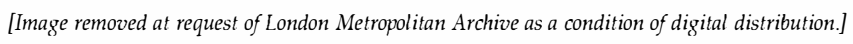
Section Six:
LONDON'S ECONOMIC INFRASTRUCTURE

22. Construction



Workers from the GLC's direct labour organisation, London Community Builders, at work on the restoration of Wesley House for use as a women's resource centre. With an increasing number of construction workers unemployed only the public sector offers a realistic strategy for the renovation of London's ageing housing and infrastructure.
Photo: GLC.

Construction

Summary

1. Over the past ten years, new orders in the construction industry in London have dropped by over £600 million (1980 prices): £100 million of this loss reflects declining industrial demand. The remainder is attributable to current government policy to reduce public expenditure. The overall reduction in the workload has led directly to an unprecedented loss of jobs and skills with an estimated 45,000 now unemployed in London. Declining building activity in the public sector has also intensified the already acute problems of housing shortages, compounded by continuing decay and disrepair. Postponing essential investment in the renewal of London's ageing infrastructure will only increase the costs and complications of carrying out the work in the future.

2. The private sector is neither equipped nor motivated to develop and implement a long-term strategy for the renovation of London's built environment. Only the public sector and in particular the GLC with its established expertise in all areas of development and construction activity can begin to piece together such a strategy.

3. The future hope for the development of an alternative form of building production also lies with the public sector. Direct labour organisations, like the GLC's London Community Builders, with their commitment to continuity and security of employment, present a radical contrast to the fragmented and insecure labour practices which characterise private contracting. More accountable to the public, with an investment programme based on social needs rather than on profitability, direct labour could be expanded to carry out all local authority building work, providing stable employment for thousands of London workers and training on a sufficient scale to guarantee the continuing survival of building skills within London. To enable direct labour to extend its range and area of work, it must be freed from the severe restraints currently imposed under the terms of the 1980 Planning and Land Act. In the meantime, the GLC has considerable scope within the framework of existing legislation to improve conditions of employment for the many thousands of building workers it employs indirectly on GLC contracts.

4. The chapter falls roughly into four sections, all viewed within the

framework of current government policy. A brief but detailed description of housing need is followed by a lengthier look at the structure of the building industry. The recent history of DLOs is then presented as a contrasting alternative to the experience of private contracting and leads into the final discussion on the role the GLC might play — as building client and strategic authority — to improve construction in London.

Introduction

22.01 1983 saw new orders for construction in the GLC area fall to three-quarters of their 1973 value in real terms. As a result more than one in five of London's construction workforce — 45,000 people — were on the dole in June 1982 — the last time official figures were available. Unemployment in the industry reached this high level despite the fact that the number of building workers in London had already declined by 20% in the decade prior to the 1981 census, falling far faster than the general decline in the London population and workforce. Even so, over one in ten of all the registered unemployed in Greater London last worked in the building industry. At the same time, there has been a growing shortage of skilled labour. This is clearly very bad news in a city whose sprawling Victorian infrastructure requires urgent renewal, where many modern facilities have still to be developed, where the conditions of the housing stock is known to be deteriorating alarmingly and where industry has suffered a major decline.

22.02 The decline of London's construction industry is doubly destructive. The failure to set available resources to work to meet some of these pressing needs leads to a deterioration not only of the workforce and conditions of employment but also of the fabric of the city itself. For the most part, loss of building investment and jobs in London does not signify either relocation elsewhere or rationalisation of internationally organised production. The

Table 1: **Changes in New Orders in Construction. GLC area, 1973-1983, Constant (1980) prices**

	Value of new orders £'s million		*Net change £'s million*	*% change*
	1973	*1983*		
Public housing	393	120	−273	−69%
Public other	637	467	−170	−27%
Private housing	297	189	−108	−36%
Private industrial	247	178	−69	−28%
Private commercial	811	783	−28	−3%
All new work (public and private)	2,385	1,737	−648	−27%

Figures derived from implied deflator. Tables 1.1 and 1.3, *Housing and Construction Statistics* 1973-1983.

demand for construction services in London reflects requirements which are specific to London and cannot — like the manufacture of many commodities — be transferred out. What distinguishes construction demand (as manifested in the need for the renovation of existing stock) is that it does not attract the orthodox market response, i.e. private investment, but relies instead on massive government support.

22.03 This explains why the construction industry, (unlike many of the other sectors discussed in this book), has always been integrally bound up with the public sector, not just in the design and production of the built environment but in its maintenance and management as well. This dependence has made it especially vulnerable to current government policies designed to reduce the public sector presence in the economy — starving it of funds, restricting its ability to trade and stripping it of essential assets which determine its building/investment programmes.

The impact of government policy

22.04 First, capital spending has been drastically cut. In real terms, provision for spending by public sector clients in London in 1983 was *less than half* of what had been achieved in 1973. Spending by local authorities on London council housing was 70% lower in 1984-5 than in 1975-6, enforced primarily by reductions in Housing Investment Programme allocations (loan sanction) backed up by a government injunction to restrict the use of accumulated capital receipts. In 1983-4 prices, capital expenditure on public sector housing in Greater London has fallen by £400 million over the past four years. Non-housing public sector investment (on new schools, hospitals, etc.) has dropped by a third over the past decade.

22.05 Second, public control over production has been seriously hampered by legislation crippling local authorities' own building operations traditionally carried out by direct labour organisations (DLOs). The 1980 Planning and Land Act attempts indirectly to facilitate the transfer of a much reduced workload from the public to the private sector by imposing tendering and trading restraints on DLOs that make it impossible for them to compete on equal terms with private contractors.

22.06 Third, the government's vigorous promotion of council house sales (spurred by the offer of massive discounts) has led to a considerable reduction in the level of publically held assets. Much of the stock transferred from the GLC has passed quickly through the boroughs into the private sector — to date, 7,000 ex-GLC dwellings have been sold, bringing the total number of dwellings sold in London to 41,000 since 1979. The campaign on behalf of home ownership in particular and privatisation in general, has served to weaken the argument for and confidence in a continuing strong public sector involvement in all activities including housing and construction which are still undertaken

Table 2: **Council House Sales by London Boroughs as a percentage of local authority stock, 1 April 1979 – 13 March 1983***

	Total Sales	*Sales of ex-GLC Stock in Total Sales: Houses only*	*Total sales as a % of local authority stock*
City of London	425		18
Barking and Dagenham	3,236	825	9
Barnet	1,280	553	7
Bexley	1,325		11
Brent	581		3
Bromley	1,909	1,134	10
Camden	218		1
Croydon	2,290		11
Ealing	2,768	171	13
Enfield	1,443		6
Greenwich	1,231		3
Hackney	130		0.3
Hammersmith and Fulham	772		4
Haringey	914	362	4
Harrow	867		9
Havering	3,392	920	18
Hillingdon	1,588		7
Hounslow	1,153		5
Islington	386		1
Kensington and Chelsea	395		4
Kingston upon Thames	801		11
Lambeth	312		1
Lewisham	1,152	758	3

Table 2: **Council House Sales by London Boroughs as a percentage of local authority stock, 1 April 1979 – 13 March 1983***

	Total Sales	*Sales of ex-GLC Stock in Total Sales: Houses only*	*Total sales as a % of local authority stock*
Merton	1,492	398	10
Newham	1,768		5
Redbridge	1,406	1,430	11
Richmond upon Thames	640		7
Southwark	688		1
Sutton	801	398	6
Tower Hamlets	252		1
Waltham Forest	1,201		6
Wandsworth	3,873	11	10
Westminster	717		–
TOTALS	41,406	6,407	

* Stock includes ex-GLC stock transferred to boroughs
Source: *Local Housing Statistics* and *Council House Sales* (GLC)

Note: More council dwellings have been sold in London since 1980 than have been completed or started by local authorities. Less than 10% of dwellings sold have been flats: over 75% of sales have been in the outer boroughs.

by *both* sectors. Between 1979 and 1983, the number of central government employees in London (industrial and civil servant) declined by 14%. One in eight of these job losses was attributable to privatisation. The ideological battle seeks to obscure the fact that building activity carried out by private contractors is prompted by the need to generate profits rather than by broad social policy determined by elected representatives. Only a strategic planning authority can hope to prepare, co-ordinate and implement a long-term programme for the repair and renewal of the capital city. Such a function is badly needed.

Housing need

22.07 London suffers a higher level of housing stress than the country as a whole. The 1981 Census found that over 110,000 households in London (4.4% of the total) did not live in self-contained accommodation. Greater London has the highest regional level of overcrowding — about 5% of London households (133,000) live at a density of more than one person per room — compared with about 3% for England and Wales. About 6% of households in London lack or share the use of a bath or shower, compared with 3% nationally. Individual London boroughs experience very high levels of housing stress according to census indicators — for example overcrowding in Tower Hamlets, the sharing of facilities in Hammersmith and Fulham and the dependence of Kensington and Chelsea residents on the private rented sector are all far in excess of the levels experienced in any of the metropolitan districts. The DOE's recent study of urban deprivation, based on census indicators, shows that the ten local authorities in England with the highest scores on the index of housing deprivation were *all* London boroughs. Nine of these ten boroughs had high resident ethnic minority populations, reflecting the fact that many ethnic minority households that make up 18% of London's population are often forced by low incomes and discrimination to live in some of the capital's worst housing.

22.08 In London both homelessness and local authority waiting lists, primary indicators of housing stress, continue to rise. In 1983, 24,000 households were accepted as homeless by the London boroughs. There are many other homeless households who are not accepted by the boroughs or do not quality under the Homeless Persons Act. There are for instance at least 20,000 single homeless people in London (GLC and housing voluntary agencies, best possible estimate) either living in unsatisfactory temporary accommodation or sleeping out. Those households who are accepted as homeless in London have a much lower chance of being offered permanent accommodation immediately than is the case over the rest of the country. A GLC survey reporting in 1984 showed many homeless households are likely to spend prolonged periods (up to three years in one of the boroughs) in inadequate bed and breakfast accommodation. The cost to the boroughs is considerable, over £6 million in 1982-3; resources which, but for the Government's restrictions on local authority housing capital expenditure, could be invested in permanent housing. The latest figures from the DOE for the first half of 1984 show that the number of homeless households continues to increase.

22.09 The GLC's annual analysis of borough Housing Investment Programme submissions show that in 1983-4 90,000 households joined — or rejoined — borough waiting lists. These now total over 240,000 households. Such is the pressure on local authority housing in London from the homeless that in 1982-3 under 45% of new lettings were to households on waiting lists compared to 70% nationally. The need for new local authority housing in London is shown by the size of borough and GLC transfer lists which stood at 115,000 households in March 1984.

Housing Renewal

22.10 The condition of London's housing stock is deteriorating at a growing rate. The Greater London House Condition Survey (GLHCS) carried out by the GLC in 1979 found that a total of 538,700 dwellings were either unfit or in serious disrepair (defined as needing more that £5,200 worth of work in 1985 prices). An additional 95,900 lacked at least one basic amenity such as a bath or inside toilet. A recent SHAC report estimated that amalgamating current and future needs over the next decade gives a projected total of over one million unsatisfactory dwellings in London by 1994 (*excluding* major technical defects in systems-built estates and repairs which cost less than £5,200 in 1985 prices).

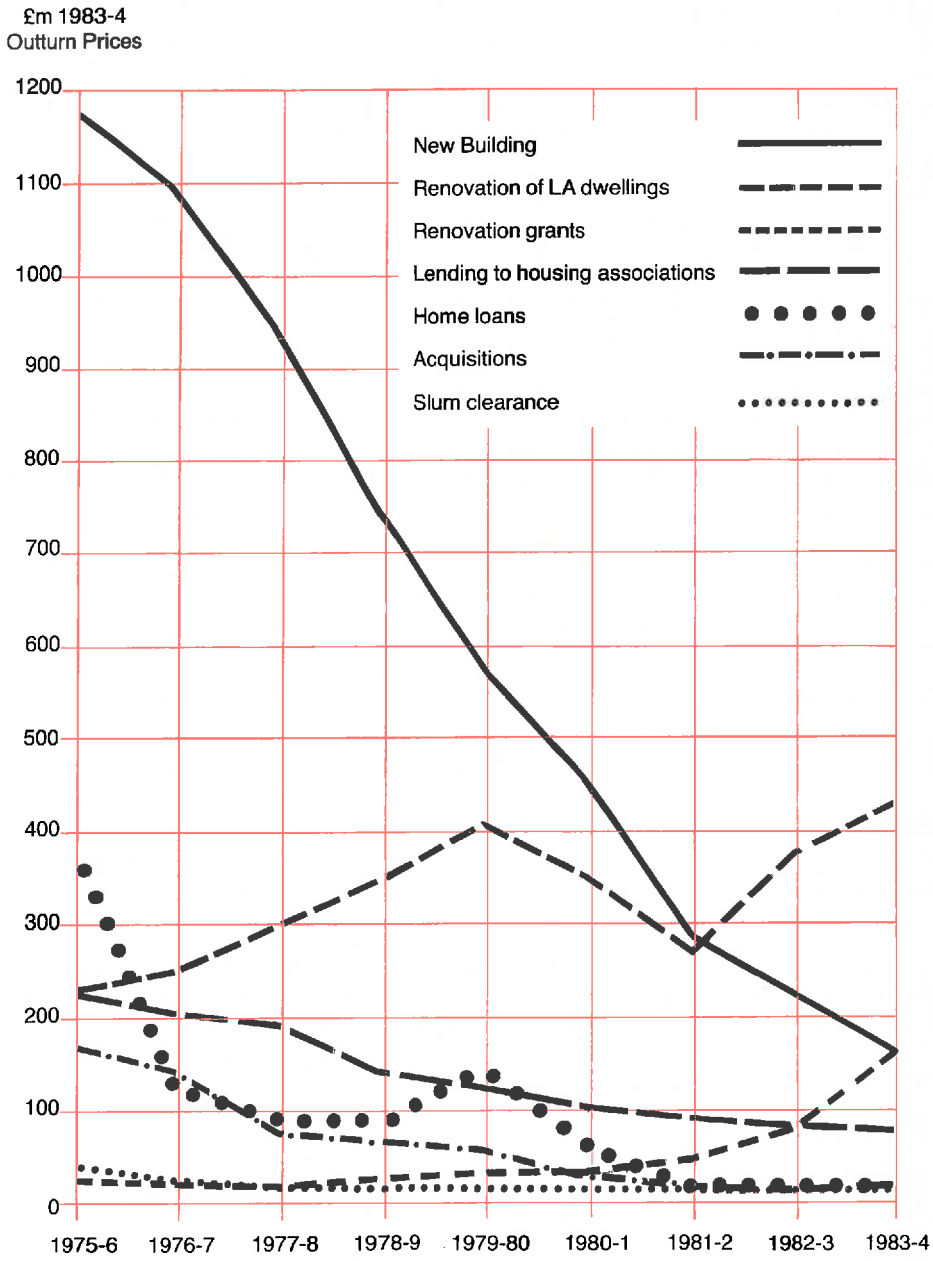
22.11 The GLC Housing Department has calculated that a ten year programme to eliminate serious disrepair and unfitness in London's housing stock would require 4,000 new dwellings and 70,000 rehabilitations each year in addition to the current level of activity. Though involving a £860 million increase in annual public expenditure on housing, it would simply constitute a return to the investment levels of the mid 1970s. This is in accord with the draft alterations to the Greater London Development Plan which outlines a programme to meet current housing needs and those of the projected population to 1992 at an estimated cost of £1.3 billion a year. The net level of additional public investment would be less than half this total when the increases in tax income accruing from the additional jobs created and the corresponding reduction in costs of unemployment are taken into account.

22.12 A programme of housing renewal of these dimensions would create around 40,000 jobs in the construction industry, another 20,000 in the supply and service industries and further employment through multiplier effects and the circulation of additional income in the economy. Because the construction industry relies heavily on British materials and is labour intensive almost all these jobs would be in the UK. The training schemes necessary to support a programme of this scale would guarantee the preservation of a skilled labour force within London.

22.13 The gross provision for public housing investment in London in 1985-6 is likely to be over 11% less in real terms than in 1984-5. Available resources have been cut by 60% since 1979 and now constitute 30% of the level attained in 1975. Nationally, while housing capital expenditure stood at 10% of total public expenditure in the mid 1970s, the latest government expenditure plans show that by 1986-7 it will have fallen to under 2%.

22.14 As figure 1 shows, the area of local authority activity hardest hit by the cut in resources has been new building. In 1982-3, the number of new homes completed by local authorities in London was only 26% of that achieved in 1976. Far from moving into the void left by the decline in public sector housing construction, private sector completions also fell over the same period. It is therefore inappropriate on the basis of past experience to expect the private sector to play a major role in providing new housing for Londoners. First of all,

Figure 1: Greater London housing capital expenditure by programme 1975-76 to 1983-84 (£m 1983-84 prices)



1982-3 and 1983-4 figures exclude Low Cost Home Ownership Schemes.
Source: HIP2 submissions 1979 to 1984

it builds virtually nothing for low-income groups with special housing needs — primarily elderly, disabled and single people. These groups are almost totally dependent on the public sector for assistance with their housing problems. Secondly, there are special circumstances in London that discourage speculative new building in general. Housing land is scarce and its price roughly three times higher than in the next most expensive UK region. Though developers try to counteract this by building to higher densities, the average price of land per dwelling is still 54% higher in London than in England and Wales. The cost of construction is itself also higher in London (estimated at about 35% higher per dwelling) and many sites which appear to be available are difficult, i.e. costly to develop because they are small, often polluted and/or beset by planning constraints. The availability elsewhere of more easily developable open field sites with relatively good access to London tends to make building outside the central area (where need is greatest) more attractive for the private builder.

22.15 Since the early seventies, renovation of private houisng with the aid of grant subsidy has been the only area of London housing to show an increase in activity. The total of 45,000 renovations in 1983 equalled roughly five times the 1970 level. Growth in the rate of improvement since 1981 has been made possible through rises in the maximum eligible expenses levels on which renovation grants are payable. These have risen three times since July 1980 which has increased demand. In London, the GLC gave grants on three times as many dwellings in 1982 as in 1980. Even with such high levels of grants, the pace of renovation has been inadequate to tackle the massive backlog of repair. The Greater London House Conditions Survey found that much of the stock in the worst condition was in the owner-occupied and privately rented sectors and occupied by low income families and the elderly. Many of them cannot afford to renovate their homes even with the help of renovation grants. These are already scarce due to government restrictions on housing capital expenditure and cuts in the maximum percentage of grant that can be given, and are likely to become more so if means testing is introduced. If the limits are rigidly set, the government could well use means-testing as a way to restrict the overall level — as well as the distribution — of improvement grants. In a further clamping down of repair work, the March 1984 budget extended VAT to hitherto exempt building alterations work — equivalent to a further cut of up to 15% in improvement grants.In supporting measures of this kind, the government clearly demonstrates its failure to develop an effective policy to combat London's housing problems.

22.16 Despite government faith in the rule of the market, it is unrealistic to expect the private sector on its own to tackle the inherited problems of housing stress in London. These have been remained intractable at least partly because they cannot be easily packaged into profit-generating parcels of work. Though the private sector continues to add to the problem (there are an estimated 200,000 owner-occupied homes in London considered to be in serious disrepair), it depends to a large extent on grants from the public sector to fund renovation and repair schemes. Government policies designed to reduce public expenditure are therefore unlikely to reverse or even halt the

deterioration of London's housing stock. For the public sector, real cuts in resources present the possibility that local authority housing will be reduced to the residual role of a welfare net. The consequences of this policy for those in housing need are apparent in the increasing numbers of Londoners on growing waiting lists.

Infrastructure renewal

22.17 The condition of London's infrastructure like its housing, presents special problems reflecting the inevitable inheritance of uncontrolled development associated with the growth of a Victorian capital city. A great deal of the infrastructure predates the First World War — 67% of ILEA and 85% of voluntary primary schols, 25% of London's gas mains, almost half the water mains and most of the surviving docks, wharves and warehouses. Most of this extensive network of services was commissioned by a multiplicity of small private firms that were municipalised much later than in other large cities. Added to the problems of decay surrounding ageing stock are the more recent problems associated with post-Second World War building techniques and materials — faulty systems, high alumina cement, asbestos, etc. These have affected a large number of post-war hospitals and schools as well as the more highly publicised blocks of flats and have led the DES to expect 'that unit costs for maintenance will continue to rise until the 1990s.'

22.18 Major investment flowing from a co-ordinated long term strategy is essential to deal coherently with these problems. A continuing failure to maintain and renew existing assets will only compound future problems and leave London in a more disadvantaged position compared with other major European cities. Increased investment, on the other hand, can not only reverse this trend but aid materially in the recovery of the construction industry, providing jobs and training opportunities for many thousands of building workers and so indirectly helping to revive local economies. In addition, enhanced investment will encourage existing firms supplying the industry (with materials, plant and equipment) to remain in London and possibly even to expand their activities to participate in the development and implementation of new technologies.

