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GPs award £2.4bn deals to their own companies

Times investigation reveals conflicts of interest

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Groups of family doctors who control local NHS budgets have handed at least £2.4 billion of taxpayers' money to organisations that their members own or work for, *The Times* can reveal.

GP-led groups are responsible for spending NHS funds locally, creating the potential for conflicts of interest because doctors can effectively pay themselves for clinical services.

An investigation by *The Times* and the *BMJ* found that such conflicts have become routine, with a third of groups giving contracts to ventures in which their board members have financial or professional stakes.

Under reforms introduced by Andrew Lansley, the former health secretary, £67 billion is given to 211 GP-led clinical commissioning groups each year to buy services for local patients. Each group is run by a board made up of a majority of GPs with other medics and lay members.

In total, more than 400 contracts have been awarded by the groups to companies, clinics and hospitals in which their board members have declared direct personal interests in arrangements condemned by patient leaders as a free-for-all.

Doctors are often required simply to leave the room while votes are taken on contracts and in some cases are asked only to stay silent while remaining in the meeting.

GP leaders in Birmingham awarded contracts worth £1.7 million to a company in which three of them were shareholders and one was its medical director. Such payments were within

the rules because the doctors declared the interest and abstained during decision-making.

Health chiefs could be questioned by MPs over their control of NHS budgets after Meg Hillier, the chairwoman of the House of Commons public accounts committee, said that there was a governance issue. "There's a problem with the system that people are getting tied up in knots like this and it does not look good for the taxpayer," she said.

She said that the committee would be looking into the spending of the groups, arguing that it was not good enough for GPs to apply a doctor-knows-best attitude to managing public money. "The doctors running CCGs have a different relationship to taxpayers than when they're providing care. They have to be held to account," she said.

Simon Stevens, the chief executive of NHS England, is facing demands for an inquiry into how the health service is spending public money after doctors condemned "extremely vague" rules which allow conflicts of interest to be managed inconsistently across different areas.

Using freedom of information laws and public board papers, *The Times* and the *BMJ* obtained details from 151 CCGs, of which 50 had given at least one contract to enterprises in which members of their governing body had declared interests.

A total of 437 contracts, worth at least £2.4 billion, involved doctors or lay board members with direct conflicts of interest. The most common arrangement, accounting for 233 contracts, saw GP surgeries owned or run by doctors on CCG boards being paid by them for extra services, which could boost their

Continued on page 9, col 1



Where's Charles? The Duchess of Cornwall took a special interest in a hand-forged knife blade while touring a vineyard with the Prince of Wales in Tanunda, South Australia, yesterday. She was said to have warned her husband: "Behave yourself"

Don't laugh, you might be suffering dementia

Kat Lay

A warped sense of humour could be an early sign of dementia, according to scientists who discovered that those with the disease laughed inappropriately at tragic events and preferred slapstick jokes.

Changes in what sufferers found funny started being detected about nine years before their illnesses were diagnosed, the researchers said.

Camilla Clark, who led the study at the Dementia Research Centre, UCL, said: "As sense of humour defines us and is used to build relationships with those around us, changes have impacts far beyond picking a favourite TV show.

"These findings have implications for diagnosis. Personality and behaviour changes should be prompts for further investigation, and clinicians need to be more aware of these symptoms as a potential early sign of dementia."

The researchers looked at people who had frontotemporal dementia — the most common cause of dementia in under-55s — and Alzheimer's disease, the leading cause of dementia overall. Friends and relatives were asked to rate their loved ones' preferences for different styles of humour, including slapstick such as *Mr Bean*, satire such as *Yes, Minister* or absurdist comedy such as *Monty Python*.

They were also asked whether they had noticed instances of inappropriate humour, and to reflect on the past 15 years — well before diagnosis — to identify shifts in preference.

Those with FTD and Alzheimer's tended to prefer slapstick to satirical and absurdist humour when compared with healthy people of a similar age.

The study, published in the *Journal of Alzheimer's Disease*, also found that people with a form of FTD known as behavioural-variant FTD laughed at things others would not find funny, such as a badly parked car or barking dog, and even at tragic events on the news or in their personal lives.

Simon Ridley, the director of research at Alzheimer's Research UK, said: "While memory loss is often the first thing that springs to mind when we hear the word dementia, this study highlights the importance of looking at the myriad different symptoms that impact on daily life and relationships."

