



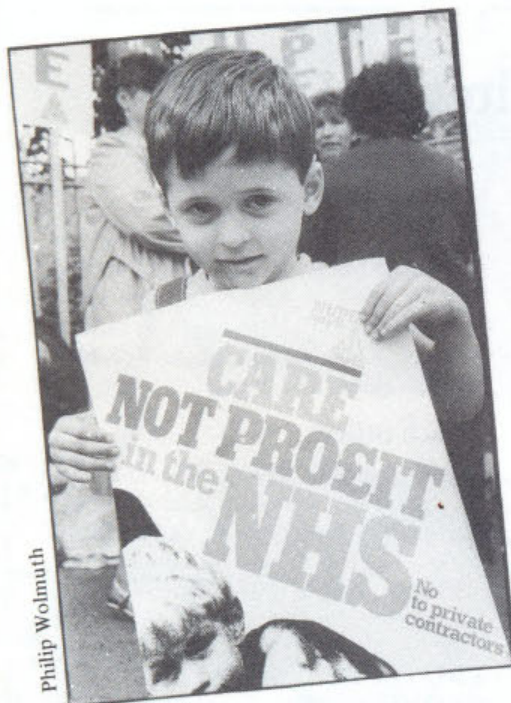
# Hawley Group PLC

'The City remembers other fast growth companies which expanded in the same way before diving into oblivion.' (*Daily Telegraph* 3.10.84)

## CLEANING UP?

Since 1979, 'Big Business' has lobbied the Government to speed up its privatisation programme. The laundry and contract cleaning industry has been particularly active: donations to Tory Party funds, close links with ministers and MPs through employers' organisations eg, Contract Cleaning & Maintenance Association and 'right-wing public relations firms eg, Michael Forsyth Associates Ltd acting on their behalf, have paid off.

'... no state industry and no local council or NHS support service provided by direct labour can be immune'. (*Monday Club Policy Paper*, Nov '84)



Philip Wolmuth

● Rate capping and the abolition of the GLC and Metropolitan Authorities will mean more contracting-out: services will be transferred to the private sector to administer and to Tory-controlled authorities who will hive-off all that they can; Labour authorities like Coventry have a hit list of services for privatisation even *before* rate capping.

● New laws will soon be introduced forcing local authorities to not only put out to tender 'blue collar' services such as refuse collection, street cleaning, office cleaning etc but also 'white collar' services such as architects and legal departments. (Direct labour building and repair workers have been operating under tendering restrictions since 1980 - this has led to massive job losses and more contracting out).

It is multinational companies like the Hawley Group that benefit most from privatisation. If their own companies don't win a contract they can buy the company that did! Through its Mediclean, Provincial and Progressive subsidiaries Hawley is the UK's fastest growing contractor. Hawley has already tried to buy out its major competitor, Pritchards, and now has an 11.8% stake in Brengreen Holdings (Exclusive). A Hawley/Brengreen takeover would give world-wide coverage: at present its operations are centred in the UK and USA. Its strategy is to be able to offer a complete package of ancillary services from cleaning to catering.



▶ WARNING: THIS COMPANY COULD DAMAGE YOUR SERVICES ▶



# BOSSSES' PAY REVEALED!

NAME	JOB	SALARY pa	BENEFITS	CAR & EXPENSES
Jim Derham	Managing Director, Mediclean	£50,000	Company life insurance, pension and sick pay scheme. BUPA coverage for family. Expense account. Holidays.	Minster (expensive conversion)
Mike Davies	Chief Executive, UK	£40,000	As above. Expense account (approx £6000pa).	Opel Senator
Philip Evans	Executive Sales Director, Provincial Cleaning Services.	£25,000 + £5000 bonus in first year	As above. Sick pay is full basic pay for up to 3 months, 4 weeks holiday.	Ford Granada 2.8GL
Simon Cox	Operations Manager (locations manager Hammersmith Hospital)	£15,000	Not known.	Not known.
Gary Inman	Late Shift Assistant Manager Hammersmith Hospital.	£8000 + review after two months	Sick Pay is 3 weeks full pay (after 6 months employment) then 6 weeks full pay + 6 weeks half pay (after year. Out-of-pocket expenses.	No.
Theresa Kenny	'Trouble Shooter'	£10,000	Expenses.	Yes.
Wendy Edmonds	Assistant Domestic Manager, St Helier Hospital.	£8000	4 weeks holiday. Sick Pay is 6 weeks in first year, 2 months after. Mediclean also paid her removal and 1 month's accommodation expenses while moving house.	No.