Inside the industry

22.19 The previous pages paint a bleak picture of the gaps that exist between what needs to be done, what is being done and what could be done given the high levels of unemployment in the sector. But it would be a mistake to assume that a simple reversal of policy would solve the problems of the construction industry. For it is not simply a case of throwing more resources at the sector in order to bring supply into equality with demand and potential. The problems are much more fundamental and embedded within the organisation of the industry.

The private contracting system

22.20 The instability of building firms, the disorganisation of the labour force, the discontinuity of the workload — all represent, within an irrational system, rational responses to the demands of the private contracting system which dominates building production in both the public and private sectors. Contracting transforms building activity into a series of sporadic disconnected individual projects of finite length. It is highly probable for example, that most of the building and civil engineering operatives who built the Thames Barrier were taken on by one of the main or sub-contractors specifically and exclusively for the duration of the project and dispersed upon completion. In the absence of guaranteed future orders, survival, for a building firm as for a building worker, depends on maintaining a flexibility that would be crippling in other industries. Employment within firms expands and contracts with the workload: even the largest national contractors maintain only a very small — and largely managerial — permanent staff. In construction, there is a general

Table 3: **Construction Employment with Private Contractors (thousands)**

	Operatives Only		*Total Construction Employment*	
	Greater London	*Great Britain*	*Greater London*	*Great Britain*
1974	191.8	857.8	279.1	1221.8
1975	185.2	820.3	268.8	1169.1
1976	165.0	774.8	242.1	1110.1
1977	156.3	729.0	227.3	1029.1
1978	158.2	757.6	233.5	1083.8
1979	162.6	790.0	242.5	1140.2
1980	148.9	729.6	229.5	1091.3
1981	126.0	626.6	200.9	975.5
1982	113.0	618.2	185.3	988.8
1983	106.8	611.8	180.9	1006.8
Percentage change 1974 – 1983	–44.3%	–28.7%	–35.2%	–17.6%

Source: *Housing and Construction Statistics 1973 – 83* Tables 3.4 and 3.5

premium on the ability to respond quickly, whether to changes in the pattern of skills required, in the type or location of work, or in investment strategies relating to the purchase of, for example, land or plant and equipment. Firms — and their workforce — must adopt appropriate risk strategies or perish. Both the high numbers of bankruptcies and the flight of skilled labour from the industry demonstrate the destructive effects of long term uncertainty.

Disadvantages to the public sector client

22.21 Though both sectors suffer from a system which creates no necessary links between rewards to contractors and benefits to clients, the public sector operates with considerably greater handicaps and less scope for action. As an essential part of its fiduciary responsibility, it is generally required to accept the lowest tender for any contract in order to be seen to uphold a paper commitment to the notion of fair competition. In practice, accepted tenders bear little relationship to final costs and the public client is inevitably saddled with most of the difference between the two. Most of the excess costs arise from a failure of contracting to operate efficiently. Instances of this failure include massive cost overruns on delayed work (exemplified by the Harrogate Conference Centre which rose from an original tender of £8 million to final costs of £28 million); costs associated with renegotiating a contract where the original builder has either gone bankrupt or defaulted on the job; and vast sums for remedial work in connection with defects appearing after the contractor's liability has expired. In most cases, the public sector foots the bill for these excesses and so helps to subsidise — and perpetuate — a grossly inadequate system of building.

22.22 Because the public sector must still rely on contracting to carry out most of its building work, it is essential to describe in some detail the repercussions of the system on:

(a) the organisation and activity of building firms;

(b) the conditions of employment of the workforce.

This will help to clarify both the scope for remedial action that might be feasible within the existing legislative framework and the possibilities for more radical change which the public sector, and the GLC in particular, can address.

Scope and scale of construction activity

22.23 The great majority of building firms, composed of very few employees, comprise the so-called 'jobbing' builders who specialise in small-scale repair and maintenance, particularly in private sector housing. Primarily local builders, their network of contacts with local labour and materials suppliers gives them an operational edge over competitors from other areas (including much larger builders). Though their activities and income have always proved

notoriously difficult to measure, available DOE statistics estimate that the 15,000 firms employing less than seven operatives now account for about 88% of all firms, but for only about 20% of output (in value terms). This represents considerable growth. The number of small firms has almost doubled in London since 1979, with its share of the total number of firms rising by 13%. In practice, this figure is even higher because a substantial number of the larger firms registered in London only operate head offices in the city and actually undertake most if not all of their contract work elsewhere. The large firms also tend to deal in the business of obtaining contracts which are then subcontracted in major part to a host of small firms with a line of intermediaries in between.

22.24 The restructuring of the industry into small firms effectively demonstrates the destabilising effect of current government policy. Small firms, in many respects, embody the worst features of the industry; they offer the least security of employment, are least likely to offer any of a broad range of welfare payments (for example, holiday, pension or sickness schemes), pay least attention to the provision of safe sites (with a correspondingly high accident rate) and suffer the highest bankruptcy rates. Their increasing proliferation, therefore, represents a backward step for the industry.

22.25 Though more than 90% of all building firms in the UK generate turnovers of less than £100,000 per year, the relatively few very large-scale national contractors with turnovers of £50 million or more, still claim a sizeable portion of building work, in markets they dominate. The 38 largest firms who employ 1,200 or more operatives each, make up only a tiny fraction of the total number of building firms (over 140,000) yet they accounted for 14% of the total value of work done in 1982. For them, the most important factor is to win contracts, irrespective of their ability to undertake them, for that can be left to depend upon the system of subcontracting. Evidence for this is indicated by the extent to which the large firms seek profitability through flexibility. This is

Table 4: **Liquidations in Construction**

	Compulsory Liquidations	*Creditors' Voluntary Liquidations*	*Total*
1980	446	503	949
1981	396	594	990
1982	578	844	1422
1983	891	885	1776

Source: *Companies in 1981, 1982, 1983*, Department of Trade, London HMSO.

sometimes through the incorporation of building firms within conglomerates or multinational corporations. Bovis, for example, has been owned since the mid-1970s by P&O Steam Navigation; Trollope and Colls is owned by Trafalgar House, which also owns Ideal Homes and has recently purchased Comben, another house-building firm. From the point of view of the parent company, the building firm is just one of a great many subsidiaries that the company controls. The overall investment profile of such a company considers the relative profitability of all its constituent firms in determining the distribution of resources between them. Where and when building activity appears as relatively unprofitable in all sectors, the decision might be made to withdraw from construction altogether and transfer investment perhaps into another industrial sector or perhaps into another country. So the fate of a large number of building workers in London is in the hands of a very few large firms whose continuing investment in construction activity is not at all guaranteed.

Subcontracting

22.26 The years since the war have witnessed the narrowing and fragmentation of building work through the adoption and widespread use of subcontracted labour. In response to the uncertainty of future workload, subcontracting came to replace the direct employment of labour as a means of reducing financial risks by spreading it across a much greater number of firms. Formerly the main contractor, in line with established practice, undertook the hiring and co-ordination of all labour on site, skilled and unskilled. With the growth of subcontracting, many areas of work have been hived off from the main contract into wholly self-contained parcels of work and awarded to smaller firms. This has introduced yet another layer of complexity into the construction process for several reasons.

22.27 First, the main contractor has lost direct control over the quality of labour on site. There is no longer any direct knowledge of either the level of standards applied in training nor of the previous experience of the subcontracted labour. Secondly, since each subcontractor functions as a wholly independent firm, each can operate different recruitment and pay schemes. The simultaneous presence of several different subcontractors on the same site may, therefore, involve a wide range of employment practices covering different rates of pay and different paces of work. This situation can only undermine efforts to develop site-wide organisation of labour, an essential prerequisite for the successful co-ordination of work.

22.28 A third drawback of subcontracting, especially for local authorities, is the loss of client control through the lack of a direct link between the local authority architect and those organising work on site. In other words, subcontracting exacerbates the already considerable problems associated with the separation of design from the building process. It puts several additional obstacles between the architectural team and those who implement their ideas

on site. The practice of subcontracting puts building workers beyond the architects' reach and so inhibits the potential for two-way consultation at the design stage. Inappropriate details cannot always be identified in advance either because they depend on the work of other subcontractors in the building chain or because the architects may not always be aware of the best current practice.

Self-employment and the 'Lump'

22.29 The growth of subcontracting was accompanied and promoted by the introduction of new forms of wage payments. Until the war, trade unions maintained their traditional resistance to all forms of payments other than the standard wage. But during the war, the Ministry of Works introduced payments by results. This was widely applied in government-sponsored production. In 1947, faced with continuing government pressure, the unions in the National Joint Council for the Building Industry agreed to accept a system of bonus payments, with the bonus pooled for all men on site. The development of the Festival of Britain site is thought to be the first systematic application of this new practice.

22.30 Once multiple forms of payment were introduced, the opportunities for abuse were rife. Individuals or groups of workers who felt they could work harder and hence attract higher than average earnings were easily drawn to accepting subcontracts that allowed them to reap all the benefits of their greater productivity themselves without having to share pooled bonuses. Under such arrangements men are hired to perform clearly specified tasks for a pre-arranged 'lump' sum rather than being involved in a complex network of incentives. In this way, they are hired for their labour only by comparison with the traditional practice of 'supply and fix' where skilled tradesmen provide materials and tools and perform a wider range of tasks on site.

22.31 As a specialised form of subcontracting, firms supplying labour only have sometimes been considered as *'bona fide'* in the sense that employers in such firms bear all the normal responsibilities towards their workforce who are treated as 'employees' with full entitlements. But the practice of labour only has inevitably moved away from this form of organisation into more loosely defined groups of workers who are more legitimately thought of as self-employed than as employees.

22.32 By the late 1960s, the practice of self-employment had become widespread enough to be visible on a national scale. The Inland Revenue became concerned about the scale of tax loss arising from illegal practices of tax evasion and avoidance known to be associated with the so-called 'self-employed' in the building industry. This prompted the decision to issue 714 (tax exemption) certifications to operatives with proven experience (i.e. to those who could demonstrate previous employment in the construction industry for three of the past six years). The scheme was first introduced by the

Finance Act 1971 with attempts to close up some existing loopholes in 1975. The number of 714 certificates active at any one time has grown steadily since the start of the scheme. Over the year April 1983 to April 1984 the number grew by almost 14%. By November 1984, there were, according to Inland Revenue, 465,000 active 714 certificate holders nationally, compared with a figure of 975,000 directly employed.

22.33 The organisation of the workforce into self-employed, whether 'bona fide' or on the 'lump', reflects two tendencies — first, the demand for flexibility for which the employer sacrifices direct control over the composition and quality of the workforce and secondly, the drive to reduce overheads, expressed in various schemes to minimise payment of tax. Whilst there may be some short-term benefits to self-employed workers who avoid the deduction of tax from gross pay, it is the employers who tend to gain most, particularly when their bargaining position is enhanced by high unemployment. For example, one trade union estimated in 1983 that a self-employed worker on £30 per day saved a typical subcontractor £50 per week, broken down as follows:

Employer's national insurance contributions	£35 per week
Holiday stamp payment	£12 per week
Seven public holidays per year, averaged at	£3 per week
TOTAL SAVINGS	£50 per week

22.34 In addition, self-employment of operatives allows the employer to avoid payment for 'wet time', i.e. wages to employees who are prevented by the weather from carrying out work on site. It also releases the employer from the obligations imposed by the Employment Protection Act, which covers, for example, Notice Entitlement, requiring one week's notice after four weeks' employment and, after two years, one week for each year served.

22.35 The corresponding benefits to employees are, however, much more questionable. Though the self-employed operative can avoid deduction of tax from gross pay, this one so-called advantage costs him/her dearly. Perhaps most importantly, the self-employed lose the right to claim unemployment benefit. In an industry where bouts of unemployment between jobs is the norm, this is a critical drawback. An OPCS survey carried out among building workers revealed that, for the age group 26-31 years, almost half of workers had had four or more jobs in a period of five years. Self-employed operatives are also ineligible for disablement benefit since these too depend on employment status. Instead, they must fall back on sickness benefit for which they qualify only if they have satisfied contribution requirements. So, for the short-term gain in gross income which the bona fide self-employed enjoy, they sacrifice those minimum welfare benefits available to directly employed workers.

22.36 Employers' preference for self-employment has been strong and growing over the past few years, especially in London. It has not been uncommon to find main contractors transforming their workforce from direct to self-employment literally overnight — by summarily dismissing directly employed workers who are then immediately re-hired as self-employed. Limited industrial action carried out in response by building unions in London has had almost no impact on this practice.

22.37 The fragmented and semi-formal employment of labour has important industry-wide effects. It is associated with an instability and mobility of employment that prevents expertise being built up within firms employing a relatively steady workforce.

Training

22.38 The generally unstable organisation of the industry leads to very high levels of labour turnover, more than double the manufacturing average. This situation reinforces the tendency for the industry to provide inadequate training for the workforce. Enterprises have little incentive to make provision for training when the skilled will shortly be drawn away to other firms or into self-employment. The post-war period as a whole has been marked by the decline of the craft-based apprenticeship system — a decline heavily reinforced by the greater spread of subcontracting and the growth of the lump over the past 15 years. The last three years in particular have witnessed a drastic curtailment of apprenticeship recruitment which has brought the level of training in the industry to an unprecedented low. The number of apprentices registered in London has fallen from 3,089 in June 1980 to 2,003 in June 1984. There must also be doubts over the standard of training given to registered apprentices in some areas of the private sector. Apprentices can all too often be used as cheap labour — placed on labouring work at times of relative slack, set to skilled tasks alone in a rush, and either way receiving sustained training only intermittently if at all.

22.39 As a result of the precipitate decline in the number of private sector apprenticeships the construction industry has become steadily more dependent on the public sector and on direct labour training activities for the provision of its skilled workers of the future. At the end of 1983 direct labour organisations in London employed some 14% of all the sector's workers but provided about 35% of all training places. This is the situation despite the fact that they cannot benefit from the financial aid offered to private contractors through the CITB nor may they now discount their training costs when assessing their financial performance. Central government reneged on its assurance that training costs would be excluded from the provisions for calculating rates of return on capital; this has left Direct Labour Organisations effectively hamstrung by the 'fair' competition regulations promoted in the 1980 Act. Given the overall pressures exerted by the Act on DLOs, there are

currently very considerable doubts over what level of training the public sector can offer in the future. Despite the overall fall in demand that continues to afflict construction in general, there is now a very real probability that past skills shortages will recur in severe form in the future as numbers of skilled workers abandon an unstable sector of employment and the overall volume and standard of training continues to fall.

22.40 The concept of co-ordinated craft-based training for a life's work embodied in the traditional apprenticeship has been further undermined by the introduction of the Youth Training Scheme. YTS has been developed as part of the government's New Training Initiative to provide 12-month youth traineeships to young people under 18 years of age, (some 300,000 young people have begun training so far). The scheme, in all its essential features, is wholly consistent with the government's commitment to a market-led economy and its consequent efforts to erode the authority of the industrial training board system. The CITB has itself taken on the role of managing agent for YTS trainees in the building industry. Under this arrangement, trainees are allocated on a 'labour agency basis' to sponsoring employers. The convenience of this arrangement may be one reason why 82% of the 20,000 YTS target placement had been realised in construction at a time when the overall average was only around 50%. This has been achieved despite the YTS rate of only £25 per week, and the lack of any long-term employment prospects.

22.41 The MSC is currently hoping to introduce by 1985 an even more radical change in the provision of training for the industry. It is proposing to switch the organisation of training away from its traditional dependence on time-serving models (as with craft apprenticeship schemes) and base it on the concept of skills-testing. The MSC's position, in effect, undermines the broad base of traditional craft trades by seeking to replace them with a series of discrete skills, each geared to particular jobs on site rather than to acquiring a wide range of skills for a lifetime's work. This will inevitably produce a generation of 'handymen' who will only increase the fragmentation of skills and so inevitably add to the difficulties of organising labour on site.

22.42 If this short-sighted approach to private sector training gains ground, and apprenticeships are further eroded by government commitment to YTS, the continuation of broad-based training will become the exclusive preserve of local authorities. DLOs will not only have to train all their own labour; they may well have to undertake more direct provision of training for the private sector as the inadequacy of private sector schemes become more apparent and the lack of skilled labour more critical. The GLC could then be well-placed to initiate a much larger-scale training programme, in conjunction with other local authorities. The future availability of building skills will certainly depend to a large extent on provision by the public sector.

22.43 The GLC is giving active consideration to ways in which it might help the construction industry to avert a crisis in skill shortages arising in connection with a revival in building activity. In co-operation with building contractors and London Community Builders, the GLC would introduce a new training

programme to guarantee the continuing supply in London of a fully trained workforce; 200 apprentices (staggered over a year) would be taken into an expanded three or four year training scheme. The GLC would bear the first year costs of training (with some possible support from the Manpower Services Commission) and would employ five apprentice instructors to take responsibility for the full three or four year programme of a group of 40 trainees. After the first year (to include the six-month CITB course), the apprentice instructors would organise and co-ordinate on-site training in six-month modules, distributed between London Community Builders and London contractors. Each employer would be financially responsible for apprentices only while they are being actively trained (i.e. only for six months). In this way, total costs could be spread over several employers instead of being borne wholly by the public sector as at present. Bringing private contractors into public sector training would also extend the range of building skills available in London since the GLC and ILEA are largely limited to skills associated with housing and schools work and miss out on specialist skills employed on other (large-scale) building projects.

Health and Safety

22.44 The lack of care that the industry shows towards the training of its employees is repeated in the case of safety where the expedient of cost reduction on the individual site is more important than industry-wide regulation. No one disputes that construction is among the most dangerous of industries. What distinguishes it from other traditionally high-risk industries (notably manufacturing, mining and quarrying) is both the constancy of its poor safety record over a considerable period and, related to this, its enduring resistance to regulation. The first piece of industrial safety legislation, the Coal Mines Bill of 1842, had a clause prohibiting the employment of anyone under 21 or over 50 as driver of a hoist. It took more than 100 years before a similar provision for site hoists was introduced in construction. In fact, most of the safety regulations in construction are merely adaptations of principles first applied often many years previously in factories. Though several generations of regulations have followed, there has still been no continuous marked decrease in the rate of construction fatalities. The number of deaths per 100,000 persons employed in construction was 19 in 1937 and 20 over thirty years later in 1968. As Figure 1 illustrates, both the railways and the coal industry have witnessed dramatic declines in their fatality rates as a result of the industry-wide enforcement of regulations in the wake of nationalisation.

