

This bulletin provides the latest reported developments over the month on companies in which UNISON is interested. The information is mainly taken from press reports and does not necessarily represent UNISON's views. Comments and further information on the companies mentioned should be posted to the Bargaining Support Group, 1 Mabledon Place, London WC1H 9AJ or e-mailed to the address at the foot of the page.

ACCENTURE

Accenture has won the contract to supply security services to the US government, the largest contract to date. However, the award is being challenged by a Bill passed by a congressional committee on the grounds it is not a US-based company. Accenture reacted by assuring politicians that it does pay US taxes and employs more than a quarter of its workforce in the US through Accenture LLP. Accenture beat Computer Sciences Corp and Lockheed Martin for the contract to implement a programme tracking foreign visitors.

Accenture and Microsoft have formed a new business to influence the IT buying decisions of governments. The joint venture aims to develop packages for areas such as e-government and public safety. Microsoft has been strongly challenged by European competition rules so the company has responded by sharpening its focus on the public sector, investing in education, training and community projects. Its view is that government is the largest client in any country so it is worth developing an approach specifically for it.

AWG

AWG, owner of Anglian Water, decided not to sell on its construction, facilities management and PFI businesses in the short term. The "underperforming" businesses have been blamed for a 26% drop in underlying profit for the year ending March 2004. Nevertheless, a fire sale of the unregulated businesses to raise cash was considered not to be in the best interests of the group. AWG has sold its international water business, closed other businesses and sold property to try to refocus on the core business, leaving the group with a near doubled pre-tax loss of £79.8m on a stable turnover of £1.8bn.

However, **AWG's** Government Services' division showed a rise in operating profit of 35.9% to £17.8m to March 2004. This was due to the acquisition of facilities services contracts in Birmingham and London, organic growth and the development gain of £4.3m from the sale of the Tay wastewater PFI project. Profit before interest was £39.4m. The PFI sale helped offset poor underlying performance in Facilities Services.

BALFOUR BEATTY

Balfour Beatty has been appointed preferred bidder for North Lanarkshire Council's Education 2010 PPP Project. The project involves a construction contract valued at £140m and managed services worth £100m in revenue over 30 years. **Haden Building Management**, a Balfour Beatty subsidiary, will provide facilities management for hard and soft services. The contract is expected to be concluded in October 2004.

McGinley Recruitment Services and **Balfour Beatty** Infrastructure Ltd have admitted health and safety breaches following the death of a student in a railway accident in London four years earlier. Both companies admitted a charge of failing to conduct their undertaking in such a way as to ensure the persons not in their employment were not exposed to risks to their health and safety.

BABTIE GROUP

Babtie Group could be taken over by **Jacobs Engineering** of California. The future of hundreds of Babtie jobs in the Glasgow head office are in doubt. The sale of Babtie to Jacobs could move the firm to England. Babtie, which has 50 offices around the world with a workforce of 3,500, has been praised by Scottish politicians for developing an international knowledge-based enterprise out of Scotland. In Scotland, and the rest of the UK, Babtie has held numerous highways and engineering contracts. Babtie, which recently reported record levels of growth in earnings for last year, declined to comment on the sale. Most of the equity is held by more than 100 director-shareholders, who are required to sell back their shares on retirement. Only one executive director is under 45, increasing the likelihood that a good offer would be accepted.

When **Babtie Group** is formally taken over by Jacobs, three directors: Bill Mitchell, Alan Craig and Maurice Murray, will each receive cash pay-outs or shares of equivalent value in relation to their holdings of between 331,000 and 350,000 ordinary A shares in the company. Finance director Mark Cubitt can expect about £1.1m for his 75,000 shares. Up to 100 other employees will also receive payments. Directors are expected to stay with the company after the deal is completed.

BRITISH ENERGY

The government-backed rescue of **British Energy** could be delayed until the end of 2004, even though it has just reported its first annual profit in three years. It is taking longer than expected to complete the financial assessments needed for EU approval of the support. If approved the restructuring would take place by January 2005. Shareholders stand to lose up to 97.5% of their investment under a debt-for-equity swap but the company should be helped in the future by rising electricity wholesale prices.

