

No More Games – Evidence of Game Playing

Slick, sleight of hand, short term spending pledges instead of long term investment

While politicians claim the NHS budget has been protected, it has undergone its toughest funding period in more than 50 years, and second toughest in its history¹. Investment has remained flat while demand on the NHS is rising at 4 per cent a year – 10 per cent for specialist services² – and a funding gap estimated by NHS England to reach £30bn by 2020 is opening up³.

The “Nicholson Challenge” of 4 per cent productivity improvements each year aims to save £20bn in the NHS by 2015⁴, but the NHS is already the most efficient health service in the world⁵. There is simply no fat left to cut and with the deadline approaching, the Nicholson Challenge is unlikely to be met⁶.

At the same time, demand on the health system has never been greater. Around 15 million people in England have at least one long term condition⁷. They make up about a third of the population but account for 50 per cent of all GP appointments, 70 per cent of all hospital bed days and £7 in every £10 (£77bn) spent on healthcare in England⁸ as well as £2 in every £3 (£10.9bn of the £15.5bn) spent on social care in England⁹.

Demand on services is only set to rise: one in three people in the UK are aged over 50¹⁰ and the number of over 65s is expected to increase by 50 per cent in the next 20 years¹¹. It is predicted that by 2035 almost one in two men (46 per cent) and two in five (40 per cent) of women will be obese, resulting in a spike in cases of diabetes, stroke and heart disease and the costs associated with treating them¹².

Despite these challenges no political party has come up a credible plan to secure the future of the NHS:

- In his Autumn Statement the Chancellor announced £2bn of additional funding for the ‘frontline’ NHS in 2015/16. But closer examination of the announcement shows how this is not all new money. £750m of the extra funding comes from re-allocating budget within the NHS¹³. Given underspends are running out, taking money from elsewhere in the health budget is unlikely to be an option in coming years and future increases will have to be almost entirely new money.

¹ <http://www.bbc.co.uk/news/health-27682371>

² <http://www.england.nhs.uk/london/wp-content/uploads/sites/8/2013/11/ldn-cta.pdf>

³ http://www.england.nhs.uk/wp-content/uploads/2013/07/nhs_belongs.pdf-page-15

⁴ <http://qmr.kingsfund.org.uk/2015/14/survey/#/438c0db3-d19a-40be-bad5-069bb565896f>

⁵ <http://www.commonwealthfund.org/publications/fund-reports/2014/jun/mirror-mirror>

⁶ <http://qmr.kingsfund.org.uk/2015/14/survey/#/438c0db3-d19a-40be-bad5-069bb565896f>

⁷ <http://www.kingsfund.org.uk/time-to-think-differently/trends/disease-and-disability/long-term-conditions-multi-morbidity>

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/216528/dh_134486.pdf

⁹ <http://www.theguardian.com/society/2014/jan/03/nhs-overwhelmed-long-term-medical-conditions>

¹⁰ http://www.ageuk.org.uk/Documents/EN-GB/Factsheets/Later_Life_UK_factsheet.pdf?dtrk=true

¹¹ <http://www.parliament.uk/business/publications/research/key-issues-for-the-new-parliament/value-for-money-in-public-services/the-ageing-population/>

¹² <http://www.england.nhs.uk/wp-content/uploads/2013/09/agm-pres-rh.pdf>

¹³ <http://www.bbc.co.uk/news/30271649>



- Labour have announced an additional £2.5bn for more NHS frontline staff – funded by a tax on properties worth £2m or more. Closer examination of this spending pledge revealed that none of this extra funding will be available in the first year of a Labour Government and the £2.5bn extra would not be available until mid-way through the new Parliament¹⁴.

