

Britain: More health services face privatisation

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From April, the UK's National Health Service (NHS) faces further privatisation as new areas of health provision are outsourced.

Clinical Commissioning Groups (CCGs), which control the budget for health services, have been told to tender contracts for local enhanced services (LESs), which include support for alcoholics, violent patients and people with dementia, immunisation and minor surgery. When letting new contracts, CCGs are legally bound to consider "any qualified provider" from the public or private sector.

Private-sector companies such as Alliance Boots and Bupa are eyeing the new contracts and have expert teams at hand, well versed at drawing up contracts. They are willing to submit loss-making bids in order to gain a foothold in the market. To meet this competition, existing providers, mainly GP surgeries and health centres, are being advised to combine together in federations, preferably organised as limited companies.

Dr. David Gilbert, chairperson of Stockport Local Medical Committee in North West England, told *Pulse*, "The competition regulations mean our CCG is worried that they are having to put services out to tender, despite wanting to keep the money in general practice. Obviously we're not happy that the CCG is in this position, and it is money potentially lost to general practice in Stockport. But what we can do about it is another matter. The income we receive from LESs accounts for 10-15 percent of the practice's income."

Dr. Zuhair Zarifa, CCG chairperson in Newham, East London, explained, "We are being asked to commission extended primary care services and that cannot be sustained by a small practice. That really has to be supplied by a bigger organisation... if you do not federate you can carry on but you will be doing so within a shrinking resource and your financial situation

will keep going down."

Solicitor Nicky Collins, who has helped set up two federations in Manchester, said, "There are a number of collaboration options open to GPs... but my advice is usually to establish a structure, such as a limited company, which offers GPs the flexibility to take advantage of opportunities to bid for services more widely later on.

"This also gives the GPs the option to sell their organisation to another healthcare provider or work in partnership with other commercial organisations in the future," Collins suggested.

The privatisation of LESs is the latest consequence of the Conservative/Liberal Democrat government's Health and Social Care Act (HSCA) 2012. The Act created 211 "GP-led" CCGs in April 2013, tasked with making £20 billion in "efficiency savings" by 2015. A year later, it emerged that a further £10 billion in cuts, £30 billion in total by 2020-21, are set to be demanded of the CCGs by "freeing up NHS services and staff from old style practices and buildings."

The King's Fund health think tank recently reported that 13 percent of CCGs will be in deficit by next month. This month, external consultants have been sent into CCGs in 11 "failing" areas—South West London, North East London, Cumbria, Eastern Cheshire, Staffordshire, Mid Essex, Cambridge and Peterborough, Leicestershire, Northamptonshire, East Sussex and Devon.

Legal disputes have erupted between existing and new providers over the awarding of contracts by CCGs. In October 2013, two CCGs became the first to face an investigation after being accused by Spire Healthcare Limited of sending patients to the local NHS hospital in Blackpool instead of Spire's own hospital. In January 2014, three CCGs in Newcastle, North Tyneside and

Northumberland became involved in legal proceedings over the ending of the out-of-hours service contract with the existing GP co-operative Northern Doctors Urgent Care Limited, which had run the service for nine years.

These changes have had their effect on patient care. A recent survey found that 71 percent of 315 GPs questioned believed rationing of health provision in their area had increased “significantly” since April 2013. Arranging community nursing care, counselling services and treatments such as IVF and weight-loss and cataract operations had become particularly difficult.

What faces LESs in April is in line with what has happened in the NHS as a whole. According to the NHS Support Federation, almost 70 percent of NHS contracts in England between April-December 2013 went to private companies. The organisation’s director, Paul Evans, said, “The scope of this change means that it is affecting all kinds of care that you might experience as a patient, everything from your first visit to the GP, diagnostic tests, treatment in hospital and care further on from that.”

The Labour Party has sought to co-opt the massive opposition to the destruction of a publicly run health service, with Shadow Health Secretary Andy Burnham promising that the party will repeal the HSCA if it wins the next election. A recent article in the Labour-supporting *Daily Mirror*, “Fury as Tory party donors are handed NHS contracts worth £1.5 billion under health reforms,” described how Burnham had “uncovered” information that Circle Health Care had obtained contracts to the tune of £1.36 billion after having donated £1.5 million to the Tory election campaign.

Responding to Burnham’s opportunistic aim to portray Labour as the defenders of the NHS, the company pointed out, “Circle has never made any donations to a political party. The vast majority of Circle’s NHS contracts actually started under the last Labour government.”

It was a policy originally devised by Labour and championed by Labour Health Minister Alan Milburn, which in February 2013 saw the first outsourcing of a NHS hospital at Hinchingsbrooke to Circle Health Care. What Burnham also failed to mention is the fact that Milburn is a member of the European Advisory Board

of Bridgepoint Capital Limited, the private equity firm which acquired private health company Care UK and has since profited from £102.6 million in NHS contracts.

When the Labour Party first came into office under Tony Blair in 1997, just £1 billion of the NHS budget went to the private sector. By the time the Gordon Brown Labour government lost power in 2010, it was £10 billion. Much of what is called primary care—GPs, dentists and pharmacists—had already become run by private businesses.

A study in that year of GP services contracts revealed that 23 private companies between them ran a total of 227 GP surgeries and health centres and that, in most of them, costs had been cut by employing fewer GPs and more nurses. The largest provider, Virgin Care/Assura, whose head of corporate development and innovation is former vice chair of the Socialist Health Association, Dr Neil Goulbourne, now operates almost 300 NHS services and employs more than 5,500 workers.



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