

The Sunday Telegraph

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Labour's cronies and £500m health funds

LAURA DONNELLY and AMY WILLIS

THE DEPARTMENT of Health has spent almost £500 million on management consultants, including deals with firms that have hired leading Labour figures and senior civil servants, an investigation has revealed.

The disclosure of more than 100 contracts last night engulfed the Government in accusations of "cronism".

Among those recruited by the firms are a former health minister, an ex-adviser to the health secretary and a Whitehall official responsible for encouraging private sector involvement in the NHS.

Leaders of doctors and nurses expressed concern over the use of enough funds to pay for more than 60,000 hip operations, or the annual salaries of 22,000 nurses.

Critics said the revelations indicated that the "revolving door" between the Government and its favourite consultancy firms was spinning ever more quickly, with former senior politicians, officials and advisers linked to companies profiting directly from the policies they had introduced.

Lord Warner, a Labour peer who was a health minister until December 2006, is now an adviser to the PA Consulting group, which got £4.9 million from the Department of Health in 2007-08.

Until last December he also advised Deloitte, which received almost £3 million that year. Since resigning as a minister in 2006, the peer has also registered interests working for six other health care, technology and IT firms.

Matthew Swindells, the policy adviser to then health secretary Patricia Hewitt between 2005 and 2007, was earning £195,000 at the Department of Health. He is now the group managing director for health at Tribal, which earned more than £2 million from the department in 2007-08.

KPMG, the finance firm, secured £4.9 million in the



The spending on consultancy could have paid for the annual salaries of 22,000 nurses

111
 consulting contracts worth £132m held by firms in 2007-08

£2,000
 pay per day for some consultants in NHS

£15bn
 the "efficiency savings" hospitals must plan for

62,000
 number of hip operations lost to consultants' fees

£20,710
 the starting salary for a qualified nurse

the Department of Health." Dr Mark Porter, deputy chairman of the BMA's consultants committee, said: "These consultants aren't just taking money from the front line, they are often drawing up policies which damage patient care."

Dr Peter Carter, general secretary of the Royal College of Nursing, said: "We are unable to find any evidence about whether this represents good value."

Andrew Lansley, the shadow health secretary, said: "This lays bare the hypocrisy of Labour's claims to have cut back administration costs."

PA Consulting group said Lord Warner's advisory work for them did not relate to any contracts held with the department. Deloitte said the peer's role as a strategic adviser ran from March to December last year.

Lord Warner said he began advising PA Consulting in the autumn of 2008, and was no longer advising four of the eight companies he has worked for since stepping down as a minister.

He added: "Provided people leave a decent period after they are in office before they take up such posts - which I did - provided they clear it with the Advisory Committee on Business Appointments, which I did, and provided they register the interest in a public document - which again I did, I don't think it is right to stop people who were involved in Government forever from working elsewhere. I would defend to the death the right to have a free flow of labour."

Matthew Swindells said his appointment was approved and all contracts secured by Tribal were subject to rigorous public procurement rules.

Alan Downey, from KPMG, said: "We are not remotely interested in connections, the idea that you hire people to open doors is nonsense."

A department spokesman said consultants were necessary to supplement the skills of its workforce.

HEAL OUR HOSPITALS
 The Sunday Telegraph backs the NHS, and is campaigning for a better-run service
 telegraph.co.uk/healourhospitals

Smear campaign hits Army charity

BEN LEACH and MELISSA KITE

A CHARITY which helps wounded soldiers has been dragged into an alleged smear campaign against the outgoing head of the British Army, General Sir Richard Dannatt.

A Freedom of Information (FOI) request submitted to the Ministry of Defence, and uncovered by *The Sunday Telegraph*, asks for publication of any correspondence between Sir Richard and Hadyn Parry, the chairman of the Help for Heroes charity.

It comes after Labour MPs and ministers were accused of using FOI laws to make trouble for Sir Richard by unearthing his expenses claims, after he publicly criticised the lack of resources given by the Government to the troops in Afghanistan.

Whilst the MoD would not disclose who was behind the Help for Heroes FOI request, which was submitted in June, Conservative MPs claimed it looked like fresh evidence of a smear campaign.

Liam Fox, the shadow defence secretary, said: "There is no target that Brown's bully boys will not pick upon to protect themselves or divert attention from their catastrophic management of the military."

"New Labour is now the most corrosive and corrupting influence in British politics."