## Other Mediclean management rates.

- Small Hospital DSM 1 £7,500-9,000pa
- Assistant DSM: £6,500-£8,000pa
- UK and US Executives have a share option scheme.
- Simon Cox has no NHS experience — he is an ex-Walls Meat manager.
- Gary Inman is an ex-domestic supervisor at the Royal Surrey County Hospital and an ex-COHSE Health and Safety Rep.
- Theresa Kenny was Assistant Domestic Manager at Hammersmith Hospital where she earned £8,000pa.
- Medium Hospital DSM: £9,000-£10,500pa
- Supervisor: £2.85-£2.75 pence per hour
- Large Hospital: £10,000-£12,000pa



## Provincial Cleaning Services Limited

In the last two years, Provincial Cleaning Services (PCS) have spent £10 million (£9m in cash) on acquiring 23 mainly small non-union cleaning companies, with Taskmasters being the largest. Current turnover is £28m with contracts in Merton alone worth £1.8m. PCS are budgeting for profits of £3m on a turnover of £32m for 1985. Larger contracts include the British Rail Technical Centre, Derby, worth £120,000 pa. and the National Exhibition Centre, Birmingham, worth £375,000 pa.

PCS intend to spend more resources in 1985 on attacking large contracts using their recently developed computerised work loading/bidding programme. They are concerned however that profit margins (10-15% on larger contracts, 5% on hospital contracts) are not as high as they would like.

### Major growth areas for 1985

- Ministry of Defence — three new contracts for 1985 worth £470,000 pa. have already been won and the company anticipates that 'this is only the beginning'. (ICC and Brengreen have approximately £4m worth on MOD contracts).
- Schools — PCS claim to be the number one contractor with 75% of all school cleaning contracts so far awarded.
- Municipal Services — they have recruited a Management Services Manager from a local authority refuse department to assist in 'realigning Merton' and to deal with future contract bids.

● Industrial — they are considering entry into the more industrial markets particularly in the East/West Pennines, Midlands and London/South East areas.



*'In commercial cleaning, if you are short of staff at one of your job sites you can do just the essentials, like emptying the rubbish and nobody is any the wiser.' (Jim Derham, part of speech at Provincial Cleaning's Conference, Nov '84)*

### More companies

PCS has identified a number of companies for potential acquisition and they are after at least one major company in the South East. Possibles include Reliance, Commando, Ringuard, Sibley Kleen, Vigilant and Trusty.

### Branch offices

PCS has 30 branch offices in the UK but want to expand into Cardiff, Swansea, Southampton, Nottingham, Leicester, Preston and London (which has 40% of the UK office cleaning market).

### PROVINCIAL STILL PROVINCIAL

Provincial's attempts to be recognised as a national company received a major setback recently when the Department of Trade's Companies Registration Office refused a name change from Provincial Cleaning Services (Leeds) Ltd to National etc. The change was rejected as the company was unable to demonstrate that they operated nationwide. The name National would of course carry more weight when bidding for contracts.





Philip Wolmuth



## FINES AND FAILURES

Tory-controlled authorities have privatised services supposedly to save money and be more efficient than Direct Labour. Where Hawley Group companies have been hired those plans have generally backfired. In Merton, the headmaster of Bushey Middle School closed parts of the school in February 1984 as **Provincial's** cleaning was 'below an acceptable level'. In April 1984, governors of Richards Lodge School Merton held a special meeting to discuss a catalogue of complaints about **Provincial**. In June 1984, the Chair of Kent County Council Education Committee admitted that **Provincial's** cleaning in Canterbury's schools was 'unacceptable' and that the Committee's patience with the company was 'getting quite thin'. A report prepared on 6th December 1984 by the National Union of Teachers (NUT) at Tamworth Manor High School Merton condemns **Provincial's** cleaning standards. It lists over sixty examples of dirty rooms, areas or surfaces including:

- Room 26 — previous week the staff refused to teach in there as the floor and desks were filthy.
- Room 24 — disgusting.
- Sixth Form block — toilets were dirty and rarely ever cleaned.

