
UNISON
Quality pays
Why Luton & Dunstable University Hospital Foundation Trust should invest in quality services
by Dr John Lister

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Preface

FOR THE past five years, Luton and Dunstable Hospital's lowest-paid workers have had their wages driven down and seen their workloads intensify so that private provider Engie can squeeze a profit out of its contract with the NHS.

After five years of failing to meet its targets, the Trust has clearly decided that Engie has not delivered the service required. Board meeting after board meeting has seen concerns raised about hospital cleanliness or substandard catering.

But while the hospital looks set to jettison Engie for these failings, it is still refusing to consider a non-private provider for cleaning and catering services. This report shows there is a body of evidence against domestic services outsourcing dating back to shortly after the first contracts were put out to tender. Just last year, a major comparative study showed that outsourced cleaning led to lower levels of cleanliness and higher rates of hospital-acquired infections.

The evidence is overwhelming: outsourcing is bad for patients.

It's also bad for hospital staff. Engie's new starters are on the minimum wage with minimum conditions of work. They can expect to earn at least £1,400 less than their colleagues

who were transferred out of the NHS on NHS contracts and don't even earn any extras for unsocial hours. It's not fair and it's no way to treat staff so central to delivering a safe and healthy environment for patients.

Dr Lister's report makes a compelling case for Luton and Dunstable University Hospital to abandon this outsourcing process and take our NHS off the market.

At the very least it shows the necessity for a realistic in-house bid to be drawn up, measuring the financial savings against the known improvements to quality that would come from L&D delivering non-clinical support services itself.

Sasha Savage
UNISON Eastern head of health

Introduction

UNISON is dismayed to see that once again the Trust Board of Luton & Dunstable University Hospital has decided to seek private providers to take on a new contract for non-clinical support services, without clearly explaining why the private sector is the answer, or what their objectives might be.

Five years after contracting out cleaning, and patient catering to Engie, with the transfer of 250 Trust employees out of the NHS, we now see that an extended 10-year contract including cleaning, retail and patient catering, housekeeping and possibly also waste management is being offered up for bids. And it's clear that only private sector bids will be considered.

Back in 2015, when the contract was awarded despite the fact that the in-house domestic services were consistently registering performance on or close to 99%, Trust management could at least claim their controversial decision to put the service out to competitive tender was based on a business case, even if this was out of date and inadequate — and even if there was no explanation of what improvement management were seeking.

But now in 2020, after five years of erratic performance by Engie requiring continued management scrutiny (as reported to Trust board meetings), there has been no serious explana-

“After five years of erratic performance by Engie requiring continued management scrutiny, there has been no serious explanation at all as to why an in-house bid should not be included.”

tion at all as to why an in-house bid should not be included in the mix as that contract comes to an end.

UNISON again urges the Trust to put quality first and at least consider the merits of bringing the services back in-house compared with the uncertain prospect of further privatisation.

"Savings" from cuts in pay and conditions

TRUST directors are claiming there are financial reasons why they cannot bring the contract back in-house: this appears linked with their refusal to ensure that any future contractor will pay staff on NHS Agenda for Change pay scales, with similar terms and conditions.

In other words any financial "savings" that have been made from contracting out these services hinge entirely upon the Trust hiving off responsibility for pensions, sick pay and other terms and conditions previously enjoyed by in-house staff.

Trust directors are clearly expecting, and happy to accept, that whichever company wins a new 10-year contract will seek to save money and maximise their own profitability at the expense of eroding the jobs and living standards of already low-paid staff.

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Inequality

ENGIE has already created growing inequality within the workforce since 2015, with some staff retaining NHS terms and conditions from the time of transfer, while others have subsequently been employed by Engie on the company's own inferior pay and conditions, and a further, third, set of pay and conditions was established for some Engie staff in 2018.

As a result many cleaners are being paid up to £1,000 per year less than colleagues doing the same job, and new starters are as much as £1,400 per year worse off than those who have retained NHS pay scales.

Of course a fresh takeover of the expanded and extended contract by a new company could easily add a fourth tier to pay, if existing staff are transferred and fresh staff then recruited on different terms and conditions. All of this undermines morale within a low-paid workforce, and make it more likely that there will be a high and rising level of turnover of staff especially on the lower pay scales, creating an increasingly unstable and unreliable service, as has happened with other privatised contracts elsewhere since competitive tendering was introduced in 1984.

