

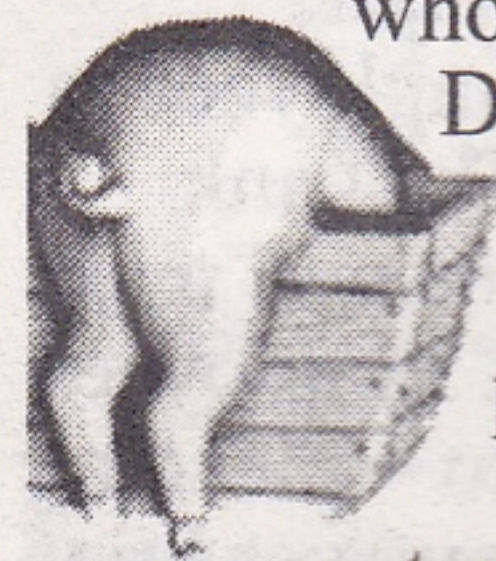
NHS JUNKETING

Anything for a fee lunch!

JUST like their Whitehall counterparts, bosses who hold the purse strings in the NHS often get the full schmoozing treatment from fee-hungry accountants and consultants.

Hence the groaning hospitality register published by NHS Greater Glasgow and Clyde.

Most generous is PricewaterhouseCoopers, the board's supposedly independent internal auditor. In the last 18 months or so it has taken the man who signs its cheques, finance director Douglas Griffin, to the Scottish Football Association hall of fame inductees' dinner, a Burns supper, a James Bond premier and a golf day at Gleneagles.



PwC has hardly been less attentive towards chief executive Robert Calderwood, since last April treating him to the sports dinner, another nosh up at the opening of upmarket Glasgow restaurant Cardon D'or, and an awards dinner at the Glasgow Hilton.

The big IT firms who want a piece of the NHS action were generous to the sporty Calderwood, too. In the space of a month last June ATOS Origin paid for a round of golf and dinner at a charity do 140 miles away in Northumberland, while Logica welcomed him as a guest at its "public sector golf day" 375 miles from home at Celtic Manor, Newport! (The register shows he met his own travel costs.)

Other consultants schmoozing the NHS bosses included Deloitte – also an earner from NHS Greater Glasgow – and provider of Burns suppers in successive years to Griffin; and lawyers McClure Naismith, the board's consultant on a PFI contract and Griffin's hosts at a Rangers v Fiorentina football match.

DISABLED CARE

Hostel takeover

IN THE last issue we reported how an 11th-hour intervention from the *Eye* saved disabled Paul Atherton from being thrown on to the streets by Lambeth council for £1,300 of rent arrears. In fact Paul had been battling in vain to obtain more than £3,000 in benefits he was owed in order to pay his rent – something Lambeth could easily have established before giving him seven days' notice to quit his hostel.

Although Lambeth council told the *Eye* it was apologising for the cock-up and the eviction was cancelled, it forgot to tell its locksmith. When Paul was out, the locksmith duly changed the locks on his door. Returning late on Friday night, Paul was unable to get in.

Despite the efforts of duty night staff, he could still not gain access and checked into the cheapest nearby hotel that could accommodate him and his wheelchair. It was to be almost a week before he could get back in. Although the council managed to get him a new key by the following Tuesday, a fob to the communal entrance also failed. He finally got a new fob and access to his hostel on the Thursday evening.

As one helpful but exasperated council worker said: "Why has this not been sorted and why am I saying sorry again for other people's mistakes?"

Lambeth council said in a statement: "There has been a very unfortunate chain of events and breakdown in communication – which means that this whole situation has taken longer to resolve than we would have liked. We have apologised to Mr Atherton and will reimburse him for any reasonable expenses he has incurred. We are waiting for receipts from him." They were sent to the council more than a week ago.

Given Lambeth's capacity for cock-up, Mr Atherton may have a long wait to be reimbursed.



RRS DISCOVERY

The cost is clear

HAVE fortunes changed for the jinxed project to replace the science ship RRS *Discovery*?

After last year's attempt to buy a new vessel was sunk thanks to the purchase being made in the wrong currency (see *Eye* 1234), a fresh order was placed for a cutting-edge new ship from Spanish shipyard CNP Freire by the outgoing government in March. So when the incoming government announced a review of all

ASYLUM BACKLOG

Bordering on the ridiculous

SERCO seems to be falling short of its "world's greatest service company" boast. It has just lost its £15m contract with the UK Border Agency (UKBA) to help clear the huge backlog in asylum claims amid allegations that the system is in complete chaos.

Serco was drafted in last year to speed up clerical work and help caseworkers clear the backlog of 450,000 asylum cases. This came to light in 2007 and many of the cases dated from the mid-1990s.

The aim was that with Serco's help the entire backlog would be dealt with by 2012. But complaints started to come in almost immediately that the Serco system, dealing with initial paperwork and then disposal of the cases, was

significant projects that had been announced in the final six months of Labour's tenure, ocean-going scientists were understandably nervous.

Big science schemes that lost out included the Institute of Web Science, a joint technology project from Oxford and Southampton universities, which lost £18m funding; and the UK Centre for Medical Research and Innovation, a new biomedical research facility whose £233m funding will now be spread over five years.

