PRIVATISATION OF THE NHS
What it is and Why it's a Bad Thing

#NHS4ALL

What NHS privatisation is and Why it's a Bad Thing

When James walked through Lancashire, the local paper pretty much pooh-poohed his worries about NHS privatisation. The Lancashire Evening Post reporter simply recycled Department of Health and Social Care figures about the purchase of non-NHS healthcare, which claim that only 7.3% of the annual NHS running costs budget is spent on privatised healthcare.

That's the only aspect of NHS privatisation the Department of Health and Social Care seems to want to talk about. Why?

- NHS Privatisation is NOT ONLY ABOUT CONTRACTING OUT NHS CLINICAL SERVICES TO PRIVATE COMPANIES - although that been increasing ever since 2000, when the New Labour government published its Concordat with the private health sector.

- We don't know how to even begin to quantify the value of NHS Sell offs, because they are far wider and more varied than contracting out NHS clinical services to private companies.

- Even on that limited aspect of NHS privatisation, we think the Department of Health and Social Care has undercounted the true extent. Without more information from the Dept of Health and Social Care - which we're seeking - we can't exactly quantify the exact amount. But on the basis of information in the 2018-19 Annual Report and Accounts, we reckon it's well over 11% - not the 7.3% the Department of Health claims.

Latest Dept of Health and Social Care figures for purchase of non-NHS healthcare

Table 37 (below) in the Dept of Health and Social Care Annual report and accounts shows that in 2018-2019 the NHS spent **£13,749m on the purchase of non-NHS healthcare**, out of total annual running costs of £125,278m.

At 11% of the NHS running costs, this is fractionally more than 10.9% in 2017-18.

Table 37 shows that **the Dept of Health only reckons that £9,180m or 7.3% is spent on the private sector.** (Total RDEL stands for the Resource Departmental Expenditure Limit - it basically means the annual running costs of the quango NHS England.)

We disagree

Why we disagree

First. the 7.3% doesn't include the **£1,619m spent on the voluntary/not for profit sector** as privatisation. We do. It may be "soft privatisation" but it's still privatisation.

Table 37: Purchase of healthcare from non-NHS Providers

	2017-18 £m	2018/19 £m
Independent Sector Providers	8,765	9,180
Voluntary sector/Not for profit	1,564	1,619
Local authorities	2,737	2,899
Devolved Administrations	43	50
Total Spend on all non-NHS bodies	**13,109**	**13,749**
Total RDEL	**120,650**	**125,278**
Spend with private sector as a % of total RDEL	7.3%	7.3%
Spend on all non-NHS bodies as a % of total RDEL	10.9%	11.0%

1. The numbers above have been collected separately from audited accounts data and may include estimates.
2. Numbers shown in the table above have been adjusted to show the DEL impact of the spending. This adjustment specifically relates to Continuing Health Care provisions which are attributed to expenditure in accounts as provisions arise but only impact on the DEL when paid.
3. Table may not sum due to roundings.

Second, there's the **£2,899m healthcare purchased from local authorities**. We think this is for social care, community mental health services and Continuing Healthcare.

Most local authorities have privatised social care and community health services, so by rights **this £2,899m should be counted as privatisation spending**. As should **Continuing Healthcare**, since this is about Personal Health Budgets that patients with long term health problems who need healthcare at home are awarded to buy in their own care. This is usually spent on private providers.

On top of that, Table 4.1 on p171 also has NHS grants to local authorities of £3,070,284,000 x2. I think these are public health grants, but who knows? This totals **£6,739m**

We can't understand why the amounts for NHS spending on local authorities in Table 4.1 is not the same as the £2,899m in Table 37. We are asking the Dept of Health and Social Care.

Without certainty about the different figures in different tables, it's hard to say exactly how much the NHS (both commissioners and providers) spend on privatised health and social care services But it looks like more than 11% of the NHS annual running costs - even if you take out the £50m spent on devolved administrations - because even if they are not part of NHS England, they are part of the devolved NHS.

And this is far from the whole story of NHS Privatisation.

What the Department of Health & Social Care omits from its account of NHS privatisation

Hospital cleaning services

These were the first bit of the NHS to be privatised, under the Thatcher government in the early eighties. Standards of cleanliness fell and suddenly the MRSA and C difficile bugs were making hospital patients sick.

Not to mention **catering, portering, laundry** and other **non-clinical but vital services**. Who knows what the value of all these privatised services is? Except it's BIG.

Privatisation of the NHS Estate

This is taking place through sell offs of so-called surplus buildings and land under the **Naylor Review.**

Relatedly, **PropCo** is a publicly-owned private company that the Department of Health and Social Care has set up to own and manage NHS estate. And lets not forget the **Private Finance Initiative** rip off and the 49 **Local Improvement Finance Trust (LIFT) companies**.