Quality at risk

ALL OF this underlines a fundamental concern about the wisdom outsourcing of these services, which are crucial for the quality and safety of care in an otherwise high-performing Trust.

Contracting out services fragments the workforce, and runs counter to the professed NHS ambition of greater integration for safe, efficient and effective services. When ward cleaners have separate employers and managers from nurses and health professionals it prevents the creation of a single team and increases pressures on nursing staff to cover non-nursing roles.

Experience with similar contracts elsewhere is that private contractors are unattractive as employers, struggle to recruit and retain staff, and tend to operate for prolonged periods on inadequate staffing levels. As a result a number of longer term contracts have been ended early by trusts as standards of cleaning and other services have declined.

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The Trust’s own experience with Engie

THE ENGIE contract took effect from November 2015 as reported to the Trust Board.

By the February Board there were already concerns over quality:

> “Concerns about standards of cleaning have been discussed in a number of formal meetings with the new provider. There has been a notable step change in performance and the Trust is seeking assurance the standards will be maintained for the duration of the contract.” (p64/141)

By May the concerns had not been resolved, and more rigorous monitoring was required and the July 2016 Board heard that matters were still unresolved:

> “The Trust is continuing its dialogue with senior officers at Engie regarding the implementation of the remediation plan and the timescale for the service to be delivered at the contracted level.” (p19/97)

A year after the contract commenced, in November 2016, it was clear that Engie and the Trust were having to allocate more resources in the quest for the standards laid down in the contract:

> ”The overall performance of Engie continues to be closely monitored by the Facilities

Team with regular routine audits of cleaning undertaken with end users.

"Whilst there appears to be some improvement on performance there is still improvement required to address consistency with service delivery. Engie have been busy recruiting to fill current vacancies for the cleaning and ward housekeeping teams and a further appointment has been made to the Engie contract management team to strengthen site presence." (p76/122).

In February 2017 the Trust Board was informed of the continued problems with the cleaning and with the catering side of the contract:

"Since the last visit from Luton Borough Council Environmental Health Officer (EHO) in November 2016, our current provider have been working to rectify the issues identified in previous inspections that had not been addressed and resulted in the Trust's food safety rating being downgraded to 1. The EHO visited the Trust on the 4th January for an unannounced spot inspection in response to a formal re-inspection request lodged by Engie.

[…]

"The EHO received a sufficient level of assurance that food safety was being adequately managed to revise the food safety rating from 1 to 3 (satisfactory). Our provider continues to work at embedding new processes for food safety management into their everyday work practises with the objective of securing a food safety rating of 5 at the next annual inspection which will take place anytime from March 2017 onwards." (pp59-60/119)

In May 2017 it was again cleaning that was a matter of concern:

"The Trust is continuing its dialogue with senior officers for the Provider regarding the implementation of the remediation plan and the timescale for the service to be delivered at the contracted level. There has been some improvement in scores but the challenge is to ensure this level is sustained at all times." (p29/117)

The same comments were made at the July 2017 Board meeting. But in November 2017, two years after the contract began, it was obvious that none of the problems had really been resolved, despite intensive efforts by trust management:

"The Trust continues to work closely with Engie to consistently achieve the required quality standards for cleaning and patient catering. The summer months have seen some

standards drop below contracted quality thresholds. This has been evidenced in the results of service audit results being inconsistent." (p31/119)

The following February, Board papers revealed there had been new problems, and further additional effort was being made by trust staff to ensure the contractor performed to contract:

"Overall performance in December was disappointing in that two categories High Risk and Low Risk failed to meet the required standard, the latter failing for the first time.

"The High Risk category remains a challenge, mainly due to planned cleaning tasks (periodic cleans) not being undertaken within the month." (p66/124)

In May 2018 the Board heard that Engie was still struggling, "with several failures on Very High Risk Category" (p31/138).

It was clear that some of these extra measures had required a variation in the five-year contract (p118/138).

In July 2018 it was still obvious that the level of service was not stable, and that improvements were still being sought:

"Cleaning: Domestic Standards overall have improved during the last 3 months. There has, however been a recent drop in standards which is being addressed.

"Catering / Housekeeping: Services have improved over the last three months. The appointment of a Catering Manager at the beginning of April has been effective. There are further arrangements being put in place to improve the flow of service within the canteen." (p29/136)

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By November 2018, three years after the contract commenced it appeared the company had made some progress, with the Board hearing "outstanding issues with Engie are gradually being resolved."

