Électricité de France – the influence of social dialogue over change

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Executive summary

This case study looks at how the French nationalised electricity company EDF acquired electricity companies in the UK and in particular the takeover of the Seeboard company based in the South East of England. The study looks at developments in industrial relations in what was to become EDF Energy group which now brings together the retail and distribution divisions of several regional electricity companies – London Electricity, Seeboard, Sweb and Eastern.

The key points raised by the Seeboard merger were the role of the EDF European works council and the relationship built up between the UK and French trade unions. The study highlights how EDF brought a new approach to industrial relations to the companies it took over. The Seeboard takeover was the subject of a special EDF European works council meeting which investigated the potential impact of the takeover on EDF as a whole and then how the takeover would be implemented in the UK in terms of the standards that EDF would be expected to apply in its existing companies. The fact that the takeover had been discussed at EWC level and that the French trade unions in particular were monitoring developments meant that UK unions felt that they would get support should they face any particular problems with their negotiations with EDF.

Monitoring **I**nnovative **R**estructuring in **E**urope

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EDF – the influence of social dialogue over change

I. Introduction

This case study looks at Éléctricité de France (EDF), the creation of its UK subsidiary EDF Energy and in particular at the acquisition of the SEEBOARD electricity and gas company in 2002. It sets out the background to the takeover both in terms of the privatisation and development of the UK electricity industry in the 1990s and the strategy of EDF as a leading company in the increasingly liberalised European energy market.

The case study considers how the processes of information and consultation worked. This includes both the part played by the European works council and the particular role that French unions were able to play thanks to their influence within the company and the history of social dialogue in EDF.

This case study is part of a European Social Fund project – Monitoring Innovative Restructuring in Europe. This is a comparative project covering France, Germany, Belgium, Sweden and the UK that aims to monitor and generalise best practice in relation to innovative internal and external company restructuring. These case studies allow cross-country comparisons of organisations attempting to be socially responsible in restructuring.

II. Research methods

The case study is based on six semi-structured face-to-face and telephone interviews with operational managers, human resource managers, trade lay and full-time officials. The interviews were conducted in February, March, April and May 2006. The face-to-face interviews were taped and transcribed and the

telephone interviews were based on written notes which were then confirmed with the interviewees. The case study is also based on information from a range of other sources including company documents, trade union reports, press reports and other published studies.

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III. The employers

UK

This study examines the takeover of the SEEBOARD utility by London Electricity in 2002, creating what, from July 2003, was known as EDF Energy.

SEEBOARD, at the time of the takeover, was a subsidiary of American Electric Power while London Electricity had been part of the EDF Group since 1998.

Both companies started as regional electricity boards which were privatised in 1990. These companies ran distribution networks in their respective regions as well as supplying electricity directly to industrial and domestic consumers.

London Electricity remained independent until 1997 when it was taken over by the US-owned Entergy Corporation. However, Entergy, along with several other US companies that had entered the UK industry found out that the regional electricity companies didn't generate the level of profits they had anticipated. Within less than two years Entergy sold London Electricity to EDF, the French, state-owned utility.

SEEBOARD was taken over in 1996 by the US-owned Central and South Western Corporation which itself was then the subject of a takeover by American Electric Power (AEP) in 2000. By 2002 AEP decided that the UK retail and distribution sector was not part of its long-term strategy and the sale of SEEBOARD to London Electricity was agreed in July of that year.

France

Électricité de France (EDF) is one of the world's biggest utilities with sales of over €51 billion and net income of €3.2 billion. It has over 160,000 employees worldwide and operates mainly in France, the UK and Germany but also has a significant presence in Italy, Switzerland, parts of Central and Eastern Europe and Latin America.

France still accounts for 60% of sales, around 50% of net income and just under 70% of worldwide employment.

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Although still 70% owned by the French state the company's status was changed in 2004 and a sale of 30% of shares took place in 2005. The company is still by far the biggest electricity company in France in terms of generation, distribution and supply.

IV. The Trade Unions

UK

In the UK the main unions in the electricity sector are UNISON, Amicus, Prospect, the GMB and TGWU and all five are recognised for collective bargaining by EDF Energy.

Amicus is a multi-sector union with over a million members and organises mainly technical and craft workers in the utilities. It is the largest union in EDF Energy and its membership is mainly in the Networks division which runs and maintains the electricity distribution system.

