



AWU factsheet

Compass Group & Medirest: their track record on delivering public services

2014

INTRODUCTION

Medirest, a subsidiary of the British-owned Compass Group (Compass), has been contracted to deliver most of the non-clinical patient support services at the new Lady Cilento Children's Hospital when it opens in November. More than 100 staff delivering these services currently at the Royal Children's Hospital have been told they will lose their jobs in the transition, in a move the AWUQ fears is designed to reduce workers' pay and conditions.¹

This briefing compiles findings from desk research carried out in relation to Medirest and its parent company Compass, its other subsidiaries and their delivery of public services.²

COMPANY INFO AND STATS

The Compass Group is one of the 10 biggest private sector employers in the world and one of the largest FTSE 100 employers. It is experiencing strong growth in North America, Australia and emerging markets. It has 597 subsidiary companies: http://www.compassi.org/Subsidiary_Lists:Compass -13% of which are based in developing countries and 17% are based in tax havens.³ Compass employs 506,699 people world-wide and has contracts to provide meals for hospitals, prisons, mess tents, and school and office canteens.

MEDIREST AND COMPASS MANAGEMENT

- The CEO's pay package in Compass' Chief Executive Officer earned \$10.10 million last year – 418 times more than his staff's average annual pay of \$24, 341. It takes him just 1 day to earn what most of his staff do in a year.⁴ The pay gap at Compass is one of the widest to be found anywhere in corporate Britain.
- In 2013 the company reported a pre-tax profit of £721 million.
- In 2012, Compass announced job losses and operations reduction in Southern Europe due to recession affecting its profits there.⁵ Compass is implementing savings of £95m across Europe by 2014, with cuts felt particularly in Italy, Portugal and Spain (where it has a 25,000-strong workforce). Yet despite this, it returned £400m to

¹ <http://www.brisbanetimes.com.au/queensland/staff-lose-jobs-as-brisbane-childrens-hospital-switches-location-20140426-37ao9.html>

² This briefing seeks to simply present information taken from various sources found publicly on the internet.

³ <http://www.actionaid.org.uk/campaign/ftse-100-tax-haven-tracker>

⁴ <http://highpaycentre.org/blog/ftse-100-bosses-now-paid-an-average-143-times-as-much-as-their-employees>

⁵ (<http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/9571048/Compass-cuts-jobs-and-costs-in-crisis-hit-Europe.html>).

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shareholders in the same year and also unveiled a 10pc increase in its full-year dividend.⁶

CONTRACT BREACHES: MEDRIEST, COMPASS GROUP AND ITS SUBSIDIARIES

- This year, Bon Appetit Management Company (BAMCO) in the United States is fighting a **wrongful termination lawsuit**. BAMCO is said to have wrongly dismissed Emily Miggins, a director level manager, after she raised numerous concerns about BAMCO's alleged failure to meet its stated Certified Humane and Sustainable Food Standards (in relation to seafood and hormones in chicken and beef).⁷
- In 2012-13, after a long court case ending in a Court of Appeal, Medirest was eventually **found to have not met the terms of its contract** with Mid Essex Hospital Services NHS Trust, for whom it provided catering and cleaning services. The 7 year contract was terminated early by both sides, following **Medirest's performance failure** and the Trust's subsequent deduction of financial penalties (service failure points, although they were high penalties for relatively minor failures⁸) from its payment to Medirest, as outlined in the contract.⁹
- In 2012, Compass had **to repay £18m** back to schools in the US that it provided catering to, as it had not passed on savings from its suppliers to the schools.^{10/11}
- In 2011, the University of Winnipeg ended its contract with Compass due to **poor quality food, low nutritional value and student complaints**.¹²
- In 2011, inspections of Chartwells' Catering Services in London schools found **18 notable health and safety violations, serious enough to cause food poisoning**.¹³
- In 2008 and 2009, Compass was at the centre of **Clostridium difficile outbreaks** at Nanaimo Regional General Hospital, Vancouver. Compass and its subsidiaries had held the Island contracts for six years, during which time hospitals had regular

⁶ <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/leisure/9693704/Compass-Group-to-return-400m-to-shareholders-despite-Europe-woes.html>

⁷ <http://www.onlineprnews.com/news/451505-1389125023-whistleblower-lawsuit-charges-bon-apptit-management-company-bamco-with-fraudulent-food-assertions.html>

⁸ http://www.ashurst.com/publication-item.aspx?id_Content=8010

⁹ <http://www.inhouselawyer.co.uk/index.php/contract/10272-a-healthy-attitude-to-good-faith-and>
[http://www.nzdrc.co.nz/site/commercialdisputes/files/Court%20Decisions//Compass%20Group%20UK%20and%20Ireland%20Ltd%20v%20Mid%20Essex%20Hospital%20Services%20NHS%20Trust%20\[2012\]20EWHC%20781%20-OB_.pdf](http://www.nzdrc.co.nz/site/commercialdisputes/files/Court%20Decisions//Compass%20Group%20UK%20and%20Ireland%20Ltd%20v%20Mid%20Essex%20Hospital%20Services%20NHS%20Trust%20[2012]20EWHC%20781%20-OB_.pdf)

¹⁰ <http://www.telegraph.co.uk/finance/newsbysector/supportservices/9554370/Compass-pays-18m-to-settle-US-school-meals-row.html>

¹¹ <http://www.ochu.on.ca/resources/Resources/Campaigns/CorporationsOutofHealthCare.pdf>

