

Public Eye

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Newspaper of UNISON NW Anglia Health Branch



It looks impressive: but the £310m price tag meant the new hospital was never affordable

Trust's £2bn PFI fiasco could wreck our NHS!

Hit squads of accountants from the NHS regulator Monitor are right now going through every aspect of the running of Peterborough City Hospital in search of cutbacks and cash savings.

The situation is desperate. The Trust ran out of money to pay bills in January, and needed a further hand-out of £50m to tide it over to the end of the financial year. Only repeated government handouts have managed to keep it afloat ever since the new hospital opened its doors.

The costs of the £310 million building have plunged the Trust deep into debt. Trust bosses defied warnings from Monitor, UNISON and many others that the plan to use private funds to finance the new building over 32 years (the Private Finance Initiative, or PFI) would be unaffordable.

Deficits are now almost one fifth of the Trust's annual £210m income. To make matters worse, the new, single Clinical Commissioning Group that will cover the whole of Peterborough and Cambridgeshire from April this year will want to reduce numbers of patients referred to hospital.

The hospital will also get LESS money year by year for each patient it treats, as the NHS "tariff"

of standardised payments is reduced. It will be cut by almost 10% reduction over the five years.

Because the costs of the new building are fixed by contract, and set to rise each year, there is no easy way for the Trust to cut its way out of this financial problem.

In South London we have just seen a similar PFI debt crisis result in a Special Administrator being called in, the imposition of brutal cuts in staffing and the virtual closure of the neighbouring Lewisham Hospital.

Peterborough could be the next to be subjected to this treatment: but whatever happens we can expect unpleasant and painful consequences.

UNISON has demanded a public inquiry to identify all those responsible for the Trust Board ignoring warnings and signing up to an unaffordable contract: two members of that Board are still in post in Peterborough.

To fight back against the cuts and defend our health services we need the support of the local communities in Peterborough. So this special issue of *Public Eye* is being distributed to every house in Peterborough and Stamford.

To find out more about the campaign, come to our public meeting on 21 March – details page 3

INSIDE: ● Stamford under the axe p8 ● Social Care cut back p2 ● Public Meeting p3



Council slashes back social care

Scarce hospital beds for older patients will come under even greater pressure as council chiefs force through yet another round of cuts in social care provision, withdrawing any support for people whose needs are described as "high moderate".

The only way to be sure of even being considered for any support is to be assessed as having "substantial", or better still "critical" need for care. Even then any support is subject to rigorous means-testing, with many pensioners being obliged to fork out to pay for their own care.

In proposing the new cuts the council is jumping the gun, restricting access ahead of expected new national guidelines in 2015. Restricting access to care is expected to save £500,000 a year.

Stony-hearted council bosses, who face brutal cuts in funding from the Tory-led coalition government, also want to slash back other vital services that help older people live in their own homes, including meals on wheels.

Charges for hot meals would go up a massive 62% to £5.20 per meal, and frozen meals would go up 30% to £2.60.

They want to charge up to £6.40 per week for use of sensors and alarms – to raise a paltry £9,000 per year. They want to charge for helping the most vulnerable to manage their finances – to raise £13,000 a year.

Of course all this is dressed up in patronising language, with claims that they want to "focus the budget on higher levels of need" and that the council wants to "make our

offer more personalised, not one size fits all".

So the focus will increasingly be on council activity that does not actually deliver care – providing information and advice, especially on services that are not provided by the council but run by charities and voluntary groups.

The plan also involves "commissioning outcomes-based prevention solutions from external support providers" (i.e. profit-seeking private sector).

So somebody stands to do well out of the new plans: it's a shame it's not the older people of Peterborough. The withdrawal of support will inevitably mean that more of them will wind up being referred to hospital or rushed in as emergencies when things go wrong.

The mysterious case of the vanishing beds

Peterborough Hospitals Trust had 676 in-patient beds in 2000, according to Department of Health figures.

The PFI scheme initially claimed to offer an increase of one hundred beds, although nowhere near this number could be found in the Integrated Health Investment Plan which promised just 726 in-patient beds by 2010 – an increase of 50.

The difference was because 63 Day Case beds were included in the total of beds, while the new hospital was planned to have

almost a quarter fewer maternity beds – down from 59 to just 46.

The plan also included 73 "intermediate" beds – a big increase from the previous 29.

