

# PUBLIC SERVICE ACTION

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AN ANTI-PRIVATISATION NEWSLETTER FOR THE LABOUR MOVEMENT No 5 Nov/Dec 1983

## CLEANING FIRM

### EXPOSED

In response to a letter published by David Page in Local Govt Chronicle criticising exploitation of contract cleaning staff in the public services Public Service Action went to interview him. He was until recently Assistant Company Secretary for the Home Counties Cleaning (Group Services) Ltd, one of Britain's largest cleaning companies.

*What kind of work does Home Counties do for public authorities?*

It cleans a large number of government offices around the country eg VAT headquarters in Southend, DHSS and Inland Revenue offices and has a £1 m contract to clean Gatwick Airport. It has a few NHS contracts and is trying to get more along with school cleaning.

*What kind of wages and benefits does the firm pay?*

It is important to examine this in the light of what they charge their companies for their cleaners' hard work. There are between 200-300 cleaners employed full and part-time on the Gatwick Airport contract. The company charge the British Airports Authority £950,000 for their work for which they, the cleaners, get only a fraction of what they earn for the company.

A majority of the 10,000 workers are part-time women cleaners. The company tries to make sure workers do less than 16 hours a week to avoid paying employers' National Insurance. It argues that four people doing two hours a day is cheaper than one person doing an eight hour day. Wages rates are as low as £1.20 an hour and are often set according to the contract. There is no sick pay with working so few hours. You get a week's holiday after five years' service. There is no company pension scheme for cleaners, only the very senior staff.

The firm has a record of employing ghost cleaners. Doyle has admitted that there are about 400-500 false names on the books each year. The company got caught on a Ministry of Defence contract at Bath where there was a shortage of part-time cleaners so the existing clean-

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Peter Maddison

## PRIVATE PITS

This is a private pit at Roddymoor, near Crook, County Durham. There are now fifteen licenced privately operated mines in the county, and many more in South Wales. The above pit is located in the middle of what was once a large coke and processing plant incorporating a colliery. Others are located at previously closed NCB pits. Another crucial area of privatisation is open cast mining. Most sites are controlled by multinational companies like Taylor Woodrow and Wimpey's and most are non-unionised. At one large site at Tanners Hall near Stanley they are actually digging up equipment left in the closed Brancepeth Colliery.

There have been numerous complaints about the private pits - villagers complaining about noise and workers (non-unionised) concerned about lack of ventilation. Most of the coal is sold locally as domestic coal.

There is some concern that the current restrictions limiting licenced mines to under 30 employees may be lifted to a hundred employees. The Central Electricity Generating Board is attempting to break the NCB's monopoly on the sale of coal. This would increase imports of coal from South Africa and other countries as well as aid private mine companies in Britain. The biggest threat may come from attempts to privatise the massive new Selby coalfield.

## FROM PAGE 1

ers worked an extra two hours under false names. This was exposed by the Daily Telegraph in 1981. There is also a constant flow of industrial tribunal cases for unfair dismissal and several workers have won. It was company policy to file defences to writs and tribunal applications simply to delay the process of judgement. Industrial injuries caused by heavy cleaning equipment are also frequent.

*What did your job involve?*

I assisted with all the legal and insurance work for Home Counties Cleaning and its subsidiaries which include Contract Clean companies and Home Counties Hospital Care Ltd at the company headquarters near Aylesbury. I did similar work for Oceana Holdings and its subsidiaries, eg Hygenol, Spearhead Chemicals and Janitorial Supply House Ltd, which supply govt. depts and Home Counties' companies with cleaning supplies. Oceana also has a laundry which trades under three different names - Royal Bucks Laundry, Personnel Care Ltd and Chiltern Laundries. Both groups of companies have a combined annual turnover of about £20m and are run by Patrick Doyle (see PSA No.3) who owns 97% and 80% of the shares of Home Counties and Oceana respectively.

*How was the company run?*

Doyle is a ruthless entrepreneur and bully. The Chief Accountant and the Company Secretary left after being assaulted. There were never any board meetings while I was there. Michael Poulter, an ex-mercenary with a provocative manner, is Doyle's right hand man and is now Managing Director of Home Counties although this is just a cosmetic front - Doyle makes all the key decisions although he resigned as a director on April 1983.

He built the company up over the last fifteen years but the past five years has been a gold mine for cleaning companies. Doyle bought his yacht (he had two worth a £1m but had to sell one) and the mansion all purchased on the company's account, since 1979. The company expanded by taking over small local companies and changing their names. There are now around twenty branches of Home Counties and its subsidiaries around the country. Each has a branch manager and a couple of sales reps. When they get a contract the branch will hire a supervisor who holds the keys to buildings and will look after about five contracts. They then advertise for cleaners.

*Does Home Counties give workers any training?*

They make a big play on being specialist cleaners but they are not. Company brochures claim that The Firs (the company headquarters previously used by Churchill during the last war) is in constant use for staff training but I never saw any training all the time I was there.

*We understand that Home Counties is in severe financial difficulties?*

Yes it is. In September 1982 Home Counties owed £800,000 VAT and £200,000 National Insurance and PAYE arrears. The Customs and Excise were about to start bankruptcy proceedings in May 1982 and then again last Xmas. During this period it actually won the cleaning contract at the large VAT headquarters in Southend (see PSA No 3). Cheques for the repayment of VAT issued by Home Counties have bounced. The Inland Revenue have also been investigating Doyle and the company. The Daily Mirror have reported they owe £1m in unpaid tax.

The banks have been investigating the company. Doyle has transferred about over £2m into his Spanish property scheme. Some cleaners have to sue to get their redundancy money.

*What links does Home Counties have with other companies?*

Doyle is good friends with David Evans, boss of Exclusive Cleaning. They both started in cleaning at about the same time. They talk and meet regularly. Home Counties bought a company from Brengreen Holdings, Exclusive's parent company, a few years ago.

*Do you think the cleaning companies operate a cartel?*

I saw no evidence of it but they all know and help each other out in various ways. They're obviously in competition but I'm sure that if one company couldn't do or wasn't interested in a contract they would put in a high tender to help the other company get the contract.

*Are there links with politicians?*

Yes, Doyle has held fundraising parties for the Tories at his mansion. Doyle also uses the yacht at Marbelle in Spain for entertaining. There are other kinds of links. A group of Area Health Authority representatives arrived for a party at The Firs earlier this year. Doyle has also had a good contact in the Civil Service.

*Have Home Counties lost any contracts recently?*

It recently lost a cleaning contract at Heathrow and one at Milton Keynes bus station. The company was one of four firms awarded school cleaning contracts in Cambridgeshire but when the council heard about the company's record and debts they were thrown out.

*Do you think Home Counties is typical?*

Some of Doyle's activities may not be typical but the way that the firm operates and its exploitation of the workforce is certainly typical. No doubt the Contract Cleaning and Maintenance Association will attempt to paint Home Counties as untypical.

The industry presents itself as being in the specialist cleaning business but in my view it is more about specialising in the exploitation of cheap unorganised labour than it is about specialist cleaning.

# Contractors FAILURES

49 out of 50 schools in Birmingham now cleaned by International Service System (ISS) have complained about the standard of cleaning. The council's education department however claims that 'only' 15 of the 20 protests have been received from Head teachers.

- Academy Cleaning Services Ltd were recently dismissed from their school cleaning contract with the London Borough of Merton. The National Union of Teachers had compiled reports which showed that no primary or middle school was clean at the start of term. As the term progressed things went from bad to worse. Teachers threatened strike action if standards didn't improve, complaints mounted, classrooms were boycotted in some schools, and eventually the firm was given an ultimatum - improve or get out. Two weeks later they were sacked. The work is now done by Provincial Cleaning Services (part of the Hawley Group)

Pritchard Services Group was recently fired from its five year garden maintenance contract with Wandsworth Council. Pritchard started the £348,000 contract earlier this year but had accumulated £138,116 in fines by early October. Despite the direct labour bid being next highest the council is to bring in another contractor.

- Cambridgeshire County Council is having major problems with its school cleaning contracts. Queen Ediths Infant School was closed for a day in October due to uncleaned classrooms - Initial Services Cleaners have the contract. Toilets were dirty, waste bins not emptied, and there was still blood on the floor from an accident days earlier.

There have been numerous complaints from schools in Peterborough, now cleaned by Sunlight's subsidiary Pall Mall. Caretakers have been cataloguing the rapid decline in the standard of cleaning.

- Merton Council has had to sack a painting firm on a £%m contract. Tenants have complained that the firm left some houses in a worse state than before they started.



# THE FIGHT GOES ON



The BT unions have succeeded in making the privatisation of Telecoms one of the major issues of the moment - for the media and MPs at least - and gradually for the public. The effectiveness of their campaign has forced BT to take out full page adverts in the national press attempting to quieten public unease about the effects of privatisation and has clearly had an effect on the terms of the new draft licence for BT.