¹² http://www.ochu.on.ca/leftwords_ochuBlog.php?id=7194139205709416688

¹³ <http://www.lfpress.com/news/london/2011/03/08/17543426.html>

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infection outbreaks, failed housekeeping audits and WorkSafe BC inspections. According to two failed WorkSafe BC inspections issued in 2008 and 2009, Compass employees were found to have lacked proper training to use toxic chemicals (that caused hair loss, nose inflammation, respiratory problems, and skin irritation). Furthermore, internal documents obtained by the Nanaimo Daily News also showed that employees lacked access to protective equipment, such as respirators, goggles, chemical gloves and boots and used ineffective cleaners and over-diluted bleach cleaner.¹⁴

- In 2005, the Compass Group was forced to carry out an **internal investigation** into the company's relationship with procurement officials at the UN, where it supplied meals to peacekeepers.¹⁵
- In 2005, Scolarest was one of the school dinner providers (provides meals for 2,500 schools, colleges and universities) exposed for delivering **poor quality and cheap school dinners in Jamie Oliver's Channel 4 programme** "Jamie's School Dinners". As a result many regions in the UK reconsidered their contracts with Scolarest, whilst Scolarest announced a second profit warning.¹⁶
- In 2004, charges of poor care from government inspectors and relatives of residents of a care home in Canada (Sunset Lodge in Esquimalt), followed its takeover by Morrison and Crothall who paid their **staff approximately half the wages of former employees**.¹⁷

STRIPPING WORKERS' TERMS AND CONDITION AFTER OUTSOURCING TAKEOVER:

Canada

- In 2014, as Compass Group Canada takes over operations at Trent University, staff who prepare and serve food to students and faculty members have been informed that they will suffer **drastic changes to their terms of employment, including cuts to wages and benefits, full-time positions and working conditions**.¹⁸
- In 2013, at Cowichan District Hospital, Vancouver, workers considered striking as Compass were not prepared to give wage parity for Compass' HEU operational

¹⁴ <http://www2.canada.com/harbourcitystar/news/story.html?id=edb65d9a-63c6-4354-bcb6-1fa8b71c316c>

¹⁵ <http://www.theguardian.com/business/2005/oct/30/theobserver.observerbusiness6> and <http://www.foxnews.com/story/2005/10/21/un-procurement-scandal-secret-sales-deal/>

¹⁶ <http://www.theguardian.com/business/2005/apr/03/schools.education>

¹⁷ http://thetyee.ca/News/2004/05/17/Contracting_out_Health_Support_Documents_Raise_Doubts/

¹⁸ <http://cupe.ca/food-services/food-service-workers-urge-universitys>

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workers with an uplift of about \$1 an hour (which has been recently been agreed by HEU members and firms Sodexo and Aramark).¹⁹

- In 2003, Compass Group's staff wages covering a predominantly female workforce at Vancouver General Hospital have been reduced to \$9.50 an hour. Research indicated that health authorities planned to make staff redundant, "enabling private companies to hire a new workforce at significantly reduced wages with few benefits and no job security".²⁰

UK

- In 2014, operational workers went on strike at Ealing Hospital against Medirest. The strikers were employed as domestic, catering, porters and help desk workers. They were fighting for the Living Wage, holiday and sick pay and penalty. **Outsourced workers taken on by Medirest were offered lower terms and conditions than comparable NHS staff when the transfer occurred.**²¹
- In 2012, thirty workers at Medirest, who clean theatres and clinics at Cambridge Addenbrookes Hospital staged a protest to denounce changes to their shift patterns that will lead to a 21% pay cut. Their employer undercut other bidders promising the Hospital to fulfil a contract £600,000 cheaper, with **half the savings made by cutting wages.**²²
- In 2012, a strike campaign by cleaning workers at John Lewis' flagship store in London's Oxford Street forced bosses to back off from a cuts plan, as well as winning wage increases for workers. Cleaning contractor ICM (part of the Compass Group) had been **planning to make compulsory cuts** to cleaning workers' hours, meaning a loss of pay, as well as making compulsory redundancies.²³
- In 2010 dozens of cleaners, porters and catering staff at Wycombe and Amersham Hospitals staged a 48-hour walkout due to a dispute over sick pay.²⁴

US

¹⁹ <http://www.cowichanewsleader.com/news/226505741.html>

²⁰ <http://www.sfu.ca/~mcohen/publications/Womenlab/destroy.pdf>

²¹ <http://uniteresist.org/2014/02/solid-picket-lines-at-ealing-hospital-as-gmb-medirest-strikers-fight-for-living-wage/>

²² <http://www1.wsws.org/articles/2012/jun2012/heal-j08.shtml>

²³ <http://www.workersliberty.org/story/2012/08/15/john-lewis-cleaners-strikes-make-gains>

²⁴ http://www.bucksfreepress.co.uk/news/8740250.UPDATED_Hospital_workers_on_strike/

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- In 2012, 1,647 operational employees at a Texan university had to resign from the university and join Compass Group when their work was outsourced. They were told by Compass that their jobs, after they underwent a new reapplication process and background check, would **only be guaranteed for two years** with comparable benefits and salary.²⁵

Ireland

- In 1997, Compass took over ancillary services workers at the Down & Lisburn and Sperrin Lakeland NHS Trusts. **They sacked the 500 outsourced workers and re-employed them on lower pay and conditions.**²⁶

²⁵ <http://www.nytimes.com/2012/07/27/us/outsourcing-plan-stirs-fears-among-texas-am-workers.html? r=0>

²⁶ <http://www.catererandhotelkeeper.co.uk/articles/22/10/1998/13741/compass-makes-pact-with-union-after-clash.htm>

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