But RRS *Discovery* made the cut, receiving Vince Cable's blessing as "affordable, value for money and [fitting] in with government priorities".

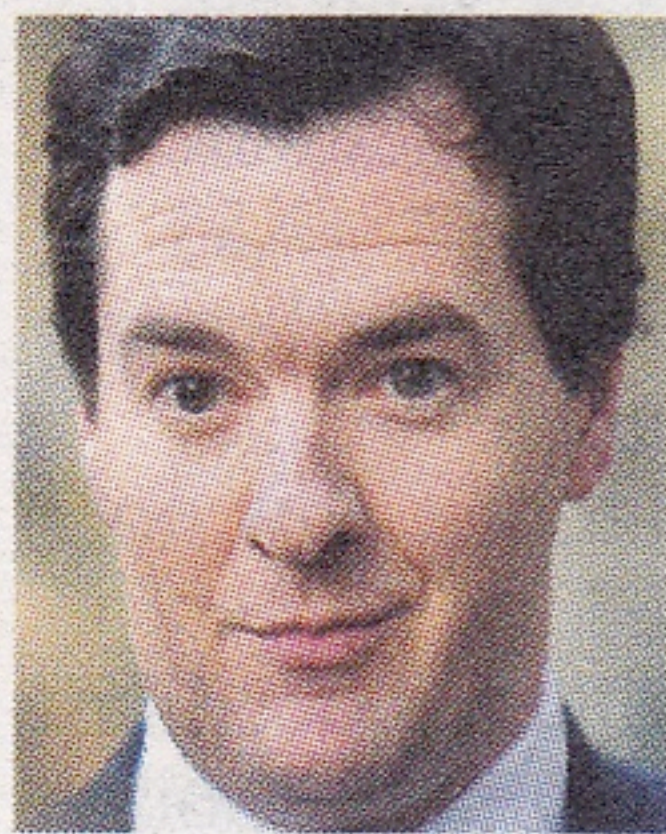
Eye readers may recall that the earlier order for a replacement ship was suspended last year, even though the 48-year-old Aberdeen-built vessel kept breaking down. The ship limps on, and is in the Atlantic checking out the impact of volcanic ash on phytoplankton.

The replacement deal was aborted after exchange rate fluctuations between the pound and the euro caused the new ship to rocket to a price of £55m, which the Natural Environment Research Council described at the time as "too high to represent value for money". So how much will the new Spanish contract – negotiated while the euro is struggling – cost the taxpayer? Er, a bargain £75m!

slowing the system down. According to one insider, there were too many inaccuracies and omissions on the part of private service company.

Oddly, Serco was then asked to carry out its own review of its service. UKBA staff have now been told that the work is to be returned to civil servants. So far, it seems, only about 200,000 cases have been dealt with and the system remains in chaos.

At the same time as the announcement that the work is being brought back in house, a leaked memo from the new coalition government revealed that it plans to axe 7,000 UK Border Agency jobs – 1,700 this financial year. How it will deal with new asylum cases, not to mention the scandalous backlog, with a third fewer staff, remains to be seen.



VAT DODGING

Jersey spoils

ONE of the most damaging offshore tax ruses – which is sending legitimate British businesses to the wall

– somehow survived chancellor George Osborne's budget last month, even though in opposition he had promised tough action against it.

A VAT rule exempting the import of low value goods, originally aimed at machine spare parts from the US, has for some time been exploited by the big UK music retailers, including HMV, Asda and Tesco, to dodge millions of pounds in VAT.

CDs ordered online by British customers are dispatched to the Channel Islands (only brought into the scheme in the 1970s to speed up the delivery of perishable flowers) before being immediately re-imported for delivery to British customers. This "round-tripping" costs the government up to £200m a year in lost VAT and gives the big companies behind the scam a huge price advantage over independent retailers, whose numbers have fallen by two thirds since 2005 largely as a result, with the loss of thousands of jobs.

As with other tax abuses, the practice was allowed to flourish under the last government, even though it breached EU VAT laws that require tax authorities to deny the VAT relief to "abusive" practices of exactly this sort. But, with Gordon Brown anxious to appease the tax

havens that he wanted to sign up to politically useful but practically useless "tax information exchange" agreements, HM Revenue & Customs refused to act. In 2007, to placate critics, Jersey and Guernsey introduced a licensing scheme for the euphemistically-termed "fulfillment industry", but this has if anything boosted the business.

Meanwhile an independent retailer watching his business slide down the drain was told by HMRC's frontiers and international director that collecting VAT would mean that "customers would face inconvenience". That European VAT laws were being broken seemed the least of the customer-friendly taxman's worries.

As shadow chancellor Osborne favoured a clampdown, fuming three years ago that "the Conservatives intend to hold the government to account for the effect on domestic business if nothing further is done". Since then the situation has worsened, yet Osborne's first budget – which raised VAT for everybody else and promised to help smaller businesses of the sort that the tax scheme is killing off – came and went with no action. This was hugely disappointing to independent music retailers, who will be even more disadvantaged by the new 20 percent VAT rate.

Perhaps the champion of independent British businesses, business secretary Vince Cable, can prevail on Master George to be as tough on VAT-dodging now he's in office as he sounded when in opposition.