LIFT was set up in 2001 to involve the private sector in financing primary care, social care and community infrastructure. It also receives public funding for the NHS primary and community estate through Community Health Partnerships (CHP), a wholly owned subsidiary of the Department of Health (DoH).

Various NHS buildings are also owned by **Real Estate Investment Trusts** that are exempt from corporation tax and redistribute profits to shareholders. They may also be listed on the Stock Exchange. "With appropriate partners", foundation trusts can invest in REITs, which would allow them to raise money on investment markets.

Privatisation of NHS patients!!!

FGS - first they privatised NHS services - now they're privatising NHS PATIENTS - A foundation trust is outsourcing more than 100 patients to a private facility for chemotherapy. Northumbria Healthcare Foundation Trust has signed a contract to transfer between 120 and 150 patients to Rutherford Cancer Centre's facility in the North East.

Privatisation of NHS commissioning through so-called 'health services support'

Since the 2012 Health and Social Care Act, most NHS clinical services have been planned and bought about 100 Clinical Commissioning Groups - each covering a different area in England. Now the government is dismantling the NHS into 44 so-called Integrated Care Systems that function as if the NHS is a business driven by financial considerations, not patients' clinical needs.

This requires Clinical Commissioning Groups to set up and use a commercial insurance-based model within the NHS shell of Integrated Care Systems. This calls for a different set of skills and resources than Commissioners possess, so they are required to pay private companies to do the work for them.

The NHS England quango has a list of approved companies on their so-called Health Services Support Framework.

We have no idea how much money Clinical Commissioning Groups have paid these private companies since the Health Services Support Framework was set up a few years ago. We are asking all of them this question.

Spending £348.5m on management consultancy companies
to tell the Dept of Health, NHS quangos, Commissioners and Hospitals what to do.

This usually involves paying large amounts of money to be told what bits of our NHS to cut. Here is the Department of Health and Social Care Annual Report and Accounts 2018-19 **Breakdown of management consultancy spending**

DHSC	12,402,000
SHAs	141,000
NHS Providers	247,470,000
NHSE group (ie commissioners & NHSE)	85,470,000
Total	348,483,000

Restricting patients' access to many kinds of NHS treatment
and then making them available on a self-pay basis or in private clinics w ithin NHS hospitals

The Department of Health Annual Report and Accounts 2018-19 (p 168, Material Income Items) shows this cost **private patients £614.4m**

Private equity - turning NHS services into "very high returns"
for private equity companies and and their management teams

We have no idea how much private equity companies are profiting from privatised NHS services. But here is one example. We have quite a few others.

How can it be right that private equity company Root Capital is profiting from our children's mental health problems?

It is though.

Root Capital has funded XenZone with private equity since 2015 https://www.rootcapital.co.uk/portfolio-current/xenzone/.

XenZone produces and runs Kooth - an online counselling and emotional well-being platform for children and young people aged 11-25, accessible through mobile, tablet and desktop. It is free at the point of use, paid for by many clinical commissioning groups as a privatised element of Children's and Adolescent Mental Health Services (CAMHS).

RootCapital say they only invest when they see the potential to build a much larger business and sell it on at a profit:

"We invest up to £10m from our own funds into each company in our portfolio and become an involved and active business partner with the long-term aim of very high returns for ourselves and our management teams."

NEW*** **Social impact bonds**

a kind of Private Finance Initiative scheme for health and social services in deprived areas

The government is pushing a kind of PFI scheme for health and social services in deprived areas, despite the fact that so-called Social Outcomes Contracts are more expensive than publicly funded services and there is no evidence of better outcomes for service users over three years of evaluation.

Having built a Social Impact Bond market in the UK, the government seems keen to export the model to so-called developing countries, as part of its post-Brexit trade strategy.

How it works is that a public sector organisation such as a cash-strapped local authority, invites bids for a so-called Social Outcomes Contract to provide health and social services in deprived areas AND to come up with the money to pay for them.

These contracts are typically awarded to a third sector company that provides the health or social service, in "partnership" with a Fund Management Company that pays for it upfront via a Social Impact Bond.

This means the commissioning organisation doesn't have to pay for the services. In addition, the Social Outcomes Contract payment depends on the service improving specific health and/or social outcomes, such as keeping children out of care. This is meant to save the Council money and also pass on part of the savings to the Social Impact Bond investors.

But in reality, a Social Impact Bond is not a bond, because if the service it pays for does not achieve the specified social outcomes, investors don't get their money back, or any return on their investment.

It is just a financial instrument designed to generate money to invest in 3rd sector-run public services in deprived areas, to return profit to investors.

And if the service paid for by a Social Impact Bond doesn't achieve the required social outcomes, the public sector organisation doesn't get its share of any "savings" from achieving them.

Social Impact Bond contracts are more expensive than standard publicly funded contracts that pay on the basis of the service that is actually provided. A 2017 Guardian article reported that Social Impact Bond contracts could possibly be as much as 25% higher.

