

PFI projects push up bill to £1 billion: Manchester faces up to "unaffordable" capital programme

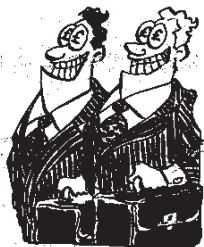
NHS chiefs throughout Greater Manchester will have to choose whether to build and refurbish the area's hospitals and health facilities – or whether to meet national targets and National Service Frameworks laid down by the government.

If they attempt to do both, then even the extra money that is being allocated to the NHS under government plans will fall short of requirements, plunging local Primary Care Trusts into deficits which would add up to almost £100m in 2005-6, and peak at over £160m in 2008-9.

The cumulative shortfall across Greater Manchester could reach a staggering £732m by 2010.

That is the grim message from a confidential survey of the costs and implications of over 40 capital projects, with a total estimated cost of over £1.1 billion that are currently at various stages in the planning process. The survey, carried out by business consultants for Greater Manchester Strategic Health Authority, was leaked to London Health Emergency.

The SHA obtained reports from all the project teams at work in the area on the revenue consequences of each of their schemes (which range in size from the giant £422m hospital complex in Central Manchester, a £190m bundle of projects in Salford, and a new £150m hospital in Stock-



The £420m PFI project for a new hospital complex for Central Manchester hospital and Manchester Children's Hospital Trust has been put on hold despite reaching Final Business Case stage.

PCTs in Greater Manchester pulled back from endorsing the scheme in the light of the shocking figures in the SHA report (above) and after circulation of a detailed analysis of the FBC researched for Central Manchester CHC by London Health Emergency. This underlined the mounting costs of the 38-year index-linked PFI deal, which would start with payments of £48m a year, but cost a total of more than £3 billion.

port, to small scale additions of wards or operating theatres costing £5 million and less) – and the varying cost of each plan for each of the area's 14 Primary Care Trusts.

This has been set against a projection of the likely increases in funding for each

PCT, and the known pressures on the PCTs' budgets arising from cost inflation, existing commitments, and future plans and targets.

The SHA concludes that Greater Manchester will have unallocated growth money totalling £18m this year, rising to £120m in 2009-10, but that the cost of the capital schemes will outstrip this new money each year, creating a steadily worsening crisis. It warns:

"Capital investment aspirations unaffordable both short and long-term, despite significant revenue growth. ... Choices need to be made between capital schemes, NSF plans and other investments."

Commenting on the findings, LHE's Information Director John Lister said:

"This disastrous scenario in Manchester shows the folly of government policy, which after decades of drastic under-investment in hospitals and capital assets is now expecting Trusts to pull themselves up with their own boot-straps through the Private Finance Initiative, which lands the whole cost on Trusts' revenue budgets.

"This report confirms that PFI schemes like the new Central Manchester hospital complex cannot be afforded without wrecking other services in the area.

"Gordon Brown is balancing the books today by stacking up problems for years to come. He should inject government capital to fund these new investments."

More expensive than the Dome: £1 billion price tag on Paddington PFI folly

St Mary's Hospital chief executive Julian Nettel is gamely whistling in the dark as the cost of the controversial scheme for a privately-financed hospital complex in Paddington, to house the services from Harefield Hospital and the Royal Brompton has almost trebled to £1 billion from the previous published estimate of £360m.

An increased estimate of £800m came in a Press Release from the Paddington Health Campus Project, which claimed that the scheme has been endorsed by Health Minister John Hutton.

New government guidelines had required the original planned floor area of the hospital to be expanded by up to 20%.

But this brought the plan into conflict with Westminster Council's Planning Department, which sent Project Director Nigel Hodson a detailed 6-page response out-

lining a long list of objections to the proposals, which include adding 3 extra floors to parts of the planned building. Complying with the Council's requirements could cost an extra £7m a year for renting additional office space for the next 35-years.

The council also made it quite clear that any revised plans will need to go through a fresh planning application, while some aspects of the current proposals "could be impossible to justify in planning terms".

Figures leaked during the summer to London Health Emergency had indicated that the disaster-prone plan was facing an estimated £43 million per year "affordability gap", which threatens to squeeze budgets for primary care, community and mental health services in the surrounding area.

