

## Public sector contracts could become unviable, says Horizons

**Peter Backman, managing director of foodservice consultant Horizons**, has made the following comment following the news that the government is to meet with its main suppliers to discuss ways of cutting the cost of their service contracts.

?The announcement today that the coalition Government is calling in its main suppliers to look at ways of cutting some £3bn from their service contracts means that the large contractors servicing education, local authorities, prisons, the MOD and the health service could find some contracts become financially unviable to service.

"The public service market is said to be worth £80bn in the UK and while contracts are likely to come up for retender more regularly as clients seek to cut costs, the pressure on margins will be increased further and the customer base will be reduced as staff cutbacks kick in.

?The food and service management sector is about to undergo a massive change which could see the nature of contracts in this sector changing.?

**Peter Backman, managing director, Horizons**

Linda Pettit  
Tilburstow Media Partners  
01737 823721/07973 789853