But in the end none of this really mattered, because in the final negotiations, as the Trust tried desperately to cut the plan to what they hoped they might be able to afford.

The bed numbers weren't increased at all: instead they were cut – from 676 to 612.

The reduced number of beds has run alongside an increase

in admissions, especially emergencies.

Since 2007 admissions have gone up 10%, with emergency admissions up almost twice as much, 19%.

The biggest increases have been among the older patients, the ones we keep being told are to be cared for outside hospital in "community settings" or "closer to home".

In fact admissions of patients aged 64 and over have leapt by over a quarter (27%) since 2007, with numbers of the more vulnerable over-75s up by 24%.



A very Costly Care Centre!

Public buildings can become old and run down, sometimes under a regime of managed decay, and services often outgrow the physical environment from where they are provided. All of these things happened to the Child and Adolescent Mental Health Service (CAMHS) in Peterborough.

After over two decades of being housed in separate buildings (one being part of Peterborough District Hospital and the other made up of two houses owned by the Cambridgeshire and Peterborough NHS Trust) the service was moved into the City Care Centre.

This was after more than seven years during which the only observable planning was the submission of specifications from CAMHS regarding what be needed in a new facility.

Over time, those needs changed, but the cost demanded by the PFI consortium for changing the plans was prohibitive and, so, when CAMHS finally moved in to the City Care Centre (CCC), the facility included an unwanted school room complete with small child-size tables and chairs, as well as an expensive play area that no child has ever played in.

In a piece of bitter irony, elsewhere in the Care Centre, the staff of Otter's Retreat have been trying to raise money ... to create a play space for the children they care for!

Prior to the move, staff in CAMHS were told that the

Cambridgeshire and Peterborough Trust was paying about £80,000 a year for the properties used by CAMHS in Peterborough and that, at the time of the move, the annual cost of using the City Care Centre would be around a third of a million pounds.

Over the few years that CAMHS was in the CCC, the annual cost rose to well over £500,000!

In fact, those staff members have now been moved to another building and, even though they still use the CCC for seeing patients,



they understand that £500,000 has been saved by the new move.

Indeed, the upper floor of the City Care Centre is, now, like a ghost town.

Previously, it was full of nurses, psychologists, doctors, occupational therapists and secretaries busily doing their administrative work, but the spiralling cost has meant that almost all of those people have been moved elsewhere.

Few health workers now believe the myths and lies that PFI made the building of new hospitals and care centres possible, because the obvious reality is that it is making some people ever richer, whilst bankrupting our NHS.

Health & Social Care Act: end of the old NHS Will our local Trust survive in brutal new NHS market?

April marks the end of the old NHS we know and love, and the start of the new, harsh, market-style system created by the Tory Health & Social Care Act.

Gone will be NHS Peterborough, and NHS East of England, already merged into a mega health authority with the East and West Midlands, will also be abolished.

The new system will see local decisions and budgets in the hands of a single Cambridgeshire Clinical Commissioning Group (CCG), and all other decisions taken over by an NHS Commissioning Board.

To make matters worse both NHS Peterborough and NHS Cambridgeshire have been faced with massive financial problems, and these will be passed on to the new, merged body, which is supposed to be controlled by GPs, but will inevitably be run by unaccountable management consultants.

The CCG is also answerable to the NHS Commissioning Board for all its decisions, as well as being required to work within rigid cash limits. Already GPs in South London, furious at the way their views have been ignored in the cutbacks to Lewisham Hospital,



Given the present health care costs, Mr Frampton, I'm afraid you can't afford to go on living.

have begun to walk away from any involvement in this fraudulent structure which effectively uses GPs as a cover for cutbacks and rationing of care.

What difference does it all make? Well Peterborough Hospital, as a foundation trust, far from being run as a free-standing business has been dependent since the new hospital opened on massive cash hand-outs from the Strategic Health Authority that is being abolished. So the future is uncertain.

And there will no longer be any local commissioning body or specific budget for the people of Peterborough: we will have to take our chances with decisions being taken by a new, untested body that

is almost certain to be dominated by GPs from Cambridge.

The CCGs are not open, public bodies like the Primary Care Trusts, and they have been established with no consultation with local people, giving a fair idea of how responsive they will be to local concerns.

But the Act also requires an ever wider range of community and other services to be opened up to competition, in which "any qualified provider" is able to bid for contracts. This will undermine NHS provision, and potentially make other services uneconomic to run, leaving gaps in care.