And with the £2.5bn extra dependent upon a mansion tax, a levy on tobacco firms and a clampdown on hedge fund tax avoidance, commentators points out that this funding “is hardly secure and predictable.”¹⁵

- The Liberal Democrats have announced they would increase NHS funding by £8bn a year. They would do this by baselining into the budget of the NHS the £2bn secured in the Autumn Statement in 2015/2016 – of which, as outlined above, £750m is not new money. In addition to this, the Liberal Democrats will invest a further £1bn in real terms in 2016/2017. They will then “increase health spending in line with growth in the economy” from 2017/2018¹⁶.
- UKIP have pledged an extra £3bn per year in NHS funding. But the funding is dependent on the UK leaving the EU¹⁷. This spending pledge is a significant departure from UKIP leader Nigel Farage’s comments in September 2012, when he talked about the need for a move to an insurance based system to fund health care¹⁸.

Concerns over NHS funding

- With the end date for the Nicholson Challenge fast approaching, nearly eight out of 10 trust finance directors feel there is a high or very high risk the 4 per cent productivity improvements to save £20bn in the NHS by 2015 will not be achieved¹⁹.
- Despite the additional funding for 2015/16 that was announced in the Autumn Statement, more than three quarters of NHS trust finance directors surveyed after this was announced said they were concerned about balancing their books next year²⁰.
- Furthermore, around a third of hospital and CCG leaders believed the quality of patient care has worsened in the last year²¹.
- Concerns have been raised by a number of organisations and across the political spectrum about the future of NHS funding:
 - **IFS:** “For... rising demand to be satisfied without the quality of the care provided deteriorating, either the NHS would need an associated increase in its budget or productivity would need to increase in order to reduce the average cost of providing healthcare....”²² (February 2015)
 - **Kings Fund:** “On its current trajectory, the health and social care system in England is rapidly heading towards a major crisis.”²³ (May 2014)

¹⁴ <http://www.theguardian.com/politics/2014/oct/05/labour-nhs-funding-pledge-unravels>

¹⁵ <http://www.theguardian.com/healthcare-network/2014/oct/02/nhs-policy-labour-conservative-health-service>

¹⁶ <http://www.libdems.org.uk/nhs-funding-increase-8bn>

¹⁷ <http://www.ukip.org/ukip-pledge-an-extra-3-billion-for-the-nhs>

¹⁸ <http://www.theguardian.com/politics/2014/nov/12/film-nigel-farage-insurance-based-nhs-private-companies>

¹⁹ <http://qmr.kingsfund.org.uk/2015/14/survey/#/438c0db3-d19a-40be-bad5-069bb565896f>

²⁰ <http://qmr.kingsfund.org.uk/2015/14/survey/#/438c0db3-d19a-40be-bad5-069bb565896f>

²¹ <http://qmr.kingsfund.org.uk/2015/14/survey/#/438c0db3-d19a-40be-bad5-069bb565896f>

²² <http://www.ifs.org.uk/uploads/gb/gb2015/gb2015.pdf>

²³ http://www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/the-nhs-productivity-challenge-kingsfund-may14.pdf

- **The Health Foundation:** “The current financial squeeze might affect the system’s ability to achieve the service transformation required to close the £30bn funding gap by 2021.”²⁴ (January 2014)

The promise of more access to more GPs doesn’t square with the reality of declining GP numbers

The Conservative and Labour policies promise more GPs and greater access to them but fail to tackle the reality of a crisis in GP recruitment and declining numbers. Politicians on either side can’t even agree on how many GPs there are.

While politicians are busy playing games, GP services are struggling to keep up with rising demand. General practice is carrying out 340m consultations a year, a rise of 40m since 2008²⁵ yet, over the last decade, the proportion of total spending committed to primary care has fallen from 29 per cent to 23 per cent²⁶.

A recruitment and retention crisis means hundreds of GP posts are unfilled²⁷ as trainees chose to enter other areas of medicine. At the same time, unmanageable workloads and chronic under-resourcing mean a majority of existing GPs are considering early retirement, with three in 10 actively planning for this decision²⁸. We are now reaching a stage where general practice will soon not have enough GPs to provide the number of appointments and range of services that patients need²⁹.

For many, general practice is no longer an attractive or sustainable career choice because of unmanageable workloads and chronic under-funding. Rather than chasing headlines with unrealistic figures, politicians need to explain how they will address these issues to stem the flow of doctors away from general practice.