The Chapelcross nuclear power plant in Dumfries is being closed nine months early, leaving four of the original 11 Magnox power stations still running. Chapelcross was considered to be no longer commercially justifiable. Chapelcross' 400 workers will be retained initially to help decommission the plant, which will take nearly a century to complete. All but one of **British Energy's** plants are due to close by 2023, leaving just Sizewell B operating until 2035.

BT

BT is to pay compensation to the Department of Health for having missed two of its 56 milestone "deliverables" under a £530m seven-year contract to deploy a broadband across the NHS. The fine is likely to be a pittance, less than £1m, compared to the £2.15bn worth of DoH contracts that BT has won under the programme. Since February 2004 when the contract was signed BT has also missed interim targets under its contracts to deliver a national data spine and as the London region's LSP. However, in the interests of getting the NHS's £2.3bn National Programme for IT delivered, no penalty was levied.

BUPA

NHS reforms involving greater use of private hospitals is having the effect of forcing the private hospital companies to become more efficient and reducing the hold of NHS consultants over the cost and organisation of the private hospital market. The new market for private hospital services created by government policy to set up independent treatment centres run by foreign companies has forced UK companies like **BUPA** and **Nuffield** to reorganise. NHS consultants, among the highest paid surgeons in the world, are being side-stepped as more patients are being sent to private hospitals directly rather than by the consultant.

Bupa Hospitals, Britain's biggest private healthcare company, is lowering its prices after foreign companies have won contracts to treat NHS patients.

Bupa Hospitals also plans to sell or close 10 of its smaller hospitals and invest £100m over three years to modernise its remaining hospitals and operating systems. Treatments will also be standardised among the remaining 25 hospitals, as will the IT system to bring it in line with the new NHS patient record system.

As the NHS improves, private medical insurance companies, like **BUPA**, could suffer when demand for private medical cover falls.

BUPA Care Services has bought **Avon Court Nursing and Residential Home** in Chippenham, Wiltshire. Avon is BUPA's first care home in Chippenham and adds to the company's presence elsewhere in the South West.

The family of a Leeds Alzheimer's patient has asked for her to be moved closer to home. The patient was removed from hospital to a **BUPA** care home near Bradford. Leeds City Council had signed a deal with BUPA earlier in 2004 for 1,500 private care home places to be reserved for council use, as a step in following government guidelines to reduce bed-blocking. The family, who does not own a car, finds the 15-mile round trip too strenuous and time-consuming by public transport.

CAPITA

Capita Symonds Ltd has been formed out of the merger between **Capita Property Consultancy** and **Symonds Group Holdings**. Capita Group bought Symonds in February 2004. The new company has 2,800 employees and 40 offices in the UK. Its contract portfolio includes £600m of PFI hospitals, project management and acoustic engineering of the new Wembley Stadium, transport planning for Liverpool's £750m Paradise Street development, and environmental consultant on London's 2012 Olympic bid.

Capita Symonds, responsible for highways maintenance for Cumbria County Council, is being asked to explain why new road surfaces have been washing away in a matter of weeks. Capita has been asked to provide a response to queries related to the failures but is said to be awaiting lab tests on the material used. In the meantime Capita claimed the problem is "generally local failures on a small scale" due to a range of reasons including: "rain, too much traffic e.g. agricultural" and "cow muck" on the road surface and "traffic on bends."

Capita Group has acquired **Personal Pension Management Ltd**, as part of a partnership with Winterthur Life. Under the agreement all 400 PPML employees are expected to transfer to Capita. PPML will be renamed Capita PPML and the existing business will continue to be administered in Wiltshire.

Capita Group plc is back on the FT-100 index after having been bumped off in 2003. Capita displaced **GKN** worth £1.71bn, compared to Capita's £2.1bn.

Sandwell UNISON is concerned about the award of a £300,000 contract to **Capita**, which it believes was awarded without an open tendering process. The contract is for the review of the authority's central support services. UNISON believes Capita will simply recommend more services being awarded to the private sector.

Peter Ridsdale, former manager of Leeds United, has resigned as chairman of **Education Leeds**, a **Capita** business. Capita, has two representatives on the Education Leeds board. Education Leeds was set up in April 2001 following a poor Ofsted report.

