

CAMERON'S GREAT NHS CARVE-UP

The Government's Health and Social Care Act 2012 legislated for a market in the NHS. In this report, Labour can reveal new evidence of accelerating privatisation across all areas of the NHS:

Community services

- This week, contracts for 396 services across England (including diagnostic tests, podiatry and adult hearing) worth over a quarter of a billion pounds begin to be signed in the biggest act of privatisation ever seen in the NHS
- Government ordered services to be put out – even though local commissioners had no plans
- A further 39 services will be forced out in a major expansion of Any Qualified Provider tendering in community services
- Details withheld from public scrutiny under “commercial confidentiality” exposed through Freedom of Information requests

Hospital services

- NHS Foundation Trusts are already planning for rapid growth in the treatment of private patients following the raising of the cap to 49% this week

Ambulance services

- New contracts for Patient Transport Services awarded this week to private bus companies

Commissioning services

- Advanced preparations to privatise services which support resource allocation and service design in 2016

Advocacy services

- Evidence of the first Healthwatch to be privatised

In light of the evidence uncovered, Labour makes the following calls on the Government:

- 1. Introduce a new policy for Any Qualified Provider contracts so ‘commercial confidentiality’ cannot be used to hide important details of plans from the public. When providing NHS services the private sector should be subject to public scrutiny.**
- 2. Put an immediate hold on any expansion of Any Qualified Provider until there has been a full assessment on the effect of the first round of tenders on the stability of existing NHS services.**
- 3. End the forced, top-down requirement on PCTs and CCGs to put services to tender under Any Qualified Provider and allow clinicians to decide priorities in keeping with the Government’s own policy.**
- 4. Require Foundation Trusts to consult their members and the public about their plans and projections for raising their cap on Private Patient Income.**

Introduction

To monitor the situation in the NHS as it goes through the biggest-ever top-down reorganisation, Labour introduced NHS Check. The aim was to provide people with a simple way to share their experiences of the reality of what is happening to the NHS on the ground in their community.

Through the NHS Check website people have reported the rationing of treatments (first NHS Check Report, June 2012), reduced access to primary care (second NHS Check Report, July 2012) and now the extent of David Cameron’s privatisation.

Labour said throughout the passage of the Health and Social Care Act that the primary reason for the legislation was to force competition to the heart of the NHS and increase dramatically the role of the private sector.

Ministers repeatedly refused to confirm the full extent of their privatisation plans but David Cameron inadvertently revealed his real agenda for the NHS. In a speech on 10th November 2011, David Cameron said:

“From the Health Secretary, I don’t just want to know about waiting times. I want to know how we drive the NHS to be a fantastic business for Britain.”¹

This sentence was not included in the published speech on the Number 10 website.²

Other ministers were more explicit.

On 7th September 2011, speaking at the Laing and Buisson Independent Healthcare Forum, Earl Howe said the Health Act will create *“genuine opportunities”* for the private sector to take over large chunks of the NHS.³

¹ http://www.youtube.com/watch?v=h7ywLsOrAVw&feature=player_embedded

² <http://www.number10.gov.uk/news/prime-ministers-speech-on-exporting-and-growth/>

The new Health Secretary, Jeremy Hunt has also made clear his views on the NHS in a book he co-authored in 2005:

“Our ambition should be to break down the barriers between private and public provision, in effect denationalising the provision of health care in Britain.”⁴

These policies are now becoming a reality.

According to Catalyst, a corporate finance advisor, there are “significant opportunities” for private companies. Their report says:

“£20 billion opportunity ahead for the private sector.

Significant opportunity for the private sector in primary and secondary care. The introduction of GP commissioning and interest in healthcare models offering alternatives to hospital care will require a higher proportion of services to be delivered by the private sector. The markets for these services are estimated to be worth around £20 billion.

“Areas such as primary care, community health services and commission support services are potentially worth billions of pounds. This is an opportunity for financial investors to invest in the earliest stages of this shift.”⁵

This NHS Check report shows that privatisation is proceeding at a pace and scale never seen before in the NHS but hidden from public view under “commercial confidentiality”. Privatisation is happening everywhere across every sector, from the community to hospitals and even commissioning.