But a year ago in February 2019, while cleaning appeared to have improved, it was again the catering side of the contract giving most concern:

"The Trust commissioned an externally led inspection on Saturday 12th January by an independent ex EHO. The findings were not good and demonstrated no improvement. In some cases poorer results compared with last year's inspections." (p28-29/124)

In May 2019, once again the Board was told cleaning standards had dropped:

"Cleaning standards over the last two months have deteriorated in clinical areas. The Trust Monitoring Team is work-

ing closely with Engie to ensure agreed rectification programme is implemented." (p34/130).

So although it appears that the company has escaped criticism for the past two board meetings, there seems to have been little stability in service provision, a turnover of management staff, a significant input of support at various levels from the Trust to prop up the company's efforts, and the constant risk of a drop in performance.

No clear balance sheet has been given to indicate the true financial and opportunity cost to the Trust of the various measures they have taken since 2015 in the effort to get the company to perform to the contracted level, but it seems clear from the decision not to simply extend the Engie contract that there are lingering concerns.

Given that the company took over from very high performing in-house services, it's not clear from the evidence so far that the Trust has registered any benefits from contracting out services rather than keeping control directly over in-house staff.

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Reputational damage

IN EACH case where privatised support service contracts have failed, the most serious reputational damage has been to the trusts concerned, and the impact of contract failure has been on the quality of patient care.

UNISON notes that the prior information notice in the Official Journal of the European Union for the Luton contract states that "The Trust prides itself on high standards and is a nationally recognised site for low infection and patient flow and meeting targets."

If the Trust Board means what it says here, it seems ridiculous to put the Trust's reputation at risk once more for the sake of a few possible short-term cash savings.

Board members are urged to look at the recent track record of similar contracts ending in failure.

In Sussex, a five-year £15m contract with Sodexo for cleaning, portering and catering ended three years early in 2015, with services brought back in house: it was clear the trust and the company had attempted to make unsustainable savings, resulting in what management described as "inconsistencies in standards such as difficulties with maintaining cleaning standards."

In Leicestershire a much bigger seven-year £300m contract with Interserve to provide ca-

tering maintenance and support services to two NHS trusts and NHS Property Services was scrapped four years early, in 2016.

Around 2,000 staff were brought back into the NHS, and services are now delivered in-house. Two years later University Hospitals Leicester admitted that cleaning and maintenance required significant additional investment, including an extra £2m in pay for the lowest-paid staff.

Later in 2016, Nottingham University Hospitals Trust's failing contractors Carillion, who later went bankrupt, lost a five-year £200m contract for cleaning, catering, laundry, car parking and security after just two years, amid a barrage of complaints over unacceptable standards. 1,500 staff were brought back in house.

Carillion employees in Nottingham complained of being short-staffed and lacking the right equipment to do their jobs properly. The trust argued that Carillion was employing about 70 fewer cleaning staff than required. The BBC reported some nursing staff were doing cleaning tasks themselves because they were not satisfied with the work of Carillion's staff.

Concerns over quality of service

THESE examples are far from unique. In the 36 years since the Thatcher government introduced competitive tendering for NHS cleaning, catering and laundry services there has been a continuous criticism that the process puts quality at risk in pursuit of cash savings.

By September 1986, the National Audit Office found that cash savings had been made following the introduction of competitive tendering, although most of this had come from successful in-house bids. In 1987 an NAO study of 33 contracts found that: "Savings have arisen mainly from the need to draw up specifications including the rationalisation of existing operations … less favourable conditions of employment, greater use of part time staff, changes in working practices" as well as "increased productivity."

The NAO found cost reductions often came from reducing the amount of service and reducing labour costs as well as increased productivity. In one case the in-house team reduced its total working hours by 50%.

The NAO also argued that the costs of introducing competition had been ignored, as had the adverse morale effects of staff having to accept worse pay and conditions and reduced hours of work. NHS managers disliked the loss

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of control, commitment, trust and flexibility from previous in-house services.

Between 20-25% of contracts failed before the contract period was complete. By 1993, a review of the experience concluded: "After seven years experience the verdict on competitive tendering as a way to encourage more cost-effective ancillary services in the NHS remains in doubt."