The POEU strategy of selective and controlled industrial action in key areas is proving successful in disrupting services to business and government targets without harming the ordinary user. The BT Board has tended to claim that it has been ineffective but one member admitted recently to 'severe disruption' and members of the British Bankers' Association were asked in a confidential circular to refrain from public statements about the disruption, Mercury rescue by courts

Mercury's legal action against the POEU is a measure of the effectiveness of the industrial action. In the High Court, Mercury claimed to have lost between £11 million and £15 million worth of orders because of the POEU blacking, with another £4 million worth of orders in jeopardy. They told the court that they feared being forced out of business. Though they lost in the High Court, Mercury won in the Appeal Court with the undefeatable combination of Tebbit's Law and Master of the Rolls, Sir John Donaldson, notorious from his days in the Heath Government's ill-fated Industrial Relations Court.

Anti-privatisation action continues

The POEU recall conference from 7th-11th November voted, after a passionate debate, to obey the Appeal Court injunction and stop blacking Mercury, but unanimously agreed on 'a flexible programme of industrial action' against privatisation.

The POEU action strategy over the last two months has been selective hits

at key targets, ranging from work to rule at three major international exchanges in London, strikes at data transmission centres, telex centres in London and at Aberdeen (serving North Sea oil companies), electronic exchanges serving big business in Birmingham, Manchester, Liverpool, Glasgow and Swansea. In early October BT management launched an attack on union action with lockouts of 1,600 members at the international exchanges, bussing in of engineers from other areas to strike-hit exchanges, making workers sign 'work as instructed' forms, and threatening dismissal to a few of the thousands who refused to cross picket lines. The effect of this was a massive escalation in the industrial action - the numbers involved went from 150 to 2500 in a few days, with an increase in selective target actions.

TU support grows

As PSA goes to press some 2500 POEU members are still on strike or under suspension and the dismissal of 57 members is still hanging in the air. BT claimed that it was holding up the dismissal to encourage the POEU to call off its action, but in truth it knows that to carry out the sackings would bring massive retaliation, not just from the union. Currently negotiations for a partial return to work are going on between unions and management subject, we understand, to the dropping of dismissal threats against the 57, but the industrial action strategy goes on. The impressive record of solidarity in the POEU and the support for action from

the re-imposed strike levy has brought supportive action from other unions. The UCW has staged a number of one day strikes in support of the POEU in key London exchanges, there has been selective action by the CPSA in International Services, the SPCS is supporting the POEU, and the NUR is currently taking legal advice as to the legality of its continued blacking of work on Mercurt cables in support of the POEU action. The TUC General Secretary has written to all affiliated unions asking for donations and interest free loans for the POEU. Already loans have come from the UCW, GMBATU, and the CPSA.

BT's policy, apart from publicly playing down the effectiveness of the POEU action, harassing union officers and forcing management to scab, is to cripple the union financially - what the POEU call the 'Black Hole' strategy. So the support of other unions is crucial.



## TELECOMS SALE

The Telecommunications Bill is now on its way through parliament and details of the draft licence for a privatised BT have emerged. It gives the impression of offering some protection to consumers in obliging BT to provide a 'full' service to rural areas, a free emergency 999 service and to continue to provide call boxes. For 5 years increases in connection and local call charges are to be kept below the rate of inflation (the BTUC has a very different view). BT must provide interconnection with other networks, overseen by OFTE L.

BT sale delay - post office first?

The BT Board and its bankers Warburgs are now pressing for the actual sale of BT to be delayed until 1985. The Government is publicly sticking to its target date of October 1984 but is believed to be having private second thoughts over the timing because of doubts as to whether the City can cope with the huge £4 billion sale. The new Industry minister Tebbit is said to be looking at the Post Office and the Girobank for a quick privatisation deal. £100 million for the City

The Government is expected to payout a total of £100 million in connection with the BT sale offer, mostly in advisory and underwriting fees to City Institutions.

# Westminster FORGING LINKS

As reported in PSA 4, NALGO and NUPE in Westminster have formed a joint ad-hoc committee to resist the council's cuts and privatisation plans. PSA talked with Colin Robertson, NUPE shop steward and temporary Chair of the Committee.



PSA: How did the committee come about?

CR: We had to get away from just looking at our own bootlaces and liaise with other unions, labour councillors, voluntary agencies and community groups in the borough to try and work together. You can't organise a fight if you are isolated.

PSA: Was there an easy alliance between NALGO and NUPE?

CR: Not at first. There was some mistrust on both sides. Some NUPE members saw NALGO members as being partly responsible for our losing jobs. After all, they were preparing contracts and tenders, helping to privatise the services that we provide. They were also cutting their own throats ultimately but they didn't see it that way at first.

PSA: What other problems were there?

CR: Different union structures at all levels. Also 'them and us' attitudes, you know, NALGO members have 'careers' and NUPE members have 'jobs'.

PSA: How did you try to overcome these problems?

CR: We decided on a list of priorities; to provide an open forum for joint discussion; improve communication; review Westminster's plans and proposals; promote joint action; establish a joint shop stewards committee; link up with other trade unions and anti privatisation campaigns. We have weekly meetings and have produced a newsheet informing the membership of council plans, the need to respond in a co-ordinated way and so on. Then things started to happen so fast that before we had managed to

organise ourselves really effectively we were forced to respond to the council's attacks of cuts and privatisation.

PSA: Was there one issue that got people together?

CR: Well one thing that really helped us was when the leader of the council, Lady Porter wrote a personal letter to all council employees saying in a very condescending way that if we didn't all work harder the services would be privatised. That made people very angry indeed. Over this we met the council face to face at a joint works committee. It was the first time this had happened, in Westminster and was an important step.

PSA: Does the council consult with the unions?

CR: They don't believe in it. They make their decisions in principle first and only then information might come our way. We can't argue because we don't have the facts. If the facts are then released to us it's usually too late because their decision has already been made! If they do meet with us then the unions are only allowed to comment on staffing implications not, for example, on possible effects on services.

PSA: Isn't this one way area in which NALGO members could be helpful? After all they prepare the reports for councillors don't they?

CR: That's true. For example, one night I went to a council meeting and happened to see from the agenda that tenders had been initiated for my job! It's very difficult to organise at that stage. NALGO have now made

Westminster is NOT For Sale

it branch policy not to co-operate with tenders but information exchanging between us could still be better.

PSA: What issues have you taken up so far?

CR: We were involved in a joint NALGO/NUPE health and safety stewards meeting on asbestos in council buildings. We also intend to take up the issue of asbestos on council estates. Tenants have already started to organise and we should be co-operating with them. We lost the fight to stop the privatisation of the cleaning of council buildings. The council also tried to privatise the garden maintenance of Hall Place Estate. They did a study and got estimates from two private firms but Direct Labour was cheaper. Then they did a second study of one third of the gardening jobs in North Westminster but again we proved cheaper. On the Warwick Estate there's a pilot scheme of work shifts which we assume has been arranged so that a private competitor could easily tender for the work. But there are threats of cuts and privatisation right across the board.

PSA: Is education important?

CR: Definitely. As well as the asbestos meeting that I mentioned, we organised a one-day educational in work time that was attended by fifty stewards which was a great success. We're also concerned that we get our message across to the public, the users of the services.

PSA: What about industrial action?

CR: We supported demonstrations against library closures, helped organise public meetings and produced leaflets. For the half day of action in October we not only marched on the council meeting but helped organise a public meeting for the people who couldn't get into the public gallery. We had speakers from the trades council and the POEU. We are also supporting the residential social workers in their fight.

PSA: What lessons have you learned from your action so far?

CR: We should have established a joint shop stewards committee and got it officially recognised right from the start. As an unofficial body we have found it difficult to organise; we could have had more clout! Also money has been a problem, particularly for publicity material. This could have probably been avoided had we been official. We have definitely brought NALGO and NUPE much closer but it is much more difficult to organise together' and iron out teething problems when you are in the middle of a battle. We should have done it much sooner.

On October 24th NALGO and NUPE organised a half day strike and a 1,000-strong protest march and lobby of Westminster Council's meeting where proposals for cuts of £8 million and privatisation were being discussed. Tory councillors were also confronted, by a mock funeral for the fifty architects' jobs which will be lost; fifty coffins were piled onto the steps of the Council House.

Forty per cent of the Council's architects service is already in the hands of the private sector. The Tories had earlier promised to extend this only if it proved to be cost effective and more beneficial to ratepayers. Not only did they reject the architects' own figures which proved that an in-house service was cheaper and more efficient, but they had hushed up a confidential report by the City Treasurer dated 6th July 1983 which clearly showed that private practice was at least 25% more expensive.

Privatisation of the Council's valuers department was also discussed; an arbitrary list of private firms of estate agents had been asked to tender for the work. Again, in-house figures showed that the service could not be beaten.

