Campaigning against NHS Privatisation: the Policy Issues

Relevance: England only

The privatisation of services across the UK is an ongoing policy issue for campaigners and activists across the UK. As healthcare is a devolved issue, this briefing is relevant to England only, but some of the issues will be familiar across the nations. This briefing gives an overview of the process of privatisation, and zooms in on privatised mental healthcare in Birmingham.

What is privatisation?

There are two different strands of privatisation which activists tend to campaign on.

The first is when portions of NHS-run hospitals are reserved for private patients, which is desirable as it makes up a portion of their income stream. 49% of hospital income is permitted to be made from private patients – that is, those who pay for health insurance or similar to give them healthcare, rather than relying on the NHS.

The proportion of private patients is increasing significantly. An example of this is the Royal Marsden, a London NHS cancer centre, whose percentage of private patients rose by 30.2% between 2010 and 2016.[1] Campaigners are concerned about this because it leaves fewer bed spaces for NHS patients.

The second, which is what this briefing will focus on, is the outsourcing of whole service contracts to providers outside the NHS. There are, in turn, two strands of this: private provision and non-NHS provision. Non-NHS provision is set apart as it is generally contracts given out to charities and community organisations, rather than profit-making companies.

Long-term, we would like to see a healthcare system which is fully able to provide competent care, especially to marginalised groups. Currently, we are aware that there are gaps in the NHS's ability to provide this, and so where this is the case it is preferable that these gaps are filled by specialised charities and community organisations.

The provision of NHS services by companies which run them for profit is concerning for a number of reasons, not least the view that high quality, free at the point of use healthcare is a human right and public good, and should be funded as such – through progressive taxation. That is, requiring those who earn more to pay more in tax, which in turn funds services for the public. There is also a clear efficiency argument for a well-funded, public NHS: the healthcare system works best when any surplus generated from running services is put back into improvement, rather than given to shareholders and taken out of the service.

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1 https://www.independent.co.uk/news/uk/politics/nhs-privatisation-health-service-exposed-private-cancer-patients-hospitals-treatment-work-government-a7974096.html

For more information, contact policy@nus.org.uk

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The process of privatisation

Clinical Commissioning Groups

The 2012 Health and Social Care Act allowed NHS Trusts to raise the amount of income they can make from private providers to 49%. It also created Clinical Commissioning Groups, which directly commission healthcare services for their local populations. The Act intended to make the NHS more flexible and modern to meet new challenges such as rising demand and treatment costs. However, this has led to a 'postcode lottery' where the local approach means the services available can differ significantly between areas.

It means that the Clinical Commissioning Groups have access to significant budgets to commission services in their local areas, but that NHS-provided services are forced to compete with those from outside and private contractors in a competitive tendering process.[2]

The exact figures for outsourced mental health spending are not clearly available, however Clinical Commissioning Groups spent £9.72 billion on mental health provision as a whole across England in 2016/17, which, once adjusted for inflation, is an increase in spending by £368million from the previous year.[3]

Any Qualified Provider

The Any Qualified Provider [AQP] process, which puts the choice in the hands of the patient and offers them the choice between private, community or NHS services, thereby creating a patient-facing market.

When AQP was introduced in its current form in 2011, mental health services were among the initial services used for it. Primary Care Trusts were expected to identify three or more mental health services to implement AQP in by October 2011, based on patients' priorities for services that needed improvement.

The national picture

A national strategy for mental health

The government's five year strategy for mental health overall is laid out in their document *Future in Mind* and is scheduled to run until 2020/21. This plan sets targets for all areas across mental health provision in England and for workforce development to meet the needs of the population[4].

Regarding children and young people, it says:

"Additional funding for in-patient services is included in early years to support temporary additional capacity whilst community services are developed and the commissioning model is shifted towards localities. It is expected by 2020/21 that overall bed usage will have decreased and inappropriate out of area placements largely ended; with consequent savings to be reinvested in community-based services, including specialist outreach, to improve access and reduce waiting times."[5]

Increasing spending on privatisation

The money spent on private provision by the NHS has been increasing steadily.

