

UNISON Public Eye

As hospital scheme cost soars to £250m, health union says...



Our MP speaks out against PFI – back page

A word from UNISON

THIS special 4-page wrap-around to the *Herald and Post* has been produced and financed by the local health workers' branch of UNISON, the public sector union, and by UNISON's General Political Fund.

We want to share and publicise our concerns about the proposal to build a new, privately-financed single site general hospital on the Edith Cavell Hospital site.

This time last year, we published our own newspaper, *Public Eye*, and distributed 120,000 copies to every home in Peterborough. We had a tremendous response from local people: but unfortunately the Peterborough Hospitals Trust is forging ahead regardless.

So here we are again, hoping this time common sense will prevail.

The plans – set out in the Integrated Health Investment Plan, supported by local health service Trusts, health authorities and Peterborough City Council – are awaiting a rubber stamp from health ministers next month.

None of our objections to the proposals has been answered by the Trust: so we are again setting out the issues and urging local people to join our campaign for a properly funded hospital owned and controlled by the NHS rather than by City fat cats.

We welcome your comments and invite your support for our campaign. UNISON can be contacted c/o Union Office, Peterborough District Hospital, or ring us on 01733 331491



Don't let it be a casualty of PFI: UNISON members and supporters rally round to defend Peterborough District Hospital

Empty promises on staffing

Local Trust bosses tell us that the new hospital will be "great for Peterborough" and that their plans include 30 more doctors, 200 more nurses and an extra 100 porters and domestic staff.

But these promises need to be taken with a pinch of salt. The private firms which are likely to take over the management of non-clinical support services will decide how many staff they wish to employ, and may well seek to increase their profits by taking on fewer staff and expecting them to work harder.

And the Trust's budget for nursing and medical staff will be squeezed by the need to fork out extra cash each month in rent to the private companies that put up the capital to build the new hospital – and will expect a hefty return on their investment.

Other PFI schemes have seen numbers of nursing and support staff slashed back to balance the books.

And as UNISON's regional officer John Toomey has pointed out, "The hospitals can't fill the posts they have already. So the Trust are going to have real problems finding all the new staff they have promised."

Managers have claimed that the extra staff would ensure that treatment times and delays would be drastically reduced: so what would happen to services if they find they can't afford, or can't recruit the staff they need?

PFI? NO THANKS!

£250 million is the latest projected cost of the controversial scheme to shut down Peterborough District Hospital and build a new, privately-funded hospital on the Edith Cavell Hospital site.

This is close to double the estimated cost just a year ago: but it is not likely to be the final cost – since detailed negotiations with the private firms that will build the hospital and lease it back (with support services) to the NHS have not yet even begun.

But Trust bosses are expecting to get government approval this September to offer up the scheme to prospective private sector bidders – opening up a new stage in the long and tortuous procedures of the Private Finance Initiative.

UNISON, the biggest of the unions representing local health staff in Peterborough,



has consistently campaigned against PFI.

Like almost every other organisation representing health care staff and professionals, we see PFI as rotten value for money – an expensive way to finance new hospitals, that would leave local NHS Trusts like ours massively in debt to private companies for periods of up to 60 years.

While our members are as keen as anyone else in Peterborough to get a new hospital built, to give state of the art treatment to local people, this plan will cause more problems than it solves.

So large is the runaway increase in costs that it must call into question the viability of the project.

Simply renting the new building seems likely to cost the Peterborough Hospitals Trust anything up to £40m a year, out of a budget which last year hit £90m. The Trust itself has admitted that the new hospital (which is not expected to be completed until 2008) will bring extra costs of £14m a year by 2010 – but that was before the latest increase in the overall cost.

Once a deal has been signed with a private consortium to build the new hospital, there will be no escape from the legally-binding payments: any economies will have to come from other parts of the Trust budget – clinical services.

Where similar extra costs have landed on Trusts else-



where as a result of PFI schemes, the result has been cuts in bed numbers, staffing levels and spending on other local NHS services such as community services, mental health and primary care in order to balance the books.

We don't want to see that happen in Peterborough.

