

# Billion-pound NHS contract offered to private health care providers

Joan Smith and Paul Mitchell  
8 August 2013

The biggest ever contract for the sell-off of public health services in England, worth between £700 million to £1.1 billion, is being offered to private health care providers by the Cambridgeshire and Peterborough Clinical Commissioning Group (CCG) as part of its “Older People’s Programme”. From July 2014, six National Health Service (NHS) contracts that include four hospital trusts, one mental health trust and one community service trust will be replaced.

The Cambridgeshire and Peterborough CCG is responsible for providing health care to 831,000 people on a £854 million budget. It has to find “efficiency” savings of £30 million this year.

In August 2012, Dr Simon Hambling, the head of Cambridgeshire and Peterborough CCG whilst it was being set up, warned, after being forced to resign, that “NHS Peterborough is already struggling with a £13m deficit”, a figure he said “they haven’t got a hope of repaying by 2013.”

“The CCG will run into financial problems from the outset.” Hambling added.

CCGs are a central plank of the Conservative/Liberal Democrat government’s 2012 Health and Social Care Act. From April 2013, 211 CCGs replaced 150 primary care trusts as the commissioners of most NHS services in England and control around two-thirds of the NHS budget. As the *World Socialist Web Site* reported in March, it is virtually compulsory for CCGs to outsource to the private sector, opening the door to wholesale privatisation of the health and social care system.

The Cambridgeshire and Peterborough CCG contract will throw elderly and end-of-life care to the whims of private profit. This is the first time that end-of-life care for two whole counties has been offered to the private sector. Care homes, hospice care, 24-hour home care

and hospital care will be affected. The five-year-long contract is worth between £140-160 million a year and could be extended for two years for “good performance”.

Private health care companies Circle, Serco and Virgin Care have all shown interest in the new contract. Circle currently runs the first to be privatised in England—Hinchingsbrooke hospital in Cambridgeshire—and has recently applied for a £3.5 million government loan towards refurbishments.

Serco was investigated in 2012 for its poor standards in Cornwall where it had replaced medically trained Out of Hours staff with unqualified workers told to follow a computer generated script. As a result, 999 emergency calls increased four-fold. The workers then received an email telling them to close their screens if it suggested they phone 999 because they were not reaching company targets. Serco admitted to providing false data 252 times to the NHS in September 2012.

In early July, Justice Secretary Chris Grayling revealed that Serco and the security company G4S had overcharged the government for years by tens of millions of pounds for electronic tagging of prisoners—billing for offenders who were back in prison, had had their tags removed, left the country, or were dead.

Virgin Care previously won a contract worth £500 million, the most valuable until then, to provide community services in Surrey from 2012 to 2017. In 2012, a BBC *Dispatches* report into clinics run by the company in Northampton found that residents were complaining of a lack of doctors. In Teeside, Virgin Care staff were told to take Chlamydia tests home to test their friends and families in order to reach company targets.

Cambridgeshire and Peterborough CCG chief

operating officer Andy Vowles, the CCG's chief operating officer, made the absurd claim that it was indifferent about whether an NHS or private provider ultimately won the contract. "It's not a political test as to whether it's an NHS or independent sector organisation. We are open-minded."

The Department of Health (DOH) made the equally ludicrous claim that, "There is absolutely no government policy to privatise NHS services. The NHS will stay free for everyone, but it's right that patients should get the best service—regardless of who provides it."

The Cambridgeshire and Peterborough contract going to the private sector is exactly what the DOH want. It has been instrumental in breaking up the NHS by downsizing or closing departments with the complete lie that "there is no money". Every year £8.7 billion of the NHS's £100 billion budget is given to the private sector by the DOH.

According to a report by research company Bain commissioned by the *Financial Times* private sector companies are engaged in an "arms race" to win some 160 large NHS contracts worth £5 billion "in a move that could transform the future of health care in Britain".

No service will remain untouched with contracts being tendered for care homes in Birmingham (£814 million), elderly care services in Westminster (£268 million), mental health services in Bristol (£210 million), musculoskeletal treatment in West Sussex (£175 million), and midwifery in Wiltshire (£63 million), to name a few.

Bain head of health, Christian Mazzi, pointed out that the contracts "collectively add up to a significant shift in how the NHS operates, with tens of thousands of staff potentially being transferred to private sector providers as a result."

"As this market begins to open up, whoever can prove first that they are effective in working with the public sector and creating value will be best positioned to become future leaders," Mazzi added.

Laing & Buisson health care analyst William Laing told the FT that companies were involved in a "land grab." The market is "opening up" he explained, "...if you look at the procurement websites they are chockablock with contracts." Laing said that all the hospitals the government had put in "special measures"

could potentially follow the example of Circle at Hinchingsbrooke.

Predictably, the unions and Labour Party have criticised the new contract but ignore their own role in allowing it to happen.

Unite head of health Rachael Maskell declared that the CCG "really needs to come clean" about its intentions and the fact that more than 50 organisations "turned up for this so-called 'marketing day' in Huntingdon would indicate that a mass sell-off of services...is on the cards."

Labour's Shadow Health Secretary Andy Burnham criticised the government for "stealthily breaking up" the NHS and "selling it off", adding "This is the most audacious sell-off to date and evidence of how, in the wake of the Health and Social Care Act, the scale and pace of NHS privatisation is ramping up."

However, it is the trade unions that play a key role in enabling the government to push its measures through by restricting opposition to job losses, wage cuts and hospital closures on a local or regional basis, while organising token protests and petitions that they know will have no effect on the coalition government. They are the biggest financial backer of the Labour Party, which began the privatisation process with its introduction of Private Finance Initiative, Foundation Hospitals, and the outsourcing of many services.



To contact the WSW and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**