The good news: national pay is back. The bad news: there's no money!

Good riddance to local pay bargaining

HEALTH employers have at last been forced to concede that the disastrous experiment in local pay bargaining in the NHS is dead and buried.

The NHS Confederation, the new organisation representing both Trusts and Health Authorities, finally hoisted the white flag over their beloved localised pay policy at the end of May, but have refused point blank to accept their responsibility for a system which has driven down staff morale, driven up levels of bureaucracy and driven many NHS trade unionists round the bend.

Even in accepting that the local pay experiment has been left in tatters the bosses organisation are still trying to cling on to some of the wreckage.

Simplified

In a consultation document the NHS Confederation says that it now favours a simplified national bargaining structure, perhaps with a single pay spine, but with other terms and conditions largely determined locally.

Ominously, the document also refers to the need for "flexibilty" which is coded language for exactly the kind of instability which has already driven thousands of qualified staff out of the NHS.

The only solution is a full scale return to national pay bargaining rather than the NHS Confed's attempt to smuggle local pay bargaining in through the back door dressed up as something different.

Commenting on the Confederation's document, Bob Abberley from UNISON said:

"This is their opening shot, but there is clearly a significant gap between us. To a certain extent their ideas are locked in the past: the world has moved on."

Affiliate!

THE GOVERNMENT has changed, but the new Health Secretary assures us that there is no more money for health care. The battle to change his mind will go on, and LHE is the independent body with a track record of fighting hard for the NHS.

AFFILIATE NOW to Health Emergency. The basic fee is still only £15 (basic) or £25 for organisations with over 500 members. Affiliates get regular bundles of Health Emergency, plus mailings, plus discounts on LHE publications and on any research work or publicity work you might require from us.

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London HEALTH EMERGENCY

PFI rides again

ONE POLICY left over from the old government which ministers have pledged to give "a new lease of life" is the controversial Private Finance Initiative (PFI), which has failed since 1992 to deliver the promised cash for any substantial hospital building projects.

43 PFI schemes have been stuck in the bureaucratic minefield, awaiting Department of Health and Treasury approval, some struggling to prove that they represent value for money. In London alone PFI deals worth over £800 million have been logjammed.

Informed speculation as this issue of Health Emergency goes to press suggests that only ten of the 43 projects will get the go-ahead, with many of the others being told to join the lengthening queue for the dwindling sums of NHS capital. Capital allocations were heavily cut back by Kenneth Clarke in two successive budgets, partly to press-gang Trusts towards PFI-funded solutions.

Victims

Among the most visible victims of this ruthless pruning exercise are likely to be some of the biggest London projects – the ludicrously expensive £310 million rebuild of the Royal London Hospital; the £115m rebuild of UCH and the £70m development of King's College Hospital.

A £92m scheme for Guy's-St Thomas's Trust was ditched earlier this year as "too expensive", after £500,000 had been spent on legal and consultancy fees.

In theory, PFI was to funnel private investment cash into NHS facilities, allowing consortia of banks, building firms and facilities management contractors to "lease back" the new buildings, which they would manage and supply "non-clinical" support services, on contracts lasting as long as 30 or even 60 years.

Stumbling block

A stumbling block has been the financial instability of the Trusts concerned, many of which are facing serious deficits, with few having any guarantee of income for the next three years, let alone three decades.

Companies refused to come up with the cash to float PFI schemes until the government had passed new legislation giving Trusts the power to enter into such agreements, and undertaking that the government itself would pick up the outstanding bills if a Trust went bust or defaulted on its contract payments.

The new government is now completing this process: a short Bill on PFI was the only legislation dealing with the NHS in the Queen's Speech.

But the basic contradictions of the policy remain unresolved.

■ The private companies want a blank cheque from the government to underwrite their long-term profits, ensuring they carry no real risk at all: but Gordon Brown has insisted on holding down government spending.

■ Each PFI deal is supposed to show that it represents good value for money: but borrowing money from the private sector is substantially more expensive than the publicly-funded option.

■ While the government pins its colours to the mast of cutting bureaucracy, PFI schemes are notorious for their high overhead costs in legal fees and consultancy.

■ The extra costs of PFI funding must be passed on through increased unit costs charged by the Trusts for treatment.

In many cases these costs fall on health authorities facing cuts in their basic budgets, and a prolonged cash squeeze: the net result would be private firms scooping up guaranteed profits at the expense of fewer patients receiving treatment.

PFI: now prise out the facts!

The deafening silence that has surrounded PFI deals may be about to end, after a policy switch by the new government.

Following the answers by Health Minister Alan Milburn to two Parliamentary Questions in June, government policy is now "to ensure that the NHS answers requests for information openly and positively".

Until now almost every detail of PFI deals has been shrouded in intense secrecy until the final deals have been done, leaving local people completely in the dark on the size, cost and financial viability of proposed hospital developments.

Now Health Authorities and Trusts are to be instructed by the NHS Executive to answer questions on PFI schemes "as fully as possible" "The cost of supplying the information on PFI is not a reason for not providing it."

The caveat is that "information released on PFI should not prejudice ongoing commercial negotiations," and HAs and Trusts may seek to impose a charge for information "if the work involved justifies it".

Health unions confronted by local PFI plans should now press home the demand for maximum disclosure, to ensure that health workers and local people are told the full costs and implications of each scheme.

Now you can beam us up!

LHE on line

London Health Emergency has a web page on the Internet.

At present the site carries samples of LHE's press releases, reports, a list of publications available, details of subscriptions, and a brief history of LHE since its formation in 1983.

It is hoped that the page will soon be more regularly updated, offering a full back catalogue of press releases and contacts with useful local campaigns.

LHE can also be contacted by e-mail. The web page can be found at **http://www.jingo.com/health-emergency/**

Our e-mail address is **health.emergency@virgin.net**

Don't forget you can also Fax us in the old-fashioned way on 0181-960-8636, or even telephone on 0181-960-8002.

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