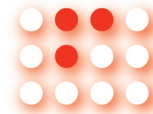


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## Party funding

The Conservative Party received over £2 million more than the Labour Party in the second quarter of 2008, according to a *Fact Service* analysis of figures from the political finance watchdog, the Electoral Commission. The Tories received £5.5 million against Labour's £3.4 million.

Rich individuals accounted for 53p in every £1 received by the Conservatives at their London headquarters. Ninety-one people gave a total of £2.9 million with six giving at least £100,000. The biggest donor was David Whelan, founder of the sports retailer JJB Sports and owner of Wigan Athletic football club and Wigan Warriors rugby league team. He repeated his first quarter gift of £250,000.

The taxpayer helped the party out with £1.4 million from the public purse and accounted for 25p in every £1 received in the second quarter of the year. The money came mainly via the so-called "Short money" and "Cranborne money" from the Houses of Commons and Lords respectively, which is public money to help the opposition parties in parliament.

Thirty-six companies gave a total of £1.2 million or 22p in every £1 received. IGL, an investment company headed by City financier Michael Spencer,

gave £208,000 and the Sheffield-based manufacturer William Cook £100,000.

Labour received a total of £3.4 million at its London headquarters in the second quarter of the year.

The unions were the financial backbone with 10 of them giving £2.2 million in affiliation fees, donations and sponsorship – the equivalent of 66p in every £1 received by Labour centrally. The union donations are shown in the table on the next the page.

Not included in that analysis are nine gifts totalling £68,903 to the Trade Union and Labour Party Liaison Organisation, which is the linking group between the unions and the party.

Donations or sponsorship from 13 individuals totalled £956,268 or 28p in every £1 received. Over three-quarters of that sum came from three top City financiers, who each gave £250,000. The donors were Sir Ronald Cohen, who is a close adviser of the prime minister Gordon Brown; Nigel Doughty, founder of the private equity firm Doughty Hanson; and John Aisbitt, a member of the board of Man Group, Britain's biggest hedge fund manager.

Another large donation came from Steve Lazarides. He is the agent and art dealer for works by graffiti artist Banksy and gave £121,600.

Corporate gifts or sponsorship from nine companies raised £112,840 or 3p in the pound.

**LABOUR RESEARCH DEPARTMENT**

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Union	Total (£) <sup>1</sup>
BECTU	5,645
Community	24,437
CWU	169,455
FBU	2,000
GMB	294,358
TSSA	38,547
UCATT	522
UNISON	22,100
Unite <sup>2</sup>	1,417,702
Usdaw	259,514
<b>Total</b>	<b>2,234,280</b>

<sup>1</sup> Excludes donations to Constituency Labour Parties, regional party organizations and TULO  
<sup>2</sup> Includes Amicus and T&G sections

The Liberal Democrats received a total of £794,378 in the second quarter of the year. Public money kept the Liberal Democrats afloat with three tranches amounting to £599,903 or 76p in every £1 were received by the party's London headquarters in Cowley Street.

Nine individuals gave the party £163,750 (21p in the £1), and two companies gave £30,725 (4p in the £1).

[www.electoralcommission.org.uk/](http://www.electoralcommission.org.uk/)

## GMB accuses M&S of "corporate bullying"

A Marks & Spencer (M&S) worker, who had worked for the company for 25 years, has been sacked after telling the media that the company planned to cut redundancy pay to staff by up to 25%.

M&S was itself forced to confirm to the media that it was consulting with staff representatives on its "Business Involvement Group" over the move, which would cut maximum payouts from 70 weeks to 52 weeks depending on length of service.

After attending a disciplinary hearing, the employee was dismissed for gross misconduct. The GMB general union who represented the employee at the hearing claimed that it was a "gross act of corporate bullying".

Maria Ludkin, the union's legal officer who represented the worker at the disciplinary hearing, said: "The disappointing part of [the] decision is that M&S head of global HR John Wareham stated that the 25-year long service of this employee is totally irrelevant to the decision to sack him. M&S have shown that they are more concerned about maintaining a repressive regime for their staff than about promoting open discussion about the

direction of the company and the way that the staff are treated."

The union said it will be appealing against the decision.

[www.gmb.org.uk/Templates/PressItems.asp?NodeID=97477](http://www.gmb.org.uk/Templates/PressItems.asp?NodeID=97477)

## Job worries

Worries over job prospects have surfaced in two recent surveys. More than 3.3 million workers (13% of the workforce) are not confident they will still be in their job in a year's time, according to a new YouGov poll commissioned by the TUC.