The Conservatives and Labour have pledged to increase the number of GPs and/or set new targets for appointments.

- The Conservatives have promised access to a GP from 8am to 8pm seven days a week by 2020, promising to train 5,000 new doctors to deliver this³⁰.
- Labour has promised 8,000 more GPs³¹ and to re-introduce a policy to guarantee GP appointments within 48 hours³².

GP numbers - promises don’t match up with reality

- Firstly, politicians can’t even agree on the current number of GPs, with David Cameron claiming there were 1,000 more than in 2010³³ and Labour’s Shadow Health Minister Jamie Reed saying the number of GPs has fallen over the period of the Coalition Government³⁴.

²⁴ <http://www.health.org.uk/publications/closing-the-nhs-funding-gap-can-it-be-done-through-greater-efficiency/>

²⁵ <http://www.england.nhs.uk/wp-content/uploads/2013/09/igp-cta-evid.pdf>

²⁶ <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmpubacc/676/676.pdf>

²⁷ <http://www.bbc.co.uk/news/uk-england-cornwall-28067717>

²⁸ <http://www.pulsetoday.co.uk/your-practice/practice-topics/education/almost-40-of-gp-training-places-unfilled-in-some-areas-of-uk/20006989.article#.VNthoPmsV1A>

²⁹ <http://bma.org.uk/news-views-analysis/news/2014/june/general-practice-faces-serious-threat-to-recruitment>

³⁰ <http://bma.org.uk/gpsurvey>

³¹ <http://www.rcgp.org.uk/news/2014/october/over-500-surgeries-at-risk-of-closure-as-gp-workforce-crisis-deepens.aspx>

³² <http://www.bbc.co.uk/news/uk-politics-29415929>

³³ <http://www.labour.org.uk/issues/detail/nhs-time-to-care-fund>

³⁴ <http://www.labour.org.uk/issues/detail/gp-48-hour-guarantee>

³⁵ <http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm141105/debtext/141105-0001.htm#14110548000423>

³⁶ <http://press.labour.org.uk/post/109002143544/number-of-gps-has-fallen-under-this-government>

- There is currently a recruitment and retention crisis in general practice. The number of doctors entering general practice training has dropped 15 per cent, with 451 GP trainee posts going unfilled last year³⁵ and six in 10 GPs considering early retirement due to unmanageable workloads³⁶.
- The GP taskforce established by the Department of Health found the number of GPs being recruited remains below the Department of Health's target. The report found that GP recruitment has 'remained stubbornly below' the target of 3,250 GP trainees in England per annum³⁷. The recruitment shortfall is compounded by increasing numbers of trained GPs leaving the workforce
- A high number of women in their 30s are leaving the profession. The report found that 65 per cent of GPs in training were women – and 40 per cent who leave practice each year are under the age of 40, with no data to suggest how many of them rejoin the workforce³⁸.
- The number of GPs is declining. While the number of GPs per 100,000 head of population across England increased from 54 in 1995 to 62 in 2009, it has now declined to 59.5³⁹.
- It can take up to 10 years to train a GP, a fact which alone makes politicians' promises to increase the number of GPs by thousands over the next five years unlikely to be achieved. Unless politicians take the immediate action to make the job of being a GP manageable and rewarding they will not be able to stem the flow of those leaving the profession, let alone attract the numbers of new doctors needed to deliver the extra GP numbers they've promised.

48 hour target – won't improve patient access

The key problem facing general practice is that it is woefully under-staffed and under-resourced, leaving it struggling to keep up with the sheer number of patients coming through the door. Simply introducing a waiting time target will not improve patient access, rather it will prioritise access to GPs for one group of patients over another: inadequate GP resource shared out differently.

- When the last Labour Government introduced the 48 hour target, GPs warned that it puts the most seriously ill at risk as appointments got clogged up with people who do not need immediate access⁴⁰.

GPs don't trust politicians

- A poll of over 500 GPs carried out in October 2014 found that almost half (47 per cent) of GPs do not trust any political party to manage the NHS⁴¹.