22.45 This poor safety performance has often been explained by reference to the inescapable dangers inherent in building work, dangers compounded by the diversity of tasks underway at any given moment on site, and by the enormous variation in the size, speed and interaction of participating work gangs. The increasing complexity introduced by subcontracting clearly exacerbates this problem. In addition to relying on site organisation for an

Figure 2: Number of industrial fatalities: 1940 to 1975

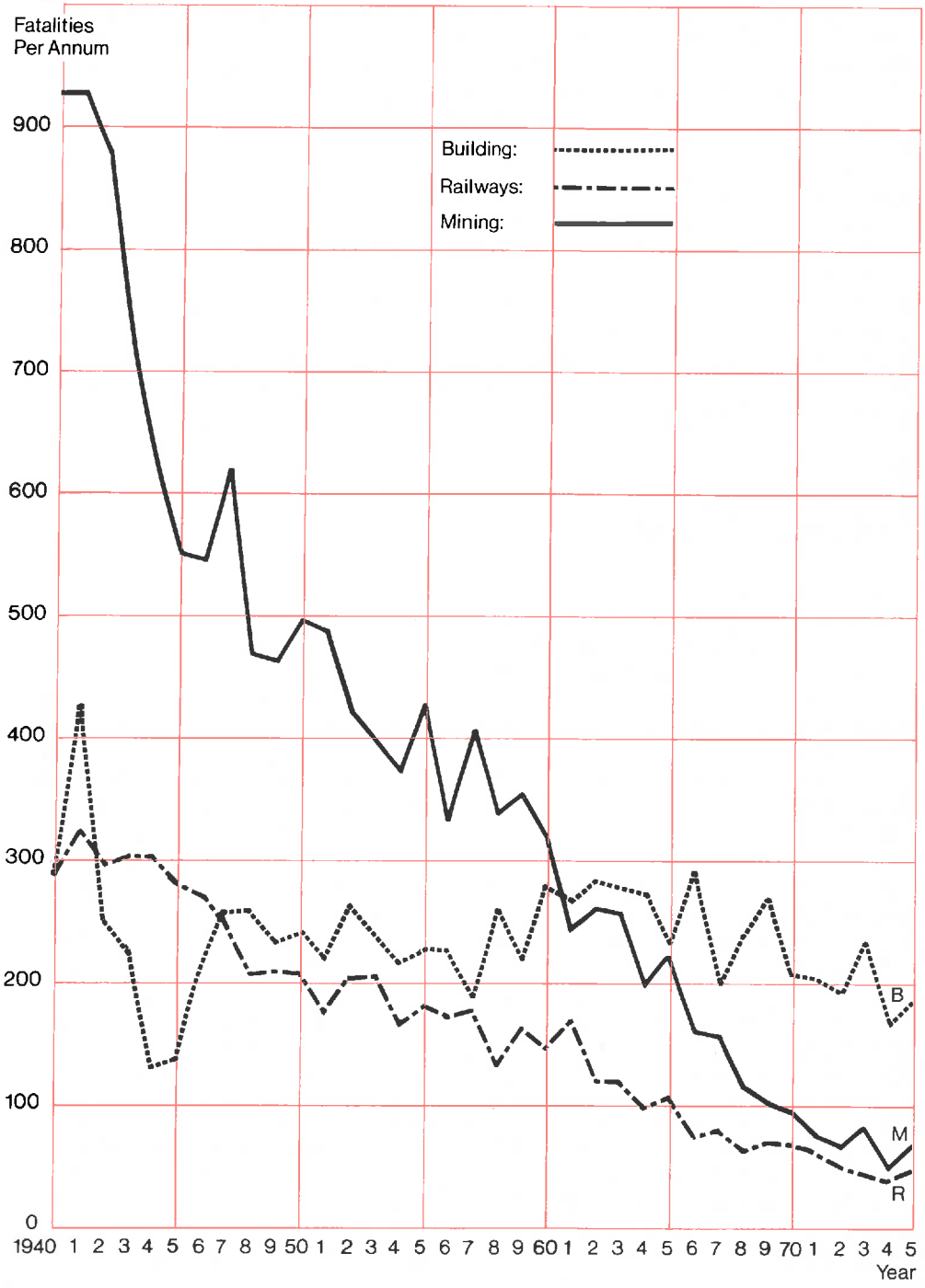
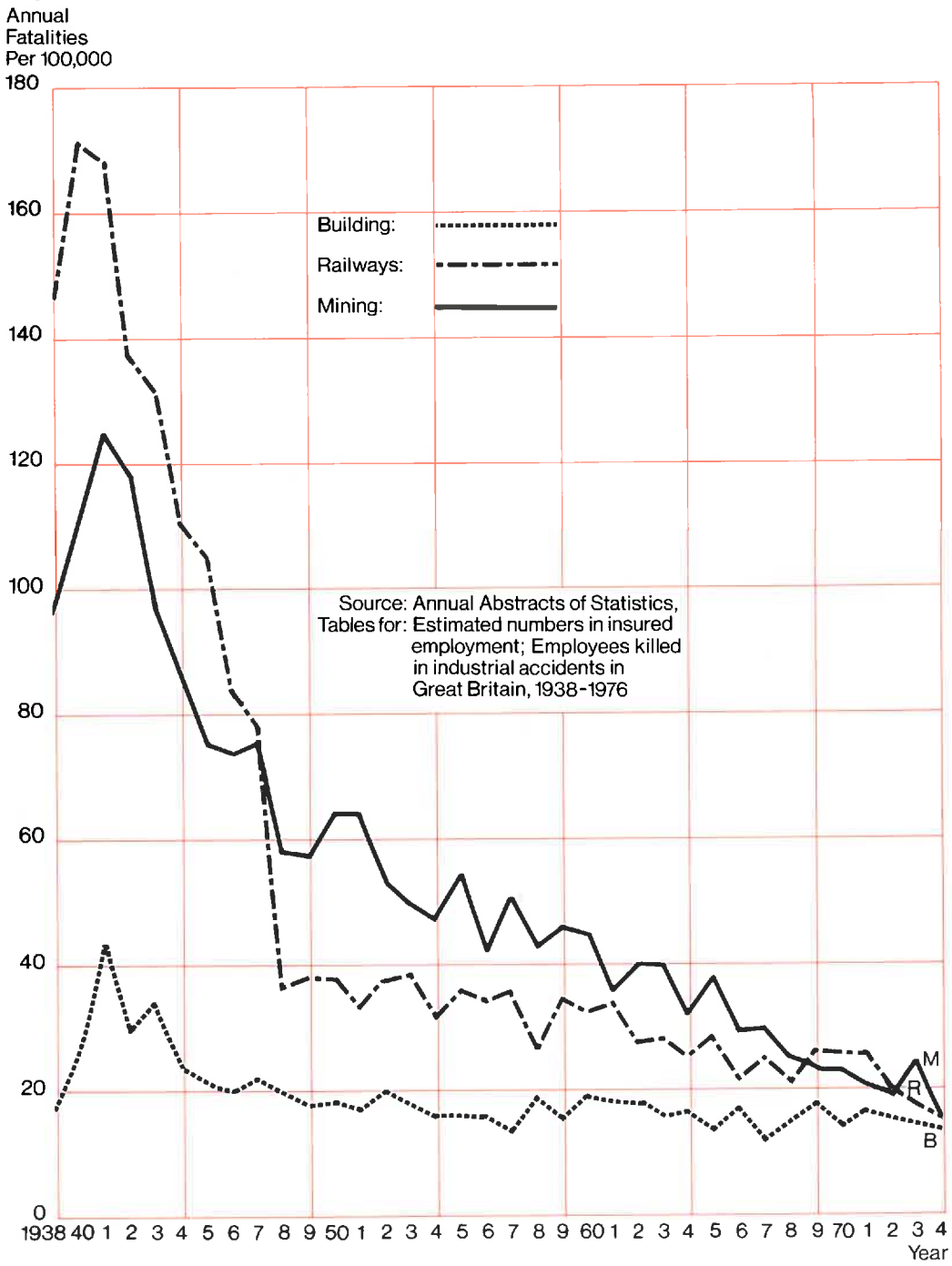


Figure 3: Fatalities per 100,000 employees: 1938 to 1974



explanation of poor safety conditions, the commonly held view also emphasises the role and responsibility of the individual worker. The Health and Safety at Work Report (the Robens Report) which was the forerunner of the Health and Safety at Work Act 1974, argued that apathy was the 'most important single reason for accidents at work'. Although this appraisal applied to members of the board, managers and supervisors as well as to workers on site, it deflected the discussion away from more explicitly economic and political issues towards exclusively behavioural attitudes. The emphasis on individual motivation led to a position that stressed self-inspection and self-regulation at the expense of government intervention at the industry-wide level. It also left unexplained why 'apathy' should be more pronounced or persistent in construction than in other industries.

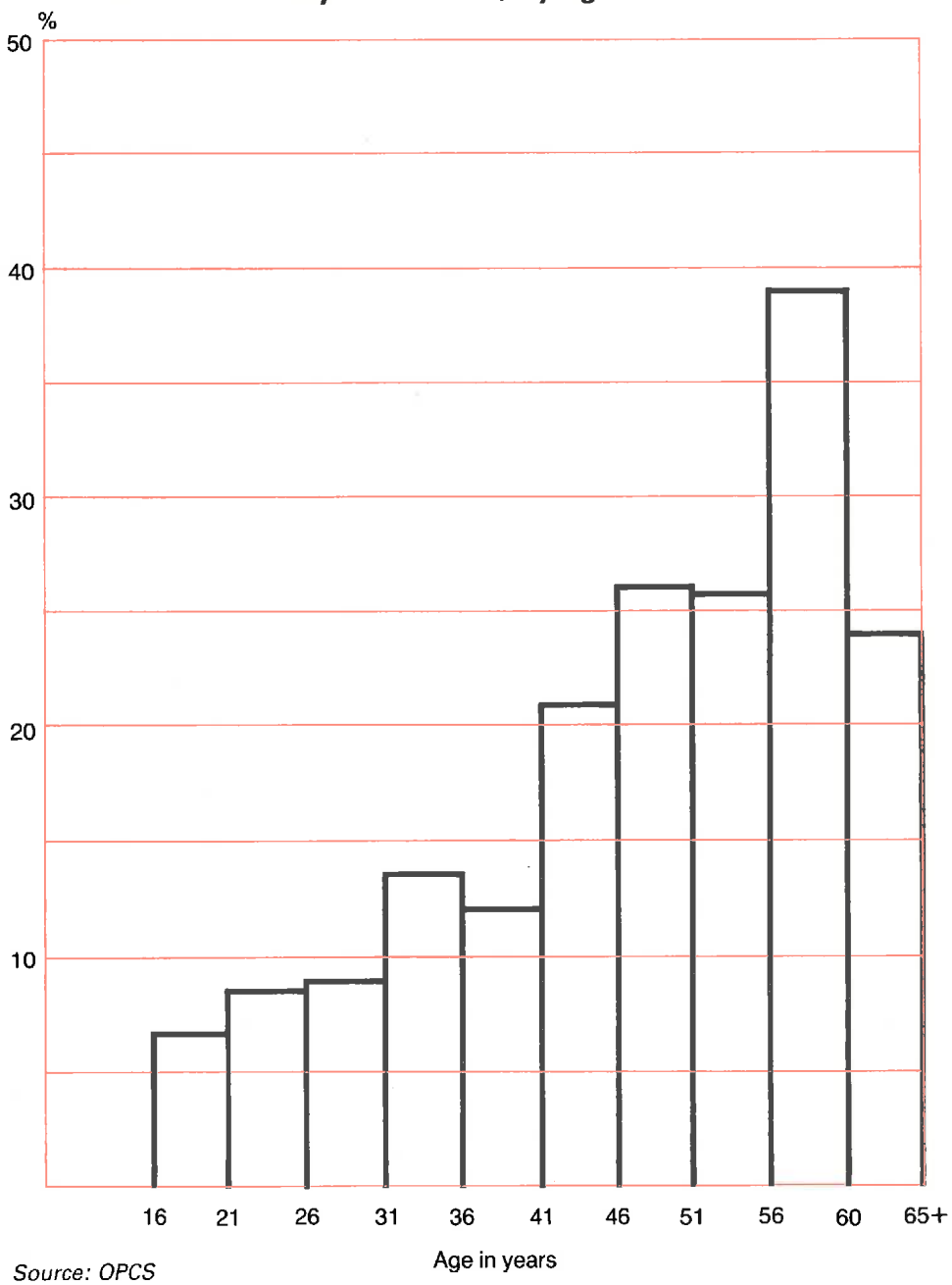
22.46 The low level of unionisation in construction has also discouraged efforts to introduce improvements. Even where a union has gained a foothold, an operative elected to be safety representative one week may easily be made redundant the next. Some union members have claimed that safety reps face harassment on site and suffer blacklisting when moving to other sites. In any case, regional and national union strategies have tended to focus more on accident compensation than on accident prevention since the former does not need to be negotiated at the individual site level. In extreme cases, the flagrant disregard of safety regulations has been so widespread that unions have actually been able to resort to 'working to safety rules' in order to win concessions on wages.

22.47 Besides the obvious dangers to building workers, construction activity creates additional hazards for council tenants when modernisation and up-grading schemes transform their estates into 24-hour construction sites. Materials left lying about blocking pathways, easily accessible scaffolding, inadequate temporary roof coverings, all create potentially dangerous situations for tenants, especially at night. Poorly lit and unmarked holes dug along access paths are a particular hazard to the disabled and women with small children and prams. Tenants exposed in this way are not explicitly covered by any health and safety legislation but only very generally by third party insurance. Because it is such a grey legal area, the GLC has developed a code of practice for contractors which specifically addresses this problem. When in force, the code might become a model for other local authorities. Supplementing rather than replacing other statutory obligations, the code will require contractors to take measures to guarantee that tenants are not unreasonably disturbed or put at hazard.

Direct labour and the role of the public sector

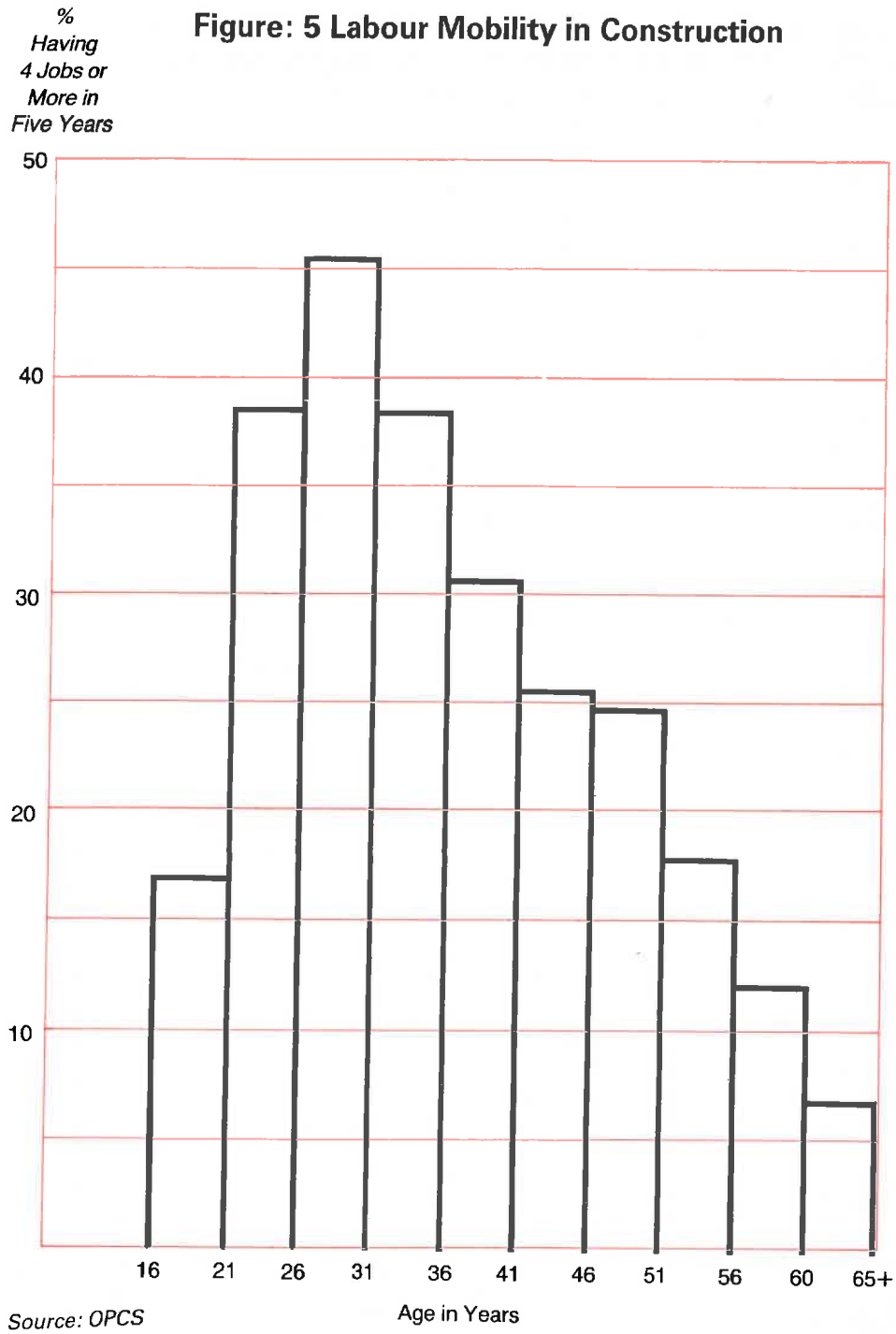
22.48 The GLC, like other local authorities, is significant as a direct employer and organiser of building work itself through its own DLO, London Community Builders (LCB). At its best, direct labour, with its emphasis on

Figure 4: Proportion of men who say they have some disability that prevents them from doing as much work or the kind of work they would like, by age



Source: OPCS

Figure: 5 Labour Mobility in Construction



Source: OPCS

continuity and security of employment and its established commitment to long-term training and safe working practices, offers a striking contrast to the system of private contracting described above. But it offers more than a superior organisation of labour, impressive as this can be. If unfettered by restrictive legislation, direct labour could be comprehensively developed as an effective alternative to contracting. Released from the requirement to tender and from investment determined by profitability, local authorities would be free to develop long-term building programmes based on the projected needs of local tenants and consumers. The greatly increased workload that would result would allow not only for increased training but for increased specialisation either within individual DLOs or extended across several, operating in consortia. Consortia might also be organised for the purchase of costly plant and equipment which becomes a viable solution given the guarantee of a continuous workload.

22.49 To understand both the restricted role of the DLOs in the past and their potential for expanded development in the future it is useful to outline their historical as well as their recent development in London.

The origins of direct works: the public sector alternative

22.50 Before the 1890s, the LCC was mainly a rate-collecting agency, awarding contracts for all local services that were not privately owned and operated. A series of corruption scandals had been associated with the building contracts let by its predecessor, the Metropolitan Board of Works, and in setting up its own works department in 1892, the LCC established a precedent for the provision of municipal enterprises i.e. operating a public service on the basis of lowest cost rather than highest profit. The creation of a building works department was also directly connected with the Council's attempts to implement a 'Fair Wages Clause' in negotiating contracts with private builders. Tenders for council work had to apply rates of wages and conditions of employment prevailing among trade unions in London. When this forced tenders up to unprecedented levels, the Council determined to undertake the work itself by the direct employment of building labour. The first job of the new works department was building the York Road sewer in Lambeth. (The lowest tender received for this job was £11,000; the works department completed it for under £7,000).

22.51 Widespread public sector involvement in building has grown, from these early experiments, to generate over time a wholly separate institutional framework from that governing private sector construction work. Two distinct approaches to construction have emerged side by side in response to two sets of criteria which have little in common; the need to generate an acceptable level of profit on the one hand and, on the other, the need to fulfill the statutory duties of a local authority. During this century, the shares of different public sector markets going to the minority direct labour and majority private sector contracting industry have also shifted with time — and relations between the

two sectors have alternated between uneasy co-existence in periods of expansion when it has proved almost impossible to get private firms to undertake the less profitable repair work, and attempts to limit and even extinguish the role of DLOs during periods of downturn, when the private sector wishes to obtain business at any cost. At such times, most notably in 1908, and the late 1920s and 1950s, the private building industry has mobilised on its behalf whatever political forces it can in order to attack the DLOs.

Background to the current conflict

22.52 This pattern has repeated itself in recent years. In the early 1970s, an uneasy coexistence between DLOs and contractors held firm as the expansionist policies of 1972-3 fuelled the property boom, generating very high levels of commercial and office development and a surge in speculative housebuilding. In these conditions highly inflated tender prices from private contractors became commonplace, yet even so many public authorities had difficulty in letting contracts. Where DLOs existed they often expanded or re-entered the field of new build — in some cases they were re-established; this happened in Birmingham, for example, where the DLO had been closed only four years previously.

22.53 The slump that followed the property boom made public sector work much more attractive to contractors especially as it became rapidly apparent that lower workloads in the private sector were likely to persist. However, DLOs had taken over many projects where contractors had defaulted when the property boom collapsed, and continued to undertake a high proportion of new build work. Given their increased dependence on the public sector order book for survival and profitability, and the impact of cuts in capital expenditure following the IMF agreement of 1976, contractors' hostility to direct labour now increased. At the same time, successions of building failures had thrown a public spotlight onto the inefficiency of the construction industry as a whole, and the need for greater public sector control and direct ownership in the industry was being promoted by the labour movement as a means of improving both the quality of its output and employment conditions within it. In these circumstances the employers organisations were explicit in linking 'the threat of nationalisation' with the future of direct labour. Campaigners against direct labour at this time included the Federation of Master Builders, the National Federation of Building Trades Employers, and AIMS for Freedom and Enterprise.

The 1980 legislation

22.54 Ultimately the campaign was successful, culminating in the passage of the Local Government, Planning and Land Act 1980. Like restrictions placed on DLOs before, it was designed to force them to compete more with the private sector whilst fully aware that such competition could only be entered on terms

highly disadvantageous to the public sector. At the same time, the benefits brought to the industry by DLOs have been simply set aside. From the outset, DLOs have been committed not only to paying fair wages but also to providing secure employment in an industry where casualised forms of employment have always remained widespread. DLOs have also served a pioneering role in relation to other conditions of employment — in the inter-war period for example DLOs first paid for 'wet time', first introduced a 44-hour week as the norm, and first accepted the need for holiday pay which was not incorporated into the industry's working rule agreement until 1947. In addition DLOs have a far superior record with respect to health and safety and in the training of skilled labour. In 1980, the Health and Safety Executive's own figures show 38 'reportable' accidents per 1,000 employees in construction nationally; this compares with a figure of 26 per 1,000 employees in the GLC's DLO.