Workers in Wales are the least confident of keeping their jobs with a fifth (20%) of workers saying they are "not very confident" or "not at all confident" when asked about working for their current employer over the next 12 months". Scottish workers are next with 17% not confident of keeping their jobs.

Workers in medium-sized businesses are the least confident with 18% of staff in those with 50 to 249 workers saying they are not confident of being in their jobs in a year, compared to 12% in big workplaces (more than 1,000 employees).

Those in low paid jobs are less secure than those in better paid jobs. The least confident about keeping their job earn between £10,000 and £15,000 and the most confident earn more than £50,000.

However, union members were more optimistic than non-members, with 48% of trade unionists very confident that they would be in their job in a year's time, compared to 40% of workers not in a union.

TUC general secretary Brendan Barber said the findings show "just how many people are getting worried about losing their job in the current economic slowdown".

"Of course this does not mean that unemployment will rise by anything like three million, but it does show just how jittery people have become about the economy and their own job."

**Manufacturing** The government must tackle the economic downturn "head on" to reduce the impact on manufacturing jobs, the EEF employers' organisation has warned. It made the call after its survey of 800 such companies found job losses were now being predicted across the UK.

The EEF said there had been a “sharp decline” in expectations for coming months in all manufacturing sectors.

“Manufacturing has shown considerable resilience in the face of a credit crunch, a global economic slowdown and a massive increase in its costs,” said EEF chief economist Steve Radley.

“But there are now clear signs that these pressures are starting to take their toll on companies.”

[www.tuc.org.uk/economy/tuc-15232-f0.cfm](http://www.tuc.org.uk/economy/tuc-15232-f0.cfm)  
[www.eef.org.uk/UK/mediacentre/Press+Room.htm](http://www.eef.org.uk/UK/mediacentre/Press+Room.htm)

## PFI — “not doing a good job”

Ministers and officials should work harder to make sure that private finance initiative (PFI) deals offer the taxpayer value for money, parliament's public spending watchdog has warned.

Many public sector authorities are “not doing a good job” of managing such projects — through which they enter long-term contracts with private companies to design, build and in some cases operate schools, hospitals and other projects — says the House of Common's public accounts committee (PAC).

In its latest report, *HM Treasury: Making changes in operational PFI projects*, the committee says many contract managers lack commercial expertise and more than 15% of projects are not being managed on a full-time basis.

Conservative MP Edward Leigh, chair of the PAC, said this was “particularly worrying” because changes to PFI schemes cost £180 million in 2006 alone.

The UK now has more than 500 projects with a combined capital value of £57 billion, according to the PAC.

These have been the subject of a separate dispute over whether a large proportion of these assets should be put on to the government's balance sheet, which would breach the government's rule that public sector debt should not exceed 40% of gross domestic product.

The report focuses on the management of such deals, saying a third of contract managers at PFI hospitals and a sixth of those at PFI schools, sur-

veyed by the National Audit Office which scrutinises public spending, reported a lack of resources.

The cross-party group of MPs says it was inevitable, over 25 to 30 years of operation, that PFI projects would need significant changes.

Big changes costing £100,000 or more accounted for 90% of the total value of changes to large projects in 2006. But nearly 30% of big changes that could have been competitively tendered were not, which could be “a clear risk to value for money”.

The committee also called for the removal of management fees paid to separate “go-between” companies. Companies involved in a PFI deal establish a separate company, known as a Special Purpose Vehicle (SPV), to manage the project, including any competitive tendering for new work. For most small changes, SPVs simply act as conduits, passing requests for changes from the public sector authority to the facilities management provider and back again. However, many charge additional management fees ranging from 2% to 25%, adding an estimated £6 million to the cost of changes made in 2006.

This summer another Commons select committee said that MPs should have greater details of PFI deals to judge whether they represented value for money.

The liaison committee — made up of the chairs of the other select committees — said claims of commercial confidentiality were making it difficult for MPs to scrutinise the growing number of PFI contracts and other outsourced deals.

Departments and contractors have resisted disclosure of some details of deals, despite pressure from the Information Commissioner's Office, which promotes access to official information.

[www.ft.com](http://www.ft.com)  
[www.publications.parliament.uk/pa/cm200708/cmselect/cmpublic/332/332.pdf](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmpublic/332/332.pdf)

## Private equity moves into care services

Unions and healthcare charities have warned that care services are increasingly falling into the hands of profiteers thanks to the government's insistence on outsourcing health to the private sector.