CARILLION

Carillion is selling some of its equity investment in PPP projects through a programme of phased disposals: 50% of its interest in the M40 road project to **John Laing plc**; and 50% of the 100% equity interest it held in the A249 road project to **Barclays European Infrastructure Limited (BEIL)**, generating an exceptional profit of some £7m. One third of this will go to shareholders as an additional dividend, paid with the Group's 2004 interim dividend. This sale has no effect on Carillion's sub-contracts for routine maintenance of 17km of the existing A249 road prior to completion of the new road, for the design and construction of the new £130m road and for its subsequent maintenance. The new road is due to be completed in Summer 2006.

CENTRICA

Centrica, the owner of **British Gas**, wants to cut 1,450 jobs from its back-office staff, amounting to up to 850 after redeployment and "other measures". British Gas would lose 600 jobs and Centrica's head office losing 250. Another 300 jobs could go at its Manchester call centre. British Gas, however, still intends to recruit an extra 1,000 engineers a year. The move is an attempt to raise profit margins by 8%. In the first quarter of 2004 British Gas lost 220,000 customers following a 5.9% price rise.

British Gas breached the partnership agreement between UNISON and other trade unions when it announced the loss of the 1,450 jobs without consultation. UNISON is pressing **Centrica**, for justification of all proposed job losses.

Centrica has paid £142m for Killingholme power station in North Lincolnshire.

CVC Capital Partners and US firm **Kohlberg Kravis Roberts** are both bidding for the AA, which has been put up for sale by **Centrica**. **CinVen** might still bid. Each of the bidders has interests in related businesses. While the bidding is on Centrica's share price continues to rise. Centrica wants to raise cash for further power stations and gas production investments, to ensure that its core energy retail business is not caught short by rising wholesale prices.

COMPASS GROUP

Scolarest, the **Compass** subsidiary, has been awarded a three-year contract worth £580,000 by Bishop Vesey's Grammar School at Sutton Coldfield. Scolarest provides catering services to more than 2,500 schools, colleges and universities.

Royal Mail renewed a contract with **Quadrant Catering** to provide 1.5 million meals a year for five years for postal workers. This is the largest catering contract. Royal Mail owns a 51% share in Quadrant Catering, which is part of the **Compass Group**.

Eurest Criminal Justice has won a contract to provide catering and cleaning services to Derbyshire Police Authority for four years. Eurest has held a catering contract with the police authority since 1998.

EDS

The switch of software supplier by Inland Revenue from **EDS** to **Cap Gemini Ernst & Young** on 1 July could cause chaos, accountants warn. EDS lost the £300m-a-year contract after failures in the working families and child tax credit system. About 3,000 staff will transfer from EDS to Cap Gemini. A smooth transition could be hampered by the transfer, as well as the fact that the 31 July self-assessment date falls so soon after the start of the new contract.

GENERAL HEALTHCARE

UK-based **General Healthcare** has purchased Barcelona-based **Teknon** making General Healthcare one of the largest private hospital operators in Europe. The group now has 72 hospitals and 4,463 beds in three countries, with annual sales of Euros 1.5bn. **BC** bought General Healthcare in 2000 and two years later bought Switzerland's **Hirslanden**. The company is looking for further acquisitions in Spain and is also looking towards Germany and France.

GROUP 4

Group 4 Falck's US subsidiary, **Wackenhut**, has reportedly lost the security services contract at the Washington headquarters of the International Monetary Fund. Group 4 Falck denies that the lost contract for any reason related to current legal cases concerning unwarranted dismissals and poor treatment of company employees.

Group 4 Falck has rejected a number of offers for its safety and rescue business.

Group 4 Falck is in the process of selling off its emergency and security services and merging its security services with the UK group Securicor.

INTERSERVE

Interserve has won two more NHS ProCure21 contracts, and has had its existing contracts with the Office for National Statistics and the Department for Work and Pensions extended by two years. The construction and support services group has been named Principal Supply Chain Partner for two new secure mental health facilities at South London and Maudsley NHS Trust and Lambeth Forensic Services and Southwark Forensic Services; and two schemes for Calderdale and Huddersfield NHS Trust to relocate facilities at Huddersfield Royal Infirmary. The ONS support services contract extension will begin in November 2005, and the refurbishment work for DWP begins immediately.

Interserve also recently agreed a five-year contract with Havering Council for facilities services including mechanical & electrical maintenance, gas servicing and fire and smoke alarms.