³⁵<http://www.bbc.co.uk/news/uk-england-cornwall-28067717>

³⁶<http://bma.org.uk/gpsurvey>

³⁷<http://hee.nhs.uk/wp-content/uploads/sites/321/2014/07/GP-Taskforce-report.pdf>

³⁸<http://hee.nhs.uk/wp-content/uploads/sites/321/2014/07/GP-Taskforce-report.pdf>

³⁹<http://hee.nhs.uk/wp-content/uploads/sites/321/2014/07/GP-Taskforce-report.pdf>

⁴⁰<http://www.bbc.co.uk/news/10364566>

⁴¹<http://www.pulsetoday.co.uk/political/half-of-gps-dont-trust-any-political-party-with-managing-the-nhs/20008089.article#.VMYtFlrA62x>

Continually applying sticking plaster solutions to A&E challenges

Pressure on accident and emergency (A&E) departments is at a record high⁴². While politicians claim to be injecting emergency funds to alleviate pressures on emergency departments, in reality the crisis in A&E is the result of years of underfunding of services.

The result is an NHS that simply lurches from one winter crisis to another.

According to NHS Providers 80 per cent of hospitals are in deficit⁴³. Separate research by The King's Fund found that 60 per cent of NHS trusts are relying on bailouts from the Department of [Health](#) or using their reserves in order to stay afloat, and that next year's financial picture looks even worse⁴⁴.

Demand is outstripping investment and services⁴⁵, there is a worrying shortage of staff in emergency medicine⁴⁶ and the NHS has just endured one of its toughest winters⁴⁷. But rather than put in place a long-term plan to address both the specific challenges facing A&E during winter months and the systemic problems that contribute to A&E pressures and staff shortages, politicians continue to rely on sticking plaster solutions in the form of year-on-year emergency bail-outs.

We can't address problems in A&E without looking at the system as a whole. Problems at the hospital front door are linked to delays at the back door and a shortage of community care⁴⁸ means patients who no longer need to be in hospital can't be discharged because there is simply nowhere for them to go. This, compounded by a lack of hospital beds, leads to patients waiting for hours on trolleys or admitted to an inappropriate ward for their needs, affecting the quality of care they receive. This is just one example of how pressure in one part of the system spilling over into other parts.

We can only address this if investment keeps up with demand and every part of the system - from our GP surgeries, to hospitals, to community care - is supported and working well, and politicians address acute staffing shortages in A&E.

But instead of long-term plans, politicians continue to rely on year-on-year emergency bail-outs which are usually recycled money taken from elsewhere in the budget:

- In August 2013 the Government announced a £500m bailout for struggling A&Es – this was not new money and was rather taken from elsewhere in the Department of Health's "own efficiency savings". Even the Prime Minister conceded it "a short term measure" and that more needed to be done to improve the NHS⁴⁹.
- Then in November 2013 the Government confirmed it was injecting another £250m for the coming winter. At the time the Health Secretary said: "This is a serious, long-term problem, which needs fundamental changes to equip our A&Es for the future."⁵⁰
- In November 2014 the Government announced £300m worth of emergency funding for winter pressures, on top of £400m announced during the summer⁵¹. The Government claimed this was

⁴² <http://www.england.nhs.uk/category/winter-hcr/>
<http://www.telegraph.co.uk/news/uknews/11327043/AandE-crisis-NHS-posts-worst-waiting-time-figures-in-a-decade.html>

⁴³ <http://www.bbc.co.uk/news/health-31045981>

⁴⁴ <http://qmr.kingsfund.org.uk/2015/14/survey/#/438c0db3-d19a-40be-bad5-069bb565896f>

⁴⁵ <http://www.theguardian.com/society/2015/jan/22/nhs-creaking-at-the-seams>

⁴⁶ <http://www.kingsfund.org.uk/projects/urgent-emergency-care/urgent-and-emergency-care-mythbusters#pressures>

⁴⁷ <http://www.england.nhs.uk/category/winter-hcr/>

⁴⁸ <http://www.kingsfund.org.uk/projects/urgent-emergency-care/urgent-and-emergency-care-mythbusters>

<http://www.bbc.co.uk/news/health-30902555>

⁴⁹ <http://www.bbc.co.uk/news/health-23612539>

⁵⁰ <https://www.gov.uk/government/news/hunt-nhs-must-fundamentally-change-to-solve-ae-problems>

⁵¹ <http://www.bbc.co.uk/news/health-30038803>

additional funding⁵² when in fact it was money taken from the existing Department of Health budget and despite this, winter 2014/2015 was one the worst on record for A&Es⁵³.

