British National Health Service faces life-threatening cuts

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The claim that the National Health Service (NHS) will be ring-fenced off from the Conservative-Liberal Democrat governments' budget cuts is a lie. Annual "efficiency savings" of 6 percent, totalling £20 billion are already tabled, and will have a deadly impact.

A study into the potential impact of spending cuts on public health, headed by Oxford University epidemiologist David Stuckler, has warned that planned cuts to welfare programmes "will severely impact people's health" and will result in up to 38,000 additional deaths over the next decade. He said, "At the time when people need help from their government the most, their social supports and protection are being wiped away".

A national survey of medical staff by the British Medical Association has indicated that economic pressures will have "devastating and long-lasting consequences". A quarter of respondents indicated that redundancies were planned within their organization. Fully 62 percent acknowledged a freeze on recruitment; whilst over half of those with no explicit freeze reported unfilled vacancies. Almost three-quarters reported that development projects for infrastructure and clinical services had been postponed.

Leeds Partnerships NHS Foundation Trust has said around £135 million in efficiency savings are to be made by 2014, including 300 job cuts in the next year and a further 200 each year after that. Nottingham NHS Trust has announced plans to make efficiency savings of £1.7 million that threaten 28 administrative posts, indicating that further savings of £507 million will be required.

The Scottish government has announced cuts this year of around 3,800 jobs, including 1,500 nursing and midwifery positions, under a current efficiency drive in which NHS Trusts have been ordered to make cost savings of 2 percent. In the Greater Glasgow and Clyde Health Board area alone, the number of hospital beds is to be reduced 20 percent, by around 1,000.

Earlier in the year, NHS London announced sweeping plans to address a £5 billion deficit.

Proposals included the closure of around a third of hospital beds; cuts to primary and community care of around two-thirds; and the opening of 100 polyclinics—large centralised health centres housing GPs and various specialists—to reduce casualty visits and deal with outpatient appointments. The plans have currently been stalled by new Health Secretary, Andrew Lansley, who has pledged a "new approach" to make savings involving patients, local authorities and GPs.

A number of recent reports have called for a yet more sweeping assault on the NHS.

"Costing an arm and a leg", produced by the International Futures Forum (IFF), a BP-funded think-tank, argued that the proposed short-term efficiency savings will be inadequate. The report focuses on spending cuts, identifying the workforce, the "biggest cost to the NHS", as the primary target. Health expenditure, which has more than doubled from £50 billion in 1998 to £120 billion in 2010, must be "contained", it declares.

The IFF then claims that, "Spending on healthcare is poorly associated with population health outcomes…having more staff and paying staff more has not resulted in any obvious gains in productivity within the NHS".

Pensions are also proclaimed to be unsustainable, despite accounting for just 10 percent of spending.

"Spending on Health", a report produced by the University of Glasgow's Centre for Public Policy for Regions (CPPR), in partnership with professional services multinational, KPMG, asserts that greater per

capita resources in Scotland, 12 to 16 percent more funding and 30 percent more staff, have not delivered greater health outcomes or "reduced mortality rates faster than England". It complains that NHS Scotland has lower patient loads on GPs, and 40 percent fewer admissions per hospital bed.

The CPPR's backers, KPMG, sell public sector rationalization services internationally. Hence its recommendation for UK-wide research into productivity to inform efficiency savings and the introduction of an economic regulator for NHS Scotland, in order to "get more for less from public funds".

The document descends into territory of Swift's satire, "A modest proposal for preventing the children of poor people in Ireland from being a burden to their parents or country…" (proposing that they be used as food for the rich). Under the heading "Seeds of hope", the IFF advises that "rather than assuming that disease needs to be fought at all costs…health and illness should be seen as part of a bigger life-death-life process".

The real reason why increased funding in the NHS has not translated into improved health is precisely because it has been largely funnelled into corporations such as KPMG under the Private Finance Initiatives (PFI). PFI was introduced in 1992 under the Conservative government as a vehicle to privatise core public services, and was expanded greatly under Labour. Under PFI, the government enters into contracts of 30 to 60 years duration with a consortium of private corporations for the financing and provision of public infrastructure and services. Infrastructure is maintained under private ownership, while the government, health or education authority pays an annual fee for availability and services.

A damning report by the Centre for International Public Health Policy (CIPHP) charts the devastating impact that PFI has had on standards of care and public finances.

Between 1997 and 2008, PFI accounted for a significant proportion of NHS capital spending—buildings and equipment. Of the 149 projects contracted by April 2009, in the UK, 133 new hospitals were financed under PFI, some 90 percent of a total £12.27 billion committed. The cost of this private finance is between 1.49 and 2.04 times higher than if the government had borrowed directly resources for the new projects.

The returns on investment were in addition significantly higher than expected. A number of consortia had re-financed projects by settling debts earlier with new loans taken out at lower rates of interest. The consortia continued to receive payment from the public sector set at the original higher rate. Norfolk and Norwich PFI hospitals, for example, saw its PFI rate of return increase from an already high 16 percent to fully 60 percent.

On average annual fees have exceeded expected costs by 2.5 percent or up to 4.3 percent for projects valued over £50 million, creating an "affordability gap". Accordingly, "Over half of the larger hospital PFI schemes are in financial difficulties compared with one in four non-PFI hospitals".

In response, NHS Trusts have had to cut staff, shift costs outside the NHS to carers and social services and heighten productivity by cutting bed numbers and length of stay. As many as 72 percent of the 18 PFI hospitals assessed had "bed occupancy rates above the recommended upper limit".

The CIPHP concludes, "Having bailed out the banks at taxpayers' expense, the government is…allowing the banks to charge an excessive premium for finance, it is protecting shareholders' and investors' interests at the expense of the taxpayer, the citizen, and public services".