Monitor, the regulator ignored by our local Trust when they signed the disastrous PFI contract, is to be in charge of the whole NHS: the Care Quality Commission, that has repeatedly shown itself useless in upholding care or quality, is to vet the companies that wish to be on the list of "qualified providers".

It's a formula for costly failure, in which the only people better off will be the private sector and management consultants, while more resources will be drained from front line services to feed a growing bureaucracy.

Culprit directors still on the board as Trust struggles to maintain care

As the financial storm clouds gather, the Peterborough Trust is struggling to maintain services.

The latest Department of Health figures show it running with 50 fewer front line beds than its 612 bed capacity, while in January 2012 it missed national targets for treating patients within four hours of arriving in A&E – falling well short of the 95% target, delivering just 88%.

In June 2012 it was ninth worst of 18 acute Trusts reporting the largest percentages of delayed diagnostic tests, with 6.2% of its patients on the list for tests kept waiting over 6 weeks.

In August Peterborough was among the seven Trusts singled out for the attentions of government-organised "hit squads" of accountants and lawyers who were to attempt to renegotiate contracts and reduce the haemorrhage of cash before Trusts became completely insolvent.

It was pointed out that some of the contracts these teams would be scrutinising for loopholes are 2,000 pages long – and carefully constructed by highly-paid lawyers and accountants to ensure they

So is anyone against this madcap £2 billion gamble that could go horribly wrong?

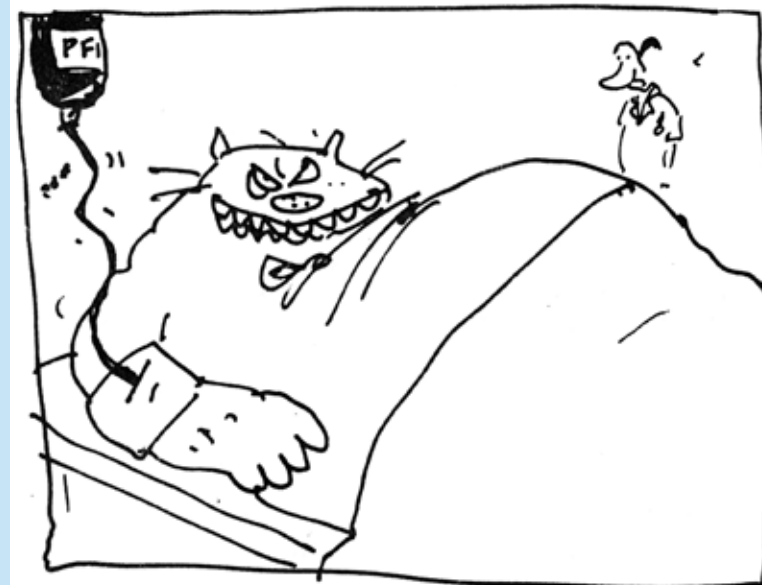


were watertight and guaranteed profits would flow, with PFI payments effectively ring-fenced as a first-charge against any Trust income.

So far no results have been forthcoming.

Then health minister Simon Burns told the Daily Telegraph the government would not walk away from the PFI contracts because this would "leave the NHS facing years of legal disputes".

It is striking that as the chaos continues from the fateful decision to sign up for the PFI deal, not a single Director of Board member from Peterborough has been held to account or in any way been obliged to answer for their irresponsible actions, even though two of today's executive directors (Medical Director Mr John Randall



What is the Private Finance Initiative?

The Private Finance Initiative (PFI), a system of using private capital to fund major projects in the NHS, first devised in 1992, has been the almost universal source of capital for new hospital building since the election of Tony Blair's government in 1997.

Nationally over 100 PFI schemes have been completed or are under way. And despite the miserable experiences of many of the Trusts which have signed ambitious and unaffordable deals – only for their successors to rue the decision – more schemes have been signed off since 2010 by the Conservative-led coalition.

Still more PFI projects are now awaiting Treasury or Department of Health approval, including two in our region – a lavish new £206m Papworth Hospital lined up to commence next year, and a new £300m hospital complex in Watford to serve West Hertfordshire, which is still on the drawing board.

In the East of England, according to optimistic Treasury figures which seem to understate the costs, three large hospital projects with a capital cost of £642 million are

now complete (Norfolk & Norwich, Peterborough and Chelmsford), and set to cost a staggering £4.25 billion by the time the last payments are made in Chelmsford and Peterborough in 2043.