22.55 Specifically, the 1980 Act requires DLOs to keep separate accounts for each of four different categories of work (general highways; new construction over £50,000, under £50,000; and maintenance work); they must publish annual accounts and reports; and achieve a rate of return on capital specified by the Secretary of State in each of the accounting divisions of their operations. Local authorities are required to put out to tender (rather than award to the DLO by negotiation) all work above amounts prescribed in the regulations issued by the Secretary of State — who also has the power to close any DLO not achieving the specified rate of return on capital in three consecutive years.

22.56 The most frequently heard justification for the Bill at the time of its introduction was that the measures were necessary to remove the advantages enjoyed by DLOs, that the effects of fair market competition would eradicate waste in the public sector and lead to increased efficiency across the industry as a whole. Equally often, it has been pointed out that the framework that has been created is not one of fair competition. DLOs cannot compete on an equal basis since they are unable to contract for work in the private sector. Nor are they able to make gains from property speculation — an important, some say the most important, source of returns for the private sector, quite apart from the profits of speculative building — as in office development. Third, the DLOs will be rendered less efficient since they will be less able to maintain a continuous flow of work associated with the use of plant and labour at full capacity. Unlike contractors they cannot cross subsidise less with more profitable types of work in order to maintain capacity utilisation, and they are required to earn 5% on capital employed regardless of the profitability prevailing in the private sector.

22.57 In supporting the legislation the then Secretary of State, Michael Heseltine, made clear its underlying purpose: 'There is no doubt that these disciplines will result in a contraction of direct labour activities as local authorities come to appreciate the relative costs and advantages of direct labour and private contractors.' The full force of the regulations is only now beginning to register — yet even so the rate of contraction of direct labour may not have lived up to central government expectations. Between 1979 and 1982 employment in DLOs fell by 13% as opposed to an 18% decline across the

industry as a whole. This may be one reason why the thresholds for compulsory tendering have been extended twice already, notwithstanding the absence of any chance to assess the impact of the previous regulations. The latest changes require 60% of small works and maintenance and 30% of highway works below £50,000 to go out to tender as from October 1983.

22.58 Transfer of work from the public sector to the private, rather than the pursuit of cost-efficiency *per se*, appears to be the central aim of current government policy. In as much as the extension of tendering forces DLOs to compete on a simple cost-cutting basis against the private sector as a whole, it also increases the pressure to abandon the superior employment practices that DLOs have traditionally offered. As the London Borough of Harrow commented in its 1981-2 report on its DLO operations: 'The DLOs are observing the requirements of health and safety legislation which increases the cost of council work, making meaningful cost comparisons with private contractors difficult'. And the Haringey annual report observes: 'Given their less compassionate employment policies contractors have far greater flexibility in obtaining work than does the DLO. The Council, endeavouring to be good employers have refused to revert to "hire and fire" policies adopted by many contractors to overcome fluctuations in workload.'

22.59 The Hammersmith and Fulham report also notes that while small builders are at present interested in inherently low-profit repair and maintenance work, this situation would be unlikely to hold if there were any significant increase in overall demand in the industry. A public authority that dismantles its own capacity to carry out such work, in repair and maintenance as much as in new build, would lose its ability to apply a check on the escalation of tender prices submitted by private builders for council work.

The role of London Community Builders

22.60 The GLC must help to counteract the economic and political attacks on direct labour by giving increased support to its own DLO, London Community Builders, to achieve this goal. A formal requirement has been introduced to keep LCB informed of all work going out to tender from any of the GLC contracting departments. Similarly, where the GLC awards grants for capital works, it can stipulate as part of the conditions of the grant, that LCB be invited to tender.

22.61 Given the public visibility of the GLC, it is important to be promoting improved conditions for local authority manual workers, within both LCB and the substantial directly employed labour force maintaining GLC and ILEA buildings.

22.62 Secondly, LCB should be encouraged to extend the range of services it can provide, within the limitations of existing legislation. New areas which could be developed include:

(a) revised 'package improvement' and other upgrading schemes on housing estates for which the GLC retains statutory obligations;

(b) the production of standardised components which would extend the operation of the joinery workshop in Vauxhall Cross;

(c) training in specialist skills, e.g., those required in the restoration of historic buildings. This work has traditionally been contracted out to the private sector;

(d) the inception of a specialist asbestos removal service;

(e) the development of a more active equal opportunities strategy to improve LCB's limited performance in increasing the rate of recruitment of women and ethnic minorities into either established posts or training schemes. By July 1984, 16% of the workforce were members of ethnic minority groups.

22.63 Building maintenance has long been regarded as the essential market place of the small local contractor with all the problems of fragmentation that this entails. This is one of the reasons why there is still no generally accepted central body of knowledge for building maintenance from which local authorities and other major property owning organisations can draw. LCB with the support of the London borough DLOs and its own sophisticated maintenance control systems is admirably placed to fill this gap.

22.64 It is, however, still unfortunately true that whatever their success in achieving the status of exemplary enterprises, DLOs have had little effect on the industry as a whole which remains as backward as ever. This can only be rectified by Government intervention to legislate effectively for transformed working practices and conditions on an industry-wide basis. Workers within DLOs appreciate that their superior conditions are subject to erosion and that they must organise not only to defend these conditions but also to extend them to others.

The role of the GLC

Development and planning authority

22.65 There is much the GLC is and can be doing within the scope of existing legislation. First, the GLC supports the campaign for the public ownership of building land in a form which gives much greater powers of positive planning to local authorities. There is little to be gained from taking building companies into public ownership given the expansion of DLOs for, as we have seen, even the large companies constitute little more than organisations for the short-term speculative exploitation of a disorganised workforce and system of supply. At the moment, local authorities with insufficent finance have been increasingly

reduced to a negative function in the planning process — of being able to deny planning permission to some extent but being limited in their overall positive contribution to the construction of buildings and their environment. With local control of construction, local authorities could improve and transform the built environment. The GLC, for example, as a centralised co-ordinating authority, already possesses recognised expertise relating to every aspect of building and development activity. These range from extensive design, technical and research services, experience in housing, land and office management to almost 100 years of direct involvement in the production of buildings. Together, the GLC's combined resources far surpass the capacity of any borough authority or private contractor. If properly mobilised, they could be used to restructure relationships in the building industry that have traditionally divided the client from the designer, the designer from the builder and each of these, in turn, from the final users, tenants and consumers who have been the true victims of a hopelessly inefficient system.

Public sector building client

22.66 As a building client, the GLC awards contracts that probably make it the largest single source of employment for construction labour in London. Building work carried out for the Council in 1982-3, excluding work in civil engineering, highways and parks, amounted to £200 million (for new build and repair and maintenance combined). Work carried out for ILEA added a further £30 million to the total. Contracts of this value supported a substantial workforce, estimated at 8,000 in new build (with roughly 300 of these in ILEA) and 1,800 in repair and maintenance (1,200 of these in ILEA). The Council's civil engineering work (including highway construction and maintenance of roads tunnels and bridges), contributed a further £61 million and employed an additional 3,000 workers in schemes administered by the boroughs. Altogether, the GLC and ILEA provided employment for almost 13,000 people on construction and civil engineering sites over 1982-3.

22.67 The scale of its building programme is large enough to accommodate changing priorities within the Council. For example, as part of its policy to increase industrial employment in London and to bring disused property back into use, the current administration has initiated an expanded industrial building programme which will, upon completion, provide floorspace for over 3,500 jobs in almost 800 industrial units. Eight of these schemes (creating 500 job opportunities) have been undertaken jointly with borough councils. The conversion and development work associated with properties purchased by the Greater London Enterprise Board to house an additional 4,000 jobs should also expand building work by 2,500 jobs a year.

Innovative labour practices

22.68 The Council is also well placed to intervene more directly in the delivery of labour services on GLC sites. For example, the Council could set up its own

labour exchange, engaging directly in the provision of necessary skills, in co-operation with the building unions, employer organisations and the Greater London Training Board.

22.69 A centralised agency could manage both the training and distribution of skilled labour on a scale appropriate to the Council's programme of work. The overall organisation of site operations, including the sequence of trades on site, might still, where necessary, be left to the private builder or project management team given control of the work. The Council, however, would be able to nominate trades or a fixed proportion of work to be directly employed from its own register. Offering direct employment, the GLC would then be able to endorse conditions of work and pay (including holiday-with-pay schemes, pensions, wet time payments, etc.) that were commensurate with conditions prevailing within its own DLO. Such a labour exchange could also guarantee a sufficient supply of skilled labour to meet the requirements of the DLO. Finally, the proposal for a labour exchange would serve to strengthen existing Council efforts to discourage the increasingly widespread use of self-employed and labour only subcontracting in London. In this way it would serve to compensate for the inherent limitations of an approach which seeks to control employment abuses solely through adjustments in contract clauses.

22.70 The Council will also undertake, in its capacity as exemplary client, to improve the conditions of work for those 13,000 workers currently employed on GLC projects. These changes fall into two main categories; first, those that affect the organisations of work and conditions of employment and secondly, those that effect the quality of work produced.

22.71 By extending its own Code of Practice, the GLC could increase its control of employment practices on GLC sites in accord with current policy. A recent revision in the code, for example, requires all sub-contractors to be members of an approved trade association in order to exclude labour only subcontractors and to allow trade union access to the site. Much greater use could be made of similar clauses to discriminate in favour of approved practices while discouraging the most severe abuses of the contracting system (like the lump). The Code could also be adapted to further the strategic policy of the Council in other areas. If, for example, plans materialise to set up a large scale public sector supplier of building materials in the Royal Docks, GLC contracts could require contractors to place purchasing orders with its own supplier, wherever possible. The code could also stipulate minimum trainee ratios.

22.72 A few London boroughs have recently introduced an experimental scheme requiring contractors in their employ to advance a sum of money before work commences on site. This is set aside to cover all outstanding payments due to the workforce in the event of their employer defaulting on obligations before the successful completion of the work as contracted. In the past, when a contractor has declared bankruptcy, it often turns out that both employee and employer National Insurance contributions have been withheld from Inland Revenue for a period of several months or even years. The same applies to taxes as well. Building workers normally have no protection against this abuse since

they receive their pay net of taxes and all other contributions and therefore have no means of knowing whether or not their employer has been forwarding these payments to the Inland Revenue.

22.73 Missing contributions, however, may mean loss of entitlement to either employment, sickness or disablement benefit. In the case of sudden bankruptcies, the gap in maintaining contributions is obviously critical since unemployment is an inevitable consequence of bankruptcy. Given the disproportionately high risks borne by building workers under this arrangement, the introduction of a special fund to minimise them would effectively offer increased protection to building operatives working on GLC contracts.

22.74 The GLC's Contract Compliance Unit has attempted to eliminate firms from its tender list that do not comply with recommended safety procedures within the terms of the Health and Safety legislation. But this legislation is primarily oriented towards accident prevention, rather than compensation. Though employers are required by law to provide employers' liability cover for their workers, claims made against this type of insurance succeed only when the firm involved admits some responsibility for the accident, e.g. through negligence or lack of proper supervision, both extremely difficult to establish. On top of this, trade union support is often required both to inform an injured worker of the procedures involved in making a claim and to provide the financial backing necessary to initiate legal proceedings. Given the low level of unionisation on building sites, it is not surprising to discover that the claims rate among building workers (especially those in small firms) is significantly lower than in other industries despite the higher accident rate.

22.75 To compensate for the poor support offered to workers injured on site, the GLC could introduce a further compulsory insurance scheme. Personal accident insurance would not provide compensation of the sort covered by employers' liability but would instead maintain a worker's income while recovering from an accident without the need to establish liability. Effectively, it would act as a no-fault insurance scheme, saving the time and money involved in painful and protracted legal battles and, at the same time, protecting the standard of living of the worker's family.

Maintaining quality control

22.76 A third area that would benefit from direct intervention by the GLC as building client is control of the quality of building work. Since the abolition of Parker Morris housing standards in April 1981, the DOE no longer vets prospective housing schemes on the basis of their standards (for space, comfort or convenience) but only on the basis of their unit costs. Consequently, no data are collected any more on the standards of accommodation that have actually been provided since that date.

22.77 On the basis of the little evidence that is available so far, standards have been declining as expected (Barratt Solo Flats built in Scotland have been

condemned in Parliament as 'rabbit hutches' and 'not fit to live in'). With the threat of extensive new private housebuilding in the green belt, the question of standards becomes an urgent one.

22.78 The GLC can respond to this in several important ways. First, it can continue to insist on the maintenance of high housing standards in both its own new build and in repair and maintenance work, starting with the retention of Parker Morris space standards on all new housing work. Additionally, it can insist on the satisfactory provision of access for the disabled and on the inclusion of childcare facilities in its new industrial schemes. In work contracted out to private firms it can, through specifications, continue to rely on high quality long-life and safe materials. From 1 September 1983, asbestos has been excluded from all GLC specifications. Lead has also been prohibited.

22.79 To minimise the potential for poor workmanship and scamped work on its own contracts, the GLC might consider an extension of the defects liability clause in its standard form of contract, to make the builder responsible for work carried over a much longer period than at present. This might be appropriate for new build schemes in addition to repair and maintenance work. It would inhibit builders from substituting cheaper materials if these would need repair before the expiration of the liability period.

22.80 The current government has also announced its intention to alter traditional procedures governing the use of building regulations. Currently, most building work must conform to these regulations; they control construction methods and materials, including light and ventilation, standards, sanitation and drainage, energy conservation, etc. The regulations have traditionally been enforced by building control officers of the local council except in inner London where it is done by GLC District Surveyors. This has been provided as a public service, in the interests of maintaining public health. Outside London, it was free until the government imposed a fee for it in 1980.

22.81 The White Paper *The Future of Building Control in England and Wales* proposes two kinds of change, both of which have implications for current GLC practice. First, in line with its general policy to encourage privatisation, it proposes the introduction of a scheme to allow approved experts in the private sector to take over some of the work traditionally carried out by local and district authority building inspectors. Without stipulating the training or other necessary qualifications that would be required, it argues that such an arrangement would encourage an opportunity for maximum self-regulation by the building industry and the professions. In other words, the White Paper is proposing a scheme for self-certification, on the grounds that savings arising from a reduced dependence on outdated and unwieldy bureaucratic machinery would more than outweigh the loss of impartiality guaranteed by the current system. Approved private professionals would, under the proposed arrangements, be available as an optional alternative to local authority inspection of plans and construction work.

22.82 The London District Surveyors have tended to be more highly qualified

than many local building officers and to insist on more rigid adherence to the Building Regulations than building inspectors in other areas. (Currently, they are required to pass an exam set by the GLC). Some private developers have, in fact, been known to avoid certain areas in London because of the stringent standards which the local DS would insist upon. Under the new scheme, these developers would be able to avoid a more demanding DS and apply instead to an approved certifier of their own choice.

22.83 The high quality of London's building standards would be further undermined by the White Paper's proposal to merge inner London's Building Regulations with those forming the National Regulations. Though the two sets of regulations do not quite cover the same ground (there are, for example, no sound or thermal insulation requirements in London) where they do overlap, London's standards are generally higher. Although the stated intention is to create some alignment between the two sets of byelaws, it would be surprising if this did not involve some relaxation of the more stringent standards applying in London.

Housing standards

22.84 In the long-term, some form of minimum housing standards will almost certainly need to be re-introduced. Parker Morris standards remained in force for 15 years. They replaced an earlier generation of recommended standards brought in after the war by the Dudley Report. The Dudley recommendations, in turn, superceded the Tudor Walters Report which appeared after the First World War. So the tradition of a continuing revision and adaptation of standards is a long one. For each generation of change, a government committee took evidence from a wide range of voluntary organisations to assess the effects that the intervening 20 or 30 years had wrought on the way people organised their lives at home. The current government does not seem likely to initiate such a project since they are committed to reducing rather than increasing public intervention in housing.

22.85 It might then fall to the GLC to assume responsibility for reviving government commitment to the maintenance of living standards as reflected in public sector housing. The GLC is ideally placed to organise and carry out a London-wide forum on housing standards. This would involve the collection and evaluation of evidence submitted by a wide range of tenant groups from both the public and private sectors. It would also provide a much needed opportunity to define the housing needs of special groups (in particular the disabled, elderly and single parents) by assessing in a systematic way the alternative types of accommodation that have been offered to them over the past decade. Various alternative experimental solutions could then be designed and built by the GLC and evaluated by the tenants occupying them before any new standards were formally adopted.

22.86 The GLC has initiated its own research into the standards of housing that have been achieved by London boroughs since compulsory standards

were abandoned in 1981. With plans of new build schemes contributed by London's local authority architects' departments, the GLC is currently developing a composite picture of the quality of new housing provision, by comparison with the typical standards prevailing before extreme cost constraints were introduced. Plans are being appraised against a comprehensive DOE checklist of user needs that registers the design inputs into domestic planning. Information has also been elicited on the changing balance of design work between that carried out by borough architects and that awarded to private consultants. A recent controversial report commissioned jointly by the Treasury and the Property Services Agency, concluded that design work carried out for public sector clients by private design consultants is 20% more expensive than work carried out by an integrated in-house design team. It argued that privatisation of the design of government building would cost the taxpayer as much as one-third more than if current public sector design staff were maintained. Despite this, the government is currently planning to extend privatisation of local government services into new areas by bringing them under the umbrella of the 1980 Planning and Land Act. Architects Departments are certainly prime candidates for this treatment.

Greater London Maintenance Plan

22.87 The GLC's long-standing commitment to promoting the preservation of London (through its Historic Buildings Division) will be greatly expanded to consider a strategy for the long-term maintenance of all London building stock. Until now, there has been no systematic or co-ordinated attempt to determine the age breakdown and condition of the built environment along the lines achieved for housing (like the GLC House Condition Survey). Without such data to draw on, it has been impossible to plan effectively for the long-term renewal of the urban fabric (buildings plus infrastructure). Developing a Greater London Maintenance Plan would switch the emphasis away from 'Development' where building replacement is often determined by narrow economic criteria rather than by any consideration of the natural building lifespans. Where rising land values force the redevelopment of a site in order to realise speculative gain, building stock in good repair is too often sacrificed. The Maintenance Plan would highlight the waste of resources involved in such redevelopment and would consider alternative means by which this might be controlled and planned maintenance for the long-term promoted.

Contracts compliance and the register of firms

22.88 The GLC Contracts Compliance Unit has begun work on the establishment of a computerised file of all 4,000 contractors currently on the Council's approved lists. Eventually, each firm will be individually evaluated on the basis of its written response to a GLC questionnaire. The questionnaire has been designed to find out what opportunities exist for the employment of women and workers from ethnic minorities and to ferret out each firm's

attitude towards safety and labour practices on site, in order to check for possible violations of the GLC's existing code of practice, including, for example, the use of labour only subcontractors. To date, a representative sample of 1,000 firms has been canvassed from the full list. Results received so far have been vetted for their compliance with the goals mentioned above. Labour practices have also been vetted on selected GLC sites.

22.89 There is considerable scope for widening the range of this register. At the moment, positive vetting is based primarily on the written testimony of responding firms. While useful in focussing employers' attention on the conditions of GLC contracts, this kind of evidence can offer no guarantee of the contractor's future compliance nor does it offer any hard information on the firm's past performance. To establish a fuller profile requires the inclusion of additional information on past contractual relations between the GLC and the contractor. This might include, for each contract, the value of the accepted tender and the final contract price, the estimated and actual length of contract, the claims record over the course of the job and any special features (e.g. early completion or, at the other extreme, defaulting on the contract before completion, bankruptcy, labour disputes and accidents on site). Information of this type would add another dimension to the policy statements elicited from the questionnaire and would provide a much more comprehensive basis on which to evaluate any firm's prospective performance.

22.90 In addition to upgrading the calibre of firms on its own list the GLC, in its role as strategic authority, will provide assistance in this area to all London boroughs. It is well documented that a considerable number of subcontracting firms undertake work for more than one London borough. For example, on London local authority new housing sites that were active in 1980, there were at least 65 different subcontracting firms that had been nominated and employed by more than one borough. While each local authority keeps its own list of approved firms and a detailed record of each contract, no centralised file yet exists that registers the performance of firms across all boroughs in the Greater London area. In the absence of such a file, firms defaulting on contracts in one borough have been known to turn up shortly thereafter on contracts in a neighbouring borough. In effect, these firms are relying on the lack of communication between boroughs for the maintenance of their workload. This ignorance costs London dearly, in terms of the remedial costs incurred in the rebuilding or repairing of scamped or unfinished work. The GLC has, for instance, been known to employ contractors that have been debarred from the approved lists of one or more of London's district authorities, at great cost to the ratepayers.

