

# Lesson one from the Hinchingsbrooke hospital scandal: beware the ‘mutual’

Supporters of the flagship hospital said its structure was a blueprint for the future. In fact it was privatisation by another name



‘Hinchingsbrooke has been a heavy defeat for an ideological solution that can work well in manufacturing or retailing, but runs into problems in healthcare.’ Photograph: John Robertson for the Guardian

Advocates of a market-led, partly privatised NHS for England have been saying for years that “what matters is what works”, dismissing those who believe in the 1948 NHS concept as ideological, old-fashioned or plain wrong. Now that their flagship, [Hinchingsbrooke hospital](#), the only privately run NHS hospital in the country, is losing its private contractor, Circle, one might have expected the zealots to acknowledge [the flawed nature of their policy?](#) Not a bit of it. The arch priest of markets everywhere, the Economist, [merely records](#) that it “is just one of dozens in financial trouble”.

There should be a fundamental rethink from all those who have identified themselves with this flawed concept, which started to take hold in the [debate about foundation hospitals in 2003](#) and reached its

<http://www.theguardian.com/commentisfree/2015/jan/19/hinchingsbrooke-hospital-scandal-mutual-privately-run#start-of-comments>

apotheosis in the Cameron/Lansley legislation of 2012 with a full-blown external market for the NHS. The care quality commission (CQC) gave Hinchingsbrooke the inspectorate's worst ever rating for "caring". The CQC found it "inadequate" (the worst rating) for safety and leadership, and was so damning overall that Circle threw in the towel hours before the findings were made public.

The hospital is now in "special measures" with an uncertain future, and the real NHS will have to pick up the pieces. There are links here with the Mid Staffordshire scandal as they strove for and got semi-marketised status as a foundation trust. In both, the market ethos meant staff cuts, falling morale, an over-reliance on agency staff, and secrecy. Circle shed 46 full-time nursing posts within six months of taking over – but its plans were hidden to the public under the guise of "commercial confidentiality".

Circle's spin was that it was a mutual, because it was supposedly half-owned by staff; and commentators glossed over the fact it was half-owned by hedge fund managers. We were told it would "liberate" NHS staff from the tired, over-centralised state solution. The marketeers believed that only by leaving the NHS and being given shares in their own hospital could staff be motivated to work harder for patients. This has been a heavy defeat for an ideological solution that can work well in manufacturing or retailing, but runs into problems in healthcare, where there is already reluctance among taxpayers to fund the sort of very high returns on capital that they are already paying through the PFI in the NHS.

The notion that such "mutual" structures are more responsive to grassroots staff was demolished by the CQC. The management of Circle merely replicated old hierarchies, with nursing staff reporting that they felt unable to raise concerns, with managers brought in from industry totally out of their depth. Morale at Hinchingsbrooke was at rock bottom, with the last staff survey placing it in the lowest 20% of hospital trusts on key indicators including job satisfaction, bullying, training and potentially harmful errors.

The mutual concept is enthusiastically promoted by ministers. Turning every aspect of our public services into mutuals as they imagine them – <http://www.theguardian.com/commentisfree/2015/jan/19/hinchingsbrooke-hospital-scandal-mutual-privately-run#start-of-comments>

or mutual “joint ventures” with growing opportunities for private investors – seems more politically sellable than more blatant forms of privatisation. Francis Maude has written to every acute hospital in England, inviting them to explore leaving the NHS to become just such a “mutual”. What an embarrassment. But also, what a warning.

The [OurNHS openDemocracy website](#) has set out nine hospitals – including Moorfields eye hospital and Liverpool heart hospital – that have set off down this route, with decisions expected by April. If access to private capital proves difficult for these “mutuals”, cast adrift from the NHS, the government has promised to fix that problem. There are, it says, “no red lines” to extending the pathfinders to every hospital in the country.

Launching his “mutual” plan last year, Norman Lamb, the Liberal Democrat junior health minister, said that Mid Staffs “would never have happened at a mutual”. Sir David Dalton, whose recent review of “new NHS providers” included the suggestion of more privatisation of trusts, and hints of more Circle-style mutuals.

Both need to rethink this model in the light of what has happened at Hinchingsbrooke. Ali Parsa, Circle’s founder and ex-Goldman Sachs banker, told a receptive media that more “business culture” could work miracles on our underfunded hospitals. But the CQC found that management techniques borrowed from the car industry, such as “[stop the line](#)”, did not “empower” staff to halt proceedings and quickly raise concerns about patient safety – staff told the CQC they felt blamed if they used it. And the A&E waiting time management system based on Argos tills failed too – patients in Hinchingsbrooke’s understaffed A&E were twice as likely as the average NHS A&E patient to wait so long that they gave up and left without being seen.

Those who advocate “the market as the organising principle of the NHS”, have abused the term mutual as a less abrasive way of achieving their objectives. Fortunately, they have now been exposed, and happily so before the general election. Those who worry about the NHS can now rally, and let prospective candidates know exactly what they expect of all MPs in the next parliament. There is just enough time.