

NHS: The Facts

History

National Health Service 1948
No reorganisations until 1974
12 reorganisations since 1981

Key Steps towards privatisation:

1989: Working for Patients white paper.

1990: National Health Service & Community Care Act (in England) introduced a purchaser provider split – the ‘internal market’. Health authorities ceased to run hospitals but ‘purchased’ care from their own or other authorities’ hospitals. Certain GPs became ‘fund holders’ and were able to purchase care for their patients. The ‘providers’ became self-governing NHS trusts.

1997: Labour Government elected.

1999: Act scrapped GP fundholding and created ‘primary care trusts’ to act as both purchasers and providers in their stead. NHS Trusts were left alone, maintaining the purchaser-provider split.

2004: NHS Plan. Practice based commissioning. Patients able to choose NHS or private provider prepared to treat at NHS prices. New GP contract removed responsibility for GPs to provide out-of-hours cover so contracts tendered to private organisations. QOF – a very bureaucratic system of payment by results – introduced. NHS Trusts became Foundation Trusts with more autonomy

Reference: http://www.kingsfund.org.uk/sites/files/kf/styles/content_block_preview/public/images/graphical_teasers/health-and-social-care-act-prezi.jpg?itok=bfM1HcWc

Health and Social Care Act 2012

Not in the 2010 manifesto. In 2009 Cameron pledged ‘no more top down reorganisations’. Act opposed by RCN, Royal College of Midwives, BMA, RCGP. Had a stormy passage and required a ‘breathing space’ for consultation.

March 2012: Act passed after 1000 amendments.

September 2012: Health Secretary Andrew Lansley replaced by Jeremy Hunt.

April 2013: Act came into force.

The reorganisation abolished primary care trusts (PCTs) and Strategic Health Authorities and created a bafflingly complex structure.

There is an excellent animation explaining this produced by the King's fund.

Reference: <http://www.kingsfund.org.uk/projects/nhs-65/alternative-guide-new-nhs-england>

The Coalition Government's Health & Social Care Act 2012 removed the Government's duty to provide comprehensive health care. It now merely has to promote healthcare and the Health Secretary is no longer responsible. The Act has also opened up the NHS to competition law.

Reference: <http://www.38degrees.org.uk/page/content/NHS-legal-advice/>

£1.8bn has been wasted on NHS redundancy payments, with more than 44,000 lay-offs. In 2014-15 alone some £220m was spent on payoffs for staff. More than 5,500 people made redundant since 2010 are re-employed in the NHS, despite some receiving payments of over £200,000. The average payout is £43,000.

Reference: <http://news.sky.com/story/1525327/1-8bn-wasted-on-nhs-redundancy-payments>

Initial estimates of the costs of Lansley's Act were around £1.4-£1.7 billion, whilst Professor Calum Paton, of the Centre for Health and Public Interest, says it's likely to be at least £3 billion – the same cost he cites for Labour's 2001 reforms.

Is the NHS unaffordable, badly managed and unsustainable?

This is the narrative which has prevailed since the 1980s and has driven the progression toward privatisation. But is it true?

Demand and costs are certainly rising:

Key statistics on the NHS

The NHS deals with over 1 million patients every 36 hours.

NHS net expenditure (resource plus capital, minus depreciation) has increased from £64 billion in 2003/04 to £113 billion in 2014/15. Planned expenditure for 2015/16 is £116 billion.

Total annual attendances at Accident & Emergency departments was 25 per cent higher than a decade earlier (17.837m).

In 2014/15 there were 45 per cent more operations completed by the NHS compared to 2004/05, GPs now see 370 million patients – 70m more than 5 years ago, yet GP share of the NHS budget has fallen to all-time low of just over 8%.

Reference: <http://www.rcgp.org.uk/news/2015/may/rcgp-response-to-prime-minister-speech-on-seven-day-nhs.aspx>

The NHS budget is failing to keep up with the demand:

The NHS net deficit for the 2014/15 financial year was £471 million (£372m underspend by commissioners and a £843m deficit for trusts and foundation trusts).

Nearly every hospital in England is now in deficit. Of the 138 hospital trusts, just seven are still in surplus according to the 2015-16 third quarter accounts, which cover April to December.

The figures also show a total NHS trust overspend of £2.26bn once ambulance, mental health and community services were taken into account. The deficit is already nearly triple what it was for the whole of the 2014-15.