### More contracts

Despite Hawley's failures in Merton and elsewhere, Merton Council have recently awarded an office cleaning contract worth £50,000 pa to another Hawley company — **Progressive Cleaning Services**. Progressive have cut the 12 full-time and 45 part-time DLO jobs to just 12 part-time cleaning jobs plus two supervisors! Staff can only work a maximum 10 hour week so that the company avoids paying National Insurance. Workers get no pension and only two weeks holiday a year.

### Rubbish

Before Hawley bought **Taskmasters** last year, Merton fined them £25,613 for poor performance on the street cleaning and refuse collection contract. Currently **Taskmasters** are being fined between £1,000 and £1,500 per week. **Taskmasters** were recently sacked by Dudley Council for failing to clean the schools properly. Their recent bid for Ealing Council's street cleaning contract was rejected as the Council did not believe that they could fulfill the contract: **Taskmasters** proposed using just 45 workers (the council employed over 100) and half the number of vehicles that the Council used. (That contract went to Exclusive who have been fined for their failures.)





# Mediclean Limited

In August 1982, Ashcroft formed a new UK company, Mediclean Ltd, specifically to bid for NHS domestic service contracts. He brought in Graeme Crothall (of the famous cleaning family) and Jim Derham who both worked for Crothall USA, to run the company.

## Goodbye to Crothall

Now Crothall has been dismissed as Mediclean no longer require him or his consulting service company, Quorden Holdings Inc's services. He has 'formally resigned for tax reasons' but his departure was brought about by his claim for a salary and perks package worth some £150,000 a year — for a part-time job! His cost to Hawley was estimated at nearer £200,000 a year and they thought he wasn't worth it.

## NHS contracts

Mediclean are bidding for domestic service contracts all over the UK. Despite their total lack of NHS cleaning experience they have so far won the following contracts:

- Eastman Dental Hospital, London — £90,000 pa.
- St Helier Hospital, Carshalton — £593,000 pa from 14th January 1985.
- Hammersmith Hospital, London — £465,000 pa from 28th January 1985.
- Bridge Hospital, Essex — £163,000 pa from March 1985.

They also clean the Princess Mary Hospital at RAF Halton, worth £63,000 pa. This is not an NHS hospital and requires a different approach to cleaning but Mediclean quote it as relevant experience when bidding for NHS contracts.

## Future growth

The company predicts its turnover to rise to £10m by the end of 1985 and over £25m by the end of 1986.

Philip Wolmuth



## LOST JOBS, LESS PAY, MORE WORK

	NHS	MEDICLEAN
Domestics Grade 1	£1.725 per hr + LW	£1.725 per hr, no LW
Enhanced Rates — Sat	150% of basic pay	125% of basic pay
Sun	200% "	150% "
Bank Holidays	10 + 2 statutory days	8
Annual Holidays	4 weeks pa + extra for long service	2 weeks pa, none in first six months of employment
Sick Pay	Up to 6 months full pay and 6 months half pay	Government's Statutory Sick Pay Scheme only if full time
Maternity Pay	16 weeks	None

● The NHS pays a productivity bonus which in most hospitals makes up 25% of a domestic's wages and is worth around £18 pw to full-time staff. Mediclean don't pay bonus.

● Mediclean have reduced the hours on most jobs to 15 hours a week maximum. This means that they can avoid paying National Insurance and Statutory Sick Pay. Workers have no employment protection rights.

● NHS staff rely heavily on weekend work to make up their wages.

● St Helier Hospital — only 70 of the original domestic staff of 220 were employed by Mediclean.

● Hammersmith Hospital — total jobs cut from 207 to 158 with full-

time jobs cut from 122 to 28. Hours cut by more than half.

● Powys Health Authority — Mediclean's rejected tender proposed that less staff than in-house would have to work 13% harder for 15% less hourly pay.

