panel

The Government established the Private Finance Panel to help promote the PFI across the public sector. Each member also has responsibility to promote the PFI in a government department. A separate Private Finance Panel Executive has about 25 members from government departments and private companies.

All the panel members have a vested interest in promoting PFI schemes across the public sector.

Treasury spending on the Panel has tripled from £0.8m to £2.5m per annum with more than 50 officials engaged on promoting and processing PFI projects.

THE PRIVATE FINANCE PANEL

Name	Organisation	Responsibility
Alistair Ross Goobey	Chief Executive - Hermes Pensions Management Ltd Hermes Investment Management has invested £25m in first private equity fund, the Innisfree PFI fund.	Home Office
Neville Simms	Chief Executive - Tarmac plc Leader of PFI consortia for NHS and trunk road projects	Education & Employment
Robin Fox	Vice Chairperson - Kleinwort Benson Financial advisers to PFI projects	Defence
Sheila Masters	Partner - KPMG Peat Marwick Consultants to a range of PFI projects and auditors to PFI contractors	National Health Service
Murray Stuart	Chairperson - Scottish Power plc	Scottish Office
Gren Folwell	Managing Director - Halifax Building Society Funder of several Large Scale Voluntary Transfers of council housing *Also a member of the local authority association's Public Private Partnerships Programme*	Local Government & DoE
Steve Robson	Director of Industry and Financial Institutions H.M.Treasury	
Sir Christopher Bland	Chairperson - NFC plc	Chairperson of Panel

PFI News

Journal publishers have inevitably joined the PFI bandwagon. We know of three new 'intelligence' and 'management' bulletins providing help in 'finding a suitable PFI partner', how to develop a PFI proposal and so on. They cost £299, £399 and £495 for a 12 issue subscription!

Regular news and analysis, and probably the only source of a detailed critique of PFI, costs just £10.00 per annum with Public Service Action.

Ensure that all departments and sections developing PFI schemes get a regular copy of Public Service Action.

News

First water merger planned

Wessex Water and Severn Trent Water have signalled their intention of trying to acquire neighbouring South West Water. Pre-tax profits since privatisation have almost doubled to £120m at Wessex but remained relatively static at about £90m at South West until 1995 when they were hit by £35m exceptional restructuring charges.

Record pay-offs for NHS bosses

Two senior NHS executives have been given early retirement packages worth a total of £700,000, believed to be a record in the NHS. Former chief executives of East Sussex Health Authority and the Family Health Services Authority, John Sully (51) and Leon Screene (50) were each paid £350,000, mostly in secured pension contributions.

NHS Hospitals 'Quangoed'

A Government quango has been charging NHS hospitals up to 15% more than the market rate for essential medical and surgical supplies an investigation by a national newspaper had revealed.

It has been estimated that NHS Supplies, which was established in 1992 as part of the Government's so-called efficiency drive, has overcharged hospital by more than £350m. Despite its monopoly the quango has failed to deliver significant savings and now faces an investigation by the National Audit Office.

Hillingdon workers take on Pall Mall

Fifty six UNISON members, mostly Asian women, have continued to strike since before Christmas after being sacked for refusing to accept cuts in pay and conditions of employment (see PSA 52). The contractor, Pall Mall has imposed large cuts in pay, holidays and allowances on some of the lowest paid and most vulnerable staff. The union has pointed out that Pall Mall is a highly profitable company which made £25m clear profit in 1994, the equivalent of £1,500 for each of its 17,000 UK employees. UNISON is conducting a campaign against the company and the exploitation of staff working on the Hillingdon hospital contract.

Nuclear privatisation

UNCERTAINTY CONTINUES TO SURROUND NUCLEAR SELL-OFF

Government plans to privatise Britain's nuclear industry continue to run into difficulties, increasing speculation that the planned public flotation of British Energy, due to take place this summer, will be abandoned in favour of a trade sale.

Meanwhile, arguments continue to rage over the true value of the industry. The Government claims the sale, seen as a key element in its strategy to pay for tax cuts prior to a general election, will net around £2.6billion - not significantly different to the cost of Britain's newest nuclear power station, Sizewell B.