1. Community Services

Background

Any Qualified Provider is a new initiative designed to open up NHS services to open tender. Initially eight areas of community and mental health services were identified.

All PCTs were required to select three areas from the following to begin the transfer of work under Any Qualified Provider:

- Musculo-skeletal services for back and neck pain
- Adult hearing services in the community
- Continence services (adults and children)
- Diagnostic tests closer to home such as some types of imaging, cardiac and respiratory investigations to support primary assessment of presenting symptoms
- Wheelchair services (children)

³ http://www.pulsetoday.co.uk/newsarticle-content/-/article_display_list/12663018/big-opportunities-for-private-sector-in-health-bill-says-minister

⁴ Direct Democracy: An Agenda for a New Model Party, co-author Jeremy Hunt, 2005

⁵ Catalyst Corporate Finance, Healthcare Services Sector, M&A Update, Autumn 2012

- Podiatry services
- Venous leg ulcer and wound healing
- Primary Care Psychological Therapies (adults)

PCTs have been told to select at least three of these services for the first wave of implementing Any Qualified Provider. PCTs are being forced to let private firms, not just the NHS, bid for contracts.

Labour surveyed England's NHS Primary Care Trusts on the range and value of community services being subjected to the Government's new Any Qualified Provider (AQP) tendering process. The survey revealed:

- A third of PCTs had no plans to redesign successful services until ordered to by Government instruction.
- At least 37 private sector healthcare companies bidding for NHS contracts.
- The total value of contracts being tendered by the PCTs who have responded is over a quarter of a billion pounds.

Detailed findings from Freedom of Information survey:

- Competition is being forced upon successful services that are performing well. Responses from the PCTs surveyed show 398 services have been put out to AQP tender yet for almost a third of those services (110) the PCTs have stated they had no plans to tender before the Government instruction.
- The requirement for PCTs to put three of their community services to AQP has forced PCTs to tender services that were already being delivered to a high quality. For example, Heywood, Middleton and Rochdale PCT picked Adult Hearing but prior to the instruction: *"There was no plan to redesign the Adult Hearing Services due to extremely high outcomes."*
- The minimum estimated value of contracts forced to competitive Any Qualified Provider tender is £261,580,272 and at least 37 private healthcare companies have bid to provide NHS services.
- Care is being fragmented and services are becoming disjointed. For example, Lincolnshire will soon have BMI Healthcare Ltd, Global Diagnostics Ltd, InHealth, Kleyn Healthcare Ltd, SG Radiology & Associates Ltd and VanScan Ltd all competing to offer patients diagnostic tests alongside the existing NHS provider. Ultimately, this will lead to the destruction of stable ongoing provision and replace it with unstable, piecemeal provision.

A secret privatisation

- Not all PCTs were willing to provide full details in response to Labour's Freedom of Information request, some citing 'commercial confidentiality', the need to wait until the end of the procurement process, or Section 43 of the FOI Act before they would provide full details of the companies bidding for the work.

- Where no contract value was provided by the PCT estimates have been calculated by identifying the cost of the particular service tendered in the previous year and multiplying by the number of contract years in the tender. This provides an approximate value to each service tender.
- Labour considers the fact that the services tendered under Any Qualified Provider are paid for by public money and for part of NHS provision means that they should be subject to an open, transparent tendering process that allows proper public scrutiny of the potential providers.
- Experience from elsewhere shows that some private providers have failed to deliver the standard of service required, yet they could be bidding for similar contracts in other parts of the country with no public ability to examine the contracts or bids.
- For example, Serco provides out-of-hours doctor services in Cornwall, but recent reports demonstrate the lack of proper accountability. The presentation of false data to the NHS from Serco (the government's leading private provider of public services) raises fundamental questions relating to the outsourcing of NHS services to the private sector.
- NHS Cornwall and Isles of Scilly PCT has reported that Serco reported false data to it on 252 occasions as well as raising other concerns about the management of the private contract.
- During an unannounced inspection in April 2012 the CQC found that Serco was in breach of four essential standards.⁶