ITNET

ITnet has been sacked by the Cabinet Office from a £83m contract to create a data centre 'hosting' project. The five-year contract was the largest ever struck by ITnet. An estimated £25m has already been spent by ITnet on the project, which employed about 50 people. Reasons for the dismissal are not clear but it is thought that requirements for the data centre, which would host a Government Gateway and Knowledge Network between departments, changed since the original agreement was signed. Legal action by ITnet is possible.

ITNet shares fell by 33% following the Cabinet Office contract termination.

ISS

ISS A/S has agreed to buy the Finnish facility services company **Engel Group** for more than £128m. Engel, which is expected to report a 2004 turnover of nearly £130m, employs about 6,600 people. ISS expects overall savings of more than £7m from the combined operations.

JARVIS

Jarvis UPP is starting a 35-year contract for the management and operation of residences for the University of Plymouth. Centred mainly on the Plymouth campus, but is expected to include the modernisation and expansion of the accommodation on the Hasledene campus in Exmouth. Jarvis already has an accommodation contract with the University covering the Pilgrim and Radnor halls for 30 years.

Steven Norris, recent Tory party candidate for Mayor of London, has been confirmed as the chairman of **Jarvis plc**. Robert Johnson is standing down from the board with immediate effect. Mr Johnson is the chief executive of **Jarvis Accommodation Services**. Robert Wallace will take over as the head of the accommodation services division reporting directly to Kevin Hyde, the group chief executive. Mr Wallace will take up his new post from 1 July. However, Mr Johnson will remain with the company through the summer to provide an orderly handover and complete a number of outstanding projects.

Jarvis' schools PFI with Norfolk County Council now looks like it will suffer delays following a failure by Jarvis to agree terms with its chosen construction company, RG Carter. Jarvis is in talks with alternative contractors but looks unlikely to reach financial close with Norfolk at the end of July, as originally planned.

KAISER PERMANENTE

New research overturns the research findings published in the BMJ that concluded **Kaiser Permanente** was more cost-effective than the NHS. An article in the British Journal of General Practice showed how the research was based on false comparisons and used baseless calculations.

The original research, referred to by Health secretary John Reid, claims that patients aged 65 and over admitted to the private US health provider **Kaiser Permanente** use three-and-a-half times fewer bed days for 11 leading causes than the NHS. However, new research asserts that Kaiser delivers healthcare only to those who pay for benefits, largely excluding cover for long-term chronic care and for those with severe mental health problems and providing care on the basis of ability to pay. Members incur variable additional costs. For example, under some plans, Kaiser charges about £28 to see a family doctor, about £56 to attend an accident and emergency department and about £285 for maternity care. These charges generate revenue for Kaiser to help it operate but act as a barrier to care.

The dispute over the comparability between **Kaiser Permanente** and the NHS continues. Responding to criticism that the NHS research supporting the Kaiser method was invalid because Kaiser selected its paying patients and the NHS took all in need, the NHS researchers point out that in the US people aged 65 and over are covered by the publicly funded Medicare. Therefore, a focus on the over 65s provides the most reliable basis for comparison because this is the only age group for whom there is universal coverage in both systems.

KIER

Kier Group, in a joint venture with **Barclays Capital**, has signed PFI contracts with Oldham Borough Council to build a library and lifelong learning centre. The 25-year project is valued at £80m. The town centre library facilities will be run and maintained by **Caxton FM**, Kier Group's facilities management arm.

Kier completed a similar library project for Bournemouth in March 2002.

Kier has been awarded a second major contract by Sheffield City Council. The £97m PFI project is to build two new schools and provide services for a 25-year period. FM services will be provided by Kier Sheffield LLP undertakes the city's council house buildings repairs and maintenance for its 60,000 properties.

MITIE

MITIE Group announced an intention to buy back up to 10% of its shares, worth £40m, thereby raising the value of each share still on the market. A large contract with the Office of the Deputy Prime Minister for cleaning, catering, security, facilities management and business services helped boost sales. Comparisons with the giant **Rentokil** are being made. MITIE profits for 2003 rose by 20% due to business expansion in its core areas but also into Rentokil's key area of pest control.

Mitie is also talking about continuing to acquire more companies in its traditional business sector, adding to **Trident Safeguards** and **Executive Holding** - both security companies - and **Eagle Pest Control Services**, which it bought in 2003. Although Mitie's order book is high, competition in this area is very keen, especially as larger property services companies which hold big FM service contracts, like **Mowlem**, move into core services like cleaning.

