

# PFI: first wave Trusts count costs of a failed policy

Last year LHE's John Lister visited PFI-funded hospitals around the country to record the staff experience for two UNISON pamphlets. But how are the new hospitals coping in the increasingly competitive world of the "modernising" NHS. Here are a few highlights of a recent survey.

## Worcester's right Royal cash crisis

Hundreds of patients waiting for treatment at Worcester's new £97m PFI-funded hospital have had their operations cancelled because of a rise in emergency admissions, and inadequate numbers of beds, Chief Executive John Rostill has publicly admitted.

The knock-on effect was contributing to the Trust's financial deficit, projected to reach a massive £15m by April, compared with a £10m overspend last year.

Estimates of the total shortfall have edged up and up as each month has gone by, increasing by around £1m per month. As late as October managers were looking to a £7m shortfall.

More than 800 operations known to have been cancelled on the day they were due to take place in the Trust, which runs the new PFI-financed Worcestershire Royal Hospital, the Alexandra Hospital in Redditch, and the "downsized" Kidderminster Hospital, where a new £19m treatment centre has just opened in place of the full-scale district general hospital that was functioning prior to the controversial PFI scheme.

A county-wide plan to tackle the soaring deficit has failed to meet targets, although there has been a reduction in spending on agency nursing.

With the Trust currently failing on 11 out of 14 waiting list targets, spending on additional surgical sessions at overtime rates to deal with cancelled operations and keep down waiting times amounts to as much as £6m of the deficit.

Mr Rostill, who has warned



Flashy exterior masks cash crisis in Worcester

that the Trust is unlikely to be out of the red before 2006, told the Worcester Evening News that "There is no short term solution".

He has insisted that the cash crisis would not affect jobs, services or patients: but it is hard to see, with the hospital already working to full capacity and unable to generate additional revenue, how sums equivalent to 7% of the Trust's £188m budget could be saved without cutting at least one of these, if not all.

The task of making savings is complicated further by the fact that almost all non-clinical support services in the new hospital, including maintenance, are incorporated in a legally-binding monthly payment to the PFI consortium amounting to £17m a year: this means that the only areas within the control of Trust bosses are clinical services – doctors, nurses and patient care.

The Worcester Hospital crisis is likely to have serious consequences for other health services in the county. Work on two long-awaited new health centres planned for Malvern and Upton-Upon-Severn has had to be suspended as a result of a collapse in funding. Tom Wells, leader

of Malvern Hills District Council told the Malvern Gazette:

"It's clear the residents of Malvern and Upton have to pay for the financial incompetence of Worcestershire Royal Hospital".

## Hereford: too small for comfort

Hereford's small £64m PFI hospital has reined in a deficit which had been projected to rise as high as £2.5m, to forecast a shortfall of just £500,000 by April. But hospital staff are struggling with inadequate bed numbers, and working extra hours in an effort to meet waiting list targets.

The Trust's budget was initially based on assumptions of an 85% bed occupancy rate, but actual figures have been much higher. Last year the Trust spent £1.2m in referring NHS patients to private hospitals in order to meet waiting time targets.

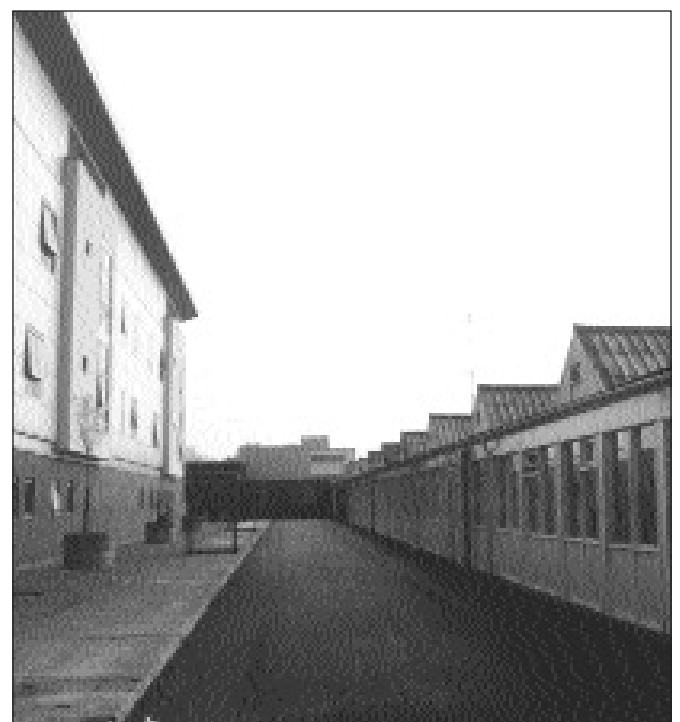
2004 has begun with an estimated 11% of the hospital's beds "blocked" by patients

who should have been discharged to care elsewhere, while community hospitals are reported by the Primary Care Trust to be "stuffed to the gunnels". War-time huts that were to have been demolished when the new hospital was built are still needed to cope with demand.