IN THE NEWS

Cameron's demands

David Cameron put curbing European immigration at the heart of his EU renegotiation but said he may compromise on plans to ban new arrivals from claiming benefits. **Page 18**

Schmidt dies

Helmut Schmidt, the former West German chancellor, has died aged 96. The Social Democrat served from 1974 to 1982 at the height of the Cold War. **Obituary, pages 58-59**

Dust allergy relief

A pill made from dust mites offers hope of a lasting cure to the millions of Britons who suffer from dust allergies and could also be used to relieve asthma symptoms. **Page 6**

Ukraine on brink

The fragile ceasefire in Ukraine was in danger of collapsing last night after assaults by Russian-backed rebels were followed by counterstrikes. **Page 34**

Britain underpowered

Britain's under-investment in its ageing electricity network has been criticised after emergency measures were taken last week to keep the lights on. **Page 41**



The billion-pound doctors in charge of buying ... and bidding for work

Across the country, GPs are awarding lucrative local contracts to their own companies. **Kat Lay** and **Chris Smyth** report

Birmingham
Total value of conflicted contracts
£1.8 million

When GPs in the Birmingham South and Central clinical commissioning group (CCG) wanted to treat patients with hearing problems, they called in a company called South Doc Services. When they needed to manage patients on blood-thinning medication, South Doc was called in again. When patients with lung problems needed exercise therapy, South Doc was given that contract too. In all, the Birmingham health body paid South Doc £692,000 in 2013-14 and £1 million last year. Yet three of the CCG's governing body were shareholders in the company. These included Andrew Coward, chairman of the board, and Naresh Chauhan, who is also South Doc's medical director. The British Medical Association has described this kind of arrangement as a "a conflict too far".

Dr Chauhan was one of three directors of South Doc who were paid £87,864 last year, fees he said were "in line with market rates". The company also paid £83,675 to his River Brook Medical Centre. In its last accounts, South Doc's shareholders had a £2 million cash pile, which Dr Chauhan said would be used for patient care but declined to say how.

Such arrangements are far from unique. *The Times* and the BMJ identified 36 examples where CCGs handed out NHS contracts with a total value of £16.6 million to limited companies in which their board members had stakes. There were also 15 GP co-operatives and 13 social enterprises that were given contracts totalling £75 million from CCGs where their members sat on the board or had other direct interests.

None of this breaks any rules. All that is required is for the GPs to declare their interest and abide by the CCG's own policy for managing it, which in Birmingham can include leaving the meeting for discussions of the contract, or remaining in the room but not voting.

Birmingham South and Central said that the policy "requires members that declare an interest to abstain from taking part in any decision. Dr Chauhan fully complied with this policy". Dr Coward also declared his interest at a private section of a governing body meeting, the CCG said in a statement.

Dr Chauhan told *The Times* that South Doc was a "GP co-operative and is a provider company", with local doctors each owning small shares. He insisted that the company was not set up to make money for doctors. "South

Doc has never paid a dividend to its shareholders since incorporation and does not intend to pay a dividend. It re-invests all funds back into patient care."

The CCG also helped South Doc to prepare a successful bid for a £2.4 million contract from NHS England to offer weekend GP appointments. It said Dr Chauhan "took no part in discussions on behalf of Birmingham South Central CCG regarding the bid".

He resigned from the CCG in June, to be replaced by another doctor, Asfia Aftab, whose husband is a locum GP for South Doc Services.

Chaand Nagpaul, chairman of the British Medical Association's GP committee, said: "We believe a GP who holds a director position in an organisation that is commissioned by the CCG should not hold a board position in the CCG. There should be a clear line. This is not about the profit motive only, it's about the organisational vested interest."

Robert Morley, secretary of the Birmingham local medical committee of GPs, said that doctors felt the system could be unworkable when they found themselves in charge of both buying and bidding for services. "There is a whole raft of potential conflicts of interest," he said. "The problem is, even if the right processes are gone through, people still have a perception that there is something fishy going on."

