

EXCLUSIVE

# Secret deal for Sheerness

What price will Mrs Thatcher pay to ensure that a £40 million bunker is built with steel from a private strike-breaking firm? DUNCAN CAMPBELL investigates.

A £40 MILLION PROJECT to build a huge new underground headquarters for the Royal Air Force may be disrupted for a year or more because of interference by Mrs Thatcher in the awarding of construction and supplies contracts. The Prime Minister would like the contract for steel to build the bunker to go to Sheerness Steel Ltd, as a reward for their prominent strike-breaking and anti-union activities during the 1980 steel strike. If the pressure to buy British from Sheerness continues, then Defence Ministry officials fear that the whole project could be held up for at least a year. In addition, Britain could lose up to £80 million in NATO subsidies, provoke a lengthy EEC investigation, and finish up having to use more rather than less foreign-made steel on military projects.

The project is a new RAF Permanent Static War Headquarters at Naphill, near High Wycombe. The new bunker, which would cover 11 acres and use half a million

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7. There is an additional danger that the funding of any other current NATO projects involving steel, and many do, could also be held up and NATO funds put at risk if there was an

[(e) Short of an undercover payment outside the PSA's contract there is no way a buy-British policy can be implemented in this case without NATO, and particularly the US, becoming aware of the UK's action.]

12. Officials have therefore concluded that Ministers should

The High Wycombe 'Permanent Static War Headquarters' which will control all Britain's strike aircraft and air defences, is at risk through Margaret Thatcher's and other Ministers' intention to buy from 'the Laker of the steel industry'. Above: what the civil servants have suggested (facsimile).

tons of concrete, is already the focus of considerable national controversy. The entire site is owned by the National Trust in perpetuity, and is an Area of Outstanding Natural Beauty.

The contract cannot be awarded until the National Trust have signed a lease for the site, which they have said they will do – possibly at the end of this week. But even if they had signed the lease in January, the contract to build the centre could not have been awarded because of the wrangle over steel supplies. Two major firms, Taylor Woodrow and a joint venture led by Wimpey, are competing for the contract. Although Wimpey produced a

higher tender, it was intended, by some Property Services Agency officials if not the Ministry of Defence, that they should nevertheless have won the contract. But Taylor Woodrow's willingness to buy British steel in obedience to Mrs Thatcher's wishes has now swung the contract their way.

If the row over the steel supplies enables National Trust members – who now intend to call an Emergency meeting – to block the lease, then Defence Ministry officials fear that four years' planning work on the centre could be wiped out. The Trust has already been sensitive to public opinion, and prohibited the Ministry of

## LEAD POISON

NS Report 7

## Lead poison

Lead is a brain poison. It can harm people and it can kill. Yet we put it in paint that is used in schools and in homes. We allow it to contaminate our food. We tolerate it in our domestic water supply through the use of lead plumbing. We add it to petrol so it spews out of car exhausts into city streets and school playgrounds.

In this important new report, **RICK ROGERS** shows how industry, government ministers, civil servants and scientists have sought to hide the damage it does, to avoid taking measures against it. He explains why it is vital for Britain to become 'lead free', and how we can fight to make it so.

Des Wilson, chairman of CLEAR, the anti-lead campaign, says:

When nine out of ten people in Britain are calling for a ban on lead in petrol, it is inexplicable that the authorities continue to deny the evidence of the health risk. RICK ROGERS'S book should convince the remaining ten per cent that lead pollution is Britain's number one health hazard. A comprehensible and readable summary of the issues involved.

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### NS REPORT 7

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Rick Rogers



Defence from making a planning notification until after the Easter peace demonstrations. At present, the RAF's Strike Command headquarters operates from a bunker originally built for World War II Bomber Command operations, a hundred yards south of the new site.

So far, the row has involved six government departments – Industry, Trade, the Cabinet and Foreign Offices, the Department of Environment's Property Services Agency and the Ministry of Defence. Another row, at least as complex, is looming over the award of the main construction contract. One of Thatcher's, and Michael Heseltine's innovations in government contracting has been to appoint an 'Advisory Board' of construction industry directors to advise the Property Services Agency. A former businessman, Mr A. Montague Alfred, has also been installed on a 'consultancy' basis as the Agency's Chief Executive, at a salary of over £50,000 a year, in place of a civil servant at just over half the price.

This policy – 'privatisation' – has already led to some unpleasant disputes, as advisers and others, who represent Britain's largest construction companies, argue over the carve-ups of public sector assets. One of the two bidders for the High Wycombe contract, Taylor Woodrow, have a PSA Advisory Board member in the form of their Joint Managing Director, Mr Norman Baker (see box). The other contenders for the bunker are Wimpey, Fairclough, and Balfour Beatty, who decided to propose a joint venture instead of competing with each other.

**SHEERNESS STEEL** is one of two privately run steel firms singled out for high praise by Thatcher during the steel strike. At the time, Mrs Thatcher described Sheerness's virtues as 'independent . . . non-subsidised . . . thrusting . . . the Laker of the steel industry'. She spoke more wisely than she knew.