## Greenwich PFI: most costly bed closures?

Faced with an escalating cash crisis, managers at London's first PFI hospital have resorted to the desperate tactic of closing wards and beds in the 646-bed £93m hospital, even though it will lengthen waiting lists.

The Trust's projected deficit has been variously estimated at £4.5m or £6m. Trust bosses told BBC correspondents in February that the problem had been worsened by the Department of Health's decision to phase out the government subsidies (known as "smoothing payments")



Hereford: wartime huts next to too-small PFI hospital

which had been paid to facilitate the PFI scheme, leaving the Trust to pay the full cost of the new hospital.

The closure in December of Ward 19, which has 28 beds and carries out elective surgery, was aimed at saving £200,000 – but also added 600 people to the Trust's waiting list. The ward had to be reopened for a week in January to help the Trust cope with a surge of emergency admissions.

But this and a further eight beds – four paediatric and four oncology – closed again in the new year.

## Bromley faces loss of subsidy

The scale of the deficit in the Trust running Bromley's 525-bed Princess Royal University Hospital is not explicitly stated, but appears to be in the region of £3m-4m.

The Trust Board Finance Report (November 2003) reported that £1.7m "efficiency savings" had been identified, but confirmation was still awaited over a one-off hand-out of £2.5m from the Strategic Health Authority. Meanwhile Bromley also stands to lose its £1m-plus smoothing payment, which helped make the PFI project affordable:

"The Department of Health were considering the withdrawal of funding for the PFI scheme and the Trust was working to address this."

## West Middlesex axes beds

Board papers of West Middlesex University Hospital Trust (February 23 2004) refer to a forecast deficit of £2.6-£4m, partly due to extremely high levels of emergency admissions (12% above last year).

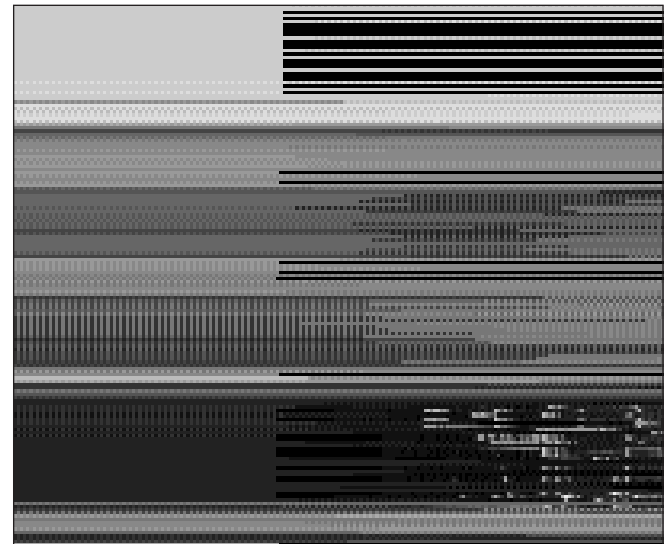
The Trust told staff that a ward (H2) would be closed at the end of March, and staff redeployed, to save money on agency bills.

Local campaigners had warned from the beginning that the new hospital had too few beds, and an increasing number of patients awaiting emergency admission are now being kept overnight in makeshift accommodation in the endoscopy unit.

## Norwich hospital just can't cope

ENGLAND'S BIGGEST operational PFI hospital, the £229m Norfolk & Norwich Hospital is running with an underlying deficit of £6.5m, and an overspend of £1.5m on its planned budget.

The hospital, which with 989 beds was widely criticised for being too small to cope, has been struggling with a near 10% increase in emergency admissions, and this is



Underlying problems mean Norfolk & Norwich is still in the red



Credit cards are not only accepted but vital to cover sky-high parking at Edinburgh Royal Infirmary (above and right) – but don't ask for beds, as a refusal often offends

limiting the scope to meet waiting list targets. Managers claim that 70 more beds are occupied by emergencies than two years ago.

Bed shortages in the hospital have brought increasing pressure, especially in the orthopaedics department, where staff have been working extra shifts and weekends in an effort to meet government waiting time targets: all this overtime working has increased the hospital's costs.

Orthopaedic patients from Norwich have been dispatched for treatment "to Bury St Edmunds, BUPA hospitals and even the Royal National orthopaedic Hospital in Stanmore," according to UNISON Branch Secretary Harry Seddon.

Penny-pinching economy measures include scrapping the supply of biscuits and bottled water to the Boardroom, and a drastic 120% increase in staff car-parking charges, while visitors to the hospital could also be asked to pay a minimum £2 for any stay over 30 minutes.

## South Manchester faces shortfall

Trust Board papers (February 4) report that the cumulative outturn for 9 months has been an "adverse deviation from plan of £1.245 million".

But the Trust, which runs the PFI-funded Wythenshawe

Hospital, was hoping to get through in rough balance by transferring £4m from capital to revenue.

Next year however the problems intensify, with unfunded cash pressures estimated at £11.5m, against which there are planned efficiency savings of just £6m, leaving a gap of at least £5.5m to be resolved next year.

