

UK's first privatised hospital fails

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Private health care operator, Circle, last month announced its intention to withdraw from the contract to run Hinchingsbrooke Hospital, the UK's first and, to date, only privatised hospital. Hinchingsbrooke was "no longer [financially] viable under current terms", Circle said.

On the same day Circle made its announcement it was revealed that the health service regulator, the Care Quality Commission (CQC), had recommended the hospital be placed in "special measures" following an inspection, finding it to be "inadequate" overall and "of serious concern" in some areas.

Thus ends the first involvement of a private provider to run a public hospital. Now the National Health Service (NHS) has to step in and clear up the financial and patient care disaster the company has created. Under the terms of the Hinchingsbrooke contract, Circle has been allowed to walk away without any accountability for the poor standards of care it delivered or the staff levels it slashed.

Labour Shadow Secretary of State for Health Andy Burnham rushed to blame the Conservative-Liberal Democrat coalition government for appointing Circle, as if everyone had already forgotten the previous Labour government's role. Although the coalition government awarded the 10-year Hinchingsbrooke contract in November 2011, after it came to power, it was the Labour government and Burnham as health secretary that judged the hospital to be "failing" and who signed off on the decision to appoint a private contractor in 2009.

After more than two and a half years of running Hinchingsbrooke, Circle has realised that it was not the cash cow they expected. The hospital is currently forecasting a deficit in 2014/15 of approximately £10 million.

Chief Executive Steve Melton stated, "First, like most hospitals, over the past year we have seen

unprecedented A&E [Accident and Emergency] attendances—at times up to 30 percent higher, year-on-year—and not enough care places for healthy patients who await discharge. Second, at the same time, our funding has been cut by approximately 10.1 percent this year." He added that the "the playing field has changed" since the contract was put out to tender in 2009.

Although Circle has failed to make the profits expected at Hinchingsbrooke, the two private hospitals it built and operates in Bath and Reading are making healthy profits from lucrative NHS contracts, which they rely on for more than 90 percent of their caseloads. Since the Coalition's Health and Social Care Act 2012 came into force in April 2013, compelling health authorities to consider private companies when tendering contracts, Circle has become the biggest private sector provider for the 195 contracts awarded, winning two contracts worth £286 million.

Circle initially expected to rake in a massive £311 million over a 10-year period by cutting costs. Former CEO Ali Parsa boasted that through his business model he could "get 50 percent more out of the workforce". Even the National Audit Office described the target as "unprecedented."

Health Secretary Jeremy Hunt and the prime minister's office expressed their disappointment with Circle's decision. It has been a public relations disaster for them all. They had sold the idea that Hinchingsbrooke was going to be a flagship, showing everyone how to run the NHS efficiently and still make a profit. The hospital would be the first of many more, the model for the full privatisation of the NHS. The prime minister's former special adviser on health declared, "The right kind of reform can turn around shoddy government monopolies and transform them into huge success stories."

It is clear that the failure of Hinchingsbrooke will not

halt the coalition's privatisation agenda. Hunt insisted his government "makes no apology for seeking solutions for failing hospitals"—of which there are dozens across the country due to enormous cuts to the tune of £20 billion over the last five years. Many more will plunge into this situation when further cuts of £10 billion to the NHS budget come into effect by 2021.

Hinchingbrooke was not always a "failing" hospital. The Health Care Trust (HHCT) that ran it was considered a well-functioning and successful trust, before it was forced into deficit by the old East of England Strategic Health Authority (SHA) during Labour's period in government in the mid-2000s. The SHA imposed massive penalties on the trust and continued with a continuous disinvestment programme, further aggravating its financial difficulties. Almost 42,000 patients (25 percent of its catchment area) were diverted to other hospitals. It also proposed that HHCT squander £2.3 million of its budget on purchasing elective care from private sector providers.

Interest payments for Private Finance Initiatives (PFIs), used for rebuilding and maintenance, substantially contributed to the accumulation of vast debts.

Both the Labour and current governments have systematically closed down all alternatives to privatisation of the hospital, including the widespread calls for clearing the debt with public money. They wanted to make an example of Hinchingbrooke in order to drive through their privatisation agenda.

Handover of the debt-laden hospital to Circle accompanied the introduction of the Health and Social Care Act in 2012, which was brought in to speed up the privatisation and dismantling of the NHS. This act was part and parcel of the counterrevolutionary attacks on the hard-won social welfare gains of the working class following the 2008 global financial crisis. Clinical Commissioning Groups (CCGs) formed under the act are forced to buy care from any "qualified provider," public or private, undermining NHS services.

The legacy of the private operation of Hinchingbrooke came to light when the CQC inspected the hospital in September 2014. It found a catalogue of serious failings, including poor standards of care, inadequate hand washing, major problems in the Accident and Emergency department, children's lives put in danger, undignified and abusive treatment of

patients and delays in relieving their pain. These were all associated with poor staffing levels and cost-cutting measures.

Some 50 frontline nurses' jobs had been slashed, along with many other jobs. One nurse, it was reported, had to look after 21 patients. Morale at Hinchingbrooke plummeted. The last staff survey placed it in the bottom quarter of hospitals on key indicators, including job satisfaction, bullying and training.

The response of the trade unions to Circle's withdrawal is typical of their role as an arm of management. They claim that they have always campaigned against a private company running the NHS hospital. In reality, however, not only did they never mount any principled nationwide campaign to mobilise the working class against the privatisation of the hospital, they offered their tacit support, allowing it to happen.

On the day that Circle took over, Unison Assistant General Secretary Karen Jennings, seeking to reassure the financial backers of the company, declared enthusiastically, "We want, above all, to make sure Hinchingbrooke remains a good hospital—delivering for patients and investing in staff. We will work with Circle to achieve that."

Without the support of the unions—Unison and its partners Unite, GMB and RCN—Circle would not have been able to carry out its attacks on jobs and conditions of the workforce, seriously jeopardizing patient care.



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