

TAKEN TO THE CLEANERS

The Lincolnshire Experience
Dirty Schools : Exploited Cleaners : Contract Failures

Researched and written by SCAT for
East Midlands
NUPE NALGO



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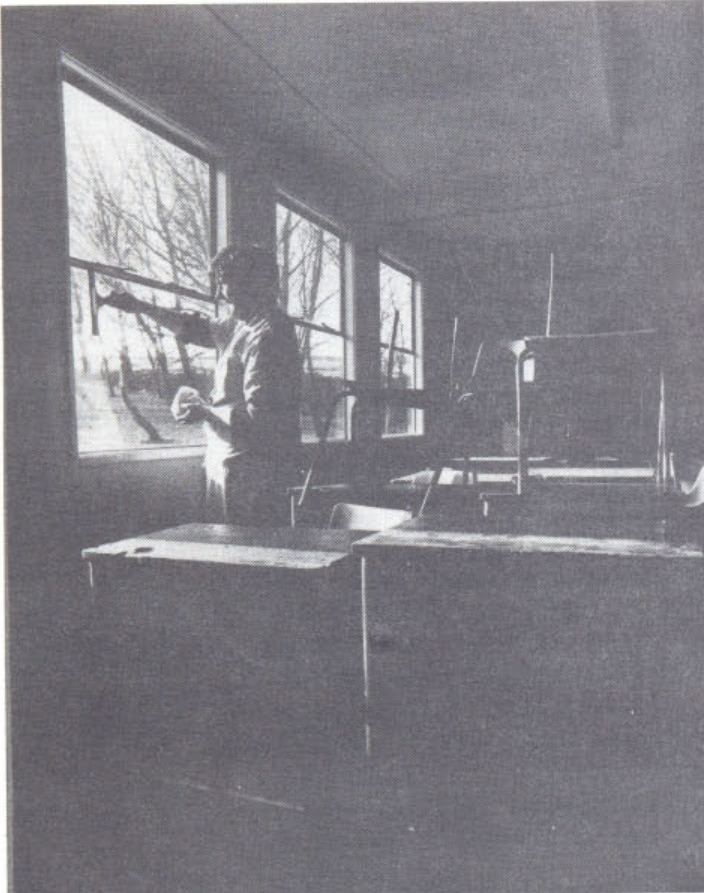
Foreword

Opposition to privatisation in Lincolnshire has been waged by close co-operation between NALGO and NUPE despite this being an area of the country where trade union organisation traditionally is difficult. That co-operation has been no small factor in mitigating some of the Authority's worst proposals and in exposing the sham that occurred in the cleaning contracts.

This booklet destroys the myth that competition in local government can cut costs or improve services. It details how an Authority, enthusiastically embracing low-cost tenders, has failed abysmally in both respects. The price of this failure has been the jobs of loyal workers and the standards of cleanliness in schools. If the publication of this information can be used effectively by NALGO and NUPE Members and others to prevent such wasteful exercises happening again, then the Lincolnshire experience will not have been so negative and destructive.

Peter Artis
District Organisation Officer — NALGO

Nick Wright
Divisional Officer — NUPE



Martin Jenkinson



Martin Jenkinson

ISS rarely managed to reach the parts cleaned by these DLO cleaners.

Part 1

Introduction

Since the early 1980's Lincolnshire County Council has been making consistent attempts to commercialise services and withdraw from national pay agreements. Many of their proposals go well beyond the current scope of the Local Government Act 1988.

The contracting out of cleaning of buildings in 1986/87 was one such move.

The poor performance of this contract together with cost overruns which have drastically reduced the claimed 'savings', have been deliberately kept secret by the County Council. We believe events in Lincolnshire hold many lessons for trade unionists, PTA's, school governors, and local authorities around Britain.



Lincolnshire County Council cleaners demonstrate against the decision to contract out in 1986.

Why the work was carried out

This report focusses on school cleaning. It has been compiled for seven very important reasons :

- To show that the problems of inadequate and poor quality cleaning at the start of the contract were not simply teething or settling-in problems but continue even today. Our study has been carried out in the period 15 - 18 months since the contract started and reveals fundamental flaws in both the planning and implementation of the policy to contract out school cleaning.
- To show that low wages and poor employment and working conditions are directly linked to the contractors inability to recruit, retain, and train staff. Contractor's wage rates and benefits are therefore a crucial issue for local authorities in technically assessing a firm's ability to fulfill all the contract requirements during the evaluation of tenders.
- To draw out the lessons learnt from a contract with inadequate specifications and contract conditions so that they can be applied to other services now covered by the Local Government Act 1988.
- To draw to parents, teachers and the public's attention the real story behind the school cleaning contract in Lincolnshire. Not content with privatising cleaning, the County has made the assessment of the contractor's performance and financial

penalties imposed a closely guarded secret.

- To identify the knock-on effects on other staff — heads, teachers, caretakers, which divert time and resources away from their main responsibilities and ultimately affect the quality of the service — in this case education.
- To expose the 'savings' claims and show how they were based on a partial analysis only of the costs of contracting out.
- To place the contracting out of school cleaning in Lincolnshire in the context of a process started by the County Council in the early 1980's to rationalise, reduce and commercialise public services.

ISS Servisystem commenced the two year Lincolnshire cleaning contract covering 263 buildings, mainly schools, on a phased basis between December 1986 and April 1987. Despite the many problems with the quality of cleaning highlighted in this report the County Council are considering extending the ISS contract to January 1990 the date by which the County must have carried out tendering for the cleaning of buildings under the Local Government Act 1988.

How the work was carried out

The core of the work involved a series of meetings and visits to schools across the County. SCAT met with head teachers, teachers, caretakers, and trade union



The importance of the Lincolnshire contract in the cleaning industry

representatives. These visits also included an inspection of the Report & Action Certificate monitoring books at many schools. A meeting was also held with the Head of the County Council's Competition Unit. Many other heads, caretakers, and trade union representatives were contacted by phone. The investigation covered some of the largest schools in the County as well as smaller ones. We were also careful to obtain a wide geographic spread to cover the many local circumstances in the County economy.

Detailed files held at the NALGO and NUPE offices in Lincoln and Nottingham were an essential source for many County Council reports, trade union responses, and press cuttings. The Minutes of County Council and Committee meetings were also read. Several meetings were held with NALGO and NUPE in Lincoln and Nottingham to plan the work and discuss the findings.

We would like to thank all those who gave their time, discussed the issues carefully and frankly, and co-operated with the research.

Whilst we are highly critical of cleaning in many schools, the cleaners employed by ISS should not take this as personal criticism. They are being exploited with low wages and are striving to do a job within the constraints of the contract. The vast majority of failures documented in this report are the responsibility of ISS Servisystem and Lincolnshire County Council.

The Key Note Report on Contract Cleaning (1986), one of the main market analysis reports, gave special mention to the Lincolnshire contract :

"In August 1986, it was announced that the cleaning of most of Lincolnshire council buildings is to be undertaken by ISS Servisystem in one of the biggest service contracts awarded by the private sector. The cleaning group will take over responsibility for most schools, police stations, libraries and other community facilities (but not special schools).

The company value the contract at £3.3m for just over 2 years, saving the council £400,000 a year. The expected saving is to be achieved mainly by cutting the cleaners pay rate to £1.70 from the £2.24 an hour paid at present by the council. However, although pay rates will be cut, ISS expects to recruit about 1,000 cleaners, the same as the present council employed workforce.

Mr. Michael Bizley, the company's managing director, described the contract as a big breakthrough in the public sector, claiming that it proved the worth of competitive tendering in local government. However, the opposition councillors (Lincolnshire is Conservative controlled) opposed the contract, pointing out that the neighbouring Cambridgeshire council decided (in 1985) to end privatised school cleaning and return to an in-house service".

Part 2

State of the Schools

This section reports on the cleaning conditions in schools some 15-18 months since the ISS contract began. It also covers the so-called 'settling-in' problems but focusses on the continuing fundamental failures. It includes :

- A summary of the main issues
- Why school cleaning is important
- Evidence from many schools
- Other reports and findings

Although the ISS contract includes council offices, libraries, police stations and some other council premises we have focussed on school cleaning because of its importance and because it represents 84% of the total cleaning area and 75% of the total sites.

It is important to remember that County Council caretakers also have responsibility for limited cleaning in specific areas of schools. These areas were agreed before the start of the ISS contract and usually include the main hall, gym, staff room, head's room and school office. The reported incomplete and poor quality work by ISS covers the areas for which they are responsible. It is not unreasonable to conclude that on the basis of the evidence to-date the level of complaints of poor quality work would be even higher if ISS were responsible for all school cleaning.



Philip Wolmuth

Direct labour school cleaners

A SUMMARY OF THE MAIN FINDINGS

- Lower quality cleaning — many schools stated a satisfactory standard has *never* been achieved.
- Classrooms, changing rooms, light fittings and other areas of schools have regularly not been cleaned.
- Cleaning frequencies have been reduced.
- Mistakes and omissions abound in some schools e.g. sealing of non-slip floors, windows left open, lights left on.
- Many teachers have 'given up' complaining about cleaning standards because of the lack of remedial action.
- Shortages of materials are quite common.
- Many schools have consistently not had the required quota of cleaners.
- Very high turnover of cleaners — some last only a few days, others a few weeks.
- Virtually none of the original cleaners are left, neither those employed by the County or those first employed by ISS.
- ISS's inability to attract and retain cleaners has forced them to make changes in the contract — some schools have early morning shifts, at least two schools now have a full-time cleaner to make up the shortfall. Caretakers are now being required to dispose of rubbish which is the responsibility of ISS.
- Low wages have been the main cause of the high turnover and lack of cleaners.
- Attempts to recruit cleaners have been random and desperate door knocking, asking parents outside schools, press adverts, and leafletting which did not use the ISS name !
- Children and pensioners have been 'employed' to help clean the schools.
- Bussing of cleaners was continuing some 16 months into the contract.
- Little training of ISS workers — the contractors common practice of 'on the job' training.
- In practice the contract hours do not allow any cover for absent cleaners, nor the flexibility to meet changing demands and use of schools.
- In some schools reports of stolen items have increased.
- Many Heads and teachers have had to spend a great deal of time inspecting the cleanliness of toilets, changing rooms, and classrooms, sorting out cleaning problems to the detriment of other school duties.

THE EVIDENCE

School A : Boston

In a 19 week period between November 1987 and April 1988 this school had 122 complaints logged in the Report and Action Certificates. These complaints covered shortages of cleaners, areas not cleaned, or not completed satisfactorily.

Shortage of cleaners

Staff shortages were not isolated. In one period in March 1988 the entries included :

10 March	1 short
11 March	1 short
14 March	1 short
18 March	1 short
21 March	2 short
22 March	1 short
24 March	1 short
25 March	1 short
28 March	1 short
30 March	2 short

Other examples of staff shortages included 4 cleaners short on both 1st and 2nd November 1987, and 2 short on the 8th, 9th and 10th December with 3 short the following day.

High Turnover

The school had 67 changes of cleaning staff between November 1986 and 8th December 1987 — an annual turnover rate of 600%. The previous council employed cleaners had stated they would be willing to return to the school if ISS were removed. The high turnover was also attributed to the ISS supervisor who has since left.

The 735 pupil school was supposed to have 11 cleaners but because of the consistent shortfall ISS have now allocated the school a full-time resident cleaner. The school went to the ex-assistant caretaker to ensure they got someone reliable. The head is very concerned that the resident cleaner, supposedly replacing two cleaners is in fact having to do the work of 4. The school is getting a more satisfactory level of cleaning but the resident cleaner is "working way beyond the call of duty". The head also believes that ISS's real cleaning standards are masked by the presence of the resident cleaner whose commitment to the school is being exploited by ISS.

Incomplete and poor quality cleaning

Week of 3rd December 1987 — 1 year since the start of the contract :

Entries in the Report and Action Certificate included :

- 4 staff short
- No supervisor on site after 5.15pm
- Gymnasium and changing rooms dirty
- Art Block very dirty
- Music Room 4 dirty
- Corridor leading to D/Hall dirty
- No improvement in the standard of cleaning.

ISS comments in the Action Taken column :

- Relief supervisor after 5.15pm
- Changing rooms cleaned but students still inside. Gymnasium was not cleaned due to being locked at 6.00pm.
- D/Hall cleaned — noted.

The scale of the non-completion of work has been a major problem.

The entry for 29th January 1988 included the following areas not cleaned "all stairs, classrooms 11, 12, 13, Junior Toilets, PE Office, Gymnasium plus Changing Rooms, Staff Toilets, Pavilion, Main Hall".

Regular inspections by Head

The Head inspects the health priority areas e.g. toilets virtually every day and has previously, with great reluctance, threatened to close the school. There have been various inspections of the cleaning standards by the Contract Management Team following complaints from the school. One meeting involved the chair and vice-chair of the school

ISS – the Group with an impeccable record in public service.

Local Government

In 1986, Lincolnshire County Council awarded to ISS Servisystem one of the largest single local authority contracts ever let to a private contractor. We have been entrusted to provide cleaning services to some 258 establishments, including offices, schools, libraries, police stations and magistrates' courts.

International Airports

ISS Servisystem has been entrusted with the passenger search contract at both Birmingham International Airport and Cardiff-Wales Airport. As well as the ultra modern facilities required, the Airport Authorities also recognised the need for the highest standards of security.

The Tyne and Wear Metro

Since the opening of this major development in passenger transport, ISS Servisystem's Metro Mads have helped maintain its spotless reputation. In fact, it's regarded by many to be the cleanest system in the world.

The complete janitorial supply house

As one of the UK's leading supply houses, ISS Darenas markets a complete range of cleaning materials, machinery and equipment to many public authorities, Health Authorities and Government departments.

Ministry of Defence

When it comes to standards of efficiency and cleanliness, the MoD's requirements are stringent. That's why they chose ISS Servisystem for 15 of their largest establishments including the Garrison at Colchester and the Colchester, the Staff College, Camberley, and the Duchess of Kent Military Hospital.

National Health Service

Bury District Health Authority generated additional resources for improved patient care through savings it achieved when it awarded ISS Hospital Service the contracts for the provision of a full range of domestic services for all of its hospitals.



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Member of the Contract Cleaning and Maintenance Association

ISS sales propoganda

governors and two ISS managers. On another occasion photographs were taken to show the dirt.

"All I want is a clean school" the Head stated and emphasised the need for civilised conditions in school and for pupils in turn to have some pride in the school.

Holiday cleans

The standard of cleaning over the summer holidays was also criticised. This was not carried out so thoroughly. The school was reported to be clean but not to the previous standards. "A feeling of cleanliness was not in evidence" at the start of the autumn term stated the Head.

Monitoring book mysteriously disappears

After one particular month of scathing complaints the Report and Action Certificate book disappeared. The ISS supervisor blamed one of the cleaners for mistakingly removing the book. It was never found. The school described it as an 'intentional loss' although this can not be proved.