22.91 The GLC is well placed to establish a London-wide register of firms. It is a job that could only be undertaken by a centralised authority, because of the scale and scope of its operation. At the moment, local authorities have little means of checking on the history of unfamiliar firms who apply for inclusion in council lists. This, in part, explains their repeated nomination of the same firms on successive contracts. One study of London housing sites found that two-thirds of the nominated subcontractors had been previously nominated by

the same borough. Though the entire workforce could be completely new on each contract the firm, at least on its managerial side, is already known to the local authority. With little else to aid in the selection of suitable firms, the Council is forced to depend on the minimal evidence it can muster.

22.92 The establishment of a London-wide register would also act as an incentive to firms wishing to improve their reputation in the public sector. Their visibility would be raised considerably which would, of course, benefit exemplary firms as much as it would harm inadequate ones. In either case, it would, over time, increase their accountability to the rate-payer.

Centre of research and technological innovation

22.93 The Technical Policy Division at the GLC, which helped to engineer the prohibition on lead and asbestos, will be encouraged to continue its leading role in the testing and monitoring of new materials, one that has proved invaluable to local authorities, building contractors and governments overseas who lack its centralised research capacity. It is, for example, currently monitoring the construction of 32 timber-frame houses and has produced an interim report on its findings. It also carries out research on alternative building methods and has undertaken experiments (like the flat roof trials at Bevis Farm) that only an authority of the size of the GLC could afford to conduct. In addition, the GLC publishes a set of standard specifications which is unique in being upgraded annually to take into account regular changes in the state-of-the-art. These are sold widely, along with publications on housing layout and standard dwelling plans.

22.94 The computer group operating within the Technical Policy Division has recently installed the most advanced computer-aided draughting system in Britain (CADAM). Already the UK's largest and most experienced user the GLC has trained more than 70 employees in its use, concentrating on the production of contract drawings. In this area, it has achieved considerable savings in time allowing, for example, drawings for the GLC's new housing in Feltham to be produced in half the time normally required, and enabling inappropriate or inaccurate details discovered on site to be respecified and redrawn immediately, thereby minimising disruptions in building work.

22.95 The use of CADAM, properly developed, can prevent the loss of investment through capital underspend. By encouraging more efficient and more evenly distributed use of staff time, CADAM reduces the possibility of losing work by failing to reach contract stage by the required deadline. In this way, it can help to protect jobs in construction by increasing efficiency in the pre-contract phase.

22.96 The GLC's CADAM set-up has already drawn considerable interest from a large number of organisations in the construction industry including, in the public sector, the London Boroughs of Hackney, Greenwich and Lambeth;

Derbyshire, Cleveland and Wiltshire County Councils; Wessex Water Authority and British Rail; and in the private sector, Arup Association and Tesco. Overseas organisations in the USA, Finland, Israel, Hong Kong and Australia have also been given advice. IBM has asked the GLC to consider taking on all of its UK training which would involve a wide range of industrial users such as British Leyland, Vauxhall Motors, British Shipbuilders and the National Coal Board. This is an area where the GLC could operate a profitable consultancy while at the same time contributing to the creation of skilled employment in the industry. The Computer Unit estimates that with appropriate support from the Council, it could train up to 250 people a year.

22.97 Unfortunately such a consultancy violates existing legislation which prohibits the Council from trading at a profit. This prohibition, however, directly contradicts the Department of Industry's current efforts to promote a wider use of CADAM throughout Britain and representations need to be made to secure its removal.

22.98 Over the longer term, CADAM could also be applied to the comprehensive mapping of all of London. The GLC is already giving financial support to the Ordnance Survey Unit to produce digitised maps of the entire London area that could be adapted to any computerised system. Using these maps as a base, an extensive data bank could be developed along lines already available in Austria, to cover corresponding information for each local area on the infrastructure, historic buildings, rateable value, transport network, ownership and age profile of the building stock. Eventually, this would provide an invaluable resource for community groups and other organisations threatened with (re)development. Paris is currently considering embarking on such a scheme; London (through the GLC) should follow suit. The GLC already possesses much of the information that would be incorporated — another reason it is uniquely qualified to undertake the project. Its Historic Buildings division, for example, keeps watch on almost 30,000 listed buildings, including 1,000 which the GLC owns itself. Historians working on the GLC's Survey of London have amassed a vast amount of information from primary sources and work together with skilled draughtsmen to produce an invaluable stock of measured drawings of London buildings.

22.99 The policies proposed here, both in their scope and detail and in the extent to which they have already been carried out, are an apt testimony to the historical role and continuing potential for the GLC and the public sector to take a leading role in housing and construction. The truth is that private capital cannot and never has performed satisfactorily in this area. The legacy of building failures arising from the use of inadequately tested systems or materials (like high alumina cement), from shoddy workmanship and skimping on details (ruinous, for example, to timber-frame housing) and from sites abandoned mid-contract all attest to the premium placed on speed at any cost. This is an inevitable consequence of the high risks associated with building activity, financed by borrowed capital to unrealistic deadlines. The toll this takes on the cost and quality of the final product, the health and safety of the workforce and the day to day housing conditions of tenants has been

unacceptably high. It makes a nonsense of the monetarist ideology that seeks to restore an efficiency — that has never existed — to construction by the rule of the market.

Proposals for action

1. The GLC will campaign for the repeal of legislative restrictions on tendering/trading activities of Direct Labour Organisations.

2. The GLC will also campaign for new legislation enabling DLOs to trade on equal terms with private firms engaged in the same area of work. It is not enough to remove the crippling restrictions imposed by the 1980 Planning and Land Act. This would still leave DLOs' sphere of operations confined to work financed by their employing authority. They must also be given the power to extend their range of building activity beyond their traditional sphere of housing and repair and maintenance and beyond artifically limited geographical boundaries by competing for work in other sectors and for other clients. Only in this way can the public sector develop into a visible — and meaningful — presence in the construction industry at large.

3. The GLC will campaign for the municipal ownership and control of building land.

4. The GLC, as a strategic authority and under its existing powers, will maintain the level and quality of training for the long term future needs of the industry, through:

- **(a) an expansion in the workload of its own DLO, and**
- **(b) through an increase in the resources of the Greater London Training Board**
  - **(i) to prevent the loss of skills associated with the overall decline in building activity**
  - **(ii) to counteract the degredation of work arising from the recent**

replacement of apprenticeships with fragmented 'skills-testing', and

(iii) to promote the greater employment of ethnic minorities and women in the building trades.

5. The GLC will help to develop a London-wide register of firms, accessible to all local authorities, based on the GLC's own experience in setting up a Contracts Compliance Unit.

6. The GLC will act as an exemplary employer of labour, by improving conditions of employment not only in its own DLO (London Community Builders) but also for the much larger number of building operatives employed on GLC contracts (estimated at approximately 10,000).

7. The GLC will act as a forum for the development of a new generation of improved housing standards replacing Parker Morris whose compulsory status was lifted by the government in 1981; it will continue to set high standards for all its own new housebuilding in line with policy in the revised Greater London Development Plan; it will maintain its high level of research into new building and materials standards and into areas of social policy that have a bearing on the design of housing.

8. The GLC will promote the use of flexible design technology, as embodied in CADAM (Computer Aided Design); the GLC is currently the largest single UK user and could take on a major training role in this area within the public sector.

9. The GLC will promote more democratic control of design by establishing formal consultation procedures at an early stage with:

(a) tenants or other final users or consumers

(b) relevant branches within the Council concerned with, e.g., disability, ethnic minorities, building organisation and technology.

10. The GLC will argue for the retention of building control in London by GLC District Surveyors whose high standards of inspection have provided much greater protection to ratepayers than can be expected from the self-certified inspectors proposed by government.

11. As an extension of this the GLC will encourage the development, among London boroughs, of a register and performance bonding of small local builders engaged in improvement work whether grant-aided or not, to offer some protection to otherwise defenceless householders (particularly single people and the elderly) against unscrupulous 'cowboy' traders.

12. The GLC will strengthen its role as a strategic housing authority in order to pursue redistributive goals beyond the powers of individual boroughs through, e.g., the Greater London Mobility Scheme.

13. The GLC will take on a strategic role in the formulation of a long-term forward programme for the renewal and rebuilding of London's infrastructure with a view to the economic and redistributive impact of such investment.

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Section Six:
LONDON'S ECONOMIC INFRASTRUCTURE

23. Heathrow and West London

Retail warehouse on the site of the Firestone factory in Brentford, reflecting west London's industrial change. On the other side of the road can be seen the closed Pyrene fire extinguisher factory, now being converted into offices.
Photo: GLC.

[Image removed at request of London Metropolitan Archive as a condition of digital distribution.]

Heathrow and West London

Summary

1. London's Heathrow Airport continues to be the number one port for visible trade, by either sea or air, in the UK. Preparations for the threatened privatisation of British Airways and Heathrow itself have already hit hard at employment in west London; they indicate the probable scale of future job loss following their sale to the private sector. Moreover the plans for privatisation neglect the need for a co-ordinated strategy for the air transport industry in Britain; have made it impossible for the government to make rational decisions regarding the need for a fifth terminal at Heathrow or an expanded airport at Stansted; and have reduced the options to questions of the private profitability of each part.

2. The increasing dominance of Heathrow in west London has not, as is sometimes claimed, always worked to improve employment prospects in the area. Employment at the airport itself has declined dramatically since 1979, mainly as a result of cuts in jobs by British Airways, who have attempted to resolve problems of profitability by cutting jobs and contracting out work. In the four years to 1983 over 13,500 jobs have been lost at Heathrow including a 42% cut in British Airways engineering division. These cuts and the sub-contracting of work have led to a reduction in wages, worsening of conditions, an intensification of work and a reduction in services.

3. Outside of the airport, in west London, rising property and land values and the demand for warehousing and office space linked to the airport's needs have contributed to the massive loss of manufacturing jobs in the local area. West London has over 5,000,000 sq.ft. of empty warehouse space. Heathrow, however, does not only generate a demand for warehouses. It also still provides many jobs, it attracts high-technology industrial development as well as office and hotel development to serve the business community which passes through Heathrow.

4. The GLC's policy, therefore, is to work with the trade unions concerned

and other groups to oppose the plans for privatisation. Successful opposition to privatisation is a necessary precondition for any rational plan for civil air transport as a whole. In the longer term the GLC will work towards such a plan, to ensure that decisions about civil air transport also work to the benefit of the people who live and work in London.

Heathrow

23.01 In 1984 London's Heathrow Airport continued to be the number one port for visible sea or air trade by value, in the United Kingdom. In 1983-4 Heathrow's trading profit increased by 10% to £50.3 million. In the previous year Heathrow and Gatwick dealt with no less than 86% of all the passengers handled by the British Airports Authority (BAA) and with Stansted as well accounted for over 93 per cent of BAA cargo handling.

23.02 The British Airports Authority also spends sums of considerable importance to the economy of London. In 1982-3 the expenditure of Heathrow and Gatwick Airports was £145.6 million and £53.5 million respectively. In addition there is a capital expenditure programme; for the five-year period 1983-88, this is estimated at £168.3 million for Heathrow, £170.9 million for Gatwick and, depending upon the government's decision regarding development, £175 million for Stansted. The combined Heathrow-Gatwick-Stansted capital expenditure programme of £514.2 million, when added to the annual income and expenditure of the London airports, represents a major potential input by the London BAA sites into the local regional economy.

23.03 Heathrow's profitability and importance and British Airways' commanding position within British civil air transport must not be equated with increased employment opportunities within London or even within the confines of the airport. For Heathrow, on-airport employment peaked in the financial year 1979-80 when over 57,000 people were employed. The rapid decline to the 1982-3 figure of 43,675 represents a reduction in employment of over 23% in only four years. The change in Heathrow's working population is largely attributable to the reduction in airline employees. At Heathrow, airline employees have been reduced from 43,313 in 1979-80 to 30,458 in 1982-3, nearly a 30% reduction in four years. British Airways is typical and accounts for the bulk of the job loss, with over 23,000 workers dismissed nationally — a 35% cut in airline staff between 1979 and March 1983.

23.04 Estimates of employment opportunities in the near future offer little prospect of regaining the high job levels at Heathrow which existed during the 1970's and before. BA's massive job cuts were still 2,000 short of their target levels and further losses must be anticipated following privatisation. The opening of Terminal 4 will largely involve the transfer of existing staff from other parts of the Airport. The BAA has already stated that not all existing posts will be replaced following the transfer. In fact Terminal 4 and the prospect of Terminal 5 offer every opportunity for the introduction of high capital investment in new technology designed to replace present labour in many areas of cargo and passenger handling. In 1974, a west Londoner could always get a job at Heathrow Airport. A decade later in 1984, 80 clerical posts attracted 20,000 applicants.

23.05 The impact of the airport upon the local economy cannot, however, be viewed simply in terms of direct employment gains and losses, nor solely in terms of those industries involved in airport-related activities. The growth and

development of Heathrow Airport has been a major contributor to the massive increase in property and land values in west London. This in turn is directly related to the closure of major manufacturing plants in the area and the growth of speculative office and warehouse developments, which service the demands of the airport but do not replace the jobs lost for the local population.

23.06 The growth of the west London economy at a time when the Docklands of east London were in decline has also served to increase the differential between west and east London. The development of the 'Western Corridor', centred upon Heathrow and the M4, has witnessed the growth of office developments and new technology industry within outer west London and beyond. The very existence of the airport has, therefore, decisively changed the contours of property and land values in London and the rest of south-east England.

23.07 Heathrow and air transport have been a central influence on employment, industry, and the property economy of west London and beyond. There are four issues of central concern:

(a) the impact that the market economy has had on the number and type of jobs, and the level of wages, of those linked in to the airport economy;

(b) the prospect that privatisation will further depress employment and wages, and work against the long term planning of the region's air transport;

(c) the decision on where the expansion forecast for London's airports by the end of the decade will go: a fifth terminal at Heathrow, Stansted, or regional airports in the north;

(d) the continuing impact of Heathrow on the robustness of west London's industrial economy.

We will deal with each in turn.

Job losses and prospects

23.08 The job losses that have occurred at Heathrow over the last five years have been caused in part by a crisis in the international airline industry, and in part by the imposition of short-term balance sheet criteria on British Airways, in preparation for privatisation.

23.09 In 1979 BA anticipated an 87% increase in passenger handling from 16 to 30 million, a doubling of cargo handling and a comparatively small reduction in staffing of 3.5% from 57,500 to 55,500 by 1985. What actually happened was that, by mid-1984, there had been an actual decline in passenger and cargo handling and a massive reduction of over 23,000 jobs. Between 1978-9 and

1982-3 passengers moved by BA fell by 1.1 million and tonnes of freight carried fell by 23%.

23.10 In the financial year 1979-80 the airlines were geared up for an increase in demand. Yet in that year British Airways' fuel bill rose by 77%, interest rates rose dramatically at the very time when the airlines had borrowed heavily to cover the cost of new aircraft and equipment; and competition on North Atlantic routes in particular reduced air fares as demand fell significantly. The heavy capital investment and reduced revenue resulted in the closure of routes, worsening of services and massive job losses. Within four years these changes affecting civil air transport have resulted in unprecedented rises in operating costs, a marked fall in revenue in real terms, under-utilisation of expensive equipment and major job losses.

23.11 In order to return the company to a profit-making position BA have undertaken drastic measures including the massive reduction in staffing, the closure of international routes, the disposal of aircraft and the cargo fleet, the disposal of two engineering bases, a moratorium on rises in basic pay, widespread cuts in administrative services, the transfer of catering activities to outside contractors, the selling of a profitable subsidiary company (International Aeradio) and the suspension and closure of the airline's engineering apprentice scheme based in west London.

23.12 Take engineering as an example. In 1980 12,076 staff were employed within the engineering division; this had been reduced by March 1983 to 6,994, a 42% cut in skilled blue-collar jobs. The absolute reduction in numbers directly employed by BA also masks the sub-contracting of services previously provided within the airport perimeter by directly employed BA and BAA employees. They have been replaced, in part, by a casualised workforce, generally working in non-unionised firms for lower wages, with worse conditions of work, and longer hours.

23.13 Similarly, during the last three years airport and airline catering and cleaning services have been sub-contracted to a number of firms; and installation work by directly employed BA craft workers of building and plant maintenance departments has been sub-contracted, at the cost of 1,200 craft jobs.

23.14 In the case of the North Side Catering at Heathrow, workers have suffered a 50% reduction in wages since the service has been sub-contracted away from BA. In cleaning at Heathrow, Asian women, particularly those working for sub-contractors have also experienced cuts in wages, worsening of conditions and intensification of work as well as personal harassment and continual abuse from their employers. Many of these workers are employed on a casual basis so that their employers can avoid paying redundancy entitlement and sick pay.

23.15 These changes have served to improve British Airways' balance sheets. But they have served to break up one of the outstanding groups of skilled

engineers in London, they have run down training and opened themselves up to skill shortages in the future, and they have increased the problems of reliability and quality control which have tended to come from an extension of sub-contracting on the scale witnessed at Heathrow.

23.16 The massive job losses at Heathrow and British Airways since 1979 are the response to changes in the structure of the world-wide civil air transport industry. They reflect changes in demand, rising operating costs and technological change. But the particular response that British Airways made to these problems must be seen in the context of the government's announcement in 1979 that BA would be privatised. For this to be possible, the accounts had to be turned round. With staff costs accounting for 42% of the Company's operating expenditure (1982-3 figures), cuts in direct staffing were one of the easiest immediate economies — regardless of the effect these cuts would have on the workforce, or on the long term quality of services of British Airways itself.

Privatisation and its significance for air transport development

23.17 Quite apart from the attack on the jobs, wages and conditions of employees, British Airways' strategy over the past five years has been geared above all — as their Chairman Lord King put it — to make the airline attractive to private investors. In 1981-2 for example, when they had declared a loss of £544 million, they wrote down the value of their airline fleet in their books in order to reduce future depreciation charges and increase the future rate of profit. The *Financial Times* commented that BA's pending capital reconstruction risked being seen more as a marketing exercise than an attempt to establish a realistic capital structure. Then in 1984 BA revalued the value of that same airline fleet upwards by £102 million, when depreciation costs and current profitability had become secondary to the need to demonstrate substantial assets to a potential purchaser.

23.18 BA has then re-organised itself as if it were a private, profit-maximising company. What concerns the commercial airline industry is that when the company is privatised it will behave as an aggressive private monopoly with even more serious effects on competitors than if it had remained a public one. The problematic future of the industry has been highlighted by the publication of the Civil Aviation Authority (CAA) proposals on the future of the UK airline network. The review has even been heralded by the private sector of civil air transport as possibly the last chance for 20 years to restructure the commercial airline industry in Britain, on the grounds *that the stated goal of increased competition is illusory* and that BA, once privatised, will establish itself as an unassailable private monopoly. This view was endorsed by airline industry

lawyers acting independently and not under instruction from any client; in September 1984 they made a statement to the government warning:

> ... that if the CAA's recommendations are not wholly or substantially accepted (in particular, the underlying recommendation that it is given a direct duty to secure the sound development of the industry), the CAA will suffer a serious loss of authority and credibility as a body strong enough to stand up for British civil aviation as a whole against any sectional interest from within.

23.19 In fact it is clear that privatisation of civil air transport in Britain cannot in any beneficial sense increase competition between British airlines or airports. The industry is, in any case, regulated on an international basis. The selling off of these nationalised interests would lead to a monopoly by private enterprise within Britain, with all the associated disadvantages attached to this condition. With the regulatory powers of the CAA weakened and BA's monopoly position undiminished, there would be little to stop BA, once privatised, destroying its competitors.

23.20 Even under the government's plan to deregulate UK domestic routes by granting additional licences, the existing smaller private airlines could only survive by reproducing the effects of deregulation that have occurred in the United States. Observers are of the opinion that US airline employees have lost more than $1,000 million in wages and workrule concessions during the last two years in order to help keep near-bankrupt airlines flying and themselves in a job. The industry has '.. retrogressed under deregulation by every measure: health of the industry, stability of workforce, quality of workforce, number of cities served, and most importantly, the margin of safety on which lives depend.'

23.21 The selling of British Airways, the British Airports Authority and British Aerospace and the weakening of the powers of the Civil Aviation Authority will mean the end of any prospects for co-ordinated economic planning within the civil air transport and aerospace industries within Britain to the mutual benefit of the companies concerned.

23.22 The question of privatisation in the civil air transport industries is a central issue in the development of a London industrial strategy. As nationalised companies, the British Airports Authority, British Airways and the Civil Aviation Authority could seek to secure a comprehensive and coherent strategy for the development of the industry in this country. Such a strategy would seek both to ensure the economic viability of these concerns and consider, in a non-partisan fashion, their relationship to other related industries, such as the airframe and aero-engine industries and in particular British Aerospace. This programme should also consider, in conjunction with the GLC and other local authorities, the social and economic implications of the development and restructuring of the industry within a local economy such as Greater London.