In 2010/11, 4.9% of NHS spending went to private providers. This increased to 7.6% in 2015/16. If you include all non-NHS care in this figure, it rises again to

[2] https://www.theguardian.com/commentisfree/2013/mar/30/health-act-means-death-of-nhs

[3] https://fullfact.org/health/nhs-spending-mental-health/

[4] https://www.england.nhs.uk/wp-content/uploads/2016/07/fyfv-mh.pdf p9

[5] https://www.england.nhs.uk/wp-content/uploads/2016/07/fyfv-mh.pdf, p8

Macadam House
275 Gray's Inn Road
London WC1X 8QB
t 0845 5210 262
e nusuk@nus.org.uk
www.nus.org.uk

10.7%.[6] This means there was a total spend of £8,722 million pounds on commissioning private providers.[7]

In 2015/16, £0.6bn was spent on the voluntary sector delivering NHS services, £2.9bn on local authorities and £8.7bn on independent service providers.

As of 2013, one third of the £9.75 billion spent on community health services was spent on non-NHS provision[8], and in turn 11% of spending on non-NHS provision was given to independent service providers for mental health services.

Winning the arguments

There are multiple objections to privatisation, not only ideological, but also with the delivery of services and their impact on the overall quality of patient care.

Keep our NHS Public!
NUS believes firmly that healthcare is a public good and a human right. It should be in public hands, and publicly controlled and accountable. The drive to privatise services is not just an ideological project based on a belief in the benefit of the free market; it is rooted in the austerity project which has cut funding to the NHS, driving the perceived need to privatise services in order to save money. In fact, if the NHS was properly funded then there would not be a need for this.

Market failure
The privatisation project fails on its own terms. You will never be able to create a truly free market within healthcare as, because of specialisms and the amount of investment providing a care service requires – there will never be as much competition for different healthcare treatments as there are for different restaurants or houses.

Furthermore, the profit motive for providers entering a market of healthcare incentivises driving costs down. This disadvantages both patients and those who work for the service, as patients do not benefit from cutting corners and workers feel the effect of lower wages and poorer working conditions.

Fragmented healthcare
In some areas, privatisation will lead to fragmented healthcare, as patients receive some areas of treatment from a private provider and others from the NHS or a different provider.

This is apparent in mental health service provision in Birmingham (detailed below), where patients receive crisis care from the NHS Accident and Emergency services, and regular care from Forward Thinking Birmingham. As the two organisations have no common note taking method, this means that information flow is hampered, and so there is a risk to the quality of care.

The NHS picks up the pieces
Private providers have the ability to cherry pick contracts that they want to deliver. Most providers, therefore, pick up smaller contracts which are less complex, as these have the highest chance of delivering a profit, such as elements of general practice as opposed to running larger parts of the healthcare system.

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[6] https://fullfact.org/health/how-much-more-nhs-spending-private-providers/

[7] http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2017-03-01/66091/

[8] https://www.nuffieldtrust.org.uk/news-item/sharp-increase-in-non-nhs-provision-of-community-and-mental-health-services-whilst-private-provision-in-hospital-care-slows

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275 Gray's Inn Road
London WC1X 8QB
t 0845 5210 262
e nusuk@nus.org.uk
www.nus.org.uk

This is beginning to change as bigger contracts are awarded to companies such as Virgin Healthcare, which recently won the contract to provide services such as home visits and community hospital services at hospitals in North Kent.[9] These leave the NHS with more complex parts of healthcare to deliver, which disadvantages them in comparison to other providers.

Privatisation drives care quality down
Private companies have a conflict between making a profit and taking the time to care for a patient, as they often try to maximise the amount of patients they can see in a day, leading to impersonal care or even cutting corners. There are many examples of how the delivery of privatised health care is letting down patients below in the study of Forward Thinking Birmingham.

Research from the BMA has shown that for CCGs there is a correlation between a higher spend on privatised provision per patient and a lower quality rating. Those CCGs who were rated Inadequate by the CQC were those who spent the most on independent service provision, at £139 average per patient, as opposed to £86 for those rated Good, £104 for those rated as requiring improvement and £112 for those who were outstanding.[10] However, it is important to remember that this does not necessarily show causation; it could either be the case that struggling CCGs are addressing existing problems with higher spend on privatised services, or that those independent services are causing the problems initially.

Privatisation costs the taxpayer more
Profits from private companies are not reinvested in higher quality services, they go to shareholders, and so the tax payer not only has to indirectly fund these services, they also fund the costs of creating and regulating an artificial market.

