

NHS COMMISSIONER'S SPEND ON NON-NHS BODIES

In 2019, Matt Hancock pledged to MPs “there is no privatisation of the NHS on my watch”.

The Department of Health and Social Care handed a record total of £9.2bn in 2018/19, the last year accounts are available for; to private providers such as Virgin Care and the Care UK group, its annual report shows.

It is an increase of 14% from the £8.1bn that went to profit-driven healthcare companies in 2014/15 and £410m more than the £8.77bn they received in 2017/18.

The DHSC's accounts also disclose that its total spending on all non-NHS bodies has risen even more sharply than that on private firms, from £10.32bn in 2014/15 to £13.75bn last year – an increase of £3.43bn or 33% over four years.

That bigger £13.75bn total includes money handed to both the voluntary and not-for-profit sector, which has risen threefold over that time from £530m to £1.62bn, and also to local councils, which has gone from £1.77bn to £2.9bn. The latter is thought to cover spending on social care, community mental health services and continuing healthcare, in which the NHS pays for medical care for people with a disability, injury or illness who are living at home or in a care home.

The DHSC said that, while the overall amount was going up, the rise in its budget meant that the proportion of that going to private firms had remained constant at 7.3%.

It is however difficult to determine how much the NHS spends each year on the private sector. This is because central bodies do not hold detailed information on individual contracts with service providers, especially where these contracts may cover small amounts of activity and spending. Information on private sector spending is available from the annual accounts of the Department of Health and Social Care but also requires judgement and interpretation.

The Department of Health and Social Care accounts is likely to underestimate total spending on the private sector (7.3% of revenue). Following the Health and Social Care Act 2012, the number of contracts awarded to private providers increased.

The Department of Health and Social Care accounts also record how much the NHS spends on services provided by the voluntary and not-for-profit sectors and local authorities. If spending on these services was added to the spending on independent sector providers, this would total £13.7 billion in 2018/19. This amount was 11.0 per cent of total revenue spending by the Department and is similar to the 10.9 per cent spend in 2017/18.

The Department of Health and Social Care's accounts also show that NHS providers spent £1.3 billion on services from non-NHS organisations in 2018/19. Data from NHS Improvement shows that NHS providers spent £271 million on outsourcing services to other providers, including the private sector, in 2018/19 – up from £221 million in 2017/18. This includes outsourcing elective hospital treatment in order to deliver waiting times targets.

If spending on primary care services – including GPs, pharmacy, optical and dental services – is included, some have estimated that approximately 25% of NHS spending goes on the private sector. But it is debatable whether higher estimates of private spending – that include spending on GP services and not-for-profit charities – are a truer reflection.

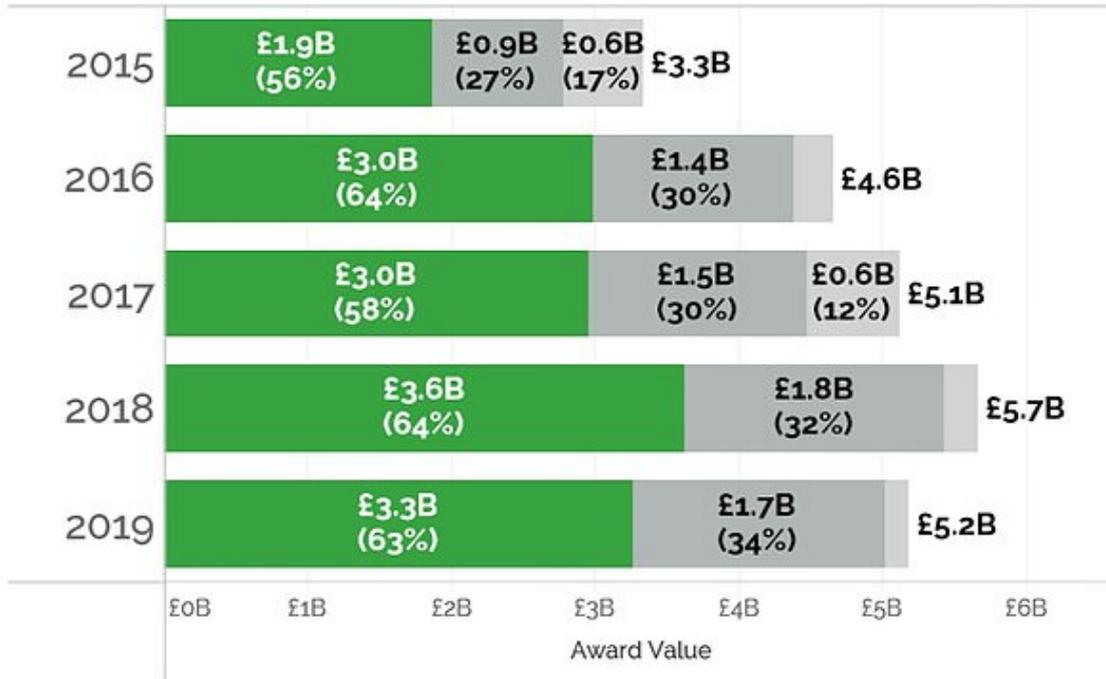
NHS Commissioners' spend on non-National Health Service bodies by organisation type - Independent sector providers