The Norfolk & Norwich hospital is set to cost more almost ten times the initial capital cost, while the cost of the Peterborough PFI is now the key factor threatening the very survival of the Trust.

Of course the 'unitary charge' payments on PFI contracts also include the cost of contracted support services (on average around a third of the total contract price is for support services).

But the cost of the new buildings alone is hugely inflated above what would have been the cost had they been financed on a conventional mortgage.

Even at 6% interest, a mortgage would have brought a total cost for the same three hospitals of less than £1.3 billion over just 25 years, and much lower, predictable payments. This would have left the Trusts much greater flexibility in shaping services around local needs and changing pressures.

PETERBOROUGH TRADES UNION COUNCIL
 Annual Tom Browning Meeting
Peterborough City Hospital and the scandal of PFI
7.30pm, March 21
Peterborough Museum, Priestgate
 Speakers include:
Dr John Lister, London Health Emergency (author of UNISON report Pure Financial Incompetence)
Lisa Forbes, Labour Party Prospective Parliamentary Candidate for Peterborough

Make healthcare your business!
Pile up profits from sickness!

HOSPITAL MILLIONS

Playing instructions

1. Set up the game. Copy the money to create a bank. Cut out the four playing tokens, one for each player. Cut out the 28 £ contract tokens, to be held by the Banker until purchased by players (4x7, each colour coded to match playing tokens). (Additional copyable artwork for the banknotes and contract tokens can be downloaded from www.healthemergency.org.uk. An online playable version of the game is now there too!)
2. Hand out money to each player. At the start of the game each player will have £1.5 million, with a mix of large and smaller notes. Roll the dice to see who goes first. The player with the lowest number is the banker: highest number will start the game.
3. Starting from the New Financial Year, each player in turn will roll a dice and advance that number of spaces.
4. Depending on which space you happen to land on, you may buy up any of the unsold contracts, or have to pay a fee to the owner as stipulated. A player who has already bought a contract and lands again on his own square may invest in another contract at the same price, to raise extra fees from others who land on it.
5. If a player manages to purchase all four PFI contracts, the fees for other players landing on those squares are doubled.
6. A player landing on Community Care or Triage squares must throw a dice to discover the result, from the matrix on the centre of the board.
7. During the course of the game, you are entitled to collect £500,000 each time you pass the New Financial Year.
8. Once you cannot pay the amount owed to the bank or another player and cannot negotiate a loan from any other player, you are considered bankrupt. If landing on another player's property causes your bankruptcy, you must give that player everything you have left.
9. Once a player has gone bankrupt, the game is over. The surviving player or the one with the largest assets in cash and contracts is the *Hospital Millionaire*.