● Harefield Hospital — privatisation rejected by tenders including Mediclean's forced in-house tender to cut wages by £15 pw and increase workloads by 5% on top of an already unusually high performance rate.

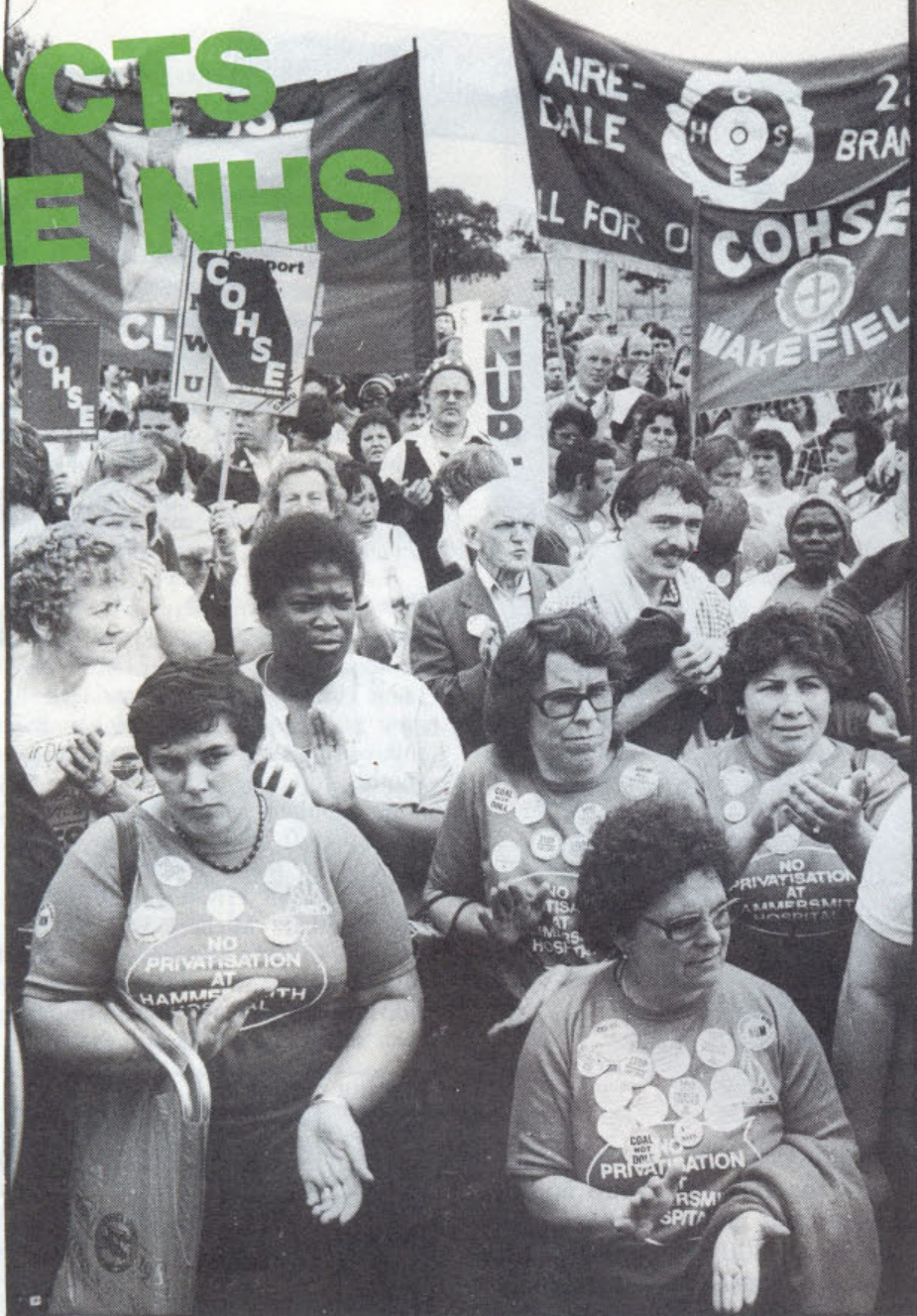
● When Mediclean contracts are due for renegotiation they will slash pay and conditions even further to keep the contract.