Whoever submitted the FOI request could have been seeking to find out whether Sir Richard had claimed expenses from Help for Heroes following his unpaid work on the charity's behalf.

Mr Parry said: "Sir Richard has done a tremendous job for the charity. His work has been exemplary - beyond reproach."

"He has never submitted any expenses claims, nor have any of the other charity trustees, because we want as much money to be spent on charitable work as possible."

Footballer stabbed in legs

ROYA NIKKHAH

CALUM DAVENPORT, the West Ham United footballer, has been seriously injured after he and his mother were stabbed in an attack at their family home. The 26-year-old, pictured, had surgery on both legs yesterday.

He and his mother, Kim Stuppel, 49, of Bedford, were said to be in a serious condition. Two men have been arrested.

PILOT DIES AT FLYING CHAMPIONSHIP

A champion pilot was killed yesterday when her light aircraft crashed at Silverstone race circuit during the World Aerobatic Championships.

Vicki Cruse, 40, an American, who was president of the International Aerobatic Club, died when her plane nosedived into the ground. No one else was hurt.

TOP EU JOB FOR PATTEN 'UNLIKELY'
 The chances of Chris Patten, the former Conservative chairman,

becoming Europe's foreign minister could be torpedoed by the Tories' alliance with Eurosceptic parties.

Jo Leinen, a German Euro MP, said: "It is very unlikely that a member of the British Conservatives could take such an important EU role."

ST SWITHIN'S DAY SENDS SKYE BLUE
 Residents of Lusa on the Isle of Skye say they have not had a dry 24 hours since St Swithin's Day on July 15.

Legend holds that if it rains on that day, there will be 40 days of downpours. If it rains today, that will have proved true.

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Mandelson under pressure on Libya

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family estate in Corfu. It came just days before it emerged that preparations were being made for Megrahi's release and raised questions from opposition politicians.

Douglas Carswell, the Tory MP, said yesterday that the public would wonder whether Lord Mandelson had "once again" allowed his private life to mix with controversial decisions made in his role as Business Secretary.

Edward Davey, the Liberal Democrat foreign affairs spokesman, demanded greater transparency over the Government's role in the release.

"The evidence is mounting that there was far more to the release of Megrahi than simply a judicial decision based on compassion," he said.

Lord Mandelson, who left hospital in London yesterday after prostate surgery, denied that any deals were made between Libya and Britain.

"It's not only completely wrong to make such a suggestion, it's also quite offensive," he said. "The issue of the prisoner's release was entirely a matter for the Scottish Justice Minister. [There was] no agreement between the Libyan government and the British Government."

"The issue of the prisoner's release is quite separate from the general matter of our relations, and indeed the prisoner's release has not been influenced in any way by the British Government, so the business relations will take their course regardless of what happens to this individual."

Yet Saif Gaddafi said in his conversation with Megrahi, which was filmed for broadcast on Libyan television: "Frankly, we did a lot of work, secret and public, which involved all parties and took years. The work was constant to get your release."

The Business Secretary has denied acting improperly and his spokesman said claims of a conflict of interest were "far-fetched", adding: "People are reading far too much into this."

Lord Mandelson has persistently denied using his political power to do "any favours" for his friends.

BP signed a £545 million deal to search for oil and gas in Libya in 2007 following a visit by Tony Blair.

The former prime minister broke his own silence yesterday on the release of Megrahi, claiming that the decision had been taken solely by the Scottish authorities on compassionate grounds.

"It's absolutely right the Libyans were always raising this issue, but we made it clear that the only way this could be dealt with was through the proper procedures," he said.

Colonel Gaddafi heaped further embarrassment on Britain by praising "my friend" Gordon Brown and his government for their part in securing Megrahi's freedom.

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FAMILY IN FATAL CRASH AT RESORT

A British couple and their 12-year-old child died after a car crash in the Bulgarian resort of Varna yesterday. Their other child, age 10, was in a critical condition in hospital. Police said they were questioning the Bulgarian driver of a bus, which collided with the family's car.

SOPRANO FALLS OFF STAGE INTO PIT
 A soprano fell off the stage into the orchestra pit at Glyndebourne after she got entangled in props. Ana Maria Martinez was playing

MANX LANGUAGE 'BACK FROM DEAD'

The Isle of Man's native language is no longer classified as extinct - just critically endangered, according to a study. After complaints from island officials, Unesco changed its classification of Manx as one of 200 languages to have become extinct in the last three generations.

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