However, industry experts have stressed this can only be achieved if the majority of the costs associated with decommissioning power stations and dealing with spent nuclear fuel - estimated at around £10.5 billion - are paid for by the public purse. One authoritative study by Sussex University's Science Policy Research Unit suggests the real value of the industry lies somewhere between £809m and minus £3 billion, depending on how decommissioning costs are apportioned.

Disagreement over liability for clean-up costs after privatisation has proved a major threat to the Government plans to proceed with a flotation this summer. In February it was revealed that the Department of Trade and Industry was involved in confidential discussions with one of the US's largest nuclear companies, the North Carolina-based Duke Power. Although DTI officials have been unwilling to confirm that the company has made an approach, and have refused to comment on whether discussions are continuing to take place, it is well known that some ministers would prefer a trade sale.

Details of the behind the scenes negotiations with Duke coincided with the publication of a highly critical report by the Commons Trade and Industry Select Committee which concludes that the privatisation should be halted unless the privatised industry agrees to take on full responsibility for clean-up costs.

Clean-up fund

Despite the setting up of a £225m fund to pay for the decommissioning of privatised reactors and the disposal of spent nuclear fuel, the Select Committee report is concerned that it will not cover the full amount. The chances that the taxpayer will be left to pick up the remainder of the clean-up increased significantly after it was announced recently that the company will have to pay in only £15m a year into the fund - half the originally predicted figure - after privatisation. The figure is widely seen as a sweetener to encourage privatisation.

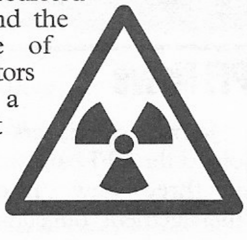
The Select Committee has also called upon the Government to establish a similar fund to cover the cost of decommissioning the older loss-making Magnox reactors - estimated to be around £14.3 billion - which will remain in public hands. Failure to do this could lead to cuts in other public services, they warn.

Job Losses

Evidence has also begun to emerge of plans to reduce staffing costs - including substantial job losses at power stations. Staff at the industry's headquarters are also expected to be affected.

Nuclear Electric - one of the two companies merged to form British Energy has cut its workforce by nearly a third since 1990. Observers suggest that a further staff cuts of up to 20% are likely after privatisation.

Unions representing staff in the industry have expressed concern that the size of predicted job losses - and the increased use of outside contractors - will have a serious impact on safety.



Female staff produce big profits

GENDER IMPACT OF DSO SURPLUSES

The EOC study into the gender impact of CCT in local government, published in March 1995, showed that while women workers had produced 92% of DSO surpluses in 1991/92 they had borne the brunt of job losses and changes to terms and conditions. Two years later, women still contribute nearly 90% of DSO surpluses.

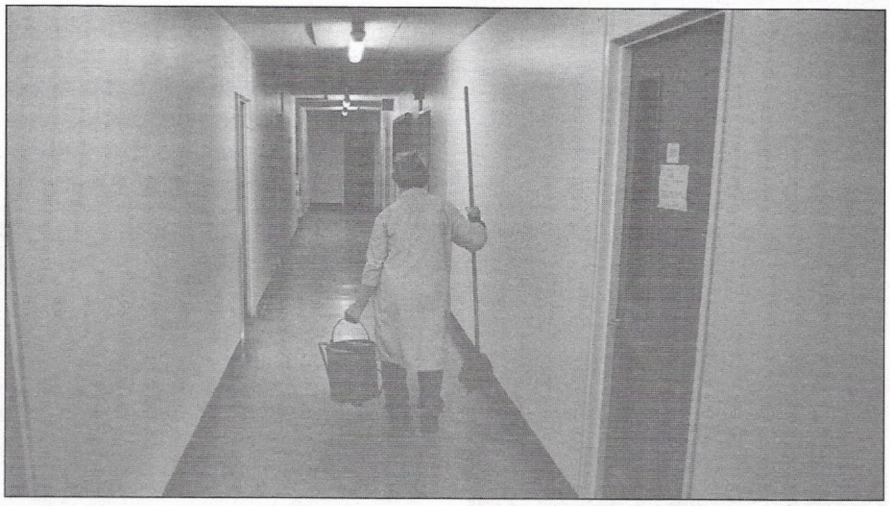


Photo: PHILIP WOLMUTH

The Equal Opportunities Commission study, The Gender Impact of CCT in Local Government, included an analysis of DSO surpluses in building cleaning, education catering, refuse collection and sports and leisure management contracts in the 39 case study local authorities. In 1991/92 female dominated services accounted for 92 per cent of the surpluses generated by case study authorities.