Public services union UNISON has 1.3 million members in total but the main areas of organisation are local government and the health service. It organises mainly administrative and clerical staff in the electricity sector and its members along with those of the Prospect managers' and specialists' union were those initially most affected by the SEEBOARD takeover.

Manual workers in EDF are represented by the GMB and TGWU general unions, although the latter only has a low level of membership.

Overall the electricity industry like other utilities and former nationalised industries has been a stronghold of trade unionism with high levels of union density. Levels of unionisation in the electricity, gas and water sector have fallen quite markedly over the last 10 years down from 67% to 48%. So although still significantly above the 29% for the economy as a whole it is now below levels recorded in public administration and education where density has only fallen slightly over the same period.

The impact of outsourcing is likely to have contributed to this trend. It is also clear that some companies have taken an aggressive stance towards unionisation although there has been some reversal in this trend with union recognition won back at United Utilities and at EDF's Doxford call centre near Sunderland (see below).

France

All of the five main national trade union federations are recognised in EDF – CGT, CFDT, CGT-FO, CFTC and CFE-CGC, usually through their sectoral organisations which bring together energy and/or mines and chemicals.

Although weakening over the years the main differences between the federations have been political rather than occupation or industry-based, with the exception of the CFE-CGC that primarily represents managerial staff.

Overall union density in France has fallen below 10% but remains higher in the utilities at around 25% (EIRO 2003). However, the relative strengths of French unions are indicated not so much by membership figures but by levels of support for their candidates in election to the company's national works council.

The CGT has been the dominant union since the company was nationalised in 1946. Although its share of the vote has declined since the 80% figures recorded just after the Second World War, it retains an overall majority on the works council and in terms of the share of the vote is well ahead of the CFDT union, its nearest rival.

The most recent elections took place in 2003 when the CGT took 56.5% of the vote (up just under two percentage points). The CFDT, with 17.6% of the vote, saw its share fall by over five percentage points. The CGT-FO increased its vote slightly to 14.5% while CFE-CGC also gained over two percentage points to 8.6%. The CFTC saw a very small decline to 2.8% (CGT press release 2003).

Since nationalisation, the pay and conditions of workers in EDF have been set out in statutes rather than collective agreements giving them a status closer to civil servants than employees. This is one of the reasons that the unions have been vigorously opposed to the French government's decision to convert the company into a limited company and sell off some of the shares. They see this as simply a stage towards eventual privatisation (EIRO 2003).

V. The context

Privatisation and restructuring in the UK electricity industry

In the UK Conservative governments of the 1980s and 1990s carried out widespread privatisation of the nationalised industries and other public sector organisations. The electricity industry was one of the biggest projects following the sell-off of British Telecom and British Gas in the mid-1980s.

Under public ownership the electricity industry in England and Wales was vertically integrated with the main divisions operating as the Central Electricity Generating Board (CEGB) with 12 area boards dealing with distribution. Electricity in Scotland was produced and distributed by two companies, Hydro-Electric and the South of Scotland Electricity Board which were sold off as separate vertically integrated companies.

The London Electricity Board (LEB), later London Electricity, and SEEBOARD, the company covering South East England (the counties of Kent, East Sussex and parts of West Sussex), were two of the 12 area boards which were set up as regional electricity companies and then privatised in 1990. A year earlier, the CEGB had been split into two generating companies National Power and PowerGen which were privatised while the CEGB's nuclear capacity remained in public ownership as Nuclear Electric. The CEGB's transmission network was also separated off and privatised as the National Grid company.

As was the case with earlier examples of privatisation, the Conservative government was criticised for selling off the industry too cheaply. This made the shares not only easier to sell in the privatisation process itself but meant that many small shareholders were quick to sell their shares on to corporate interests. Initially protected by a government "golden share" that prevented complete takeovers, regional electricity companies became takeover targets as soon as the golden share was removed in 1995. The table in the annex summarises what happened and the extent to which companies were operating in a very volatile environment. London Electricity itself was owned by Entergy of the US for less than two years.

While change of ownership created instability for employees at one level there were further pressures arising from privatisation and the changing system of pricing and regulation within the industry (Thomas, 2004).

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Employment levels had already been cutback in the lead up to privatisation but more followed privatisation. Over 35,000 jobs were cut from a total of 86,000 in the regional electricity companies in the 10 years to 1998 (Preetum and Pollitt, 2000).