Philip Wolmuth





# FACTS THE NHS



Philip Wolmuth

Hammersmith Hospital – direct action failed to stop Mediclean contract but workers morale high and many important lessons learnt.

## THE TENDER TRAP

In November 1984, Mediclean failed to beat an in-house tender for the domestic services contract with Powys Health Authority. The HA's report on Mediclean's bid included:

- '... did not show hours allocated for patient orientated services eg, beverages, meals, dishwashing etc.'
- 'No hours have been provided ... to cover absences due to sickness, annual leave, training etc.'
- 'If a member of staff ... is absent then the performance required from the remaining staff ... is clearly impossible and would result in a lowering of standards'.
- 'There is insufficient detail ... to comment on the start and finish times'.

- 'It is not possible to know what hours (the domestic manager) would work ... and who would provide his cover on in fact, if he was working or non-working'.
- '... did not comply with the Authority's requirement for the submission of audited accounts'.
- 'Their experience is very limited and it is not possible to assess their performance'.
- 'The work rate ... and the terms of condition of services offered ... were some way from the existing arrangements'.
- 'When additional costs (ie redundancy, monitoring etc) ... are applied, the tender exceeds the cost of the "in-house tender" '.

## MEDICLEAN ON UNION MEMBERSHIP

They state that they 'fully believe in allowing our employees full freedom of choice in the matter of representation. We will not take any action that might inhibit that choice'. They also say that once a contract starts they will recognise 'as bargaining agent for that location only' the union with over 50% of the employees in membership.

But ...

If Mediclean carefully selected its domestic staff from the NHS pool when starting a new contract, they could ensure that no single union had over 50% membership of those staff!

It is worth noting that Mediclean Managing Director Jim Derham 'notes and approves' the objects of the Nationally Integrated Caring Employees (NICE) a scab, 'no-strike' union that was formed during the 1982 NHS dispute. NICE approached Mediclean about the possibility of their organising at Hammersmith Hospital.

## DERHAM & CROTHALL ON WAGES

Recommend that a hospital ... 'does specify a minimum wage that contractors must pay their staff ... not necessarily the same as Whitley Council rate but rather a minimum reasonable rate for the area' and that 'in three or four years time ... removal of a floor on wage rates may be appropriate'.

## HOSPITAL ADMINISTRATORS

American hospital administrators 'are very much like their English counterparts – weak and snobs!' (Jim Derham, part of speech at Provincial Cleaners Conference Nov '84)

## MEDICLEAN AND INDUSTRIAL ACTION

If Mediclean agree with a Health Authority that they should cross picket lines, management and supervisory staff from either Mediclean or Provincial Cleaning Services would be used. Mediclean claims to have sufficient stocks of cleaning materials and supplies at branch offices and group-owned supply companies to sustain services throughout an industrial dispute.



'... the public is his accomplice as well as his potential victim ...' (Mail 22.7.84)

## Ashcroft's EMPIRE



Financial Times

Michael Ashcroft is the force behind the Hawley Group and at 39 years old controls one of the UK's top 200 companies. His millionaire status has been rapidly achieved. His second job after leaving business school was as manager for Pritchards but he left after two years to set up on his own. He later sold his office cleaning business to Reckitt and Colman and in 1978, used the proceeds to buy a nearly-broke Midlands tent-making firm, Hawley-Goodall. He has used this company to expand into leisure, laundry/cleaning, home improvements and security services, both in the UK and abroad. Hawley Group profits have risen 60-fold in five years and turnover has grown from £1m in 1978 to £274m in 1984.

Ashcroft's style and business practices have been widely criticised:

- 'The City is upset by his apparently irrelevant investments in companies such as Miss World and Pineapple Dance Studios'. (Financial Times, 3.10.84)
- 'Is Ashcroft a colossal bluffer?' (Mail, 22.7.84)

● '... his stock market image could do with polishing if not changing.' (Observer)

● 'The company's accounting policies — on depreciation, consolidation and other matters — remain the subject of contention and the group's balance sheet will need careful scrutiny'. (Financial Times, March '84)

Even one of his own Directors has reservations: Tony May, only recently hired as Chief Executive of Kean & Scott Holdings PLC (one of Hawley's home improvements companies), has now been replaced by Stephen Boler following Ashcroft's acquisition of another company, Kitchens Direct. May is now looking for another job but he and Ashcroft have come to an arrangement about the 'external presentation' of the decision. Privately, May has complained that 'Michael will however, continue to put a business deal ahead of any obligation that he might have to individual people' and admits to having been 'seduced' by Ashcroft's style.

