

# Behind the Smoke and Mirrors: Neither Hinchingsbrooke nor Circle are what they seem.

## Executive Summary

Circle, the private company that won a 10-year contract to manage Hinchingsbrooke Hospital, has conducted a highly successful PR operation to present a picture of itself which is quite misleading.

Its press releases and statements suggest that:

- they have made a glowing success of the contract at Hinchingsbrooke (and that Hinchingsbrooke before Circle was a hopeless failure);
- that the company is growing and developing successfully, and on the brink of securing new contracts;
- that Circle itself is a new type of company, a “partnership”, co-owned by staff, along the lines of the successful John Lewis partnership in retail.
- That this “partnership” working at Hinchingsbrooke is the basis for improving the hospital’s performance.

This report, drawing on evidence and statistics from independent sources including Circle’s own reports, shows that none of these is true. Instead:

- **The Hinchingsbrooke contract, based on the assumption that Circle would deliver huge £300m-plus savings over the ten year contract, is well adrift from target.** The company’s own reports show Circle has not yet made a penny in profit from the contract, and its support payments to keep the Trust afloat have now almost reached the £5m total that could trigger a renegotiation of the contract or allow Circle to walk away and cut its losses for a token payment of £2 million. The Trust is one of 19 seriously indebted trusts referred this summer by the Audit Commission for closer scrutiny.
- **Circle itself has never made a profit.** Its private hospitals in Bath and Reading are growing income almost entirely through NHS referrals. Its earnings before interest, tax, depreciation and amortisation actually *fell* in the first half of this year, and its loss was greater than in the same period last year
- **Circle has this year wound up the “partnership”** that appeared to give staff “shares” equivalent to almost 50% of the company – although they paid no dividend, gave no control, and could not be sold. Instead Circle shares equivalent to less than 10% of the company, which is now almost entirely owned by hedge fund and city interests, have been issued on an unclear basis to staff, who still have no real control of the company.
- **There is NO partnership working at Hinchingsbrooke:** Circle refuses even to meet the trade unions representing staff at the hospital, and a disastrous staff survey shows relationships

between management and staff at Hinchingsbrook are worse than the average for the whole NHS. Out of **28 Key Findings**, Hinchingsbrooke comes out worse than the NHS average on two thirds (19), and is in the lowest 20% of trusts in almost half.

Hinchingsbrooke came out in the bottom 20% for staff feeling that their role makes a difference to patients, for [lack of] effective team working, and the percentage of staff working extra hours – a result that is worse than last year.

The trust is also in the bottom 20% for staff receiving equality and diversity training, while (perhaps predictably in this context) above average for staff facing discrimination at work. It was also among the worst trusts for the percentage of staff witnessing potentially harmful errors, near misses or incidents – but also in the worst 20% for staff concerns over the fairness and effectiveness of incident reporting procedures. Hinchingsbrooke staff are among the 20% of NHS trust staff most likely to have experienced bullying or abuse from staff [fellow “partners”!]. 29% reported that they had experienced bullying and harassment from staff.

They are also among the 20% most likely to feel under pressure to come into work when they feel unwell, with a third of Hinchingsbrooke staff saying this had been a problem for them.

The report fills in the history behind Circle winning the contract, Hinchingsbrooke’s previous record as a low cost, high-achieving hospital, and the ways in which misguided intervention and policy decisions of local commissioners and the old East of England Strategic Health Authority combined to push it into a crisis from which it has yet to recover.

The report concludes:

“The Circle management principles seem fine enough on paper, but mean little to staff working shorthanded and lacking additional training and support. The company’s management regime may not be on the level of the North Korean despotism, but it is no workers’ paradise.

“The rise and prominence of Circle reflects the determination of successive governments to hand over more NHS contracts to private providers at the expense of existing NHS trusts, a policy eagerly applied by the East of England Strategic Health Authority.”

#### **FURTHER DETAILS & comment**

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