

# Outsourced staff treated as second class citizens

## 37 years of contract failures

Outsourcing NHS non-clinical support services began in earnest under Margaret Thatcher's government from 1984. Cynical claims of "efficiency" and "cost savings" thinly masked the aim of opening up part of the NHS budget to profit-seeking private contractors, many of them – as with today's PPE contract scandals – Tory cronies or donors.

By the end of 1984 there was already a long and growing list of [contract failures](#) against some of the main players as standards of hygiene began to collapse as fewer staff were given fewer hours on lower pay to do labour-intensive work. But the policy was driven by ideology, not evidence, and the privatisation drive continued.

### Hospital cleaning became a byword for failures.

Memories of this are no doubt part of the reason why a majority of the public in the run up to the last election made clear they were [against transferring staff](#) out of the NHS to contractors. Half of those polled feared that privatisation could undermine the efficiency of the NHS.

More than three quarters of those asked also believed non-clinical support staff were just as important to the NHS as doctors, nurses and midwives.

## Infection

**Twenty years later in 2004** the problems created by driving down the price and quality of cleaning standards were being [belatedly recognised](#).

New Labour Health Secretary John Reid argued that one reason for the spread and proliferation of one of the most serious hospital acquired infections, MRSA, had been the Tory government's decision to contract out cleaning work, with contracts going to the lowest tender.

**At the end of 2004 a national report from the Patient Environment Action Teams (PEATs) found that while just over a third (440) of the 1184 hospitals surveyed employed private contractors, 15 of the 24 hospitals deemed "poor" were cleaned by private contractors – suggesting that the incidence of poor cleaning was twice as common among privatised contracts.**

In 2016 a major research project which analysed 126 hospital trusts found that the average [incidence of MRSA was 50% higher](#) in those with outsourced cleaning compared with those using in-house staff.



And while outsourced services were marginally cheaper, the difference was around £236 per bed per year — equivalent to just £118,000 in a 500-bed hospital.

One co-author Prof David Stuckler stated that contracting out "may save money, but this is at the price of increasing the risks to patients' health. ... contracting may prove to be a false economy," while another co-author Prof Martin McKee summed up

"These findings suggest that what many had suspected is actually true. Outsourced services pose a risk to staff, patients and the wider population."

51 of the 126 trusts (around 40%) sampled had outsourced cleaning services.

## Cheap and dirty

This was also the [proportion](#) found in a separate [2019 study](#) looking at data from 2010-2014, which also concluded that "private providers are cheaper but dirtier," with lower levels of cleanliness and worse health care outcomes in terms of hospital acquired infections.



## By John Lister

Despite almost four decades of failures, and the latest spin claiming the new White Paper rejects contracting out and competition as a driver of efficiency, there is no indication of any plans to rein in or roll back outsourcing of support services, or properly integrate the workforce that keeps the NHS going.

The latest [NHS Digital figures](#) also show that government and many NHS managers have learned almost nothing: the NHS has [further reduced](#) its workforce of hospital cleaners by 1,000 since 2010, and cut spending on hospital cleaning, underlining that it still is not seen as a priority – even as the pandemic has put a premium on infection control.

## Putting patients and staff at risk

The problems of poor quality services been compounded during the pandemic by inferior contracts from private companies that do not offer staff pay for the [first three days](#) off sick, or guarantee pay for workers required to shield from threat of Covid infection.

**By contrast NHS Employers last summer agreed that NHS staff who had to shield and cannot work from home [should receive full pay](#) throughout this “special leave.”**

The refusal to fully cover sick pay for low-paid workers creates a perverse incentive for those who have tested positive to continue to work rather than lose vital income – especially if they have few actual symptoms – potentially spreading the virus.

A Channel 4 survey in March 2020 found that [three quarters of outsourced staff](#) felt forced to come in to work when ill, and avoid any [engagement with Test and Trace](#) which might find them infected, because they could not survive on the miserly £96 per

# 75%

**of outsourced staff felt forced to come in to work when ill, and avoid any engagement with Test and Trace according to a Channel 4 survey in March 2020**

# 1,000

**hospital cleaning jobs have been axed since 2010**

# 77%

**of outsourced support staff at Homerton hospital are from an ethnic minority community**

# £95.85

**the weekly level of Statutory Sick Pay for many outsourced staff – far worse than the entitlements for NHS-employed staff doing similar work in other trusts.**

week statutory sick pay.

In Homerton Hospital, in Hackney, UNISON and GMB last July flagged up that [over half of the 200](#) workers outsourced to facilities company ISS were not receiving sick pay for the first three days of their illness, after which the key workers receive statutory sick pay of just £95.85 per week, a significant reduction from a salary of £80 to £100 a day – and far worse than the entitlements for NHS-employed staff doing similar work in other trusts.

