Privatisation by Stealth.

How the NHS is being systematically dismantled by privatisation.

You may not know that so-called NHS 111 is not the NHS at all. It is run by a company called Sitel, 'a privately owned contact center [sic] headquartered in Florida Miami'.[1] In April 2020 both *The Guardian* and *Independent* newspapers reported that, during the Covid-19 outbreak the company recruited large numbers of unskilled staff, who received inadequate training, and worked in unsafe conditions.

The Covid-19 pandemic has highlighted in a sudden and dramatic manner how dependent we are as a society on the NHS as a public service. The Government, after decades of under-funding and undermining of the NHS, appears to have woken up to the fact that it needs to be able to rely on NHS staff responding to and implementing measures to protect and heal the public. This cannot be done by a patchwork to private providers, all with their own agendas, the most significant of which is to make a profit. However there is no guarantee that the privatisation agenda will not continue after the virus crisis is over.

This article aims to chart the decades' long process of the undermining of the NHS which began as far back as 1977. Since that time successive governments of all hues have introduced policies that have sold off swathes of the NHS to private companies. Because the NHS is so beloved by the British public, no government has been up-front about what they are doing; to do so would be a vote loser. The public therefore remains largely unaware of the insidious dismantling of their much loved health service. This article aims to summarise the incremental changes that have already been made, in order to raise awareness, and, hopefully, lead to action to defend what is left of our public service.

The 2019 film 'The Great NHS Heist' revealed that a document from the Conservative Research Department dated as early as 30 June 1977 (i.e. two years before Mrs Thatcher came to power) declared that 'Denationalisation should not be attempted by frontal attack, but by a policy of preparation for return to the private sector by stealth'. This set the tone for the subsequent denationalisation of public utilities, and in 1988 the Centre for Policy Studies published a pamphlet written by Oliver Letwin and John Redwood entitled 'Britain's Biggest Enterprise', setting out 'options for radical reform' and noting how profitable the enormous NHS would be for the private sector.[2]

The public service ethos within the NHS was arguably undermined by the Griffiths Report of 1983 which is credited with introducing a corporate managerial culture to the NHS, with ideas derived from business management theory. It recommended an NHS Management Board at arm's length from the Secretary of State and civil servants. A market-based discipline came into the service characterised by performance indicators, and league tables; the priority became the meeting of targets, rather than improving service. For example, setting a target of a maximum four hour wait in A&E does not measure the actual quality of

[1] https://en.wikipedia.org/wiki/Sitel. Accessed 12.04.2020
[2] www.cps.org.uk/research/britain-s-biggest-enterprise/

care provided. Furthermore hospitals were fined for not meeting targets, which led to a temptation to falsification of the evidence.

In 1990 Kenneth Clarke introduced the internal market into the NHS – creating the 'purchaser/provider split' - and made hospitals into budget-holding Trusts, independent of the regional health authorities and competing against each other.[3]

John Major's government (1990-97) started the Private Finance Initiative (PFI) whereby private companies are contracted to build public projects such as new hospitals. Servicing the debts incurred to private companies becomes more onerous over time, as contracts are sold between companies who can impose their own interest terms. Paying off debt has become more of a priority than providing health care, and has sent many a hospital trust into serious financial crisis. The initial £13 billion of private sector funded investment in new hospitals will end up costing the NHS in England a staggering £80 billion by the time all contracts come to an end in 2050.[4] This is an example of the financialisation of every human motivation. It turns our instinct for compassion and care into a financial product to be bought and sold, directing money from taxpayers to private banks via NHS debt. It is money that should be spent on patient care, not filling the pockets of private shareholders.

Widespread, and almost un-noticed, privatisation started around 1993 with the out-sourcing of non-medical services such as catering and cleaning. A marked increase in hospital infections such as MRSA was soon noted. Privatisation is always sold on the three Es, Economic, Efficient, Effective, but it ends up being more expensive, less effective, and so vastly less efficient.

'New Labour' under Tony Blair continued the privatisation process, letting private companies pick off the straightforward surgery allowing politicians to compare NHS unfavourably with private providers as to efficiency and complications. The PFI was further scaled up. In 2003 market oriented 'NHS Foundation Trusts' and their regulator, 'Monitor' were introduced.[5] Alan Milburn was the Secretary of State for Health at the time. Following his resignation he took a well-paid post as an advisor to Bridgepoint Capital, a venture capital firm heavily involved in financing private health-care firms moving into the NHS, including Alliance Medical. He is now with Price Waterhouse Cooper. This is an example of the 'revolving door' between politics and private medical providers which is endemic nowadays. Former politicians such as Alan Milburn, Patricia Hewitt and Steve Dorrit have all worked in companies profiting from NHS contracts.

Sub-contracting and out-sourcing of medical services continued with the private sector 'cherry picking' less complex services to take on, such as elective surgery, leaving the NHS to deal with the harder to manage services such as A&E and treatment for the chronically ill. Medical staff of the private companies were, and are, of course, trained at public expense, before taking their skills out of public service.

