

Virgin Care and other private companies seize another £3.1 billion of NHS assets

By Ajanta Silva
15 January 2018

With a £101 billion (\$US 137 billion) budget in the National Health Service (NHS) in England alone, private companies have found a gold mine to plunder with the blessings of the Tory government.

A recent report by the campaign group NHS Support Federation brings to light the aggressive involvement of the private companies in winning contracts previously run by in-house NHS providers. Private, for-profit companies won more than £3.1 billion worth of contracts in the last financial year, 2016-2017, with Virgin Care—run by billionaire business mogul Richard Branson—becoming the main beneficiary.

Over the last four years, the Federation has compiled and analysed publicly available data on how the contracts were awarded.

The Federation states, “Virgin care is now the dominant private provider in the NHS market—winning a third of the total value of contracts won by non-NHS providers over the last year. The number of services the company provides to the NHS has risen from 230 to 400 over last 12 months, according to its website.”

Virgin Care is a subsidiary of Virgin Group holdings Ltd, which is based in the British Virgin Islands tax haven. The company is aggressively fighting to establish a foothold in NHS-run services, although it claims it has made losses over the last several years and paid no tax in the UK.

Care UK reaped the second-largest share of the contracts last year, worth £596.3 million.

Private companies are exploiting the favourable conditions created for this plunder under the 2012 Health and Social Care Act, brought in by their political paymasters in the Conservative-Liberal Democrat government. This Act made it mandatory for Clinical Commissioners to put services out to competitive tender if they could potentially be provided

by organisations other than the NHS.

The Department of Health and its think tanks are downplaying the private sector’s involvement in the NHS, in an attempt to conceal the fact that the profit motives of these companies undermine patient care and safety.

But facts stand against their worthless platitudes. Since the act came into force, around £25 billion NHS contracts have been awarded through market tendering.

While private companies are making severe inroads into the publicly run services, the NHS is losing ground and being deliberately placed in an unfavourable shape to compete for contracts. The NHS has had the lowest ever funding increases over the last seven years and the Tory-led governments have cut tens of billions of pounds worth of “efficiency savings” at the expense of NHS workers and patient safety. Debt-ridden NHS trusts are losing services previously provided by them to private companies and then losing government funds as a result.

The Federation points out, “The number of high value clinical contracts that have been advertised, worth over £100 million pounds each, has almost doubled in the last year, rising from 11 to 20, of which eight were won by the private sector.”

Over the last year, £7.1 billion worth of NHS clinical contracts were awarded through the market tendering process and the NHS has only been able to win slightly over a third of these. For-profit companies have won the lion’s share with 43 percent, while not-for-profit private companies—including charities—have won 21 percent. This means private firms have scooped up two-thirds of clinical contracts that were opened up for tender in England during 2016-17.

Profit-motivated companies have been able to increase their share of awarded contracts from 34

percent in 2015/2016 to 43 percent in 2016/2017.

The Federation warns that if this competition framework remains in place, the private sector would win a further £10 billion of NHS clinical contracts over the next three years.

By running down community-based NHS services across the country, the Tories have opened up new avenues for private companies to cherry pick lucrative areas. The report notes that “companies are turning their attention to new opportunities offered by the intention to treat more patients in the community and less in hospital, an NHS wide policy.”

Government and their media apologists hailed this policy as a game changer in providing care under financial pressures and demand intensified by an increasingly aging population. They proclaim that the aim of this policy is to “provide care closer to home.” This became the key phrase in many Sustainability and Transformation Plans (STPs) drawn up by Clinical Commissioning Groups across the country. To achieve it, however, many STPs proposed shutting down community hospitals and downsizing or closing maternity units, children’s units and functioning Accident and Emergency units.

Over the last three years, the Federation notes “the types of services being tendered has shifted almost entirely towards those that are delivered in community settings, outside of hospitals.”

Hospital-based care contracts accounted for 40 percent of the value of those clinical services put up for tender three years ago. Services delivered in hospital now account for less than 10 percent of the value of tenders, with the vast majority being contracts delivered in the community. Those community contracts—including out of hours GP care, community nursing, public health and children’s health service—all are up for grabs.

The Federation draws evidence from a catalogue of failures in the NHS market during 2012 to 2017. It provides a clear picture of how private companies abandoned their obligations to provide care and walked away from their contracts without any accountability as soon as they found the contract were not profitable. The NHS then had to step in to pick up the pieces.

This was the case with Hinchingsbrooke Hospital, which became the first hospital to be run under private company, Circle. In 2012 Circle ended its 10-year

contract after two years amidst damning reports from the Care Quality Commission, but mainly because it did not make enough profit.

However, the same company which failed to provide care in Hinchingsbrooke is now “investing in intermediate care and intending to offer care beds outside hospital to look after NHS patients that hospitals want to discharge.”

The NHS Support Federation uses its report to appeal to the government to end the “NHS market experiment,” as if the profit motives of the capitalist class are amenable to such pleas. Its director, Paul Evans urges “the government to repeal its competition legislation and focus on building an adequate level of publicly-provided NHS services.”

Any fight to defend the NHS today can only be taken forward through a socialist programme. The right to free, high quality and universal health care can only be achieved through a socialist strategy which places the interests of patients and health workers before the insatiable profit drive of the financial and corporate elite. The Socialist Equality Party and the NHS Fightback campaign are fighting for such a strategy.

For further information visit NHS FightBack and the NHS FightBack Facebook page.

To contact the WSWs and the
Socialist Equality Party visit:

<http://www.wsws.org>