There's profit for some in hospital closures

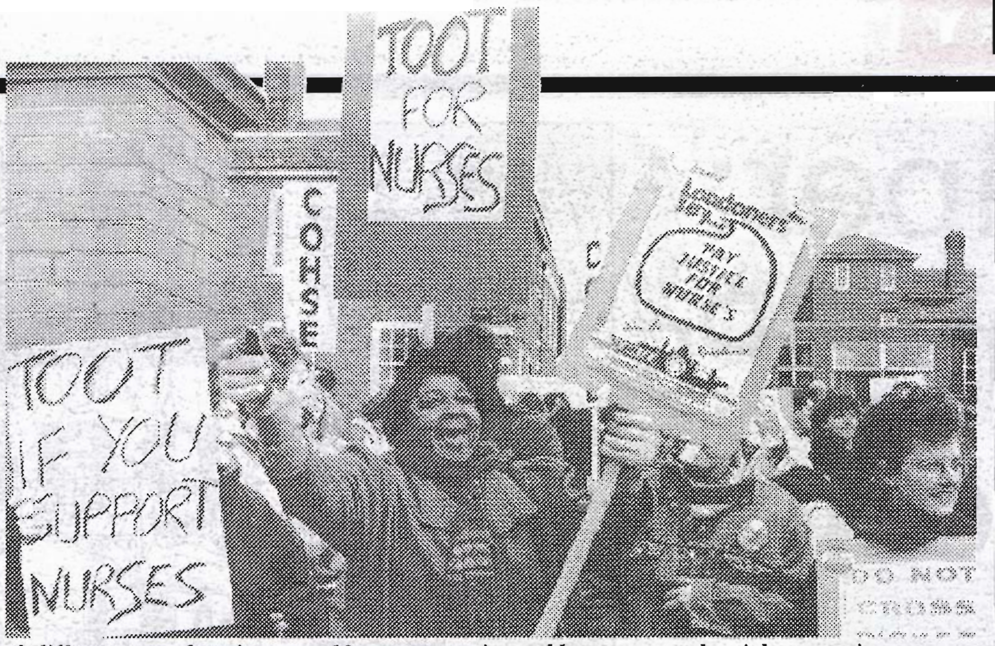
PROPERTY developers are making a killing on redundant hospital sites and buildings, according to a recent report in London's *Evening Standard*.

St Mary's Hospital, Harrow Road, St Mary Abbots and part of the Brompton Hospital have all been lavishly revamped.

Old psychiatric hospitals now offer palatial rural retreats in the stockbroker belt, with new homes available at prices from £120,000 to £650,000.

But the jewel in the crown is the £150m redevelopment of the Westminster Hospital, which will be converted to give a 500-bed luxury hotel, an office block and 200 lavishly serviced flats for the rich, with prices starting at £170,000, and rising to £345,000.

Four penthouses will go for £2m each. Get your name down now.



A different type of anniversary: 10 years ago, triggered by a stoppage by night nurses in Manchester, nurses all over the country staged strikes and demonstrations over clinical grading. Staff at the Maudsley Hospital (above) led the action in London, with a strike on Feb 2, 1988.

Pushing the boat out to mark NHS 50th birthday (not!)

HEALTH workers and campaigners will have been less than delighted to discover that private insurers BUPA and Norwich Union are among the firms that have been asked to sponsor events to mark the 50th anniversary of the NHS in July.

The NHS Confederation appears to believe that these corporations, which sponge off the health service, poaching its trained nursing and medical staff, have something to contribute.

The anniversary carries mixed messages at local level, too, with NHS chiefs attempting to enthuse staff about their feeble planned events while themselves carrying through swingeing cuts and even redundancies.

Among the low-key events announced by the Department of Health as highlights of the festivities are a "health fair at Driffield", a "living museum at Stamford Hospital", a book to be published in Barnsley and a charity football match in Camden & Islington.

There will be religious services ad nauseam, with the highlight of the proceedings a sermon in Leicester cathedral by health minister Paul Boateng. Book now!

nhs 50
NHS
1948-1998

A logo? Or a tombstone?

Bitterness over pay delay

One law for them ...

CHIEF EXECUTIVES of 32 NHS Trusts have now joined the "one ton" club, picking up pay packages worth over £100,000 a year.

Labour Research Department says that 18 of the 32 received above-inflation pay rises in 1996/97, and also secured increases well above those of their other staff. Average pay for a Trust boss is now £73,000.

"Nurse, it's time for my cash injection"

... and another for the rest

UNIONS reacted angrily to the government decision to "phase in" the Pay Review Body awards for nurses, midwives, health visitors and Professions Allied to Medicine (PAMs).

Although the Review Bodies recommended rises of 3.8%, the government has decided to stage the award with 2% paid from April and a further 1.8% from December 1998.

The effect of the staging is to reduce the value of the award to 2.6% over the year.