£10,000	£100,000
£50,000	£200,000
£1 million	£100,000

New Financial Year Speculation starts HERE 	Pricey Water Closet Consultancy £500,000 Fee: £10,000 x throw of 1 dice per contract	PATHOLOGY SERVICES £200,000 Fee £40,000 per contract 	BACK OFFICE & CALL CENTRES £200,000 Fee £40,000 per contract	PFI £1,000,000 Fee £200,000 x throw of 2 dice 	CLEANING SERVICES £200,000 Fee £60,000 per contract 	Community Health Services £500,000 Fee £100,000 per contract 	Triage Throw a dice to learn your outcome	GP OUT OF HOURS SERVICES £100,000 Fee £10,000 per contract 	You are approved by Monitor as a "Qualified Provider". Throw a six to purchase any available contract
KING'S FUND consultancy £800,000 Fee: £10,000 x throw of 2 dice 	<div style="border: 1px solid black; padding: 5px;"> <h3>Community Care</h3> <ol style="list-style-type: none"> 1. You've won an award for your privatisation efforts. Collect £100,000 x throw of a dice 2. Land a monster IT contract. Collect £1m x throw of 2 dice 3. An investment collapses as funding pulled by hedge fund. Pay Banker £2m 4. Your tax avoidance is publicised by a campaign. Pay £200,000 to take HMRC inspectors to lunch 5. Shareholders revolt. Pay Banker a dividend of £1 million 6. You win a contract for imaging services: collect £100,000 x throw of one dice – less £200,000 for new equipment </div>					Private clinic with NHS contract £250,000 Fee £50,000 per contract 			
Medium Secure mental health £400,000 Fee £80,000 per contract	PFI £1,000,000 Fee £200,000 x throw of 2 dice 	Community Care Throw a dice to get your multidisciplinary assessment	PFI £1,000,000 Fee £200,000 x throw of 2 dice 	Commissioning Support Services £150,000 Fee £30,000 per contract 					
Secretarial Services £100,000 Fee £20,000 per contract 		<div style="border: 1px solid black; padding: 5px;"> <h3>Triage</h3> <ol style="list-style-type: none"> 1 Your think tank wins hedge fund backing. Collect £500,000 and advance to King's Fund. 2 Rebrand an old drug as a new product. Collect £2m 3 Your cheap cosmetic prostheses are found to be faulty. Collapse your company and relaunch under a similar name to dodge payout. Pay Banker £500,000 4 Cash in on a flu epidemic, taking the chance to market your ineffective medicine. Collect £3m 5 Rushed to A&E. Do not collect any fees until discharged 6 Unexpected Quality Inspection reveals your poor standards. Pay Bank £1m to continue regardless </div>	Physiotherapy Services £200,000 Fee £40,000 per contract 						
You are bought up by an Offshore hedge fund Go to New Financial Year	McKimouse management consultancy £1,000,000 Fee £300,000 x throw of 1 dice		Surgical implants & prostheses £800,000 Fee £100,000 per contract	PFI £1,000,000 Fee £200,000 x throw of 2 dice 	COSMETIC SURGERY £750,000 Fee £150,000 per contract 	Independent Sector Treatment Centre £400,000 Fee £80,000 per contract	Triage Throw a dice to learn your outcome	Primary Care contract £300,000 Fee £60,000 per contract 	A&E Throw double 6, or pay £200,000 to move to private wing



Not our fault, claims Monitor on PFI foul-up

In June last year the regulator Monitor published a detailed 32-page report on its involvement with the deal.

This makes clear that Monitor wrote to the Trust Board in January 2007 (and to the Department of Health and the Treasury which had to sign off the contract) "stating that it believed the long term affordability of the proposals to be in significant doubt".

These warnings went unheeded. So was a further letter in March 2007. The Trust ignored them. The flawed contract was signed, and rubber stamped by ministers and civil servants – and the chaos was unleashed.

The Monitor letter was a considerable understatement: the deal was quite clearly unaffordable from the very outset.

In fact Monitor itself had never properly assessed the financial

standing of the Trust, and had allowed the Trust to supply over-optimistic and unreliable figures, especially for the final quarter of 2010.

So when the new hospital opened at the end of 2010, the deficits began immediately, requiring a £10m injection of 'transitional funding' for the final quarter of that financial year.

By June 2011, six months after the hospital opened, with NHS budgets frozen and falling in real terms, it became clear even

"Even the Trust itself now sees that half the annual payments it signed up for cannot be afforded"

to the Trust and to Monitor that the underlying deficit in the new hospital was in excess of £40m per annum on revenues of £200m.

At this stage there were still 32 years of the PFI contract to come.

The staggering and constantly rising cost of the PFI hospital was part of the problem: but the Trust had also consistently over-estimated the amounts it might generate in savings through "cost improvement programmes".

But £22m of the deficit is put down to 'structural costs' of the PFI – defined as "the difference between the actual charges for the PFI (which includes interest and depreciation) and those that are regarded as affordable based on the latest guidance for new PFI schemes."

In other words even the Trust itself now sees that half the annual payments it signed up for cannot be afforded.



Hospital has been broke from day one

The Trust's Annual Report shows that the first full year's "unitary charge" payment to the PFI consortium (covering rent and support services) was £41m in 2011-12 – almost a fifth of the Trust's £211m income.

This is a far larger share of income far higher than the Board was told when the deal was signed.

But with inflation still running high, these costs continue to grow, while the Trust's income, along with other NHS budgets, is squeezed.

In the final quarter of last year the Trust was again bailed out with another 'temporary advance' of £41m from the Department of Health.

Government policies and the perverse measures employed by NHS Peterborough have compounded the problem. As the Annual Report points out, patient numbers, especially those needing emergency treatment,

have remained significantly higher than planned in the Trust's main contracts.

One reason for this is that NHS Peterborough's own proposals to switch patients to forms of care outside hospital were impractical and unworkable.