UNISON's policy is simple:

- A new NHS hospital properly funded by the government? Yes please – and we can debate where it should be.

- A privately funded new hospital, on the least accessible Edith Cavell site, plunging the Trust and local NHS into debt and a new round of cuts? No thanks!

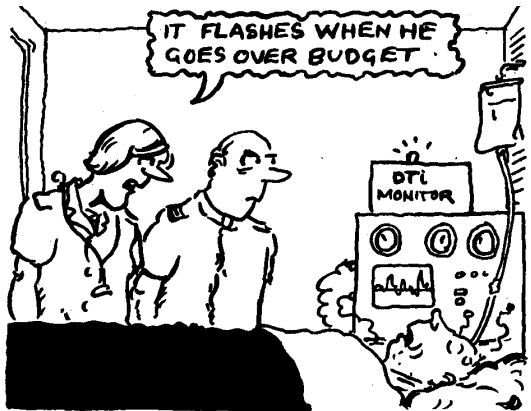
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General Political Fund

UNISON special: PFI? No thanks!

A pensioner's view **No second chance if this PFI gamble fails!**



The Private Finance Initiative (PFI) is a way of obtaining large capital projects, such as new hospitals. These hospitals, of course, in the NHS were funded by public cash via the National Insurance scheme or from Income Tax.

A hospital under a PFI scheme has to be designed, built, financed and operated by a private consortium for a period of up to sixty years but more normally thirty years. Rental payments are then made by the Government for the thirty years to the Consortium (a private company) for the use of the building to nurse our sick.

The hospital belongs to the Consortium and according to the government it then, after thirty years of rental payments, acquires the building.

Of course, nobody knows how far down the road the country will be stable enough economically to afford the payments and what will be the vagaries of the market place then.

Information is hard to come by as to what the arrangements will be and what the actual cost of such a scheme will become.

There have of course been consultation periods but to obtain precise details – or any

details – of the actual financing involved appears to be very difficult, so there is little true accountability when using PFI schemes.

Confidentiality is often used as the excuse, and it is to be hoped that the same adherence to confidentiality will be followed with our medical information!



In many parts of Europe, public bodies can raise cash for their new hospitals under a system known as General Government Financial Deficit (GGFD) and many learned people in this country are asking why the government cannot use this scheme.

We, as pensioners, are used to an ethos of saving our money for an item and buying it when we have sufficient funds, looking after and maintaining the item and having some pride in the fact that we own it. This was the same

principle we applied to our NHS hospitals until finance was withheld and maintenance suffered. This, along with the Internal Market system, in my opinion brought about the crisis in the NHS which had been the pride of the UK.

According to information I was able to get via my computer, the same foreign consortium that is showing interest in building our new hospitals a couple of years ago and, this year, sold them to another foreign company. I pin this out to explain that we are now playing a whole different ball game!

Who knows, maybe these consortia are philanthropic and are only interested in our well being. Who knows how long this government will be in office – will it be thirty years? We must pray that the people making decisions on our behalf – misguided in my opinion – will have sound judgement.

It is not too late to think again. We must realise that once down the PFI route to privatisation there will be no coming back!

**Mary Cooke SRN (retired)
Vice Chair Peterborough Pensioners Association.**

Desperate MPs launch attack on PFI expert

At first sight it may be hard to see why a Commons Health Committee report on The Role of the Private Sector in the NHS, published in mid-May, should have been greeted with delight by Health Secretary Alan Milburn, and by bankers, construction bosses, property developers and private contractors looking to make profits from the Private Finance Initiative.

Much of the report is critical of the government policy of steadily increasing the share of the growing NHS budget that finds its way into the pockets of private shareholders.

But ministerial eyes were focused on just five key – highly contentious – paragraphs of the Report.

These were written by Swindon Labour MP Julia Drown, and adopted on the votes of just three of the Committee's 11 members, with two voting against, in the face of opposition from chair David Hinchliffe.

Privilege

Under cover of Parliamentary privilege, these paragraphs effectively hijack the Committee's name to mount an extraordinary, personalised and baseless challenge to the credibility of detailed research by one of the sternest academic critics of PFI, Professor Allyson Pollock.