NHS capital investment can go straight to private companies

For example the £12m for Leeds Teaching Hospitals pathology Laboratory Information Management System will go straight to a digital technology company on NHS England's Framework.

The NHS can now be just a link between patients and private digital technology companies

For example handing over diabetes patients' education, support, access to life-giving kit and data to private companies. These companies' new and poorly trained staff treat the delivery of a life giving device the same as when private companies deliver a TV or a toaster. https://calderdaleandkirklees999callforthenhs.wordpress.com/2018/10/31/nhs-is-now-just-a-conduit-for-private-sector-providers-of-tech-innovations/

Why privatisation is A Bad Thing:

The profit motive gets in the way of the duty of care

Private companies cut corners for the sake of profit and give staff poor terms and conditions. This means staff can't provide the quality of care they want to. Whether clinical staff or non-clinical staff like cleaners, caterers etc.

You have only to look at the hospital patients killed recently by listeria in dodgy sandwiches provided by a private company called the Good Food Chain.

If private companies and 3rd sector organisations can't make money they hand back the contract or go broke

Either way this means dumping patients and the NHS in it. Examples include Circle, which in 2012 won a high-profile contract to run the NHS Hinchingbrooke hospital in Cambridgeshire, but walked away three years later. And Serco announced in 2014 that it would cease providing clinical services after problems with its deal to run Braintree hospital in Essex and its community care service in Suffolk led the company to hand back both contracts early.

One to One Midwives, a private, for profit company, contracted by the NHS in Liverpool, recently ran out of money and shut up shop, leaving pregnant women in the lurch. https://saveliverpoolwomenshospital.com/2019/08/03/for-fully-funded-nhs-maternity-care-publicly-provided/

Other examples of failed private sector contracts include non-emergency ambulance transport in Sussex, Hertfordshire and Bedfordshire, while companies running networks of GP surgeries in Doncaster and Bedford went bust, and others have handed back their contracts for GP surgeries and out-of-hours services.

In July a children's hospice in Bury run by the charity Forget Me Not, had to close because it's broke.

This is the trouble with leaving vital services to be run by charities and voluntary section organisations - which NHS England intends will happen more and more, in a move back to the Victorian era. This move of NHS and social care services to charities and the voluntary sector a big part of the NHS Long Term Plan for dismantling our NHS into 44 local Integrated Care Systems.

The wasteful transaction costs of procuring and managing contracts

No one seems to know true costs but they're estimated at between 4-10% of annual NHSE budget/lack of transparency and accountability.

Loss of transparency and accountability due to commercial confidentiality.

This is due to claims of commercial confidentiality. Privatisation has also exposed the NHS to litigation by private companies that contest the award of contracts to NHS organisations - and have won huge damages.

Privatisation fragments NHS and undermines the NHS ability to pool risk effectively

Private companies contract for the cheap services it's possible to make profits from, leaving the NHS with the costly acute and emergency services bits. This undoes the NHS as a comprehensive universal service and speeds the creation of a two tier system where those with money pay to go private, faced with increasing restrictions on patients' access to treatments.

Privatisation invites corruption

The revolving door spins between NHS quangos and private companies. For example: former hospital boss and NHS England director Samantha Jones has been appointed the chief executive of the UK arm of international insurance firm Centene. This is only one of many such moves.

The most invidious example is the career of Simon Stevens - boss of NHS England. He started out as an NHS advisor to Blair, then jumped ship to United Health in the USA before Cameron headhunted him to head up NHS England.

He has proceeded to install his former employer's subsidiary Optum at the centre of privatised commissioning through Health Services Support and is imposing United Health/Optum's model of Accountable/Managed care on the NHS.

The sale of NHS estate is part of a massive privatisation of public land

For example, Epsom and St Helier Trust have sold hospital land to Legal And General for development of retirement flats which apparently will include social care support for those who need it. But this means social care support will be limited to those who can afford to buy a "McCarthy and Stone type" retirement flat. What the f**k is that about? To those that have shall be given. What about all the people who can't afford to buy a McCarthy and Stone type retirement flat? The NHS Estate is for the benefit of everyone equally on the basis of clinical need. Now suddenly it's for the benefit of those who have the money to buy a retirement flat.

Channelling public money into Public Private Partnerships for NHS capital funding comes at a big cost

It means the state doesn't have to finance and pay capital costs upfront – but we know from the disastrous Private Finance Initiative history that these projects end up costing much much more than publicly financed projects, because of ruinous interest and facilities management costs. We also know that they compromise safety and usability standards during the construction stage, because profit is put ahead of everything else.

What you can do to stop and reverse NHS Privatisation

Walk with James! Help carry his backpack! Sign his petition and tell your local media to come and report his walk and why it matters to local NHS campaign groups.

Say NO! to NHS privatisation - to your MP, your local Authority that is busily privatising social care and public health services, your local NHS organisations, your local media.

Demand the passage of the NHS Reinstatement Bill!

For more info

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