An ageing population, continuous development of new expensive treatments and a rise in chronic diseases such as diabetes and obesity are often cited as reasons why it is impossible for the NHS to remain publically funded:

But what about this:

The myth of the demographic 'time bomb'.

While overall spending on health services (between 1965 and 1999) grew by 3.8 per cent a year in real terms, the demographic changes alone accounted for annual real term growth of just 0.5 per cent a year.

Less than 15 per cent of the growth in healthcare spending can therefore be attributed to the cost of meeting the needs of an ageing population. This is in keeping with findings from other countries.

Reference: <http://www.nhsbill2015.org/wp-content/uploads/2015/03/Myth-of-Ageing-fact-sheet.pdf>

Statistics do not support the fact that the NHS has been badly managed. In fact it's the opposite.

International comparisons

In comparison with the healthcare systems of ten other countries (Australia, Canada, France, Germany, Netherlands, New Zealand, Norway, Sweden, Switzerland and USA) the NHS was found to be the most impressive overall by the Commonwealth Fund in 2014.

The NHS was rated as the best system in terms of efficiency, effective care, safe care, coordinated care, patient-centred care and cost-related problems. It was also ranked second for equity.

Current health expenditure in the UK was 8.46 per cent of GDP in 2013. This compares to 16.43 per cent in the USA, 11.12 per cent in the Netherlands, 10.98 per cent in Germany, 10.95 per cent in France, 10.40 per cent in Denmark, 10.16 per cent in Canada and 8.77 per cent in Italy.

Current expenditure per capita (using the purchasing power parity) for the UK was \$3,235 in 2013. This can be compared to \$8,713 in the USA, \$5,131 in the Netherlands, \$4,819 in Germany, \$4,553 in Denmark, \$4,351 in Canada, \$4,124 in France and \$3,077 in Italy.

The UK had 2.8 physicians per 1,000 people in 2013, compared to 4.1 in Germany, 3.9 in Italy, 3.8 in Spain, 3.4 in Australia, 3.3 in France, 2.8 in New Zealand and 2.6 in Canada.

The UK had 2.8 hospital beds per 1,000 people in 2013, compared to 8.3 in Germany, 6.3 in France, 3.1 in Denmark, 3.0 in Spain and 2.8 in New Zealand.

Reference: Commonwealth Fund international comparisons report 2014

The NHS is not unaffordable or unsustainable. It's underfunded.

Reference: <http://www.bmj.com/content/343/bmj>.

UK spending on healthcare is the lowest of G7 countries

Reference: <http://www.bmj.com/content/348/bmj.g3063?>

A recent Commonwealth Fund study showed that the UK saves more lives for each pound spent, as a proportion of national wealth, than any other country looked at apart from Ireland.

Reference: <http://www.theguardian.com/society/2014/jun/17/>

The long term sustainability of the NHS is a political choice, so it's a myth that the NHS is unaffordable. In fact, we can't afford not to have the NHS. Billions are being wasted on 'marketisation' and paying interest on bad Public Finance Initiative (PFI) deals. International studies have consistently shown the NHS to be one of the most cost-effective health services in the world.

Reference: <http://www.theguardian.com/>

Recent evidence from Oxford University and Stanford University, as well as the IMF, have proven that health spending actually increases economic growth by keeping the workforce healthy and generating a fiscal multiplier effect by increasing employment and redistributing wealth to poorer parts of the country, reducing inequalities.

Reference: <http://www.biomedcentral.com/content/pdf/1744-8603-9-43.pdf>

**So the NHS has been doing a good job with the lowest spend of G7 countries.
How efficient is the market?**

Cost of the market

The costs of maintaining market mechanisms in the NHS have been conservatively estimated at £4.5 billion a year – enough to pay for either ten specialist hospitals, 174,798 extra nurses, 42,413 extra GPs, or 39,473,684 extra patient visits to A&E.

Reference: <http://www.neweconomics.org/blog/entry/markets-are-the-wrong-medicine-for-the-nhs> and here: <http://chpi.org.uk/wp-content/uploads/2014/02/At-what-cost-paying-the-price-for-the-market-in-the-English-NHS-by-Calum-Paton.pdf>.

Hospital bosses waste almost £62 million a year bidding against each other for NHS contracts.