Allyson has worked closely with UNISON and has written numerous substantial reports for the union since the mid 1990s, which have spelled out



Milburn: picking the paragraphs he likes

a detailed critique of PFI deals

The three Labour members of the Committee who promoted the paragraphs declare themselves "unimpressed" with much of the research presented by Professor Pollock and her University College London's Health Policy and Health Services Research Unit.

No evidence

But they don't offer any evidence of their own that might question Prof Pollock's conclusions, which have been presented not only in detailed articles in academic journals but also in verbal evidence and an extensive 4,000-word written submission to the Health Committee itself.

The Labour MPs admit that the HPHSRU "has been the source of advice for many groups including unions and professional associations, all of whom have used parts of the Unit's work as a justification for their antagonistic attitudes towards the private sector."

By attacking Allyson Pollock, the clear intention is – without presenting any coherent alternative evidence

or argument – to undermine every reasoned criticism of PFI, and every organisation which continues to uphold those criticisms.

Their problem is that while Professor Pollock's research has won the support of trade unions including UNISON and the GMB as well as the BMA, and has been published in academic journals, the government has been unable to produce a serious response.

The only substantial study endorsing PFI was a partisan piece by discredited consultants Arthur Andersen, at a time when they were already making large sums of money by acting as advisors in PFI schemes!

No substantial organisation representing health workers has endorsed PFI.

The rest of the Health Committee report questioned why PFI deals have been claimed to represent 'value for money'.

Two fingers

And it asked whether using private hospitals to treat NHS patients (under the so-called 'Concordat' drawn up by Alan Milburn) really offers value for money, or threatens to undermine staffing levels in NHS hospitals.

But Mr Milburn has since stuck up two fingers to the Committee by insisting that the Concordat is a permanent arrangement.

Support for our campaign

Among the local and regional organisations which have declared their support for UNISON's campaign against privatisation and PFI, we would especially like to thank the following:

- Peterborough Constituency Labour Party
- Peterborough Cooperative Party
- Peterborough Pensioners Association
- Peterborough Trades Union Council
- Peterborough Hospitals Trust Joint Staff Committee (Staff Side)
- Anglia Branch Graphical, Paper and Media Union (GPMU)
- Socialist Appeal

and the following branches of UNISON:

- Cambridgeshire County Branch
- Kings Lynn Branch
- East Hertfordshire Health Branch
- Essex Rivers Health Branch
- Fenland District Local Government Branch

JOIN A UNION!

This newspaper has been produced by the NW Anglia District Health Branch of UNISON, Britain's largest trade union, representing workers in all parts of the public sector, and has been supported by other trade unions and organisations concerned with the provision of health services in the Peterborough area.

If you work in the public sector and you are not yet a member, why not join UNISON, and our campaign against PFI and privatisation?

But if you work in other industries, you can join other unions which will speak up for you. Just fill in the form below and we will forward your details to the appropriate local union, who can send you an application form.

YES, I want to join a union

- Please send me a UNISON application form
- Please forward this to an appropriate local trade union

Name

Address

Occupation Employer

Send to: UNISON Health NW Anglia District Branch, c/o Peterborough District Hospital, Thorpe Rd, Peterborough PE3 6DA

Publicly-funded NHS schemes: on budget and on time!

THE GOVERNMENT has not bothered to defend its policy of pressing ahead with the privatisation of the management of support services for PFI hospitals, even where the staff delivering those services remain employed by the NHS.

But this is only the latest example of ministers failing to prove the value of PFI and privatisation within the NHS. Many of their other stock arguments also fail to stand up to objective scrutiny.

Ministers have also claimed, for example, that the controversial Private Finance Initiative represents value for money, despite costing more than publicly-funded alternatives – partly because, as they claim, PFI delivers projects “on time and to budget”.

The claim is that: “traditional public sector procurement still suffers from delay, cost overrun and compromise on initially planned requirements.”