Regional electricity companies have effectively two main areas of operation – distribution and retail supply – and the electricity regulator, at the time OFFER, became concerned that the distribution side would be used to subsidise prices charged by the retail divisions. Consequently companies had to ensure a complete separation of their distribution and retail divisions.

The domestic electricity market was not open fully to competition until 1998 by which time none of the regional electricity companies remained the main supplier to medium or large customers within their geographical area (Thomas, 2004).

Companies were not required to sell off their distribution or retail divisions but just ensure they operated as separate businesses. In fact, several companies did choose to dispose of their distribution or retail sides leading to a difference in ownership patterns for these businesses.

In the case of EDF Energy ownership of both the retail and distribution divisions has been maintained in the former London and SEEBOARD areas, while it owns only the distribution network in the Eastern region and only retail in the South West (formerly SWEB).

A range of problems emerged from the way the electricity industry was organised following privatisation. Although the government had originally wanted to keep supply and generation separate, it conceded on this in the mid-1990s and the regional electricity companies invested heavily in new gas-fired plant in order to secure electricity at prices they thought would be lower than those offered to them by the two main generating companies.

However, by the time the gas-fired plant was up and running the price of gas was no longer so competitive. In the meantime, a number of the companies that had entered the generating market had come unstuck and were effectively bankrupt (Thomas, 2004). The collapse of Enron was the most high profile casualty in the industry although the result of factors other than simply its role in the UK electricity industry. TXU was another major failure and parts of its UK operations (Distribution, a power station and the 24/7 maintenance operation) ended up with EDF.

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European liberalisation

While Britain was forging ahead with liberalising its energy markets in the early 1990s, the European Commission began drawing up plans to open up the gas and electricity markets across Europe. Directives issued in 1996 and 2003 set out rules and timetables for member states to open up their markets firstly covering major users and then including all domestic customers so that all retail markets for small users should be open to full competition by 2007 (Thomas 2005).

The response from some major national utilities was to begin looking abroad to establish themselves as significant players at a multinational level. This was seen as one way of protecting themselves from the increase in competition and loss of market share in domestic electricity and gas supply.

The main impact on the UK was for domestic energy companies to become key takeover targets for European companies. Three companies emerged as dominant multinationals acquiring interests across Western Europe and in some of the new member states in Central and Eastern Europe. The three are the two German utilities, RWE and E.ON and EDF of France all of which have substantial interests in the UK energy sector.

EDF strategy

EDF Group chief executive, Pierre Gadonneix, set out the key elements of the company's strategy in a speech to French government ministers last October (Gadonneix 2005)

He explained that after years of surplus capacity, there was now a need to build new capacity across Europe. The increasing cost of fossil fuels and environmental demands means that, in his view, EDF holds a trump card with its nuclear facilities.

Gadonneix said: "The opening of energy markets across Europe is bringing with it a fundamental restructuring of the sector with the emergence of leading companies at the European level. In such a process, the organization that doesn't progress will fall back. EDF has to have a share in European growth to remain among the leading players."

The company's acquisitions in the UK, Germany and Italy are the result of this strategy. Although EDF has also bought companies in Central and Eastern Europe these tend to be much smaller in comparison to the scale of subsidiaries in Western Europe.

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VI. EDF in the UK

EDF has long had an interest in the UK electricity market, and was already accounting for 5% of UK supply through the cross-Channel inter-connector by the time it launched its bid for London Electricity in 1998.

EDF bought London Electricity (LE), the regional electricity company then with around 4,000 employees, for £1.9 billion from the US-owned Entergy Corporation. Entergy had owned LE for less than two years and, in line with the experience of several other US companies, decided to dispose of its UK interests after becoming too heavily indebted.

Less than 12 months later EDF made its next purchase, the retail division of SWEB, the regional electricity company operating in the South West. It paid £160 million for SWEB which was at the time jointly owned by two US companies, Southern and Pennsylvania Power and Light.

SWEB's retail division comprised 800 employees in customer service and sales, marketing, billing and payment operations.

In 2000 EDF entered the UK electricity generation business acquiring the first of three power stations and setting itself up as a vertically integrated company in the UK covering generation, distribution and supply. The Sutton Bridge gas-fired power station in Lincolnshire was bought for £156 million from Enron of the US. The plant employed 35 people and was operated by General Electric International and this arrangement continued under EDF.