Reference: <http://www.mirror.co.uk/news/uk-news/hospital-bosses-waste-62million-year-4509448>

One example: A million pounds has been wasted on the tendering process over a contract to supply older people's healthcare in Cambridgeshire; it ended up being awarded to the NHS.

Reference: <http://www.bbc.co.uk/news/uk-england-cambridgeshire-29439924>

£33 million has been spent on management consultants for 2013-15 to help fine-tune plans to close A&E departments and then sell the idea to the public, including more than £12.5 million on McKinsey (management consultants).

Reference: <http://www.dailymail.co.uk/news/article-3094678/Advice-cost-33million-NHS-bosses-lavished-extraordinary-amounts-money-consultants-help-work-shut-E-departments-convince-public-good-idea.html#ixzz3b6Bv1jUy>

Privatisation

It is already here!

NHS Support Federation found that £16 billion of NHS clinical contracts have been awarded through the market since April 2013 (411 contracts). Over this time the private sector has won nearly £5.5bn worth.

£6bn worth of clinical contracts have been awarded so far in this financial year (April 2015/16), another £5bn worth remain in the pipeline.

So far in this financial year (2015/16) **the private sector has won just over £2.1 billion worth of clinically related NHS contracts (37%)**. The not-for-profit sector have picked up £955 million worth of contracts (16%) and the NHS has won £2.7 billion worth.

Reference: http://www.nhsforsale.info/uploads/images/contract_alert_feb_2016.

The National Health Action Party have a very useful NHS wiki page on their website. See The anatomy of privatisation: information about the activities of private health companies, their links and failed contracts. Also information about MPs, Lords and party donors linked to private health companies.

Reference: <http://nhap.org/the-anatomy-of-privatisation>

Public Finance Initiative (PFI)

In 1992 PFI was implemented for the first time in the UK by the Conservative government of John Major. It was attacked by the Labour Party while in opposition as back-door privatisation.

Nonetheless, the Treasury considered the scheme advantageous and pushed Tony Blair's Labour government to adopt it after the 1997 General Election. Two months after the party took office, the Health Secretary, Alan Milburn, announced that 'when there is a limited amount of public-sector capital available, as there is, it's PFI or bust'. PFI expanded much further under Labour.

Reference: Wikipedia

Annual payments for PFI hospitals are ring-fenced and must be paid before any money can be allocated for staff or patient care. However, PFI payments are linked to the retail price index and hence the cost rises year on year while the NHS budget is falling. **Some PFI hospitals may be paying as much as 30% of their annual income out on PFI charges.** The NHS may pay more than ten times the original construction costs over the life of the contract.

The scandal of PFI. Cost of building hospitals: £12.2 billion. NHS pays back: £70.5 billion.

Reference: <http://www.nhsforsale.info/privatisation-list/surgery/the-great-pfi-swindle.html>

PFI hospitals cost NHS £2bn every year

NHS hospitals owe £80bn in PFI loan unitary charges – in other words, the ongoing costs of maintaining PFI hospitals and paying back the loans.

Reference: <http://www.rcgp.org.uk/news/2015/may/rcgp-response-to-prime-minister-speech-on-seven-day-nhs.aspx>

Health services are undeniably expensive but as the publically funded, publically run NHS cannot be beaten for cost effectiveness privatised systems must necessarily cost at least as much but with colossal added expenditure for marketisation.

It is privatisation which is unaffordable, inefficient and unsustainable .

What can we do about all of this?

Campaign for the NHS Reinstatement Bill

Please support this!

Reference: <http://www.nhsbill2015.org/the-bill/>

On 1 July 2015, 12 MPs from five political parties tabled the National Health Service Reinstatement Bill in the House of Commons, based on the second version of the proposed NHS Reinstatement Bill.

The Second Reading of the Bill is on 11 March 2016

In short, the Bill proposes to:

- fully restore the NHS as an accountable public service by reversing 25 years of marketization in the NHS, by abolishing the purchaser-provider split, ending contracting and re-establishing public bodies and public services accountable to local communities.
- reinstate the government's duty to provide the key NHS services throughout England, including hospitals, medical and nursing services, primary care, mental health and community services.
- abolish Monitor – the regulator of NHS foundation trusts, commercial companies and voluntary organisations – and repeal the competition and core marketization provisions of the 2012 Act.

- integrate health and social care services.