- The Government's own ministers believe a plan for a more sustainable NHS is needed. In an interview in January, Norman Lamb said: "Let's get all the parties together this year to have a fundamental review, engage the public in a debate and discussion about how we sustain the NHS. It's too important to allow this vital service to be undermined."⁵⁴
- NHS England agree that this is not just about A&E. They say "it's about every part of the system. Emergency departments are simply the pinch point of the system and we expect all partners to work together and play their part."⁵⁵

These sticking plaster solutions do not amount to a long-term plan and patient care is suffering:

- The number of A&E visits in England has risen by more than 400,000 since April 2014⁵⁶.
- The week ending 4 January 2015 showed that the proportion of patients in England being seen within four hours had dropped to a new low of 86.7 per cent - the worst weekly waiting times in A&E for a decade.
- A number of hospitals have declared major incidents this winter⁵⁷ which means a hospital can no longer cope with the level of demand, leading to planned operations being cancelled and patients being redirected to other hospitals.
- Figures for Wales, Northern Ireland⁵⁸ and Scotland⁵⁹ have been repeatedly worse than those in England. This shows that services across the UK are under extreme pressure and that this issue goes beyond one party and one government.
- Delayed discharge in England due to a shortage of social care is higher this winter than last⁶⁰. In the run up to Christmas almost 100,000 hospital beds were unavailable because patients fit to go could not safely be discharged – a rise of 24 per cent on the previous year⁶¹.
- In December 2014, weekly emergency admissions in England reached the highest since records began over a decade ago⁶², and record numbers of patients are waiting on trolleys for admission⁶³.
- NHS England figures from December 2014 show the number of urgent operations being cancelled went up year on year, by 17 per cent, and the total number of planned operations that were postponed rose by 11 per cent⁶⁴.
- There continues to be a recruitment and retention problem in emergency medicine⁶⁵.

⁵² <https://www.gov.uk/government/news/nhs-well-prepared-for-cold-winter-pressures>

⁵³ <http://www.telegraph.co.uk/news/uknews/11327043/AandE-crisis-NHS-posts-worst-waiting-time-figures-in-a-decade.html>

⁵⁴ <http://www.telegraph.co.uk/news/11326859/AandE-waiting-times-Norman-Lamb-admits-NHS-is-not-meeting-targets.html>

⁵⁵ <http://www.england.nhs.uk/wp-content/uploads/2014/12/winter-health-chck-191214.pdf>

⁵⁶ <http://www.bbc.co.uk/news/health-30809228>

⁵⁷ <http://www.theguardian.com/society/2015/jan/28/nhs-major-incidents-guidelines-spark-political-row>

⁵⁸ <http://www.bbc.co.uk/news/health-30847730>

⁵⁹ <http://www.bbc.co.uk/news/uk-scotland-31091696>

⁶⁰ <http://www.england.nhs.uk/wp-content/uploads/2015/01/winter-health-check-013015.pdf>

⁶¹ <http://www.theguardian.com/society/2014/dec/12/jeremy-hunt-winter-crisis-nhs>

⁶² <http://www.england.nhs.uk/wp-content/uploads/2014/12/winter-health-chck-191214.pdf>

⁶³ <http://www.theguardian.com/society/2014/dec/12/jeremy-hunt-winter-crisis-nhs>

⁶⁴ <http://www.theguardian.com/society/2014/dec/12/jeremy-hunt-winter-crisis-nhs>

⁶⁵ <http://www.kingsfund.org.uk/projects/urgent-emergency-care/urgent-and-emergency-care-mythbusters#pressures>

Playing monopoly with Hospital finances

The NHS is under unprecedented pressure, yet politicians continue to play games with NHS finances.

