



Recent topics of interest and comment from SVP (UK)



Special points of interest:

- NHS organisation is equal to any global company
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- The corporate gift market—it's a big business.



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Health statistics provide some interesting reading

The NHS, as we know, is a very large organisation, but it is still surprising to see the true scale of it.

Even in 2002, there were nearly 900,000 people employed in NHS hospitals and community health services. Of those, approximately 158,000 people were in non-frontline duties such as management. There were 500 jobs of “unknown classification”.

In addition to the above, there are approximately 30,000+ GPs in practice and nearly 110,000 people working in GP’s surgeries in total. In terms of major organizational entities, there are 152

Primary Care Trusts (PCTs) who control 80% of the NHS budget and oversee the GPs and approximately 18,000 dentists. There are 290 NHS Hospital Trusts who oversee 1,600 hospitals.

One of the challenges for successive governments is to allocate resources in a way that ensures effective health service delivery whilst balancing the potential for the NHS to be a massive sink for taxpayers’ money that does not offer value for money. Constant change and perceived “meddling” by politicians will always add cost, so the question is “what is the optimal structure for a 1 million strong organisation?”

If comparisons were to be drawn with private industry, the conclusion would be a highly divisionalised structure with a high degree of local autonomy managed by a lean management layer that focuses on financial management, leveraging purchasing power and setting overall performance targets, rather than interfering in the minutiae of day to day operations. The NHS has moved a long way towards the market model with the Commissioner-Provider model, but it could be argued that lean management remains a distant prospect.

Editorial comment

With the continuing saga of the credit crunch and the pressure on banks growing in terms of opening up lending, improving risk management and eliminating the bonus culture, there are serious questions to be asked concerning government bail-out plans. For example, if (as has been said frequently) a cause of the

crunch is the unknown quantity and value of so-called “toxic assets”, then how can a government expect banks to lend more at lower risk whilst improving their capital structures and holding “assets” (ie: debt instruments) of unknown value? Until such time as someone can unravel these instruments and determine with some ac-

curacy the banks’ exposures, nagging them will be futile. The alternative is that the assets are purchased from the banks by the taxpayer (at what value?) and banks resume business without the burden. Even then, lending can’t reach pre-crunch levels if risk is managed well.





With more than 3,000 coffee outlets in the UK, are growth predictions just too ambitious?

More Coffee?

There has been a meteoric rise in the number of coffee outlets in the UK over the last few years:

At the end of 2007 there were more than 3,000 branded coffee outlets in the UK. Costa surpassed even the likes of Starbucks with 555 outlets; but with a recession underway have the coffee chains frothed one too many lattes?

Only just over a year ago

the coffee insiders and analysts were predicting a doubling of sales in the next decade, but how many coffee shops can a high street sustain?

The answer seems to be very little in the UK—in fact, stores are closing as consumers pull in their horns and settle for a cup of instant or dig out the espresso machine at home. There are also a lot of domestic coffee shops opening and the Pubs are competing too.

However, that doesn't dampen the expectations of the coffee chains who see some unconquered parts of Europe such as Ireland, Spain and Sweden as growth areas as well as India and China.



Does your company go in for branded gifts? There are an awful lot to choose from!

Corporate gifts—big business

The market for corporate gifts is worth around £900 million a year. Gifts range from golf balls to clothing, cosmetics or electrical appliances. Some of the most popular types of corporate gift include desktop gadgets and items; travel related items from clocks to bags; computer gadgets such as mouse mats and the mice to go with them;

Outdoor "fun" sessions and sports items. In addition to these, the most popular items were giveaways at exhibitions and conferences such as pens, pads, mugs etc.

There are nearly 1,500 suppliers in the gift market and it remains a simple way of keeping a brand in the mind of a customer or potential customer.



Estate Agents—are they unregulated?

Estate Agents are often thought of as being an unregulated bunch who can do as they please—is that the case?