### Making money

Ashcroft's US salary is \$50,000 pa. It is paid on a monthly basis into Wendy H and Michael A Ashcroft's account (a/c no. 458021) with the Hollywood Federal Savings & Loan Assn, PO Box 89, Hollywood, Florida. His UK salary for last year was £93,000 and dividend income from his shareholding in Hawley was £158,000.

### Down to the woods

He is now cashing in on the privatisation of Britain's forest land. The Government has ordered the Forestry Commission to sell off £100m worth by 1989 and land is being snapped up by City institutions and foreign investors. Ashcroft has instructed a Cambridge firm of chartered surveyors to find him £1m worth of forest to invest in — one prospective site is the 960 acre Lambdoubty in the South of Scotland.

Ashcroft's investments are made through an elaborate network of personal, family, trust, holding and nominee companies. One nominee company is Susan Holdings Ltd, PO Box 48, St Julians Avenue, St Peter Port, Guernsey. His personal tax and accountancy matters are dealt with by Simon Mabey of Smith & Williamson, London W1. Mabey is a Tory councillor on cuts-and-privatisation-mad Westminster City Council.

## Mediclean Hiring Anti-Union Managers?

Mediclean hold group interviews when appointing operations managers. To ensure that they get the 'right' person, candidates are asked to discuss the following:

● Unions are the result of bad management — it should therefore, be our objective to avoid unionisation in Mediclean. The NHS is a unionised institution — we should aim, therefore, to develop a strong but effective relationship with unions in our own workforce. To which view do you subscribe?

● Private contractors can really only undercut in-house NHS services by providing much worse conditions of employment. How would you: (a) Defend this position (b) prove that it was incorrect?

● You have just taken over as operations manager for the XYZ Hospital, an existing Mediclean location. You are faced with the following problems: (a) the 'GMWV' (sic) shop steward is threatening a strike the following Monday (b) Labour turnover is running at over 100% pa. You are seriously short staffed. (c) The Hospital Administrator has just delivered a final warning letter threatening to terminate the contract if quality standards are not improved. Which problem do you tackle first? What action would you take?

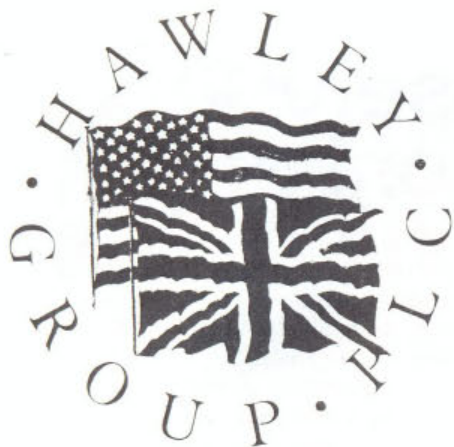
● What steps do you think Mediclean should take to ensure that the NHS will not want to reverse the privatisation process if a Labour Government is returned to power?

### GAMBLING MAN

For many years Bill Gamble was the Unit Domestic Manager at Camden Area Health Authority and recently moved to Bloomsbury. Unbeknown to his colleagues he applied for a job with Mediclean and was accepted — £18,000 a year, company car, BUPA and company pension scheme etc. When health workers in the district discovered his coming 'transfer' they organised a demonstration against his apparent sell-out. He eventually turned his new job down and is still at Bloomsbury. But he helped Mediclean interview and select management staff in St Helier and Hammersmith Hospitals — while still employed by the NHS!

'... just being a large, financially strong commercial contract cleaner does not in itself qualify that company to hospital domestic service management.' (Derham and Crothall)





## HAWLEY USA

Some 45% of Hawley's profits now come from its US operations and Hawley's headquarters are being moved to the tax haven island of Bermuda. Its UK companies will become offshoots of an American company which itself is a subsidiary of a Bermuda-registered company! As well as the obvious tax advantages, Ashcroft wants investors to see Hawley as 'an international company with equal interests in the US and UK rather than just a British company with US involvement'.