[3] NHS and Community Care Act, 1990

[4] https://www.theguardian.com/politics/2019/sep/12/nhs-hospital-trusts-to-pay-out-further-55bn-under-pfi-scheme

[5] Health and Social Care(Community Health and Standards) Act, 2003

The Conservative/LibDem coalition agreement promised ‘no top-down reorganisation’ of the NHS, but Andrew Lansley’s disastrous 2012 Health and Social Care Act was just such a reorganisation. It abandoned publicly accountable Primary Care Trusts and Strategic Health Authorities and replaced them with Clinical Commissioning Groups (CCGs) made up of local GPs (taking time out from their clinical work to become administrators on these groups). The Act removed from the Secretary of State for Health the duty to provide a health service. Public Health was taken out of the NHS, and it is now shared between local and central government, accompanied by huge staffing cuts. The ‘public health grant’ to local councils is currently being cut, even as the pandemic rages. NHS Foundation Trusts are no longer obliged to provide particular aspects of health care, and there are complex requirements relating to the provision of essential services.

In 2012 the first contract for a private firm to run an NHS hospital was awarded to Circle Health, founded by Ali Parsa, an investment banker, to run Hinchinbrooke Hospital in Huntingdon on a ten year contract. Circle could not make a profit out of the project, and in 2015 the Care Quality Commission (CQC) reported the hospital as unsafe, and put it into special measures. Circle withdrew from the contract, whereupon the NHS had to pick up the tab, inheriting the debt of the private company. Another example of this disastrous process is the story of Liverpool University Hospital, where the huge private firm Carillion won a contract worth £335 million to build a 634 bed new hospital next to the crumbling 1960s building. When Carillion collapsed, leaving the building unfinished and with reports of cracks in the structure, guess what, the NHS has had to pick up the debt, and continue the building, thereby wasting millions of pounds of public money.

In 2002 the government decided to upgrade the NHS IT system, by contracting with private companies such as CSC, Accenture and the Japanese company Fujitsu, all of which withdrew from their contracts losing millions of pounds. In 2013 a report by the influential Public Accounts Committee (PAC) concluded that this attempt ended up becoming one of the "worst and most expensive contracting fiascos" in public sector history. The project was abandoned, with estimates of the cost to the taxpayer which vary, but are in the region of billions of pounds.

In 2013 ‘NHS England’ replaced the NHS Commissioning Board. The Chief Executive is Simon Stevens, whose previous experience was as CEO of the largest private health company in America, United Health Group. The United States, of course, has an insurance-based system of health ‘care’ which excludes people who are not wealthy, and where health outcomes are among the worst in the Western world.

In 2015 Stevens introduced the ‘Five Year Forward View’. Local health ‘leaders’ were asked to come together into forty four geographical ‘Footprints’ and draw up ‘Sustainability and Transformation Plans’ (STPs) for their local areas within defined budgets. The planning is centred on the needs of local populations; fine in theory but difficult in practice. The commissioning and contracting work is complex, and learning has not been shared well between different areas. Funding cuts to social care and public heath added further difficulties. The STP fund in 2016/17 was spent mainly on covering provider deficits, not on development. Creating good management and leadership has been problematic, with a

shortage of good staff at executive level. Considerable guidance from the centre has been necessary.[6]

Regulation has also become more complex. The Care Quality Commission (CQC) is there carrying out inspections. Monitor has been replaced by 'NHS Improvement'. Transparent it is not.

A deliberately bewildering number of acronyms abound, many of which doctors themselves do not understand – MCPs – Multi-speciality Community Providers, PACs -Primary and Adult Care Systems, then ACOs – 'Accountable Care Organisations'. Contracts under ACOs can be managed by private firms. This caused protests, as the ACO is an American model of health provision, so they were renamed 'Integrated Care Systems' (ICS). These are just the same as ACOs but with a different acronym, also aimed at 'integrating' the private sector into the NHS when services are put out to tender, and contracts made. Are you still with me? The 'Integrated Care Provider' bidding for a service could be a NHS organisation like a hospital trust, or a private company such as Virgin Care. Private health care companies have a legal obligation to make profits for their shareholders, and this has priority over the standard of care provided to patients. They pay dividends and staff bonuses, so more public NHS funding is funnelled into private pockets (and thence to tax havens). Under the ICP contracts a private company could control the delivery of a whole range of non-hospital NHS and social care services for a large area. Or indeed could win multiple contracts across many areas, and so establish a near monopoly.[7] There are now several very large private companies providing health services, for example, Care UK, Nuffield Group, BUPA, Virgin, Spire, and United Health. CCGs often lack the skills, knowledge and capacity to procure and manage complex contracts such as those with such companies. They often tend to employ management consultancy companies to advise them, channelling yet more funds away from patient care. All this so called 'reform' is actually about managers rearranging contractual processes and funding streams, with attention diverted from what is actually best for patients and front line staff.

