PFI: fiddling figures behind closed doors

John Lister

SECRECY is a key ingredient in the PFI process. Once the initial decision to embark upon a hospital development has been made, all of the detailed discussions and negotiations on the size of the hospital and the costs to be borne by the Trust take place behind firmly closed doors.

Planning is in the hands of the consultants working for the private consortia.

The process of checking whether or not PFI deals represent value for money is also a furtive one, conducted by Trusts, health authorities, the Department of Health and Treasury civil servants. Only when a deal has been done and dusted are selected details carefully released into the public domain.

The £214m capital cost of the new Norfolk & Norwich Hospital under PFI is a massive £70m above the construction cost to the private sector. The extra cash appears to be "financing costs".

Even MPs can find it hard to get the facts. The Commons Health Committee recently asked for details on the £214m Norfolk and Norwich Hospital PFI scheme, only to discover that an unknown amount of information had been withheld from publication in the "full business case". Committee Chair David Hinchcliffe angrily adjourned the meeting and demanded Trust bosses come back with more information after discovering that "confidential" details had been removed.

Trust Chief Executive Malcolm Stamp appeared unable to grasp the MPs' objection, arguing "What we have done is send you full documentation with indications of what has been taken out as commercial in confidence."

No answers

Health authorities commonly respond to detailed criticism of the viability of their plans by simply refusing to answer questions – and omitting questions they cannot answer from their summary of the consultation process.

One classic example of this is Worcestershire, where a new PFI hospital in Worcester means a massive 35 percent cutback in acute beds throughout the county.

The viability of the Full Business Case rests on the injection of an extra £7m to the revenue of the Worcester Royal Infirmary, at the expense of axing in-patient care at Kidderminster General Hospital and A&E services in Redditch.

The implications of these cutbacks are far-reaching, and the probability is that the new small hospital will be swamped from day one by emergency cases. But Worcestershire Health Authority has stubbornly refused to answer any detailed questions from campaigners on how the reduced hospital services would cope with demand.

There are good reasons why the PFI firms and the Trusts are eager to avoid any public scrutiny of their figures: many of them show the scale of the profits to be pocketed by the private firms, while others have been blatantly fiddled to make the scheme appear viable.

A detailed study commissioned by UNISON of one Full Business Case, for the North Durham Acute Hospitals Trust, revealed the extent to which some PFI deals rig the figures to make the case for private funding.

The new Dryburn hospital will have far fewer beds than the hospitals it will replace: but cash problems mean that some of the new beds will remain closed for lack of staff. The PFI hospital will treat fewer patients, but still cost the health authority more money each year – and require an additional £750,000 a year subsidy from the government. The public sector option would have been cheaper.

The UNISON report, ***Downsizing for the 21st Century***, shows that the new hospital represents more than a 50 percent reduction in beds compared with the original 1991 plan for a publicly-funded hospital, and will treat 7 percent fewer inpatients than the present level, while axing one in nine of its qualified nurses.

The health authority will have to pay an extra £1.5m a year to sustain the new hospital, while also paying other local Trusts to pick up the additional responsibilities of caring for patients for whom there will be no beds at Dryburn.

While the NHS loses out, and the Trust stands to spend 12 percent of its income on leasing the new hospital, PFI investors in the Durham project will pocket a healthy 18.5 percent return on their investment. Yet the consortium has been able to borrow the money it needs on a fixed interest rate of just 6.5 percent.

This level of profit means that the public sector option comes out £22 million cheaper than PFI over 30 years: only by the most elaborate exercise in book cookery can the deal be made to look cheaper over a 60-year period.

As the UNISON report concludes: "Despite an investment of £96m, annual payments to the private sector of over £12m a year for 30 years, subsidies from central government and the selling off of NHS property, not a single extra patient will be treated."

■ ***Downsizing for the 21st Century***, by Declan Gaffney and Allyson Pollock, published by UNISON.

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