SCHOOL B : Louth

There were 83 complaints in the Report and Action Certificates between 3rd January - 16th March 1988. They included areas not cleaned at all or not cleaned to the required standard, lights left on, windows left open. Many of the individual complaints covered 3 - 4 rooms.

ISS had recruitment problems and there was not a full complement of staff (11 in evening and 4 in morning) for many weeks in the early part of this year. The ISS Contracts Manager had been forced to clean on several occasions e.g. Rooms W1 and W2 on 18th and 19th January 1988 and the Lodge on 3rd February. In the same week the entry for 5th February states :

- Ground floor, Lodge and CDT not cleaned
- W1 and W2 classrooms not cleaned
- Fire escape not cleaned for a week

There seemed little improvement in March 1988. There were 10 complaints in the period 7th - 16th including complaints from teachers that the boys toilets and the typing room needed cleaning. Our own inspection of part of the school in late March revealed dust on many surfaces and skirtings and a complaint from a teacher about dust in the Computer Room.

The caretaker pointed out that the cleaning hours did not permit cleaners to do their own job properly and then cover for absent colleagues. Only two of the original cleaners taken on by ISS remain. Of those employed by the County only 5 chose to work for ISS.

WHY SCHOOL CLEANING IS IMPORTANT

School cleaning has been undervalued and the contribution cleaners and caretakers make to the running of schools taken for granted. It is unfortunate that it is only when inadequate cleaning starts disrupting education that the need for a fully resourced cleaning and caretaking service, integrated with school affairs, becomes apparent. School cleaning is important because :

1. Cleanliness is essential in order to minimise health and safety accidents and prevent the spread of diseases and illness through unhygienic toilets, changing rooms etc. Children spend a good part of their time in large numbers in schools and parents and teachers must have confidence that the buildings can cope with these demands.
2. Clean conditions are a pre-requisite for many subjects such as Art, Science, Cooking, Computer Studies. Some of these specialist areas require additional cleaning input in order to maintain certain standards of cleanliness.
3. Educational establishments represent a massive public investment in buildings and equipment which must be fully maintained to minimise wear and tear and prevent costly renewal earlier than would otherwise have been necessary.
4. Schools have a major role in setting and maintaining standards, both personal and public. Consistently dirty schools will have a bearing on acceptable standards elsewhere.
5. The cleanliness of schools contributes to the overall learning and social environment.
6. Clean schools are essential to ensure the maximum use of facilities both during school hours but also for evening adult education and community use.
7. Incomplete and poor quality cleaning leads to the unnecessary diversion of heads and teachers time and resources away from other school responsibilities.



SCHOOL C : Sleaford

This school had experienced a very low level of cleaning which had improved but was still reported to be poor compared to standards before the contract started. In one month in 1987 there were 8 pages of complaints in the Report and Action Certificates. At one stage ISS cleaners went on strike for 2 days because ISS had not supplied them with cleaning materials. When a NUPE Branch official went to try to recruit the cleaners they thought she had arrived from ISS with their wages.

The caretaker described it as "low level cleaning". The cleaning of the toilets was described as "poor", the changing rooms had also been poor but had improved, there was often a shortage of toilet and floor cleaning materials, and little dusting was done. ISS's tactics seemed to be to keep the entrance and front areas clean but rooms further away from these areas got less and less attention.

Cookery teachers were still complaining of floors not being cleaned properly. Other teachers had accepted the school was not as clean as it used to be.

ISS had recruitment problems at this school too. It started a morning shift because it couldn't get enough cleaners in the evenings. Of the 13 cleaners (9 in evening, 4 in morning) one is a pensioner and only 2 of the County cleaners chose to work for ISS. Of the 13 original ISS cleaners only one remains. They had little experience of school cleaning and ISS gave little training.

During the summer clean ISS sealed a non-slip floor. Light fittings have reportedly never been cleaned since the start.

The caretaker reported a noticeable difference in the way pupils treated the school taking less care than they would otherwise have done.

SCHOOL D : Lincoln

The Head of one of the largest schools in the County with 1150 pupils stated in May 1988 that there had not been a single day since the start of the contract when there was a full complement of cleaners. The cleaning was "never fully satisfactory". A "progressive decline" week after week had been noted. The school was frequently 5 cleaners short (out of 22) and ISS had recently arranged for a full time resident cleaner. But the school was still short of cleaners, there were fewer than 17 in early May.

There had been a massive turnover of ISS staff, very few of the original County cleaners joined ISS. Cleaners were bussed in by ISS. The constant turnover of staff meant that ISS cleaners didn't know each other and this resulted in a security risk in such a large school. Some cleaners were reportedly school kids from other schools.

The Report and Action Certificates were considered to be "useless" and the only way to get any remedial action was to contact the Contract Management Team directly. During the first weeks of the contract over 10 sheets of complaints were completed in the Report and Action Certificates. There had been constant complaints about the girls changing rooms — fungus appeared between the tiles.

There were still complaints that individual rooms were either not cleaned at all or not adequately cleaned. The Head felt this was a moving target, as there were never enough cleaners to do the job properly. Home Economics staff had had many complaints because bench tops had regularly just been wiped instead of scrubbed. There had been no closure of classrooms but a laboratory had not been cleaned for 2 days and closure was threatened but ISS hurriedly arrived on the scene after the Contract Management Team was contacted. The Head had only maintained a certain standard by regularly complaining direct to Lincoln county offices.

There had been a massive increase in the number of undetected security problems in school.

SCHOOL E : Gainsborough

The school had always had a full complement of 13 cleaners but "the general standard of cleaning is still poor" stated the caretaker. However, only 3 of the original County cleaners are left and 4 others who started with ISS — a 50% turnover rate. There were problems at the start of the contract because the ISS cleaners did not have enough equipment, no toilet brushes, and ended up sharing mops. There had been many complaints but it seemed that little action had been taken. At one stage two teachers brought in their own vacuum to clean classrooms.

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The site has six separate buildings which leads to problems in winter. The flexibility which enabled the caretaker to concentrate cleaning to the worst areas had been lost. The reporting back to the caretaker of minor defects e.g. light bulb replacements, cracked windows etc. has also reduced.

SCHOOL F : Louth

Cleaning at this school had started badly but in March 1988 was reported to be getting better. There had been a high turnover rate until recently. A new supervisor had started 3 months earlier. None of the original County or ISS cleaners are left. The caretaker had to show the ISS cleaners how to use the buffer. There was, and remains, little training. The initial supervision was also poor. A shortage of ISS supplies was also apparent.

Teachers had made many complaints but had become fed up of doing so. The caretaker, unlike the situation at other schools, refused to complete the Report and Action Certificates insisting it was the teachers and heads responsibility.

SCHOOL G : Spalding

This school was allocated 8 cleaners and again has had a high turnover — 33 different cleaners in one and a half years. Only 1 cleaner previously with the County is left and cleaners still leave at the rate of about one per month. Under direct labour the situation had been very stable. It's an old school in a small community where the cleaners were often ex-pupils or parents.

The school has a large number of buildings on site and the high turnover of cleaners meant they were unfamiliar with the buildings which in turn led to areas not being cleaned. The head considered the initial cleaning very unsatisfactory. After a few months it improved but was patchy and never to specification.

ISS started a morning shift just before Easter 1988. Both the head and the caretaker believe that morning cleaning should be terminated because it is virtually impossible to inspect it before the school is being heavily used. The school is used for evening classes but the cleaning is rarely finished by 6.00pm.

The cleaners are also dissatisfied with the quality and delivery of ISS supplies — they arrive in small quantities. Some cleaners have on occasions brought in their own polish. There have also been numerous complaints about the poor quality seal used on the older wooden floors.

Complaints continue : for example 30th April 1988 :

- 1 room not cleaned
- both girls toilets not cleaned properly
- window open, light left on.

Security is also a problem. The head, who lives on site, or the caretaker have to check all buildings every night.

SCHOOL H : Grantham

This is a relatively modern school allocated 9 cleaners. However, there had hardly been a time when it was fully staffed. ISS had instituted a morning shift, reluctantly agreed by the head, because they couldn't get the work completed in the evenings. There has been a high turnover of staff, some lasting a few weeks.

There have been no serious problems to date except problems about the lack of dusting in accordance with the specification.

The caretaker commented that the cleaners haven't been allocated sufficient time to all the work. A tight schedule which makes no allowance for covering absent cleaners. Previously, the caretaker could call in cleaners from a reserve list if there were problems.

Martin Jenkinson



Thorough cleaning only by direct labour

SCHOOL I : Holbeach

This school had been closed at the beginning of the January term in 1987 (see under 'Settling-in Period'). The head believed that this had some benefit as it showed the school meant business. However, it has taken a whole year to get some stability in the workforce and be "committed to the school and not to ISS". Ill and absent staff have caused problems — only now will cleaners stay on to make sure the job is done. The head believes the standard of cleaning is returning to about the same level as it was before the contract.

SCHOOL J : Deepings

There have been continuous problems at this 1,000 pupil school. The Head stated that they had "about 50 pages of complaints" and had had two indepth reviews of the standard of cleaning. These meetings, including one in the summer term 1988, had been attended by the Governors, the Head, ISS management, and

the head of the County Council Contracts Monitoring Unit. ISS were still having great difficulty recruiting staff and there were many complaints about the standard of cleaning.

The Governors Annual Report for the school year 1987/88 published in July 1988 states : "The cleaning of the school is still carried out by ISS and although the quality of the cleaning is better than it was at the beginning of 1987, when ISS became responsible for the school cleaning, the Governors are not completely satisfied and continue to closely monitor standards."

ISS have proposed allocating a full-time cleaner to this school but this has yet to be implemented. The start of the September 1988 term was traumatic for this school with little or no holiday cleaning being carried out by ISS and with adequate cleaning staff on site when the school re-opened another high level meeting took place in an attempt to resolve the continuing problems.

SCHOOL K : Lincolnshire College of Agriculture

One of the Governors of the college, Councillor James Dodsworth, has complained about the

standard of cleaning at the college on many occasions. Commenting on the college at Caythorpe : "The toilets are horriſic and even at Riseholme, where we had seen something of an improvement, the whole thing is deteriorating again now." (Lincolnshire Echo, 29th October 1987). Organisations which used the college for conferences were reported to be either cancelling or failing to re-book because of the cleaning problems.

Four months later Councillor Dodsworth submitted a written question to the Chair of the Education Committee concerning the overspending on the cleaning budget and added "The ISS contract still has over a year to run and it has caused great problems to the satisfactory operation of the Lincolnshire College of Agriculture. Would it be possible to negotiate an early withdrawal from it on behalf of the college to allow its in-house cleaning to be reinstated." The chairperson of the Policy and Resources Committee replied : "... regarding the College of Agriculture, some problems did arise but they have been resolved, and the situation continues to be monitored. Therefore, there is no intention to negotiate a withdrawal of the College from the contract with ISS." (Appendix A, Minutes of County Council, 19th February 1988).

The 'settling-in' problems

Despite the cleaning contract being phased in over a period from December 1986 to March 1987 it got off to a bad start in many areas. Whilst some difficulties were due to the severe weather at the time, the majority were symptomatic of the tender.

- "They have had serious recruitment problems in 11 Secondary Schools in the Boston and South Holland areas" stated a Cleaning Contract Progress Report, LCC Contract Management Team, undated.
- 550 pupils at George Farmer School, Holbeach sent home at start of term in January 1987 because ISS forgot to clean the school over the Christmas holidays. "We could have carried on lessons had it just been for the dirt on the floor. But I felt the toilet blocks were a health hazard. Litter bins in the classrooms hadn't been emptied for a fortnight and contained food amongst the paper." stated the Head, Pat Glenn. (Spalding Guardian, 9th January 1987).
- Social Services offices in Spalding had not been cleaned for at least a week and although some cleaners did arrive on 19th January they evidently did little more than empty waste paper baskets. (Letter from NALGO to Director of Social Services, 20th January 1987). An earlier memo from the Child Care Team drew attention to the presence of a cleaner in the Spalding Social Services office who was on open

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



caseload to a social worker in the team and therefore had potential access to confidential information.

- The Head of Ancaster High School reported the disappearance of several items from the Craft Area (Food Processor, value £30, metal rulers, files, hacksaws and ratchet brace, value £14) noting that the ISS cleaner in that area had resigned and there were complaints of 'unknown' people in the building. (Letter to Education Officer, 30th March 1987).

NUPE evidence of 'initial' problems

The so-called 'settling-in' problems were so extensive they could not seriously be classified as initial teething problems. On this basis some schools have had initial teething problems lasting 18 months or 75% of the contract period. A NUPE Press Release in January 1987 stated :

- "There is hardly an establishment in the County which has had its full compliment of cleaning staff on a regular basis since ISS took over.
- Complaints from Head Teachers and other Managers are being received every day about inadequate cleaning and hygiene standards, and work simply not done.
- Cleaning staff are being 'bussed' into Lincolnshire every day from as far afield as Leicester, Peterborough, Nottingham and even Yorkshire, in spite of the earlier public assurance that this would not happen.
- ISS are regularly leafletting local council estates advertising for cleaning staff and their adverts in the local press are now 'anonymous' — their reputation presumably being a disincentive to would-be applicants.
- A £5 'bounty' is still being offered to any existing employee (or school Caretaker) who recruits another, with a further £5 if the recruit lasts more than a fortnight.
- In a desperate attempt to recruit existing County Council cleaners ISS in some areas have now begun to offer one third more hours pay than the individuals are required to work — thus giving a rate of pay around £2.25 per hour — the rest of their staff receiving £1.70 per hour.
- The failure of ISS to complete the cleaning of many schools by 6.00pm in accordance with the contract terms, has led to overtime claims from School Caretakers, which the County Council are passing onto the firm. Because of this ISS have now resorted to 'back-handers' to some School Caretakers to keep the school open after 6.00pm or to open it again later in the evening.
- At least One School Caretaker has been

NALGO & NUPE

*working together
defending the
public services*

The National and Local Government Officers Association and the National Union of Public Employees have jointly published this leaflet to promote a common understanding among the members of both unions of the threats posed by privatisation in order to mount the most effective campaign to defend public services.

approached by an ISS representative to work as their Site Supervisor whilst still being in the employ of the County Council.

- Training of their cleaning staff by ISS is non-existent and the County Council have had to step in on a number of occasions when 15 year old children have been employed.
- The Health and Safety at Work provisions are being totally ignored, and the only cleaning fluid being used by ISS is a pleasant smelling lemon gel—no disinfectant or floor cleaners are being used. Equipment such as brushes and dustpans are of the lowest quality and are frequently breaking."

NUPE also stated that "instead of expending all their energies ensuring that ISS fulfill their contractual obligations to the letter, the now six strong County Council Contract Unit, are spending much of their time 'propping up' the firm and preventing their operations from collapse."

Little improvement after six months

NUPE carried out a survey of ISS school cleaning in June and July 1987 to which 36

County Council schools responded. Most of the replies came from Head Teachers and a small number from the Chairperson of the Governing Body and Caretakers.