Nonetheless, despite heated opposition from Labour councillors and a packed public gallery and following a short retort from one Tory councillor that 'corruption in the private sector was here to stay', the Council voted overwhelmingly to privatise the architects and valuers departments.

Further industrial action to resist these measures is being planned.



Unprecedented alliances between trade unionists and the public have saved the Queens Park and Maida Vale libraries from closure and the buildings from being sold off.

Westminster were forced to abandon their plans following a fierce campaign by NALGO and NUPE (who produced over 20,000 leaflets). Library users including local school children and teachers and Labour councillors. Action included demonstrations, public meetings, marches and petitions. Chair of the council's Environment Committee, Cllr Hartley, described as 'very damaging and scurrilous'.

The library service as a whole however is still under severe threat with the Portland library still facing closure.

## Coventry PUBLIC SECTOR ALLIANCE FORMED

The Coventry Public Sector Alliance was launched at a conference in October with delegates from 15 public sector unions representing local government, the NHS, civil service, education and most of the nationalised industries. Established to campaign against privatisation, the Alliance is one of the first of its kind in the country.



Naturally, the members of the Coventry Alliance are keen to find out what the TUC General Council intends to do in implementing the decision of the last congress to form a National Public Sector Alliance. But they insist that they won't let anything slow down our local campaign.

Already a letter has gone out seeking invitations to speak at a wide range of community, trade union and consumer organisations - and the Alliance is undertaking to supply tailor-made publicity. In line with its policy of supporting groups actively opposing privatisation, the Alliance is planning a joint public meeting with the British Telecom Union Council. Finally, whilst badges, leaflets, posters are being prepared, the Alliance is also trying to forge links with groups in other parts of the country who are campaigning against privatisation. This initial surge of activity will culminate in a major conference in March 1984 and the publication of a booklet on privatisation in Coventry.

### How the campaign is organised

The Conference took the decision to elect a Council of Public Sector Unions, with seats allocated to each industry or service - and a number of general seats besides. This Council acts as an Executive and is responsible for conducting the campaign. Council members are accountable to the industries they represent and it is intended to develop a tully accountable structure with regular meetings of the full Alliance by March, 1984.

For further information contact the Secretary, Will Barton, 24 Maycock Road, Foleshill, Coventry CV6.

## More News

### WATER RATS

The complete privatisation of the design, operation and maintenance of water distribution and treatment plant; sewerage and sewage treatment plant; and the provision of the environmental services - that is the proposal in a recent issue of Water and Waste Treatment. Private water companies already supply about a quarter of the water consumed but the proposal is to have private firms tendering for all the work - valued at about £800m annually.

Commenting on last year's water strike the article states "How can we justify tolerating this position of coercive monopoly, when there are over three million people out of work, who would be willing and able to take over the work of the water authorities staff, at a considerably lower rate of pay. In true style they even want the monitoring of effluent to be done by consultants.

### KEEPING IT IN THE FAMILY

A report from the privatisation fanatics, the right wing Adam Smith Institute, on local government policy argues that contractors should be employed to monitor contractors. At the end of a 5-year transition period, they want the full range of local government services to be subject to obligatory tendering by contractors. In another report they argue for the break-up and sale of London Transport's bus and underground system. They also want massive privatisation of British Rail.

### CLEANERS WAGES CUT

Cleaners employed by contractors cleaning government offices have had their wages cut by up to 20%. Contractors such as Exclusive, Office Cleaning Services, ICC Cleaning Services and Northern Maintenance Cleaners have used the abolition of the Fair Wages Resolution on 21 September to impose big cuts in wages and conditions. Exclusive have cut its London hourly wage rates from £2.12 to £1.80. ICC has cut its Liverpool rates down to £1.50. Northern Maintenance has stopped all holiday pay.

Exclusive asked 60 cleaners on its Inland Revenue office cleaning contract in Cardiff to accept 12 redundancies and a 50% cut in holidays.

### CONTRACTORS SACKED

Labour controlled Coventry council has decided to run its own skip emptying service. J. C. Waste of Warwick will lose its contract in January when the council will purchase two special trucks and 45 skips.

## HOUSING SALES

In PSA 4 we reported on the Council's plans in Tower Hamlets to sell off the Teviot Street estate complete with tenants as part of a development scheme for the Devons Goods Yard in Poplar. The Council is going ahead with a consultation programme, ignoring the existing tenants' organisation and instead calling 10 separate meetings each for 100 tenants.

The mailing for the consultation has been put out to contract - for fear of sabotage from within, it seems. NALGO members in the Housing department refused to hand over the keys for flats to be valued for the sell-off and are currently balloting members on the blacking of all work connected with the privatisation plan.

Meanwhile the tenants have been active in opposition to the plans. When the Housing Development Committee visited the site they were greeted by some 100 angry tenants who followed the Members' tour round the estate and into the reception laid on at the community centre. Links have been made with the tenants' organisation at Cantril Farm, the privatised estate at Knowsley on Merseyside (PSA 4), which Teviot Street tenants are due to visit soon.

Now clearly hooked on privatisation, the council's housing development committee plans to sell off Waterlow Estate to a private developer to rehabilitate the flats for sale. On the grounds that the council can't do the necessary re-hab within the current DOE cost limits the committee is ignoring opposition from the council's housing management committee and from the residents of the estate. The residents were not consulted before the decision to sell, but have since produced a clearly argued alternative plan for the estate proposing conversion to the kinds of housing units most needed in the borough - for large families, single people and the elderly, and proving that the work can be done within DOE cost limits.

116 maisonettes on the Ely estate in Cardiff are to be sold by the council for improvement and resale. Both Barratt's and Wimpey's have expressed an interest. With 39 maisonettes currently empty, a 'consultation exercise' carried out by the council found that, not surprisingly, 88% of tenants wanted to move.

The council at Rochester upon Medway is in the process of decanting some 220 flats in three tower blocks and 50 maisonettes to sell them off to a developer. Wimpeys are in negotiation with the council. They are planned for owner-occupation.

Approval for the first private sheltered accommodation for the elderly in the north east has just been given by Labour controlled Newcastle City Council.

## TRAINING PROFITS

One growth area for private contractors is the new Youth Training Scheme (YTS). A large number of trainees are ending up in the clutches of private training organisations and colleges. In Birmingham, for example, two in every five YTS trainees end up with private training agencies.

The profits come from two sources. Each 'managing agent' taking trainees gets £100 per trainee which is banked even if the trainee doesn't take the place offered. There is no claw-back on unfilled places. Secondly, by cutting the costs of training (more per class, cutting teaching salaries) money can be made from the training fees.

Many thousands of young people will be at the mercies of these organisations. The Link Organisation, for example, has 18,000 places for trainees, Sight and Sound has 4,000 places, Pitmans have 5,000 places whilst Control Data Institute have 1,000 places.

Each of these major groups have been involved in controversy. Link's managing director is the former director of Distribution Industry Training Board (shut down by the government) whilst her husband was formerly the MSC's Merseyside regional manpower director. Development director John Cordrey is a member of the Merseyside Area Manpower Board - the body controlling YTS schemes in each area.

Sight and Sound are headed by ex-liberal MP John Pardoe who in 1981-2 was paid a nifty £462 per week. It will receive £8 million taxpayers' money for running these schemes, yet the *Sunday Times* (1.5.83) was less than complimentary about its teaching methods: 'During classes, it has been reported that students tend to have somewhat glazed, zombie-like expressions'.

Pitmans is a well known name but this did not prevent the Fife Area

Manpower Board in Scotland throwing out a local Pitmans scheme. To the astonishment of the AMB, the Manpower Services Commission in London then proceeded to overrule its own Board members, so desperate were they to get places filled. Managing Director Hugh Pitman's main recent training experience was as an army officer.

One of the smaller training agencies is the Control Data Institute, a name that may ring bells amongst those who have followed the activities of a similarly named American corporation in educational and welfare fields in the East End of London and Coventry.

In Birmingham, some 57% of Mode A' (employer led) schemes and 40% of the total of 13,500 places are with such entrepreneurs, many of whom are very new, inexperienced and a serious threat to the public education sector. For it will not be the trainees alone who are affected by this trend. All workers - especially the teaching staff - at local authority colleges are under threat.

Larger classes, lower costs, cheaper salaries and one year contracts for teachers are the order of the day. Jobs in the public sector will go as the private agencies grab MSC money that would otherwise have gone to the colleges. In some areas there have already been serious criticisms of the quality of the teaching staff whilst the job descriptions make the mind boggle - Sight and Sound advertised jobs at £7,000 a year plus bonus (what on earth for?).

How ironic that at a time of massive restrictions on education spending at every level, the Government can find huge amounts of money to hand over to the private training agencies some of whom, such as Link, will be handling more money (£34,000,000) than many colleges or even local authority education departments.

cil. Property developer Leamington Estates will build 27 flats in Jesmond. Another 30 will be built at Corbridge, Northumberland.