"The Trust received more income than contracted, incurred higher than expected financial penalties, and agreed a financial settlement (below national tariff) for the additional work relating to two of its commissioners." (Annual Report page 17)

That a Trust with inflated overheads is compelled by commissioners to deliver emergency services at below tariff (cost) price is an absurdity.

The Trust obviously has no real choice but to treat patients who arrive as emergencies, especially when it is over 35 miles to Addenbrookes or any surrounding hospital.

But the growing emergency caseload is also a factor driving up spending – not least on employing agency staff to fill gaps: spending on this went up 9% last year.

The Peterborough Trust Annual report is an astonishing statement of failure, making no secret of the fact that its huge inflexible overhead costs are a millstone dragging it down for the next 30 years.

So despite its Foundation status, which should mean it is run as a non-profit business without any government involvement – the Trust – is now dependent upon handouts and subsidies to keep afloat.

Cost of £310m hospital set to top £2 billion

According to the latest Treasury figures the PFI deal is set to cost a massive £1.96 billion by 2043, although this could be further increased by inflation.

According to the Trust's own Annual Report:

"The Trust will continue to face a major financial challenge with a significant underlying deficit, a very challenging NHS operating environment and the need to deliver significant efficiency improvements whilst safeguarding the quality of patient care provided" (p 18)

The Trust faces a need for 5% per year increases in efficiency, partly to cope with continued reductions in the tariff, and financial challenges to its commissioners, who are seeking to reduce their payments to the Trust by moving more patients into alternative forms of care.

But while the Trust's income is reduced, the cost of the PFI is forced upwards by inflation linking to RPI. Even cutting the workforce has cost £2.4 million in severance payments in the last year.

The Trust appears to have no answers to any of the problems it faces. It hopes for more handouts:

"The Trust is expecting to incur a deficit during the next 12 months and as a result will require significant additional external funding from the Department of Health. Although this funding



"Theoretically the Trust can get back into financial balance over five years. The key word here is 'theoretically'"

stream is not yet formally agreed, the Trust's Board of Directors has a reasonable expectation that the required funding will be provided." (Annual Report p18)

As a result of the handouts so far the Trust has itself paid only a small fraction of the PFI unitary charge on the new hospital it insisted on signing up for. In August 2012 a summary financial plan revealed even worse figures:

"The Trust has a huge financial problem. Last year we recorded a deficit of £45.8m and this year we forecast a deficit of £54.3m. Consequently we are in breach of our terms of authorisation with Monitor."

"The plan tells us that theoretically the Trust can get back into financial balance over five years. The key word (and massive caveat) here is 'theoretically.'" (Monitor Financial plan Summary, p 4)

Success depends on:
 ■ A "huge" efficiency programme
 ■ Attracting substantial new business (additional patients)
 ■ Continued "special Department of Health support for the excess cost of the new Peterborough City Hospital".

How long will this extra funding keep on flowing to prop up our NHS?

Vital services cut back ... but PFI protected



Health Secretary Jeremy Hunt is signing off on cuts – but not to PFI

All over the country the double whammy of ever-rising PFI costs alongside the dwindling resources of the NHS are triggering a new and intractable problem for hospital managers.

In February 2012 seven English NHS Trusts including Peterborough were given access by Health Secretary Andrew Lansley to a new £1.5 billion bailout fund – clearly designed to leave the main structure of PFI intact.

The Trusts had to jump through hoops and show they had plans for cuts and efficiency savings to qualify for the money.

In South East London, the first PFI-damaged hospital trust has been declared insolvent and carved up by a Special Administrator, along with the closure of most services at neighbouring Lewisham – all with minimal public consultation or right of appeal.

But the first PFI Trust to suffer this indignity might well have been our own struggling Peterborough and Stamford NHS Foundation Trust, which has repeatedly hit

national headlines as its massive and costly PFI scheme has lurched predictably out of control.

Five years after the melt-down in the banking sector triggered a massive financial crisis and brought a halt to the expansion and improvement of public services, the taxpayer still owns some of the banks that were most active in exploiting the profits from PFI.

Yet these same banks are still milking hefty payments from troubled NHS trusts.

The Tories were happy in opposition to make political capital of challenging the way in which Tony Blair's Labour government implemented the Tory policy of PFI. And they are eager now to blame bad PFI deals on the previous government.

But in office they are the ones working most vigorously to prop up PFI and extend it, rather than recognise the need for government intervention to bring these schemes back into public ownership and stem the damaging flow of public money into private pockets.

