



Private Eye

"Competition" turns into private monopoly

YOU read it first in *Health Emergency*. Our last issue correctly forecast the impending takeover of cleaning contractors Pritchards (parent company of the well-known and little-loved Crothalls — remember the Barking strike?) by the up-and-coming whizz-kids of the Hawley Group, parent firm of Mediclean, the market leaders in the latest round of NHS competitive tendering.

The combined number of contracts held by these two firms far outstrips their nearest rivals, several of whom, including Reckitts, OCS (of Addenbrookes fame), Sunlight and Exclusive, had in any case already revealed that they were withdrawing from NHS tendering.

Meanwhile another combine, BET, is making a concerted move to take over both Brengreen (parent firm of Exclusive) and the HAT group, which owns ICC.

Little by little, the original list of 40 or more members of the Contract Cleaners and



Hawley's subsidiary Mediclean first emerged in the Hammersmith Hospital dispute: since then it has become the market leader.

Maintenance Association, the employers' cabal which led the campaign for privatisation of NHS ancillary services, is being whittled down, so that now a mere two firms BET and Hawley, dominate 60% of all NHS private domestic contracts and 50% of NHS private laundry contracts.

So much for "competition"!

£52m is the annual amount which Norman Fowler claims health authorities have saved as a result of competitive tendering for ancillary services.

522 contracts have been awarded "in-house" — generally on reduced hours, less jobs and cuts in bonus payments for staff — to "save" £30.5m a year through back door cuts.

Another 148 contracts have gone to private firms, whose cuts in the jobs, wages and

conditions of ancillary staff helped "save" another £21.5 million of NHS spending.

No data have been published on the consequent standards of service provided as a result of the cut-price contracts, whose reduced hours in labour-intensive jobs can be expected to strike a body-blow at hygiene standards. Nor is there any measurement of the impact of these changes on the workload and efficiency of nursing staff.

Spinneys can't stand the heat!

BARNET DHA have been left with egg on their faces by the abrupt withdrawal from health service tendering of Spinneys Ltd, the firm which had picked up most catering contracts in the current round of competitive tendering.

But they were not as red-faced as Central Birmingham DHA, which had awarded Spinneys a £610,000 contract, only to be confronted with an ultimatum: either pay the firm an extra 20%, or they would withdraw, having wildly

underestimated its costs, and submitted a deceptively low tender. The firm has now given notice that it is pulling out, leaving the DHA holding a bill for the redundancies of its in-house catering staff and the problem of ensuring services continue.

The DHA had been warned by its own catering advisor that Spinneys bid had underestimated the numbers of staff required, altered specifications, and could mean them preparing meals up to 2½ hours in advance.

Barnet DHA had defied union pressure by offering Spinneys the chance to tender for catering work in Edgware, Barnet and Napsbury Hospitals — despite the fact that the company was in the dock in Bristol accused of breaching over a dozen hygiene regulations in its contract at Frenchay Hospital, Bristol.

Now Spinneys say they will operate their remaining seven NHS contracts, but not bid for more NHS work — because new government regulations make them liable for the costs of making NHS staff redundant if they win a contract!

The withdrawal of the market leader coincides with the new arrival on the NHS catering scene of the Trust House Forte subsidiary Gardner Merchant, which previously made a noisy exit from tendering, claiming (quite reasonably) that it was impossible to provide adequate food at a profit.

Gardner Merchant are now taking advantage of new rules which allow them to tender on a "costs plus" basis, rather than offer a fixed price contract, and have picked up the plum £1.5m a year contract for all catering services in Ealing DHA.

Contractors cash in on apartheid

FIRMS holding NHS contracts have been among the pack of profit-seeking companies taking advantage of the brutal and systematic repression of black people in South Africa.

The cut and thrust of tendering for contracts in the NHS has in itself led to abuse of workers' rights in this country; small wonder some of the same firms are making vast profits from apartheid.

Contractors Pritchards (recently taken over by Hawley), Reckitts and Coleman, Trusthouse Forte (parent company to Compass) all have interests in South Africa.

Grand Metropolitan plc, who through Compass hold the catering contract at St Mary's Hospital and also in various private health care establishments in the UK, employs a total of 2,051 South African workers in its 116 subsidiaries and 8 associates.