While politicians claim the NHS budget has been protected, it has undergone its toughest funding period in more than 50 years, and second toughest in its history⁶⁶. Investment has remained flat while demand on the NHS is rising at 4 per cent a year – 10 per cent for specialist services⁶⁷ – and a funding gap estimated by NHS England to reach £30bn by 2020 is opening up⁶⁸.

Foundation trusts have gone from a surplus of £1.6bn in 2012/13⁶⁹ to deficits totaling almost £400m⁷⁰, with the NHS trust sector reporting deficits of £247m⁷¹. This is over eight times higher than the figure of £79m cited as the worst case scenario in an impact assessment report by Monitor⁷². In total, 107 NHS acute and foundation trusts may end the year in deficit⁷³; this is close to half of the entire sector. Around eight in 10 hospitals are deficit⁷⁴, with more likely to enter deficit in the near future.

The requirement to drive down costs year on year, irrespective of a trust's individual or changing circumstances, is unsustainable and adding to the immense financial pressure many trusts are already under. Crucially, doctors are telling us that patient care is being affected as hospitals have less income to invest in services and delivering joined up care is becoming more difficult⁷⁵.

The effects of years of under-funding are beginning to show. If we are to put the NHS on a sustainable footing for the future and ensure patient care is not compromised then we urgently need to find a long-term solution to the funding crisis which threatens to engulf the NHS. A fundamental rethink of how the national tariff system (Payment by Results) is working will be key to this.

PFI

Private Finance Initiatives (PFI) are partnerships between private companies and public services. The private company funds the public service, such as funding to build a new NHS hospital. The NHS then repays the private company under a system of annual fees. Norma Lamb, a current health minister, recently claimed that the PFI deals for hospitals signed by the previous governments will cost the taxpayer £11.7bn in repayments over the next Parliament⁷⁶.

- PFI was introduced by a Conservative Government in 1992 and was widely used by Labour Governments between 1997 and 2010.

In 2011 the Treasury Select Committee concluded that PFI was no more efficient than other forms of borrowing and it was "illusory" that it shielded the tax payer from risk⁷⁷ ⁷⁸, it noted: "The cost of capital for a typical PFI project is currently over 8% – double the long-term government gilt rate of

⁶⁶ <http://www.bbc.co.uk/news/health-27682371>

⁶⁷ <http://www.england.nhs.uk/london/wp-content/uploads/sites/8/2013/11/ldn-cta.pdf>

⁶⁸ http://www.england.nhs.uk/wp-content/uploads/2013/07/nhs_belongs.pdf - page 15

⁶⁹ http://www.kingsfund.org.uk/sites/files/kf/field/publication_file/how-is-the-nhs-performing-quarterly-monitoring-report-sept12.pdf.

⁷⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/301309/Q3_NHS_FT_Performance.pdf

⁷¹ http://www.ntda.nhs.uk/wp-content/uploads/2014/03/winter_report_web-FINAL.pdf

⁷² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300783/Impact_assessment_-_2014-15_National_Tariff_Payment_System.pdf

⁷³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/301309/Q3_NHS_FT_Performance.pdf

⁷⁴ http://www.ntda.nhs.uk/wp-content/uploads/2014/03/winter_report_web-FINAL.pdf

⁷⁵ <http://bma.org.uk/working-for-change/policy-and-lobbying/training-and-workforce/tracker-survey/omnibus-august-survey-2014>

⁷⁶ <http://www.libdems.org.uk/labour-pfi-hospital-deals-cost-taxpayers-11-7bn-in-repayments>

⁷⁷ <http://www.bbc.co.uk/news/uk-politics-14574059>

⁷⁸ <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmtreasy/1146/1146.pdf>

approximately 4%. The difference in finance costs means that PFI projects are significantly more expensive to fund over the life of a project. This represents a significant cost to taxpayers."⁷⁹

- In 2012 The Guardian⁸⁰ calculated that the cost of PFI will reach £300bn. It gave examples of PFI repayments on hospital projects.
 - For example, the capital cost of rebuilding Calderdale Royal Hospital in Yorkshire is £64.6m, but the scheme will end up costing Calderdale and Huddersfield NHS Foundation Trust a total of £773.2m.
 - In another example, Barts Health Trust in London has said the construction of new medical facilities at its two main sites will cost £1.1bn, but the eventual cost will be £7.1bn by the time the contract is fully paid off in 2048/49.