• WITH FULL VACANT POSSESSION: THE FREEHOLD OF 23 PURPOSE BUILT FLATS AT RYDER COURT, WALTHAM FOREST: PRICE £550,000. The estate agent told PSA 'we got the last tenants out last week'. The previous owners? The Metropolitan Police - who used it for married quarters.

Merton is to close its Direct Labour Organisation with the loss of 286 manual jobs and about 200 white collar jobs. This means that all council house repairs, road and grass cutting, drain and sewer repair work will be handed over to contractors. The council has also privatised its audit and brought in consultation to the social services department.

## AND MORE SUBSIDIES

The Tory government has decided to give 16,500 tenants who bought defective council houses repair grants - but councils owning the remaining 153,500 houses will get NOTHING.

A study by the Building Research Establishment into six prefabricated building systems (used prior to 1960) - BOOT, Cornish Unit, Orlit, Unity, Wates and Woolaway - showed that they are 'gradually deteriorating as a result of carbonation of the concrete and in some cases the presence of high levels of chloride leading to corrosion of the steel reinforcement and consequent cracking of the concrete'. Another 6 building systems are to be investigated. The government has also admitted that post 1960 houses and flats may also have to be included.

# PUBLIC SERVICE ACTION

## Supplement

# FACTS & FANTASIES BUYING SHARES IN PRIVATISED PUBLIC ASSETS



'YOU'VE NO IDEA HOW DIFFICULT IT FEELS TO OWN YOUR OWN HOME. OWN JOBS IN COMPANIES.'

In this special supplement of Public Service Action we counter the increasing claims and propaganda made about workers share ownership and buy-outs in the privatisation of public services. The Tories have claimed that selling some shares to workers and users is 'real public' ownership' and have extolled the virtues of 'investing in or owning your own job'. The planned sale of British Telecom and other state assets will be accompanied by massive publicity and gimmicks to try to persuade workers and telephone subscribers to buy shares.

This supplement provides workers and users with detailed arguments and information to counter the myths and fantasies about share ownership. Use it in the workplace, home, public services, club and pubs to get the real facts across to all workers and users.

*Why don't we pool our money, together with trade union funds, to buy the bulk of shares in companies formed in the sale of public services, eg British Telecom, National Bus?*

The government is expecting to raise about £4 billion from the sale of 51% of British Telecom's shares. Assuming that the government issues £1 shares and everyone of BT's 250,000 workers has £1,000 to invest, they would collectively own only 3.2% of the shares. Even if all the major unions could readily sell all

their assets and invest in BT shares, the total share ownership of workers and unions still wouldn't reach double figures. To get a substantial stake would mean every worker investing thousands of pounds - a lot of money for us but peanuts as far as financiers and the company are concerned.

Assuming the share offer is oversubscribed, ie the number of applications for shares exceeds the number being sold, then stockbrokers will allocate a certain percentage of shares to different classes of shareholders, eg 25% of shares to small investors, 40% to large financial institutions. Allocation may also be according to the price you bid if the shares offer is run under the tender system. The system ensures that only a proportion of workers would be allocated shares anyway.

Once the government sells a further chunk of shares (it has twice recently sold BP shares and having sold 51% of Cable and Wireless in 1981 has just decided to halve its shareholding again) it is likely that an even larger proportion of shares will end up in the hands of the rich and the financial institutions.

## Some control?

*But won't owning some shares give us some form of control? All those who own shares in a company can vote to control the policy and profits of the firm.*

Owning a small percentage of shares will not give you any form of control whatsoever. You will get about as much information and have about as much influence as you'd have with a building society account. You would get a copy of the annual report and interim results (anyone can get these free anyway) and you will be able to attend shareholders' meetings and have a vote on takeover or merger bids concerning the company. But the stark reality is that control is exercised by the large shareholders - the financial institutions like banks, insurance companies, investment trusts and pension funds, and the government. These institutions may well have a director on the board and can use their power to intervene and hold meetings with the board and senior management if they believe that company policy is going against their interests.

Shareholders are dealt with on an individual basis so if you could buy 1,000 £1 shares in the BT sale this will give you 0.000025% control - you don't really think they are going to take any notice of your views?

Private shareholders are in big decline. A new study by the Stock Exchange shows that private shareholders own only 28% of the shares on the Stock Exchange, down from 54% twenty years ago. Conversely, the financial institutions have increased their grip on share ownership.

Even when private shareholders have bought shares in the government's sale of assets, most do so for speculative gains. Both British Aerospace and Cable and Wireless had over 150,000 share-

# THE £18,000m SELL-OFF

Phillip Wolmuth

## SALES PLANNED OR UNDER DISCUSSION

	Present Public Ownership-%	Est. Value £m
BP	39	3000
British Telecom	100	8000
British Gas(N.Sea.Oilfields)	100	400
British Gas(Wytch Farm)	100	230
British Gas Corporation	100	?
Britoil	48	600
British Airways	100	1000
British Airports Authority	100	400
British Rail (Sealink)	100	100
National Bus	100	200
Royal Ordnance Factories	100	300
British Shipbuilders (warship yards)	100	300
British Shipbuilders (repair yards)	100	200
BL (profitable subsidiaries)	100	200
Cable and Wireless	45	600
British Aerospace	48	175
Associated British Ports	48	35
British Technology Group	100	250
British Steel (joint ventures)	100	?
Rolls Royce	100?	?
British Rail (parts)	100	?
Civil Aviation Authority	100	?
British Nuclear Fuels Ltd	100	400
Central Electricity Generating Board (parts)	100	?

TOTAL £16,219million

The combined value of public services where no estimates are given like gas, electricity and rail are likely to exceed £20 billion.



If the government sold on average half of all these assets this would amount to £18,000 million.

Source: Stockbrokers estimates and press reports.

holders at the time of sale. Within months most had sold and the number plummeted to 27,000 in each case. The number of shareholders holding 1 million or more shares grew substantially.

Even if a large number of workers and the unions did manage to buy some shares there would be great difficulty in trying to organise collective action on the limited opportunities afforded by share ownership. Remember the hard arguments trying to convince workers to take action over cuts, pay and conditions let alone trying to organise voting on their shareholding!

However it is useful for trade union and labour movement organisations to buy a handful of shares in companies involved in privatisation and to make a point of attending annual general meetings to gain publicity against the companies' policies and practices.

## Free share Ltd

*The government and the company may give workers some 'free' shares. Can't we use these and employee share ownership schemes to get some control?*

Workers may well be offered about 100 'free' shares together with interest free loans to purchase more shares. But this represents a minuscule percentage of the shares. Employee share ownership/profit sharing schemes are now finding favour with the Tories, SDP and Liberals as another means of achieving 'real public ownership'. Employees of Cable and Wireless own 0.001 per cent of the company, 0.005 per cent at Amersham and 0.2 per cent in Britoil. And that can hardly be construed as ownership, let

alone control. There are now over 500 employee share ownership schemes in Britain 'owning' (controlled by trustees) £125m worth of shares - just 0.04% of all the shares issued on the Stock Exchange.

The directors of recently privatised Amersham International have just grabbed control of 1.25 million of the five million Amersham shares set aside for the employee share ownership scheme. The shares, worth £2.83m, will be used to provide 'further rewards' for top executives. Directors' remunerations have already increased 50% in the last year.

These so-called 'free' shares are a con.

- they are held by trustees, usually directors of the firm, and it is they who vote on your behalf at shareholders' meetings, not you or your union representatives.
- free shares can't be sold for two years unless you leave the firm.
- if shares are sold after two years you will have to pay tax on any profits, plus pay tax on the original value of the 'free' shares if sold within 7 years from the time you obtained them.

## THE RICH ARE GETTING RICHER

Latest figures show that during 1981 the richest 5% of the population increased their share of the wealth from 43% to 45%.





## PENSION FUNDS IN PRIVATISATION

Your weekly or monthly contribution to your authorities' or firms Pension Fund is probably being used to buy shares in privatised services. A few examples are British Aerospace's shareholders which include the Post Office Pension Fund and those at London Transport, Humberside County Council and London boroughs of Croydon, Tower Hamlets and Kensington and Chelsea. Cable and Wireless shareholders include the Greater London Council, Surrey, Essex, Nottinghamshire and Kent County Councils, to name but a few.

Many Pension Funds also have substantial shareholdings in companies competing for NHS, civil service and local government contracts. Shareholders in Pritchard Services Group include British Airways, West Yorkshire, Shropshire Pension Funds, British Rail, British Steel, West Midlands, Merseyside, South Yorkshire and Durham County Council Pension Funds own millions of shares in Grant Metropolitan.

So your money is used to support companies slashing wages and benefits in the NHS and other services. Claims that there is a form of 'pension fund socialism' in Britain, ie workers already own a stake in industry, is another myth. In theory workers do have a stake but the reality is that pension funds are tightly controlled by management and financial institutions. The NUM has however started trying to get some control over the miners pension funds' investment policies. This needs to snowball across the breadth and width of the labour movement.