In fact, despite the perceptions of being a lot of mavericks, Estate Agents in the UK are subject to a significant amount of legislative control. As of October 2008, a raft of rules re-

lating to Estate Agents came into effect:

Estate agents have to comply with the Estate Agents Act 1979 and the Property Misdescriptions Act 1991.

- The Office of Fair Trading can ban persons from acting as estate agents if it considers them to be unfit to carry on estate agency work.

- The Government responded to the OFT report on 22 July 2004, proposing a package of measures building on and strengthening the OFT's proposals. These measures were taken forward in the Consumers, Estate Agents and Redress Act 2007, which received Royal Assent on 19 July 2007.



Estate Agents in the UK are not, as is often believed, a law unto themselves.



Food labelling—Hydrogenated fat free?

The UK regulations that govern food labelling are the Food Labelling Regulations 1996 (Statutory Instrument No. 1499). These regulations govern what information should be included in the labelling.

In the case of a product that is said to be “Hydrogenated Oil-free”, there are two parts of the regulations that are relevant: The general labelling requirements and claims made about food

products. In particular, Schedule 6 of the regulations provides a strict framework regarding the types of claim that can be made about a food stuff, including claims concerning health and nutritional characteristics.

In short, a food may be labelled as “Hydrogenated Oil-Free” if that claim is substantiated in terms of the ingredients in the food and that the labelling meets the requirements of the

Food Labelling regulations 1996 in all respects and manufacturers must be able to substantiate such claims.



Force majeure—a valid UK measure?

Unlike the Civil Law Codes of many countries, there is no general concept of “force majeure” established in English law, which is based on a system of common or case law precedents established over the years by the courts.

No force majeure provision will be implied in a contract created under English law unless there

are specific contractual provisions within the contract and the way that the parties can deal with any unforeseen events should ideally be defined clearly in the contract that exists between them.

If a contract does not contain a force majeure clause, then one option for the party that is unable to fulfill its contractual terms is to attempt to

discharge the contract on the basis of “frustration” of the contract. Under English law frustration is when an event occurs which makes a contract physically or impossible to perform or some event takes place which significantly changes the performance of the contract envisaged when it was created.

English law has no general concept of “Force Majeure” - how does that affect contracts?

Medics and promotional gifts

Both the NHS and the pharmaceutical industry have strict ethical guidelines in place to cover the marketing and purchasing of drugs. There are also strict ethical guidelines regarding the acceptance of gifts and benefits in kind set out by the healthcare professional bodies including the British Medical Association (BMA), the General Medical Council (GMC),

the Royal College of Surgeons of England and the Nursing and Midwife Council (NMC). These guidelines cover all medical professional workers whether they are based in the NHS or private medicine.

There are a large number of guidelines and laws relating to this area of activity in the health sector. Promotional gifts are al-

lowed and values range from £6 to £50. They should be reported by recipients and monitored by bodies such as the PCT. However, the fact remains that trying to get even some breakdown on amounts of money spent on promotional gifts and benefits provided to medical professionals is near impossible—Parliament itself could not get the figures.





Decisions become easy.



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We make decision-making easy for executives who need to get on with leading their company, rather than looking for information.

Vehicle testing—a growing market



A total of 27.8 million vehicles were tested over the period April 2006 to March 2007.

At a maximum average price of £53 per test, this indicates that the market for MOT testing is in the order of £1.5 billion. The number of vehicles licensed in the UK in 2007 was 33.4 million.

The average length of registration of vehicles in the UK (assumed to indicate useful life) in 2007 was 6.7 years—this indicates that the average vehicle will undergo between 4

and 5 MOT tests during its useful lifetime.

So, if you are looking to enter the market what are the requirements?

VOSA has a strict procedure for any garage or business wanting to be authorized to offer MOT testing of vehicles: An individual person, persons in partnership or company may apply to Vehicle and Operator Services Agency (VOSA) local office on form VT 01 to become an Authorised Engineer (AE), author-

ised to carry out MOT testing of specified vehicle classes.