The data in Tables 1 and 2 show that despite a decline in the overall net surplus, the proportion contributed by women has hardly changed.

● Although the net surplus in the case study authorities fell from £17.43m to £15.2m, building cleaning and education catering accounted for 83% of the surplus.

● Women workers accounted for nearly 90% of the total surplus when their proportion of sports and leisure management surpluses are taken into account (on average 50% of sports and leisure staff are female)

● Although the surplus in education catering had declined by over £5m, the surplus in building cleaning and refuse collection almost doubled.

● The decline in education catering surplus was accounted for by large increases and decreases in ten local authorities plus a substantial loss in another.

Table 1: DSO Net Surpluses in 39 EOC case study authorities (£m)

	1991/92	1993/94	Difference 1991/92 and 1993/94
Building Cleaning	2.23	4.31	+2.08
Education Catering	13.69	8.29	-5.40
Refuse Collection	0.73	1.40	+0.67
Sports & Leisure Management	0.78	1.20	+0.42
Total	17.43	15.20	-2.23

Source: The Gender Impact of CCT in Local Government, Equal Opportunities Commission 1995, Hansard Thursday 11 May 1995 cols 561-564, 6 June 1995 cols 73-75 and 155-16

Table 2: Percentage of DSO surpluses by service

	per cent of total in case studies - 1991/92	per cent of total in case studies - 1993/94
Building Cleaning	13	28
Education Catering	79	55
Refuse Collection	4	9
Sports & Leisure Management	5	8
Total	100	100

Source: The Gender Impact of CCT in Local Government, Equal Opportunities Commission 1995, Hansard Thursday 11 May 1995 cols 561-564, 6 June 1995 cols 73-75 and 155-168.

Use of surpluses

Local authorities can use DSO surpluses in one or more of the following ways:

* transfer them from the DSO account to a local authorities general fund - this effectively means that women workers are subsidising council expenditure.

* return them to clients

* transfer them to DSO reserves

* distribute part or all of them under a profit sharing scheme

* use them to meet DSO capital expenditure

Many local authorities now plan their budget on the assumption that DSOs will contribute all or a substantial proportion of surpluses to the general fund. In other words, mainly low paid part-time women workers are subsidising council expenditure.

The data covers the financial years 1991/92 and 1993/94. Although information is available for the intervening financial year 1992/93 for Scotland and Wales, similar information would only be available for local authorities in England "at disproportionate cost" according to the Secretary of State for the Environment. The data take into account DSO losses in the case study authorities. Building cleaning and sports and leisure management which do not employ capital, are required by law to at least break even. Other services must achieve a six percent return on the capital employed.

Source: Hansard 11 May 1995, cols 561-564: 6 June 1995, cols 73-75 and cols 155-168.

News

£1.4 million equalities win

Fifty five women forced to retire at 60 from the former nationalised electricity boards have won more than £1.4 m in compensation following negotiations between their trade union, UNISON, and the Electricity Association acting on behalf of the electricity companies.

The women, who will receive between £12,500 and £44,000 each, were compulsorily retired in the early 1980s. All had wanted to carry on working until 65 in line with men doing similar jobs in the industry.

UNISON persuaded the women to lodge Industrial Tribunal claims after a ruling in the European court supported UNISON's claim that another formerly nationalised industry, British Gas, had breached the EC's Equal Treatment Directive by forcing women to retire at 60.

Equal rights for part-timers

The introduction of equal employment rights for Britain's 5.5 million part-time workers in line with full-time colleagues would add just 0.5 per cent to the country's annual pay bill according to a recent independent study by the Policy Studies Institute.

'Value for Money', which was commissioned by the TUC, challenges the widely held notion that improved rights for part-timers would destroy jobs and reduce competitiveness. Such improvements would have a ' broadly neutral' impact on employment levels and would cost significantly less than the £1.8 billion worth of perks enjoyed by Britain's 380,000 company directors in 1993/4, the report concludes.