In 2000 the Guardian reported that private companies in the NHS had been fined £2m over the last three years. It quoted a cancelled laundry contract in Basildon as an illustration of what many in NHS management were beginning finally to recognise:

> "Privatisation is not an infallible cure for service inefficiencies; and that the relentless drive towards ever greater cost savings through contracting out has, in many cases, had a disastrous effect on service quality.
>
> "Recently, the NHS Confederation — trusts in membership of which have contracted out hundreds of millions of pounds of support services over the past 17 years — admitted that cost-cutting had directly led to the filthy NHS wards, dirty bed linen and inedible hospital food of public infamy."

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A 2003 a summary in the Daily Telegraph, noted that "you are 15 times more likely to catch a serious infection in an NHS ward than in many other European countries," blaming "a management system in crisis." It said:

> "In the past, hospitals took cleaning seriously. Florence Nightingale reduced the fatality rate of wounded soldiers in the Crimea from 40% to just 5% merely by imposing basic standards of hygiene and sanitation. Forty years ago, matron checked levels of cleanliness every morning. One consultant remembered that his hospital even used to set aside a ward exclusively for cleaning staff to learn how to clean.
>
> "Cleaners were valued members of the team and worked with the medical staff. All cleaning would be done before the nurses changed patients' dressings so that the dust could settle before wounds were exposed to the air."

By 2004, 20 years after competitive tendering had been introduced, the Department of Health itself has explicitly recognised a link between competitive tendering and the falling quality of what remain labour-intensive services. Its December 2004 document Revised Guidance on Contracting for Cleaning notes:

> "Following the introduction of compulsory competitive tendering, budgets for non-clinical services such as cleaning came under increasing pressure, and too often the final decision on the selection of the cleaning service provider

was made on the basis of cost with insufficient weight being placed on quality outcomes.

"Since NHS service providers were in competition with private contractors, they too were compelled to keep their bids low in order to compete. The net effect of this was that budgets and therefore standards were vulnerable to being driven down over an extended period until, in some cases, they reached unacceptable levels.

"Although improvements have been seen in recent years following the introduction of the Clean Hospitals Programme and the investment of an additional £68m in cleaning, there remains concern that price is still the main determinant in contractor selection."

Also in 2004 then Health Secretary John Reid, interviewed by the Guardian, argued that one reason for the spread and proliferation of one of the most serious hospital-acquired infections, methicillin resistant staphylococcus aureus (MRSA), had been the Tory government's decision to contract out cleaning work, with contracts going to the lowest tender. Dr Reid also conceded that cleaners did not always feel part of the NHS healthcare team.

A national report from the Patient Environment Action Teams (PEATs) at the end of 2004 found that while just over a third (440 of the 1,184 hospitals surveyed) employed private contractors, 15 of the 24 hospitals deemed "poor" were cleaned by private contractors. This suggested that the incidence of poor cleaning was twice as common among privatised contracts as it was with in-house services.

Ten years later an article for Practical Patient Care noted that "For all the talk of privatisation, the demand for competition and cost-saving has been an almost permanent feature of public health policy since Thatcher." It quoted the NHS Confederation's Nigel Edwards, who argued:

"There has been a 20-year history of asking the NHS to produce efficiency savings. Cleaning and catering... have suffered the brunt of the major cuts in provision."

It also quoted Jane Lethbridge, director of the Public Services International Research Unit, who pointed out that:

"Contracting out pushes wages down, creates a high turnover of staff and problems with general recruitment. Other processes that result from outsourcing — particularly the pressure on time and the focus on specific tasks — also lead to a very fragmented way of delivering the cleaning service.

"What is required is good teamwork between infection control teams and the cleaner. Before cleaning services were outsourced, the cleaners would have taken more time, talked to nurses, chatted to patients, and there would

> "Incidence of poor cleaning was twice as common among privatised contracts as it was with in-house services."

have been a much greater degree of teamwork in the ward and hospital."

By 2016 academic studies of extensive data had confirmed the views and vindicated those who warned over the dangers of competitive tendering:

> "Linking data on MRSA incidence per 100,000 hospital bed-days with surveys of cleanliness among patient and staff in 126 English acute hospital Trusts during 2010–2014, we find that outsourcing cleaning services was associated with greater incidence of MRSA, fewer cleaning staff per hospital bed, worse patient perceptions of cleanliness and staff perceptions of availability of handwashing facilities."