## Pension powder

*Our pension funds have vast resources - why can't they be used to buy shares? Surely the combined shareholding of pension funds, workers and unions would give us some control.*

Yes, the pension funds now have total resources of about £60 billion with about £6 billion new money coming in each year. But they are not our pension funds - we do not control them. We rarely even influence their investment policies. They are usually managed and advised by the same financial institutions who have big stakes in the same companies and/or advise these firms as bankers or accountants. How we wrest some control over pension funds must be one of the key issues of the 1980s.

Anyway pension funds rarely invest more than 5% of their assets in anyone firm or property. They like to spread their investments and rarely invest in the company for which fund members work. The Post Office Pension Fund is therefore unlikely to invest in BT shares. So it would need several pension funds operating collectively to gain a substantial stake in a large privatised company.

## Users to be conned

*If the government and privatised company sell shares to the users of the service, won't this give us some influence and keep down prices?*

The government and BT are likely to offer telephone subscribers a chance to buy BT shares. They are likely to make a great song and dance over this - 'ownership to the people' and other slogans will be part of a publicity drive, share applications issued with telephone bills, use of telephone sales techniques and so on. But the number of shares issued to subscribers will be relatively small. They will offer the shares not to spread ownership but to:

\* try to divert political opposition to the privatisation of BT and other services.

\* make it more difficult for a Labour government to bring BT back into public ownership.

\* tap a different 'savings market' because the City is afraid that the sheer size of the BT sale will swamp the stock market. (In 1982 the total institutional demand for shares was about £2.5 billion



WRONG HAT, R...f .....

and total new share issues reached £1.79 billion - compared to the £4 billion BT sale spread over two years.) The BT sale and other public assets already lined up for sale in the next few years could seriously reduce the amount of money available for industry.

\* divert criticism from selling up to 10% of BT shares to foreign investors in America.

A share offer to users will be presented as a 'bonus'. But remember that as a taxpayer and user, you have already paid for the ownership of the service and investment in it. BT, for example, directly funded all its own investment. So to buy shares now is to pay TWICE!

The idea that if users buy shares this will keep prices down is another fantasy. Depending on the result of the BT sale, share prices, etc BT will have to find up to £400-£500m annually just to pay the shareholders their dividends. This means that management will have to go all out for efficiency and profits. Public service will not be a priority. More job losses, new and increased charges will be the order of the day. So you pay for BT's ownership and investment, then you pay again for a tiny stake in the new company, then you pay again through higher charges to pay for the dividends. Some bargain.

## Better than nothing?

*But if workers have at least some shares in the company won't it give us a stronger say in pay negotiations, investment decisions, and make it harder for the company to make closures and redundancies?*

Owning shares won't make a scrap of difference to the companies' decisions and attitudes towards you as workers. But share ownership may well affect your attitude to the company. A financial stake, no matter how small, is likely to lead to greater conflict within the workforce over decisions to resist closures and redundancies. It may be in the shareholders' interests to close down part of the service and sack hundreds of workers, but clearly it's not in the workers' interests. Incorporation and conflict is precisely what the Tories, Liberals and SDP want.

### WHO OWNS SHARES

	% held in 1963	% held in 1981
Individuals	54.0	28.2
Charities	2.1	2.2
Banks	1.3	0.3
Insurance Companies	10.0	20.5
Pension Funds	6.4	26.7
Unit Trusts	1.3	3.6
Investment Trusts & other financial companies	11.3	6.8
Industrial & Commercial Companies	5.1	5.1
Public Sector	1.5	3.0
Overseas Sector	7.0	3.6
	100.0	100.0



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Employers will use workers' share ownership as a weapon to negotiate low wage increases arguing that workers with shares will be 'compensated' by possibly receiving higher dividends if profits are increased because costs were held down. Very divisive - but it's intended to be so.

Several large firms like BP and ICI have had employee share ownership schemes for many years but this hasn't stopped them making redundancies. A similar scheme in BT won't itself stop the planned 45,000 redundancies.

Pension funds, insurance companies and other financial institutions are likely to resist worker share ownership schemes which go beyond minuscule proportions unless they are compensated and assured that their interests and potential control are not threatened.

## Why they want workers to have a stake

*Doesn't the idea of a company-owning democracy have many advantages? Surely through real public ownership, owning our own jobs and by working together we can solve Britain's problems. it will give workers a sense of belonging to and recognition with the affairs of the company\_*

That's what the Tories and others who advocate worker share ownership want you to believe. Capital is owned and controlled by the rich and ruling classes. Then all of a sudden they say 'You too can have it'. Now that means what they are offering is either worthless or acceptance of it will lead to incorporation and weaken your negotiating position

"and ability to take action ... or both.

You have to ask yourself why right wing organisations like Aims of Industry, the Institute of Directors and firms like Taylor Woodrow, which has funded many extreme right wing causes, held private meetings with Cabinet ministers before the general election in June to try to commit the Conservative Party to expand employee share ownership. These organisations clearly want to commit more workers to the capitalist system of ownership. The Tories duly responded, claiming that these schemes are 'vital for efficiency as well as harmony in industry'.

Why all this sudden generosity? Nicholas Ridley, now Transport Minister but speaking earlier this year as Financial Secretary to the Treasury, spelt out the real reasons. He argued that a share of the 'rewards' is good for efficiency, ie workers will more readily agree to cuts and redundancies. He argued for a system of low basic wages with workers paid a twice-yearly supplement (representing about a quarter of earnings) related to company performance paid from employee share ownership or profit sharing schemes. He claimed that this would give employees greater flexibility and was vital to withstanding economic crises and sudden increases in materials, eg like the oil crisis. So the bait is share ownership but the catch is wage cuts, moderated demands and every time and economy falters the workers suffer more directly and more quickly than at present.

Incorporation is the name of the game. Defusing militant action, preventing strikes and giving workers 'responsibility' is the aim. Investing in your job' will lead to less job security, more wage cuts, worse working conditions and lower benefits. Workers will be drawn into viewing decisions simply



**THE VULTURES  
ARE AFTER YOUR  
NEST-EGG  
(IF YOU HAVE ONE)**

on financial criteria like profits, dividends, rate of return etc. Social needs, socially useful production and public service won't even be on the agenda.

Remember that those workers and their families who do invest in share ownership do so for financial gain. In reality it is no different from putting money into a bank or building society. They will want the best possible returns on their investment just like the pension funds and other financial institutions. Don't expect any solidarity because any action you take to fight against cuts, closures and redundancies or for better wages and conditions will threaten their dividends.

**In whose favour?**

*Isn't the government organising the sale of state assets and services to favour small investors?*

Yes, as part of the new Tory crusade for an equity and property owning democracy they are trying to woo the 'small investor', ie anyone with up to £5,000 at their disposal. With the recent £524m BP share sale the government tried to make it easier to apply for shares and allocated a certain percentage of shares to 'small investors'. But it's still a lottery



NIGEL LAWSON, Charrcellor of the Exchequer, advocate of more asset sales and scheme to shares to -oke-

as to whether you actually get any shares and whether the share price rises or falls.

It doesn't take a mathematician to work out who are the people with a spare several thousand pounds to buy and sell shares. It certainly isn't NHS ancillary workers or pensioners. It is also costly to buy and sell shares. A £500 deal will cost an extra £22.50 for a 2% commission charge and 2.4% stamp duty and VAT. The government is considering reducing or abolishing stamp duty on small share deals. It may also introduce tax concessions for companies which bring in employee share ownership schemes. Just as home owners get massive subsidies (far in excess of those to council tenants) so now share owners will be subsidised. More tax concessions to companies will be paid for by individual taxpayers. They play and profit - you pay.

**Buy-outs: old wine in plastic package**

*But aren't management/worker buy-outs different and hasn't the worker buy-out of National Freight been very successful?*

No they are not. The vast majority of buy-outs (the manager/workers buy the company from the government or parent firm) are management buy-outs. National Freight is a classic management buy-out. Although the media constantly claim it is a workers' buy-out only a minority of workers own shares. The total of 10,000 'worker shareholders' include pensioners and their families who don't work for the company.

The government sold National Freight for £53.5m but had to pay £47.3m into the pension fund to meet outstanding obligations. All but £6.2m came from a large loan from a consortium of four banks who now control 17.5% of the shares. The banks hold 'B' shares which give more rights, eg to nominate a director, veto the issue of new shares, than the employee-held 'A' shares. Barclays have a director on the board. Most of the 'worker' shares are held by the directors (an average 35,000 shares) and senior and middle management. 132

**BANKERS BONANZA**

Merchant banks and stockbrokers are having a real bonanza from privatisation. The sale of shares in BP (1979), British Aerospace, Cable and Wireless, Amersham and Britoil cost the government £42.7m in fees to financiers. The Associated British Ports and recent BP share sales cost several million pounds more. Fees for the sale of BT and other public services will run into tens of millions of pounds.