Professional reaction to Any Qualified Provider

The Chartered Society of Physiotherapists describes Any Qualified Provider as:

*"Hugely disappointing and potentially very serious for patient care in the future."*⁷

The British Academy of Audiology, which says that in audiology, one of the priority AQP areas:

*"Patients could be subject to second class sausage factory care and exposed to hard sales tactics rather than quality assessed diagnostics and rehabilitation."*⁸

The General Practitioners Committee say:

*"It will lead to greater fragmentation of services which could potentially undermine patient safety."*⁹

88% of respondents to a GP Magazine Poll agreed that opening NHS services up to AQP will fragment care.¹⁰

⁶ Report to Cornwall and Isles of Scilly PCT Board, September 25th 2012, Section 9.0, p.5

⁷ <http://www.csp.org.uk/frontline/article/new-provider-deal-will-mean-%E2%80%98race-bottom%E2%80%99-price-says-csp>

⁸ <http://www.unison.org.uk/file/A13292.pdf>

⁹ http://www.gponline.com/bulletin/60seconds_bulletin/article/1149786/services-open-any-qualified-provider-revealed-dh/?DCMP=EMC-ED-60secondGP-1149786

¹⁰ http://www.gponline.com/bulletin/60seconds_bulletin/article/1149786/services-open-any-qualified-provider-revealed-dh/?DCMP=EMC-ED-60secondGP-1149786

2. Hospital services

Background

The Government's vision for the NHS, as set out in the text of the original Health & Social Care Bill, included the complete abolition of Labour's cap on the amount of income an NHS hospital could generate from treating private patients.

As Foundation Trusts were formed the level of private patient income was capped in accordance with their record, typically around two to three per cent. Yet the Government sought to entirely remove the cap – removing any limit on the number of private patients treated by the NHS.

As its NHS Bill hit difficulties in the House of Lords, the Government were forced to concede an amendment to the legislation that kept the cap, but increased it to 49%. The new rules, which came into force on Monday 1st October, allow hospitals to treat as many private patients as NHS patients – with fears that the care of NHS patients will suffer.

As hospitals are told that they must financially 'stand alone' and will no longer be bailed out, Ministers have cut the NHS budget two years running and lost a grip on NHS finances. The Government has created a financial climate that will incentivise hospitals to look at the new rules on private patients as a source of much-needed income.

Labour believes this combination of factors will fundamentally change the character and culture of English NHS hospitals. NHS resources allocated to private patients will mean NHS patients pushed to the back of waiting lists as private patients pay to be seen sooner.

Labour has uncovered new evidence which shows many Foundation Trusts have had board meetings examining how the changes could improve their finances (as documented in papers)

- Ashford and St Peter's Hospitals NHS Foundation Trust papers (26th July 2012, Strategic Objective 4) state: "*Actively develop strategies to grow private patient income*".
- Buckinghamshire Healthcare NHS Foundation (20th September 2012, 2012-13 Transformation Programme Financial Report, page 16) for August 2012 show more than a doubling of its private income over the next year.
- Basildon & Thurrock University Hospitals NHS Foundation Trust (Forward Plan Strategy Document, Plan for y/e 31st March 2012 (and 2013, 2014), Section 4: Regulatory Requirements) state that the Trust is planning to "*generate additional private patient income if cap removed*."
- The Forward Plan Strategy Document for 2012-13 Chelsea and Westminster Hospital NHS Foundation Trust states: "*Grow private patient income through short-term and long-term opportunities subject to clarification on the proposed management of the cap nationally. The Trust considers it has considerable scope to ramp up its private patient work in new areas over and above the plans herewith, which would be mobilised to mitigate if external uncertainties reduce our income projections*."
- The Wrightington, Wigan and Leigh NHS Foundation Trust Plan (2012/13) states: "*We will establish a new private patient unit on the Wrightington site*."

