

Dorset National Health Service prepares mass transfer of staff to private subsidiary in cost-cutting drive

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In preparation for sweeping attacks on jobs, pensions, and working conditions, National Health Service (NHS) hospital trusts across Dorset, England have announced plans to transfer more than 1,300 staff into a newly created private subsidiary company (SubCo).

Last week, employees across University Hospitals Dorset (UHD), Dorset County Hospital (DCH), and Dorset HealthCare NHS trusts were informed of the decision. The move affects essential workers in housekeeping, catering, portering, estates, and health and safety roles, many of whom are among the lowest-paid staff in the NHS.

A letter jointly signed by Siobhan Harrington (Chief Executive, UHD) and Matthew Bryant (Chief Executive, DCH and Dorset HealthCare), claimed the formation of a SubCo—wholly-owned by the trusts—is intended “to support staff across Dorset.”

Despite promises that transferred staff will retain their NHS contracts and pensions, the creation of a separate legal entity exposes them to worsening pay and conditions, with trust bosses admitting its formation is to “help improve efficiency and provide services that are affordable...”

Trusts utilise SubCos to cut costs in various ways. Firstly, as a private company working for the NHS, SubCos are covered by different tax rules meaning they can claim back any VAT sales tax charged from the government. They are also used to downgrade staff pay, conditions and pensions, as they are not obliged to employ new staff on existing NHS pay and conditions.

Subsidiary companies were created in the NHS in 2006 during Tony Blair’s Labour government. A back-door route to privatisation, SubCos flourished during 14 years of Tory-led governments from 2010. By March 2018, 42 NHS Foundation Trusts had either set up, or were in the process of setting up, SubCos. A year later there were over 65.

A 2023 investigation by the *Health Service Journal* (HSJ) found that “some trusts are paying sub co staff less than the lowest [nationally agreed] Agenda for Change [AFC] rate.

They are also offering reduced uplift payments for unsocial hours at evenings and weekends, as well as lower maternity and sick pay rates than those enjoyed by directly employed NHS staff.”

The HSJ found that “Trusts are regularly denying staff employed by their wholly owned subsidiary companies access to the NHS pension and providing them with schemes which are significantly less generous.” It noted, “Some offered pensions with just 3 per cent employer contribution, compared to 20.68 per cent on AfC”.

Speaking to the *World Socialist Web Site*, workers at Dorset hospitals expressed deep concerns.

A porter there said, “It’s obvious that management is lying about our pensions and NHS contracts. First of all, they kept us in the dark up until now. They keep insisting our working conditions are safe under SubCo and that we’ll remain part of the NHS ‘family’—but we’re not fooled. The SubCo can be easily outsourced to the private sector at any time.

“Our enhancements for unsocial hours and even our annual leave, are under threat. There’s a lot at stake here. SubCo only contributes around 5 percent to our pensions, compared to the 20 percent contribution from the NHS. That’s a massive loss in the long-term. On top of that, this move will create a two-tier workforce—with existing staff losing protections bit by bit, and new starters under SubCo having no NHS benefits at all. This is the beginning of the end for equal treatment and fair working conditions in the NHS.”

A catering worker at Dorset HealthCare NHS Trust described the pressure staff are already facing: “We’ve been told we’ll have to sign new contracts with SubCo by September this year.

“We’ve made it clear—we’re not signing. But management warned that anyone with over two years’ service can apply for redundancy if they refuse, and those who don’t sign will lose their jobs. That’s not a choice—it’s blackmail.

“We’re all angry about what’s happening. And it’s not

just here—I’ve heard that Southampton hospitals are also trying to shift staff into private companies. This is a national issue. We need to stand together and fight back.

“In our catering department, they’re even talking about replacing freshly prepared meals with heated frozen food for patients. It might be cheaper, but it’s worse for patients—and it completely devalues the work we do. This isn’t just an attack on our jobs; it’s an attack on patient care.”

The rhetoric from the Dorset trusts about “strengthening NHS partnerships” and “offering better career opportunities” serves to obscure the reality that this is a cost-cutting exercise that jeopardises the job security and livelihoods of vital NHS workers.

It follows a similarly damaging move earlier this year when the NHS Dorset Integrated Care Board (ICB)—grappling with a £21.3 million deficit—introduced the Mutually Agreed Resignation Scheme (MARS) to cut an undisclosed number of jobs across the county.

The measures by Dorset Trust are part of a broader push to dismantle and privatise key areas of the NHS. At East Suffolk and North Essex NHS Foundation Trust (ESNFT), which operates Ipswich and Colchester hospitals, 395 NHS staff, mostly cleaners and caterers, are being moved over to private contractor Sodexo. (See WSWs article).

The Labour government is accelerating the outsourcing of NHS services to the private sector. Health Secretary Wes Streeting has announced plans to abolish NHS England, including cuts which the NHS Confederation has warned will lead to more than 100,000 jobs being eliminated across the NHS’s 1.3 million-strong workforce.

Labour’s plans amount to the dismantling of the NHS, and are being openly defended as necessary to pay for rearmament and war. Starmer has pledged to increase military spending to 3 percent of GDP, and has called for a “Coalition of the Willing” with “boots on the ground and planes in the air” against Russia.

In response to the Dorset SubCo plan, Unison, the largest union covering health workers, issued a 250-word statement claiming the Trust’s plans contradict government policy. Jayne Jackson, UNISON South West regional manager, claimed, “Ministers promised the biggest wave of insourcing in a generation and are introducing new employment rights legislation to help end the two-tier workforce.”

But Sir Jim MacKey, CEO of NHS England, told health leaders in March—with Streeting’s full support—that *all* NHS trusts should transfer support staff to wholly-owned subsidiary companies to reduce costs.

A SubCo may be new to Dorset, but similar schemes have been implemented at many other trusts with union collaboration. Eight years ago, private conglomerate Serco signed a 10-year deal worth £125 million with University

Hospital Southampton NHS Foundation Trust covering patient catering, retail catering, and cleaning services.

Unison has organised no ballot for industrial action to fight these plans. Instead, workers in Dorset received a WhatsApp chat message this week from Unison reps proposing a three stage plan consisting of 1) a protest during days off; 2) a work to rule; followed by 3) consideration of strike action as a last step.

NHS FightBack calls on workers to reject this bankrupt policy and to take the lead themselves.

Only through collective resistance can this assault on NHS workers—and the principles of a publicly owned and operated health service—be stopped. Staff must prepare for a united and determined fightback based on a socialist strategy.

NHS FightBack calls on health workers in Dorset to form rank-and-file committees—independent of the union bureaucracy—to lead a fight based on the following demands

- Say No to subsidiary companies!
- Defend NHS pensions, pay, and conditions and stop the jobs cull!
- Reject the privatisation of the NHS!
- Billions for the NHS and public services, not war!
- Organise a unified, independent struggle to defend the NHS and its workforce!

To all NHS workers, share your stories with the World Socialist Web Site and contact NHS FightBack to link up with other healthcare workers in the struggle to secure high-quality healthcare for all, provided by a valued and supported workforce. Visit our Facebook page here and X account here.



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