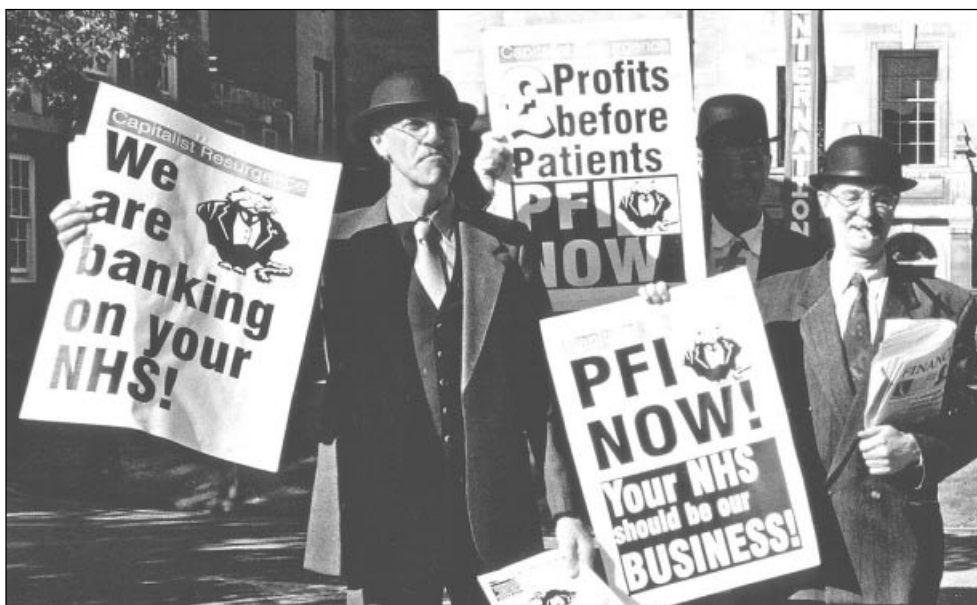
But hardly any public sector projects of any size have been agreed in the last five years: only

four major publicly funded schemes are under way, compared with 64 major PFI schemes. So how are they getting on?

Figures produced by the Department of Health show that there were 24 medium to large publicly-funded NHS projects under way in 2001-02, ranging in size from £9m to £63m, with a total value of £510m. But only TWO of these were expected to go over budget ... by a total of just £2.3m (less than a quarter of one percent of the total investment).

Among the schemes running on time and to budget are two new hospitals – in Reading (£63m) and in Bury (£24m). Only five of the 24 schemes were expecting a delay of a month or more.

More significant, according to DoH forecasts, two NHS-funded schemes are expecting to come in BELOW the projected cost – something that NO PFI scheme will ever do!



Will 3 star rating herald yet another Trust opt-out?

A second consecutive maximum 3-star rating for Peterborough Hospitals Trust in the government's performance ratings might be seen as a boost for hard-working staff.

But any celebration of their achievement will be mitigated by fears that Trust bosses will use the 3 stars as a springboard to float off the Trust as a “foundation hospital” in line with the latest

government policy.

Foundation hospitals get extra cash – at the expense of those with lower star ratings – and are freed from central NHS control.

They may be able to borrow money from the private sector, and sell off land and assets and keep the money. Ministers insist that foundation hospitals will be allowed to set local pay (making a nonsense of the prolonged

national level ‘Agenda for Change’ negotiations on a new NHS pay structure) and increase their private sector work.

The formula may seem grimly familiar: that's because we have been here before – ten years ago, with the Tory government's market reforms, which initially promised most of these very same “freedoms” to NHS Trusts.

Then of course Trust bosses found out how time-consuming and divisive it was negotiating on local pay, while unions found out that flexible pay normally meant LESS than the national rate.

The Tories decided against letting Trusts borrow money in their own right – and it seems that Gordon Brown has the same view, and is set to block this plan.

It seems that Labour ministers are not so much reinventing the wheel as reinventing the flat tyre, bringing competition and inequality back into the NHS.

In Peterborough we could see a privately-owned hospital treating more private patients from home and abroad – and even less accountable to local people, and less willing to listen to NHS staff.