**MONEY POURS OVERSEAS**

Financial institutions, industrial companies and private investors have transferred £30 billion out of Britain since June 1979. The outflow is increasing - over £6 billion went overseas into foreign company shares, property and other deals in the first six months of 1983.

people now own 26% of the employee shares. Barclays Bank felt so secure that for a while they didn't have any security on their investment. Try getting that under real workers' control. The TGWU have consistently opposed workers' buying shares. Virtually all buy-outs are organised and controlled by senior management in collusion with bankers and financial institutions.

National Freight did make a small profit in 1982 and in the first nine months of 1983. Operating profits fell 28% in 1982 compared to the previous year when it was still under state control. Most of the profits now come from property sales of over £16m to date. With 950 depots and sites around Britain (the sale was described as 'a property hijack from the public purse') property sales can continue to transform the accounts for some time to come.

Buy-outs are gaining ground in America. Steelworkers were involved in a £45m sale of a National Steel Corporation plant at Weirton, West Virginia. They then suffered a 32% cut in wages!

**Drainon economy**

*Surely the income from share sales will help to boost the economy?*

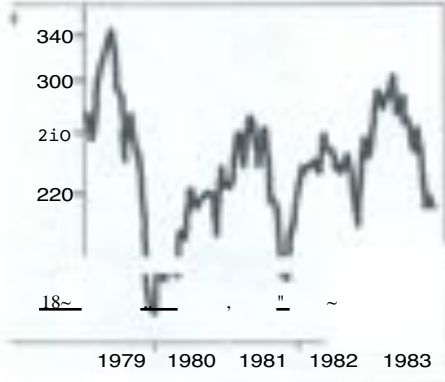
This is another myth. The money the government receives from selling public assets and services is not going to improve public services or the economy. The £4 billion from the BT sale will do absolutely nothing for investment in a better telephone and communication system. In fact it won't even cover BT's £3.5 billion debts and the £1.75 billion deficit on the pension fund. It is also unlikely that the sale of shares will lead to any increase in telecommunications investment. A European study by Logica, a computer services group, recently concluded that 'the record of British management and the investment community in supporting large-scale investment in industry is poor; squeezed between tight tariff constraints and the demand for high profits, BT could find it just as difficult to increase investment as before'.

The government can only make public assets 'saleable' by writing-off their debts, giving millions of pounds to private companies and shareholders. British Aerospace was sold for £43m

COMPANY	Pre-tax p	PreVIOUS
Aitken Hume (2Sp)		
Almanti/OdonPr-S(2An)		
Ambrind-		
Amhrn-		
trusi(25P)"-		
Henry Ansbacher(SOp)		
AppliedComputerTOChmiQueS(1Op)	67	730,000
AsselSpecialSituations Trus(1 Op)	2-6	154,000
AssociatedHealServCS(2Sp)	0-4	373,995
BankofIreland(S)(IOOp)		
Bargel(2Op)	53(b)	1,298,000
JohnBealesAssociatedCompanies (2Op)	200	791,000
BrdfordPrPertyTrUSI(2Sp)	nl	194,000(1)
	15-2	1,350,000
BritishBorneoPetrolLmSYrA"	nl	
g:~::~O:7:~::~j	4-2	21,900,000
F.Bulgin(Sp)-	6-0	360,000
	23(a)	6-6
		3,804,870
Caledonia	0-8	
PaPitalGe.	1691	
Centr.,&S.	5-6	1755
ChUbb(2Op)	2-9	3-2
		16,363,000
		469,887
		343,000
Electra Investmtr rust (25p)		2,232,000
EISWick.HOppet(Sp)		-1,743
		278,000
		4,030,000
I.E.EunHId(Sp)		885,000
Investment Trust (100P)		10,751,000
icultural/nels. (top)		3,750,000
		19,000
fg-ndfSi.S(SOp)		-89,729
t::~g::~!&(inS(5Pj		442,536
		170,000
		218,000
HilSemuelGroup(2Sp)	1-5	
HUningGibson(2Sp)	870(d)	76
LandSecurities(IOOp)	909	84(d)
LawLand(2Op)	2-9	1078
		2-4
		8,212,000
		1,649,000
		204,973
FLLOYD(2Sp)	nl	nl
McInerneyP(OP8rtieS(SJ(10P)	74	7-6
Munford& White (1Op)	65.4	681
New Throgmorton Trust(1983) (2Sp)	2-9	32
		325
		236
		1-0
		321
		269
		1-4
		1-0
		33,000
		1,302,000
		208,000

but if the injection of public money since 1977 is taken into account there is a deficit from the sale of £135.4m. National Freight had £100m debts written off, Associated British Ports £81m. It is no coincidence that senior management in British Airways and National Bus, with debts of £1 billion and £160m respectively, favour management buy-outs as a method of sale in order to try to blunt criticism of the planned write-off of debts. BA is likely to be sold for only £750-£1,000m and National Bus for about £100m.

Two firms of City stockbrokers have recently criticised the government's sale of assets. They suspect that these sales, which will increase to £3 billion annually over the next two years, are being used to avoid difficult decisions on taxes and public spending. They believe that the privatisation programme could well lead to higher interest rates and accelerating inflation - exactly counter to the government's monetarist strategy. The economy is being run a bit like National Freight's accounts - keep selling assets but when they run out ...



**No short cuts**

*So what is the answer? If privatisation can't be stopped, isn't it better for workers and users to buy shares, even with all these drawbacks, than for shares to be bought by the rich and the financial institutions?*

Worker share ownership isn't going to have any substantial effect on the distribution or control of wealth in Britain. Nor is it going to change class relations or employer/employee relations for the better. But it does start to blur these fundamental relations to the disadvantage of working class people.

The case against the sale of public assets and services and worker/user share ownership is overwhelming. The labour movement must vigorously intensify the campaign against sales. Education and propaganda must play a key role. There is no substitute for a strong and effective workplace trade union organisation, public sector alliances with workers and users collectively fighting for the control of public services and the economy. You can't buy your way out of it.

**FURTHER INFORMATION**

For information on National Freight see Chapter 5 National Freight Corporation in Privatisation edited by Sue Hastings and Hugo Levie.  
 For more information on share sales and arguments against buy-outs see Making it Public: evidence against privatisation by Dexter Whitfield. For information on pension fund share ownership see recent issues of Labour Research.  
 For information on share ownership see The Stock Exchange Survey of Share Ownership.

# Contractors & Consultants PRIVATE POWER

Taylor Woodrow, the construction and engineering multinational, is trying to buy three recently closed power stations from the Central Electricity Generating Board (CEGB). One is the Plymouth Boil fired station which could be converted back to coal firing. The other two are the coal-fired stations at Rogerstone and Uskmouth near Newport, South Wales.

Taylor Woodrow plan to use the Energy Act 1983 which now permits private companies to generate and sell electricity through the national grid. Taylor Woodrow runs open cast coal mines in South Wales, Northumberland and in Kentucky and West Virginia, USA and has benefitted from numerous power station construction contracts. It is also currently building the Heysham nuclear power station.

If Taylor Woodrow succeed, this will be a major first step towards privatisation of electricity supply. Other companies like Wimpey's which also operate open cast coal sites and have power station construction and engineering interests are likely to try to get similar schemes going. These proposals will have major implications for miners and electricity supply workers.

Turnover in 1982 reached £605m with pre-tax profits up £3.7m to £28.5m. Nearly £200m of this turnover came from overseas contracts in the Middle East, Africa and America. In 1982 Taylor Woodrow gave the Tory Party £28,950 and a further £25,000 to British United Industrialists which is basically a laundry for right wing causes. The Prudential Corporation and Norwich Union Insurance Group are substantial shareholders with 6.59% and 5.02% of the shares respectively.

Taylor Woodrow PLC has over 150 subsidiary and associated companies including Taylor Woodrow Construction Ltd, Taylor Woodrow Homes Ltd, Myton Ltd, Greenham Concrete Ltd, and Taylor Woodrow Energy Ltd. The

## TAYLOR WOODROW

firm's activities also include property development (including the St Catherines Dock in London's Docklands), gas and oil exploration, and civil engineering. A lot of its work comes from the public sector - Property Services Agency and other government departments, nationalised industries, local authorities and the NHS.

## TAKEOVER BATTLE

Pritchard Services Group succeeded in its £15m takeover of the Spring Grove Laundry Group (see PSA No 4). However Pritchard's had to increase their offer before a majority of Spring Grove's shareholders accepted.

Brengreen Holdings (Exclusive Cleaning) failed in its bid to capture Sunlight.



THIS IS THE CALLING CARD OF COUNCILLOR DON KERNS OF MILTON KEYNES. Exclusive have the council's refuse and street cleaning contract.