One of the early waves of privatisation, the Private Funding Initiative bought in in the late 1990s, where private companies built and ran hospital buildings, has made £831 million pre-tax profit over six years for those companies involved,[11] which has gone to shareholders rather than back into the system. In contrast, it's been estimated that taxpayer's money is being used to pay over five times the value of the assets.[12]

Privatised services are less accountable
When public services are run by local governments and NHS trusts, there is an element of democratic recourse to those in charge. This is less effective when the service is contracted out and provided at arm's length, as there is less of a clear trail of where public money actually goes, and the origin of services can be difficult to find out.

A key example of this is the case of Circle, the private company which was awarded the contract for Hitchingbrooke Hospital which failed – the Public Accounts Committee found that accountability for the contract was "fragmented and dispersed across the health system."[13]

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9 https://www.theguardian.com/society/2016/aug/15/creeping-privatisation-nhs-official-data-owen-smith-outsourcing

10 https://www.bma.org.uk/collective-voice/influence/key-negotiations/nhs-funding/privatisation-and-independent-sector-providers-in-nhs-care

11 https://www.ft.com/content/71201382-8cd6-11e7-9084-d0c17942ba93

12 http://www.nhsforsale.info/database/impact-database/is-the-nhs-less-accountable.html

13 http://blogs.lse.ac.uk/politicsandpolicy/the-private-provision-of-nhs-clinical-services-how-is-the-nhs-handling-the-contracts/

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275 Gray's Inn Road
London WC1X 8QB
t 0845 5210 262
e nusuk@nus.org.uk
www.nus.org.uk

Privatisation in Birmingham

In Birmingham, a new way of delivering mental health care is being trialled. This is a model which may then be adopted in other areas.

South Birmingham Clinical Commissioning Group has given a group called Forward Thinking Birmingham (FTB) the contract to deliver all mental health care for those aged up to 25 years old. This includes both Birmingham residents and the area's student population.

Forward Thinking Birmingham is made up primarily of four organisations: Birmingham Women's and Children's NHS Foundation Trust, the charity The Children's Society, and two other organisations: Beacon UK and Priory Group. The latter was sold to an American company, Arcadia Healthcare Company, in 2016, which paid £1.28bn in cash and issued £230m worth of shares to its previous owners Advent International, generating them a profit of over £500m.[14] Beacon UK is also a private limited company.[15]

This outsourcing is part of a broader shift in mental health policy in the area, and it is important to separate the policy rationale from the delivery issues with the service, and from the broader political issues with privatisation.

The policy rationale for 0 – 25 services

Previously, mental health provision in the Birmingham area had been under the care of the local NHS trust, and services for young people were fairly segmented and had different age ranges.

There was a re-assessment of the way that mental health provision works, and it was decided that moving forward a combined mental health service for young people between 0 – 25 was the preferred way forward. This decision was informed by consultation with those who use the service and expert input.

This was in parts to lessen the opportunities for a young person to get lost in the system when switching between stages of care, and in part related to new research which shows that the brain is growing and developing until the age of 25, and therefore continuous service use until this point makes scientific sense.

South Birmingham Clinical Commissioning Group, who published the business case for this proposal, were clear that:

"The total spends on current and proposed future services is not a factor in determining the direction of travel. Commissioners are not seeking to make savings from a new service"[16]

There has been some change in the direction of travel since these plans were first made. According to the business case, originally in scope was only community mental health services, and this was the preferred option at the time of publishing, however this has since grown to encompass further elements of care:

"The preferred option has always been to offer a service for 0-25 year olds; however, this was primarily aimed at community services. In light of the consultation and liaison with clinical experts the scope has been widened to include acute inpatient, psychiatric intensive care inpatient and rehabilitation inpatient beds as well as some of the lower level targeted support offered by third

[14] https://www.ft.com/content/0fa13fe2-b2e3-11e5-b147-e5e5bba42e51

[15] https://beta.companieshouse.gov.uk/company/07755712

[16] https://bhamsouthcentralccg.nhs.uk/publications/1450-full-business-case-final-11th-june-2014

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London WC1X 8QB
t 0845 5210 262
e nusuk@nus.org.uk
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sector partners. The preferred option is still to develop a 0-25 year old mental health service."[17]

The concept of combined mental healthcare, particularly initiatives like drop in centres in local communities, is not necessarily something to be objected to. There have, however, been significant problems with the delivery of services from Forward Thinking Birmingham, and it is for this reason that we believe them unsuitable to take this model forward nationwide.