UNISON's Deputy Head of Health, Malcolm Wing, said that he was "bitterly disappointed" at the decision to stage the awards – which effectively amounts to a windfall tax on nurses pay:

"The average staff nurse is going to lose £5 a week for the next eight months so that the chancellor can stick to the previous government's spending limits."

UNISON claims for other health workers have called for increases of 10% or a flat rate of £1,000 – whichever is the greater –to make up for lost ground in recent years, and to tackle the crisis in staff morale.

60-year deals cost an arm and a leg

Another eleven PFI schemes totalling up to £750m are in a fresh queue expecting government endorsement in the spring.

The new mega-Trust in Leeds (formed from merging St James' Hospital with Leeds General) is on the list, together with projects in Newcastle, Peterborough, Portsmouth, Gloucester, Dudley, Coventry and Central Manchester.

* Construction work has begun on the £214m PFI project to build a new hospital on a greenfield site to replace the Norfolk & Norwich and West Norwich hospitals.

The deal, which took two and a half years to negotiate, results in a loss of 2-300 beds, and is to be covered by a 64-year contract with the Octagon Healthcare consortium, led by the Laing Group.

* The shortest-running PFI deal signed so far lasts for 47 years (Carlisle).

The hidden costs of using private finance

Declan Gaffney

LABOUR has been congratulating itself on its success in revitalising the Tories' disastrous Private Finance Initiative, under which private companies build and own hospitals which the NHS pays to use.

Up to May 1997 not a single PFI deal in the NHS had been signed: since Labour came into power, four deals have been signed (at Dartford, Carlisle, South Buckinghamshire and Norwich), with at least two more in the offing in Durham and Edinburgh.

A second tranche of new schemes is expected to be announced this spring. So it looks as if Labour has achieved more in the last nine months than its predecessors manged in the previous five years? Think again.

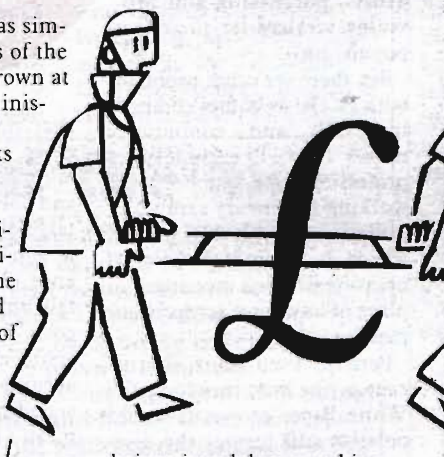
PFI under Labour has simply reaped the benefits of the subsidies that were thrown at it by the previous administration in a desperate attempt to get contracts signed before the election.

When it became obvious that health authorities could not afford the new hospitals they had signed up for, a series of raids was launched on the dwindling NHS capital budget, which had already been slashed by 17% in 1996.

In the event the early announcement of the general election prevented the Tories benefitting from any deals being signed, but on taking power, the new government decided to continue its predecessor's subsidies.

In January 1997 eleven NHS Trusts had been approached and offered access to annual subsidies ranging from £300,000 to £1.5m, provided they managed to sign contracts within three months – safely within the lifetime of the Conservative government.

Labour has committed itself to continuing these subsidies for the entire period of the PFI contracts – 25-30 years.



At the same time trusts are being bailed out by being allowed to use their annual capital allocations to fund the PFI payments. These are normally used to pay for maintenance and equipment. They will be worth from £1m to £3.7m a year to the private sector consortia involved in PFI schemes.

The annual cost of bailing out the first fifteen PFI schemes in this way will be £24m. There's no reason to expect the second wave of PFIs (due to be announced this spring) to be any less expensive.

The new PFI hospitals will be privately-owned commercial concerns, making a profit out of NHS services. The NHS capital budget, which is supposed to pay for the construction and maintenance of publicly owned hospitals, is being diverted to fund the profits of private companies.

This means withdrawing funding from those hospitals which are still in public ownership.

In the Northern and Yorkshire NHS region, subsidies to PFI schemes were even given priority over NHS capital projects, leading to cuts in the funding allocated to other hospitals. In South Manchester the inability of the PFI consortium to come up with a plan that could be afforded by the health authority has led to a £37m government bail out.

PFI promised something for nothing, claiming to deliver the possibility of new hospitals without increasing the public sector borrowing requirement.

But PFI hospitals involve massive bed reductions (on average 23%, but considerably higher in some areas), while their cost has risen on average by 73% during procurement.

PFI isn't something for nothing: it's *less* (hospital beds and services) for *more* (money).

The cost of the cuts in services that fund private sector profits will be met by patients, their families and their carers, and the costs of bailing out unaffordable PFI schemes will fall on those hospitals that remain in public ownership.

Further details available in the report 'Can the NHS afford the Private Finance Initiative' by D.Gaffney and Allyson Pollock, available (free) from the Health Policy and Economic Research Unit, BMA, Tavistock Square, London WCIH 9JP