29 April 1988

CONFIDENTIAL

PRIME MINISTER

SERVICEMASTER

You may be interested to know that Guy's has just signed an agreement with Servicemaster under which the company will undertake all the portering and cleaning services at Guy's. This will be announced in a few days after the unions have been fully and officially informed.

As you will recall, Servicemaster has had considerable success both in achieving efficiency savings and in instilling high morale in the lower grades of health workers. But the company is also known for running all the services in a hospital, medical and non-medical, and would like to do so for the NHS. So this contract is not just another example of "contracting out" hospital services; it is an experiment - and one well worth watching.

JOHN O'SULLIVAN

Mu d'Salhien

NHS: Exp & Eff