The survey covered many schools which had not been referred to in previous investigations or press coverage.

Standard of cleaning

	Classroom %	Toilets %
Excellent	3	3
Good	17	20
Satisfactory	23	36
Varied between poor and satisfaction	20	9
Poor	37	29
Unacceptable	0	3
	100	100

Turnover of ISS cleaning staff

	%
High	51
Normal	26
Low	23

Does ISS provide an adequate number of cleaners

	%
Always	22
Usually	42
Sometimes	18
Never	18

This survey shows that :

- The standard of cleaning in classrooms was less than satisfactory in two thirds of schools surveyed.
- More than a third of schools didn't have enough cleaners.
- Half the schools reported a high turnover of staff.
- The standard of cleaning in toilets was less than satisfactory in 41% of schools.

Some statements from the survey

"The effect on this school was that privatisation broke up a team of loyal cleaners who were interested in the school, and proud of it, and

ISS Confidence

"The Company are confident that they can recruit and retain within the averages quoted by them of £1.70 per hour for cleaning operatives, £1.85 for chargehands, and £2.00 for Site Supervisors. Indeed they have produced evidence to show that the average hourly wage paid by them in Lincolnshire at present is below these levels and that the range of average wages paid in 16 areas of the country varies between £1.5176 and £1.9686, with ten of the areas below the £1.70 level".

(Competition in the Provision of Services — Cleaning, Report by Chief Executive, Policy and Resources Committee, 27th June 1986).



who were very much a part of the school community. They have been replaced by people for whom it is merely a job, and not a very well-paid job at that, and thus one to be done without interest in the results. The contract itself does not include all the tasks we deem to be necessary, like cleaning walls of scuff-marks, and the amount of time to be devoted to annual but essential tasks, like floor polishing, is derisory."

(Head of 450 pupil school)

- "a) calibre of cleaners very low.
- b) ISS personnel constantly changing.
- c) all sense of team work missing.
- d) constant security problems.
- e) ISS being subsidised out of caretaker time.
- f) County Council Contracts Division have not visited premises once.

Summary — no advantages to the school at all."

(Head of 1000 pupil school)

"This term we have complained day after day about windows being left open — police are called out at night.

Too many corners full of dust. Some areas untouched for days. Skirting boards and mats particularly dirty.

Toilets not adequately cleaned. Smelly"

(Head Teacher of 500 pupil school)

"The staff must be trained before they take up their positions. The cleaning of schools is different from cleaning offices and homes."

(Head Teacher of 270 pupil school)

"I consider that both ISS and LEA underestimate the time needed to really clean the school every day."

(Head Teacher in 150 pupil school)

"The cost to the school financially in phone calls — which usually result in a negative response. Time the Head/caretaker/secretary/teachers spend out of school hours — own time — dealing with problems (ISS should pay an hourly rate for this !)"

(Head Teacher in 185 pupil school)

"Our school was always spotless before the ISS contract. No comment had to be made to any of the cleaning staff. . . . our Head has such a lot of other jobs to do, like caring for the children in the school. Also her secretary always seems to be typing letters about the ISS contract . . . The inconvenience far outweighs the saving of money in my opinion. Bring back the old cleaning staff."

(Chairperson of PTA at 200 pupil school)

The longer term decline in cleaning standards

County Council imposed cuts in the school cleaning staff had resulted in declining standards before ISS took over. A Survey of 40 Primary Schools and 14 Secondary Schools by the National Union of Teachers in the summer of 1985 revealed the following :

	Primary %	Secondary %
A noticeable deterioration in cleanliness	53	92
Teaching areas not cleaned so regularly	37	82
Floors not washed/polished as regularly	53	100
Decline in hygienic conditions of toilet and wash areas	18	50
Decline in cleaning methods	63	92
Cleanliness complaints to Head	29	91

"This is not in any way a criticism of the caretakers and cleaners, merely a confirmation of our fears when the cleaning hours were reduced, floor spaces to be cleaned increased, and holiday cleaning abolished."

(B.L. Cowell, National Union of Teachers, Division Secretary, letter to County Personnel Officer, 8th June 1986).

"It is a matter of simple fact, readily to be confirmed by observation, that the standard of cleaning in schools had declined, is declining and will continue to decline under the present system : it is a matter of inference that, sooner or later, the result will be an increase in the costs of repair and restoration which will more than compensate for the savings made in cleaning and maintenance."

(D. Bryn Williams, Secondary Heads Association, letter to County Personnel Officer, 9th June 1986).

"I have always taken great pride in my school but standards have dropped and this is summer, I dread to think what winter will bring. The problem they have with staff is too little pay, too much area, and no feeling of belonging. I don't blame the workers, just the firm."

"I've filled in 5 pages of complaints for June. I'm told we are the only school in this area to complain ??"

(Caretaker of 430 pupil school)



Lincolnshire newspaper cuttings

NO CHANGE

The overall situation remains unchanged at the current date. Most of the problems noted above still exist. However, ISS have been pressurised to start to use the cleaning materials recommended and used by the County Council — so much for "new cleaning methods and techniques" and the quality of ISS's own cleaning products manufactured by ISS Darenas.

The failures continue

At the beginning of the September 1988 term in the words of a senior officer in the Education Department cleaning in schools in the south of the county was a "disaster". Holiday cleaning in many schools had not been done and most did not have sufficient cleaning staff to cope during the first weeks of term. The likelihood of school closures loomed large with School Governors and County Council Members complaining bitterly. A major top level enquiry ensured and the payments to ISS in respect to the schools concerned have reportedly been withheld.

Part 3

Lessons in Arithmetic : The Mythical 'Savings'

The County Council initially claimed 'savings' of £351,656 over the two year contract — the difference between the ISS tender and the cost of the existing service with some one-off costs taken into account.

Our analysis shows that the County Council did not achieve these 'savings' even within its own limited financial appraisal, let alone taking other important County Council costs into account.

Exaggerated claims

In common with contracting out by other local authorities the 'savings' claims are deliberately



Cost of existing arrangements

		£	
Year 1	Employees — Pay, NI, Superannuation		1,722,708
	Equipment and materials		120,693
	Indirect Costs		43,325
			1,886,726
<i>Years 2 - 5 at same price</i>			
ISS TENDER			
		£	
Year 1	Tender Price	1,570,984	
	Indirect costs incurred by County Council	37,500	
	Implementation and additional costs of supervision (say)	50,000	1,658,484
	Less Discount for prompt payment	13,086	
	Sale of equipment (say)	19,000	32,086
			1,626,398
	Add Redundancy costs of of existing workforce		150,000
			1,776,398
Year 2	Tender Price plus indirect costs and supervision	1,658,484	
	Less discount	13,086	1,645,398

Years 3 - 5 same price as Year 2

IN HOUSE TENDER

In fact the In-House operation declined to tender on the basis of excluding the 'cleaners-in-charge' from the contract. The financial appraisal therefore used the existing costs of the 'cleaners-in-charge' and the savings indicated from the In-House tender but excluding those for 'cleaners-in-charge'.

bloated in order to try to justify the policy. The annual Local Government Chronicle contracting out survey (7th July 1987), completed by local authorities themselves, Lincolnshire is claimed to be 'saving' £250,000 annually (£0.5m over the contract period). The right wing Public and Local Service Efficiency Campaign (PULSE), noted for its wild 'savings' claims, predictably went further claiming £300,000 annual savings or £0.6m over two years (Public Service Review No. 9, undated).

Cleaners robbed

Our financial analysis shows how the 964 cleaners, many life-long residents of Lincolnshire, were literally robbed of £450,000 in wages so that the County Council could make political capital out of illusionary 'savings' and create an opportunity for a transnational service company to increase its 'market' and increase profits.

The County Council's original financial appraisal

We have obtained as much financial information as possible and referred back to the original financial calculations. This detail is necessary to establish the facts and to lay bare the fictitious claims.

SUMMARY OF COSTS £

	<i>Cost of Existing Arrangement</i>	<i>ISS Tender</i>	<i>Saving on ISS compared with existing costs</i>	<i>In-House Tender</i>	<i>Saving on In-House compared with existing cost</i>
Year 1	1,886,726	1,776,398	110,328	1,916,046	- 29,320
Year 2	1,886,726	1,645,398	241,328	1,871,046	15,680
Savings over 2 years			351,656		- 13,640
Year 3	1,886,726	1,645,398	241,328	1,826,046	60,680
Year 4	1,886,726	1,645,398	241,328	1,781,046	105,680
Year 5	1,886,726	1,645,398	241,328	1,736,046	150,680
Savings over 5 years			1,075,640		303,400

Source : Competition in the Provision of Services — Cleaning, Report by Chief Executive to Policy and Resources Committee, 27th June 1986.

It is one thing to compare costs over a 5 year period for illustrative purposes but it is bordering on deception to let a contract for 2 years and to assume the savings averaged over a five year period. On the County's own analysis the first years savings are £110, 328 and the second year £242,328, an average of £175,828 (not the £250,000 as claimed). The contract covers three financial years for the County Council which is making it easier to conceal the real costs.

The real costs of contracting out

Within months of the start of the contract the County Council was incurring substantial additional costs. Below we detail all the cost increases and the costs which were conveniently omitted from the cost analysis.

	<i>Additional Costs</i> £
Item 1 : Redundancy Costs assumed to be £150,000 but were in fact £178,000 (reported to Finance Sub-Committee on 16th April 1987)	28,000
Item 2 : Adjustments to the areas to be cleaned, "less than 1%" but contract payments to ISS adjusted.	(2,000)
Item 3 : Cleaning of Earl of Scarborough school, omitted from original tender. Started September 1987 and cost £13,300 for part year. Full year cost estimated at £22,800.	13,300

Item 4 :
Additional holiday cleaning at Easter 1987 and February 1988, mainly for floor treatments because "delay in undertaking the work would increase maintenance costs by shortening the life of the floors". Proof also of ISS's failure to meet the required standard of cleaning. £15,500 was budgeted but cost £5,890 according to letter to NUPE from County Personnel Officer dated September 1988.

Item 5 :
Additional cleaning for specialist areas "The Environmental Health Officer has drawn my attention to problems in specialist areas and has advised that action must be taken if the facilities are to continue in use".



Five System Flexibility	
1. Quality	ISS has a reputation for high quality service. This is achieved through a combination of factors: a commitment to excellence, a focus on customer requirements, and a system of continuous improvement. The ISS system is designed to ensure that the highest standards are maintained at all times.
2. Flexibility	The ISS system is highly flexible and can be adapted to meet the specific requirements of any client. This allows ISS to provide a wide range of services, from basic cleaning to complex industrial maintenance.
3. Efficiency	ISS uses a range of advanced cleaning techniques and equipment to ensure that the highest standards are achieved in the most efficient and cost-effective manner possible.
4. Reliability	ISS has a proven track record of reliability and consistency in service delivery. This is achieved through a combination of factors: a commitment to excellence, a focus on customer requirements, and a system of continuous improvement.
5. Value for Money	ISS offers a range of services at competitive prices, ensuring that clients receive the highest quality service at the lowest possible cost.

We're always teaching someone a new lesson

The thought and planning that goes into every contract reflect the emphasis we place on training and personnel selection. Expert knowledge is needed to plan, organise and control the five system cleaning programme.

No similar organisation in our industry has invested so heavily in training.

To the best of our knowledge, Servisystem has more training facilities than any other company operating in the cleaning and maintenance industry.

Every supervisor receives intensive training at one of our schools in the UK, and our managers go on to receive expert tuition in

management principles and the service management concept at the ISS Centre for Service Management in Denmark.

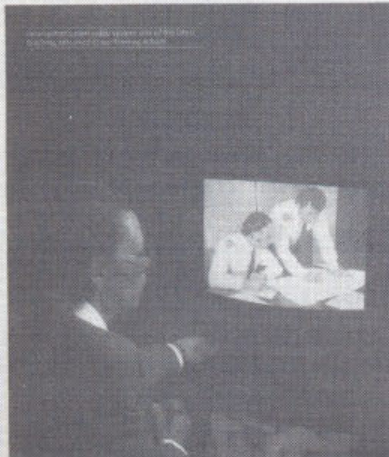
Using the latest teaching aids, including audio visual equipment, our management and supervisory staff study a wide range of specialist subjects designed to maximise their effectiveness in providing a service to meet the needs of our customers, both now and in the future.

Of primary importance, however, is the instruction and on-the-job training of our individual operatives. Servisystem employees are trained to do their jobs well and receive full instruction in the best methods, machinery and materials.

Courses are also held to cater for the special skills needed in our hospital and hygiene services, and for the high technology industrial services.

In addition our staff are kept fully up to date with health and safety regulations and in procedures aimed at promoting good industrial relations.

The ISS Centre for Service Management at Holba, Denmark



On-site instruction given by one of our trained supervisors

With the international expertise and back up of our parent company ISS, we're continually improving our management techniques and developing more efficient methods and systems.

By keeping an open mind and with a willingness to learn our aim is to provide a service not only to suit your needs, but of a quality which will continue to meet with your expectations and satisfaction.

Putting the lessons into practice

As a service company we recognise that the smooth running of a contract relies on the effectiveness of local management.

In our book that means leaving managers to manage and not having to refer every little query to head office.

At Servisystem everyone of the district offices around the country works independently. Each manager is personally involved in



Supervisors employ a high ratio of operatives to operations

maintaining the standards laid down in the schedule. Copies of which are given to you so checks can be made instantly to see that the work is being carried out as planned.

Total Service Capability

The range of services we offer cover most aspects of cleaning, maintenance and security. Our clients include many of the largest companies in the U.K. together with most government departments and several local authorities. We provide services for hospitals, schools and hotels; offices, factories and banks; supermarkets, breweries and shopping centres, passenger transport systems, including metro stations and ferry boats.

Different expertise and skills are required in every one. Decide on Servisystem and you'll find the education well worthwhile.

your contract and has the authority to make decisions and carry them out.

The level and quality of supervision is a very important factor. Servisystem employs one of the highest ratios of supervisors to operatives in the industry.

They are responsible for the motivation and instruction of our operatives in the particular needs of the contract and for

ISS glossy publicity — they certainly taught Lincolnshire County Council a new lesson!

Items 4-5 were referred to in a report to Finance Sub-Committee of Policy and Resources Committee, 22nd October 1987 and to Education Committee 27th October 1987 which also stated: "These issues are being considered and where appropriate being dealt with in negotiation with the Contractor. It is hoped that in this way additional costs can be kept to a minimum during the period of the current contract."

The Minutes of the Finance Sub-committee, 22nd October 1987 state that "the County Treasurer acknowledged, with the benefit of hindsight, that the reduction of £200,000 in revised estimate provision had been too optimistic in assuming an early achievement of savings connected with the introduction of contract cleaning."

The Minutes concluded "a benefit in 1987/88 under the current ISS/in-house operation of £105,000." So the 'savings', based on the council's own calculations, have virtually been halved.