Capital receipts for new housing

Local authorities have some £6.8 billion from the sale of council houses and other assets. This money is set aside to repay debt although it could be used to finance new investment. However, Metropolitan District Councils have only 14% of these funds, London Boroughs 17% (mainly outer boroughs), whilst some 62% is held by District Councils, mainly in areas with fewer housing needs. The remaining 7% is held by County Councils.

Alternatives to tendering

AFTER CCT?

The debate about the future of CCT is intensifying as a general election gets closer. We report on one set of recent proposals as a means of increasing the quality of the debate on the future of the public sector.

The Institute for Public Policy Research (IPPR), has made a number of proposals for the future of tendering. The IPPR argues that there is *"a need to devise a mechanism to make sure that the needs of service users and the efficiency of service provision are kept at the front of Council's minds, but in a way that gives them more flexibility than CCT as currently operated."* The following proposals were part of evidence to the House of Lords Select Committee Enquiry into Relations between Central and Local Government in February 1996.

Although the proposals were made for local government the debate must encompass tendering in the public sector.

"An end to compulsory tendering of all services on a fixed timetable: to be replaced by required market testing procedures which local authorities must follow but which increase their options."

In reality there is virtually no difference between compulsory competitive tendering and market testing. It is the same procedure under another name. CCT currently applies only to defined activities but there is a danger of market testing being applied to all services. Replacing one form of tendering with another does not address the fundamental problems caused by CCT. The IPPR has shown a lack of understanding of the issues and is bereft of alternative approaches and vision for the future management of public services.

Under Voluntary Competitive Tendering in local government and market testing in government departments. There is a much higher percentage of authorities where an in-house bid has not been permitted. IPPR make no reference to externalisation (the trade sale of Direct Service Organisations (DSOs) and white collar departments) which is intrinsically linked to tendering - either the IPPR is unaware or approve of it.

"Random checks to ensure that councils are securing efficiency, given their objectives, with severe penalties if they are found to have failed."

The age old focus on efficiency rears its head again! The equally important effectiveness and equity of services are omitted. Severe penalties are no answer to inefficiency which can only be addressed by the application of best practice public management. Efficiency is only one criteria. And random checks by whom - special teams of accountants? - and at whose expense?

"A version of contract compliance going beyond TUPE. However, local authorities should not be allowed to set the conditions in such a way that they clearly have the intention of freezing the way in which the desired service can be delivered."

TUPE is not contract compliance and it unclear about what is meant by "a version of contract compliance" - either there is strict compliance or not. There is clear scope for contract compliance where local authorities have no option to tender for goods and services but it cannot be used to make tendering 'acceptable'.

The TUPE regulations needed to strengthened but they also need to be applied more rigorously by public bodies.

"Tough competition policy and spot checks on the possibility of collusion between suppliers, to be carried out by a wing of the OFT (Office of Fair Trading)."

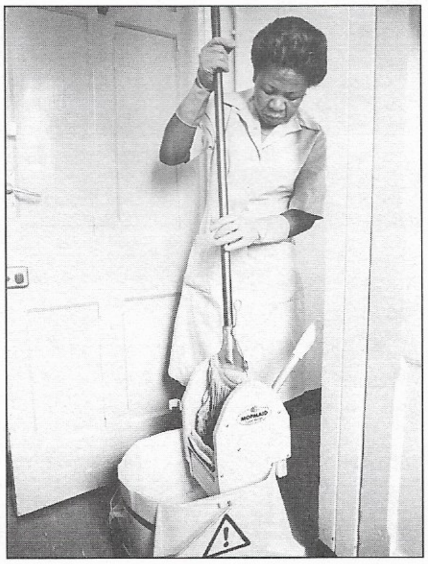


Photo: DAVID BOCKING

Alternatives to tendering *(cont)*

There will be wide agreement in the public sector for this proposal.

"Allowing in-house suppliers to bid for work from other councils."

Many DSOs already carry out work for other public sector bodies and are seeking clear and unambiguous interpretation of existing regulations, or new powers, to operate across the public sector. They will therefore consider only being allowed to bid for work in other local authorities as very restrictive. DSOs will also want to include the wide range of quangos which may be transferred back under democratic control and ensure that local authorities are endowed with the power of general competence to enable them to trade more widely.