Soaring cost: but Trust signed up, regardless of warnings

In 2007 the Trust ignored warnings from UNISON and local campaigners that the PFI scheme was unaffordable.

Astonishingly they also ignored blunt warnings from the Foundation Trust regulator Monitor not to go ahead.

But they still decided to press ahead with the doomed scheme.

This led to the construction of the 612-bed Peterborough City hospital which the Trust claims "ranks among the best hospital facilities in the UK", but which has brought predictable and disastrous financial consequences.

Prior to the deal being signed off, it had been extensively revised. One common factor has been the high cost relative to the income of the Trust.

Back in 1995 a modest £55m PFI scheme was rejected by ministers.

In 2001, the cost of the scheme had grown to £135m, but the level of repayments would have posed problems for a Trust which then



UNISON published supplements to the Herald & Post to warn everyone of the costs of PFI

had a revenue budget of just £90m. In 2005, shortly after the Trust achieved Foundation status, a plan was announced to build a 760-bed hospital at a cost of £340 million: but then NHS chiefs began to recognise that the rental payments on the new buildings were becoming unaffordable.

So the scheme eventually



Cuts and more cuts to come ... The big FREEZE

The government's demand for a massive £20 billion 'efficiency savings' from the NHS by 2015 has been coupled with a freeze on NHS spending since 2011, leaving NHS resources reduced each year in real terms, compared with rising demand for services, the cost of new drugs and treatments, and rising prices for goods and services.

The 3-year "Integrated Strategic Plan" adopted by NHS East of England covering 2011-14 makes clear that acute hospital trusts are required to deliver productivity increases averaging 22% – with an even higher 33% target for Peterborough.

The plan is to cut inpatient and outpatient services, and cut numbers using A&E by 14%. The



Plan proposes to cut almost one in ten beds (900 beds) across the region – bad news for Trusts like Peterborough with costly PFI buildings delivering precisely the services NHS commissioners are now trying to cut back.

The pace of cuts is accelerating: the new Midlands and East Strategic Health Authority has set out plans to generate £789m savings in hospital trusts this year (2012-13).

The King's Fund and NHS Confederation have warned that this "financial winter" is likely to last well beyond 2015, possibly to 2020 or even later.

So the hospital trusts which in the early 2000s may have optimistically planned on the assumption of continuously rising NHS budgets, low inflation and rising caseload face a new and hostile environment.

Primary Care Trusts (PCTs) (soon to be replaced by GP-led Clinical Commissioning Groups) have been working to cut the numbers of patients referred for hospital treatment, while the prices paid for each item of treatment (the so-called "NHS tariff") have also been reducing year by year.

PFI hospitals like ours are saddled with long-term, tightly-written, contracts imposing high,

inflexible and rising overhead costs for buildings which in many cases were smaller, with fewer beds, than the buildings they replaced.

The cut backs mean there is no scope for PFI-burdened trusts to 'work their way out' of financial problems by treating more NHS patients – but neither can they cut their way out.

Because non-clinical services are now run by private contractors, and part of a legally binding contract with the PFI consortium, any cuts have to fall on clinical staff and services.

To make matters worse, the

'Payment by Results'

The Payment by Results (PBR) system is of course nothing to do with results in the sense of judging the outcomes of treatment or quality of care: it is purely a fee for service arrangements which attaches a nationally-decided tariff of payments per treatment, and pays hospitals only for the patients they treat.

The main motivation for this has been to create "competition" between the NHS and the private sector, in that any NHS patients treated in private hospitals or treatment centres take the money with them, leaving their local NHS hospitals poorer, and less able to sustain a full range of viable services.

system of funding hospitals through what is misleadingly known as "Payment By Results" means that any cutback in services reduces the income to the Trust, even while their overhead costs remain largely unchanged – effectively deepening the crisis.

None of this is any surprise to UNISON, which has campaigned from the beginning against the use of PFI, and for new hospitals to be funded – as all hospital building was, under Tory and Labour governments, before 1992 – from the Treasury.

That way they would be public assets rather than massive profit-stream for the private sector.





Stamford – sacrificed to PFI monster

The plight of the once thriving Stamford Hospital, since 2002 the small, poor Lincolnshire relation of its parent Peterborough and Stamford Hospitals Foundation Trust, has largely remained under the radar as the £310m PFI hospital 16 miles away has entered a high-profile financial melt-down.