'Doubtlessly when extolling the virtues of entrepreneurial skill and privatisation Mrs Thatcher had in mind just such manoeuvres as exporting control of British companies to far away tax havens so that the profits made possible by local authorities and the NHS should not be curbed by such irritating matters as corporation tax'. (Private Eye, 19.10.84)

Since 1983 Hawley has bought a string of US building services companies providing grass cutting, cleaning, catering, security and lift maintenance services. The plan is to be able to offer hospitals, local authorities, private companies and residential buildings a total package.

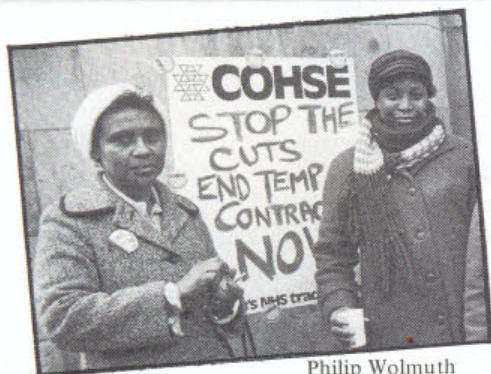
### Major force

Hawley has already become a major force in the building services market and is now competing for a larger share of hospital services contracts. The two largest hospital services contractors are Servicemaster with 200 contracts and Crothall American (Pritchards) with 1000. Both companies now offer laundry, mechanical maintenance and catering services as well as cleaning.

Hawley estimates the US market is worth \$2½ billion a year: four of the companies bought to chase that market are:

- Oxford Services Inc — the fifth largest building services contractor in the US and the largest in the SE states. Based in Atlanta, it employs 13,000 workers, most of whom are from ethnic minorities and who earn only the basic minimum wage of £3.35 per hour. The company is non-union. Since Hawley took over, Oxford's turnover and profit have doubled.
- United Health Serv — consists of a group of six companies and cleans 40 hospitals, runs four central laundries serving another 40 hospitals and has a catering contract at a US Navy Hospital.
- Electro-Protective Ltd — provides fire and security systems for some 30,000 premises in the Eastern states and is developing into the residential sector also. It is reported to be considering exports to South Africa.
- National Cleaning Contractors Inc — Hawley has a 41% stake through NCC's parent company Security Corporation of America. NCC cleans 20% of the high rise office blocks in New York and Chicago. A sister company, Holmes Protection serves 45% of the banks in Manhattan, New York.

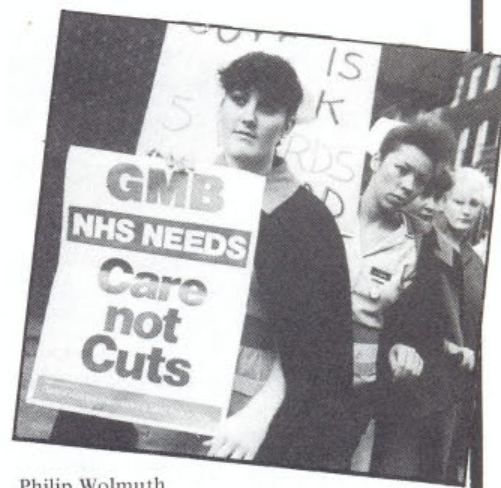
## WOMEN HIT HARDEST



Philip Wolmuth



Privatisation is NOT just a change in management. It is a direct attack on trade unions and public services. It hits women and members of ethnic minorities doubly hard. In the NHS alone they make up over 80% of the ancillary services workforce. They already work long hours for low pay. Racism is a big problem. But public services are accountable and workers and users can campaign for improved services and against racism. Working for private contractors means worse pay and conditions, little or no trade union organisation and no chance of fighting sexual or racial discrimination.