AM Reckitts and Coleman International, who hold a number of contracts for domestic services in the NHS including one with Hounslow and Spelthorne DHA, employ 1,767 in their 6 South African subsidiaries and 1 associate company.

Trusthouse Forte has two South African subsidiaries;

Gardner Merchant, the UK arm of Trusthouse Forte which tenders for NHS contracts, has recently been awarded the catering contract by Ealing DHA.

One of the most notorious companies in terms of its record of exploitation of black South African workers, is Pritchards Services Group which employs 2,145 workers in its South African subsidiary.

Back in March 1984 *Labour Research* revealed that Pritchards (parent company to Crothalls which holds several contracts for domestic services in the NHS and was the cause of the strike by domestic workers at Brking Hospital) were paying black South African employees poverty wages.

A recent report by Pritchards under the EEC Code of Conduct for British companies with South African interests shows 1,660 people paid below the minimum living level, 93% of Pritchards black South African employees receive less than the EEC rate, compared with 69% in 1984.

The profits which Pritchards have made from their total disregard of workers' rights are vast. The annual report for 1984 shows turnover up 38% to £446.6 million, pre-tax profits up 1.8% to £15 million and dividends per share up 9%. The turnover of Pritchards South African operation rose by 20%. The chair's salary increased by £14,000.



'Rather a sad case. He'd been on the waiting list so long his hernia turned into senile dementia.'

Will it be 'Whipps Crossroads'?

A NEW-style appointment by Waltham Forest DHA of a "Director of Hotel Services" has provoked strong criticism from local health campaigners.

David Cain, who landed the plum job, was selected by the authority from a background in accountancy and the hotel and catering trade. He will pick up a salary of £30,000 a year for a two-year contract; but he also expects to draw upon the "additional expertise" of his old firm, management consultants Green,

Belfield-Smith & Co. — bringing ominous implications of fat fees to be paid by the DHA.

Meanwhile Frank Dobson MP has shown that spending on private management consultants by the NHS has risen to over £1.6m a year, with two of the Thames regions topping the list of big spenders.

"Bargain basement price for one consultant's work for one day is around £100: computer experts can cost £800. Two RHAs which are imposing the most savage cuts are the biggest spenders. They are into cuts for patients and handouts to management consultants," complained Mr Dobson.

Caterer + Hotelkeeper 2/6/86

Enough is enough OPINION

EFFICIENCY is one thing, but mass sackings are quite another. Nobody argues that the National Health Service cannot be made more cost effective. But the cost-cutting is going too far and standards are being threatened.

Up to one-sixth of NHS catering jobs have quietly disappeared during the past few years. There's been no fuss and no publicity. The well-worn explanation has been "natural wastage".

Each working day, the same amount of catering has to be done. However, there are simply fewer people and the burden falls on those left in the NHS, for whom it becomes more difficult to maintain standards, let alone improve them.

One cleaning contract won in house is just going out to tender again because it was impossible to carry out. So few staff were paid so little money that nobody, not even in an area of high unemployment, would do the work.

Caterers must fight to stop NHS catering going the same way. No caterer should have to submit an impossible tender because it is the only way he can keep his job.

Cook-chill might mean fewer staff, but sometimes staff cuts are not advances.

NHS caterers have remained silent for far too long. They feel they are failures if they can't manage with the fewest possible staff, earning the lowest possible wages for the shortest imaginable hours.

This is not what well-run, quality NHS catering is about.

The days are numbered for hospitals like those in Kent and Sussex, which have the time or money to try to educate the wider community on healthy diet. If there are any more NHS cuts, it will be impossible to feed the patients, let alone carry out a vital educational role in a bid to cut diet-related diseases.

NHS caterers must protest. Doctors and nurses criticise health service cuts, gaining public sympathy. Caterers, too, must speak out and warn the public of the crisis in the NHS.

How the magazine *Caterer and Hotelkeeper* sees privatisation.

Extra pay

UNIONISED staff working for contractors can be as much as 15% better off than non-unionised staff, according to a survey conducted by Labour Research Department.

Unionised contracts bring extra pay, and an average of 12½ days holiday from the start compared to those where staff are not organised.

But union or no, workers employed by contractors are worse off than NHS employees in terms of bonuses, pensions, sick pay and premium payments.

Courtesy: Mail on Sunday