Cottam power station in Nottinghamshire was the next purchase, bought for £398 million from Powergen. The coal-fired plant was operated by 166 staff who transferred to EDF employment.

In early 2002 EDF completed three acquisitions from the US TXU Corporation which was in financial difficulty. The three were: West Burton power station (£366 million) in Nottinghamshire, the Eastern area distribution network, the largest in England, and the 24/7 network operating and maintenance company in which EDF already had a 50% stake. The distribution business and 24/7 shareholding cost £566 million but also involved EDF in taking on £750 million in debt from TXU.

The last major acquisition as part of EDF's UK strategy was completed in July 2002 when SEEBOARD became part of the group. The company cost £1.4 billion and brought 4,000 employees into the group, the biggest addition to employee numbers since the original acquisition of London Electricity four years earlier.

In 2003 EDF Energy chief executive, Vincent de Rivaz, outlined the company's UK strategy: "EDF Energy has transformed in the five years since it became part of EDF. The acquisition of Seeboard last year was the final piece in our overall strategy, which now sees us as part of a national energy business involved in every part of the energy chain – from the moment it's generated at our power generation sites to the second it's used by our customers at work and at home. We're now the right size and structure to enable us to deliver better services at a competitive price." (EDF press release, 2003).

EDF's main UK acquisitions		
Year	**Acquisition**	**From**
1998	London Electricity	Entergy, US
1999	SWEB (supply)	Southern and PP&L, US
2000	Sutton Bridge power station	Enron, US
2001	Cottam power station	Powergen, UK
2002	West Burton power station	TXU, US

	50% outstanding stake in 24/7	
	TXU Distribution (Eastern area)	
	SEEBOARD	AEP, US

VII. EDF and Industrial Relations

There have been a number of important developments in EDF Energy in the years leading up to and following the SEEBOARD takeover that reveal the company's approach to industrial relations and the extent to which it marked a shift from the initially independent privatised electricity companies and then their US owners. These developments include recognition at the Doxford call centre in Sunderland, adopting a policy of not offshoring or outsourcing call centres, introducing a final salary pension scheme and setting up a national works council. The Doxford case below also reflects the growing links between UK unions and particularly French trade unions but also the influence of the European works council in EDF affairs.

Recognition at the Doxford call centre

In 1995 the then still independent London Electricity (LE) decided to relocate its call centre operations to Doxford near Sunderland. The company wanted to take advantage of lower property and employment costs. Although some London-based staff did move, most of the employees at the new centre were recruited locally.

LE used this opportunity to end trade union recognition among call centre staff. This affected mainly the UNISON public services union which organises mostly among administrative, clerical and customer service workers.

As a UNISON full-time officer explained: "And so they basically made virtually everybody redundant in London, and not many people wanted to transfer up. And then set up the green field site set up without our involvement, so they effectively derecognised us."

UNISON managed to maintain a membership base at the centre and continued to campaign for recognition. However, there was no immediate progress on the issue even following EDF's acquisition of LE in 1998.

There was a feeling that EDF would make a difference. The union officer again: "I think when EDF came along my understanding is people were quite relieved because EDF brought with it a slight change in philosophy which evolved over time. And that was one of trying to be inclusive, as all these things are relative, but inclusive and a bit more user friendly with its employees/trade union."

However, there was also considerable continuity in terms of management and particularly human resources managers and so any new EDF approach in this area was not necessarily translated into immediate changes on the ground.

Through 2000 and 2001 UNISON was involved in the special negotiating body that was discussing establishing a European works council (EWC). The EWC was set up and met for the first time towards the end of 2001. The union was also busy making links with the French unions within EDF and in particular with the CGT, the largest union in the company and with majority representation on the company's influential French works council.

As a result the Doxford recognition question became an issue raised by unions at EDF Group level and UNISON used this to support its campaign. As the union full timer explains:

"And I think the turning point for us there, and it does hinge quite a lot upon industrial relations and the involvement of these European Works Council reps, that the key to this was in the election to the European Works Council back in 2002-ish where I went up with two of the people standing … and we stood outside the call centre handing out campaign leaflets. Only to be told by the HR [human resources] director to sling our hook etc., and we said no, they have every right to as EWC candidates rather than you know, trade union. And we said you know if you carry on like this, we'll ring France and they were, they were quite concerned about our contact, one with the CGT and our contact through Dave [Bathe, of UNISON] on the secretariat or even on the SNB secretariat with whoever would have been the HR director back in France."