Bedfordshire
Total value of conflicted contracts
£277 million

The reforms that led to the creation of CCGs were launched by David Cameron in 2010 when he visited Pembley surgery in Bedford. Peter Parry Okeden, the senior doctor at the surgery, told Mr Cameron that GPs "are in a very good position to help decide what patients need". At the time, Dr Okeden was chairman of Horizon Health Choices, a GP-owned provider company, and when Bedfordshire CCG was set up he became its vice-chairman while remaining a shareholder of Horizon. The CCG subsequently gave Horizon contracts

worth £547,000. A spokeswoman for the CCG said Dr Okeden would have left the room when these contracts were discussed and that its auditors found its overall conflict of interest management was effective.

Wayne Eckersley, chief executive of Horizon Health Choices, said that the company was not "out to line GP shareholder pockets" and that profits, including the £764,000 it held when it last filed accounts, would not be returned to GP shareholders but would ultimately be used to improve patient services. The CCG also gave contracts worth a total of £271 million to South Essex Partnership University NHS Foundation Trust, where the wife of the interim accountable officer, Nick Robinson, works. It said the contracts were awarded before he took up the role and the interest was declared in line with its policy.

Newham
Total value of conflicted contracts
£1.7 million

When GPs are looking to offer local services to local patients, it might seem natural to commission doctors who already know the community — themselves. In Newham, east London, the practices of all ten GPs on the CCG board at the time contracts were awarded received payments for "extended primary care services" totalling almost £440,000. The surgeries are paid tens of thousands of pounds each to offer extra appointments to their patients.

The CCG said only GP practices could manage such services for their patients and that other local surgeries had also been given the same contracts.

Contracts for minor surgery, dermatology and gynaecology services were awarded to Patient First, a company describing itself as a not-for-profit social enterprise. Three board members — Ambady Gopinathan, Bhupinder Kohli and Jim Lawrie, are directors of the company and another doctor, Zuhair Zarifa, then chairman of the CCG, is a shareholder. The company said that "no dividend has been paid or is planned as any surplus is reinvested in the services on offer" and the doctors involved sent their apologies to the CCG meeting when the contracts were awarded.

The CCG said it intended to look at "other options for the delivery of these services from 2016".

As well as sitting on the board of the CCG, Ashwin Shah is a board member of the Newham GP Co-operative, which provides out-of-hours services to the CCG. Dr Shah

Peter Parry Okeden, top left, met David Cameron at the CCG launch. Naresh Chauhan, far left, and Andrew Coward

failed to declare this interest when the CCG procurement committee was told of a decision to extend the contract.

A spokeswoman for the CCG said that while "a conflict of interest should have been declared and recorded at the time ... the item in question was a brief update to the meeting and not an extensive paper requiring any decisions to be made from those present".