The Sub-Committee were obviously getting nervous about the 'savings' vanishing altogether for they resolved "the Director of Education instructed to ensure that the overall cleaning costs are contained within existing budget provision."

The regular cleaning of internal windows (only once a year allowed in the specification) would have been another additional cost but the

County decided not to go ahead after ISS had worked out the extra costs involved.

Further additional costs

	£
Item 6 :	
Implementation Costs :	8,000
monitoring and inspecting the ISS contract, the cost of the Contract Management Team estimated at £50,000 but the 1986/87 cost was £55,000, at least £58,000 at 1987/88 prices. The 1987/88 cost was estimated at £71,600 (County Treasurer letter to Cllr. Pat Metcalfe, November 1987). We estimate the current cost of the Unit to be £81,000 annually although it deals with other matters in addition to the ISS contract.	
Item 7 :	19,000
Financial appraisal assumed ISS would purchase County Council cleaning equipment with income of £19,000. ISS have own equipment. Departments retained the newest equipment and discarded the old. (Contract Cleaning, Report to Finance Sub-Committee, 16th April 1987).	

Item 8 :

Increased costs of contracting maintenance work e.g. light fittings previously done by caretakers. One small school at Stamford has identified £450 of work in 1987/88 which could have been done by the caretaker. The Head and caretaker at the same school had monitored contractors invoices and had saved £400 in six months after firms had invoiced for work not done or had charged for more hours than the job took. The County have admitted that "extra funds were earmarked" for this purpose. Estimated cost at least 30,000

Item 9 :

The caretakers/cleaning budget overspent by £40,000 in 1986/87. 40,000

Item 10 :

The full cost of additional meetings of Governors, Heads, council staff, required to deal with the complaints and problems with school cleaning, lost bookings, additional expense etc. The County Personnel Officer claims "less time is now involved for such people" but our evidence clearly shows this is not the case. Estimated cost. 5,000

Item 11 :

Staff costs and overheads incurred in preparing specification, contract documents, advertising, evaluating tenders etc. The Education Department identified 4 officers dealing with the contract and "considerable additional work has been created for both typists and despatch clerks" (Letter to NALGO from Director of Education, 18th February 1987). Social Services identified 4 officers (Letter to NALGO from Director of Social Services, 27th February 1987). Estimated cost : 25,000

Less :

Financial deductions and penalties imposed on ISS for non-completion and/or poor quality work. The County Council refused to reveal these figures. However, two letters to Cllr. Pat Metcalfe from the County Personnel Officer and the County Treasurer reveal the following :

Dec 1986 to May 1987	— £9,667.52 deductions
1986/87	— £6,141.00 deductions
1987/88 April-Oct	— £4,945.00 deductions
(for Education cleaning only)	
Deductions in the first year of contract	11,086
Total additional costs	167,198
Projected 1st year 'savings'	110,328
Additional cost of contract in first year	56,870

In fact the Education Cleaning Budget for 1986/87 was overspent by £196,700. When the revised estimates for 1986/87 were drawn up and the ISS contract taken into account "a judgement was therefore made to reduce the revised budget by about £200,000". (the 'savings') "in the event this reduction was not achieved".

Year 2

Some of these costs are not recurring. County Council costs require adjustment to take into account inflation in the second year. Continuing additional costs are estimated to be at least £78,000 in the second year.

Additional costs	+ £ 78,000
Claimed savings	— £241,328
	— £163,328

Overall assessment

Year 1 additional costs	+ £ 56,870
Year 2 savings claimed	— £163,328
Total estimated savings over 2 year period which are less than a third of the original savings claimed.	£106,458

If the manual workers 1987/88 pay claim is taken into account the savings increase by £105,000 (County Personnel Office estimate) but even on this basis they are still less than half the savings which the County Council claim.

These 'savings' have been achieved directly at the expense of cleaners wages and many school children and teaching staff suffering dirty schools.

Some figures are estimates because, despite repeated requests by the Trade Unions and Councillors, the full facts have never been produced. We have therefore had to make calculated estimates. We believe there was a political decision never to publicly admit to ISS failures.

We challenge the County Council to produce a full and accurate assessment of ALL the costs incurred in contracting out school cleaning.

Deductions from ISS payments

The paltry deductions of £11,086 imposed on ISS in 1987 are only 0.94% of the Education element of the contract. Given the scale of non-completed work and poor quality cleaning

these deductions prove conclusively that the County Council monitoring is a complete failure. In fact Lincolnshire County Council have given a totally new meaning to contract compliance.

We estimate that ISS has gained financially because it saved more in not paying wages to sufficient cleaners than it suffered in deductions to contract payments. ISS should be under no illusions that they will receive the same level of co-operation and compliance from other local authorities.

The financial impact on cleaners

It is equally important to assess the economic costs of contracting out to the cleaners, 964 of whom were made redundant (including a few assistant caretakers). They shared £178,000 in redundancy payments, an average of a mere £184.65 per person.



Wage cuts

The Lincolnshire County Council rate at the start of the ISS contract was £2.41 an hour (including a local bonus) compared to the £1.70 an hour paid by ISS. The Lincolnshire County Council rate increased in July 1987 as part of the annual pay award to £2.58 covering a 15 month period. ISS pay rates increased a mere 4.11% to £1.77 per hour in the spring of 1988. The County Council payrates increased again in September 1988 raising the Lincolnshire rate to £2.73 an hour. ISS charge-hands were initially paid £1.80 an hour and site supervisors £1.95 an hour. Taking into account the different wage rates we estimate that **the total loss of wages in the first year of the contract was £290,000.** In the second year the total loss of wages is estimated to be **£340,000.**

The total loss of wages is therefore £630,000 less the £178,000 redundancy payments = £452,000.

This total does not include the loss of earnings

resulting from the contractor's inferior holiday pay and non-existent sick pay schemes.

Impact on the local economy

The loss of earnings does not only affect the cleaners themselves but it also leads to a reduction in spending in the local economy. The impact is much less dramatic compared to a similar loss of full-time jobs. Previous studies by SCAT for Manchester City Council (Manchester Employment Plan, Feb. 1987) and Sheffield City Council (The Public Cost of Private Contractors, 1985) have identified the impact of job losses and contracting out on a local economy. The loss of £452,000 in earnings, assuming small NI and tax deductions because of low pay status, combined with the transfer of some of ISS's contract payments as overheads and profit to its Birmingham headquarters and changes in sourcing supplies (ISS using its own brands), the loss of about £0.6m to the Lincolnshire economy is equivalent to about 70 jobs in local private sector services.

The late leader of the County Council in a council debate argued that the ISS tender was based on employing more cleaners than the in-house one because of ISS's lower productivity rate, just over 300 rather than the in-house 360 sq. ft. per hour per week. In reality far fewer cleaners are being employed than under direct labour and this has a further impact on the local economy.

Internal audit

Following the admission of overspending in October 1987 an internal audit commenced but had still not reported by February 1988 : "the Chief Executive requested that they look into several issues and their work is not yet complete." (Councillor W. R. Wyrill, Chairperson, Policy & Resources Committee, replying to a written question from Councillor J. L. Dodsworth, Appendix A, County Council Minutes, 19th February 1988). The conclusions and recommendations of the audit have never been made public.

NALGO wrote to the Council's external auditors, Deloitte, Haskins & Sells who have an office in the County offices, asking them to investigate the budget overspend and to reveal the contents of the secret internal audit report. The letter, dated 10th February 1988, was only acknowledged. Seven weeks later NALGO wrote again. Deloitte, Haskins and Sells replied that the matter was still under consideration. After another deafening silence NALGO wrote again in September 1988.

It is no doubt merely a coincidence but we have discovered that the auditors for ISS International Service System A/S, ISS's Danish based parent company, are Revisions-og Forvaltnings-Institutet Akieselskab, a member of Deloitte, Haskins & Sells.

Part 4

The Appraisal of ISS : track record and company profile

The selection of ISS

In March 1986 the Director of Education advertised the contract inviting firms to be considered for a select list who would be invited to tender. Twenty six mainly local firms applied and following a financial appraisal by the County Treasurer five firms, plus the in-house operation, were invited to tender.

Three tenders were received :

In-house operation
ISS Servisystem Ltd
AIPS Clean-Brite Ltd

The AIPS Clean-Brite tender was lowest at £1.76m but had a major arithmetic error which added £357,943.84 to the price. There was also an arithmetic error in the In-house tender which reduced it by £65,648.

AIPS Clean-Brite had tendered for only 5 of the 7 areas but was prepared to include the other areas at the same rates. The total tender price would then have been well in excess of both the ISS and In-house tenders. It was discussed by the Policy and Resources Committee on 11th June 1986 and excluded from further appraisal.

This left the County with one private contractor, ISS.

In response to criticisms of ISS's track record at the 11th June meeting and in a letter from NUPE the County Council requested additional references and contacted Birmingham City Council with regard to the recent termination of a school cleaning contract with ISS.

The Chief Executive then prepared a report for another Policy and Resources Committee on 27th June 1986 at which the decision to award the contract to ISS was taken.

ISS references

ISS supplied the County Council with the following list of cleaning contracts so that the County Council could obtain references :

Norwich Union Insurance
Tyne & Wear Metro
Ministry of Defence
Bury Health Authority
ASDA
Perkins Engines Ltd., Peterborough
DFDS Ferries, Felixstowe

Apart from two indicating initial teething problems ISS, not surprisingly since it supplied the references, got a clean bill of health. However, it was significant that :

- none were school cleaning contracts
- 4 out of 7 involved cleaning commercial premises
- the size of the contract/areas cleaned was not disclosed

ISS withdraws from Birmingham contract

The County Council also received more information from Birmingham City Council which stated :

"... it was found on commencing the contract ISS could not meet the standards required with the numbers of employees they had and the amount and type of equipment they used."

"Monthly contract payments to ISS were reduced where non-performance was proved — occurrences reduced as ISS took remedial action."

"BCC (Birmingham City Council) hold the view that ISS did not adequately supervise their own employees. The contract with BCC was for 3 years and was worth approximately £0.5m per annum. After 1 year ISS felt they could not continue with the contract due to the erosion of their profit margins. ISS approached BCC and asked to be released from the remainder of the contract. Agreement was reached on an amicable basis and ISS were released subject to the payment of £150,000 to BCC for non-completion and re-instatement."

(Source : Additional Information, to report by Chief Executive to Education Committee and Policy and Resources Committee, 27th June 1986).

Significantly, written evidence of ISS's failures, poor quality work and the consequences for the schools involved was not included in the report to Policy and Resources Committee.

ISS had won the 3 year Birmingham contract to clean 50 secondary schools in 1983. The unsuccessful contractors included Initial Services (BET) — their tender was based on productivity increases of between 67%-170%, Exclusive Cleaning Services, Cleaners Ltd. (Pritchard Services), Provincial Cleaning Services (ADT), and ICC Cleaning Services. All these firms are now owned by BET.

Over 685 cleaners were made redundant. ISS reduced wages from £2.24 per hour to £1.71 an

hour with between 3-5 days fewer holidays, and no sick pay and pension schemes.

Many schools were not adequately cleaned and complaints mounted. In November 1983 ISS had £2,300 deducted from their monthly payment for poor quality and incomplete work in 29 schools (Birmingham Evening Mail 11th January 1984). Deductions were reported to be as high as £4,000 monthly at least to February 1984 (Public Service Action No. 7). There were also disputes between Birmingham City Council and ISS over the definition of 'light shades', 'internal windows' and other items in the specification. Within months ISS decided to withdraw from the contract.

Norfolk contract terminated

Nor was it revealed that an ISS contract to clean just two schools for Norfolk County Council had been terminated in 1984 after failing to meet the required standard. (Public Service Action No. 15, June 1985).

So at the time Lincolnshire County Council awarded ISS the school cleaning contract the firm had withdrawn from its only other major school cleaning contract and had been sacked from a small school cleaning contract.

The County Council also received two additional references. One was a satisfactory reference from the DHSS in Lincoln concerning its cleaning contract at Lancaster House. Another from the Anglian Water Authority revealed that one of several contracts with ISS had been terminated by the Authority "after two and a half months through poor performance related to unsuitable operatives, which the contractor was unable to overcome". ISS claimed that Water Authority staff were still working when they cleaned which led to disagreement over whether the cleaning had been completed satisfactorily. The Water Authority reference also noted that "with hindsight it would have been preferable to have specified branded cleaning agents for certain situations rather than the more 'utility' materials that are used".

All this information was fully available to the County Council. NUPE had also submitted detailed information about ISS and privatisation of council services generally but this had been ignored.

More evidence

Further evidence to question ISS's technical ability to undertake the Lincolnshire contract was available had the County Council undertaken a more comprehensive investigation. It is difficult to determine whether this was an 'oversight', a technical misjudgement, or a reluctance to dig too deeply in case the only remaining private contractor had to be eliminated and the work awarded to the In-house operation, or to re-tender.

ISS Hospital Services, an ISS subsidiary now ceased trading, had tendered for a domestic services contract for the Peterborough East Site, Peterborough Health Authority. The Technical Assessor's Report (by Area Management Services Officer, East Anglian Regional Health Authority and the District Domestic Services Adviser, West Suffolk Health Authority, February 1985) had the following comments on the ISS tender which are also pertinent to the Lincolnshire contract.

Ability to undertake the work content for routine cleaning specified: "The allocation of hours clearly demonstrates that the tenderer is unable to sustain the work content in a large number of the sections."

Staff allocation and rotas:

"It is apparent that little or no consideration has been given to the needs of the service, specifically patient areas, as the tenderer has worked on the basis of almost all staff working short hours (e.g. 89% of staff working 15 or less hours per week). It is therefore considered that this principle will result in serious deficiencies in the quality of service provided." (their emphasis)

ISS Servisystem Performance in the Cleaning Industry

Based on 1985/86 results ISS was ranked 8th in terms of turnover. However, several of the companies above ISS have since been acquired by BET putting ISS in equal 5th position with Pall Mall Cleaning Group behind BET, ADT, OCS and RCO.

ISS's performance on commercial criteria compared to other cleaning companies gives a somewhat different picture.

Criteria	Ranking on 1985/86 results	Ranking on 1986/87 results
Return on Capital	19	44
Return on Assets	21	44
Profit Margin	19	43
Asset Utilisation	26	42
Sales/Fixed Assets	28	36
Liquidity	32	44
Borrowing Ratio	24	26
Average Employee Remuneration	10	13
Profit per Employee	16	40
Sales Growth Ratio	30	16

(Source: Contract Cleaners, ICC Business Ratio Report, 1987 and 1988)

ISS's performance, contrasted with other cleaning firms, declined in nine out of ten criteria which does not indicate a very effective or efficient company.

Materials :

"The provision of materials does not meet the requirements of the specification in many instances . . ."

"Tenderer's Interview Note : Tenderer's response to the deficiencies . . . was not reassuring and firm written confirmation of the obligation to meet the specification is required."