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The CGT is clear about the role of French union representatives in this process: "We met EDF management and told them it wasn't possible that EDF didn't recognise the trade unions and didn't engage in social dialogue with them. And so the company said it would recognise the unions at Doxford as social partners."

At the end of 2002 EDF officially allowed UNISON into the call centre and it was able to step up recruitment and recognition followed in May 2003.

The May 2003 EWC meeting took place in London and was able to acknowledge the new recognition agreement at Doxford and the CGT report of the meeting notes the warm thanks expressed by UNISON both for the support of the EWC and of the CGT in particular.

Offshoring and outsourcing

Another decision which demonstrated that EDF had a different approach from some of the other major utilities was its announcement that it would not offshore or outsource its call centre operations. A trend towards offshoring had been developing in the UK from the mid-1990s, led in particular by banks and insurance companies who were setting up call centres abroad, primarily in India, or contracting out their call centre operations to Indian providers. Savings from offshoring were potentially substantial with employee costs cut by as much as 90% (Sako, 2005)

Similar initiatives had been taken by some utilities companies, including Powergen, Thames Water and Vertex (owned by United Utilities).

Apart from the Doxford centre which employs around 1,100 people – almost one in 10 of all EDF Energy employees – the company also has customer service centres in Exeter and Plymouth, mainly dealing with customers covered by its SWEB Energy business in the South West, Hove and Worthing in the South East covering customers covered by the SEEBOARD operation and in London.

Explaining the decision EDF Energy chief executive Vincent de Rivaz said: "We are not in a commodity business we are in a business which provides essential services. Our customers don't just buy electricity and gas from us – they buy heat and light which are fundamental to everyday life. Our customer services centres and the staff that work there are key to delivering these services. Our customer service centres are more than information providers, they are the primary source of contact between EDF Energy and its customers. This is something so core to us that we want to make sure it's the best it can be and we believe we can achieve this by keeping our centres in the UK."

(EDF Energy press release 4 December 2003)

These are sentiments with which the trade unions would undoubtedly agree and which perhaps reflect a French perspective on electricity and energy provision generally as being a public service.

This was also apparent from comments from a senior French human resources manager. She explained that the particular approach of EDF comes from nature of its business – to produce, transmit, distribute and sell electricity which she argues is not like any other product. And this exterior responsibility impacts on the way the company is run internally. "So we have, from all points of view, particular responsibilities and this includes in internal and social matters and human resources."

The implications of EDF Energy's decision were highlighted last year when Centrica, owners of British Gas, announced its decision to offshore data processing work to India. The company said that the offshoring along with efficiency savings arising from new systems would lead to 1,500 job cuts in the UK, mainly in the North West.

Final salary pension scheme

At the end of 2003 EDF decided to buck another industry trend, perhaps setting itself apart from other major employers even more so than with the offshoring announcement. This time the company said it would establish a new final salary pension scheme for the company in the UK. As one union official interviewed for this project said: "When we heard this we nearly fell off our chairs."

The separate companies within EDF Energy had all developed their own pension arrangements, mostly money purchase schemes lacking the guarantees provided by final salary schemes, and the different administration processes and costs were calling out for some rationalisation.

UNISON's head of business and environment Mike Jeram said: "EDF is to be commended for taking a longer-term view of pensions and for ensuring all employees – current and future – can look forward to a decent pension when they retire."

Chief executive de Rivaz said it was "a tangible demonstration of [the company's] commitment to its employees. Pensions are a long-term investment and we are determined to make a long-term commitment to our employees." (UNISON press release November 2003).

UK national works council

The EDF annual report for 2004 says that "Social dialogue is an integral part of EDF culture and has developed naturally within the group."

The French system of industrial relations has long provided for the setting up of works councils which have a clear set of legal rights to information and consultation. New European legislation in the UK requires the establishment of similar bodies but EDF was ahead of the game when it set up a national works council covering EDF Energy. This meets three times a year and gives union representatives the chance to talk about a wide range of issues such as company performance, finances and organisation. However, the company went further than this and also established "a special body to meet with management once a month for mutual updates on progress within the company."