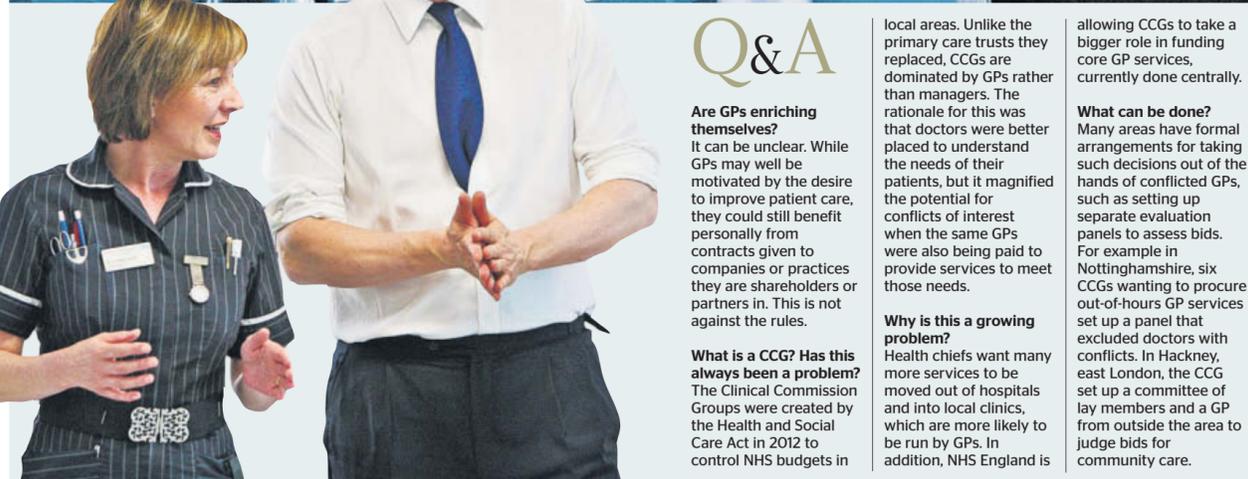
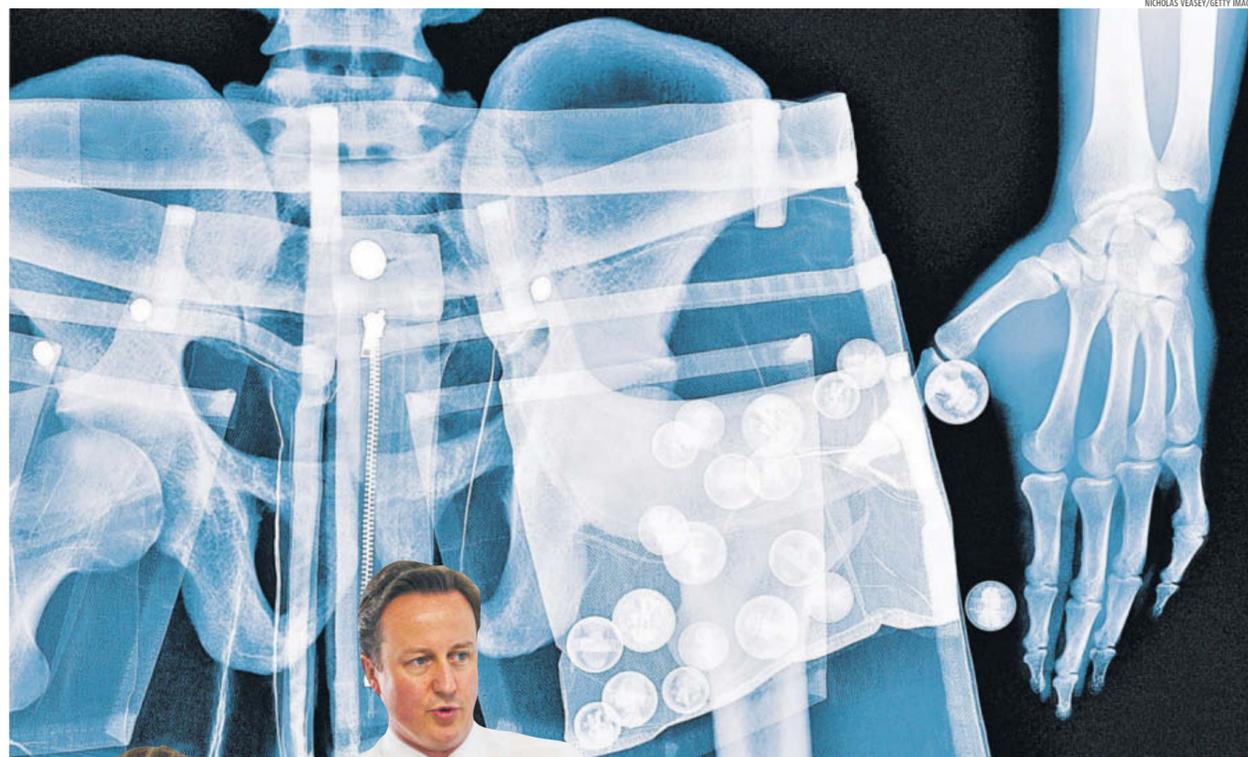
Michelle Drage, chief executive of the London-wide local medical committees, called for "clear national rules on this and regular arrangements". She added: "It's a product of the system that's been created. If you've got providers doing the purchasing then you've got a clear conflict of interest and patients might perceive that."

North Durham
Total value of conflicted contracts
£45 million

Six of the GPs on the board in North Durham CCG saw 35 contracts given to their own surgeries for services ranging from dermatology and minor injuries to transport and testing. Neil O'Brien, chief clinical officer of the CCG, is a partner at Cestria Health Centre,

which was paid £476,000 by the CCG last year and £326,000 the year before. Ian Davidson, director of quality, is a partner at Lanchester Medical Practice, which was paid £239,000 by the CCG over two years.