## HAWLEY BUYS ANOTHER CLEANER

The Hawley Group (see PSA no.4) has just purchased Cleanall (Leeds), an office cleaning company, for £700,000. The firm, which had an annual turnover of £1.06m in 1982/83, will become part of Hawley's subsidiary, Provincial Cleaning Services.

## PRITCHARD IN TAKEOVERS

As soon as Pritchard Services Group completed the £15m takeover of Spring Grove, the laundry and linen rental firm, it then went and paid £10m for Food Concepts, an American industrial caterer. It has over 200 cafeteria contracts in the north-eastern states. Pritchards hope to use the company to grab more hospital contracts. A few days later a Pritchard subsidiary, Pritchard Security Services snapped up the London based security firm, Zeus Security. Zeus, which will continue to trade under its old name, has an annual turnover of £600,000.

## RISING STARS

A recent Financial Times Survey of Britain's top 500 companies shows that many of the firms involved in privatisation are shooting up the list. Pritchard Services Group jumped to 173 position from last years 232. Hawley were up to 251 (376), Tarmac 49 (52), Barratt Developments 66 (90) and Grandmet moved up one place to 8th. Brengreen entered at 456.

## HOSPITAL MERGER

American Medical International (AMI) which has 9 private hospitals in Britain (900 beds) has taken over the Lifemark Corporation, a Texan based hospital chain in a £665m deal. AMI, with annual turnover before the merger of £935m, will now have 137 private hospitals, second largest to the Hospital Corporation of America which now has about 380 private hospitals worldwide.

## MPs HIRED BY CONTRACTORS

Office Cleaning Services Group (see PSA 4) have appointed Tory back bench MP Geoffrey Finsberg as a consultant. He was recently approached by the Goodlife family who control OCS he has known for some thirty years but with whom he has had 'no previous business connections'. His role will be to advise on matters that he thinks are relevant to show that by contracting out, the NHS can save money. He told PSA that the NHS can save 'tens of millions of pounds by privatisation' and dismissed as 'political theory' trade unions' claims that private contractors do not provide cheaper or more efficient services.

In any event he said that 'trade unions are not technically qualified to monitor contracts in the sense that hospital

administrators are qualified'. Buthewent on to say that if contractors had not performed as well as they might 'some responsibility lay with hospital authorities and management'.

Asked whether OCS would engage in loss-leading in order to win contracts he rejected this well-established practice throughout the industry as 'mythology'.

Geoffrey Finsberg is a former parliamentary consultant to NALGO.

- Another privatisation fanatic in Parliament Christopher Chope, MP for Southampton Itchen, has just become a 'parliamentary consultant' to Grand Metropolitan. Chope was leader of Wandsworth council when Grandmet won the refuse contract. Chope's fee is not disclosed.

## MP BECOMES DIRECTOR OF HOSPITAL CLEANING FIRM

Marcus Fox, Tory MP for Shipley, has joined the board of International Care Services Group which owns Hospital Hygiene Services Ltd (see PSA No 4). The firm has recently won cleaning contracts at three NHS hospitals including Leeds Infirmary. Other companies in the group are bidding for school cleaning contracts. Fox will be particularly responsible for 'political matters'.

So when you next listen to 'Today in Parliament' and Chope, Fox and Finsberg start pontificating on the virtues of privatisation when they are really trying to sell you are Grandmet, International Care Concern and Office Cleaning Services.

## BLOOD MONEY (continued from PSA 4): UNIONS WIN CHANGES

A new private hospital in Glasgow costing £10 million, Ross Hall, had its opening delayed by effective action by Scottish health unions which blocked its supplies of blood coming from the Blood Transfusion Service - and leaked to the press a warning from the head of Scotland's blood transfusion service that the demand for blood from private hospitals in Scotland might threaten heart surgery for NHS patients.

On 7.11.83 the Government announced that the NHS would in future charge private hospitals and clinics for the administrative costs involved in supplying blood including delivery, storage and processing - believed to total some £20 per pint.

## BABIES DEPEND ON CHARITY

Ten per cent of vital equipment bought for the Burton District and General Hospitals last year came from charity fund raising. Over £30,000 was raised by raffles and gifts - the NHS put up £339,000 for equipment. The Special Care Baby Unit was the main focus. Recent donations have included an intensive care incubator, drip sets, an alarm system to alert nurses when babies stop breathing, and a tumble dryer to allow nappies to be changed in the unit. The Consultant Paediatrician Dr Martin Addy stated 'Given financial stringencies even larger amounts will have to be donated. But its not for the purchase of luxury equipment. It's for equipment we wouldn't otherwise have'.

## BRITAIN SPENDS LESS ON HEALTH ADMINISTRATION

The Government claims its cuts are aimed at the administration costs in the NHS - but research by the King's Fund charity shows that Britain already spends less than comparable countries on administration - 5.6% of its health budget compared with between 9 and 12% in France. In the US some 21% of private health care costs are for administration. Though comparisons are difficult the research seems to show that countries relying on a system of free care like Britain and Sweden spend less on administration.

## A MINISTER WRITES:

'If the in-house organisation can do it cheap and better' Norman Fowler in the Sunday Express on 23.10.83 justifying privatisation of ancillary hospital services.

... so what about Calderdale (PSA 2) Newcastle (PSA 4) and Cornwall (PSA 5) Mr Fowler - where the DHSS is refusing to allow health authorities to make savings by keeping laundry services in house.

# NHS: ACTION BUILD-UP

Phillip Wolmuth



All over the country the health service unions are taking action against cuts, closures and privatisation: joint action committees are re-forming, community health councils and health authorities being lobbied, wide community support being sought and won, threatened hospitals being occupied - and, not before time, the Labour Party has started its travelling roadshow in an old ambulance.

If we were to report here all the action we've heard about it would fill the whole paper - so what follows is just a sample -

In the south west revived joint stewards committees are winning the support of local trades councils. A mass demonstration in Somerset on 20th November will be supported by a 2 hour strike by workers at a Yeovil helicopter factory.

- Meetings for workers are being held in all hospitals and have so far been enthusiastically supported.

- NHS administrators are speaking out in defence of staffing levels.

- Unions are pressing health authorities not to privatise and in Cornwall the authority is fighting the DHSS to retain its in-house laundry service.

- Action continues against threatened closures in Bristol, Wellington and Stroud.

In the north, joint action committees have been formed in the larger districts and support is being won from local trades councils and a new Strategy of Health against cuts and threatened closures of wards and smaller units.

- In Darlington 250 workers from the Memorial Hospital staged a walkout to lobby a DHA meeting where they made a statement offering TU support to the authority if the authority supported the unions - but saying they would fight the authority if it agreed to cuts. There a vigorous local campaign is involving Labour and Liberal activists and pensioners groups. A petition has been started

with 600 sheets for signing, 10,000 leaflets have been produced and a press conference held at which local pensioners talked about health care in the days before the NHS.

- Durham County Council which covers 3 DHAs has no reputation for radical thinking but at its November meeting unanimously supported a resolution (the Tories abstaining not voting against) deploring attempts to privatise any part of the NHS and pledging resistance to any money or manpower cuts, with an instruction to its delegates on HAs to vote against them.

- In Newcastle all NHS unions are lobbying CHCs and HAs against cuts and privatisation and some HAs have already agreed not to implement cuts or privatisation. 'Closed' meetings of the RHA have been twice occupied by health service workers and the Chair has met with DHSS ministers to try and win a reduction in manpower cuts

- though the reduction achieved was only a paper one. Public meetings in North and South Tyneside have attracted attendances of 500.

In Scotland the STUC campaign for the NHS is involving local authorities, trade unions, health authorities, political parties (including Tories), pensioners and other groups. A major conference on 29 November will encourage the development of local campaigns. The Scottish campaign starts with some advantages: relatively higher NHS spending, a very small private sector - only 4 private

hospitals ('and we intend to keep it that way') and no privatisation of ancillary service to date. Some HAs are going through the process of tendering to comply with the DHSS circular, but are confident that in house services will be retained. There are major threats of cuts and closures in Glasgow and Lothian - but the unions' victory over blood supplies to private hospitals has boosted morale for the fight ahead.

In the south-east coordinating committees of NHS unions have been formed and workshops are being organised. A long campaign to retain direct labour for cleaning at the New Sussex Hospital in Brighton has now been won. In the east Midlands a coordinating committee of NHS unions and professional organisations has been formed in Nottingham to fight privatisation threats to 1400 jobs where management is now working out tendering procedures. A broad-based health strategy group has been set up to defend the NHS.

In London there is action in many boroughs against threatened hospital closures, including occupations, several broad based local health campaigns are established. Several DHAs have taken firm stands against cuts - and now await the response to this stand from above. Government claims of over-provision in the capital will mean drastic cuts in provision in London - no children's casualty in Hackney, no casualty provision at all in Haringey, elderly people travelling for hours to out-patient services in Lewisham, closure of the South London Hospital for Women, closure of the remaining after-care provision for Queen Charlotte's maternity hospital, closure of major mental hospitals with no compensating 'community care' provision.