And last year another study covering a similar period and range of data came to similar conclusions in 2019:

> "Hospitals contracting out cleaning services had lower levels of cleanliness and worse health-care outcomes as measured by hospital acquired infections.
>
> "Public service managers must be very careful when outsourcing services — even auxiliary services; some performance indicators should reflect aspects of the quality of the core service."

"There are literally decades of evidence and experience underlining the hazards of contracting out to private sector companies which all too often show no sense of responsibility to anyone other than their shareholders."

In other words there are literally decades of evidence and experience underlining the hazards of contracting out to private sector companies which all too often show no sense of responsibility to anyone other than their shareholders.

Time and again serious studies have shown that the only benefit from privatisation is the possibility of a cash saving — at the expense of low-paid staff, and at the risk of fragmenting the ward teams which are the front line for the quality of patient care.

A 10-year contract?

Ten years is an extremely long duration for a contract of this type: the Trust has not made any serious arguments to justify such an unusual proposal.

The standard arguments in favour of competitive tendering centre on the presumed positive pressure of competition as a means to securing improved quality and value for money: a ten year contract effectively removes that pressure and grants a company effective monopoly status for a prolonged period, making it much more difficult for the trust to press for improvements and changes.

Ten years ago there was still a New Labour government with Gordon Brown as Prime Minister, higher real-terms NHS spending, a signifi-

cantly lower population and proportion of older patients, and a completely different management regime and structure in England's NHS.

We can only guess what the state of play might be in another 10 years' time, which will include the merger with Bedford Hospital, the building of a major new block at Luton, and all of the economic uncertainties that will follow Brexit.

A 10-year contract is also contrary to the principles of the NHS Standard Contract, which argues (pp29-30):

> "Commissioners will need to consider carefully what benefits they can expect from offering providers the increased certainty of a longer-term contract, setting this against the need to ensure that they are able to use a competitive procurement approach when this will be in patients' best interests …
>
> "NHS England's own SFIs set out specific arrangements for the approval prior to advertisement of any procurement processes which may result in a contract with a potential duration of over five years (including any optional extensions)."

UNISON has seen no explanation from the Trust board to justify the proposed 10-year contract, and we question whether this proposal has been approved by NHS England, and if so on what basis.

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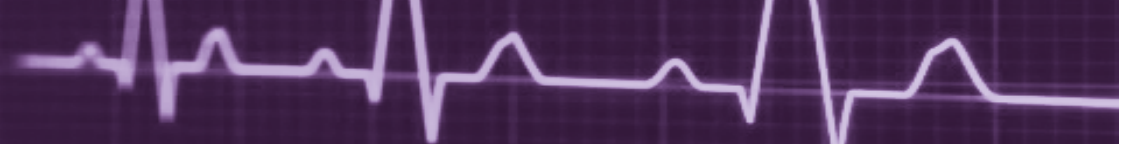
Conclusion

UNISON is concerned to see the Trust committed, in advance of any tendering exercise, to extend privatisation into new services, to awarding a further, 10-year outsourced contract that would weaken the hand of the trust, but strengthen that of a private company – while offering no benefit to patients or provable enhancement of services.

From the earliest experience of contracting out services, experts have stressed the importance of allowing in-house units to tender, rather than allowing private companies to carve up contacts between themselves: in-house bids "have no incentive to collude with outside firms in bidding. There may thus be a case for retaining some public sector capability to reduce the scope for collusion."

There is ample evidence that privatisation of non-clinical services offers limited cash savings at the expense of low-paid staff and through the long-term disintegration and division of the workforce, with weakened possibilities of teamwork and improving morale.

UNISON believes there is a strong case for investment to bring hard-working but in many cases under-rewarded cleaning and catering staff back in-house, and the Trust Board itself 'taking back control' and accepting its responsibility for the improvement of support services



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and their coordination with the aims and objectives of clinical staff at ward and department level.

This in turn would establish a firm but flexible base for the coming merger with Bedford Hospital, where in-house services, like those we previously had in Luton, are of high quality.

Treating staff in Bedford and in Luton with respect, and working with them to develop the highest quality support services the highest quality patient care in a safe and comfortable environment can in turn help to create a positive and supportive environment for clinical staff, and the crucial task of recruitment, retention and further training of nurses, other professionals and medical staff.

We urge Trust board members to think again, to opt for quality rather than cost savings, and to at very least draw up and consider a convincing in-house bid for the contract rather than moving once more towards the inferior option of a new, extended private contract.

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Contact easternmedia@unison.co.uk
for more information.

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