NORD ANGLIA

Nord Anglia has sold its UK schools portfolio to **Gems Education Limited**, a subsidiary of **Global Education Management Systems (GEMS) Ltd** for £11.9m. Seven of the 10 schools are located in the North West of England. Nord Anglia has used the proceeds of the sale to fund acquisitions in the day nursery market. Although profitable, UK Schools earned a lower return on capital than that achieved across the Nord Anglia group as a whole. Chairman, Kevin McNeany, said: "The sale of the UK Schools is the final step in our restructuring programme and focuses Nord Anglia, going forward, on maximising growth within its three key businesses: Nurseries, where we are now the UK market leader, International Schools and Outsourcing, where we have a clear development strategy for high returns."

One of **Nord Anglia's** recent acquisitions, **Leapfrog Day Nursery** in East Yorkshire, will celebrate American Independence Day with American-themed activities having children and staff dressed in stars and stripes, and lessons about the Declaration of Independence.

PINNACLE

Pinnacle Regeneration Group is planning to put the company on Alternative Investment Market (Aim), in order to raise money to allow it to take advantage of the Government's plans to upgrade millions of publicly owned homes. Pinnacle hopes to raise £15m on Aim to be able to offer a range of management and consultancy services to local authorities and housing associations.

RENTOKIL

Rentokil Initial shares went up 5.5% to 152.5p when the rumour started that it could sell businesses or be bought out.

The workplace services group, **PHS**, is said to be waiting to see what comes out of **Rentokil Initial's** internal review. PHS is Rentokil's smaller competitor and is seen as a likely bidder for parts of the Rentokil group if it were broken up for sale. In 2003 PHS increased pre-tax profit by 21% and trebled its dividend.

The worst FT-100 performer in the first half of 2004 has been **Rentokil Initial**, down 22%, which failed to maintain its record of high growth and threw out its high profile chairman, Sir Clive Thompson.

SODEXHO

Philip Jansen has been appointed as the UK chief executive of **Sodexo Alliance**. Last month Channel 4 showed a programme in which a reporter working undercover filmed alleged unhygienic food preparation by **Tillery Valley**, a **Sodexo** subsidiary. Since then Wiltshire County Council has told its officers to make surprise visits to check the quality of the meals which Sodexo is contracted to supply to 140,000 people in the community and their homes.

A review of the **Sodexo** school meals service is to be reviewed by Wiltshire County Council after complaints about value for money. The contract with Sodexo is one of four set up in 2001 to run for seven years. Schools have complained that the £2,600 they have to pay over and above the cost of the meals themselves is too much. The money is paid by the council to cover Sodexo's management costs and investment and to ensure the contract remains viable.

Equion under its consortium which includes **Laing-O' Rourke**, **Siemens** and **Sodexo** has won the contract for the DBFO of the Potteries hospital from North Staffordshire NHS Trust.

WS ATKINS

WS Atkins has reported pre-tax profits of £62 million for the year to 31 March 2004, recovering from a loss of £45m in 2003. Underlying profits trebled from £18m to £56m, with a third coming from **Metronet**, the consortium left to run two thirds of the London Underground. And things will get better for Atkins and Metronet. Within two years of the start of the seven-and-a half-year Metronet contract, Atkins will have got back almost half its £70m investment.

Stephen Billingham, WS Atkins finance director, is leaving to join **British Energy**.

XANSA

Things are looking better for troubled IT company **Xansa** as it announced results for the year were in line with market expectations. The company has extensively reorganised in an attempt to return to profitability. In 2002 Xansa issued four profit warnings.

AGENCIES

The Executive Chairman of employment and recruitment agency **Adecco**, John Bowmer, will resign at the end of June 2004. Two other executives have already resigned in the wake of accounting problems, centred on its North American operations.

It is rumoured that the **Reed Health** agency nursing business could be withdrawn from the stock market. Formerly part of **Reed Executive**, which has also been taken off the market by the Reed family, Reed Health has been subject to boardroom coups engineered by the family, which holds 40% of shares, and profits warnings. The stock of health care temp agencies has fallen since the NHS began to remove its dependence on expensive private agencies.