PFI Case study - Lewisham hospital

In 2012, the Health Secretary approved proposals by the Trust Special Administrator to cut A&E services at Lewisham hospital, South London. [Lewisham hospital was well run and solvent](#) but was being sacrificed in order to save neighbouring south London PFI-built hospitals⁸¹. The South London Healthcare NHS trust (SLHT) that ran them was bankrupt: its costs exceed its income by more than £1m a week⁸². More than half their weekly deficit was due to rising PFI charges⁸³. These charges are indexed to inflation, whereas the two hospitals' income was falling, partly due to the annual 4 per budget cut (or 'efficiency savings') – part of the so-called "[Nicholson challenge](#)" – being imposed on all NHS providers through the national tariff.

The rationale for closing Lewisham hospital's A&E was that Lewisham patients would have boosted Woolwich or Bromley hospitals' incomes, which had been devastated by PFI repayments and funding cuts. In October 2013 the Court of Appeal upheld an earlier ruling that cut services at Lewisham hospital were unlawful⁸⁴.

Tariffs

The national tariff is a fixed price list for hospital treatments and operations in England. It is part of the payment system known as payment by results (PBR). But it's as simple as a set payment for a single treatment:

- As part of an efficiency drive in the NHS, tariffs have been reduced by around 4 per cent year on year in order to deliver savings, this is known as the 'efficiency factor'. This is effectively a 4 per cent cut in funding for hospitals and NHS Providers, which represents hospital trusts, has said hospitals are now facing the fifth year of cuts to the payment system, leaving them struggling to cope⁸⁵.
- Furthermore, under the national tariff, the 'marginal rate rule' means that hospitals who exceed the number of emergency admissions made in 2009/10 only receive half the tariff price for these patients.

But doctors see this as a way of delivering NHS cuts and have warned the funding changes ignore and exacerbate the underlying problem: that those hospitals facing unprecedented levels of demand are being forced to provide patient care at a loss, pushing more and more into deficit and collapse.

⁷⁹ <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmtreasy/1146/1146.pdf>

⁸⁰ <http://www.theguardian.com/politics/2012/jul/05/pfi-cost-300bn>

⁸¹ <http://www.telegraph.co.uk/news/health/9845691/Lewisham-A-and-E-today-where-tomorrow.html>

⁸² <http://www.peoplesinquiry.org.uk/pdf/PE-Pollock-SE%20London.pdf>

⁸³ <http://www.theguardian.com/commentisfree/2013/jul/31/lewisham-hospital-cuts-jeremy-hunt-unlawful>