The Campaign for the NHS Reinstatement Bill website has really good resources including a sheet about the demographic time bomb myth, and FAQs from which the following information is derived:

- All the evidence from across the world shows that funding from taxation is the fairest and most progressive way. The World Bank and the World Health Organisation agree that introducing health insurance and user charges increase the overall costs of healthcare as a percentage of GDP and punishes the poor, the old, and the sick.
- US health care costs 17.2% GDP compared with 9.2% UK. User charges are punitive and they act as barriers to care. So people present late, too late or not at all. This system costs lives. One in five Americans have trouble paying their healthcare bills and the bills are the cause of two-thirds of personal bankruptcies.
- The government does not provide data on transaction costs of profits made by companies but every contract tendered currently will cost more than £0.5 million to tender alone.
- On this basis, from UK and US experience of transaction costs in the market we are very likely talking about saving anything from £9 billion to £25 billion in market costs alone each year, not to mention costs to patients.
- GPs now make up less than half of Clinical Commissioning Group (CCG) board members, which means GPs are in the minority when it comes to voting. Too much of the day-to-day work of CCGs is done by managers or commissioning support units.
- Many GPs are already leaving their roles on CCGs due to general loss of interest as they realise they don't have much influence in decision making.
- Of the GPs who had no formal role in CCGs, only 38% felt their views were reflected in CCG decisions.
- While funding is decided nationally, it is up to CCGs to find ways of saving money by cutting services and rationing care all the while the budget allocated to primary care has been reducing year after year. At the same time GPs are discouraged by CCGs to refer to specialist hospitals to save costs, Jeremy Hunt threatens to name and shame GPs who miss cancers (cancer usually needs referral to secondary care [a 'specialist'] for diagnosis).
- One poll showed that 73% of GPs believe they have been set up to take the blame for rationing health care.

7-day NHS

What is a 7-day NHS and what will it cost?

There is an excellent analysis on the BBC: The Report 7-day NHS

Reference: <http://www.bbc.co.uk/programmes/b070hns3>

The basic points are as follows:

The government want a 7-day NHS but will not increase spending even to cover the increasing demands on a 5-day service.

Reference: <http://www.kingsfund.org.uk/blog/2016/01/how-does-nhs-spending-compare-health-spending-internationally>

The costs of a 7-day NHS for each year of healthy life expectancy gained by patients are enormous and more could be achieved by spending the money in other ways, according to an economic analysis by Manchester University.

Reference: <http://www.manchester.ac.uk/discover/news/resources-needed-for-the-seven-day-nhs-services-may-be-better-spent>

More than 11,000 new staff are needed at weekends at hospitals in England if they are to function identically to a weekday, including 3,000 nurses and 4,000 doctors. The 7-day plan is likely to have an additional cost of £900m each year.

NHS England expresses concern in the leaked draft report: 'The commitment to seven-day GP access is... dependent on the commitment to an additional 5,000 GPs working in general practice, which is a challenging target, both in terms of recruitment and retaining the existing workforce.' The BMA 'recognises the need for safe, high quality emergency and in-patient care throughout the week and notes that delivering emergency care is not the same as providing comprehensive non-urgent, elective and planned care on a seven day, 24 hour basis'.

The reasons why patients admitted to hospital at the weekends are more likely to die than those admitted in the week have not been investigated. In spite of this, Jeremy Hunt has repeatedly told Parliament and the press that the junior doctors' contract is the answer.

Junior doctors

The proposed contract changes a number of key aspects of the working lives of the 45,000 junior doctors working in the NHS in England, especially relating to hours and pay. NHS Employers want to extend routine working hours from 60 per week to 90 and remove safeguards which protect both patient and doctor safety. Junior doctors will no longer be able to claim overtime pay for 'antisocial hours' shifts, money that can contribute as much as 30% of their income.

Hunt's chief negotiator insists that under the new system a majority of trainee doctors (everyone below consultant level) who work on Saturday will get paid at a premium rate if they do so at least one Saturday in four. That will mean 30% on top of their basic salary, less than they get now. In return they will get a 13.5% increase to their basic pay, which starts at just under £23,000. The British Medical Association and NHS Employers disagree over whether that pay rise, with new terms and conditions, will mean doctors are better or worse off.

Over 28,000 junior doctors cast their vote in the BMA's ballot about proposed industrial action. 98% backed strike action.