The UK general staffing market continues to be mixed. Whilst the performance of **Blue Arrow's** permanent recruitment business is improving, the temporary staff business is

down, partly as a result of a lack of business from the NHS. To compensate, the company is investing in non-NHS and private healthcare business, and is looking towards the early re-tendering of the NHS National Framework Agreement to improve its position in the NHS.

Recruitment agency **Pertemps** is funding the development of a skin lotion called Triclosan that is said to deal effectively with hospital-acquired infections such as MRSA. The product has undergone extensive medical trials at Birmingham's Queen Elizabeth Hospital. The skin lotion company, **Hygieia Pharmaceuticals**, will be based at the Pertemps headquarters in Warwickshire.

CARE

Britain's biggest nursing-home company could be created if talks between private equity groups **Blackstone** and **Legal & General Ventures** succeed. Blackstone is trying to buy **Four Seasons Health Care**, a 15,000-bed care home group worth £750m, which is being sold by **alchemy**. Following this purchase, it wants then to merge the operation with **Craegmoor**, owned by **L&G**. However, **Electra** also wants to buy Four Seasons to merge with the smaller care home group, **Ashbourne**. And, **Allianz**, one of the world's biggest insurance companies is also bidding for four seasons with a British partner. Elsewhere, **3i** wants to sell **Westminster Health Care**, worth £400m.

HEALTH

Primary Care Trusts have been invited to bid for more 'super surgeries', funded under the LIFT programme. It is expected to open September 2004 in Newham, East London. It will include GPs, health visitors, dentists, a pharmacy, a cardiology clinic, X-ray facilities, optometry services, Surestart and a café. Twenty other LIFT health centres are under construction and work is expected to begin on another thirty by the end of 2004.

An undercover BBC reporter found a dangerously poor level of cleanliness in the A&E department of Kent and Sussex Hospital. Poor work habits, lax supervision of the in-house cleaners and breaches of hospital policy were found.

A proposed change in Swedish law would mean that two privately run hospitals in Stockholm and Gothenburg could not continue in their present form. According to the proposal, companies run for profit would not be permitted to run hospitals in Sweden.

HEALTH AND SAFETY

Health and Safety incident rates in the waste industry are higher than those in construction, according to research published by the Health and Safety Executive. The number of fatal incidents are over ten times the national average, while accident rates are four times the average. The incidents predominantly occur to refuse/recycling collection workers who manually handle and sort waste. Handling of bags, wheelie bins and skips feature strongly in the accident reports submitted to HSE, with an increasing number of reports associated with collecting and sorting waste for recycling.

Proposals from the European Commission could allow European companies operating on a "temporary" basis in Britain to avoid having to comply with UK health and safety laws. The draft directive, for liberalisation of services across the EU will require European companies operating across borders on a non-permanent basis to comply with their own country's laws, not those of the host country. The DTI, which "strongly supports the market-opening aim of the Commission's proposals", is consulting on the directive.

HOUSING

Circle 33's recent refinancing deal with six banks and building societies is one of the biggest ever agreed by a registered social landlord. About £200,000 a year will be saved by loan interest cuts from 7% to 5.85%. The deal also gives the association £215m of new money.

Apex Housing Association and **Airways Housing Association** are said to be planning a merger that could result in one of the largest to date, creating a registered social landlord with 11,000 homes. The merger appears to be part of a trend initiated by the Housing Corporation to create larger, more efficient, housing associations. Apex is principally made up of stock from **Spelthorne Housing Association**, created by the 1996 stock transfer of 3,600 homes from Spelthorne council in Surrey.

Enterprise Liverpool the company that manages housing services to the council's 21,000 properties, has withdrawn from a contract. The contract is for the repair of homes owned by **Cobalt Housing Association** and the action by Enterprise Liverpool has left its workers considering strike action. Union leaders have been told that the withdrawal from the contract could mean the loss of 60 jobs.

The Housing Corporation has placed **West Yorkshire Housing Association** under supervision after the Audit Commission gave it one of the worst ratings ever. The report highlighted poor management of gas supply, weak repairs service, unclear procedures for tackling antisocial behaviour and limited opportunities for tenant involvement.

SECURITY

Serco has signed a £300m seven-year contract to provide prisoner escort and custody services to HM Prison Service for the London and South East region of England.

Serco's Premier Custodial Group will start work on the project at the end of August. The new contract will give Premier 25% of the market in England and Wales. It currently delivers escort and custody services to HM Prison Service in two of the eight contracted areas.