Victoria Health Emergency, a campaign against health cuts and privatisation in the Victoria DHA has been launched by shop stewards. An educational attended by thirty stewards in September was followed by a meeting at which a committee was formed with the aim of drawing in wider community and trade union support.

Westminster Hospital cardiac unit and the bone marrow unit at the children's hospital are in immediate danger; one major hospital unit may close in 1985. 188 jobs are to be lost in the district by next April.

The cleaning at the Westminster Hospital Page Street annexe is contracted out to Exclusive, following the sacking of Pritchards for inefficiency. Staff and public have lodged complaints about the standard of Exclusive's work but no action has been taken by management to restore in-house cleaning. Unions fear further privatisation of laundry and cleaning services.

The campaign has organised a lobby of Victoria DHA at 5.30pm on December 8th at the Queen Mary's Nursing Home Page Street SW1.

The November meeting of the Paddington and North Kensington DHA was lobbied by over 100 health workers and public protesting the planned privatisation of catering, laundry and domestic services. The lobby forced the meeting to be deferred until December 14th to enable the unions to attend the meeting to put their case. NUPE and GMBTU are using the extra time to mobilise more support to force the DHA to resist privatisation.

### MAJORITY AGAINST NHS CUTS - NEW POLL

The Sunday Times on 13th November published results on a new MORI poll showing

- 3/4 of the public think the cuts will mean a worse service with no improvement in efficiency
- 4/5 think cuts will mean longer queues for NHS treatment
- 2/3 think patients will suffer as a result of the cuts

### PRIVATE HEALTH FIRMS IN CRISIS

'One of the biggest disasters I've seen' says Michael Lee, adviser in finance to the DHSS. Private medical insurance companies are experiencing an upsurge in business at the moment, but may be forced to sharply increase their insurance premiums. They have been pressing government to bail them out with tax concessions on health insurance, but have failed so far. The crisis is caused by the doubling of doctors' fees for private treatment in the last four years, by unexpected claims from subscribers facing longer waiting lists in the NHS, and because expanding health insurance means that its not just the wealthy involved, but the less well-off who tend to be less healthy and so make more claims. Further, large US firms are increasingly moving into the UK market, like Mutual of Ohio, the world's largest, offering cheap deals to low risk clients - leaving other companies with a large proportion of high risk clients.

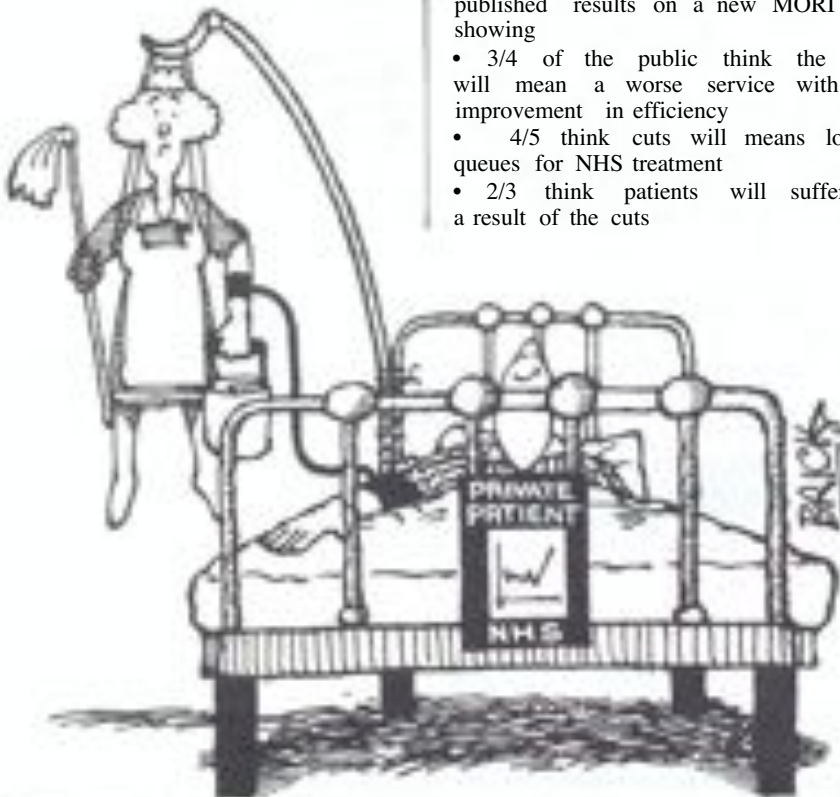
### CROTHALLS

Crothall's, part of the Pritchard Services Group, employs a 100 cleaners on a contract at Barking Hospital in east London. Because the contract is up for renewal Crothalls have sent redundancy notices to all the workers. Crothalls managing director stated that 'It is normal procedure to hand out redundancy notices every time a contract comes up for tender. It is precautionary measure as we have to give 90 days warning'. Crothalls keep their options wide open - the letter to the cleaners also says that if they win the contract again there may be changes in the number of workers needed, work patterns and conditions of employment.

### Beware of Cheap Imitation

Right wing business interests are so threatened by the real facts about privatisation published in *Public Service Action* that they have started up a rabidly pro-privatisation newsletter. The name and the design are a blatant attempt to copy the highly successful PSA. Apart from the front page other headlines include 'Local Authorities Happy With Contractors', 'Alliance Leaders support Privatisation', 'Savings Mount Up' etc. It is published from an address in Watford and claims an academic Council of five right wing Thatcherite academics. Contractors and right wing organisations like the Adam Smith Institute have combined their funds to be able to distribute their newsletter free of charge. Just shows their faith in market forces! It first appeared at the recent Tory Party Conference and it appears that large numbers were, delivered by direct labour to the Blackpool refuse tip.

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# PUBLIC SERVICE ACTION

## Information

**MILTON KEYNES: MUCK, MONEY AND MASS SACKINGS.** A 12-page article in the latest *Community Action* magazine (50p inc post from CIA, 27 Clerkenwell Close, London EC1) which details vividly the struggle against the privatisation of refuse and street cleaning in Milton Keynes. It focuses on the attack on the unions leading up to privatisation and the sacking of 70 workers by Exclusive Cleaners since they started the contract in April 1983. This issue of *Community Action* also has articles on privatisation in social services and the successful campaign waged to get three men's hostels taken over by councils in London following a bitter dispute with their previous owners - Rowton Hotels.

**REPAIRS: Whose Bill?** 30p inc POST from SCAT Publications, 27 Clerkenwell Close, London EC1.

A six-page booklet which examines the implications of the new Housing and Building Control Bill. It shows the drastic consequences for tenants and building workers of the new 'right to repair' scheme, more council house sales, and the privatisation of building control. An action section argues the importance of tenant-building worker links and public sector alliances.

### THE DLO FIGHTBACK BOOK

GMBATU October 1983  
Available from GMBATU, Thorne House, Ruxley Ridge, Claygate, Esher, Surrey. £1 each. Bulk rates available.

This pamphlet is an update of an earlier GMBATU publication on resisting private contractors, containing details of the latest Regulations under the Land Act as well as a clear explanation of the Act itself. It gives a brief description of how a number of DLOs have been effectively resisting privatisation and goes on to offer a detailed strategy for the defence of DLOs.



Thatcher inquiring about the grass cutting costs and quality of work of a well known firm of gardeners at the recent Tory Party conference in Blackpool.

**BUSWORKER MONTHLY** (15p plus post from Alan Payling, 14 Osbaldeston Road, London N16) is the paper of the Busworker Group, a rank and file group of TGWU members on London Transport. Recent issues of *Busworker* have reported on various attempts to privatise bus and rail services and maintenance work in London as well as other issues affecting jobs, working conditions and fares. The Busworker group want to develop links with other groups of bus workers.

### Dudley Council Ltd.

A new pamphlet highlighting the policies of Dudley Council, who with Tory Central office encouragement have spent less of local services than any other borough in the country by using Price Waterhouse to cut services and MSC labour to plug the gaps. The pamphlet costs 50p (plus postage). Available from Trade Union Resource Centre, 7, Frederick Street, Birmingham

**BRITISH TELECOM: HOW SELLING IT OFF WILL HARM BRITAIN.** Free from BTUC, 14-15 Bridgewater Square, London EC2.

This 20-page well produced hard hitting report slams the Government's case for privatising British Telecom. It explains in detail how privatisation will force up

the price of most phone calls, installation charges and lead to new charges on operator connected calls; it shows how rural services will suffer and how the Mercury network will cream off the profitable business users; it shows how 45,000 jobs are threatened together with research and development; it shows how public telephone boxes and services for the disabled will be at risk.

Information needed

needed jobs

**PUBLIC SERVICE ACTION**

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