⁸⁴ <http://www.bbc.co.uk/news/uk-england-24729477>

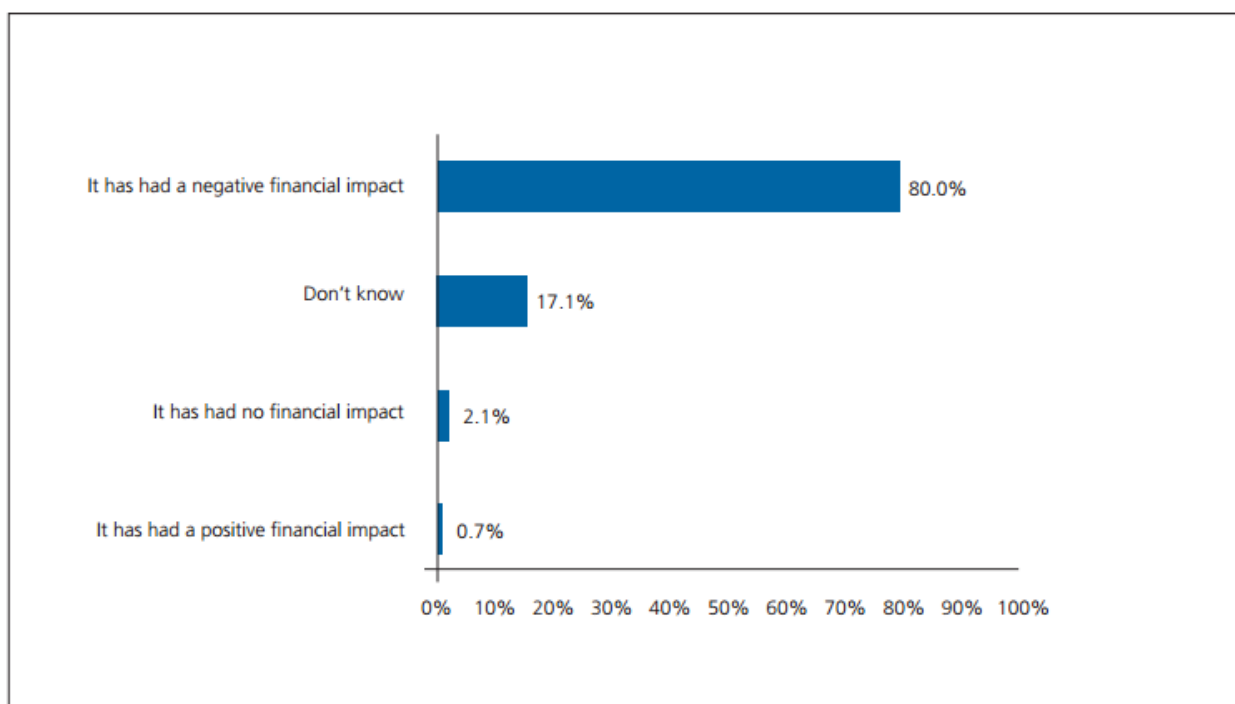
⁸⁵ <http://www.bbc.co.uk/news/health-31045981>

- In December 2014, 345 hospital consultants raised concerns that the proposed 50 per cent funding rate for specialised services, which hospitals have since rejected, would cause devastation to services. In an open letter to the Telegraph hundreds of consultants said that if the formula were to go ahead, there would "inevitably be avoidable deaths as patients die on waiting lists or find that their disease has progressed during the wait for treatment, to the point that it is no longer curable."⁸⁶
- In January 2015 hospitals rejected proposed cuts of 3.8 per cent to funding, saying this would threaten the delivery of safe patient care⁸⁷. This would equate to a reduction of £1.2bn from frontline hospital services in 2015/16⁸⁸.

What do doctors say about tariffs?

A BMA survey of doctors⁸⁹ found that 80 per cent believed the reduction of tariffs year on year was having a negative impact on trusts' finances. Worryingly, almost two thirds (64 per cent) thought it had a negative impact on the quality of patient care and three quarters (76 per cent) believed it made joined-up working in the NHS more difficult.

Question: What effect do you think the efficiency factor has had on your Trust or the Trust to which you generally refer patients? (financial effect)



⁸⁶ <http://www.telegraph.co.uk/news/nhs/11311392/Patients-with-cancer-and-heart-disease-will-suffer-needless-deaths-under-NHS-plans.html>

⁸⁷ <http://www.theguardian.com/society/2015/jan/29/englands-biggest-hospitals-refuse-nhs-budget-patient-safety-fears>

⁸⁸ <http://www.nhsproviders.org/news/new-tariff-takes-up-to-12-billion-out-of-nhs-providers-201516/>.

⁸⁹ <http://bma.org.uk/working-for-change/policy-and-lobbying/training-and-workforce/tracker-survey/omnibus-august-survey-2014>

Question: What effect do you think the efficiency factor has had on your Trust or the Trust to which you generally refer patients? (clinical quality)