Janitorial Equipment :

"The provision of Janitorial equipment does not

meet the requirements of the specification in many instances. Where items are to be supplied, they are frequently inadequate in number."

Quality Control Systems :

"The system is considered inadequate to fully meet the daily requirements for monitoring the quality of cleaning operations".

Although the ISS tender was the lowest it was assessed as "Not Acceptable".

Company Profile of ISS Servisystem

ISS is part of a transnational cleaning and building services company operating across Europe and in the USA. The following profile covers the financial performance and track record of ISS in Britain but also includes information about the Danish based parent company and its activities in the USA.

Company Name	ISS Servisystem Ltd
Registered Address	92 Albert Street, Birmingham B5 5LN
Registration No.	463981
Parent Co.	ISS International Service System AS (Denmark)
Other Subsidiaries	ISS Darenas Ltd, ISS Securisystem Ltd, ISS Darenas East Ltd Ltd and ISS Darenas Southern Ltd removed from Companies House Register in 1986. Other subsidiaries exist but are not trading.

Range of Services

ISS Servisystem — commercial and industrial cleaning services.
 ISS Securisystem — static/mobile security services.
 ISS Darenas — janitorial supplies.
 Also provides domestic services in hospitals.

Firms Corporate/Market Strategy/Market position

At March 1988 ISS had won 9 NHS domestic contracts — 3% of contracts gained by private sector (283) contracts — 27% since 1983. (Joint NHS Privatisation Research Unit, NUPE).

Financial Information (last 3 years) — £000

	Year End Dec 1987	Year End 1986	Year End 1985
Turnover	19,414	16,879	13,784
Pre-Tax Profit/Loss	138	26	316
Total Assets		8,029	5,202
Liabilities/creditors		4,026	3,115
Net Assets	4,044	4,003	2,087
Profit Margin	0.7%	0.2%	2.3%
Return on Capital		0.6%	15.1%
Liquidity		0.8	0.9
Borrowing Ratio		117.9	146.8
No. of employees (FTE)	4,737	4,165	3,185
Actual	9,253	7,970	
Average wage p.a. (FTE basis)	£ 3,036	£ 2,971	£ 3,152
Directors remuneration	60	53	40



Major Shareholders, Directors and Advisers**Major Shareholders**

Wholly owned by ISS International Service System AS (Denmark)

Directors interests

M.A. Bizley, W. Schmidt (ISS-Denmark) Chair, P. Andreassen (ISS-Denmark), A. S. Lane (co. director), G. Hoffman (USA, banker), C. R. King-Farlow (solicitor), T. Svanberg (ISS-Denmark), O. Damgaard-Nielsen (ISS-Denmark). Poul Andreassen is President of the Board of Management of the parent company, and W. Schmidt is one of three other members. Andreassen and Schmidt are also directors of ISS companies across Europe. Michael Bizley is Managing Director. He is also a Council Member of the Contract Cleaning and Maintenance Association. Previously ran family business Bizley Clean before takeover by ISS.

He has personal experience in the use of child labour : "From the age of 12 I spent the school holidays helping out my father's company, Bizley Clean, who were very well known in East Anglia" say Michael. "We all worked there — my mother did the accounting and all the administration, and my brother and I helped to run the company". (CCMA Newsletter, No. 6 Autumn 1986).

Auditors

Neville Russell, Birmingham resigned in 1987 and replaced by Peat Marwick McLintock.

Size, structure and operational methods of firm inc financial and managerial relationship with parent

Share capital of 2.85m £1 shares owned by ISS parent company.

ISS claim to be concerned about employee involvement :

"Employee Involvement

The existing organisation and meeting structure which continues to operate throughout the company down to individual profit centres, facilitates the free flow of information, company goals, and financial performance." (ISS Annual Report and Accounts, 1987).

Results of subsidiaries :	1987	1986
ISS Darenas — turnover	£4.5m	£4.3m
Staff	67	66
ISS Securisystem — turnover	£2.5m	£2.1m
Staff	275	272

Recent takeovers/mergers

ISS Hospital Service Ltd. ceased trading on 31st December 1985 with accumulated losses of (£63,526.00).

Acquired Denvale Ltd. for £650,000, security guard division of Sureway Security Ltd.

Acquired an alarm company Security Installation (MK) Ltd. in January 1988.

Parent Company

ISS International Servisystem A/S of Denmark.

Parent company owns subsidiaries in Denmark, Norway, Germany Brazil (4,500 workers), Switzerland, Sweden, Austria, Netherlands, Belgium, France (2,200 workers), Finland, Greece, Spain, UK and USA.

Described as "a group with interests in maintenance and cleaning services, security, energy control, laundry and leasing of garments and linen ; supply of chemicals and equipment for the cleaning and maintenance industry ; catering and canteen management." (Major Companies of Europe, Vol. 1, 1986).

Principle shareholders : C. L. Davids Foundation and Collection

The Danish Employers Supplementary Pension Scheme (ATP)

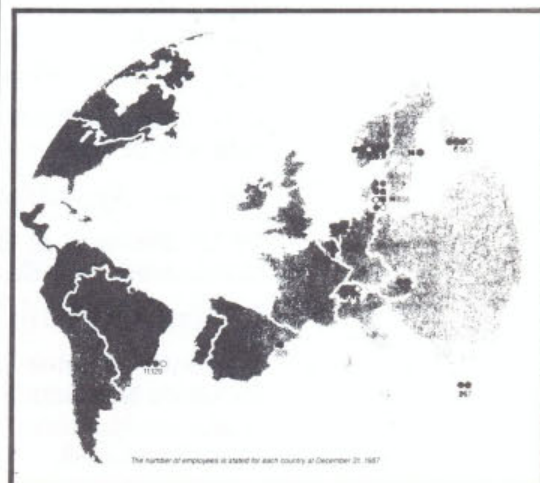
Recent takeovers and mergers to expand cleaning operations :

In 1987 acquired E.N.I. Management Services SA (turnover £15m) to become second largest cleaning company in Belgium. Acquired another Swedish cleaning company, Forenade Stad AB, in 1988 and expanded its operations in West Germany by acquiring one of largest cleaning firms Rosenmuller Gebandereinigung with a £22m annual turnover. ISS also acquired a Norwegian cleaning company Romerike Renhold AS which has 300 workers and £2m annual turnover. ISS sold several French cleaning subsidiaries in 1987 including ISS Servisystem SA, ISS Hospital Service SA, ISS Surveillance Francaise SA and ISS Inmentic because of 'poor results'.



ISS' activities

Country	ISS Servi Group						ISS ISEC Group				
	Cleaning Service	Abattoir Service	Supermarket Service	Hospital Service	Linen Service	Carpet Service	Sale of cleaning products/mechanery	Security Service	Energy Service	Production and sale of electronics	Other activities
Denmark											
Norway											
Sweden											
Finland											
United Kingdom											
West Germany											
The Netherlands											
Belgium											
France											
Switzerland											
Austria											
Spain											
Greece											
Brazil											
USA											



ISS energy control services also expanded with Clorius Varemaler AS in Norway becoming part of the Clorius Group and the acquisition of Warmtemeter Group, Holland which has a major part of the Dutch market for heat metering and heating accounts service. Another subsidiary, ISS Clorius Ltd. is registered in Britain and well known to many tenants campaigns in the 1970's for it's faulty heat meters.

ISS also expanded its catering operations in Denmark with the takeover of Irma Catering in October 1987.

	<i>Turnover</i>	<i>Net Profit</i>
1987	5,384m Kr (about £450m)	115m Kr (about £10m)
1986	4,981m Kr	93m Kr
1985	4,733m Kr	86m Kr

Turnover is from following sources :

Domestic sales	40%
Rest of Scandinavia	11%
Rest of Europe	23%
USA etc.	26%

ISS employed 65,821 workers in 1987.

ISS in the USA

ISS is the third largest cleaning contractor behind ADT and American Building Maintenance. It acquired a controlling interest in Prudential Building Maintenance Corporation in 1979. Other acquisitions include Competitive Building Corporation for \$1.4m in 1985, Macke Building Services for \$13m in 1987, and Pride Professional Services, Minnesota in 1987. Doral Industries Inc., Los Angeles ; TH Company Inc., York, Penn ; and Services Systems Corporation, Buffalo ; all building maintenance firms, were acquired in 1988.

Forty percent of ISS's \$217m annual turnover in 1987 (pre-tax profits \$2.8m) were derived from New York City contracts. Turnover in the first six months of 1988 increased to \$112m. ISS employs about 15,000 workers of whom 60% are represented by the Services Employees International Union (SEIU).

ISS is registered in Delaware with headquarters in New York. The parent company owns 64.2% of the US firm.

(SEIU and Moodys Industrial Manual)

Public Sector Contracts

Lincolnshire CC. schools, council offices, libraries, police stations, covering 258 buildings. £3.3m, 2 year contract started January 1987.

Stockport MBC : office cleaning, £40,883 contract started in 1987/88.

Newark & Sherwood DC : office cleaning, December 1984 to November 1988, previous contract between December 1982-November 1983.

Norfolk CC : cleaning of magistrates Court, June 1985-May 1988.

South Holland DC : cleaning indoor bowling green, £3,200 in 1987.

(All above from Local Government Chronicle Contracting Out Survey 1988)

Surrey Heath : office cleaning

New Forest DC : cleaning

(Municipal Journal Competitive Tendering Guide 1988, 10th June 1988)

Tyne and Wear Metro, cleaning of stations

MOD, cleaning at 15 establishments including Catterick, Colchester, the Staff College at Camberley, and Duchess of Kent Military Hospital.

By March 1988 had won 9 NHS Domestic contracts since 1983.

Currently includes Bury District Health Authority — Fairfield General Hospital, Bury General, Florence Nightingdale and Bealey Hospitals, to February 1989, £387,000 contract. Also Royal Marsden Hospital, Sutton, Special Health Authority, domestic services contract started November 1985.

(Joint NHS Privatisation Research Unit, NUPE).

Previous local government contracts :

Gedling BC : office cleaning, £5,877 in 1983, £5,442 in 1984.

Contract Performance : Fines and Failures

Sacked/withdrawn from contracts :

Sacked, Norfolk County Council, cleaning of 2 schools, started September 1983, sacked summer 1984 and return to direct labour. Complaints included 'consistent corning cutting', 'lack of dusting', 'unflushed WCs and dirty washbasins' from teachers and governors. (PSA No.9).

Withdrew after constant stream of complaints, Birmingham City Council. Cleaning 50 Secondary schools, started September 1983, terminated September 1984. ISS had to pay Birmingham City Council £150,000. (PSA No. 9). ISS lost up to 10% of monthly payments — £3,000-£4,000 — in November, December 1983 and January, February 1984 because of poor standards and failure to clean. (PSA No. 7).

Termination of contract threatened at Royal Marsden Hospital, Jan 1987. Specifications not being met, increased costs resulting from additional variations to the contract and the hospital had to appoint additional staff to monitor contract, recruitment difficulties as ISS paying lowest of Whitley rates. (Joint NHS Priv. Res. Unit).

Anglian Water Authority : Office cleaning contract : "there are no specific weaknesses in performance . . . except that it has been necessary recently to terminate one contract after only two and a half months through poor performance related to unsuitable operatives, which the contractor was unable to overcome."

(Letter from Anglian Water to Lincolnshire County Council, 16th June 1986).

Private sector contracts

Heathrow Airport Terminal 2 cleaning contract started January 1988 for BAA plc.

Operates a Supermarket Service for large retail chains.



Part 5

The lead up to contracting out : rationalising, reducing and commercialising services in 1980's

The decision to contract out school cleaning has to be placed in the context of Lincolnshire County Council's :

1. abolition of the primary school meals service
2. cuts in the caretaking and cleaning budget and tenders previously obtained for cleaning in 1984.
3. attempt to reduce nationally agreed conditions of service for school meals staff.
4. attempt to withdraw from the East Midlands Provincial Council.
5. re-organisation following a report by PA Management Consultants.

The abolition of school meals

In late 1979 the newly elected Tory Government demanded cuts in local authority education budgets for 1980-81 and published the Education (No. 2) Bill in October 1979 under which local authorities 'may' provide school meals to pupils not in receipt of free school meals. Lincolnshire County Council set up various working parties to examine ways of achieving a £2.2m (52% of net costs) cut in the school meals budget. They examined a franchising system and had discussions with five private contract caterers. The firms not surprisingly saw "most scope for their services in the colleges of further education" *i.e.* higher levels of spending and more opportunity for added value. The firms demanded a cost plus payment system *i.e.* a management fee in addition to covering the costs of food and wages. A council report at the time concluded :

"It was obvious from the discussions with the private catering organisations that they could not offer a better solution in the short term than the recommendations put forward by the schools' working party to achieve a 52% saving in the net cost of the schools meals service." (Report by County Education Officer to Policy, Finance and General Purposes Sub-Committee, 18th December 1979).

'Savings' on this scale could only be achieved by not only cutting staffing levels but also pay and conditions. The trade unions agreed to changes in productivity but refused to change national pay agreements.

A year later, Friday 21st November 1980, the

County Council decided to scrap their school meals service in Primary Schools except for the statutory obligation to provide free school meals. In response to strong opposition from the trade unions and parents (a 20,000 signature petition, 17 public meetings, a detailed report by NUPE arguing to retain and expand school meals) the Education Committee met on the 30th December 1980 to reconsider the decision but agreed to proceed to disband the service as soon as practicable leaving only secondary schools, FE colleges and special schools with a meals service.

Cuts in the caretaking and cleaning service

In October 1983 the Education Committee decided to make major savings in the caretaking and cleaning budget "either by the present caretaking and cleaning staff or by private contractors or by a mixture of the two." At that time there were 210 caretakers, 80 assistant caretakers, 250 cleaners-in-charge and 850 assistant cleaners, a total staff of 1,390.

The County Council had discussions with four firms of contract cleaners who claimed they "could provide a total caretaking and cleaning service if required." A total possible 'saving' of £1.2m annually based on a 'total privatisation package' was reported to the Council (Report by County Education Officer to Education Resources and General Purposes Sub-Committee, 10th January 1984).

At the time that tenders for cleaning had been received NUPE agreed a two year productivity deal for school caretakers and cleaners in all schools except cleaner-in-charge schools, special schools and residential/boarding colleges. The hours of many cleaners were reduced and assistant caretakers were classified as cleaners to be replaced as and when they left by part time cleaning staff, despite the opposition of NUPE and many schools.