The issues with Forward Thinking Birmingham

Those who use Forward Thinking Birmingham's services have reported significant concerns with its ability to deliver care competently. A report from the Care Quality Commission, based on an inspection on 26-27 July and published in February 2018 rated the service of FTB as inadequate[18], with specific inadequate ratings for service safety, leadership and responsiveness and "requires improvement" ratings for effectiveness and how caring the service was.[19] The report identified that, overall, patients were not safe in this services because of a lack of procedure and plan to keep them safe, and alarmingly that not all patients had a care plan. Those that did were not personalised and nor did they take into account the identified needs of young people, and an audit had not led to their improvement.

Overall running and administrative risks

There is a concern that FTB is not adequately responding to risks in its administration and delivery. Since its inception, Board minutes have shown concerns with the way that FTB operates, and below are some particular examples of ways the service is falling short.

FTB continues to receive a number of complaints to the Patient Advice and Liaison Service, receiving the highest amount of complaints across Birmingham Women's and Children's Hospital Trust in April with 28% of all new contacts to the Service concerning FTB.[20]

Staffing numbers

The Care Quality Commission revealed that the vacancy rate of staff was at 27% in 2017[21] and that 44% of these vacancies had not been filled by agency staff. According to their report: "This all impacted directly upon patient care resulting in poor patient handovers, cancellation of appointments, increasing waiting lists, patients waiting allocation of care coordinators, inconsistent care and low staff morale."[22]

In 2017, there was a vacancy rate of 56% in the home treatment and urgent care teams, of which some was filled with booking nine additional agency staff per week.[23]

17 https://bhamsouthcentralccg.nhs.uk/publications/1450-full-business-case-final-11th-june-2014

18 http://www.cqc.org.uk/news/releases/cqc-identifies-concerns-child-adolescent-mental-health-services-provided-birmingham

19 https://www.cqc.org.uk/sites/default/files/new_reports/AAAG8319.pdf

20 https://bwc.nhs.uk/download.cfm?doc=docm93jijm4n2432.pdf&ver=3339

21 https://www.cqc.org.uk/sites/default/files/new_reports/AAAG8319.pdf

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More recently, public minutes of the Birmingham Women's & Children's NHS Foundation Trust reveal that although nursing vacancies are overall decreasing, there are still gaps in staffing, particularly at senior levels: "A gap in Consultant medical roles within FTB is impacting on the senior nurses within some aspects of the service, as they are taking on a greater amount of responsibility and leadership than previously in complex case management and the supervision and induction of specialty and junior doctors."[24]

This has a significant knock on effect on the quality and continuity of care available, particularly when agency staff covering the posts could be on very precarious contracts and moved from site to site rather than being able to build relationships with patients.

Waiting Lists

There is an issue with the length of time it takes patients to be seen by FTB once they are referred. May 2018 Hospital Board minutes report that patients are waiting over 18 weeks for referral for treatment and that the situation has been worsened by an inconsistent use of the FTB waiting list system, which meant that the scale of waiting lists was unclear.[25] This is particularly damaging for students, who may be waiting to be seen for more than a term without treatment.

Collaboration between local hospitals and FTB

Content note: Suicide

There have been serious incidents (SIRIs) – that we have seen information on - which have been identified as consequences of Forward Thinking Birmingham's polices.

A coroner's report into the suicide of a local young woman found that there were serious gaps in care between services:

"Adults aged between 18-25 now have mental health services provided by two organisations – FTB and BASMHT. If a patient presents in crisis to A&E they will be seen by someone from the RAID team who work for BASMHT. If they require ongoing treatment they will be referred to FTB. There is a concern that patients will have no coordinated approach to their care at a time of crisis."[26]

The report further stated that the different record systems used by the two organisations presented further risk that information was not shared effectively, and that there was a concern that it was unclear how staff from each organisation would access each other's records when patients present to one or other of the services.

The importance of these processes being effective and competent, before they endanger more lives, cannot be underestimated.

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24 https://bwc.nhs.uk/download.cfm?doc=docm93jijm4n2432.pdf&ver=3339

25 https://bwc.nhs.uk/download.cfm?doc=docm93jijm4n2432.pdf&ver=3339

26 https://www.judiciary.uk/wp-content/uploads/2017/03/Ratheram-2017-0081.pdf

Macadam House
275 Gray's Inn Road
London WC1X 8QB
t 0845 5210 262
e nusuk@nus.org.uk
www.nus.org.uk

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NHS Vision for mental health

Macadam House
275 Gray's Inn Road
London WC1X 8QB
t 0845 5210 262
e nusuk@nus.org.uk
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