Statistics also show people from BAME communities are more likely to be seriously ill or [die if infected by Covid](#): but the sections of low-paid staff outsourced also tend to be disproportionately made up of black and minority ethnic staff, especially in urban areas. In Homerton, for example, [77 per cent](#) of the 200-strong outsourced workforce is from an ethnic minority community, and councillors warned that by extending the contract by another five years the Trust “locks in disparities”.

## Super-spreaders

This is even more significant given research last summer that showed outsourced support staff had much [higher levels of antibodies](#) from having been infected than ‘front line’ clinical staff, making infected staff likely unwitting “super-spreaders” of the virus.

Estimates suggest [20% of Covid-19 infections](#) occur in hospital: this makes privatisation and the inferior terms and conditions of profit-hungry companies bad for patients, and an obstacle to the fight to contain the virus.

No similar studies have been done on transmission of the virus by ambulance and patient transport staff but ambulance staff in south London working on [non-emergency patient transport](#) for private company HATS were told in March 2020 – as the pandemic

gathered pace – that there was no PPE for them. The message was to ‘get it off the NHS’ if you need it’.

But the exposure of non-clinical staff to Covid-19 can also be lethal for staff; in St George’s Hospital three cleaning staff employed by profitable contractors Mitie [died after contracting Covid-19](#).

Nonetheless, while most of the leading contractors (Medirest, ISS, Sodexo, Interserve, Serco and Mitie) have eventually agreed to [guarantee full pay](#) for all health workers self-isolating, to secure continuation of pay for staff who are obliged to shield, hard line employers like [Engie](#), [OCS](#), [Serco](#) and [G4S](#) have obstinately refused.

## Support cut off

Some companies that agreed to do the decent thing on sick pay while government money was available to enable trusts to shell out and underwrite the company’s costs and preserve their profits, have not necessarily stuck to the promise since things changed last autumn.

Last September the government told all public bodies in that it would be withdrawing its ‘supplier relief instructions’ which urged NHS trusts, to ensure suppliers continued to be paid for their services - even if they have been switched off as a result of Covid-19.

To make matters worse the centralised pot of money available to trusts via NHS Improvement to help cover full sick pay for staff has now been cut.

[Mitie](#), one of the largest service providers, has pulled back from any commitment to full sick pay, leaving staff to struggle by on statutory sick pay – and even, it is alleged, demand they work on, even when potentially infected with Covid.

With trusts like [West Hertfordshire Hospitals](#) and grasping corporations like Mitie now both simply denying any responsibility to maintain full sick pay for 400 outsourced staff, the GMB and shadow health minister Justin Madders have demanded urgent action.

## The pay gap

When NHS staff are transferred to a private contractor, TUPE regulations give them some limited protection of their terms and conditions at point of transfer, and there is a limited provision for transferred staff pension rights under [“Fair deal for Staff Pensions”](#).

However TUPE is static, meaning that staff are no longer automatically included in pay increases awarded for NHS staff, and are likely to have to switch to a company pay scale if they are promoted or change job. It also only covers staff transferred, so is soon undermined as inevitable turnover of staff means new starters are brought in on inferior company terms and conditions – generally lower pay, minimal sick pay and fewer days holiday.

While similar staff in Scotland are covered by a [two-tier agreement](#) with unions signed by the Scottish government, which ensures that staff employed by contractors delivering

# £9.30

hourly rate for outsourced security officers at Royal Berkshire Hospital

# £10

the hourly rate hour for supervisors

# 400

the number of outsourced staff denied full sick pay by Mitie and West Hertfordshire Hospitals Trust

# £2,000

increase in pay for lowest paid NHS staff in 2018 pay settlement that left out thousands of outsourced staff

“soft” support services receive pay and conditions no less favourable than Agenda for Change, in England a very different two-tier workforce – with outsourced staff as second class citizens – remains an issue for thousands of low paid workers.

In the [2018 NHS pay settlement](#) thousands of outsourced staff were left out of a deal that raised pay for the lowest paid NHS staff doing the same jobs by £2,000 per year. The government decided not to give trusts the funding to ensure that outsourced staff would get the same.

## Cut off from training

Outsourcing doesn’t just affect immediate pay and conditions, it also affects career prospects and access to training and development.

NHS employment preserves the possibility of being able to access career pathways which, when available, enable staff to progress from lower paid roles to higher paid ones and to train from non-clinical roles to qualify into clinical ones – thereby retaining experienced staff for the employer and improving quality of life and job satisfaction for the staff.

Private companies, focused on the need to maximise profits and minimise costs, offer no such possibilities: the continuation of outsourcing locks in the second class status of thousands of staff.

## Pay disputes

This brazen injustice, especially where contractors’ staff remain on the national minimum wage, has triggered a succession of disputes, notably 14 days strikes by [employees of Compass](#) in the North West (**Blackpool, St Helens and Whiston**) which won significant improvement on pay and sick pay just after the last election.