County Council breaks national agreement

In 1984 the County Council arbitrarily withdrew the retainer paid during school holidays, reduced annual holiday leave, and imposed a 25p per day charge for meals to staff. The dispute was referred to the East Midlands Provincial Council (the joint employers and trade union body which is part of the National



Public Services are better services

Synopsis of events leading up to contracting out

February 1985 :	Government publishes Green Paper on 'Competition in the Provision of Local Authority Services'.
May 1985 :	County Council sets up Officer Study Groups to "examine the ramifications" of government proposals for enforced tendering.
August 1985 :	Trade Unions hear for first time that Council may "test the market" in advance of the legislation and are making contact with private firms.
November 1985 :	Policy and Resources Committee decides to "expose to competition" all cleaning, vehicle maintenance, catering and grounds maintenance.
February 1986 :	Decision to seek tenders for all cleaning, except homes for the elderly and Lincoln Castle, to start 1st September 1986.
April 1986 :	Tender documents issued. Preparation and negotiations on in-house tender.
May 1986 :	Deadline for tenders.
June 1986 :	Policy and Resources Committee on 11th June decides to exclude tender from AIPS Clean-Brite Ltd., further examine ISS and in-house tenders, to exclude cleaner-in-charge and special schools. Later the same day Policy and Resources Committee agrees to contract out cleaning and threatens to privatise cleaner-in-charge if trade unions do not agree to extend the 1984 productivity deal to them.

Joint Council framework for settling pay, conditions and disputes) where the County Council lost the case. The Council refused to accept the decision of the Disputes Committee and were censured by the full Provincial Council.

Attempted withdrawal from the East Midlands Provincial Council

In the autumn of 1984 the County Council decided to withdraw from the East Midlands Provincial Council (EMPC).

The County Council claimed to have become "increasingly disenchanted" with EMPC and felt "injustice" following being censured by the Provincial Council "for its failure to observe the terms of the Disputes Committee decision of 5th April 1984". The real purpose in withdrawing was to negotiate new and inferior local terms and conditions. Several local authorities had been trying to get the NJC School Meals Agreement modified. Kent County Council had taken such action but in November 1984 eighteen school meals workers who had refused to accept lower pay and new conditions were judged to have been unfairly dismissed and were awarded substantial compensation and back pay. Lincolnshire attempted a similar move and this led to the censure motion by EMPC in April 1985.

As a result of the decision to withdraw the NALGO Branch decided to :

- refuse to process Councillors expenses
- not provide information over the telephone
- no information to be given to Councillors other than in Committee
- refuse to co-operate with any work (typing, mailing, printing, distribution) connected with the withdrawal from EMPC.
- registered the dispute with EMPC
- agreed that all vacant posts be boycotted.

A joint NALGO/NUPE one day strike highlighted trade union unity and support.

On 5th February 1985 the County Council's Policy and Resources Committee agreed to reverse its decision to withdraw from EMPC. A report from the Chief Executive and County Personnel Officer stated : "It is clear from the positive enquiry procedure carried out by management that most of the APT & C staff are against the withdrawal resolution and are unwilling to contribute to the discussion on alternative procedures."

School meals worker wins Industrial Tribunal.

Meanwhile a case was taken to an Industrial Tribunal by Ms Joan Wilkinson and 70 other school meals staff supported by NUPE. The decision in late summer 1985 was unanimous that the action of the County Council in worsening the pay and conditions of their school meals and midday supervisory staff was unfair in law. NUPE negotiated a settlement for all school meals workers in which the County Council had to pay back over £50,000 to the kitchen staff alone.

Reorganisation following PA Management Consultants report

PA Management Consultants Ltd delivered their report 'Review of Organisation and Structure' in April 1982 after being issued with very general terms of reference "to review the organisation and structure of County Council

departments in the light of their suitability for current and foreseeable needs and conditions."

Not surprisingly, the report made several very general recommendations and observations coupled with proposals for some organisational changes, for example, moving the library service out of the Education Department into a new Leisure and Recreation Department, set up a new Property Management Unit. The 'review' of some departments were dealt with in one page of the report.

Trade Union response

NALGO examined the report in detail and concluded : "The similarity of the report by the consultants to that of the Bains Report (The New Local Authorities — Management and Structure, 1972) is little short of miraculous, as you will see when you read the Appendix to this letter. The only difference being the price, PA £40,000 — Bains £1."

(Letter from NALGO Secretary to Chief Executive, County Council, 6th May 1982).

The trade unions maintained that the work done by PA could have been carried out internally. The consultants report was considered to have given credibility to proposals which the County Council had previously decided they wanted to implement anyway.

Over the next two years a series of reports from different departments sought to impose organisational changes.



Philip Wolmuth

Many parts of schools and colleges eg. computing, home economics, science rooms require regular detailed cleaning.

Part 6

The County's response to Government Legislation : The potential impact on staff and services

Enforced tendering

Following the Government's publication of the Green Paper on competitive tendering in February 1985 the County Council "set in motion a series of studies designed to examine the ramifications of the proposals, to identify all the questions which arise, whether or not the legislation is passed, and in general to have a thorough management review of this subject." (Letter to NALGO from County Personnel Officer, 16th May 1985). Working Groups were set up to carry out this work.

Part of the Chief Executive's report is reproduced below :

('Competition' report from Chief Executive to Policy and Resources Committee, 26th June 1987)

"The objective makes no presumption in favour of a particular method of service delivery. The only presumption referred to in the policies set out below is in favour of competition with the intention that both in-house and external contractors are, subject to price and practicability, equally acceptable deliverers of services as specified and monitored by the Council."

"Policy No. 1. There is a presumption in favour of exposing all County Council services to competition provided :

- a) The anticipated savings on direct service provision are likely to exceed the additional client costs of contract preparation, supervision and management, and
- b) It is legally and operationally practicable and acceptable to the Council to transfer the particular service provision to the private sector in the event of an unsuccessful in-house tender.

Policy No. 2. The presumption in favour of competition applies to all County Council manual workers, professional and administrative services.

Policy No. 3. The Council will encourage organisational change to facilitate competition by :

- a) Separating client and contractor roles where feasible and
- b) Establishing quasi-trading units within service and central departments municipal enterprises run efficiently on commercial lines and subject to such predetermined arrangements as to rate of return or generated profit as will in the judgement of the Council secure maximum economy, efficiency and effectiveness.

Policy No. 4. Competition from the private sector for the provision of County Council services will be encouraged by :

- a) Setting high limits to the proportion and volume of work subject to competitive tender.
- b) Establishing 'select' lists of reputable commercial organisations.
- c) Dividing large service programmes into smaller contract where feasible and economical to the client to do so.
- d) Awarding contracts in accordance with the lowest tender received except in very exceptional circumstances."

In November 1985 the Policy and Resources Committee agreed that cleaning, vehicle maintenance, catering and grounds maintenance should be "exposed to competition." It also affirmed "its present policy of even handed consideration of tenders from both in-house organisations and private contractors", "full consultation" with the trade unions, and the separation of client and contractor roles.

The trade unions were informed on 21st February 1986 that cleaning services were going to put out to tender with a 1st September 1986 contract start date. Re-negotiation of the current in-house arrangements, due to expire in the summer, were also planned to enable an in-house tender to be submitted. No further action was planned for catering services but "exploration of possibilities" for grounds maintenance would continue. The intention to "open up" transport management to competition was announced early in April. (Letters to trade unions from County personnel Officer 21st February 1986 and 7th April 1986).

With the Government delaying the expected legislation little more was officially forthcoming from the County Council until after the General Election in June 1987.

The competition approach

A report to Policy and Resources Committee on 26th June 1987 committed the County Council to expose "all County Council services to competition", going much further than the publicly stated intentions of the returned Tory Government. Since November 1985 the county had contracted out cleaning to ISS, increased the proportion of Highways DLO work "exposed to competition" from 14% in 1984/85 to 50.4% in 1986/87, and set up 'quasi trading units' in legal and computer services to add to those already established in printing and vehicle fleet services.

The overall objective was defined as :
"To secure maximum economy for the County Council and the Ratepayers in the delivery of efficient and effective public services by taking maximum advantage of opportunities to test in-house provision against private sector provision and vice versa." The approach was partly justified because it followed the Audit Commission's advice of pursuing cost competitiveness through the market place. (A copy of the Audit Commission's Occasional Paper 'Competitiveness and Contracting Out

of Local Authorities Services' was circulated with the committee papers.)

The Commercialisation of the County Council

In September 1988 the Chief Officers Group produced a paper further developing the Council's 'Competition Policy' suggesting that a further 20 services be designated Quasi Trading Units (QTU).

The report states :

"For the future, competition will become the major driving force for some activities. We should begin to see them as business units. Recruitment policies should include business experience, marketing and sales skills. We may see new forms of industrial relations e.g. co-operatives, profit sharing, home working etc. New organisational forms may also emerge such as consortia with other authorities or private industry, management buy-outs and independent companies."

The key characteristics of QTU's are tendering, managed on a commercial basis, profit targets, annual business plans, and service level agreements for support services from other departments.



Lincolnshire is making another attempt to withdraw from national pay agreements. The report recommends that Trading Unit managers be authorised "to review national and local collective agreements as they feel necessary dealing directly with staff and their representatives". Each manager will also be able to "recruit and deploy staff according to their needs." Profit related pay may also be introduced.

Six services already have QTU status — Highways DLO, Computers, Legal Services, Printing, Transport Maintenance, and Material Laboratory. The 20 additional services are :

Enforced Tendering Timetable for Lincolnshire

Date	Service
1st August 1989	Refuse Collection Street Cleansing
1st January 1990	Cleaning of Buildings Grounds Maintenance (20%)
1st August 1990	Civic Catering
1st January 1991	School and Welfare Catering Ground Maintenance (20%)
1st August 1991	Vehicle Maintenance
1st January 1992	Sport & Leisure Management Ground Maintenance (20%)
1st January 1993	Ground Maintenance (20%)
1st January 1994	Ground Maintenance (20%)

Accountancy
Advertising
Audit
Building Design
Building Survey and Valuation
Catering
Contract Management
Creditors
Education Resource Centre
Ground Maintenance
Highways Design
Investment
MSU
Payroll
Pensions
Photography (Police)
Recruitment
Telecommunications
Training
Waste Disposal

The consequences of these policies

- There is no commitment in the reports to maintain or improve the quality, standard or delivery of County Council services in order to meet the growing and changing needs of its residents. The obsession with 'competition', 'commercialism' and organising services to meet the demands of the market place will lead to people's needs being given a low priority as the County Council become a Company Contracts Agency, merely matching eager contractors with work organised to suit them.
- A deterioration in the quality of services.
- The assumption that 'savings' will be made compared to direct service provision is a gross error of judgement. No costings whatsoever have ever been produced identifying the full cost of contract

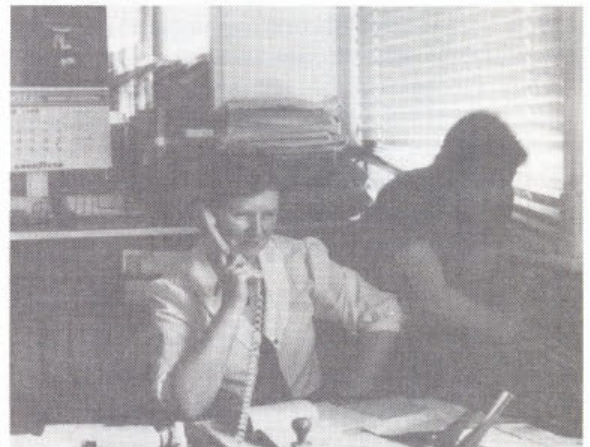


preparation, supervision and management. We do not believe it was ever intended to calculate these costs for they would have made a mockery of the claim to have achieved savings on the scale suggested.

- The Department of the Environment and the Audit Commission have been conspicuously silent on the cost to local authorities of implementing the Local Government Act 1988. There has been no requirement, not even guidance, on estimating the cost of drawing up specifications, contract documents, investigating contractors, evaluating tenders, monitoring contracts, etc. The widely used economy and efficiency criteria are ignored when it is politically convenient.
- Awarding contracts to companies with the lowest prices is both technically and financially wrong. It should be normal practice, not just in 'exceptional circumstances' to reject the lowest tenders based on a full technical and financial evaluation. The ISS contract illustrates the point that a cheap price will lead to inferior services and higher overall costs.
- Further changes and re-organisation of departments seems inevitable, wasting money and human resources. The full cost of pursuing commercialism and profits will far exceed any possible 'efficiency' gains. The Council's promise of a period of stability following implementation of the PA Consultants proposals has proved to be worthless.
- Increased disputes and disruption to services caused by conflicts between contracting firms working alongside each other and between contractors and County Council staff.
- The ultimate consequence of these policies could be US style 'contract' government' where a mere handful of councillors and managers meets annually to award contracts.

The implications for white collar staff

1. Pay and benefits linked to where staff work in the Council, not on job description.
2. Lower pay and reduced benefits for most, although some may gain from profit related pay schemes.
3. Fewer and less secure jobs.
4. The Council will have more opportunity to use divide and rule tactics between groups of white collar workers, between staff in different departments, between those in QTU's and main line services, between white collar and manual workers.
5. Reduced job satisfaction as commercial criteria, business plans and profits are given priority over people's needs and quality of services.
6. Some may have little alternative but to seek contract management jobs with contractors resulting in less job security and the loss of career structures.



7. Others may be channeled into preparing specifications, contract documents, preparing tenders, and monitoring/inspection of contractor's work with less direct responsibility for service delivery.
8. More divisive working situations — some officers planning management buy-outs, setting up private firms, leaving to join contractors etc.
9. Administrative and clerical grades having to process contractors payments and other mundane contract paperwork.
10. Some white collar staff, usually women, having to take the brunt of users complaints about the quality of services.

Middle managers are likely to feel the greatest impact. A number of studies have already revealed the impact of corporate restructuring in the 1980's on middle management in many large firms. (Tightening the White Collar, Management Today, July 1988). Contracting out services is likely to result in similar changes in local government.

Part 7

The Contractor's Dismal School Cleaning Record

Contracting out school cleaning has a dismal record. This report has already detailed problems in Lincolnshire and Birmingham. But these are not isolated examples. Of ten local authorities contracting out school cleaning in the last five years the track record reads :

- ★ at least 5 councils returned to direct labour.
- ★ 15 contracts have been terminated or firms have withdrawn after mounting complaints.

Examples from other local authorities

Dudley

School cleaning was contracted out from September 1983 to three firms — **OCS Group**, **Taskmaster** and **Initial** at a total annual cost of £330,000. In December 1983 Exclusive Cleaning Services was awarded a cleaning contract covering the Halesowen and Stourbridge colleges. Stretton Ltd. was awarded the Dudley college contract. Over 700 council cleaners were made redundant. The National Union of Teachers carried out two surveys, one in October 1983 four weeks after the start of the contract, and another in February 1984. The first survey revealed that cleaning standards had fallen in 70 out of 104 schools and the standard of cleanliness of toilets in 28 schools was judged to be unacceptable. Standards in some schools were described as appalling. By February 1984 there had been no improvement in 59 schools and conditions in 35 schools had deteriorated. The performance of all three contractors was uniformly poor. Taskmaster's payments were reduced by £60,000 for non-completion and poor performance.

OCS
Office Cleaning
Services Ltd.