UNISON calls for inquiry into PFI accountants

In the wake of the downfall of accountants Arthur Andersen, UNISON, the UK's largest trade union, is calling for an inquiry into the propriety of arrangements by the “Big Five” accounting firms involved in more than £54 billion worth of PFI projects.

The Big Five are Pricewaterhouse Coopers (PwC), Andersen, KPMG, Ernst and Young and Deloitte Touche Tohmatsu.

A new UNISON study, “A Web of Private Interest: How the Big Five Accountancy Firms Influence and Profit

“These projected figures are a figment of our imagination: we hope you will like them”



from Privatisation Policy”, highlights the apparent conflict of interest which sees the

same firm acting both as a financial adviser on a public sector project, and auditor of at least one consortium member bidding for the project.

The report finds that the Big Five have been driving government policy developments on privatisation, producing key reports which the government has relied on to defend PFI and PPPs.

In at least 45 cases, the same firm has been the adviser to the public sector and auditor to at least one of the consortium members bidding for the project.

UNISON General Secretary Dave Prentis said: “These companies charge massive fees as advisers and auditors. There must be a huge question mark over the independence and impartiality of the advice these firms are giving on PFI and PPP.”

“You need look no further than Arthur Andersen to see the dangers of an accounting firm acting as both auditors and management consultants.”

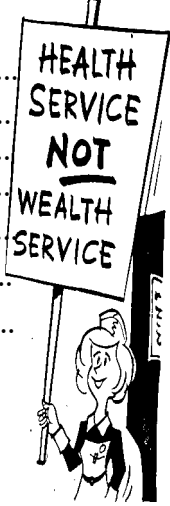
“Public funds are involved in PFI and PPP deals – and the public are not getting value for money.”

SIGN ME UP!

I am opposed to the plans for a PFI hospital in Peterborough and want to join the campaign to defend our local NHS.

Name
 Address
 Post code
 Phone
 email

Send to UNISON Health
 NW Anglia District Branch,
 c/o Union Office,
 Peterborough District Hospital,
 Thorpe Rd Peterborough PE3 6DA

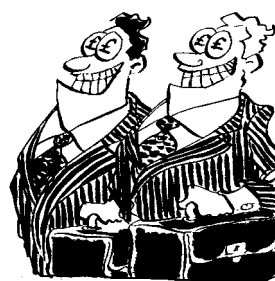


Private sector bid for beds

The first brick in the proposed new hospital will not be laid for at least another year – but already the private medical industry is pricking up its ears and looking for a profitable opening.

The £263-per night Fitzwilliam Hospital has expressed an interest in buying up space to carry out private operations in the new PFI-funded hospital – which would no doubt make it easier for consultants to pump up their earnings with lucrative private work, and for the private sector to poach NHS-trained nursing staff.

Managers at the Fitzwilliam have kindly offered their services in carrying out operations on NHS waiting list patients –



funded, of course by the NHS, with the cash siphoned out of the Trust's own operating budget.

But they have gone further, urging the Trust to “build up services together”, and then to allow the private hospital to move onto the new hospital site, handing over wards for commercial medicine.

UNISON has strongly

opposed these moves, which further drain resources from the NHS for the benefit of the small minority of people who have private medical insurance or can afford the sky-high fees for private treatment.

UNISON regional officer John Toomey said: “Bringing this private hospital onto the NHS site would be like inviting Dracula to be a partner in a blood bank.”

However the Trust may find its hand forced by the financial pressures of the new building. Its director of organisational development Bill Stevenson has refused to close the door on the privateers, insisting that “There are no firm commitments at the moment.”

Consultation? What a joke!

The Trust has declared itself pleased with the outcome of its consultation exercise on the plan for a new PFI hospital: but the response is far from an overwhelming endorsement of their proposals.

Of their series of public meetings, only one was even reasonably well attended, with around 30 participants.

And a mere 119 questionnaires were returned – from a population of 280,000.

UNISON would argue that more people have shown support for our policy.

Join the campaign!