In March 2020 600 cleaners, porters and catering staff employed by Sodexo and Interserve at **King George Hospital Ilford and Queens Hospital in Romford** won a [pay rise of £2.54 per hour](#), from the national minimum wage to £10.75 in a recognition by the Barking Havering and Redbridge trust of the coronavirus challenge faced by staff.

Sodexo’s statement made it quite clear that the generosity had come from the Trust rather than the company.

Also last March angry staff at [Lewisham Hospital](#) who had been promised in November 2019 an increase from £8.21 per hour to the London Living Wage of £10.55 by contractors ISS staged strikes when they found their correct wages had not been properly paid.

In May 2020, [contractors Medirest](#) agreed a deal to increase the pay of 2,200 cleaning, portering and catering staff working in NHS hospitals across England by an average of 5% from the beginning of next month to £9.21 an hour, bringing their pay in line with NHS staff doing similar jobs.

In August 2020 cleaners at [Luton & Dunstable Hospital](#) won a guaranteed step up to full NHS pay of £9.21 per hour as soon as the Engie contract ended in November. However they could not get the Trust to bring them back in-house as NHS employees, and a new private employer was being lined up to take over.

Also last August cleaners, porters and security staff at [Hackney’s Homerton Hospital](#) fell short of NHS equivalent pay, pensions, overtime and annual leave even though they won a guaranteed increase to the London living wage and NHS equivalent sick pay ‘from day one’ as contractors ISS won a new 5-year contract.

A deal last December won 50 outsourced maintenance staff, including electricians and plumbers, at [Norfolk and Norwich University Hospital](#) a useful 4.5% pay increase from Serco, narrowing the gap between their pay and the higher NHS rates paid to colleagues elsewhere in Norfolk.

Meanwhile in **Reading** privatised security guards at **Royal Berkshire Hospital** are still embroiled in [protracted strike action](#) demanding an increase from the miserly £9.30 an hour for security officers and £10 an hour for supervisors to £12 and £13.

Meanwhile in **Carlisle** as this Briefing is prepared Mitie, the hospital trust and the PFI consortium [Health Management Carlisle](#) are squabbling over who is responsible for paying 150 workers unsocial hours payments that have been missed for a decade, with UNISON and GMB holding crunch talks in a last-ditch attempt to avoid strike action.

The staff concerned (and presumably



Campaigning against private contractors and WOCs – clockwise from top left: Homerton, Bradford, East Kent and Princess Alexandra Hospital



the main responsibility for paying them) were transferred to Mitie when it bought the facilities management business from Interserve last December.

## Getting back (and staying) in house

NHS pay scales, terms and conditions remain the gold standard, and 2020 has seen a major London trust bring 1,000 staff back in-house, while **North West Anglia Trust** was forced back from outsourcing an award-winning catering department, portering, logistics and linen services at [Hinchingsbrooke Hospital](#).

The deal last January to bring 1,000 support staff at the five hospitals of [Imperial College Healthcare Trust](#) back in house represented a significant achievement, and followed strike action by 200 members of [United Voices of the World](#) at [St Mary's Hospital](#) in Paddington.

The deal meant that from 1 April the staff were longer be employed by Sodexo, which had held the contract since

2015, and saw their pay, overtime, pensions and sickness allowances brought in line with other NHS staff with pay increased from £10.55 to £11.28 an hour and sick pay from the first day they're ill.

Workers also gained access to the NHS pension scheme, which was previously unavailable to them as Sodexo staff.

The [Hinchingsbrooke](#) campaign highlighted the quality of services provided by the in-house team, but also noted the North West Anglia trust's discrimination against outsourced staff, who were excluded from the specific support it was providing to its clinical staff during the Covid pandemic.

## Subcos

The last 3 years has shown a major trend of NHS Trusts creating subsidiary companies, known as [Subcos](#) or Wholly Owned Companies (WoCs).

As trade union negotiators and campaigners have shown, this has been done to get tax advantages, despite the hype and even downright lies about it being in

order to improve services.

**Staff affected are generally low paid, and disproportionately women and from BAME backgrounds.**

They are often regarded by NHS Trusts as "other" as they deliver vital but poorly recognised services like cleaning, catering, portering, and other jobs covered by the facilities management description.

[Local campaigns](#) have succeeded in [stopping](#) some of the proposed subcos, notably in [Princess Alexandra Hospital](#), Harlow, and in [Mid Yorkshire](#), where the threat of strike action helped persuade management to retreat, and after longer campaigns and action in [Wrightington](#), [Wigan and Leigh](#), [Bradford](#), [Frimley](#), [Bolton](#), and [Tees, Esk and Wear](#).

The process has to a large extent been stalled since before the pandemic, but there are fears that a queue of trusts are waiting for the opportunity to come back again with new proposals that would offer limited financial benefits – once again at the expense of their low-paid staff.