"Where there is a danger of all in-house provision in a group of neighbouring local authorities being replaced by private sector companies, those authorities retaining direct labour organisations should be allowed to keep the contract in-house to ensure that a public sector option is available. However, this should be subject to tough monitoring."

The focus must be changed from whether contracts are won or lost to replacing the tendering process altogether. Bending the rules to deal with 'exceptional circumstances' is likely to be legally challenged and is usually easily changed or ignored following a change of political control.

"Allowing long term relationships and contracts to develop, subject to spot checks by central government."

The scope for consortia of local authorities and public bodies has hardly been explored and has great potential.

Other fundamental issues

Other major issues which the IPPR has failed to cover include:

* No mention is made whatsoever of equalities. The widespread use of competitive tendering/market testing is likely to increase discrimination and inequality, particularly if it is applied to other female dominated services.

* No mention about public cost of tendering - market testing will be no different in this respect.

* Terms and conditions of employment and trade union recognition and organisation are not even mentioned.

There certainly needs to be a full debate about the future delivery of public services, particularly those which have been subject to one or other of the tendering regimes. Public management, alternatives to the enabling model of local government, the retention or abolition of CCT mechanisms are all important issues. The debate needs to open and honest and must not be confined to replacing one form of tendering with another.

PUBLIC DEBT WRITTEN OFF PRIOR TO PRIVATISATION

The price of privatisation. The Government has written off debts totalling £22.5 billion in the process of privatising nationalised industries. At the same time they injected £13.94 billion new debt into privatised companies at the time of sale.

Year	Company	Amount £m (cash)	Amount £m (1995/96 prices)
1980-81	British Steel	509.3	1,105.2
1980-81	British Aerospace	60.0	130.2
1980-81	National Freight Corporation	100.0	217.0
1980-81	British Airways	160.0	347.2
1982-83	British Transport Docks Board	81.2	150.2
1984-85	BT	2,789.9	4,689.9
1986-87	BAA	43.5	67.3
1988-89	British Steel	3,980.0	5,478.5
1989-90	Harland & Wolff	422.5	543.6
1989-90	Short Brothers	390.0	501.8
1989-90	Water companies	5,028.3	6,469.6
1991-92	Scottish Electricity Companies	1.043.6	1,170.0
1994-95	British Coal	1,633.4	1,678.3
Total		16,241.8	22,548.8

Source: Hansard Written Answer 13 March 1996 cols 612 and 613

But this is only part of the story. Several billion pounds of additional debt has also been written off in British Shipbuilders, and the private sale of companies such as Leyland Bus, BREL, Rover Group and yet more with British Rail.

News

Privatisation collapses

Government attempts to privatise the careers service in South London came to an abrupt end in January after the charitable arm of food and drink conglomerate, GrandMet, withdrew from the takeover just weeks before they were due to start running the service. The Government had awarded the GrandMet Trust 'preferred bidder status' despite alternative private sector bids and a partnership bid involving four London boroughs, Sainsbury's and the Woolwich building society.

Prison Service cuts

Confidential guidance to prison governors from acting director-general of the Prison Service, Richard Tilt, has revealed proposals to contract out prison health care and increase reliance on untrained, part-time and contract staff. The document also confirms that cuts in educational and leisure activities for prisoners are also being considered.

Details of the document circulated to prison governors follows the announcement earlier this year of Government plans to cut spending in the Prison Service by £200m and axe nearly 3,000 jobs. Opposition politicians, prison governors, the Prison Officers Association, and penal reformers have warned that the cuts will have a serious impact on the Prison Service and lead to increased tension in Britain's 136 prisons.

Lincolnshire forced to consult trade bodies

The DoE has ordered Lincolnshire County Council to retender its highway maintenance contract, awarded in-house in 1994, and must consult with the Federation of Civil Engineering Contractors (who supported Colcon, then a subsidiary of Shell and now part of Colas, in their original complaint) and the Association of Consulting Engineers. The County Council must consult with these bodies over the specification, tender evaluation and "regularly throughout the tendering process."

CONTRACTOR UPDATE

Capita profits from Public Sector contracts

The Capita group, which has moved rapidly into information technology and financial services in local government and other parts of the public sector, increased its pre-tax profits by 19% during 1995 to £9.4m. More than 60% of Capita's £87m sales came from the outsourcing division.