VIII. The EDF Works Council

EDF's rapid expansion across Europe in the 1990s meant that it passed the threshold requiring it to set up a European works council and a special negotiating body was set up in 2000 to discuss the structure and rules of the new body. Even during this period UNISON in the UK felt that it was useful having reps on the SNB and even just having candidates for election to the EWC and used this to their advantage in the Doxford recognition campaign (see above).

At an early stage EWC members made it clear that they didn't want the EWC to be a talking shop and criticised the company for not providing adequate and timely information, particularly for a planned debate on sustainable development. A statement from the EWC said: "EDF is rapidly expanding its international activities and the company is recognised as a major player in Europe. Our business is not to comment on that but to ensure that employees are not taken for granted in this process, and that social dialogue at group level is not just a marketing tool but in fact has a real impact on the daily life of employees."

The proposed SEEBOARD takeover was the subject of a special meeting of the EWC on 6 September 2002. Concern was expressed not just about how the merger would be handled and the 1,000 jobs that would be affected but the extent to which this might put pressure on the finances of the EDF Group as a whole and therefore threaten jobs in the rest of the company. The EWC managed to get some guarantees from the Group management.

A CGT report on the meeting said: “The EWC allows us to keep a close eye on the future negotiations between the management in the UK and local trade unions. In the light of the UK’s employment practices, this provides a basis of solid support for our English colleagues.” It then made the more general point that: “The EWC can and must play a key role in the discussions about employment practices in the Group in terms of takeovers and mergers.”

At the following normal meeting of the EWC in November 2002, the CGT was able to report: “The British delegates expressed their satisfaction in the way talks and negotiations over the SEEBOARD/London Electricity merger were progressing since the extraordinary EWC meeting of 6 September. Everything is not perfect but UK management has modified its approach. The undertakings made by management at the EWC, under pressure from employee representatives, have had a positive impact on the way this merger is being carried out and for the employees and we can congratulate ourselves over this.”

This was also reflected in the comment from one trade union officer: “And it was partly to do with information having the knowledge, but being involved and seeking out the information, and using the European Works Council reps to get it often. And the company really taking the European Works Council reps seriously I have to say.”

He also said: “I’ve been involved in a similar forum in Thames Water and the reps there don’t get anything like the sort of acknowledgement if you like that the European Works Council reps do get here. Maybe it’s partly to do, I don’t know, with the fact that they’re linked very much into the French and the French are the dominant bit and you’ve got the French style of doing things.“

The question of how the company dealt with restructuring was at the top of the EWC agenda in 2003 with a new policy adopted at the May meeting. The EWC expressed concern at the extent to which the company was considering job cuts in restructuring not just following the SEEBOARD merger but also in the light of developments in Hungary, Poland and within the parent company in France itself where 3,600 jobs were under threat at the time.

The policy said that in takeovers and mergers the company should acknowledge its "responsibility for employees and local economies, with a view to limiting the social consequences for the employees concerned and the consequences for the economic balance of the local area. So, there should be a systematic examination of measures aimed at avoiding or limiting, as far as possible, compulsory collective redundancies (measures such as redeployment within the company, retraining etc.).

"In the case where compulsory collective redundancies cannot be avoided, there should be package of measures providing more than the legal minimum entitlement. In cases where jobs are cut, employees affected should be given specific help in finding a new job (outplacements, reskilling, training…)"

Senior French management also conceded the important role played by the EWC: "And if there's a real recognition of this body, it is because the debates are rich, although clearly we don't always agree. And because there is a real capacity for making progress through dialogue and tackling things in practice. And even our managers recognise this and, well, its positive and it helps us. But here we believe in social dialogue, on so inevitably we do all we can to make sure it works."

IX. The SEEBOARD Takeover

EDF Energy (or LE Group as it then was) announced the planned takeover of SEEBOARD in June 2002. Trade union officials and EWC reps were informed about the decision in a meeting with chief executive Vincent de Rivaz the night before the official statement was made public.

At an early stage a negotiating team was established which ended up with EWC reps being involved in view of the company's commitment to keep them informed and the pragmatic decision that it was best to do this in one forum rather than negotiate in one place and have to report back in detail to another meeting.

One union officer felt this reflected the approach of the French senior management and particularly the chief executive de Rivaz. The officer's opinion was that: "It wasn't everybody's perspective and you know, below his level, and even within his senior management group, there were a number of people … who still liked to try and play games with us. And that permeated down a bit to some parts of the company at that point, until they restructured."