Hadfields, the other firm praised by Thatcher and Joseph, collapsed last year. Now Sheerness is being desperately and secretly propped up by the Department of Industry, who have been trying to steer steel contracts in their direction. Department officials fear that Sheerness faces severe financial difficulties and may not survive. They have not yet been directly subsidised by the public purse. But a classified ministerial briefing sent to the MoD by the Department of Industry now contemplates an 'undercover payment' in order to buy British (Sheerness's) steel. The proposal is secret because of the consequences if either NATO or the United States were to find out.

Each week's delay at High Wycombe is likely to push up the cost by at least £50,000. And – notwithstanding potential problems with the National Trust – any more delay in awarding a contract for the overall project may make the work impossible to do this year. The bunker is to be built in a huge hole, which has yet to be excavated. It will take at least six months to dig, and must be finished before winter. Construction will not finish until 1985.

These costs are nothing compared with other potential consequences of a 'buy Sheerness' decision. The new Permanent

## Heseltine's Advisers

The Property Services Agency Advisory Board was set up just over a year ago to assist Michael Heseltine in 'privatising' the services provided to government departments by this chunk of the DoE. Its explicit objectives include 'the direct employment of fewer people (sic) . . . whilst maintaining an effective service' and the 'greater involvement of the private sector in the work of the PSA'. The Board has been examining and 'experimenting' with the privatisation of almost every government service from designing buildings to building furniture. Last year Bovis were very nearly given the job of running the DoE and Home Office buildings in Croydon.

Although some members of the PSA Advisory Board are senior members of building professions, others have a strikingly close interest in government business, and in the success of the Conservative Party. Four of the Board's 12 members are:

	Position	1980 Company political donations
<b>Nigel Mobbs</b> (Chairman of Advisory Board)	Chairman, Slough Estates	£4,500 Conservative Party £1,500 (Aims of Industry) £5,000 (British United Industrialists)
<b>Norman Baker</b>	Chairman, Charterhouse Group	
	Joint Chief Executive, Taylor Woodrow	£15,048 Conservative Party £15,000 (BUI)
<b>B J Hill</b> <b>P Radford</b>	Higgs and Hill Ltd Stag Furniture Ltd	£1,000 Conservative Party £4,000 Conservative Party

Static War Headquarters is to be 50 per cent funded by NATO – up to £24 million of its £48 million estimated total cost (although bids so far are only around £33 million). A condition of getting the NATO money is that its rules on international competitive bidding are followed; the lowest tender from a NATO country should be accepted. At least one NATO steel producer, in Italy, can provide the steel around £350,000 cheaper, than Sheerness or other British firms. A subsequent appeal from the Italian government over the award of the £1.5 million steel sub-contract could cause Britain penalties of over £80 million, if NATO funds for this and other projects were blocked or cancelled in an ensuing enquiry. Other contracts, for example for the construction of the Cruise Missile bases, could be affected. In particular, NATO-funded contracts might start using US steel instead of British supplies.

Precisely the same situation may be provoked inside the EEC, which strictly prohibits any activities which restrict free international competition. These rules are more or less openly flouted in Britain – as one Departmental circular, described to the NS, explains:

On no account should details of steps taken to 'buy British' in the award of contracts be put in writing.

Nudged by the Defence and Industry Secretaries, the Cabinet Office has adroitly construed an anti-competition 'buy British' policy also to be EEC policy. The Cabinet Office's EEC staff have obligingly interpreted a series of decisions taken last year to protect the overall European steel industry the way Mrs Thatcher would want – they warn that buying nasty, cheap Italian steel would endanger the 'discipline' which has been installed in the European steel market. Discipline, on this occasion, means keeping prices high so as to avoid direct government subsidies.

**THE PERSISTENT** interventions of Sheerness's top directors have also affected the carve-up of the main, £33 million construction contract. At the beginning of 1982, some senior MoD and Property Services Agency officials decided that the contract should be awarded to the 'joint venture' led by Wimpey. Their motives for doing so are not clear, and their recom-

mendation was contrary to long-established rules for spending public money, which suggest that the lowest tender should normally be accepted, other things being equal. And Wimpey's tender, which was going to be accepted, was around £¼ million higher than Taylor Woodrow's.

Wimpey were given 'the nod' in January that the contract was theirs. They started shopping around for steel, and immediately provoked a series of calls from Peter Learmond, the Sheerness Deputy Chairman, and Clancy Schueppert, the Chairman. In turn, Learmond and Schueppert began pressuring senior officials in the Departments of Industry, Defence, the Cabinet Office and the Property Services Agency. Did the officials know, perhaps, of Sheerness's 'top-level Conservative connections'? Or that government policy was strongly to support our own hard-pressed (private) steel industry? Of course, they weren't just lobbying out of self interest. This initiative, as one official put it, opened up 'a right can of worms' which continue to squirm. Wimpey's have, apparently, burnt their boats by going Italian. Now, the contract is set to go to Taylor Woodrow instead for a handy £32,235,000. This new decision will, it is hoped, avoid the risks of having to force Wimpeys to buy British. Taylor Woodrow told the DoI last month that they would buy more expensive British steel anyway – of their own free will, of course. It is now hoped that this patriotic sacrifice of £300,000 worth of profits by the company will not attract the attention of NATO or EEC officials. □

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