THE CAMPAIGN to build the NHS in Peterborough using public money and ensuring public accountability continues to attract support, not only from Trade Union branches and the Constituency Labour Party but also from individuals.

Around a hundred local people wrote in response to the first issue of UNISON *Public Eye* expressing support. (You can add your support: see the form on this page).

Support has also come from elsewhere in the country and it was particularly moving that in one of her last political acts before her death Barbara Castle wrote to say: “I am delighted to hear of your Peterborough campaign against the extension of PFI in the Health Service. I am certainly glad to be added to your list of supporters.”

With characteristic humour, she also said that said that, at 90 years old and with failing eyesight, she was unable to address all the meetings she would like to attend.

Obviously, her eyesight had remained clearer than the clouded, profit-seeking vision of Tony Blair and his friends.

Other individuals who have given support to the campaign include:

Tony Benn
 David Bowe MEP
 Helen Clark MP
 Jeremy Corbyn MP
 John McDonnell MP
 Brian H. Donohoe MP
 Gwyneth Dunwoody MP
 Bill Etherington MP
 Paul Farrelly MP
 Lynne Jones MP
 Diana Organ MP
 Phil Sawford MP
 Llew Smith MP
 David Taylor MP
 Keith Vaz MP
 Joanne Walley MP
 Hugh Scanlon
 Lord Dormand of Easington
 Lord Stoddart of Swindon
 Lord Young of Dartington.



MP backs UNISON campaign

Helen Clark MP

As Labour's M.P. for the city, I am pleased we will benefit from the government's investment in our N.H.S. The sum of investment in Peterborough is now £250 million. Readers will have noted that the amount has nearly doubled from the £135 million that was predicted only a few weeks ago.

I am, however, alarmed when told that the government requires us to fund our new hospital through the increasingly discredited 'Private Finance Initiative', (PFI), rather than public funding. Inevitably, this means that an enormous slice of the investment will find its way into the coffers of those private companies involved.

We will pay far higher interest rates and fees than we would pay if the money were borrowed on the open market.

What madness! Interest rates are at a very low level and our economic climate greatly favours public investment.

I am proud to be a leading opponent of the folly of PFI. As your MP, I will campaign tirelessly in Westminster and publicly against this siphoning of your money into the private sector.

No answers as Trust boss takes his money and runs

Malcolm Lowe-Lauri, the recently departed Chief Executive of Peterborough Hospitals Trust, made some outrageous allegations in his attempt to refute the arguments in UNISON's *Public Eye* newspaper last year.

But the credibility of his indignant defence of the PFI scheme may have been more questionable given the fact that he was already on the hunt for another job! He has now transferred to the three-star King's Healthcare Trust in London, where he can preside over a budget of £236m – more than double the size of the Peterborough Hospitals Trust.

In a full page article in the *Evening Telegraph* Mr Lowe-Lauri accused UNISON of wanting to "stop a plan for much-needed investment in health facilities in our area".

What nonsense! UNISON has always made clear that we are keen to see investment in health facilities in the area.

Unlike Mr Lowe-Lauri we are looking to the long term.

We want this investment to be in the most affordable and cost effective form for local health services – through government allocations of NHS capital – and not through the costly and inflexible mechanisms of the Private Finance Initiative.

He claimed there is no secrecy in drawing up the plans for the PFI development: but as soon as a private consortium is selected, the shroud of "commercial in confidence" will conceal any further details – until a deal is eventually announced as a fait accompli.



UNISON student nurses lobby Alan Milburn, opposing private sector links

And if the process is so open, how long has the Trust known that the cost of the scheme would not be the £135m they have publicly argued, but almost twice as much? Who was in the negotiations when this higher figure emerged?

Diane Dawson, a senior research fellow at the Centre for Health Economics, has pointed out that secrecy helps hide profit margins:

"There is a remarkable lack of transparency in the deals that have been negotiated. ... Recent evidence suggests that the actual rate of return being earned on PFI projects may be much higher than anticipated."

Mr Lowe-Lauri accused UNISON of ignoring the views of GPs: local GPs, he said, "want properly resourced services in primary care supported by the hospital."