In line with agreements adopted by unions and management in the parent company, a no-compulsory-redundancies policy was applied. However, jobs were cut and the company did get rid of 1,000 jobs during 2003 and 2004. These were achieved through relocation and redeployment as well as voluntary severance.

For some employees voluntary redundancy was a financially attractive option as they were entitled to relatively generous terms based on an agreement dating back to pre-privatisation days. In fact, one trade union officer said that the challenge in some instances was to tell people that they were key personnel and still needed and so weren't high on the list to received a voluntary redundancy payment.

The initial post-merger restructuring affected mainly administrative, financial, personnel and clerical staff and so primarily employees organised by the UNISON and Prospect trade unions. As one union officer described it the company was keen to lower its London property costs and so merger of departments also coincided with a move outside London for many staff and the need for the unions to negotiate harmonised relocation policies.

"They also moved the head office from down the road at Holborn, and they had a huge building and then they relocated down to Victoria to a much smaller, more modern building. And that must have meant therefore that the people who were displaced from there as well. You've got to remember all of this was only for admin staff, as opposed to managers. And therefore some of the things that were happening to managers would have happened without much involvement of the trade unions. Prospect would have had a bit of an input into that but lower managerial level. But this level people were on personal contracts."

The restructuring had an initial impact on the new industrial relations atmosphere within the company as the union officer explained. The integration process itself was "… long tortuous, because they were shifting the centres of gravity around the country. And they were also having obviously to shift managers around because they'd just inherited a brand new bunch of managers." In his view the managers coming from SEEBOARD were coming from a different environment and did not immediately fit into the new EDF Energy way of doing things: "… they were infecting what was starting to become a little bit more of a softer feel within industrial relations." However, a shift appears to have taken place and certainly in the Customer Services division: "I think it's like any restructuring, it takes a while because what's happened as I understand it, is subsequently some people have gone and I think the company has found itself again … it's a sort of newer, softer approach."

X. Transversal Themes

This section locates the case study of EDF within the context of the five transversal themes of the MIRE project, identifying how each theme was or was not reflected in this case of organisational restructuring.

The Health Impact

The company took no specific measures to address the health and psycho-social impact of restructuring.

Organisational Impact

The restructuring process involved the acquisition of electricity companies in the UK by the French nationalised electricity company, EDF, and in particular the takeover of London Electricity and the SEEBOARD Company. This occurred in the context of the liberalisation of European energy markets, and in the UK, a history of the privatisation of major utilities.

The process involved the loss of 1,000 jobs during 2003 and 2004. However, these were achieved through relocation and redeployment as well as voluntary severance, rather than through compulsory measures.

Public Employment Service and Active Labour Market Policies

There was no concrete engagement with any public employment agencies, mainly because job losses were voluntary.

Territory

The case study is of the acquisition of UK private energy companies by a French nationalised electricity company. One feature was EDF's commitment not to offshore or outsource its call centre operations, which was against the trend being set by UK companies at the time.

Trade unions

The case study demonstrated that workers and unions in the UK electricity companies benefited from the French model of social dialogue, imported through their acquisition by EDF. The company, through the EWC and the establishment of national works councils, brought a new approach to industrial relations in the UK, welcomed by UK unions following experiences of privatization and US ownership. The EWC committed itself to playing a key role in the discussions about employment practices in the Group in terms of takeovers and mergers. The CGT saw the EWC as keeping 'a close eye' on negotiations and 'in the light of the UK's employment practices, providing a basis of solid support for English colleagues. Here it appeared that the EWC did not just fulfill a representative function, but played a real role in the negotiation of restructuring. In addition EDF restored trade union representation to one call centre where management had previously derecognized the trade union.

XI. Conclusions

The EWC clearly took the issue of takeovers and mergers very seriously and made its concerns known to EDF Group management. At the time of the SEEBOARD merger the EWC was developing its policy in this area and was keeping a close watch on the merger process to try to ensure that EDF Energy was at least implementing the kinds of policies that would be expected in its French parent.

This was certainly reflected in the comments from a leading French member of the EWC: "The idea was that, for us, it wasn't acceptable that EDF with its social perspective, its social history in France, behaves badly in one of its subsidiaries, in another country. We wanted to ensure that there was a real social responsibility in the way the company dealt with industrial restructuring and what was done in the parent company should also be implemented elsewhere throughout the company."