The principal subsidiary, Capita Managed Services, now has contracts worth £12.5m in financial services in local government, comprising 27% of the externalised market. In addition, Capita has six contracts in local government computing services, with an annual value of £9.6m representing 13% of the market.

The company is clearly expanding in London, with four major contracts, and is running Westminster's finance contract from Bromley. Bexley LBC has recently externalised revenue services to Capita affecting 70 staff. Capita already had the council's non-domestic rate and residual community charge collection services.

Capita has also established a joint venture revenue collection business with Yorkshire Water aiming to win business from councils in the north offering billing, payment and collection services. The contract is worth £14m over 7 years and the deal is expected to grow to £54m in the next 2 years.

Capita also won the contract to run the pilot phase of the Government's nursery voucher scheme.

The recent decision to abandon the privatisation of the Insolvency Service is said to have been in part due to the revelation that the former chairman of Capita Managed Services, one of the bidders for the Insolvency Services, was among the directors of a liquidated firm being investigated by the Insolvency Service.

Hoskyns acquires British Steel's computing arm

A major deal has been agreed between British Steel and computer services company Hoskyns, who has acquired CMS, British Steel's computer arm. Under the agreement Hoskyns, owned by the largest European computing services company, Cap Gemini Sogeti, takes over the computer unit with 325 staff. Hoskyns will now provide IT services back to British Steel for an initial five year period. Hoskyns, which employs over 4,500 people in the UK, plans to make the CMS centre a base for expansion.

Leading grounds maintenance contractors increase market share

The market in local government grounds maintenance services is increasingly lucrative for private contractors. Although DSOs have won 56% of contracts, 74% by value, the private sector now runs approximately. £90m worth of contracts, over 70% of which are operated by the following six contractors. (see table)

Brophy's leading position has been further consolidated by Birmingham City Council's recent decision to award a large package of work to the company. The four year contract worth £38m includes all of the city's ground maintenance, apart from one area which is let to Continental Landscapes, and leaves the in-house service with only plant production and floral decoration.

GROUNDS MAINTENANCE SERVICE

Contractor	Number of contracts	Value of contracts	% share of private contracts by value
Brophy plc (Thames Water)	67	£20.3m	23%
Serviceteam (ex-AAH)	74	£13.6m	15%
Glendale Industries Ltd.	43	£12.6m	14%
Continental Landscapes (Holland)	22	£7.2m	8%
Sita (GB) Ltd. (Lyonnaise des Eaux)	25	£5.9m	7%
Serco Ltd.	25	£4.4m	5%

Source: Compiled from LGMB Survey Report No. 12, December 1995.

Serviceteam dispute ends

The long running dispute between the GMB in Wandsworth and Serviceteam, the company set up by former managers from the London Borough of Lewisham managers (see PSA 52), has ended with the signing of a national recognition agreement between the union and the company. The agreement allows the union to represent staff involved in both private or public sector contracts.

The dispute started when more than 90 refuse collectors threatened industrial action over the sacking of four shop stewards who organised a one day strike.

One member has now been reinstated and three others have settled for a cash payment.

Serviceteam is seeking to expand its market and now has 74 grounds maintenance contracts worth £13.6m, 21 refuse collection contracts worth £1.1m, 19 street cleaning contracts worth £530,000 and 4 building cleaning contracts. In a recent case, Craven District Council councillors and unions called for the district's ground maintenance contract to be retendered after the in-house bid was beaten by Serviceteam in February. Fears were expressed that the contract had been underpriced by as much as 62%, using many less staff.

CONTRACTOR UPDATE *(cont)*

The GMB published an investigation by Labour Research Department on Serviceteam and the problems inherited from AAH (which was bought by Serviceteam) explaining the history of the company, its financial problems and industrial relations strategy, particularly in relation to Wandsworth.

Merton sacks private contractor

The London Borough of Merton has terminated its street cleaning contract with MRS Environmental Services. The company has been running the £1.5m a year contract since October 1993, but contract monitoring by the council revealed unsatisfactory performance over a lengthy period. Merton has transferred the contract to its DSO, because it offered the second lowest tender, and staff have been transfered back to the council.