Philip Wolmuth







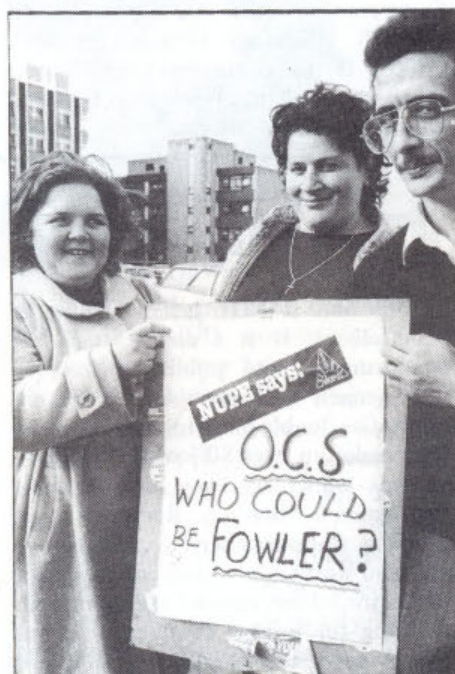
**Barking Hospital Strikers** — still going strong after 10 months. They need your support. Contact Strike Line 01-592 5038.

Successful direct action to defend jobs and services can depend on accurate information about contractors' activities both in the UK and abroad: who owns them; where they operate; contracts won or lost; their failures; pay and conditions; their anti-union tactics; links with local or national politicians etc. Examples of how information can be used in campaigns include:

- Norwich DHA recently rejected privatisation of ancillary services when presented with information on the failure of private school cleaning in Norfolk and Cambridgeshire and the experience at Addenbrookes Hospital Cambridge.
- Striking Crothall workers at Barking Hospital were able to make links with Crothall workers in New Zealand who took industrial action in support of their campaign.
- As a result of the Barking dispute, Crothall has been removed from several DHA-approved contractors lists and Pritchards (the parent company) shares on the Stock Exchange have suffered.
- Home Counties Cleaning lost contracts when their 'irregular activities' were exposed by the *Daily Mirror* last year.
- A recent West Midlands TUC report exposed the fact that West Midlands DHA's approved contractors list contained 17 companies who were apparently independent but in fact owned by just seven larger companies.

#### Corporate approach needed

There is a wealth of information about contractors' failures and their shady practices. Wherever possible these facts must be used to discredit them. But only direct action co-ordinated locally, nationally and internationally will stop the Hawleys of this world from destroying our public services. The Government's privatisation programme is being stepped up so the labour movement must intensify its anti-privatisation campaigns.



**Addenbrookes Hospital Cambridge** — OCS child labour exposed. Strikers out to win. Contact Strike Office 0223 248893.

Researched by Services to Community Action and Trade Unions (SCAT) and Hillingdon Trade Union Support Unit. Designed and produced by SCAT Publications, 27 Clerkenwell Close, London EC1 (01-253 3627).

**BY THE TIME YOU READ THIS, HAWLEY WILL HAVE WON ANOTHER CONTRACT!**

## Useful Contacts

It can be hard to keep track of companies: they change name or ownership; UK companies move to tax-havens; foreign companies move in etc. A number of organisations research and publish information on companies and on campaign strategies to stop privatisation. They also have good contacts with campaigns around the country and abroad.

- **Services to Community Action and Trade Unions**, 31 Clerkenwell Close, London EC1. 01-253 3627
- **Public Service Action** (Anti-privatisation newsletter for the labour movement). From SCAT Publications, 27 Clerkenwell Close, London EC1.
- **Labour Research Department & Labour Research Bulletin**, 78 Blackfriars Road, London SE1. 01-928 3649
- **Birmingham Trade Union Resource Centre**, Victoria Works, 7 Frederick Street, Birmingham. 021-236 8323
- **Transnationals Information Centre**, Octavia House, 54 Ayres Street, London SE1. 01-403 7550
- **London Health Emergency & LHE Bulletin**, 335 Grays Inn Road, London WC1. 01-833 3020
- **Service Employees International Union (SEIU)**, 161 Spring Street, Atlanta, Georgia 30303, USA
- **Canadian Union of Public Employees**, 21 Rue Florence Street, Ottawa, K2P 0W6 Canada

Research Departments of the public sector trade unions can be a useful source of information and many have international contacts. There are also a number of trade union or trades council resource units around the country with useful experience.

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