

# Glasgow pushes the privatisation of schools and housing

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Glasgow City Council's Labour administration is pushing through the multibillion-pound privatisation of school construction and maintenance, and social housing.

Since the Blair government took office in 1997, the only source of direct investment for public services such as schools, hospitals, leisure centres, water works and sewage plants has been to attract private capital with pledges of a competitive rate of return. Labour swept away all obstacles to the Conservative-inaugurated Private Finance Initiative, now entitled Public Private Partnerships (PPPs). By October 1998, £11.2 billion of projects had been approved. Education alone is seen as a £5 billion market.

In Scotland this lucrative market was one of the causes of the recent "Lobbygate" scandal, where several leading politicians were exposed as being too accessible to a particular group of lobbyists working for companies interested in PPP. By late last year, £242 million worth of projects had been completed, £805 million were agreed and tendering was under way for another £841 million, including some of Glasgow's schools. A further £118 million worth of schemes were advertised, including schools in Edinburgh and Aberdeen.

The schools programme has been billed as a drive to "modernise" and raise much needed investment. The intention is that by 2003 the local authority will control 29 newly built or refurbished secondary schools. But the scheme has been driven not by the educational needs of Glasgow's 30,000 secondary pupils, but corporate profitability. The city council originally asked for tenders from private developers to rebuild one school and refurbish and extend 27 others. Initial estimates put the cost of this at around £70 million. When the final deal emerged, however, it included

plans for 11 schools to be demolished and rebuilt and 18 to be refurbished at a cost of £400 million, some of which will come from the European Investment Bank.

Such large, sometimes unnecessary and disruptive schemes mean huge profits for the building consortia. There have been instances in which perfectly good hospitals were demolished and replaced with new unsuitable facilities. Other schemes have been dictated by the resale value of the land on which the building was sited. In Edinburgh, for example, the replacement Royal Infirmary will contain 20 percent fewer beds than its predecessor, while land sales will make millions for its owners.

In Glasgow the 3ED consortium, involving the Miller Group construction company, the Halifax bank and Hewlett Packard computers, will organise construction and retain operational control of the school buildings for the next 29 years. The city council will rent the buildings from 3ED for an annual fee of £40.5 million and 600 ancillary staff will be transferred from local authority to private employers. At the end of the 29 years, the assets will return to city council control, after 3ED have recouped £1.2 billion—three times their initial outlay of £220-400 million.

The council is justifying the vast payments on the grounds that the scheme will not cost the city's 620,000 population anything in extra charges. This is a complete distortion, since Glasgow has already been paying for 3ED before a single brick has been laid. The council engineered a temporary surplus in their education budget by closing nine secondary schools over the last few years, and condensing 30,000 pupils into the remaining buildings. The closures were pushed through against considerable opposition from pupils, teachers and parents in the schools concerned.

This budget surplus will go to 3ED. In addition,

repayments to 3ED are guaranteed for the next 30 years, regardless of the council's finances and the social needs of the population. The council is to cut a further £24 million from its spending this year—including £3 million from the social work budget and £7.3 million from education. The cost of primary school meals is to increase by 10 percent and in secondary schools by 15 percent.

The council aim to reduce sickness payments to its workforce by £1.5 million and to cut staff canteen subsidies. Voluntary groups, many of whom provide vital social support, will lose 4 percent of their funding. The popular city zoo faces closure. At the same time, the city administration intends to increase council tax payments from the city's residents by around 2.5 percent. Glasgow already has some of the highest council tax rates in the UK—£842 per year for the smallest houses, including water charges.

Labour has boasted that never before has a UK city been able to forecast its education budget so far ahead, nor build so many schools all at once. Yet the administration is so nervous that the real financial and educational implications of the deal will come out, that the full arrangements are still secret. Councillors voted for the package on the basis of unsubstantiated assertions that PPP was 5 percent cheaper than retaining the work under local authority control.

Glasgow also intends to get rid of almost the entire public housing stock—74,500 properties out of the present 99,900. The remainder will be sold off or demolished. As an inducement, the Scottish Executive in the Edinburgh Parliament has agreed to wipe out the city's £950 million housing debt. Presently, 55 percent of all housing rents received by the city are paid out in interest charges for central government loans.

Labour has again presented this as the only means to ensure investment in housing improvement and new building. Under a veneer of "community control", or some other intermediate form of ownership, the new housing bodies could attract investment capital interested in expanding the £100 million potentially available in rental receipts.

Tenant groups have objected that the scheme will lead to increased rents, loss of tenure and social housing being demolished in certain areas. This is already under way. There are reports of tenants in the decrepit but central Ruchill area being offered cash to

move to other estates. Ruchill is only minutes away from the city's fashionable West End and a potentially lucrative area for property development.

The result will be to further marginalise the poorest layer of workers, placing them in the worst, most isolated housing. Fully 80 percent of Glasgow's present council house tenants are in receipt of housing benefit—rent support available to those on the lowest incomes. The scheme will also impact on the 2,000 workers presently employed directly by the housing department, and will also affect other council employees.

Although the implications of the PPP schemes for schools are not, as yet, fully understood by many workers, other council cuts and housing transfers have generated considerable opposition. In the last 18 months there have been strikes in the social work department against the imposition of "best value" cost-cutting schemes. The city's libraries were closed on several occasions by a long-running effort by librarians to defend working conditions. The city chambers have been occupied in protests against individual school closures and caretakers have struck against threatened job losses.

To date, however, these efforts have been paralysed or suppressed by the UNISON leadership, the main union for local authority workers and the largest trade union in Britain. UNISON victimised the Glasgow social work strikers, expelling one from the union, and kept the librarians' dispute isolated. They have now said they will accede to PPP schemes provided their membership subscription base is not adversely affected and that union officials can sit in on the tendering process.



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