Stamford has already lost wards and services over the years, with the closure of Exeter ward for surgical patients in 2004 followed by Hurst ward's medical and rehab beds.

Pharmacy and Phlebotomy services have also been axed, obliging patients to travel to Peterborough.

The Van Geest rehabilitation and stroke unit no longer has 24-hour medical cover, and this has meant that Greenwood Ward, providing day surgery, can no longer keep patients in overnight if they are slow to recover: they have to be shipped to Peterborough.

Out of hours GP services, which were for a while located at the hospital have also moved elsewhere. But promises to expand outpatient services have led to nothing.

All this has resulted in a seriously

under-used site.

It now faces moves to axe much of its remaining day surgery services, if plans to end operations under general anaesthetic are pushed through. Day surgery that would be affected includes orthopaedic, gynaecological urological and ophthalmic procedures.

With just outpatients and a minor injury unit there are fears this could sound the death knell for the hospital, leaving too few services to justify the overhead costs of the site.

Staff are angry that this latest cutback would be another false economy for the Trust, which lacks



beds in Peterborough to take the extra day cases.

The only winners would be the local private sector hospitals which are already cashing in on lack of capacity at the PFI hospital even as it struggles to bridge a £50m a year deficit.

Staff reluctance to transfer to Peterborough is not only because of the convenience of living and working close by, but also because those staff who have agreed to switch sites to cover gaps in services have found that they only get the bare travel expenses refunded: the extra travel time in journeying to and from Peterborough is unpaid.

The danger is that some qualified staff will refuse to transfer to Peterborough and be lost to the Trust at a time when it is hard to recruit.

The greater the quest for cuts to balance the books of the PFI, the greater the threat to Stamford Hospital.

Eight years ago local people took to the streets in a memorable and massive show of support for Stamford Hospital: that same spirit may well be needed again as the quest for cuts hots up.

Quest for cash sets sights on Hinchingsbrooke

The Peterborough Hospital can only survive financially by sucking in resources from other health services, not only in Peterborough but further afield.

Stamford Hospital is being emptied of any services that might be provided at Peterborough – and Trust bosses are beginning to size up the chances of taking services and income from Hinchingsbrooke Hospital 24 miles away in Huntingdon.

“The numbers are frighteningly large – and would require delivery of efficiency savings by years four and five which are (we believe) unprecedented in this country and which may prove well beyond our reach.

“The business growth we require over five years can only be achieved if health services are substantially reconfigured across a wide area – and this is something we can influence but not control.

“And the level of special PFI support we need from the Department of Health may be significantly more than the Department would be prepared to provide.”

In December MPs on the Commons Public Accounts Committee strongly criticised regional health chiefs from the East of England for approving the controversial 10-year contract

bringing in a private company, Circle, to manage Hinchingsbrooke Hospital.

The MPs (including Peterborough's Tory MP Stewart Jackson) argued that the plan should have been to force Hinchingsbrooke to close – and divert their patients to Peterborough to offset the deficits run up by the PFI hospital.

The conversation was confused



by the fact that neither they nor the NHS bureaucrats in the room knew how far apart the two hospitals are. And the MPs were in no mood to listen to the problems that would be caused if thousands of Hinchingsbrooke patients actually did descend on the restricted bed space at Peterborough.

But it's clear that if the finances at Hinchingsbrooke continue to worsen, bringing a collapse of the Circle contract, there will be renewed pressure for Peterborough to pick up the left-overs.

What you can do to help defend our NHS

We are working with Peterborough Trades Union Council to organise a March and Rally to show the local opposition to cutbacks in local health services to keep the profits flowing to the PFI consortium.

No date has yet been fixed because we need to focus on the plans from the “hit squads” of accountants which are even now still drawing up possible cuts at both Peterborough and Stamford. We don't know when their findings will be published.

But we want YOUR help to make the march a massive show of strength:

● You can help alert local community organisations, trade unions, political and campaign groups to the dangers ahead and get them on board.

I would like to help with the campaign to save our local health services

NAME

Address

.....

Email

Phone

Send to UNISON, Swan House, Gloucester Centre, Morpeth Close, Peterborough PE2 7JU



● You can talk to family, neighbours, work colleagues and friends, to get as many as possible to join us on the march

● You can join the organising committee and help with planning the preparatory work

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Or fill in the form and post to us.

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