But will they get what they expect? From what we have seen, the sums don't add up. The PFI plan will mean primary care staff doing more work for less. The GPs have

centres on what might be seen as a selfish concern about our members' jobs and conditions. This is an insulting and childish point.

No doctors face privatisation or redundancy through PFI, but the BMA has just reasserted its vocal and consistent opposition to it.

The Royal College of Nursing, too, has voiced concerns – despite ministers' assurances that no nurses will be transferred to the private sector as a result of PFI.

Obviously as a trade union we are concerned to defend our members and their interests, but the overwhelming focus of our criticism of PFI has been centred throughout on value for money, the impact on services, and the level and quality of patient care.

We too are health professionals. We too want a world class, modern NHS to give the very best to patients. But we see the growing involvement of profit-seeking capital as a threat to

PFI: it's sure-fire profit!

So profitable are PFI contracts that building giant Laing is reportedly looking to beef up its PFI business to compensate for a falling off in the housing market.

According to SMi Publishing (3 July) "the group will continue to push on PFI in a bid to counter the anticipated downturn. Laing has recently expressed interest in ... hospital projects and it is hoped that a healthy portfolio will drive it forward."



our ability to deliver that service in the future.

Now Mr Lowe-Lauri has gone off to London for a bigger salary and a higher-profile job: its us – the front line health workers and support staffs of Peterborough Hospitals – who will have to face the reality of the scheme.

And the local people he left behind in Peterborough will be the other big losers if the scheme winds up an albatross around the neck of the local NHS.

Bonanza for PFI firms

COMPANIES at the centre of major PFI consortia have been filling their boots with profits as their investments in our public services begin to pay off.

Balfour Beatty notched up a 20% increase in profits.

Shareholders in Amec have also been celebrating the firm's 18% increase in profits, while the Royal Bank of Scotland, which has been putting up the money for a series of risk-free PFI schemes rubbed its hands at a 32% overall increase in profits, with the surplus in its corporate banking division up a staggering 122%.

Balfour Beatty assured shareholders that its PFI contracts "will generate stable and growing profits and cash flows over a long period, even if we never win another concession!"

How do the private firms make so much from financing, building

and operating facilities for the public sector?

The profits roll in at every level of the project. The bankers coin in above average returns, allegedly to compensate them for the "risk" of investment in the event that major NHS Trusts should go broke – though in practice the Health Secretary is legally bound to compensate any PFI "partners" left stranded.

The construction companies reckon to coin in **double** their average rate of profit on deals they do under PFI. Some are so eager to pocket more cash that they invest some of their own money up front in the financing of the deal. Balfour Beatty has reported returns of up to 18% on their equity share of PFI schemes, compared with 3-4% for traditional engineering projects.

With only 20% of the company's activity involving PFI, these

schemes returned 40% of the company's overall profits.

There is even more cash to be made once the hospital has been built: the service providers within the PFI consortium step in to take over the running of non-clinical support services in the new building, and there may also be other lucrative income streams from car parking or shopping malls.

So where do all these profits come from? From **YOU**, the taxpayer!

The possibility of surpluses on this scale comes from the inflated prices and interest rates built in to PFI schemes from the very outset: by building in such lavish profit margins, they line the pockets of investors – at the expense of the NHS budget.

These companies are robbing the exchequer in broad daylight – and have contracts that will go on ripping us off for up to 60 years!

The trade union for ALL health care workers



UNISON is the only health care union that recruits ALL health workers, whether they be hospital or community based or primary care staff.

We are proud to represent nursing and other professionals, ambulance staff, health care assistants and technical staff, and all non-clinical support staff, including domestics, porters, catering and laundry, security, admin & clerical, and secretarial staff.

UNISON is campaigning against the government's policies on PFI and the greater involvement of the private sector in public services.

To join UNISON in Peterborough, you can ring UNISON Direct on 0800 597 9750, or fill in the form on page 2 and post it to us c/o Union Office, Peterborough District Hospital, Thorpe Rd, Peterborough PE3 6DA.

