

# Privatisation Gathers Pace

NHS spending in England on private services soared by 45% in the six years ending in 2011-12, to £8.7 billion, according to a recent study - and that total will be rising ever higher following the Government's Health and Social Care Act.

The NHS's privatised spend is still a relatively small share of its £100 billion budget, but companies are grabbing a fatter slice of particular fields. The study by the Nuffield Trust and the Institute of Fiscal Studies points out that NHS hip and knee replacements in the private sector increased from negligible amounts ten years ago to around 20% of such NHS operations today.

The first four years studied cover a period when the Labour government was promoting the use of "any qualified provider" to cut NHS waiting lists. In Stockport GPs started referring patients to BMI's Alexandra Hospital.

A current local example of accelerating privatisation is the move of Manchester's non-emergency patient transport service to Arriva bus company. Nationally the NHS now spends millions on private ambulances, including 999 services which should be staffed with trained paramedics.

Safety is also at issue in the Government's privatisation of Plasma Resources UK. The company was set up by the previous government to obtain safe plasma supplies from abroad because of possible "mad cow" contamination of British supplies. There are fears that privatisation will compromise the safety standards that the company was founded to achieve, as well as leaving taxpayers with a loss of up to £300 million.

## Shouldn't have gone to Specsavers

The government opened another front in its privatisation offensive last year by ordering local NHS commissioners to offer three specialist services to private participation. This led to Specsavers' hearing aid services being offered as an option to patients across England. Stockport went along with Greater Manchester in offering up private provision of hearing services, podiatry (feet) and diagnostics such as MRI scans. More treatment of eye conditions is also now being carried out privately for the NHS in Stockport.

While more choice of hearing or foot care might sound reasonable, existing NHS services risk being financially undermined and forced out of business. The result could be that in time the only choice is a private sector provider.

As "marketisation" intensifies, privatisation has been spreading to clinics, treatment centres, GP surgeries and even hospitals. The Hinchinbrooke District General in Cambridge was handed to Circle health care company to run for 10 years after losing money. Circle must slash costs to save £311 million over ten years to earn a fee of £39 million.

While Circle has lagged behind schedule in cutting the losses, more NHS hospitals are expected to be offered to private companies over the next year. Hospitals that have been

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judged financially unfit to achieve Foundation Trusts status are facing a deadline to find a way out.

Another opportunity for private companies is approaching through the nationwide “reconfiguration” of hospitals. Hospital departments and even entire hospitals will be closed. In some cases services will be moved to local clinics which private companies may bid to run. A&Es are high on the lists for closure, with walk-in clinics likely to replace some of them. Some “urgent care centres” are already privately run.

A pack of companies are looking to make a killing in the NHS. These include Virgin, BMI, Care UK and its subsidiary Harmoni, Serco, Spire and Carrillion, better known for building.

While NHS hospitals at Stafford, Morecambe and elsewhere have been exposed for grave failures, the work of the private sector has also come in for severe criticism. Most recently BMI’s Mount Alvernia hospital in Surrey has been ordered to cease children’s surgery because of unsafe practices. Mount Alvernia took patients referred from the public sector.

### **Cut staff, risk lives**

Harmoni, which covers eight million people with GP out-of-hours services, has been accused by its former clinical lead of serious understaffing, according to the Guardian newspaper. A sick baby is alleged to have died after a four-hour wait at the Harmoni-run clinic at the Whittington Hospital in London.

Harmoni’s owner, Care UK, has also faced criticism. Last year up to 6,000 x-rays that it was responsible for at the urgent care centre it runs at the Central Middlesex Hospital were not properly looked at until the lapse came to light, the Guardian reported.

Another big player in health care, Serco, was under fire this year for doctoring performance records at its out-of-hours GP service in Cornwall. The National Audit Office found 252 cases of falsification covering delays in dealing with patients. The service has faced allegations of understaffing (reported in the Guardian).

Some allegations of understaffing and shoddy work have also been directed at Virgin and were aired last year on Channel 4’s Dispatches. The programme said the Virgin-run King’s Heath medical centre in Northampton was short of doctors, while its sexual health testing centre on Teesside had been in the practice of telling staff to go home and test friends and family to make up a shortfall in the number of tests contracted to be done.

Cutting staff and corners are inevitable issues for private companies taking work from the NHS. Contracts are won by undercutting NHS providers while also finding money for shareholders.

Serco, for instance, won a contract for Suffolk’s community health services last year by bidding £16 million below the previous contract of £156 million. To have a hope of making a profit, it must slash jobs as well as streamlining organisation.

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While there is a common assumption that private firms are better with money than the public sector, the private sector does rack up losses and can fail. Circle, the company tasked with bringing Hinchinbrooke Hospital out of the red, itself reported losses of £27 million last year after losing two NHS contracts.

Back in 2006-7 in year one of the Nuffield Trust's privatisation study, the private healthcare market was different: companies like BMI and Spire made their money out of well-off people "going private". The financial meltdown of 2008 cut into that market. Cue government moves to open the NHS to private companies. Just what the doctor ordered for poorly health firms, if not patients.

•*Harmoni, Care UK, Serco and Virgin have denied jeopardising patients in the incidents listed above.*