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Serco and Circle in NHS bid fight

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SERCO, the outsourcing giant, and Circle, Europe's largest partnership of healthcare workers, are going head-to-head in a bid to become the first private company to run an NHS hospital.

The third company in the race, Ramsay Healthcare, was eliminated late last week, leaving Circle and Serco to go through to the final stages of the contest to manage Hinchingbrooke hospital in Cambridgeshire.

The East of England Strategic Health Authority turned to the marketplace in August 2009 to find a partner to run services at Hinchingbrooke after the hospital ran up debts of around £40m.

Earlier this year, Cambridge University Hospitals Foundation Trust – the only NHS provider still in the running – pulled out, meaning that a private-sector provider will take charge of a

whole hospital for the first time. An NHS East of England spokesman said the organisation was managing a competitive process to find the best partner to run services at Hinchingbrooke.

“Circle Health, Serco Health and Ramsay Healthcare were invited to submit bids as part of the second stage of an invitation to participate in dialogue,” he said.

He added that Circle and Serco had submitted bids that met the requirements and were in the process of being evaluated. But he added that Ramsay Healthcare had chosen to submit a bid which did not meet those requirements.

Therefore, it was not possible for that company's bid to be evaluated and Ramsay Healthcare would not be taken to the invitation to tender stage, he said.

The preferred franchisee will be announced in December following an evaluation period and the resulting contract is expected to

last for seven to 10 years.

Serco, the support services company whose contracts include managing the Docklands Light Railway and pathology services at Guy's and St Thomas' Hospital, is bidding with Peterborough and Stamford Hospitals NHS Foundation Trust.

Alastair Dick, managing director of Serco Health, said the company was pleased to be one of the final bidders. “Serco remains fully committed to this innovative partnership process between the public and private sector,” he said.

Ali Parsa, managing partner of Circle, which recently opened a hospital in Bath designed by Sir Norman Foster's architecture practice, said the choice was now about which set of values was chosen to run the hospital.

“If we won the contract, Circle would create a model of employee ownership that puts those closest to patients in charge,” he added.