

Secrets of the freeze

Crippling PFI costs

LONDON'S NHS: *On the Brink* points to the true cost of PFI schemes in the capital.

The report suggests repayments will total £16.7bn over the lifetime of the contracts — six times the £2.6bn cost of building the new facilities.

PFI payments will cost London nearly £250m this year, rising to £400m from 2014. This will squeeze resources from other health services, the report states.

The BMA has long expressed concerns about the use of PFI to build hospitals. It has warned of the high costs associated with such projects as part of its Look After Our NHS campaign.

According to the report, South London Healthcare NHS Trust's PFI project, the Queen Elizabeth Hospital, cost £96m to build but final payments will add up to £798m by 2030.

Meanwhile, Princess Royal University Hospital, in Bromley, cost £118m to build but final payments will add up to £788m.

The Barts and The London NHS Trust's £1bn PFI hospital scheme, which is redeveloping Barts and building the new Royal London Hospital in Whitechapel, is described in the report as 'one of the biggest financial headaches anywhere in the NHS'.

The report states: 'With such vast investment over a whole generation in a massive new hospital, bringing massive legally binding costs to the trust, which need to be covered by the local health economy, it will be even harder for inner north-east London PCTs to implement the NHS London strategy of withdrawing services from hospitals and re-provision through polyclinics and primary care.'

While cuts in the capital's health services are expected, the details remain a mystery. But, as Mike Foster reports, doctors want more information so they can help protect patients when the cutbacks come

LOOK AFTER OUR NHS
Publicly funded | Publicly provided

SNOW AND ice have hit the headlines this month. But in London, the 'big freeze' relates to more than just the weather.

Doctors leaders are warning that hospitals across the capital are facing a whole series of pressures because of a frozen budget.

Health services in the capital face a breakdown, according to a report commissioned by the BMA London regional council.

The council has urged NHS London to lift the veil of secrecy from plans for dealing with an estimated £5bn budget shortfall that is expected to have accumulated by 2017.

It has pointed an accusatory finger at the strategic health authority for keeping plans for dealing with the shortfall under wraps.

Fears that a record number of beds and hospitals could shut down in London have been set out in the report *London's NHS: On The Brink* written by LHE (London Health Emergency) information director John Lister.

Mr Lister writes that earlier concerns about former health minister Lord Darzi's plans to shift care to polyclinics from hospitals and concentrate acute and trauma care at fewer specialised centres are now likely to be multiplied and intensified because of a government squeeze on public sector spending.

He points out that a frozen budget means cuts in real terms.

The report, published this week, says contributing factors to the emerging financial and organisational crisis include:

- Increasing PFI (private finance initiative)

payments for 20 schemes built in the capital

- The fact that nine London trusts and one PCT are already considered 'financially challenged'
- Rising attendances at emergency departments
- Higher spending on mental health and staff agency costs in the capital.

The BMA believes that NHS market reforms are partly to blame for the damage to the health service in London and elsewhere. Its campaign, Look After Our NHS, wants an end to private sector involvement in the health service.

LRC chair Kevin O'Kane says: 'While we recognise that there are problems with healthcare delivery in London, we are extremely worried that plans to cut services are being kept secret.'

'If people realised that we were heading towards financial meltdown involving cuts in bed numbers and hospitals closing, they would have the opportunity to make their voices heard about these plans.'

Clandestine cuts

London emergency medicine consultant Dr O'Kane adds: 'Doctors in London want to work with the authorities to ensure that patients get the best healthcare possible but this is virtually impossible when we are being kept in the dark.'

The LRC report claims: 'The base case assumption by NHS London is that from 2011 there will be 0 per cent real growth



facing a 4 per cent increase in activity. Given the scale of this problem, which NHS London has estimated as more than £5bn in real terms cuts by 2017, PCTs and trusts are being pressed to begin cutbacks now rather than delay.'

Mr Lister cites NHS London proposals for GPs to be paid £50 per consultation to cover extended hours and out-of-hours care; for 55 per cent of outpatient services and 60 per cent of emergency department activity to shift to 'polysystems' in the community; and to decommission 7 per cent of elective procedures, 30 per cent of outpatient appointments, 10 per cent of emergency department activity and up to 15 per cent of diagnostics.

The upcoming financial constraint is not unique to London but the capital, because it has 15 per cent of the population of England and 16.5 per cent of PCT budgets, will shoulder one-sixth of any national cutback, according to the report.

Financial forecasts for the six commissioning sectors covering London's 31 PCTs, as well as snapshot data of the situations faced by each PCT, are also highlighted.

Details of the financial shortfall for each

of the capital's six sectors — north west, north central, outer north east, inner north east, south west and south east — have been estimated based on a north-central report, which suggests its five PCTs will face up to a 40 per cent gap or a £900m shortfall by 2017 compared with its 2009/10 combined budget.

A common trend found in Mr Lister's research of PCT board papers is one of 'over-performance' on emergency department services and rising demand for care.

NHS London, however, has repeatedly refused to publish details of a presentation on affordability assumptions. The findings outlined in the presentation were leaked to the *HSJ (Health Service Journal)*, which published them in a September article, and were reportedly drawn from proposals developed by consultancy firm McKinsey.

HSJ says hospitals could face a 72 per cent decrease in workload and a 42 per cent decrease in annual income by 2016/17.

Information gag

On its website, NHS London says it does not have to publish further details — even though requests for the information were submitted under the Freedom of Information Act 2000.

However, director of finance and investment at NHS London Paul Baumann told *BMA News*: 'We know that while activity in the NHS is expected to grow, funding growth is not expected to stay at the same levels we have seen...'

'We are investing heavily to ensure that care is provided in the most appropriate setting and on a more local basis. This will see some activity come out of the acute sector and into primary and community care to give people a better and more efficient service closer to where they live.'

It is NHS London's secrecy that so worries the LRC. Mr Lister's report warns: 'A key focus for those campaigning to defend London's services must therefore centre on full disclosure and public debate on all of these policies and on the assumptions and projections on which they are based.'

Find out more about the BMA campaign at www.lookafterournhs.org.uk