Alongside all these CCG increased workloads, funding for General Practice has fallen in real terms over the past decade. Family doctors are under intense pressure, with impossible workloads, and soaring stress levels leading to serious GP shortages. In 2004 the Labour Government brought in changes to the GP contract, allowing corporate organisations such as Virgin and United Health to provide GP services. As an attempted solution to the GP crisis NHS England has set up 'Primary Care Networks' (PCNs). Local surgeries are being replaced by huge new super practices serving thousands of patients, and increasingly, these practices are being taken over by companies like Modality Partnership, which now operates in several different STPs across England. There is an increasing trend to transfer hospital services to the 'community'. Work previously done by hospitals, for example care of people with long term conditions, are being transferred to PCNs, putting more pressure on already stretched-to-the-limit GPs. GPs have to join these networks in order to access funding. Some doctors welcome the economies of scale provided by PCNs, and the emphasis on employing a wide range of practitioners, for example physiotherapists and pharmacists. However, alongside this there is a process of 'down-skilling'. For example a paramedic from the PCN could do a

[6] *Policy Changes to Implement the NHS Five Year Forward View: a progress report*. Kings Fund, October 2016
[7] *Response to NHS England consultation on Integrated Care Provider Contracts*. 999 Call for the NHS.

home visit instead of a doctor, and practice social workers are being replaced by 'social prescribers' who deal with issues such as benefits advice, and 'signpost' to other services.

In primary care what is needed is better workforce planning, increased funding, and more doctors, rather than continuous 'top-down' reorganisations.

Mental Health care is also problematic. The notorious 2012 Health and Social Care Act changed the way mental health is funded; with Mental Health Trusts now only part of the picture as funding is also distributed by GPs, local authorities, the voluntary sector, and, nota bene, the private sector. This makes it difficult to quantify how much money is actually spent on providing mental health care, with consequent disagreements between NHS England and the Royal College of Psychiatrists as to the extent of the cuts to mental health services. For example, children needing the support of Child and Adolescent Mental Health services (CAMHS) notoriously have to wait months before they can be seen. Private organisations such as the Priory Group benefit, as wealthy patients, rather than waiting months and years for an NHS service, move to them for quicker provision. This is what is called 'two tier' provision, as people on low incomes have perforce to remain on NHS waiting lists, as their conditions worsen. The long term effects of this trend will inevitably lead to yet further increased, and expensive, demand in the future.

The role of the popular media in undermining the NHS is considerable. Myths are created; Immigration is blamed for over-stretching the NHS, whereas in fact the NHS would not exist were it not for the labour of doctors, nurses and carers from overseas, and 'health tourism' is blamed for alleged failures. The narrative of NHS 'failure' holds sway. There has been a deliberate running down of the public service culture and chronic underfunding which is designed to make the public think that the NHS is 'failing', which in turn is used to justify further privatisation.

In 2018 a record £9.2 billion was handed to private providers such as Virgin Care, and the Priory mental health group.[8]

During the Corona virus crisis the Conservative Government rented thousands of beds in the many private hospitals in the UK for an alleged £2.4 million per day. This is an example of how running the NHS at under the necessary capacity becomes incredibly costly when disaster strikes. Private profit is justified on the basis of illusory cost-efficiency.

People across the country have been applauding NHS staff on their doorsteps every Thursday evening. On his discharge from St Thomas' Hospital on 12 April 2020 after suffering from Covid-19 the Prime Minister Boris Johnson said, 'Our NHS is the beating heart of this country. It is the best of this country. It is unconquerable. It is powered by love'. Many political decisions are reached because of personal experience of politicians. We might hope that this, now openly expressed, widespread admiration for the NHS, will bring to an end these covert, underhand measures to break it up and distribute it to privateers.

Unfortunately this seems not to be the case. Over the three months of lockdown the government has paid £1.7 billion to private groups.[9] The shortage of PPE which has caused so many deaths of health professionals was mainly due to the fact that procurement and

[8] *'The Great NHS Heist'* film, 2019.
[9] https://www.ft.com/content/7fe7c2d5-24df-431b-9149-50417fa0236a

logistics in the NHS have been outsourced to a chaotic mish-mash of private contractors. There are eleven key outsourced procurement contracts and four levels of profit taking before equipment arrives at the hospital or care home.[10] Instead of our public health infrastructure being asked to use their existing expertise in tracking and tracing virus contacts, Serco has been put in charge of the track and trace system, using hastily recruited and under-skilled workers. The public cannot comprehend that a government would want to dismantle a public health service. If the population generally understood more clearly the acute danger to our precious health service from privatisation, there would be an outcry.

I hope this article throws some light on how the NHS has been undermined over the decades, and on the processes which must now urgently be reversed in order to keep our health service public. A mass public mobilisation is needed. There should be an end to hiring expensive management consultants as advisors. Health ministers should not use their inside information by taking roles on the boardrooms of private companies when they 'retire'. There should be an end to contracting out NHS services to private' providers'. Above all the dreadful 2012 Health and Social Care Act should be repealed, and the measures it brought about reversed.

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[10] https://weownit.org.uk/privatised-and-unprepared-nhs-supply-chain