23.23 Under the privatisation proposals these objectives would be impossible

to contemplate, let alone achieve. The resultant private companies would be unable, and probably unwilling, either to promote related industries, which did not increase their own corporate profits, or to consider wider social and economic effects. The preparation for the privatisation of BA has already illustrated the form that future developments will take: loss of jobs and training opportunities, worsening of conditions and wages and a reduction in services and long-term efficiency.

London's Airports: the location of growth

23.24 The debate over the siting of London's third airport dates back to the 1960s and the work of the Roskill Commission. The present round of public inquiries and debate was initiated in December 1979, when an invitation was extended to the BAA by the Secretary of State for Trade to submit proposals for a new terminal at Stansted, capable of handling about 15 million passengers a year.

23.25 The whole discussion has focussed on the alternative of developing Stansted or building a fifth terminal at Heathrow Airport. The BAA have opted for Stansted on the grounds that Heathrow will have reached near saturation when Terminal 4 opens in 1985. Consequently vital interline passengers, especially those on North Atlantic flights on route to Europe, could be lost permanently to airports in continental Europe if London were to prove incapable, even for a short period, of coping with their transfer facilities.

23.26 British Airways argued differently. It said that the movement of flights from Heathrow to the opposite side of the capital would not only reduce the preference shown to London by international air travellers but also do great harm to the efficiency of British Airways as an airline. Foreign airlines, they argued, would refuse to transfer to Stansted, in the same manner as they had declined in recent years to relocate to Gatwick. Stansted, it was contended, was likely to prove a most unpopular airport for those passengers interlining on journeys which would necessitate transferring from one airport to another.

23.27 The inspector's report of the public inquiry, published in December 1984, has effectively supported both options by recommending the immediate development of a single runway airport at Stansted, capable of handling 15 million passengers a year rising to 25 million; as well as additional work at Heathrow, through the construction of a fifth terminal to raise annual passenger capacity to 53 million.

23.28 If these findings are accepted by the government, and a decision is not expected until the summer of 1985, then Stansted will be pushed into the world's top 20 airports, alongside Heathrow and Gatwick; the planned ceiling of 275,000 air transport movements through Heathrow will need to be

abolished; and the opportunity to direct investment and employment to regions other than the south-east will have been lost.

23.29 In terms of employment gain and the impact of the development upon the local area the GLC has to date supported Stansted's expansion. When Terminal 4 opens at Heathrow in 1985 the airport will have reached saturation point in terms of the imposed limits on air traffic movements. Terminal 5 would require an extension of these limits, which has prompted concern over increased noise and air pollution levels as well as raising questions of maintaining safety levels with an increased frequency of take-off and landings.

23.30 If Terminal 5 is developed the effect on jobs may be relatively small. On current plans the new terminal would not be operational until the mid 1990s; it would involve the redevelopment of the older terminals in the central complex and the transfer of existing flights and airlines to the new facilities. In employment terms this would mean few new jobs particularly given the long-term opportunities to replace labour by capital investment in new technology equipment across many areas of cargo and passenger handling. An expanded Stansted on the other hand could play a major part in improving employment opportunities in east and north-east London. It would need a clear regional land-use plan to ensure these results.

23.31 Stansted's possible development and the loss of employment at Heathrow is a clear example of the need for a single strategic authority across the whole of London which is able to work with other local authorities in the south-east to ensure a coherent strategic plan that fits in with the region's social and economic needs. The GLC, for example, would wish to ensure that workers displaced at Heathrow will be offered employment at Stansted. The GLC would also aim to control any development of Stansted in order to reduce environmental stress upon green belt and residential areas and to ensure that industrial, warehouse and office development is in accordance with existing planning policy.

23.32 The GLC is currently undertaking a review of its position regarding civil air transport in London. It will be paying attention to the call, in particular by local authorities in the north of England, for a reduction in the present north-south imbalance. London's air transport industry can still develop and expand but it must not be at the expense of other urban areas of Britain and other local authorities who are investing in local airports as a major factor in their own strategy to promote industrial and economic regeneration.

23.33 The government's final decision on Stansted or Heathrow will not be based upon wider social concerns. It will reflect the government's determination to promote BA as a sound investment to potential buyers. Issues centred around employment and environment will take second place to British Airways' assertion that the sale of BA share capital in 1985 would be adversely affected by any decision which led to Stansted being developed instead of building Terminal 5 at Heathrow. The inspector's report has already indicated that the restriction of Heathrow to four terminals would represent a substantial under-utilisation of the London area aircraft movement capacity.

23.34 It is one thing for the various parts of a nationalised industry to debate and argue over their future structure. It is, however, hardly conducive to an objective solution to the future of civil air transport in London and Britain if the representatives of two nationalised enterprises, BA and the BAA, argue in such a partisan fashion, placing their own post-privatisation interests before the future development of the industry in Britain. The reasons why no comprehensive plan for London's airports has emerged or been attempted are that, ever since 1979, a major concern has been the preparation for privatisation by each company. Under the constraints of company law, a private airline will be unable to pay attention to the needs of civil air transport as a whole. The company has to concentrate on safeguarding the interests of its shareholders which may be in conflict with other sectors such as those engaged in running London's airports, and which override any notions of a nationalised industry's obligation to provide services as a social duty alongside its operations as an efficient airline.

West London: the impact of Heathrow

23.35 Heathrow Airport's impact upon the economy of west London extends far beyond the civil air transport industries and Heathrow itself. The airport exerts a major influence upon employment and training opportunities over a wide area, as well as the local mix of manufacturing, warehouse and office uses and property and land values. If Heathrow, rather than Stansted, is developed, this will increase the pressure for further speculative warehouse and office developments, push up land and property values in the area and increase the likelihood of major manufacturing firms leaving the area and capitalising upon the valuable freehold property assets.

23.36 Firms in west London such as Hoover, Firestone and United Biscuits are three such examples where freehold property and land, in some cases held by the firm since the time of the greenfield site development in the 1930s, has been sold and has had or awaits redevelopment. The Hoover factory site at Perivale, on the market at over £500,000 an acre, and the recent sale of an industrial site in Slough for over £1 million an acre indicate the scale of the return available from these sites and the pressure for relocation of manufacturing activities. The change in the local mix of skilled and semi-skilled employment for both men and women which has resulted from the decline of manufacturing and the growth of warehousing is significant and is in part directly related to the demands of the airport.

23.37 New development and employment in the west London area, much of it associated with the airport, have centred upon warehouses, offices and hotels at the expense of long-established manufacturing employment.

23.38 One of the major processes of industrial change in west London, directly related to the needs of the airport and restructuring by manufacturing

employers, has been the substitution of warehousing uses for established manufacturing employment. The reduction in employment opportunities, both in terms of absolute numbers and the mismatch of skills due to this change of use is considerable. The switchover from manufacturing to warehouse uses in west London has been underpinned by the change in ownership of property and land from major manufacturing employers. As part of their restructuring programme they continue to capitalise on their assets in the enhanced high value property market of the western corridor thereby providing opportunities for pension funds and insurance companies to create speculative warehousing developments at the expense of the skilled manufacturing workers of the local community.

23.39 The major developments in west London are typical of this switchover. West Cross Centre on the Great West Road is a development of offices, headquarters buildings and industrial and warehouse units developed by Royal Insurance and Builders Amalgamated. Built on the site of the Firestone tyre factory, which employed over 2,000 people, to date the tenants of West Cross are office and warehouse users with little or no manufacturing. Even more significant has been the development of the Great Western Industrial Park by the Sun Life Assurance Society on the site of the AEC Leyland plant in Windmill Lane, Hounslow. Three thousand workers lost their jobs when the plant was closed as part of Leyland's restructuring programme. Phase I of the park has again attracted little manufacturing and appealed largely to firms engaged in transport, warehousing and distribution.

23.40 One of the most dominant trends in this sector has been the growth of contract warehousing whereby firms rent out space or operate an entire distribution system for their customers. Contract warehousing needs to be located in areas with a large number of manufacturing firms, close to import/export points, such as sea and airports, and with good communications such as rapid access to motorways. By its nature contract warehousing is, therefore, speculative development which relies heavily upon the initial locational decision for its subsequent success. West London's manufacturing tradition, Heathrow Airport and the access to the M1, M25, M3, M4 and M40 fulfill all the criteria for the location of contract warehousing and this draw towards west London is reflected in the warehousing floorspace statistics, seen in Table 1.

23.41 The demand for warehousing generated by the airport allows the developers to look beyond the two to three year development period and foresee demand for warehousing space being maintained in this area for years to come. The result has been the development of user-ready warehousing units in preference to manufacturing space.

23.42 The problems of forecasting the type of demand in west London are, therefore, less difficult perhaps than elsewhere in London due to the overwhelming influence of the airport. The scale of the demand has, however, been grossly overestimated. The opening of Terminal 4 will not lead to an increase in cargo handling in line with the increase of warehousing floorspace.

Table 1: **Top Ten London Boroughs in terms of Warehouse Floorspace – 1974-81**

1974	*1981*	*000m²*	*% Change*
Southwark	Southwark	1,394.9	+4.2
Tower Hamlets	EALING	1,162.4	+34.1
Islington	Tower Hamlets	1,096.1	+2.0
EALING	Camden	988.0	+19.6
Camden	Islington	905.2	−0.7
Westminster	HOUNSLOW	904.3	+34.6
HOUNSLOW	Greenwich	691.1	+37.2
Hackney	Westminster	599.0	−10.9
Lambeth	BRENT	594.2	+28.5
Greenwich	HILLINGDON	594.2	+19.8

The failure to estimate the scale of demand at this time has been substantial and an excessive over supply has resulted. Hounslow in particular has suffered from these processes. Between 1978 and 1983 premises rated as factories fell by 10 per cent whilst the stock of warehouses increased by 14 per cent.

23.43 Across the whole of the outer north west area of Greater London this growth of often speculative warehousing led to over 5,200,000 sq.ft of vacant warehousing space in 1980, much of it in place of skilled manufacturing employment. The inspector's report on the increase in off-airport employment attributable solely to Terminal 4 concluded that airport user services were only anticipated to produce some 1,400 jobs plus secondary employment services adding a further 2,500 to 3,150. So that even in simple numerical terms the impact of the continued growth of Heathrow upon employment opportunities in west London is not necessarily beneficial. Moreover it represents a complex change in the demand for skills in the local economy.

23.44 The pressure for office development in west London in the last five to ten years has been substantial and is reflected in the office rental levels throughout London and the surrounding areas. The basic pattern of office rents in the south-east region has generally been that they fall with distance from London. However in west London a different pattern has emerged with an area of high rents running west from the City along the line of the M4 including Hammersmith, Hounslow, Heathrow, Slough, Maidenhead and

Reading. The concentration of office development in outer west London in particular is also evident from the completion statistics. For example the inner north, east and south sectors of Greater London together accounted for 560,000 sq.ft. gross of office floorspace between 1981 and 1983, a figure exceeded by the Borough of Hounslow alone with 650,000 sq.ft. Excluding the central London area the most active London borough in terms of current developments is Croydon. However, the next three highest totals are recorded by Ealing, Hillingdon and Hounslow, all surrounding Heathrow Airport.

23.45 West London offers an office location close to central London, with good access to the national motorway network, at the beginning of the 'Western Corridor' and in close proximity to the world's busiest international airport. Heathrow, therefore, does not only generate a demand for warehouses, it still provide many jobs, it attracts new high-technology industrial development as well as office and hotel development to serve the business community which passes through Heathrow. In west London, however, many of these pressures have worked against continuing job opportunities in manufacturing industries. The expansion of Stansted would divert part of the future pressure on land and property in west London. Urgent action is required to limit the further encroachment of warehousing, office and hotel investments into the industrial economy of west London.

23.46 By 1983 the draft alterations to the GLDP noted that development trends in the 1970s and early 1980s have exposed major weaknesses in strategic policies. One consequence of these weaknesses has been the disparity in development pressures between west London on the one hand and most of the eastern and inner areas on the other. In these areas, and in place of the open-ended 'preferred office location' designations of the existing GLDP, policies are now to be more responsive to the actual development situations in different parts of London. The aim is a more equitable and balanced distribution of development both within and between sectors of London.

The GLC and civil air transport in London

23.47 The GLC's principal powers in relation to the development of Heathrow are those of a strategic planning authority. The Council's policy has been set out in the revised GLDP.

23.48 The Council has no direct economic control over the operation of civil air transport in London since, unlike other metropolitan airports like Birmingham and Manchester, Heathrow is not under municipal control.

23.49 The GLC's contribution to the future of employment in Heathrow and west London has been along four lines:

(a) The Council has supported the trade union campaign against the privatisation of British Airways and the British Airports Authority.

(b) By direct intervention through its early warning system and through GLEB the Council has tried to slow down the destruction of the main industrial plants in west London as a result of rising property prices. Its takeover of Magnatex, the car components firm in Hounslow, has been the largest intervention to date. GLEB has also invested in Standard Bookbinding in Park Royal not only to secure jobs in a firm within a hard-hit sector but also to maintain an essential element of the publishing process within London. Other schemes with parallel employment effects are under consideration in Ealing and Brent.

The most recent initiative is GLEB's purchase of 21 acres of industrial land at Hounslow Heath, three miles from Heathrow and a prime site for the office/retailing/hotel/warehousing types of development spelt out above. GLEB intends to develop Hounslow Heath against the tide as an industrial estate giving priority to electronic and engineering industries.

(c) The GLC has made a contribution through its research resources. The publication of the *West London Report* has served to draw together many issues which people and groups working in the area have identified as underlying the local industrial change which has led to so many job losses in west London. This report not only considered the importance of Heathrow and the aerospace industry to the local economy but also the widespread problems associated with its continued growth. The Council has also produced a report through an independent researcher which assesses the impact of privatisation upon the London economy within the context of the position adopted by British Airways, the Civil Aviation Authority and the BAA who run Heathrow. Research is being carried out to determine the extent of sub-contracting within the airport perimeter, the extent of job loss associated with this change, as well as the worsening wage levels and conditions of work already reported by workers previously directly employed within Heathrow. In particular, the GLC will seek to monitor further change and thereby highlight the differential impact of privatisation upon Asian and other black women and men workers.

(d) With the closure of British Airways apprenticeship school and the development of industrial sites such as Hounslow Heath the GLC, through the Greater London Training Board, aims to ensure that appropriate training schemes are available to people in west London. This takes account of the substantial job loss from Heathrow and the opportunities for skilled employment within local airport-related industries. Particular attention is to be given to the needs of women and ethnic minority groups in determining these training programmes for the local community.

The GLC is also putting back into west London the training opportunities which have been lost from the area. Recruitment of first year craft and technician apprentices in engineering in the area had

been cut in 1983 to only 36% of the 1979 level. Closure of government skillcentre sites in the area has added to the decline. The GLTB has funded groups such as the Hounslow Engineering Group Training Association in an attempt to reverse this deskilling of an area and a generation of young people.

Also through the funding of Co-operative Development Agencies (CDAs) in Ealing and Brent and through the GLC's Outer West London Area office the Council is actively suporting local businesses, co-ops and groups such as Hillingdon Asian Women's Group which offer training and employment opportunities and support and advice to local people. They emphasise particularly the needs of women and ethnic minority groups in the local community.

Conclusion

23.50 Civil air transport industries can, if they are properly organised and planned, make a contribution to the industrial strategies of local authorities. The level of capital investment given by authorities such as the West Midlands Council, for example, to the development of Birmingham Airport, shows that civil air transport within a metropolitan area can be used as a focus for industrial regeneration. But, for this to be possible, its effects on the surrounding economy, local people and their prospects for employment must be considered with more seriousness than can occur under current proposals for privatisation.

23.51 The GLC must continue to join with other like-minded groups to campaign for the retention of British Airways and the British Airports Authority within the public sector. In the longer term, in stressing the importance of the civil air transport industries remaining as nationalised concerns, the GLC in association with other bodies and local authorities such as the West Midlands, Greater Manchester and West Yorkshire Councils should call for the development of a comprehensive and coherent strategy for civil air transport and aerospace industries within Britain.

Proposals for action

1. The GLC will undertake a review of civil air transport in London, to assess its current position which is to favour the expansion of Stansted over the development of a fifth terminal at Heathrow and to assess the potential for working with other like-minded authorities to redress the regional imbalance which currently exists within civil aviation in Britain.

2. The GLC will join with other like-minded groups to campaign for the retention of both British Airways and the British Airports Authority within the public sector.

3. The GLC will continue to campaign with other local authorities, trades unionists and other groups within the civil air transport industries to pressure central government to develop a comprehensive and coherent strategy for civil air transport and aerospace industries within Britain which acknowledges the importance of London and the rest of the south east within that strategy. It would recognise the needs of the local resident and working population within the national context of the growth and development of the industry.

4. The GLC will work with other local authorities, trades unions and local community groups to prevent the further privatisation and sub-contracting of employment provided within the perimeter of London's airports, particularly Heathrow, to develop research and monitoring initiatives to highlight further job loss and worsening of conditions particularly for black women and men.

5. By making use of the research resources within the GLC and within the experience of existing groupings in west London, the GLC will establish a statistical and analytical base across a wide range of topics related to civil air transport which may be drawn upon by all those working to sustain employment in these and related industries.

6. Together with GLEB the GLC will determine the extent of local industry associated with Heathrow Airport, the level of skills present within the local area in these linked industries, and the potential for intervention and investment by GLEB either in new ventures or existing firms.

7. With the closure of British Airways apprenticeship school the GLC, through the Greater London Training Board, will ensure that appropriate training schemes are available to people in west London taking account of the substantial job loss from Heathrow and the opportunities for skilled employment within local airport-related industries. Particular attention must be given to the needs of women and ethnic minority groups in determining these training programmes for the local community.

8. The GLC will reaffirm its committment to oppose racism within the workplace, to encourage and develop in a positive manner discussion between employers, trades unionists and representatives of the local Asian, Afro-Caribbean and other ethnic minority groups working within civil air transport and related industries within London.

9. The GLC, as the strategic planning authority, will wherever possible act to control and direct development in west London associated with Heathrow Airport.

Source:

GLC, *The West London Report*, 1984

GLC, *The Future of London: Draft Alterations to the Greater London Development Plan*, 1983

Peter Richards, *Capital for Civil Air Transport*, GLC 1984

British Airways Joint Shop Stewards Committee, *Civil Air Transport: Its Future and Development*, 1983

Department of Transport, *Inspectors' Report of the Stansted Airport Inquiry*, 1984

Section Six: LONDON'S ECONOMIC INFRASTRUCTURE

24. The docks

Ships at the bottom of the garden, laid up in the Royal Docks. The GLC is committed to plans for local industrial and community use of the Royals, devised by the people who live there.
Photo: Docklands Community Poster Project.

[Image removed at request of London Metropolitan Archive as a condition of digital distribution.]

The docks

Summary

1. Docklands was the core of east London's local economy. For every job in the docks there were some three jobs in dock-related industries. Now much of that is in danger of being lost, and some of it already has been. The upstream docks, the West and East India docks in the Isle of Dogs and the Royal docks in Newham, are closed. Speculative land development has accelerated as the London Docklands Development Corporation (LDDC) has taken over control of the area.

2. Over-capacity in British ports has caused port authorities, including the Port of London Authority, to attempt to cut labour costs. The new technology of containerisation drastically reduced the need for dock workers. It also meant that ship-owners could transfer to new ports, for example Felixstowe; the containers could then be carried by lorry to their destination, thus imposing extra public costs on the roads. The ability of the old ports to shed labour was restricted by the gains won by dockers under the National Dock Labour Scheme (NDLS). Moreover the upstream docks in London were unsuitable for the large container vessels used for long sea routes. The PLA's strategy was to try to attract these downstream to Tilbury, and to abandon the upstream docks. It made little attempt to attract the growing European trade.

3. From the 19th century onwards, dockers fought against casualisation, unemployment and poverty. Then, from the early 1970s they fought to protect their jobs and the gains made under the NDLS, which from 1967 provided some security of employment for dock workers and trade union involvement in recruitment policies and conditions of work. The dockers also put forward plans for alternative uses of the docks.

4. The decline of the Port of London has not been inevitable. There is potential for reversal. The PLA could have provided specialised facilities for certain types of trade. Some of the upstream wharves on the river are still used. Public policies could have ensured that the charges at other ports reflected the public costs of extra use of the roads; they could have relieved the PLA of some of the historic costs of a fixed labour force.

5. In the GLC's evidence at the STOLport enquiry, proposals were made for

the retention of the upstream wharves and docks for certain uses. Use of the Royal Docks is incompatible with the STOLport proposal, and the latter bears no relation to the needs of the existing population of docklands. In particular it is in complete conflict with the plans put forward by local people with the support of the GLC: the People's Plan for the Royal Docks.