2018/19 - £9.2bn
2017/18 - £8.77bn
2016/17 - £9.01 bn
2015/16 - £8.82 bn
2014/15 - £8.1bn

The value of contracts awarded to private companies

- 2015 - £1.9bn (56%) of total yearly contract awards
- 2016 - £3.0bn (64%) of total yearly contract awards
- 2017 - £3.0bn (58%) of total yearly contract awards
- 2018 - £3.6bn (64%) of total yearly contract awards
- 2019 - £3.3bn (63%) of total yearly contract awards

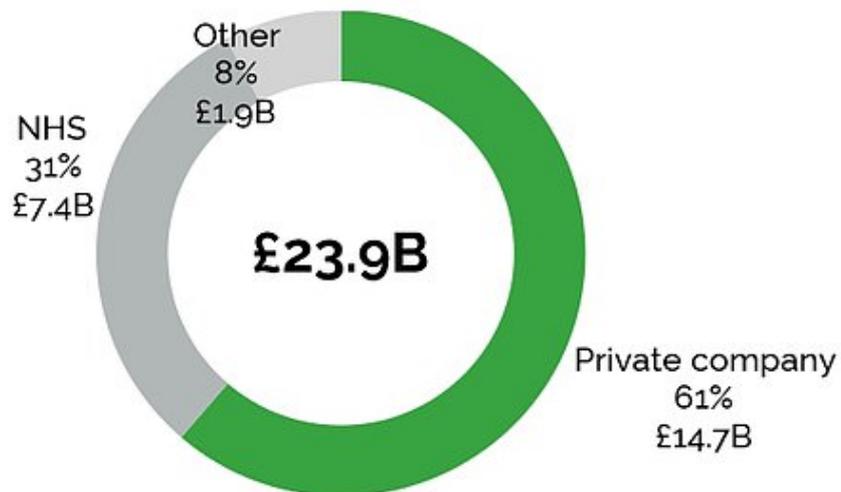
Value of services contracts awarded to private companies by the NHS by year since 2015



The analysis, conducted by data provider Tussell, showed private firms were awarded £14.7bn since 2015 - double that paid to NHS providers (£7.4bn) and almost £1.9bn on other organisations and local authorities

Around £1.9bn (8 per cent) worth of contracts were given out to other organisations, such as charities, universities or local authorities.

NHS 'services' contracts by value since 2015 by supplier type



Of the top twenty private providers, Care UK Clinical Services and Virgin Care Services have won the most contracts since 2015.

Care UK has won 17 contracts worth a total of £731m since 2015 and Virgin Care has picked up 13 contracts worth £579m over the same period, according to figures which the government contract data specialists Tussell collated for the GMB union. These are likely to be an underestimate as some contracts are undisclosed and not published.

[Since Matt Hancock has been Secretary of State for Health these are the contracts available to the public for Virgin Care and Care UK](#)

Virgin Care

Virgin Care has become a major player in the market for NHS services since it entered the healthcare market in 2010. Over the past seven years the company has been awarded contracts worth well over £2 billion,

In December 2018, local media reported that Virgin Care was to be awarded the contract for sexual health services in Cheshire West and Chester. The contract awarded by Chester Council under its public health remit will be worth £2.6 million. The previous contract was managed by East Cheshire CCG and the Royal Liverpool Hospital. Virgin Care began running the service in April 2019.

In September 2019, [Virgin Care and Frimley Health NHS Foundation trust](#) were jointly awarded three contracts, together worth £17 million per year to provide community health services across the North East Hampshire and Farnham and Surrey Heath areas.

The procurement was undertaken jointly by North East Hampshire and Farnham CCG and Surrey Heath CCG. The contracts will begin on 1 April 2020 and run until March 2025, with a possible extension to 2027.

Care UK

Care UK is the UK's largest independent provider of health and social care, with more than 110 care homes across the UK, caring for approximately 7,600 people. Measured by bed numbers, Care UK is one of the five largest operators of care homes.

In [October 2018](#), the HSJ reported that the University Hospitals Plymouth Trust had entered an agreement with Care UK for the company to take over all elective orthopaedic surgery for 18 months. Surgeons and anaesthetists at the NHS trust will move to Care UK's Peninsula Treatment Centre to operate on around 200 patients per month. The staff will remain trust employees but be managed jointly by Care UK. The trust is hoping that this will free up space over the coming winter. This agreement has been termed a 'partnership' by the trust and was not awarded via a tender process.

In June 2018, Care UK was awarded a five year contract to run the NHS 111 helpline and out-of-hour services across Suffolk and north-east Essex. From 1 November 2018, the private company will take on the "enhanced integrated urgent care service". These services will be delivered to the 950,000 population across the STP area.

References

2018/19 DHSC accounts

<https://www.gov.uk/government/publications/dhsc-annual-report-and-accounts-2018-to-2019>

2017/18 DHSC accounts

<https://www.gov.uk/government/publications/dhsc-annual-report-and-accounts-2017-to-2018>

NHS England: Private Sector:

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-07-01/271400/>