From: **GlobalData** pr@globaldata.com
Subject: Virgin Care take advantage of creaking NHS as the company picks up £2bn worth of contracts in the last 5 years
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To: roy.lilley@nhsmanagers.net

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ANALYST COMMENT

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Virgin Care take advantage of creaking NHS as the company picks up £2bn worth of contracts in the last 5 years, says GlobalData

Following the news that Virgin has been awarded up to £2bn worth of NHS contracts in the last five years,

Rahael Maladwala, Pharma Analyst at GlobalData, a leading data and analytics company, offers his view on how this has impacted the UK healthcare market:

‘‘Recent analysis has shown that Virgin Care, the healthcare arm of the multi industry corporation which provides private health services, has been awarded up to £2bn worth of NHS contracts in the last five years and is now one of the leading players in the UK healthcare market. The NHS has looked to outsourcing and privatisation to minimise the strain on the organisation, which is coming under increasing stress from an ageing population and government cuts to funding, with Virgin Care taking advantage of the opportunities to pick up contracts that are up for grabs.

“Virgin Care have hoovered up some low profile contracts to help build their profile in the healthcare market and are now responsible for several services, which include; providing sexual health services in North East England, running GP clinics in Essex, and providing dementia care, among other services. However, some critics of the company suggest that the lack of transparency in the contracts could lead to rising healthcare costs in the future.

“Virgin Care first entered the healthcare market in 2010, as Assura Medical, and has steadily grown in size over the past eight years, with the company currently holding at least 400 contracts to provide NHS services. However, the relationship has not always been mutually beneficial between the two entities, with Virgin Care suing the NHS in 2017, after the company lost out on an £82m children’s healthcare services contract; according to Virgin financials recently released, this pay out cost the NHS £2m. This drew criticism from some quarters as the pay-out drew money away from funding healthcare services, which is far from ideal for the NHS as resources are already scarce on the ground.

“In the future, it is likely that large multi-industry conglomerates will continue to take an interest in the healthcare industry due to the multitude of opportunities in the market. Whether that is through buying up government contracts similar to Virgin Care or following in the footsteps of Amazon who are looking to become a major player in retail pharmacy after they bought PillPack in June 2018, remains to be seen; however, do not be surprised to see other large firms diversify into healthcare.”

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email: pr@globaldata.com

EMEA & Americas: +44 (0)207 832 4399

Asia-Pacific: +91 40 6616 6809

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GlobalData, John Carpenter House 7 Carmelite Street, London, N/A EC4Y 0BS United Kingdom