PFI

The Institute for Public Policy Research has published a report calling for greater openness of PFI contracts. The mandatory guidance applied to NHS trusts to publish information about PFI projects should be extended to other public sectors. The group found that nine out of 10 documents requested from the NHS were supplied but only half of those in local government and four out of 10 from school projects were made available.

A £40m PFI project to refurbish Stoke Mandeville Hospital has been signed. **Enterprise Healthcare**, is a consortium of **Alfred McAlpine**, **Sodexo** and **HSBC Infrastructure**. The consortium will own and operate the hospital on a 32 year concession. Alfred McAlpine's Capital Projects business will lead the construction project in joint venture with Haden Young. This is scheduled to be completed in 28 months.

The NHS Confederation warned the hospital building programme was slipping behind. Although the government is committed to completing 114 hospital schemes between 2001 and 2010, about 60 were under construction, but eight new PFI deals were completed last year. The DoH found itself short of bidders last year when it tried to bring the building programme up to speed. Attempting to hasten the process by bundling

projects together merely restricted the number of companies capable of putting forward such large bids. On their side, NHS executives are finding lengthy PFI contracts too inflexible. When the nature of health care is changing rapidly, changes within a PFI regime are time-consuming and costly to make.

For the first time local authority pension funds have put money in PFI projects. This is seen as a sign that pension funds recognise that 25-30 year PFI projects are a useful form of investment, especially as they seek to diversify out of equities into bond-like instruments. The London Pensions Authority, the South Yorkshire Pensions Authority, and the London borough of Newham's pension funds are among those to take a 50% share in a new £400m fund put together by the **Mill Group** to provide finance for schools and smaller scale health and social care projects built under the PFI.

John Laing's financial partner in the purchase of **Carillion's** PFI road scheme shares is the **Commonwealth Bank of Australia**. The joint venture plans to invest up to £300m in PPP/PFI projects during the next three to five years, mainly in the NHS and European road construction, where there are new opportunities as the PFI market opens.

IT

NHS IT staff are concerned that Agenda for Change could result in pay cuts of up to £5,000 a year. In its national job evaluations, Agenda for Change only recognises IT roles at the level of trust IT director. IT staff are not recognised in the NHS 'recruitment and retention' premia, designed to keep staff with much needed skills, even though NHS IT staff have vital working relationships with clinicians, medical scientists and other departments which would be lost if they were to leave the NHS.

The Environment Agency's new £17m HR system does not meet its requirements. Supplied and supported by Oracle, a lack of server capacity means that the system can only be accessed by half the expected number of employees at a time. When the system went live in April there had been no test period to run the system in parallel with the existing old system.

Higher demands for better value for money in IT contracts is driving companies offshore. Although the big players dominate the UK industry: **IBM, EDS, Microsoft** and **CSC**, smaller UK companies depend on offshore partnering deals to compete. They also are acquiring eastern European or Indian outsourcers for long-term application development work. Even so, these companies are still at threat from absorption by their much bigger rivals.

WASTE

Cleanaway is supporting local campaigners to prevent the Wiltshire cement works of **Lafarge** from burning recycled liquid fuel (RLF) in its kilns. The waste company said that if the proposals are passed it could lead to a lowering of environmental standards and represent a health and safety threat to workers within the plant.

Severn Trent says it will not sell off **Biffa**, its waste arm, as the sector has a future under new environmental legislation. Developments in the refuse collection business of Biffa and improvements in the laboratory testing division helped Severn to report a strong increase in pre-tax profits of 9% to £272.6m.

Underlying profits at **Severn Trent's** water division rose 3.8% to £338m, while **Biffa**, the waste management division, saw profits surge 16.6% to £79.2m - though about 12% of that growth came from the acquisition of waste company Hales. However, fears that the group may need to top up the pension scheme by £30m-35m has caused the share

value to fall.

Biffa Waste Services, which runs Houghton Quarry, Sunderland, where an 11 year old boy dies in 2001, admitted failing to make sure the site was secure. Biffa pleaded guilty to breaches of the Health and Safety at Work Act 1974.

OTHER NEWS

Accord plc Chief executive, Stelio Haralambos Stefanou, received an OBE for Services to Business. Hilary Cropper, former Chair of **Xansa**, the IT services group, is made a Dame for public and charitable services.