ISS stake in Scotland

ISS has taken over Edinburgh based Northern Maintenance PLC, giving the company its first major foothold in Scotland and extending the multinational's UK coverage. Northern Maintenance has a turnover of £3m and 900 employees and provides contract cleaning and maintenance services.

More contract terminations for private contractors

Out of the 208 blue-collar contracts terminated since the start of CCT in 1989, 137 have been in the private sector. Only 1.7% of direct service organisation contracts have been affected, compared with 5.1% in the private sector.

Employment agency takeover

The rapidly expanding employment services agency, Corporate Services Group, has acquired the Blue Arrow employment agency in a £47.8m deal. It will double Corporate Services turnover to over £250m in 1996.

SERCO wins MOD contract

The Serco Group has recently won several highly diversified contracts ranging from a £11m housing management contract covering 11,000 council houses for the London Borough of Sutton, a £180m Ministry of Defence contract at three ports, Portsmouth, Devonport and the Clyde, and a £40m contract to manage the National Physical Laboratory, Teddington. It also has a wide range of overseas contracts which account for 40% of its £323m turnover in 1995.

Another takeover by W.S.Atkins

Engineering and construction consultant W.S.Atkins has acquired cost consultants Faithful and Gould for £21m. Atkins current £200m annual turnover will be increased by £30m following the deal.

Chesterton acquires British Gas FM

The property services group Chesterton International has acquired British Gas Properties Facilities Management which provides services to 2,500 BG buildings and has an annual turnover of £60m. British Gas will receive £7.5m in cash and shares giving it a 16% share stake in Chesterton.

Cartels fined £50m

The French construction group Bouygues and thirty five other construction companies were recently fined a total of £50m for price-fixing and operating cartels. Bouygues was fined £19m by the French competition council for involvement on over 30 cartels involving the construction of TGV high speed train tracks and other projects.

Rentokil in takeover battle for BET

Business and environmental services group Rentokil has made a £1.8bn takeover bid for textiles, cleaning and industrial plant group BET which is resisting the bid. Rentokil, 52% owned by Danish holding company Sophus Berendsen, and BET have considerable overlaps in cleaning, catering and business services. If successful, Rentokil is likely to sell off some BET divisions, particularly plant services, and jobs are likely to be cut in other areas as Rentokil looks to increase profit margins.

REVIEWS & PUBLICATIONS

The Privatisation Network

This report argues that a small group of multinationals is increasing its control on the global market for privatised public services, resulting in the emergence of cartels, combines and corruption. Claims that privatisation leads to more competition and private finance and involves less bureaucracy are also challenged. The research covers a broad range of public services including local government, health, civil service, water, and waste management. Other privatisation practices such as externalisation and exclusion of in-house bids, DSO trade sales are also criticised. Examples of poor practices and corruption are detailed along with useful reference tables on company interests and ownership.

The report urges public sector bodies to use their powers to exclude contractors who have engaged in unprofessional conduct or criminal offences. It concludes by presenting a set of trade union demands and by putting a strong case for the public sector in terms of protecting democratic accountability of public services.

Price: £10.00 from The Public Services Privatisation Research Unit, 1, Mabledon Place, London WC1H 9AJ.

The Disability Discrimination Act 1995: a guide for local authorities

This guide is designed to assist councils prepare for the new measures to give rights to disabled people brought in by the Disability Discrimination Act 1995. It examines how councils will have to amend personnel procedures and the way in which services are delivered to comply with the law.

In addition to covering the implications of the Act, the guide draws on existing good practice to highlight what councils are achieving in terms of promoting fairness and equality of access for disabled service users and employees. The guide also analyses the implications of the abolition of the register of disabled people and stresses the need for a new national standard and workforce monitoring by local authorities.

Price: £15.00 from Local Government Information Unit, 1-5 Bath Street, London EC1V 9QQ.

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Price: £18.00 (public bodies)
£10.00 (trade unions)

Public Service Practice No 2:
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£4.00 (trade unions)
(NEW AND FULLY REVISED EDITION DUE OUT IN LATE SPRING 1996.
Price: £18.00 (public bodies)
£10.00 (trade unions)

Public Service Practice No 3:
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