3. Ambulance services

- As well as PCTs being forced to put services out to tender under Any Qualified Provider, Ambulance Trusts have also tendered their non-emergency transport services.
- The North-West Ambulance service (NWS) was forced by the Competition Commission to break up the NWS into five separate tenders – Cumbria, Lancashire, Merseyside, Greater Manchester and Cheshire.¹¹
- Last week we learned that a private bus company had won the contract to provide non-emergency ambulance services across Greater Manchester.
- In the case of the East Midlands Ambulance Trust contracts have been won by private transport companies. NSL Care Services have won contracts in Derbyshire, Lincolnshire and Northamptonshire and Arriva have won contracts in Leicestershire and Nottinghamshire.¹²

4. Commissioning services

- Services offered to GPs and other commissioners to support their new roles, as set out by the Health Act, are also being primed for privatisation.
- *Developing Commissioning Support: Toward service excellence*¹³ (NHS Commissioning Board, February 2012) confirms that the services for commissioners must not be NHS-run by 2016.
- One newly formed Clinical Commissioning Group, the bodies currently being authorised to replace the Primary Care Trusts from April 2013, has confirmed that Commissioning Support Services will “*build partnerships with private sector providers, some will obtain specialist support from the private sector and others will, no doubt, be entirely run by the private sector*”.
- Sheffield CCG leaders, in a letter to local MP David Blunkett, confirmed its services must “*become freestanding sustainable and commercially viable organisations leaving the NHS Commissioning Board no later than April 2016*”.
- Labour and health experts believe that this situation gives rise to damaging conflicts of interest – whereby private bodies advising the commissioners have close ties to private service providers being considered by the same group.

5. Patient advocacy services

¹¹ http://menmedia.co.uk/manchestereveningnews/news/s/1590015_bus-group-arriva-to-take-non-urgent-patients-to-greater-manchester-hospitals-instead-of-ambulances

¹² <http://www.bbc.co.uk/news/uk-england-16118535>

¹³ <http://www.commissioningboard.nhs.uk/files/2012/01/NHSCBA-02-2012-8-Guidance-Developing-commissioning-support-Towards-service-excellence.pdf>

- The Government's Health and Social Care Act created new patient advocacy bodies with the intention of fighting for patients as consumers.
- The Department of Health has recently confirmed that HealthWatch can be privatised in a letter to Graham Jones MP. The Health Minister wrote:

As you are aware, section 183 of the Health and Social Care Act 2012 amends section 222 of the Local Government and Public Involvement in Health Act 2007) to require that arrangements for local Healthwatch are made with a body corporate which is a social enterprise and satisfies such criteria as may be prescribed by regulations. New subsection (8) of section 222 provides that a body is a social enterprise if a person might reasonably consider that it acts for the benefit of the community in England and it satisfies such criteria as may be prescribed by regulations.

- However, the letter also confirms that:

There is no single legal definition of the term 'social enterprise' but in general it covers a number of legal forms, including limited companies. In this regard social enterprises are, generally speaking, commercial businesses with social objectives as opposed to solely financial ones.

- Lancashire County Council has recently awarded its HealthWatch contract to Parkwood Healthcare Ltd, a subsidiary of Parkwood Holdings - a private limited company registered with Companies House.

Conclusion

Labour used the private sector to add capacity to the NHS to help bring down waiting lists but within a planned, managed NHS system.

Labour introduced the policy of NHS Preferred Provider to give the NHS the first chance to change services. It enabled the NHS, where necessary, to improve its services before being subjected to the full competitive tendering process.

This was designed to avoid the break-up and fragmentation of NHS provided services whilst raising standards and the quality of patient outcomes. But it did not rule out a role for the voluntary and private sector.

The Health and Social Care Act introduced a free-market free-for-all to the NHS. Now we are seeing high quality services previously provided by the NHS being subject to forced private sector take-over.

The Tory-led Government claimed that they would put clinicians in the driving seat. The evidence now shows how Ministers have forced competition and privatisation to the heart of the NHS.