Disputes arose over the specification which had omitted some tasks. The council carried out a study of sample schools and contractors were asked to adjust their staffing levels to those stated in their tender bid. The study concluded :

The Individual contractor's performance :

	<i>Contracts terminated or withdrawn by firm</i>	<i>No. of known school cleaning contracts held</i>
ISS Servisystem	2 termination/withdrawal	3
Initial (BET)	2 terminations	4
Provincial (BET)	2 terminations	2
Pall Mall (Godfrey Davis) Academy (Securiguard)	2 terminations	2
Exclusive (BET)	1 termination	1
OCS Group	1 termination	1
Taskmaster (ADT)	1 withdrawal	1
	1 termination	1

"Contractors, by varying degrees, were unable to achieve the authority specification with their original tendered cleaning hours during the study periods even with the advantage of favourable weather conditions and lower than normal classroom use in secondary schools. Where contractors have increased cleaning hours over the duration of the contract, this would appear to have been necessary to compensate for their underestimates, rather than meet the extra cleaning demands.

"In addition, officers involved in the study work expressed reservations about the materials and methods used by contractors, and also the abilities and performances of individual cleaners, arguably reflecting the inadequate levels of supervision." (Report to Dudley Efficiency and Effectiveness Committee, 5th July 1984).

The study revealed the percentage of specification met ranged between 38%-95%. At the end of the first year of cleaning the contractors demanded large increases in payments. OCS demanded a 34% increase, Taskmaster 20%, and Initial 14%. Exclusive demanded 153% and 112% increases for the Halesowen and Stourbridge college contracts.

In 1984 OCS withdrew from the contract. Contracts of the two remaining firms were terminated following the defeat of the Conservative controlled council in the local elections in which the quality of school

BET

SCHOOL REPORT

The contractor's school cleaning record

Authority	Size/Value of Contract	Contractor	Record
Birmingham	50 secondary schools	ISS Servisystem	Constant complaints £3,000 - £4,000 monthly penalties. Firm withdrew after 1 year
Return to Direct Labour			
Berkshire	2 schools in 1982	Provincial Cleaning (BET)	Terminated in 1986 for poor quality cleaning.
Cambridgeshire		Initial (BET)	Failure to clean, contract terminated in 1985
		Pall Mall (Godfrey Davis)	Failure to clean, contract terminated in 1985
		Taskmasters (BET)	Failure to clean, contract terminated in 1985
Return to Direct Labour			
Dudley	All schools, 700 cleaners made redundant	Exclusive (BET)	Poor quality, contract terminated in 1984
		Initial (BET)	Poor quality, contract terminated in 1984
		OCS Group	Poor quality, firm withdrew in 1984
Return to Direct Labour			
Hereford & Worcester	21 schools in 1987	Initial (BET)	NUPE survey in 1988 78% dissatisfaction with standards
Kent	550 schools (£4.5m) Started 1984, renewed 1987	Initial (BET) Pritchard (BET) Reckitt (BET)	Provincial contract terminated after 4 months. Another firm withdrew after 2 years.
	College cleaning	Electrolux Andmarc Pritchard Some direct labour	
Lincolnshire	£1.5m p.a. contract 964 cleaners made redundant	ISS Servisystem	Poor quality in many schools, high staff turnover
Merton	All schools in £746,000 contract	Academy (Securiguard)	Poor standards, contract terminated after a few months. Provincial Cleaning awarded contract. London Property Maintenance awarded contract in 1987.
Norfolk	2 schools	ISS Servisystem	Many complaints, contract terminated in 1984
Return to Direct Labour			
Solihull	7 schools in 1984 One year contract	Contractors Birmingham Ltd.	
	1 school and 1 college in 1984	Pall Mall Cleaning Group (Godfrey Davis)	£26,000 contract terminated in March 1985
	Return to Direct Labour		
	4 schools in 1985 Three year contract	Provincial Cleaning Serv. (BET)	
	9 schools in 1985 Three year contract	Endless Cleaning & Maintenance (Setspace Ltd)	Terminated in 2 schools in December 1985
		Stretton Ltd	Terminated in 3 schools in January 1986

Sources : Public Service Action Nos. 1-36, Local Government Chronicle Contracting Out Surveys 1983-88.
 Note : There have been changes in ownership of many of the above firms either during or since these contracts.
 The current ownership is indicated.

cleaning was one of the main election issues.

The claimed savings did not materialise. The council had to employ an additional two full-time area officers to deal with the contracts costing £18,000. The Chief Education Officer also identified the following costs during the last full Council year : "10 Special Policy or Education of Finance Committees. Effectiveness and Efficiency called in for investigation — including site visits. Assistant Chief Education Officer — 3 meetings per week/contractor for 30 weeks, averaging 1 hour per meeting. High telephone costs — office and schools. Cleaners in some schools provided their own materials. 27 Special Governors Meetings during year. Legal costs (including QC) of litigation for failure to honour contract." (Dudley : Contract Cleaning in Schools, Private Profiles, LGIU 1987)

Cambridgeshire

Over 1,200 school cleaners were made redundant in 1983 and cleaning contracted out to **Initial**, **Taskmasters** and **Pall Mall**. Cleaners hours were cut from 34 to 20 hours per week and the time allocated to clean each classroom reduced by half.

The Cambridgeshire Inter-Parent's Teacher's Association carried out a comprehensive survey of the contractors performance which revealed :

- there has been a continuous series of complaints about the poor standards of work from the contractors.
- 45 per cent of schools still feel that their cleaning standards are unacceptable and more than half of those are concerned about some aspect of health and safety on grounds of hygiene.
- some schools having a rapid turnover of staff because of low rates of pay.

Pall Mall

- several cleaners employed by the contractors have left because there was insufficient time to clean the schools to the previous high standards.
- in several schools the cleaners do unpaid overtime so as to keep a good standard — one works 30 hours instead of 25, another 46 instead of 30 — several have children at school and they refuse to see the standards drop and want to take pride in their work.
- lack of supervision.
- 73 of schools said that either the Head or the teaching staff had been involved in extra work because of the contract cleaners.

Martin Jenkinson



Care and attention to detail by a direct labour cleaner

- only one of 14 schools still cleaned by direct labour had any complaints about standards." (Contractor's Failures, TUC, 1985).

Some classrooms had to be closed on occasions. The council decided to revert to direct labour after the two-year contract ended in July 1985 although it was extended by one term to allow time for the council to recruit staff etc.

Hereford and Worcester

Initial Contract Services commenced school cleaning in 21 schools in the Bromsgrove, Hereford, Ledbury and Redditch areas in September 1987. NUPE carried out a survey of cleaning standards in December 1987 after the County Council claimed that "in only 6 out of the 21 schools which were cleaned by Private Contractors had there been any dissatisfaction."

The NUPE survey covered responses from 13 Heads/teachers, 14 non-teaching Education



Department staff, and 1 chair of Governors in 19 schools. Seventy eight per cent reported that cleaning standards were 'unacceptable' and a further 15% reported they were 'acceptable but with difficulties reported'.

Initial also had a contract to clean the Worcester Technical College which had started some time before the school cleaning contract. Again the County Council claimed it was being carried out to "a satisfactory standard". However, the survey reported :

"Poor (cleaning standards). Sufficient equipment and materials but cleaners do not know how to use same — no training — though 28 cleaners are required each day Monday to Friday, in 1987/88 only on four working days has this number been reached."



Of the 94 cleaners employed by Initial only 22% were former council cleaners at the end of the first term. Initial had cut the wages from £2.46 an hour to just £1.80 and this was cited as a major cause of the high turnover of staff and the firm's difficulties recruiting staff.

The County Council claim to be 'saving' £18,000 annually. A Work Study comparison of the contractors and DLO efficiency, equipment and working methods had shown little difference. The Minutes of the Caretaking and Cleaning and Cleaning Working Party at which this was discussed stated :

"The main difference in the costs (i.e. £18,000 p.a. between ICS and DLO) was found in the

lower hourly rate of pay paid by the Private Contractor."

Kent

The County Council first contracted out school and college cleaning in June 1984 with three year contracts covering 550 establishments after dividing the County into 6 areas. The council reported as follows :

- "1. 14 contracts let, each for three years.
2. One contract terminated after 4 months — relet to another contractor.
3. One contractor (single contract) withdrew by mutual agreement at 2 years — new contract let for one year.
4. Surveys of standards in all establishments carried out annually but beginning before contracts started, revealed that :
 - a. Best and Worst disappeared.
 - b. Very slight general deterioration over 3 years."

(Competition, Report compiled for Seminar for Sheffield City Council, 7th April 1988)

In fact, despite the admittance of a deterioration of standards, this bland statement hides considerable problems.

- Five firms were penalised £34,424 for poor quality cleaning and the council admitted that standards had slumped (Public Service Action No. 18, October 1985).

- Schools in Whitstable, Sheppey, Folkstone, Canterbury, Dartford and Shepway all experienced major cleaning problems.
- Over 200 pupils were sent home from Hayesbrook Secondary School, Tonbridge in April 1987 because the Head considered the school was too dirty. (Daily Telegraph 2nd April 1987). Wages were cut and hours reduced from 23.5 to 10 per week.

Despite declining standards the County Council renewed contracts in 1987 for a further three year period. Within months the council was reported to be conducting an inquiry into **Initial's** contract following complaints from teachers of poor quality cleaning, a lack of equipment and materials, and a shortage of staff. (Public Service Action No. 34 April 1988).

Merton

The London Borough contracted out school cleaning in the summer of 1983 to **Academy Cleaners (Securiguard Group)**. Within weeks complaints started pouring in. The NUT carried out a detailed survey of the quality of cleaning which revealed a catalogue of non-completed work and low standards. The firm employed teenagers to clean at many schools. After the council imposed a trial period in which standards did not improve Academy were finally sacked in December 1983. The contract was awarded to **Provincial Cleaning (ADT, now BET)** on 5th October 1983 at a cost of £430,000 annually. The contract was extended from 1st August 1984 to 31st March 1986 at a cost of £529,837. A further two year contract from April 1986 was negotiated, again without competition, with Provincial based on the existing specification. The cost had now risen to £624,000, a 45% rise in just four years.

Provincial's performance was also found wanting. During the autumn term 1986 and the early part of 1987 the firm was 'fined' £6,935 for 14 cases "as a consequence of a serious and persistent infraction of the requirements of the contract." (NUPE Privatisation Fact Sheet, April 1987). A further £13,825 penalties were incurred by Provincial in the 10 month period up to February 1988.

The Merton Teachers Association had previously carried out a survey of cleaning standards in 22 schools in May 1985. This revealed :

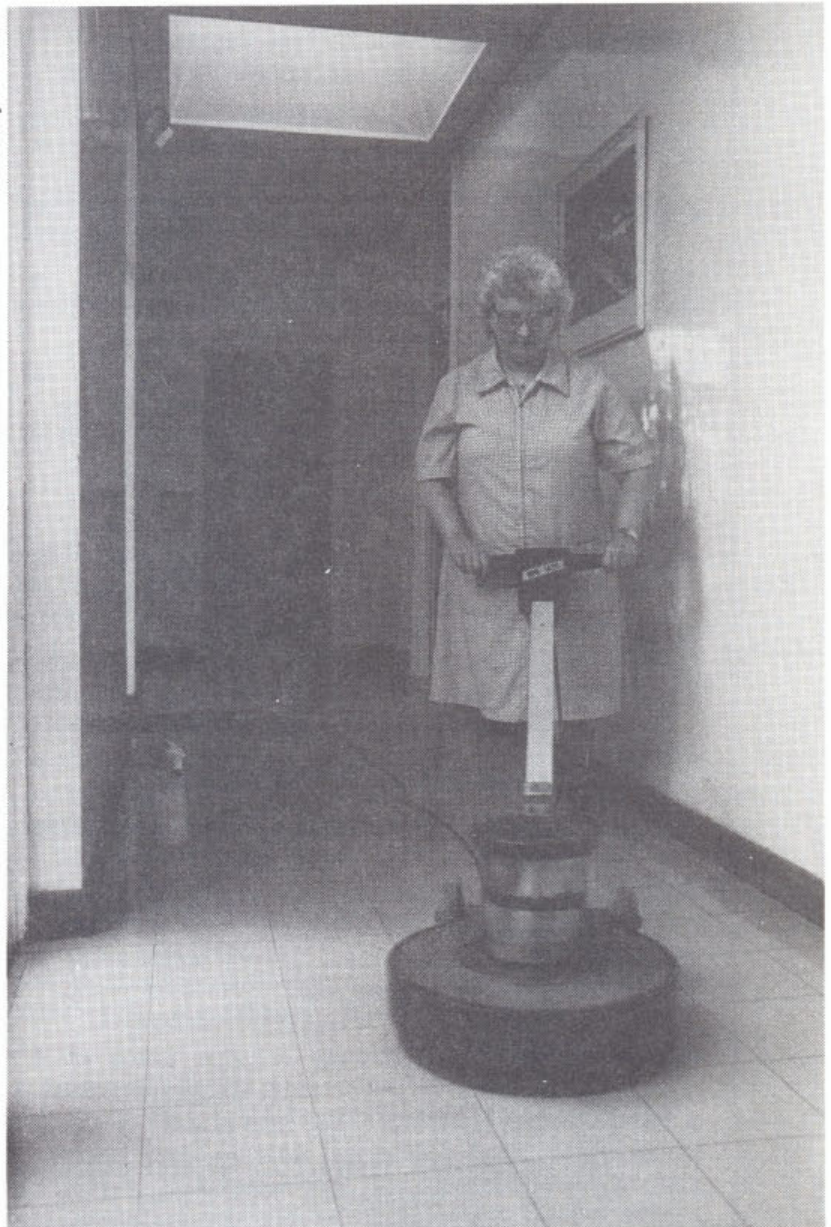
- 15% of classrooms were always poorly cleaned.
- 36% of classrooms were occasionally poorly cleaned.
- 27% of corridors/stairs were often poorly cleaned.
- 18% of toilets were often and occasionally poorly cleaned, with 9% always poor.
- 9% of science/arts/crafts rooms were always poorly cleaned.

- 81% of schools considered the number of cleaning staff and the hours worked were inadequate.

Some cleaners were found to be working longer hours for no extra pay simply out of loyalty to the schools. (Public Service Action No. 19, November 1985). When the Provincial contract expired Merton awarded the contract to a third contractor, **Pall Mall Cleaning Group (Godfrey Davis Holdings Plc)**, despite the firm's failure on the Cambridgeshire and Solihull school cleaning contracts. However, Pall Mall tried to increase the contract price, failed and withdrew before starting the contract. Merton then awarded the contract to a small and little-known company, London Property Maintenance Ltd., despite a revised in-house bid costing just £300 more.



Martin Jenkinson



Effective cleaning requires real training — not the contractors usual claims to 'on the job' type training.

Part 8

Appraisal, Evaluation and Monitoring of Contractors

The appraisal of ISS was less than comprehensive as outlined in Part 4 of this report. The County Council will presumably be investigating many more contractors with the commencement of enforced tendering in 1989. It is essential that the County Council has sufficient experienced staff allocated to undertake a comprehensive analysis of every firm submitting a tender.