Gloomy Trust bosses were last year questioning whether the new hospital, originally projected for 2008, will now be open by 2011 – if at all. The eventual costs – and thus

the affordability – of the scheme are equally unknown: bids from potential PFI consortia have just been invited.

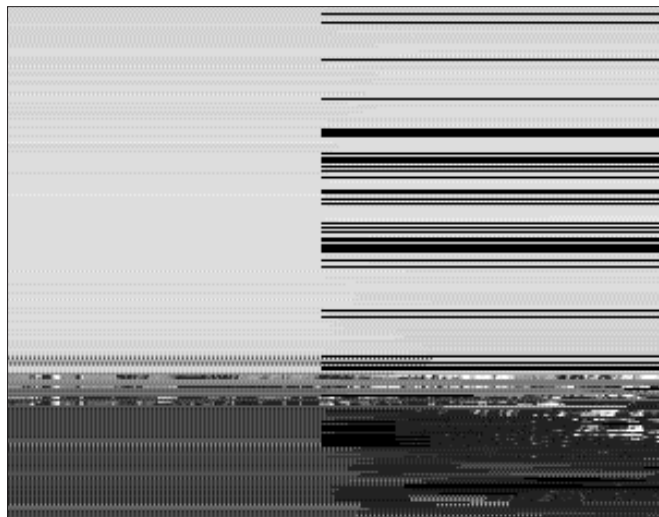
JEAN BRETT, chair of the Heart of Harefield campaign to keep the hospital open, said "It is clear that these plans are not only undesirable, in that they would break up the established specialist team at Harefield, but also completely unaffordable.

"Even if the architects can find ways of satisfying Westminster's planning team, the capital cost of this scheme is likely to be closer to £1 billion. We want ministers to think again."

JOHN LISTER, Information Director of London Health Emergency, said:

"This scheme has been nothing more than a succession of ever-more expensive blunders from start to finish.

"Every extra day that goes by adds to the costs of accountants, consultants, architects and advisors: ministers must call a halt right now to this waste of taxpayers' money."



Big corridors ... shame about the lack of office space: Swindon's Great Western Hospital

■ A NEW formula for calculating the comparative cost of PFI deals against a theoretical "public sector comparator" would have meant none of the first dozen PFI hospital would have gone ahead as value for money, according to former minister Stephen Byers.

■ The new formula is included in a Treasury report **PFI: meeting the investment challenge**, an alternative to the "review" of PFI demanded by last year's Labour Conference. The document trots out the same stale old sources in its attempt to justify PFI as 'value for money'.

■ After a couple of slow years, ministers are expecting PFI deals worth over £3 billion to be signed in the NHS next year (2004).

■ Two investigations were taking place this summer into the £184m PFI-funded Edinburgh Royal Infirmary. One inquiry will look into soaring temperatures of up to 35 degrees in parts of the hospital, which triggered a walkout by nursing staff: the other

UNISON pamphlet on Swindon PFI hospital

Not so great!

THE SHAMBLES behind the glitzy glass facade of Swindon's £132m PFI-funded Great Western Hospital, which opened last December is investigated in a new UNISON pamphlet, just published as we go to press.

Researched for the union by John Lister of LHE, the pamphlet – *Not So Great* – consists of an overview introduction, followed by interviews with front-line nursing, clerical and support staff.

The poor terms and conditions on offer to staff from Princess Margaret Hospital it replaced, the Great Western is too small, and relies on portakabins and rented space in a supermarket for office space: it is currently building a number of extensions and add-on facilities.

The new pamphlet follows the successful formula of *Voices from the front-line*,

published by UNISON earlier this year, which examined conditions and standards of care in 9 first-wave PFI hospitals.

In each case the question marks over the quality and value for money of support services is echoed by problems with the size of the building, its design and the poor quality finish to the fabric of the new hospital.

Despite early claims by supporters of the PFI scheme that a new purpose-built hospital would improve efficiency compared with the outdated, much-extended and altered Princess Margaret Hospital it replaced, the Great Western is too small, and relies on portakabins and rented space in a supermarket for office space: it is currently building a number of extensions and add-on facilities.

■ Copies of both pamphlets available from UNISON or from LHE.

Birmingham & Coventry Branch National Union of Journalists

No to
privatisation and
PFI!

Congratulations
to London Health
Emergency on 20
years of
campaigning.



PHOTO: Stalingrad O'Neill
Selly Oak Hospital campaigners

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