

**PRESS INFORMATION****EMBARGO: NOT FOR PUBLICATION BEFORE 09.30 HRS WEDNESDAY 2 MARCH 2011****PRIVATE SECTOR CONTRACTS ARE VALUE FOR MONEY FOR THE NHS**

The NHS is getting better value for money from privately-run treatment centres as they become more popular with GPs and patients.

New figures obtained by *Healthcare Market News* reveal that use of independent sector treatment centres (ISTCs) has soared since the last time comprehensive contractual information was published in 2008. Combined, all 23 existing schemes performed an average 97% of their contracted value between October and December last year - ten percentage points ahead of the figure two years ago.

The Blair government's ISTC programme opened the door to the NHS market in 2003 when the private sector was invited to run the routine surgical centres in a bid to cut burgeoning waiting lists. However, the contracts attracted fierce criticism from the outset, primarily because of 'volume guarantees' which meant primary care trusts were charged for a specified number of procedures regardless of whether or not they were carried out.

Thirteen ISTC contracts are due to expire this year and although volume guarantees will not apply to the new agreements, their renewal is likely to be heavily dependent on past contractual performance.

At the end of 2010, Circle-run Burton ISTC and UK Specialist Hospitals Somerset ISTC, both of which expire in July, were the only wave one schemes that reported take-up rates below 90%. Care UK's Portsmouth scheme was operating at 90% of its contracted value, but the remaining ten schemes, including three NHS walk-in centres, all recorded utilisation rates in excess of 97%.

*Healthcare Market News* Editor Maria Davies said: 'These figures should bode well for the current round of ISTC contract renewals and in the main providers are reporting increased interest from patients and greater acceptance from GPs and local NHS managers. However, there are fears that regardless of how well they are performing, some schemes could take the brunt of the spending squeeze as cash-strapped NHS managers look to cut or downsize private sector contracts rather than scale back in-house services or make reductions in their workforce.'

- END OF RELEASE -

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**Please remember to credit *Healthcare Market News* when covering this story**

**NOTES TO EDITORS:**

Figures obtained from the Department of Health in response to a query from *Healthcare Market News* cover the three months from October to December 2010. A full break down of the utilisation rates of individual ISTCs over the same period is available on request.

**About *Healthcare Market News***

*Healthcare Market News* is the leading monthly on the independent healthcare sector published by health and social care intelligence and consultancy firm Laing & Buisson.

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## ABOUT LAING & BUISSON:

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