Concretely, direct intervention didn't really happen. As one trade union officer explained: "I can't think of any particular event or issues where we could have had the European Works Council – it was a bit of, I think for us it was certainly a comfort blanket."

A senior human resources manager at EDF in Paris was also positive about the restructuring process and the role played by the unions and EWC: "It was in explaining things… discussing them, taking them to the European works council, for example, with the takeover and restructuring at SEEBOARD. All that was done in linking up the British trade union and French trade unionists and management from both sides."

The company itself, while not escaping criticism from a number of trade union quarters, did bring a new approach to industrial relations in the UK, which has been welcomed by unions and contrasted to their experiences after privatisation and under American ownership.

This is also confirmed in research carried out by the Work Foundation which focused on the Networks division and noted: "EDF management have tried to tread carefully in order to build trust, with senior management actively undertaking regular roadshows for all 3,900 employees across 30 sites in the East of England, London and South East."

The Work Foundation report suggests that EDF management is aware that it has to do more to ensure a good working relationship with trade unions even though it has made progress since the merger. The head of employee relations was quoted as saying: "If you think about engagement as being no a spectrum with ten being total engagement then we have come from a three to a five." (Turner 2004)

EDF Energy's policies on offshoring and pensions mark it out from many other companies, not just in the utilities sector but across UK industry and services. The setting up of the national works council and the regular smaller group of representatives that can raise broad issues regularly with management also reflect the extent to which the company has imported some of the more positive aspects of the social dialogue that it practices in France.

However, this positive approach to employment and social issues is not just a question of altruism. EDF sees this as an important part of its corporate image that can help it succeed commercially. As one manager commented in relation to EDF's acquisitions in Central and Eastern Europe: "I think that in contrast social policy was an element that helped us succeed in relation to our US competitors."

This point is also made by a leading French trade unionist: "…the image of "social EDF", is also a means of EDF entering new markets, in the framework of the process of privatisation in the countries like the Slovak Republic, the countries of Central and Eastern Europe, EDF has a good reputation because of its social image. And EDF aims to preserve that image. Because its not just pure social passion, it is also because it allows the company to penetrate new markets and to differentiate itself when it's a question of choosing the company that will buy this or that privatised operation."

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Annex: Takeovers and mergers of regional electricity companies 1995-2006

Original company	Date	Event
East Midlands Electricity	January 1997	Taken over by Dominion Resources, US
	July 1998	Sold to PowerGen
	July 2002	PowerGen taken over by E.ON (Germany)
Eastern Electricity	September 1995	Taken over by Hanson, UK
	February 1997	Unbundled and floated
	September 1998	Taken over by TXU Europe, US
	January 2002	Sold to LE Group (EDF, France)
London Electricity	February 1997	Taken over by Entergy, US
	December 1998	Sold to EDF, France
Manweb	October 1995	Taken over by Scottish Power
Midlands Electricity	June 1996	Taken over by Avon Energy Partners, US
	May 2002	Aquila, US buys 79.9% of Avon
	October 2003	Sold to PowerGen (E.ON, Germany)
Northern Electric	December 1996	Taken over by CE Electric, US
	January 1998	Sold to MidAmerican Energy
Norweb	November 1995	Taken over by North West Water (now United Utilities)
Scottish Power		Remains independent
Scottish Hydro-Electric	December 1998	Merged with Southern Electric to form Scottish and Southern Energy
SEEBOARD	January 1996	Taken over by CSW, US
	June 2000	CSW merged with American Electric Power, US
	July 2002	Sold to LE Group (EDF, France
Southern Electric	December 1998	Merged with Scottish Hydro-Electric to form Scottish and Southern Energy
South Wales Electricity	January 1996	Taken over by Welsh Water, renamed Hyder, then Infralec
	September 2000	Hyder taken over by Western Power Distribution (PPL, US)
South Western Electricity	September 1995	Taken over by Southern Electric International, US
	June 1996	51% taken over by PPL, US
	October 1999	Renamed Western Power Distribution
	1999	Retail division sold to LE Group (EDF, France)
Yorkshire Electricity	April 1997	Taken over by AEP, US and PS Colorado, US
	June 2000	AEP merged with CSW
	April 2001	Sold to Innogy, UK
	September 2001	Sold to MidAmerican, US

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Sources: Who owns whom, Electricity Association, 2003, www.energylinx.com, company reports and press releases

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