The investigation should cover the following :

Financial resources and stability of the firm

1. The ownership and control of the firm.
2. It's total turnover and turnover in the activity in which it has submitted a tender.
3. The financial and organisational relationship between parent and subsidiary companies.
4. Details of any current merger or takeover negotiations.
5. The financial viability of the firm.
6. Copies of Annual Reports and Accounts for at least last three years.
7. The firm's credit rating.
8. An internal County Council check of the firm's payment record of rates, rent for premises, defaults on previous contracts etc.
9. References from the firm's bank, insurance company, and the financial institution from which the firm obtains a performance bond.

Organisation of the firm

1. The company structure and geographic spread of operations.
2. Location of Head Office and any local depots.
3. The extent to which sub-contractors are used and their competence and track record.
4. Current workload and ability to take on a new contract.
5. Health and Safety policies and practices (for full details see Who Cares Wins, A Trade Union Guide to Compulsory Tendering for Local Services).

6. Compliance with Race Relations Act 1976 and Section 18(5) of Local Government Act 1988.
7. Evidence gathered from visiting the firm's depots and other contracts.

Performance delivering services

1. At least three quality of work references should be obtained from public bodies where the firm has been contracted to provide a similar service on a similar scale.
2. Details of all fines, failures, contract terminations and withdrawals on public service contracts.
3. Assessment of the firm's ability to meet the specification with the resources outlined in the tender.
4. Membership of trade and professional bodies.

Managerial experience

1. Assessment of the quality and experience of local management and contract supervision.
2. The firm's technical and professional ability.
3. Registration for BSI Quality Assurance and what this actually covers.

The Evaluation of Tenders

The evaluation of tenders is equally important. This report has shown that the savings claimed in the July 1986 County Council evaluation of school cleaning tenders have never materialised. The evaluation of the costs was less than comprehensive.

All future evaluation of tenders should be based on the following three stage process :

Compliance with specification and contract conditions

1. Check for arithmetic errors and work not tendered for.
2. Check whether specification met in full and all schedules completed.
3. Compliance with tender conditions and working methods.
4. Adequate health and safety arrangements.
5. Adequate staffing levels/working hours.

6. Adequate management and organisation.
7. Approval of financial references.
8. Understanding of the contract.

Technical analysis

1. Technical ability and resources to carry out the work.
2. Ability to recruit and retain labour.
3. Qualification of the workforce.
4. Previous experience and references from other public service users.
5. Reliability and compatibility of contractor's equipment.
6. Risk assessment.

Financial analysis

1. Comparison of tender costs to ensure like is compared with like.
2. Retained or constant costs.
3. Redundancy, severance and early retirement costs.
4. Income from rental of premises.
5. Depreciation.
6. Contracting out costs.
7. Differences in monitoring costs.

The final decision must be based on a careful analysis of all the technical and financial appraisal findings.

Monitoring of Contractor's Performance

Monitoring of the ISS contract has had many flaws. The overall performance of the contractor and deductions for non-completed and poor quality work has been treated as 'top secret' for reasons only known to the County Council. It is clearly in the public interest that this information be regularly reported to the relevant County Council Committees and be publicly available.

Each establishment is given an ISS book of Report and Action Certificates which the Head is responsible in schools for completing and submitting a copy to ISS and the County Council monthly. When rooms are not cleaned or not cleaned to the required standard this is supposed to be entered in the Report and Action Certificate. If ISS puts the work right within 24 hours then no penalty is incurred.

In addition the Competition Unit carries out about 12 inspections of schools per month jointly with ISS managers. On this basis only just over half the schools cleaned by ISS could be inspected in any one year. The Competition Unit Manager stressed that ISS did not know which schools were to be inspected, however,

our investigation revealed that many schools were convinced ISS supervisors and cleaners often had advance notice of these inspections.

Following these inspections and analysis of the Report and Action Certificates negotiations are held with ISS over the overall performance. ISS evidently have their own 'scoring system' which the Competition Unit Manager reported was 'less severe' than the County Council's system.

The Condition of Contract issued by the County Council in March 1986 state that liquidated damages "will be calculated at the rate of £4.50 per day per 1,000 sq. ft. of cleaning area" for non-performance by the contractor.

The Manager claimed that ISS 'had been fined substantially' but this investigation has been able to identify only very small deductions. To our knowledge, details of deductions have never been reported to County Council Committees. The phrase 'taken to the cleaners' seems to be developing a deeper meaning in Lincolnshire.

ISS Servisystem Ltd.
 15 WEST PARADE
 LINCOLN LN1 1NW.

White & Pink copies to ISS
 Retain Yellow as R&A file

Page _____
 Establishment: _____
 Month Ended: _____

REPORT AND ACTION CERTIFICATE

DATE	TIME	ACTION REQUIRED	NAME	ACTION TAKEN	DATE	NAME

CERTIFICATION OF WORK DONE

I hereby certify that, with the above noted exceptions, the cleaning services have been completed in accordance with the specification and condition of contract.

Head/Officer in charge _____ Date _____

IT IS ESSENTIAL THAT THIS COMPLETED CERTIFICATE IS SENT TO THE ABOVE ADDRESS ON THE LAST WORKING DAY OF EACH MONTH.

Most of the schools which had experienced major problems with the cleaning contract found the Report and Action Certificates of limited use and only got action by 'phoning the Competition Unit directly. They consider the system allows ISS to be judge and jury.

The County Council have decided to try an experimental pilot scheme in 1988 giving six schools in Gainsborough and Caistor delegated responsibility for the ISS cleaning contract. Head teachers are to be responsible for all monitoring and payments to ISS. ISS will offer a non-obligatory 'Customer Care programme' involving fortnightly site visits by their Contracts Manager. The scheme will, however, be bound by the existing contract with ISS.

Monitoring future contracts

The County Council must ensure that the mistakes of the ISS cleaning contract are never repeated. It is therefore essential that all future contract documents include :

- the monitoring techniques, methods, criteria and frequencies to be used to

assess the level and quality of service.

- details of the default points, penalty or liquidated damages for non-completion and poor quality work together with the criteria for termination of the contract.
- the system for recording, compiling, report and publicising performance and quality standards.
- the staff resources required to fully implement all the monitoring policies.
- the complaints procedure to receive, record and process complaints from Heads, teachers, caretakers, parents, governors and other school users.
- an appeals system for contractors disputing the assessment of performance.
- the plans for a periodic evaluation of the monitoring system.

(For further details of the investigation of contractors, evaluation of tenders, and monitoring contractor's performance see 'Contractors Audit' volume 1 prepared by Services to Community Action and Trade Unions (SCAT) for Manchester City Council, 1988).

An Example of Monitoring Information

There are two important aspects to monitoring. Firstly, a rigorous and comprehensive supervision and inspection of the contractor's work. Secondly, fully reporting the monitoring results to councillors and the public. Lincolnshire has done neither. Whilst monitoring in the London Borough of Wandsworth requires much improvement it has regularly reported its results and provides an example of the information which Lincolnshire should be providing.

The following table was a part of a report to the Establishment Committee, London Borough of Wandsworth, 26th September 1985. Subsequent reports detailed later stages of the £89,133 Town Hall cleaning contract awarded to Executive Cleaning Services Ltd. in 1985.

<i>Period</i>	<i>Partial failure notices</i>	<i>Complete failure notices</i>	<i>Default points</i>	<i>Deductions under notices £</i>	<i>Additional agreed damages £</i>
7th May - 3rd June (first 2 weeks free of default)	45	12	22	126.36	32.30
4th - 28th June	117	15	54		282.78
1st - 26th July	251	28	225	601.73*	339.99*
29th July - 23rd August	149	12	42	491.52*	68.00*
26th August - 13th September	130	19	115	411.34*	300.00*

* provisional figures

The report goes on to state : "In July the performance of the contract reached a critically low level and in the main this was due to major and consistent shortcomings in carrying out the full range of cleaning etc. tasks specified". A temporary Contract Supervisor had to be employed by the council to deal with the additional demands of monitoring the contract.

Part 9

The Lessons of Lincolnshire

This section draws out the important lessons to be learnt from contracting school cleaning in Lincolnshire. It is essential that these lessons are used to strengthen specifications, contract conditions, the evaluation of tenders, and the monitoring of contractors not just in school cleaning but for all work covered by the Local Government Act 1988.

The main lessons from Lincolnshire

Lesson No. 1

- The extent to which schools are fully cleaned on a regular basis is directly related to the contractor's ability to recruit and retain suitable staff, which in turn is directly dependent on the contractor's wage rates and working conditions.

Lesson No. 2

- The quality of the cleaning is directly related to the quality of the specification. If work and tasks are not specified they will not be carried out or not done to the required standard.

Lesson No. 3

- Poor quality cleaning leads to disruption of school activities, diverts heads and teachers time from other school duties, and creates unnecessary friction. This could have major implication if repeated across other services covered by the Local Government Act 1988.

Lesson No. 4

- Cheapness buys unreliability and poor quality and leads to higher inescapable longer term costs. The truism 'you get what you pay for' is never more applicable.

Lesson No.5

- The overall cleanliness of schools has declined. Even the Kent County Council analysis which claimed a success story admitted that its own survey of standards revealed "a very slight general deterioration over 3 years" — a more thorough analysis would reveal more of the serious failures already exposed by the trade unions.

Lesson No. 6

- There is inescapable evidence in Lincolnshire that (which concurs with the conclusion of the Kent study following 4 years experience of 3 leading cleaning firms) : "The cleaning industry gives scant attention to the training of cleaners. Contract conditions need, therefore, to be framed to require training". (Competition — Report for Sheffield Education Department, April 1988 by Kent CC.)

Lesson No. 7

- The contract was awarded to a contractor which already had a questionable track record in school cleaning. A more thorough financial and technical evaluation of tenders should have revealed this evidence. A comprehensive appraisal and evaluation procedure must be in place before tendering under the Act starts in 1989.

Lesson No. 8

- The ISS contract exacerbated an already deteriorating situation following the loss of assistant caretakers and cuts in cleaning staff. The idea that bringing in 'efficient' private contractors would improve or stabilise such situation has, as we predicted, proved to be completely fanciful.

Lesson No. 9

- The bold claims of so-called savings have also proved to be illusory. This was also predictable but the County based its decision to contract out on a partial financial and technical appraisal and has subsequently paid the price for short term political aims.

Lesson No. 10

- The results of monitoring and inspecting all contracts *i.e.* the contractors performance must be public information. Council committees must receive regular progress reports identifying performance, problems and proposed changes to services. This can only be done if the criteria and methods to be used in monitoring and inspection are agreed and understood by all parties *i.e.* the users of services, the contractor, and the local authority, and are part of the tender documents.



Philip Wolnuth

Lesson No. 11

- The deductions imposed on contractors must be geared to both immediately rectifying poor quality or uncompleted work *and* as an incentive to take steps to ensure failures do not re-occur. The financial deductions have to be greater than the gains made by the contractor in not paying sufficient staff to do the job properly in the first place.

Lesson No. 12

- Tinkering with the contract *i.e.* adopting the 'Kent model' of having separate contracts for each area of the County or having more 'flexible' specifications will achieve little or make matters worse. The standard of cleaning can only be improved with more comprehensive specifications and contract conditions combined with more stringent monitoring and inspection of the contract.

Lesson No. 13

- Moves to have full-time cleaners in some schools reflect ISS's recruiting difficulties. It also reflects attempts by some cleaning contractors to widen the scope of their work. The Government recently told health authorities in Northern Ireland to consider the inclusion of ward orderly and house-keeping duties when seeking tenders from contractors. This is the first step towards the privatisation of nursing services. Michael Bisley, Chairperson of the Contract Cleaning and Maintenance Association and Managing Director of ISS, stated : "This is recognition of the fact that we are moving away from being just cleaning companies to provision of a broad range of support services." (Guardian 21st September 1988). Meanwhile many local authorities are examining ways of enhancing the jobs of cleaners and extending their duties to make it more difficult for cleaning contractors to tender for this work.

A move towards some full-time cleaners in schools would improve the scope of the job, enhance pay and benefits, provide better opportunities for training, and could go some way to replace the loss of assistant caretakers so sorely missed in many schools. It would make trade union

recruitment somewhat easier. It could however, lead to the displacement of part-time women cleaners by full-time men cleaners unless positive steps were taken.

Lesson No. 14

- Recruiting and organising part-time workers into trade union membership on scattered worksites in rural areas is difficult at the best of times. Organising a contractor's workforce in similar circumstances with a high turnover of staff because of low wages is even more difficult. Effective recruitment and organising can only be achieved with additional targeted trade union resources.

Lesson No.15

- Whilst joint union collaboration and action did not prevent the County Council contracting out school cleaning ahead of the Local Government Act, it has led to this joint investigation and laid the basis for further work and joint efforts to minimise the effects of enforced tendering under the Local Government Act.

Lesson No. 16

- Trade Union/User Monitoring of contractor's performance independently of local authority monitoring is essential to expose any form of collusion between the authority and contractor, to support trade union demands for improved services and jobs, and to strengthen proposals to replace the legislation and enable local authorities to expand public services under direct labour.

Trade Union organising

There are a number of important lessons to be drawn for trade union organising should other services be contracted out under the Local Government Act 1988.

- Few of ISS's cleaners have been recruited to the appropriate trade union. The high turnover of staff, low wages, scattered worksites in a rural area have made recruitment extremely difficult.
- Organising a contractor's workforce can be a long and difficult but rewarding task (see Counter Offensive Against Contractors, NUPE Action Kit 'Campaigning for Care')
- Recruitment and organising strategies will require additional specific training in organising and campaigning skills.
- Additional trade union resources will have to be allocated in order to recruit and organise workers employed by contractors. It is unrealistic to expect existing full time trade union officers to take on all or a substantial part of this work given existing commitments.



Services to Community Action & Trade Unions (SCAT) is a national public service, housing and planning project. It's work includes research and analysis, advice and assistance on campaign organising and strategies, educational workshops, and workers and users alternatives for a wide range of labour movement organisations and local authorities.

Recent work has included :

- Contractor's Audit : an economic and commercial sector analysis of the seven services covered by enforced tendering ; detailed practice and guidance on tender evaluation and monitoring ; examination of the potential effects on jobs and services ; 55 company files detailing their financial and public sector performance ; for Manchester City Council.
- Detailed work with CASE UK, the national campaign against the sale of estates, which has included researching and publishing briefings on the Government's housing legislation, and servicing the campaign.
- Organised and contributed to educational and training courses, day schools, and seminars for trade unionists on tendering and privatisation.
- Worked with groups of shop stewards and workers in Sheffield, Lewisham and Darlington council services to develop their ideas for defending and improving jobs and services. This work has included Job Satisfaction Surveys of the workforce.
- Publications include Public Service Action, a regular magazine monitoring privatisation of public services with more than 35 issues published since 1983.

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NALGO

Price : £2.00