## Carlisle up against Cumberland gaps

Carlisle's £65m zero-star Cumberland Infirmary has been rocked by a succession of crises since it became the first English PFI hospital to open in 2000.

Precise figures are hard to establish in a notoriously secretive and politically sensitive Trust. The most recent deficit admitted by the Trust to union reps is £2.3m, although this is widely regarded as an optimistic under-estimate.

The local health economy, which has only been running deficits since the PFI hospital opened its doors, is facing a combined shortfall of over £26m.

Meanwhile the latest questions over the quality of the innovative PFI hospital centre on the glass panels used on three walkways above the large atrium area which runs through the centre of the hospital.

Two of these panels, which are supposed to be toughened safety glass, have shattered in the first few weeks of the new year. The other panels are now taped up while anxious talks take place on whether the Trust or the PFI consortium will face the cost of replacement.

## Edinburgh: the flagging flagship

Scotland's flagship PFI hospital, the £184m Edinburgh Royal Infirmary, is leaking funds below the waterline: the most recent estimate is an £8.5m deficit by April – an improvement on earlier forecasts that the gap could be as wide as £13m.

This includes costs of increasing use of agency staff to fill vacancies: agency bills amounted to £6.4m last year.

A report by the Auditor General warned at the end of last year that if they are not controlled, the Lothian University Hospitals Trust's debts could spiral to reach a staggering £180m by 2008.

The hospital, which embodies a substantially reduced number of beds on the hospitals it has replaced, has been struggling to cope with demand for emergency and waiting list treatment. In January hospital chiefs admitted that 22 operations had been cancelled at short notice, some of them just hours before patients were due to arrive.



Round in circles as Durham's new hospital runs out of beds

40 operations were similarly cancelled last October, again because of a shortage of beds. Expectant mothers have been sent as far as Dundee to have their babies after ERI ran out of neonatal cots.

While ministers and managers point to bed blocking, critics of the scheme have always warned that the bed reductions represented a serious gamble.

The hospital which fully opened in 2003 has also been dogged by a series of problems flowing from the poor design and quality of the building, including power cuts, leaks in the roof, ventilation failures, abandoned attempts to computerise patient records, and sky-high (£10 per day) car parking charges which are higher than those in the centre of Edinburgh.

Poor services have also been a problem, with staff facing restricted supplies of sheets and bedding as a result of laundry problems, and strong criticisms raised by a patient who had formerly been an NHS manager over the quality of patient meals, which are prepared in Wales and shipped up for reheating in Edinburgh.

The Trust pays £33m a year to the PFI consortium lease the new hospital with and non-clinical services – leaving only clinical services as potential areas for cost-savings.

## Beds crisis grips Great Western

Swindon's £180m PFI-financed Great Western Hospital was closed to all

give birth prematurely: the GWH had no capacity to care for her in the special care baby unit

## Durham Trust admits beds blunder

The University Hospital of North Durham was forced to close its emergency department for ten hours in early January after running out of beds. Ambulances were diverted to other hospitals in the region.

Management of the County Durham and Darlington Acute Hospital NHS Trust told the Northern Echo that the £97m flagship PFI hospital had too few beds.

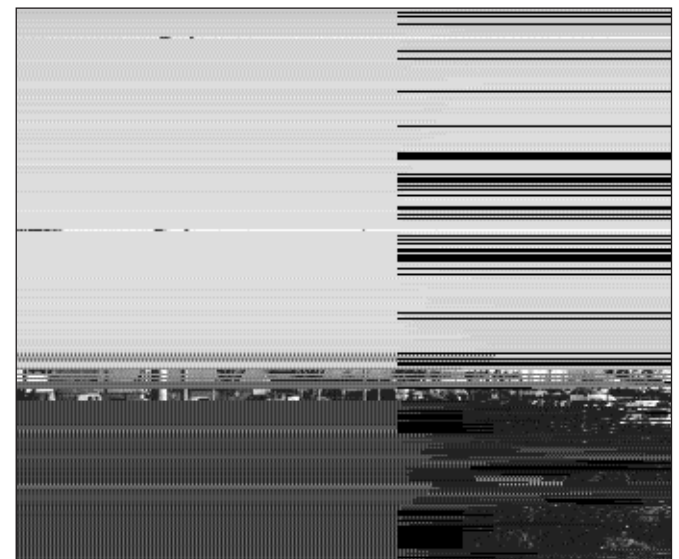
"Since this new Trust has been formed we have been of the view that the hospital was built by the previous trust with fewer beds than it should."

The same spokesperson also blamed bed blocking for part of the problem, claiming that 30-40 beds were "blocked" by patients who should have been discharged for treatment and support elsewhere.

The hospital also faces the possible loss of its urology specialist services in a new plan to rationalise this service across North Durham, Sunderland and South Tyneside. Durham patients could face a journey to Sunderland for more serious operations and treatment.



Prefab houses makeshift beds at Carlisle's already crumbling Cumberland Infirmary



Too few beds are among the problems at Swindon's PFI hospital