6. The GLC is committed to proposals for local uses of the Royal Docks area and for local and dock-related industries put forward in the People's Plan and also developed by the GLC and GLEB. It is committed to the full use of the river. Finally, it is committed to the retention of facilities in the docks as part of an integrated plan for transport in London, including road haulage and rail.

24.01 Much of the life of the East End of London has revolved around the docks and the powerful traditions of dock work. The docks were at the heart of east London's economy. Its industries and transport network were dependent on them. It has been estimated that for every job in the docks there were three dependent jobs in dock-related manufacturing, transport and service industries. These ranged from ship repair to industries which were first set up to process the products imported from the colonies; they included food processing, road haulage, shipping agencies and many others.

24.02 Much of this industrial activity has already been lost. In 1971, some 13,500 people were employed in the docks and wharves in the five docklands boroughs (Greenwich, Lewisham, Newham, Southwark and Tower Hamlets). Some 3,500 were employed in the directly related activity of ship repair. The road haulage industry employed about 8,500 people. The dockers worked in the major enclosed docks in the upstream port: the West India docks in the Isle of Dogs, and the group of three enclosed docks known as the Royals — the Royal Victoria Dock, the Royal Albert Dock, and the King George V Dock — in the area between Silvertown and North Woolwich to the south and Beckton to the north.

24.03 But in 1980 the West India Dock was closed. By 1981 only about 3,500 people were employed in the upstream port, and in that year the last remaining upstream docks, at the Royals, were closed for cargo handling with the loss of most of the remaining dockers' jobs. At the beginning of 1985, there were about 325 registered dockers upstream, all of them employed on wharves between Woolwich and the Isle of Dogs. By 1981 less than 400 jobs remained in the five Docklands boroughs in ship repair, and about 4,000 jobs in road haulage; since then, many more have gone.

24.04 Some of the dockers made redundant were transferred to the downstream port at Tilbury; some of these subsequently gave up their jobs at Tilbury because the travelling time was too great and at Tilbury itself several thousand jobs have gone. Some of the dock jobs had already been lost as dockers retired and were not replaced; others took redundancy and severance pay. The decline of the docks and related industry, coupled with the recession, has led to high levels of unemployment. In the five docklands boroughs there are now about 80,000 people unemployed.

24.05 The Port of London is no longer predominant in south east England. The so-called 'container revolution', the system of carrying goods in large boxes rather than unloading them individually at docks, has not only drastically reduuced the amount of labour needed in the docks. It has also given ship-owners the flexibility to shift to ports where the charges are lowest; charges at Felixstowe, for example, are much lower than the charges in the Port of London. It has enabled port employers to break with established patterns of labour and trade union control which had been built up through industrial struggle over the previous century. It has also meant that goods which previously travelled by water now travel by lorry, thus imposing heavy burdens on the road system — and leaving the river far emptier than it need be.

24.06 The loss of dock work in London led to reduced activity and job losses in port-related activities; and the reduction in port-related manufacturing and transport activities in turn reinforced the relative disadvantages of the Port of London. Ship-owners were inevitably less attracted to a port which had declining local markets and deteriorating back-up facilities, such as ship repair. The combination of locational factors which had previously reinforced the relative advantages of London as a port were reversed. They were replaced by a spiral of decline.

24.07 The decline of the docks and wharves released large amounts of land, often in prestige riverside locations close to the centre of London, for speculation in offices, luxury warehouse conversions and leisure develop-

Table 1: **Data on changing employment of goods vehicle drivers in Greater London 1971 - 81**

Industry	*Total Drivers 1971*	*Total Drivers 1981*
Vehicle Manufacturing Engineering	3,510	3,698
Other Heavy Industries	2,990	3,193
Food, Drink, Tobacco	5,560	3,338
Paper, Print	3,000	1,796
Other Manufacturing	3,030	2,459
Wholesale Distribution	11,820	9,473
Retail Distribution	4,580	2,415
Construction	4,690	1,885
Transport, Communications	26,460	14,439
Public Administration, Defence	4,200	2,704
Other Services	6,440	6,919
	76,280	52,319

Source: 1971 Census (10% sample data), 1981 Labour Force Survey (one half % sample)

Note: The 1981 figures are considerably less reliable than the 1971 figures, and not entirely comparable. The impression of employment decline given is likely to be correct. The total for 1971 is slightly below the total for this category of employment in the full census, since industries with small numbers of drivers are omitted. The same type of undercounting will have occured in the 1981 data.

ments. Wharf owners, like the proprietors of Hays Wharf and the Port of London Authority itself, have increasingly moved into property speculation. The St Katharines Dock office, hotel and marina complex was the first stage in this transformation, followed by the plans for a giant office scheme on Hays Wharf.

24.08 The setting up of the London Docklands Development Corporation (LDDC) in 1981 is the most recent stage in the move from dock industry and local housing to up-market property development. The LDDC has promoted the Isle of Dogs Enterprise Zone, an airport in the Royal Docks, and two Earth Satellite 'Teleports', none of which caters for the needs of local people or are likely to create more than a few local jobs.

24.09 As the docks have moved downstream with one dock closure following another from 1967 to 1981, the PLA has argued that the redevelopment of upstream docks like St Katharines and the Surrey Docks would enable the PLA to consolidate at docks further downstream like the West India or the Royals. But this consolidation never happened. Very little investment was made in the upper docks and now even Tilbury's future is uncertain. The decline of the docks and the increasing pressures for speculative development were not inevitable. It was partly planned by the PLA, some of the borough councils and successive governments. But, as we shall argue, through the combined action of local organisations and trades unions in conjunction with borough councils and the GLC, this process can be halted.

Shifting patterns of trade

24.10 In London, operations on the river are regulated by a public corporation, the Port of London Authority (PLA). The PLA was set up in 1908 in response to a spate of bankruptcies and extreme competition in the private docks sector, and in order to promote systematic investment and develop a united employers' front in the face of an increasingly organised workforce. The PLA has blamed some of its problems on the dockers' resistance to the introduction of new technologies. But in fact much wider issues are involved in the loss of trade in London.

24.11 Although London's port was of economic significance in pre-industrial times, its great expansion in the nineteenth century was based on trade with the Empire, as the names of the West India and East India Docks illustrate. The docks were used for the import of raw materials and food from the colonies and for the export of manufactured goods, often based on these materials. Alongside the docks system which developed in the East End of London from the middle of the 19th century onwards, associated food refining and other processing industries grew up. They included Tate and Lyle in sugar refining and the production of animal feeds and edible oils. Ship repairers such as Harland and Woolf, shipping agencies and other shipping services were

established in the vicinity. The complex of smaller wharves on the river itself serviced specific wharfside industries, such as the Lenantons timber mills on the Isle of Dogs. Together with the docks themselves they were a key element in a linked transport network, first rail and then road haulage, to the London market and beyond, as well as in the provision of raw materials for local manufacturing industries.

24.12 In the 1960s, shipping companies, like employers in other sectors, faced declining profits and increased competition, and in the 1970s their problems were compounded by the sluggish growth in world trade. They responded, in part, by introducing containerisation. Containerisation has meant that goods, rather than being carried 'loose' in ships, are packed at or near their point of origin; the containers can then be loaded onto road, rail and ships and off again, without being unpacked until they reach their final destination. Containerisation saves both time and labour; it reduces the turnaround time of ships dramatically, while simultaneously decreasing the dependence on highly organised dock labour.

24.13 From the point of view of London, containerisation had the additional effect of increasing competition between ports and gave the shipping companies greater flexibility. Goods do not need to be shipped so close to their market; they can be carried by road or rail to their point of production or distribution. Increased competition between ports, reinforced by the failure of public policies to tackle the long-term problems of over-capacity in British ports, in turn pushed port charges lower and gave more opportunities for avoiding registered dock labour. The Port of London lost out on both counts.

24.14 London suffered the further disadvantage that the upstream docks were unsuited to the larger deep sea container vessels, which require 12 metres of water rather than the more conventional three metres. They also require specialist facilities and large amounts of back-up land, rather than the transit sheds which the upstream docks have and which are suitable for traditional

Table 2: **Operating revenue of PLA by source:**

	1976	(%)	1981	(%)
Total operating revenue of which:	67,066		84,473	
Cargo handling	39,232	(59)	45,763	(54)
Dock and conservancy charges	9,352	(14)	12,368	(15)
Port rates on goods	8,499	(13)	11,763	(14)

Source: PLA Annual Report and Accounts

general cargoes. But London's biggest disadvantage in relation to the newer coastal ports is that the PLA's accounts carry the historic costs of employing a relatively fixed labour force under the National Dock Labour Scheme (NDLS) the need for which declined dramatically as a result of containerisation. On the other hand, it was in theory expected to balance its books, although it has in fact failed to do so since 1978. Nor has it benefitted from large public investment, as some ports abroad have done. It therefore attempted to pass its costs on to the shipping companies in increased port charges, which in turn further reduced its trade and increased the cost of carrying 'surplus' labour.

24.15 The smaller non-scheme (i.e., non-NDLS) ports such as Dover and Felixstowe started without large numbers of dockers and without the cost burdens of severance pay. They did not have established labour practices; employers could therefore achieve manning agreements more attractive to themselves. Thus, although these ports have been unionised, and the employers certainly cannot easily impose wage cuts, the jobs lost in London have nevertheless been replaced, in part, by jobs elsewhere which are on more favourable terms for the employers. This process may be taken further with the government's Free Port experiments; in Southampton there were fears that the Free Port would be used as a means of avoiding dock labour and using cheaper, less organised labour to perform tasks that were essentially dockers' work.

A history of conflict

24.16 The collective efforts to achieve effective trade union organisation, better pay and regular employment in the docks run through the labour history of east London, from the dock strike of 1889 through to the industrial actions in 1984. In the 19th century the docks and associated industries were based on the widespread use of casual labour. Workers were needed when ships arrived or products were in season. The rest of the time there was little or no work for them. As the docks expanded, the numbers of seasonally unemployed grew and high unemployment became a constant pressure. Poverty was widespread. Up until the Second World War, dock labour continued to be organised on a casual basis. Dockers queued up at the dock gates to fight for work.

24.17 After the war, in 1947, wartime measures were formalised in the National Dock Labour Scheme, which ended the worst abuses of the casual labour system. Each port had its Dock Labour Board, jointly controlled by the dock employers and the trade unions, which employed dockers from a registered list. Dockers who were not working were paid a guaranteed minimum wage. Those who were required by the employers, on any particular shift, were hired out to the actual dock employer.

24.18 Recruitment, dismissal, discipline, welfare and training were all covered by the Dock Labour Boards (with trade union involvement). On the other hand, the father-to-son tradition of recruitment was not effectively

altered; a factor of considerable importance in terms of equal opportunities subsequently, because such traditional recruitment systems naturally operate to the disadvantage of newcomers, including those from ethnic minorities.

24.19 The employers argued that the Dock Labour Scheme fostered restrictive practices, including resistance to new technologies, such as the strike over the introduction of fork lift trucks in 1958. They continued to contest the improvements for the workforce contained in the scheme; and the scheme undoubtedly fuelled their interest in introducing further new technologies, including containerisation, which would lessen their dependence on organised dock labour.

24.20 The Devlin Committee was set up in 1965 to tackle the problems posed by the introduction of new technologies in the Port Transport Industry. The Committee's report was essentially a compromise, which satisfied neither labour nor the employers. Following Devlin, all registered dockers were employed on a permanent basis and paid a wage, whether they were employed or not, which led to a 4% increase in the employers' wages bills. Decasualisation had the effect of adding costs disproportionately to the older ports such as London, and exacerbated some of their subsequent difficulties in remaining competitive.

24.21 The dockers, on the other hand, made concessions about manning and other working practices, and they still faced the ultimate challenge posed by employers through the introduction of new container technologies. Nationally, there were 130,000 registered dockers in 1966. In ten years alone, the number dropped to 76,000. There was a concerted attack by governments on the power of the dockers unions during the 1970s, in ways similar to the current attacks on the National Union of Mineworkers.

24.22 From the early 1970s onwards, the dockers fought defensive battles to retain their jobs and conditions, and in particular against the threats posed by containerisation. In London the 1972 Chobham Farm dispute centred on the employers' attempt to have the 'stuffing and stripping' of containers done by less organised labour outside the port of London. It led to the imprisonment of the Pentonville five and their release after the threat of a general strike. In 1976 there was a major campaign to resist the closure of the West India docks. In 1984 a further round of disputes took place in defence of the NDLS.

24.23 During their campaign against closures, the dockers put forward plans for alternative uses of the docks, plans which were later taken up by the GLC and backed with further evidence. These plans were worked out together with the local community and they involved proposals for more specialised uses of the docks. They did in fact succeed in delaying the closure of the Royal docks. But they were not able to prevent the loss of dockers' jobs, and the eventual closure of the upstream docks in London, for the time being at any rate. The plans foundered on the opposition of the PLA, which itself was subject to pressures both from the government and via the LDDC.

The strategies of the Port of London Authority

24.24 The PLA has, broadly speaking, accepted the loss of trade in the upstream docks as inevitable. It has typically claimed that it is merely responding to the inexorable forces of technological change. It has argued that the future lies with containerisation and that the upstream docks are unsuitable for deep-sea container routes. Alternative strategies, such as attempting to attract the smaller short sea-route container vessels dealing with the growing EEC and Mediterranean trade, never effectively emerged on the agenda of

Table 3: **Port Traffic by Major Ports 1965-1981 (excluding fuel)**

	1965		*1970*		*1975*		*1978*		*1981*	
PORT	*000 tonnes*	*%*	*000 tonnes*	*%*	*000 tonnes*	*%*	*000 tonnes*	*%*	*000 tonnes*	*%*
G.B. TOTAL	101,917	100	111,266	100	110,063	100	125,562	100	120,575	100
London	19,946	19.6	18,726	16.8	14,766	13.4	17,536	14.0	14,431	12.0
Medway	1,325	1.3	2,078	1.9	1,858	1.7	2,393	1.9	2,588	2.1
Dover	810	0.8	1,651	1.5	3,315	3.0	5,142	4.1	6,538	5.4
Shoreham	545	0.5	735	0.7	521	0.5	985	0.8	1,171	1.0
Southampton	1,283	1.3	1,813	1.6	2,977	2.7	3,655	2.9	2,041	1.7
Felixstowe	*	*	1,954	1.8	3,836	3.5	4,444	3.5	5,960	4.9
Ipswich	721	0.7	978	0.9	1,265	1.1	1,725	1.4	1,981	1.6
Harwich	575	0.6	2,108	1.9	2,075	1.9	3,074	2.4	2,936	2.4
Great Yarmouth	451	0.4	544	0.5	868	0.8	1,091	0.9	1,252	1.0
Plymouth	598	0.6	630	0.6	646	0.6	868	0.7	776	0.6
Bristol	3,745	3.7	3,304	3.0	2,803	2.5	2,972	2.4	2,606	2.2
Liverpool	15,270	15.0	13,622	12.2	10,030	9.1	10,082	8.0	7,158	5.9
Hull	4,548	4.5	4,745	4.3	3,799	3.5	3,385	2.7	3,630	3.0

* not available
Source: National Ports Council

public policy. Yet, as it turned out, the shift to larger container vessels was a limited one, and long-distance trade was declining relative to the new trade with Europe. The PLA made little effective attempt to compete with the expanding coastal ports for this trade.

24.25 Instead, it more or less confined its activities to the attempt to attract deep sea traffic to the downstream port at Tilbury. Its strategy was to close the upstream docks and concentrate downstream at Tilbury, and potentially in a megaport at Maplin, which however was a dream that was never realised. It planned to finance this strategy, and the costs of laying off the upstream dockworkers, by selling its assets upstream.

24.26 The result has been that the coastal ports have picked up on the short sea routes, with rapid turnaround times, while the deep sea traffic has gone elsewhere, particularly to Rotterdam. Between 1970 and 1975 London's share of UK imports fell from 25% to 14% and its share of exports from 19% to 11%. Between 1978 and 1981 London stood out as the only port in the south east to have lost market share; all other south east ports (except Harwich) actually increased their tonnage. Dover has grown by 95% since 1965 and is now Britain's third largest non-fuel port. Between 1978 and 1981 Dover achieved a 27% growth and Felixstowe grew by 34% largely because they were attracting unitised, or containerised cargoes, mainly from the EEC, although Felixstowe also caters for deep sea trade.

24.27 Meanwhile London's trade fell by a further 18%. London was failing to attract the growing unitised trade either as a deep sea port at Tilbury or for the short sea routes. In addition, London was failing to develop specialised facilities, which was also a feature of the newer cargo patterns (since cargoes are becoming increasingly specialised commodity by commodity, rather than mixed in traditional general cargoes). Although the PLA did try to develop both roll-on/roll-off facilities (for freight lorries driving on and off ferries) for short sea traffic and specialist timber and grain cargoes, for instance to Tilbury, they failed to do so on a large enough scale to offset the overall pattern of decline. Much of this decline can be put at the door of the failures of the PLA's management.

What are the alternatives?

24.28 Even if the PLA had been under different management it would still have had to cope with fierce competition, nationally and internationally, from an unequal position. But the PLA has missed out on major opportunities for developing a more positive strategy for the Port of London as a whole, and for the upstream port in particular. Such alternative strategies could have had major benefits for the Port and for port-related industries and employment, as well as being consistent with a more rational and environmentally sensitive strategy for all forms of transport in east London and beyond.

24.29 In outline, an alternative and more positive strategy rests on the view that within the framework of the disadvantages of London there are also significant exceptions and counter tendencies. The provision of specialised investments to attract these specific trades could have led to the maintenance and modernisation of a smaller, more specialised but thereby still viable Port of London, upstream. The PLA's failure to invest in the upstream port has meant that some of these opportunities have been irretrievably lost. But some, nevertheless, remain and could be built upon, as part of a wider strategy for transport, distribution and industry in east London. Such a strategy must not only make sense as part of a national plan for transport, but it must take account of the needs of the community in a particularly deprived part of London. It is for these reasons that the GLC believes it should take over planning responsibility for the upstream port and the river from the PLA and the Thames Water Authority, and that the LDDC should be abolished and its powers returned to the GLC and the boroughs.

24.30 One of the GLC's earliest and most important interventions on the question of the docks was over the STOL airport plan. The STOLport, a Short Take Off and Landing Airport for business travellers, was proposed in 1982 by John Mowlems, the construction company, backed by De Havilland of Canada, manufacturers of STOL aircraft. The project was strongly supported by the PLA who saw it as a chance to make a windfall profit from their landholdings. There were suspicions that the PLA closed the Royal Docks in 1981 because they had already begun discussions with Mowlems about an airport.

24.31 The LDDC seized upon the STOLport as an image builder, 'an exciting new concept in travel', that would transform the investment climate in docklands and act as a 'catalyst' for development elsewhere in the Royals. The LDDC claimed that the airport would create up to 5,000 jobs both in the airport itself and by the attraction of high technology firms to the area. These claims were challenged by Newham Council, the GLC and by local groups. There were some residents, however, who supported the STOLport because they saw no alternative available that could end the dereliction around them.

24.32 The main task of the GLC and local groups at the STOLport Public Inquiry that took place in 1983 was, therefore, to examine critically the job claims of the promoters and to show in detail that there were alternative ways of using the docks area, including keeping part of the docks open, and creating jobs in keeping with local needs.

24.33 The airport itself meets virtually none of these needs. Local people would of course, not use the airport themselves; it is intended to cut the travelling time to Europe of businessmen from the nearby City of London and there is moreover no intention to provide freight handling or even much baggage handling; the businessmen are expected to move rapidly in and out with their briefcases.

24.34 The number of jobs provided for local residents would be minimal. Mowlem estimated that with the airport operating at maximum capacity, the

number of jobs would range from 359-464, of which just 94 would be in running the airport itself. About one-third of the total jobs would be specialist tasks like air traffic controllers and pilots; many others would transfer in with the airlines, and therefore would not provide jobs for those in the East End job market.

24.35 But it was the so called 'induced' employment claim that caused the greatest controversy at the Inquiry. Both Mowlems and the LDDC announced that the airport would attract over 4,000 jobs into the area in offices and high technology firms. These estimates were revised downwards during the Inquiry and the Inquiry Inspector concluded: 'I share the reservations expressed by objectors about the amount of induced employment that some people expect to be attracted to the area because of the presence of the STOLport. There is little hard evidence to support the opinion that the STOLport by itself would act as a major catalyst in the regeneration of the Royal Docks, and the induced employment forecasts have a particularly speculative ring about them'.