The Government has not compromised on its agenda to force junior doctors into working more hours for less pay, so that it can drive through its 'enhanced seven-day services' manifesto pledge in the face of a **£22bn NHS efficiency savings programme**.

In my opinion:

Junior doctors are absolutely the front line and mainstay of the NHS. They are exhausted to the point of despair. They are dealing with impossible workloads, struggling to mitigate the effects of an underfunded system and coping with the stress of making decisions while exhausted. Most are still in training and studying for specialist exams. They deserve to be able to have relationships and family life just like anyone else. Then they are told that they must work longer and more antisocial hours possibly for less pay.

If they are defeated, all other groups of health service workers will be next to have their terms and conditions attacked.

Recruitment crisis

Thousands of NHS nursing and doctor posts lie vacant.

Reference: BBC News

Between 2013 and 2015, there has been a 50% increase in nursing vacancies, from 12,513 to 18,714. For doctors, the number of vacancies went from 2,907 to 4,669, an increase of roughly 60%.

Reference: <http://www.bbc.co.uk/news/health-35667939>

Agency staff

NHS spends £2.5bn on agency staff. Agency nurses cost in the region of £24 to £29 an hour, equivalent to between £47,000 and £56,000 a year, while the salary for an NHS band 5 nurse is between £21,478 and £27,901. The typical charge for a consultant from an agency is £1,760 a day, equivalent to a pro-rata salary of £459,000. Since the salary of an NHS consultant is between £75,249 and £101,451, four consultants could be employed by the NHS for the price of one agency staff member.

Reference: gu.com/p/4774n/stw

Health service bursaries

From 2017, the government is proposing to scrap the NHS bursary for student nurses, midwives, radiographers, physiotherapists, speech and language therapists, dieticians and occupational therapists.

Student nurses already work 37.5 hours a week on 8-12 week placements without pay and those long hours mean they can't take on extra, paid work like other students.

If nurses lose their bursary, students will finish with around £50,000 worth of debt.

The cuts will hit mature students hard.

GPs

GPs account for 90% of patient contact but just 8% of the NHS budget

There are now 66.5 family doctors per 100,000k people in the UK, down from 70 in 2010.

Reference: <http://www.theguardian.com/society/2014/jun/14/gp-numbers-fall-recruitment-crisis-bites>

GPs now see 370 million patients – 70m more than 5 years ago, yet GP share of the NHS budget has fallen to all-time low of just over 8%.

Reference: <http://www.rcgp.org.uk/news/2015/may/rcgp-response-to-prime-minister-speech-on-seven-day-nhs.aspx>

There are now 7,962 GP practices in England – one in 20 has disappeared since 2010. The rate of loss of local surgeries has speeded up. NHS figures show that 656 surgeries have been merged, taken over or closed completely since 2010.

Reference: <http://www.theguardian.com/society/2015/jul/05/gp-surgery-closures-london-crisis-refugee-patients>

A recent British Medical Association (BMA) survey of more than 15,000 GPs found that 93% feel their workload was negatively affecting patient care, while a third were considering leaving the profession as a result in the next five years.

Reference: <http://www.theguardian.com/healthcare-network/2015/may/21/general-practice-permanent-decline>

The NHS has missed its target to persuade 50% of medical graduates to become GPs rather than other sorts of doctor for the last two years.

Reference: <http://www.theguardian.com/society/2015/may/21/david-cameron-must-drop-obsession-with-seven-day-access-to-gps>

A BMA survey found that a third of doctors are considering retirement in the next five years, over a quarter are considering working part-time and one in 10 said they are thinking about moving abroad.

Reference: <http://www.bbc.co.uk/news/health>

GP workload is harming care, a BMA poll suggests.

Reference: <http://www.bbc.co.uk/news/health-32224063>

The main reasons for doctor dissatisfaction are excessive workload, un-resourced work being moved into general practice, and not enough time with patients.

Reference: <http://www.bbc.co.uk/news/health-32307459>

It is estimated that general practice will face a deficit of £2.7bn in 2021, which would lead to a further shortfall of 7,500 GPs across England, on top of a present shortfall of over 8,000.

Reference: <http://www.gponline.com/viewpoint-dr-kailash-chand-increase-general-practice-spend-11-nhs-budget/article/1337256>

Collated by Dr Jan Macfarlane March 2016