The warning follows the news that Care Aspirations, the UK's biggest care services firm for adults

with severe learning disabilities, has fallen into private equity hands. The Colchester-based firm has been bought by Anglo-American buyout firm GI Partners for an undisclosed fee.

Care Aspirations has doubled revenues in the past two and a half years, but the funding for the firm's services, which include residential and day care, comes from the NHS.

The company currently operates 11 facilities with a total of 102 beds, mostly in the South East, is developing a further four sites and has about 470 staff. But GI plans to expand the business through acquisitions in a sector which it regards as fragmented but offering strong growth opportunities.

It is the latest move by private equity firms into an area seen as a defensive investment in the current economic climate as the government outsources more mental health care into the private sector.

NHS union UNISON slammed the government's outsourcing of health services to private companies as "exposing public services to the dangers of global markets".

"More than £80 billion of taxpayer's money now goes to the private sector and to the private equity firms who increasingly own our public services," the union said.

The Adolescent and Children's Trust said that "this means it is more interested in maximising profits and operating for short-term gain than providing long-term care for the most vulnerable".

[www.healthcare-digital.co.uk/Care-Aspirations-bought-by-GI-Partners\\_7286.aspx](http://www.healthcare-digital.co.uk/Care-Aspirations-bought-by-GI-Partners_7286.aspx)  
Morning Star 26.8.08

## Mergers and takeovers

Spending abroad by UK companies has continued to fall. In the second quarter of 2008, it fell by over two-thirds (68%) to £5.0 billion – down from £15.8 billion in the first quarter of the year.

Defence firm BAE Systems was involved in two deals – the £325 million takeover of leading Australian defence contractor Tenix and the £184 million purchase of US defence and intelligence services supplier MTC Technologies. These deals accounted for 10% of takeovers abroad.

A smaller deal involving US defence contractors was the £206 million takeover of SPARTA by the Dorset-based Cobham.

Spending on takeovers at home by UK companies more than doubled to £8.7 billion from £4.3 billion the previous quarter.

Two deals accounted for the most of the money involved in the takeovers. Finance group Pearl took over rival Resolution for around £5 billion and waste disposal group Biffa was bought by a private equity consortium headed by Montagu for £1.7 billion.

Spending on takeovers by foreign companies in the UK was more than the combined sum for UK companies making takeovers here and abroad. Thirty-five deals worth £18.1 billion were reported in the second quarter of 2008 – down from £20.7 billion in the first quarter of the year.

Again two big deals accounted for the lion's share of the second quarter total. Canadian information group Thomson Corporation completed the £8.5 billion takeover of its UK rival Reuters, and the drinks group Scottish and Newcastle was snapped up by a consortium including Heineken and Carlsberg for £7.6 billion.

### Mergers and takeovers involving UK companies

	In the UK by UK companies		Overseas by UK companies		In the UK by foreign companies	
	Number	value £bn	Number	value £bn	Number	value £bn
2002	430	25.2	262	26.6	117	16.8
2003	558	18.7	243	20.6	129	9.3
2004	741	31.4	305	18.7	178	29.9
2005	769	25.1	365	32.7	242	50.3
2006	779	28.5	405	37.4	259	77.8
2007 (r)	869	26.8	441	57.8	269	82.1
<b>2005</b>						
Q2	215	9.0	74	7.8	65	9.0
Q3	211	7.3	109	7.6	67	13.9
Q4	177	5.3	91	13.8	59	15.5
<b>2006</b>						
Q1	207	7.0	94	7.5	54	24.2
Q2	208	4.2	98	6.5	62	18.5
Q3	163	11.4	98	15.2	71	19.3
Q4	201	5.9	115	8.1	72	15.7
<b>2007</b>						
Q1	191	5.6	108	4.5	61	6.4
Q2	212	10.1	105	17.6	75	51.5
Q3	258	7.8	141	9.9	80	14.0
Q4	208	3.2	87	25.8	53	9.2
<b>2008</b>						
Q1 (r)	159	4.3	79	15.8	77	20.7
Q2 (p)	125	8.7	80	5.0	35	18.1

(p) provisional (r) revised

[www.statistics.gov.uk/pdfdir/ma0908.pdf](http://www.statistics.gov.uk/pdfdir/ma0908.pdf)