24.36 In fact both the GLC and local groups showed that the airport would lead to the displacement of jobs from the docks. There were over 50 firms employing 700 people within the dock walls and of these jobs it was estimated 100 would be directly affected by the airport, with a further 300 affected by potential expansion of the airport.

24.37 As far as noise and pollution go, the proposals have been justified on the grounds that the De Havilland aircraft (Dash-6 and Dash 7) which are said to be going to use the STOLport are exceptionally quiet. But it has already become clear that the airport would not be profitable if it was used exclusively by Dash aircraft. The probability is that once the STOLport was in existence and found to be unprofitable, arguments would be found to justify its use for helicopters and noisier aircraft.

24.38 Worst of all, the STOLport would be incompatible with many other activities such as housing and recreation which could be of more benefit to local people; as well as making the Royal Docks unusable for cargo-handling. The GLC's evidence at the STOLport enquiry concentrated on the need to develop a small port facility and to build on the area's potential as a freight, transport and distribution centre for the London market. The GLC's evidence was based partly on a study which it commissioned from a private firm of consultants, Roger Tym and Partners. This study reached conclusions which were similar to the alternative plans already put forward by dockers' organisations during their campaign against closures.

24.39 The consultants explored the question of which, if any, types of goods and services could be retained in or attracted to the London port, and they developed a plan to examine the relative costs. They concluded that the Royal Docks still enjoyed cost advantages for certain trades or routes specifically geared to the London market, for example for small bulk carriers (10,000 dwt), and that the Royals could compete for container traffic on near and short sea routes; these are currently dominated by Felixstowe, Harwich and Ipswich, which account for 46% of the south east's near and short sea routes.

Table 4: **Origin and destination of trade – London and the South East 1978**

Commodity Group	*Route*	*000's tonnes*			
		Greater London		*Other South East*	
		Imports	*Exports*	*Imports*	*Exports*
Foodstuffs	Near Sea	854	150	343	178
	Short Sea	691	112	273	33
	Deep Sea	1,440	107	442	110
Basic Materials	Near Sea	240	100	125	134
	Short Sea	350	111	1,026	111
	Deep Sea	1,230	28	600	21
Manufactured Goods	Near Sea	817	342	1,177	952
	Short Sea	1,010	294	924	446
	Deep Sea	570	688	619	2,534
All Goods	Near Sea	1911	592	1,645	1,264
	Short Sea	2,051	517	2,223	590
	Deep Sea	3,538	823	1,661	2,665
	All routes	7,520	1,791	5,525	4,538

Source: Department of Transport, Origin and Destination Survey, 1978. Special Tabulations

Table 5: **Bulk trades: Regional markets and role of local ports**

Inland origin/ destination	*All Bulk Trade*		*Bulk Trade through Local Port*	
	(000's tonnes)		*(% of total)*	
	Imports	*Exports*	*Imports*	*Exports*
Greater London	9,605	164	94%	91%
Other South East	594	192	90%	66%
TOTAL	10,199	356		

Source: Port Choice and the Routing of UK Trade
E.C.L./DTp, Table 3.4, p.3.10

Table 6: **Traffic[1] through the Port of London by Commodity[2], 1972-81**

	1972		*1978*		*1981*	
	000 tonnes	*% of GB*	*000 tonnes*	*% of GB*	*000 tonnes*	*% of GB*
Foodstuffs	4929	20.2	4678	17.1	4416	15.7
BASIC MATERIALS of which:	5094	10.7	4761	10.8	3887	9.6
Wood, lumber, cork	1194	20.9	1100	22.6	780	16.9
Pulp & waste paper	803	26.9	757	32.7	575	28.1
Ores and scrap	803	3.7	613	3.2	699	3.7
Crude fertilizers) & crude minerals)	1502	11.2	847	6.4	340	3.2
MANUFACTURED GOODS of which:	7699	18.5	8097	14.9	6128	11.8
Chemicals	1335	11.5	1206	7.7	1076	7.0
Cement	795	65.2	1840	79.9	745	71.6
Iron & steel	859	10.1	974	10.8	757	9.2
Non-ferrous metals	435	20.4	459	22.4	139	8.7
Machinery	617	20.4	493	13.0	475	12.6
Vehicles	555	25.0	353	9.5	246	9.9
Wood and cork mfs.	572	39.3	459	25.3	311	19.2
TOTAL	17,723	15.6	17,536	14.0	14,431	12.0

Source: National Ports Council Statistics
1. Foreign and coastwise
2. Excluding fuels

Roll-on/roll-off traffic is more 'footloose' in terms of port choice, and the consultants concluded that London would find it harder to compete.

24.40 These conclusions were put to the public inquiry together with the cost model developed by the consultants. The GLC made it clear that this model excluded from the assumed costs of using the London docks the proportion of the PLA's charges which relates to the historic costs of the NDLS. The PLA, as has been said, has been expected to carry the costs of severance pay and of employing 'surplus' labour under the NDLS. Since the PLA was also expected to balance its books, it attempted to pass these costs on to its customers. This strategy, in turn, led to further loss of trade and thus made the PLA's financial situation worse.

24.41 The GLC's view is that the financial arrangements imposed on the PLA by government policies have taken insufficient account of national transport priorities. They have not, for example, reflected the public costs of the much greater use of the roads involved in the switch to ports outside London. Nor have they taken account of the public cost of increased unemployment and decay in a particularly deprived part of the city. A national policy for the ports would take account of all the public costs involved and would entail relieving

Table 7: **Unitised Traffic by Port, 1970-81**

	1970		*1975*		*1978*		*1981*	
	000 tonnes	*%*	*000 tonnes*	*%*	*000 tonnes*	*%*	*000 tonnes*	*%*
TOTAL								
Great Britain	16,880	100	29,082	100	39,299	100	42,988	100
Total south east ports	7,643	45.3	15,537	53.4	22,631	57.6	25,726	59.8
London	1,591	9.4	2,500	8.6	3,601	9.2	4,144	9.6
Dover	1,265	7.5	3,129	10.8	4,978	12.7	6,392	14.6
Southampton	806	4.8	2,207	7.0	3,170	8.1	1,660	3.9
Felixstowe	1,412	8.4	3,198	11.0	4,390	11.2	5,710	13.3
Ipswich/Harwich/etc.	2,569	15.2	3,376	11.6	4,641	11.8	5,247	12.2
Other south east ports	n.a.	n.a.	1,127	3.9	1,852	4.7	2,573	6.0

Source: Port Statistics: Department of Transport and British Ports Association.

the Port of London of part at least of the historically determined costs of carrying a fixed labour force. This would enable the Port of London to lower its charges and to compete on more equal terms with the non-Scheme ports.

24.42 This still leaves the issue of the scope for reviving trade in the Port of London, in the overall context of over-capacity in British ports, coupled with declining trade. How, in such a context, could any revival of London's ports take place without simply shifting trade and jobs from elsewhere — the type of 'beggar my neighbour approach' which the GLC has specifically been determined to avoid?

24.43 The GLC has not been arguing that the Royal Docks, nor any other part of the upstream port, could simply be restored to its former levels of activity; or that the decline of the previous ten to fifteen years could simply be reversed by an effort of will or policy. On the contrary, the case that the GLC argued on the basis of their consultants' study was that certain specific trades and routes could be identified where there was growth potential, in the sense that the overall volume of imports is increasing, and that in these trades there are genuine cost advantages for the upstream port. If appropriate investments were made in the specialised facilities to cater for these, then part of the docks (as well as the river wharves) could be retained, and could provide port and port related employment. This specialist, London-directed traffic would not, by definition, be substantially competing with other ports. In any case there is no advantage in jobs going out of London if they involve less favourable employment conditions for the workforce and if, in addition, they involve extra public costs for the road system.

24.44 The trades and routes which were identified as having potential for London were load-on/load-off container traffic (i.e. containers without lorries) on short sea routes, particularly Iberian and Scandinavian traffic with origins and destinations in the south east, and non-containerised traffic, particularly foodstuffs and basic materials for the local London market. The short sea routes represent potentially growing areas of trade, especially with the proposed enlargement of the EEC, as trading patterns move away from traditional deep-sea Commonwealth routes towards greater trade with western Europe, including Greece, Portugal and Spain, for example in fruit and wines.

24.45 The consultants also considered the potential for developing specialist feeder lines from deep sea trade at Rotterdam. In other words, certain deep sea commodities which currently go to Rotterdam, en route for the London and south east market, could be transhipped in smaller vessels, to the upstream port, rather than being taken on from Rotterdam, across the Channel, and then by road. The commodities which the consultants identified as having potential relevance for the upstream port, and the Royals in particular, in terms of short sea routes included not only fresh fruit, vegetables and wine, but building materials, scrap metal and forest products (typical of commodities which, because of their bulk, are advantageously shipped as close as possible to their destination). There already exist specific examples of river uses for aggregates for the building trade to meet very particular local markets, for example at

Table 8: **UK Port Traffic by trading area, 1971-88**

Trading Area	*1971* %	*1978* %	*1983* %	*1988* %
EEC[1]				
Imports	12.2	18.2	19.5	20.8
Exports	10.6	18.4	18.1	18.8
TOTAL	22.8	36.6	37.6	39.6
OTHER SHORT SEA[2]				
Imports	22.7	16.8	17.5	17.1
Exports	7.4	7.1	7.2	7.2
TOTAL	30.1	23.9	24.7	24.3
DEEP SEA[3]				
Imports	37.0	29.3	28.7	27.5
Exports	10.1	10.2	9.0	8.6
TOTAL	47.1	39.5	37.7	36.1
TOTAL				
Imports	71.9	64.3	65.7	65.4
Exports	28.1	35.7	34.3	34.6
TOTAL	100.0	100.0	100.0	100.0

Source: UK International Freight Forcasts, NPC 1980

Notes: 1. Republic of Ireland, West Germany, Netherlands, Belgium, Luxembourg, France, Italy, Denmark.
2. Other Scandinavian, Baltic, Spain, Portugal, Greece, Central and Eastern Europe, Other Mediterranean
3. All other countries.

Dagenham Dock. This is a trade which is relatively unlikely to be gained in one area at the expense of another.

24.46 A 1978 Department of Transport study has shown that 70% of bulk cargoes are shipped through a port in the same region, compared to only 27% of containerised goods. In the timber trade, Lenanton's have remained in East London and continue to use the river wharves. Similarly, newsprint is still brought in via specific upstream wharves, for example Convoys Wharf, and there is the possibility that new national newspaper printing plants might bring in newsprint through the river wharves. The GLC's consultants based part of their evidence on interviews with shipping lines, shipping agents and importers and exporters of commodities. The purpose of these interviews was

Table 9: **Port Traffic 1965-88 in Britain**

	Million Tonnes						
	1965	*1970*	*1975*	*1978*	*1981*	*1983 Forecast Central Case*	*1988 Forecast Central Case*
GB TOTAL	101.9	111.3	110.1	125.6	120.6	126.3	137.4
of which							
Foreign Imports	69.6	74.3	67.9	74.1	70.0	76.4	82.5
Exports	20.0	24.9	29.4	37.3	38.9	35.5	39.3
Coastwise							
Inwards	6.3	5.9	5.7	6.2	5.1	6.2	6.7
Outwards	6.0	6.1	7.1	7.9	6.6	8.2	8.9
TOTAL	12.3	12.0	12.8	14.1	11.7	14.4	15.6

Sources: National Ports Council, Department of Transport/British Ports Association National Digest of Ports Statistics and UK International Freight Forecasts to 1988, National Ports Council, 1980

to test out their identification of potential trades for the Royals by asking potential users what their interest would be in returning to the upstream docks, if appropriate specialist facilities were provided. On the basis of these interviews they concluded that relatively modest investments could enable a limited port facility, using the north side of one of the three docks in the Royals, to be viable.

24.47 Some of these conclusions have been challenged, and they clearly require more research. There are undoubtedly difficulties about any major expansion of upstream facilities, in particular the problem of competition with other ports, given the depressed state of world trade and the current over-capacity of British ports. The GLC's main arguments are that there is a strong case for safeguarding the future uses of the upstream port, and that there are, in addition, existing uses, which should be preserved and strengthened in the short term and if possible expanded in the longer term.

24.48 In immediate terms, this involves an important strategic responsibility for the GLC. It is particularly urgent to act to preserve the Royal Docks now because of the pressures for alternative uses, including the proposed STOLport, since the STOLport would be incompatible with future port uses.

Meanwhile facilities have to be maintained, if they are to be potentially usable — including the regular maintenance of lock gates. Here again the GLC has an overall strategic responsibility, as spelt out in the amendments to the GLDP, published in September 1984.

24.49 The GLC also has a strategic responsibility for safeguarding existing uses. In conjunction with GLEB, and on the basis of GLC-based Early Warning Systems, it is essential to preserve and expand port and port-related industries and jobs, including those on the wharves, as well as in docks such as Dagenham Dock. GLEB has an investment in Metropolitan Foods, inside the Royal Docks, and has developed an enterprise plan for the industry. It is working on plans with other firms in the area. The GLC and GLEB have produced a plan for retaining and developing industry on the north side of the Royal Albert Dock, based on discussions with employers and trade unions in North Woolwich and Silvertown. In addition, the GLC has a firm strategic commitment to the maximum use of the river, both for public activities such as the transport of refuse and for private activities wherever the GLC and the GLEB have planning or other involvements, through enterprise planning agreements for example. Already, for example the GLC has increased the use of the river for the transportation of waste by 12% and is building up the use of the new facilities at Western Riverside.

24.50 Finally, the GLC has a key strategic role in co-ordinating plans for the use of the river for port and port-related activities with strategic plans for the freight industry more generally and for road haulage in London. This strategic concern also relates to the Council's responsibilities for developing plans to limit the environmental intrusion of heavy lorries. Plans for lorry bans have to be combined with positive alternative proposals for developing the road freight industry and for improving working conditions in road haulage as part of a co-ordinated plan for an integrated transport system combining road, rail and water in East London.

24.51 Historically, as has already been argued, the docks were a transport interchange between water, road and rail. Despite the rundown of the docks themselves, and the departure of numbers of transport related firms, such as those road haulage firms which have moved further out towards Tilbury and the Channel ports, transport-related firms still represent a key local sector to build upon. These transport activities include both road haulage firms and related activities, such as vehicle repair, container repairs and groupage (or the packing and unpacking of cargoes). Currently, there are at least 52 companies in the Royal Docks area which are transport or transport-related. Together these firms employ some 1,000 people. In addition, other companies in the area, including Tate and Lyle, have their own transport divisions, or use sub-contractors.

24.52 These transport-related activities can still be built upon in this part of east London, to preserve jobs and to improve the quality of existing jobs. Better facilities for lorry drivers could be provided at the lorry park in Beckton; this is a major employment issue, and an area in which conditions for lorry drivers are

significantly worse in Britain than in a number of other EEC countries. There is therefore a powerful case for developing an active sector strategy for the transport and transport-related distribution industries in east London. There are, in any case, changes in the sector with important implications arising from the restructuring of the road haulage sector. In particular there appears to be increasing integration between haulage on the one hand and warehousing, storage and distribution on the other. There is also some indication that the processes of restructuring are tending to reduce employment overall, to hold down wages and to pull especially warehousing activities outwards from London towards the M25 and beyond, on cheaper greenfield sites, for new automated single storey developments.

24.53 The GLC's proposed lorry bans and permits for exemptions provide tools for intervening to encourage within London the activities which derive most economic and employment benefits from a London location, whilst discouraging the through traffic of heavy lorries which create congestion without contributing to key economic activities or to employment.

24.54 Given the relatively good access of east London to the coastal routes and the motorway system, including the M2 and the M25, and given the still relatively low cost of land premises in east London and the large space requirements of many transport and distribution activities, this area has key potential for the future integration of economic and environmental policies for freight.

24.55 Investment by GLEB in the transport sector in docklands needs to build upon the area's past, and to look at ways in which such investment can increase the integration of distribution, storage, haulage, repair and groupage and other related activities and improve working conditions, unionisation and levels of return in London-based transport and distribution activities. Such investment can, backed up with more research on the industry and its organisation, exploit the benefits of proximity to the enormous London market, and enable London-based activities to be competitive with those based outside.

The People's Plan for the Royal Docks

24.56 At the STOLport enquiry the PLA stated that it 'has no brief to consider the wider interests of the community'. The GLC, on the other hand, does. Its arguments for retaining dock activities upstream are based partly on the recognition that whole communities and many existing industries are dependent on them and are moreover suffering from great deprivation, as well as on arguments about the more rational organisation of transport and distribution nationally.

24.57 The GLC has supported the People's Plan for the Royal Docks. This Plan was prepared by people living in Docklands; a summary of it was

published jointly by the Newham Docklands Forum and the GLC Popular Planning Unit. It is based on the strong organisations and traditions of community which exist in Docklands and on the needs of local people, for jobs and housing especially. It is thus in sharp contrast with the plans of the government and the LDDC, which appear to relegate Docklands to an overspill area for the City.

24.58 The People's Plan proposes that the docks should be used both to provide local jobs, including the development of an industrial co-operative zone modelled on the successful Mondragon experiment in Spain, and to provide facilities for the community: for example, public housing with gardens in the spaces which are now empty round the docks, making use of the attractions of the water; a linking up of the communities now separated by the dock wall; greatly expanded childcare facilities; facilities for boating and training for boat-building linked to the commercial boat-building activities which still survive in the docks and which could be expanded; a national children's theatre and a 'Kids Kingdom' in the Royals; a sports centre in the Victoria Dock, in Shed 4, which is one of the largest structures without inside supports in Europe.

24.59 Building upon these proposals, in consultation with the local borough of Newham and with local employers and trade unionists, the GLC and GLEB have drawn up plans for the retention, stabilisation and expansion of existing firms and jobs in the Royal Docks area.

24.60 For this purpose, the GLC has also been negotiating with the PLA and the LDDC in an attempt to buy or lease 45 acres of land and to safeguard industrial space.

24.61 All of these proposals are based on the view that the docks belong to the people of east London and should be retained, and developed, for their benefit. They have the full support of the GLC.

Proposals for action

1. In order to ensure greater use of the river and its facilities, the GLC considers that strategic authority for the upstream Thames should be transferred from the Port of London Authority and the Thames Water Authority to the GLC, to plan and to market the port as well as for transport and leisure uses.

2. The London Docklands Development Corporation should be abolished and responsibility for Docklands development should be returned to the GLC and the Boroughs.

3. Industrial land and water links should be safeguarded for an integrated road, water and rail network in East London; the GLC will develop its policies for its own property in the area, and offer a flexible rent and lettings policy, geared to its industrial and employment objectives; it will continue to press for the purchase or lease to the GLC of an additional 45 acres of land within the Royal Docks complex.

4. The GLC and GLEB will attempt to ensure, for example through enterprise planning agreements, that private firms use the river to transport goods, especially bulky goods such as newsprint and building aggregates.

5. The GLC will increase its own use of the river, for example for the transportation of waste.

6. The STOLport plan should be rejected, together with further compulsory land acquisition by the LDDC in the Docklands area, so as to safeguard industrial uses on the North side of the Royal Albert Docks and the potential for cargo handling in the Royal Docks.

7. The GLC will continue to press the government for the removal of the historic cost disadvantages of the upstream port, as part of an integrated national ports strategy.

8. The GLC will develop a plan for GLEB investment in freight/distribution, encouraging specific employment-generating activities in east London and linking these with road planning and the lorry bans; in consultation with the local borough it will develop plans for facilities for drivers in the lorry park in Beckton, as part of a wider strategy to improve working conditions in the industry.

9. GLEB will continue to develop enterprise plans and promote investments in key sectors such as food and drink in the Docks area; the GLC and GLEB will continue to support the People's Plan for the Royal Docks and develop further plans, jointly with local people, trade unions and the local borough councils, for leisure uses of the water for local people, and for local industries and other facilities which also generate employment and training, such as boat building and repair.

Source

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The London Industrial Strategy is part of a rolling programme of strategy work on industry and employment policy in London. This volume has been produced for wider discussion, and we would welcome comments, submissions and further material.

The Popular Planning Unit, with the assistance of trade union officers and trade union resource centres, is organising a series of community and trade union discussions based on the studies in this book and on the policies and priorities of trade unions and community groups themselves. This discussion programme will continue throughout 1985. Facilities will be available for paid time off work where it cannot be negotiated with the employer. Childcare will be provided. Background material will be compiled using the studies in this book and other relevant information and ideas. Appropriate trade union tutors and discussion leaders will be available. Details from the Popular Planning Unit, South Block Showroom, County Hall, London SE1 7PB.

Groups or organisations that would like to discuss particular chapters, themes or omissions with researchers from the Industry and Employment Branch are also invited to contact us.

Material which is to be considered for the second volume should be submitted by 30 September 1985.

Please contact the Industry and Employment Branch, Room 6b, County Hall, London SE1 7PB.