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Tim Coates
Head of PECS
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Date: 11.01.24

GEOAMEY PECS 4 CONTRACT – GMB CONCERNS

Dear Mr Coates,

I hope you are well and had a good break over the festive season.

I am writing on behalf of GMB as the sole recognised representative of staff employed by GeoAmey on the PECS 4 contract (North Lot).

In October last year I wrote to Ms Angela Constance, Cabinet Secretary for Justice and Home Affairs in Scotland, raising a number of concerns about the impact the loss-making Scotland contract is having on the PECS 4 Contract (North Lot).

We have previously been advised by GeoAmey that the PECS 4 and Scotland contracts are considered to be, and operate, separately but the most recent annual accounts indicate a high degree of cross-subsidy is occurring, which we believe is negatively impacting on its PECS 4 contract.

The current issues that they are experiencing on both contracts, particularly regarding staff retention due to low wages, has been exacerbated by their decision to pay significant shareholder dividends of nearly £10M in the past two years alone, in the wider context of what the Company itself describes as the declining profitability of the PECS 4 contract.

Whilst the two contracts have distinct arrangements, nonetheless the Scotland Audit report from December 2023 makes for sobering reading, and notwithstanding the recent injection of additional funds, significant challenges remain in Scotland.

GMB believes that the current operation of the PECS 4 Contract (North Lot) has similar echoes to Scotland, and we are concerned that the operations are going to run into the ground, requiring further state funds.

Furthermore we believe that the payment of significant shareholder dividends at the expense of contract performance and workforce investment, has similar echoes to the corporate behaviour of Thames water.

We would welcome an opportunity to meet to present our concerns and to understand if the Company is consistent in its description of its activities and contractual operations, and the wider issue of its decisions to divert funds to corporate shareholders at the expense of frontline staff and contractual obligations.

Cont'd

I look forward to a positive reply from you.

Yours in union.



EAMON O'HEARN
NATIONAL OFFICER

CC Ruth Cadbury, Shadow Minister for Justice