

Bleeding funds

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Whatever they claim, Cameron and Osborne have reversed all of Labour's health service investments, writes JOHN LISTER

EVEN though George Osborne may claim to have exempted the NHS from outright cuts, his plans since 2010 have involved reducing year by year the share of national wealth spent on the NHS, from 8.8 per cent of GDP in 2009 to just 6.6 per cent by 2020 — reversing all of the extra investment under Labour from 2000.

It amounts to an unprecedented reduction in real terms NHS resources at a time of growing population and cost pressures on the NHS. It's still not quite clear what Osborne hopes to achieve through this brutal squeeze. He may hope that the resulting failure of the NHS could create a political opening for it to be "rescued" by privatisation, as proposed in the 1980s by his Cabinet colleague Oliver Letwin.

But it's not clear whether David Cameron's government is strong enough to take such a massive political gamble and become known as the party that crashed and flogged off the NHS — or that the private sector is ready or willing to pick up the pieces of an underfunded system.

The US corporations who are widely seen as the vultures waiting in the wings are used to working in the lavishly funded US healthcare system, spending more than double the share of GDP and dollars per head.

Don Berwick, the US world expert on developing effective healthcare systems and improving quality of care, who was brought in to give advice to David Cameron's coalition government a few years ago, now warns that government funding policy for the NHS is an "experiment."

He told the Health Service Journal (HSJ) that to try to have "a universal health system, free at the point of care, government funded, [with] ever increasing excellence" for about 7 per cent of GDP was "risky," and "way out on the edge compared with any other Western, developed democracy I know."

Berwick is far from alone in voicing such concerns: in mid-March the Commons public accounts committee (PAC) criticised the government for being far too slow to address growing hospital deficits, warning that even with acute trusts already at "crisis point" the Department of Health was still pressing for some trusts to have "even tougher targets."

Chris Hopson, chief executive of NHS Providers which represents foundation trusts and NHS trusts, was even more blunt. In the HSJ he argues that the real total of trust deficits — even after central financial support and other efforts to prop up balance sheets — are closer to £4 billion than £3bn. Deficits could at best be reduced to £500 million in 2016-17.

Hopson should not be surprised: the National Audit Office warned back in December that it was “too late” to stem mounting trust deficits. He concludes: “The events, reforms and policies of recent years have created a climate where it is nearly impossible to maintain a balanced budget while maintaining quality of care and meeting rising demand.”

Things look bad for next year, despite a big advance payment of almost half Osborne’s promised £8bn “extra” funding over five years. We now know £2bn of this will be siphoned off in additional pension payments. But things look disastrous from 2018, with two years of real-terms increases of less than 1 per cent. As Hopson warns, this will mean a choice: invest more in the NHS in those years, or reduce services to fit the budget available.

This is already happening in Essex, where clinical commissioning groups (CCGs) are removing various treatments from the list of services they will fund, and both Southend Hospital and Princess Alexandra Hospital in Harlow are now cutting back on beds and services to match reductions in budget.

The public accounts committee also expressed concerns that the government has not yet developed “a convincing plan” to deliver the proposed £22bn of efficiency savings that were required alongside the additional £8bn to bridge the expected £30bn “gap” identified in NHS boss Simon Stevens’s Five Year Forward View.

We now know, if former Lib Dem coalition minister David Laws is to be believed, that Stevens himself initially asked for twice as much — £16bn — and bowed to political pressure to accept the lower figure.

If Laws’s version is correct, Stevens should have taken a stand, resigned on the issue (if need be) and explained why. If it’s incorrect, Stevens himself has failed to recognise the scale of the problem and spell out the need to break from the Tory austerity squeeze on NHS funding. Either way he has shown himself unfit to lead the NHS. On even the best reading of events he asked for too little and offered far too much in the way of productivity.

Now NHS bosses have demonstrated their level of concern over the growing gap between plan and reality in their rapid-fire reorganisation and reassertion of central control of the NHS to drive through cuts.

And while nobody really knows how some of the fancy “new models” for care might work or save money, we do know the old-fashioned methods involve painful cuts, like the plan to axe 700 beds and close Ealing and Charing Cross Hospitals in West London; like the plan to close Huddersfield Royal Infirmary, at the same time as Dewsbury Hospital is being run down, leaving Kirklees without a hospital; like Leicestershire’s crazy plan to replace hospital beds with “beds” in people’s homes; like Lincolnshire’s plan for a single A&E to serve the whole county; like dozens of similar plans across the country, or like Mid Staffordshire Hospital’s notorious cuts in staffing that wrecked services 10 years ago and created a national scandal.

The problems were evaded in Stevens's Forward View, which many have always believed was aimed at opening up the NHS for privatisation. In it Stevens argued that the NHS could be sustainable — but only on the basis of impossible productivity targets and improbable financial assumptions, including the belief that policies which have caused problems elsewhere could work in the unique context of the British NHS.

Central to Stevens's huge and impossible savings target is the notion that almost instant returns can be achieved through public health/prevention projects, which he insists can reduce the level of demand for NHS services by improving the health of the population.

In reality not only do public health programmes along these lines take many years to deliver results, and many remain unproven, but Osborne has imposed a direct cut of £200m on public health budgets, and more cuts are to come.

The Forward View also places heavy emphasis on removing services and care from hospitals through “integration” of services with social and community healthcare — or, given the lack of capital and revenue to develop alternatives outside hospital, closing the hospital services anyway, as North West London health chiefs did when they closed A&E services at Central Middlesex and Hammersmith Hospitals in autumn 2014.

The reality is that these policies not only lack evidence of effectiveness, but the basic building blocks they depend upon are crumbling.

Primary care, one of the building blocks, has been starved of funding, with its share of NHS spending reduced year after year while pressures and workloads on GPs have increased and GP vacancies have become increasingly difficult to fill. The Forward View promises action on recruitment and training of more GPs, and Jeremy Hunt has promised a sticking-plaster “rescue package.” But these promises have yet to materialise, and the crisis in primary care has prompted emergency conferences of the BMA, as more GPs leave.