Nicola Bailey, chief operating officer of the CCG, said most of the conflicts of interests were not a problem because they were handled by a management executive committee — whose members include Dr O'Brien and Dr Davidson. In these meetings "the conflicted person would not have taken part in either the discussion or decision-making linked to that specific item". In some cases the doctors were allowed to debate the contracts but not vote.



Q&A

Are GPs enriching themselves?

It can be unclear. While GPs may well be motivated by the desire to improve patient care, they could still benefit personally from contracts given to companies or practices they are shareholders or partners in. This is not against the rules.

What is a CCG? Has this always been a problem?
The Clinical Commissioning Groups were created by the Health and Social Care Act in 2012 to control NHS budgets in

local areas. Unlike the primary care trusts they replaced, CCGs are dominated by GPs rather than managers. The rationale for this was that doctors were better placed to understand the needs of their patients, but it magnified the potential for conflicts of interest when the same GPs were also being paid to provide services to meet those needs.

Why is this a growing problem?
Health chiefs want many more services to be moved out of hospitals and into local clinics, which are more likely to be run by GPs. In addition, NHS England is

allowing CCGs to take a bigger role in funding core GP services, currently done centrally.

What can be done?
Many areas have formal arrangements for taking such decisions out of the hands of conflicted GPs, such as setting up separate evaluation panels to assess bids. For example in Nottinghamshire, six CCGs wanting to procure out-of-hours GP services set up a panel that excluded doctors with conflicts. In Hackney, east London, the CCG set up a committee of lay members and a GP from outside the area to judge bids for community care.

Conflicts of interest 'routine'

Continued from page 1

take-home pay. Katherine Murphy, the chief executive of the Patients Association, said the revelations could compromise the trust between GPs and patients, arguing: "It will be very difficult to demonstrate to the public that you can do both — that you can be selling services and also awarding the contract for those services."

She said controls were not sufficient, adding: "It's very easy to tick a box and say we won't participate in that part of the conversation but what about the influence you have on your colleagues on the board who can speak up on your behalf?" She demanded that NHS England step in to check CCGs were spending money correctly.

The Lansley reforms provoked widespread opposition from health staff concerned about the commercialisation of the NHS. Clare Gerada, who led the fight against them as chairwoman of the Royal College of GPs, said doctors had been "naïve" in taking on budgets in a system where they were both buyers

and sellers of services. "We won't know whether [a contract] has been awarded because of favouritism or because it's the best," she said.

"We've got to be careful that it's the patient's pulse we're feeling not the patient's purse. I don't think most of my profession is corrupt but the perception is there."

A spokeswoman for NHS England said: "Robust statutory guidance on managing conflicts of interest for CCGs has been published. A national audit is under way to look at how these arrangements are working in practice."

Additional reporting by *Times Data Team: Tom Wills and Karrie Kehoe; Gareth Iacobucci for the BMJ*

Thousands of GPs earned £100,000

Jill Sherman Whitehall Editor
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More than 10,000 family doctors earn above £100,000 a year, with three topping the £500,000 mark, according to The TaxPayers' Alliance.

A study by the campaigning group, based on freedom of information requests, found that GPs practising in East Anglia, Surrey and Sussex, Hertfordshire and the South Midlands were the most likely to earn above £100,000, although this is common across England and Wales. A total of 256 GPs earned more than £200,000 in 2013/14, and seven earned more than £300,000. The highest-paid people in the NHS

were five dentists whose earnings totalled more than £3.45 million, or £690,572 each on average. The highest-paid person at an NHS trust was Mary Burrow, chief executive of Betsi Cadwaladr university health board, who received £454,404.

"No one begrudges paying hospital doctors and nurses well for the tough jobs they do, but it's galling to see bosses at failing hospitals continuing to rake in the cash," said Jonathan Isaby, the alliance's chief executive. "It's an insult to taxpayers but it's even worse for the patients who have suffered because of mismanagement. The rewards-for-failure culture is rife and it must be stamped out as a matter of urgency."

Some GPs are charging their patients up to £350 simply to write a letter stating they are fit and well, according to Healthwatch.

The statutory patient watchdog said that, although practices were allowed to charge for services that fell outside their contractual work, such as providing medical letters and records, some of the fees levied were unreasonable. It cited an example in which a patient was asked to pay £350 for a letter to report that a child with special needs was well enough to take part in a Christmas play, and another in which a man was charged £110 for a copy of his medical records so that he could appeal against the suspension of his benefits.

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