



Press Release

Issued: Wednesday, 6 December, 2006

EMBARGOED UNTIL 00:01AM THURSDAY, DECEMBER 7, 2006

Study shows PFI expansion will prove costly for patient care

The annual costs of PFI to the NHS in Scotland are set to increase nearly five fold from £107 million to more than £510 million over the next five years, a report by the University of Edinburgh warns.

The study, by the University's Centre for International Public Health Policy, adds that the need to meet these financial commitments could lead to unprecedented hospital, community and primary care closures and will come at the expense of patient care.

Mark Hellowell, lead author of the research, said: "The report shows the impact of large PFI hospital schemes in Scotland on health board budgets. Funding is being diverted away from clinical care, staff and supplies, to pay 'rent' to the private sector."

Under PFI the private sector designs, builds and finances new health facilities and runs services like cleaning and catering within them. In return, the NHS pays an annual charge to the private sector – often for 30 years or more.

PFI charges cost NHS Scotland £107 million in 2005/06, with Lothian and Lanarkshire health boards accounting for about 80 per cent of these costs, at £46 million and £41 million respectively.

Both these health boards are experiencing severe financial difficulties. NHS Lothian recorded a £11.4 million overspend in 2005-6, while NHS Lanarkshire's losses came in at £21.66 million, despite cost-saving measures, which included service closures and land sales.

And according to the report's authors, these deficits look set to deepen.

"Few people are aware of the scale of the Scottish Executive's plans to expand the PFI programme across the NHS. The planned capital cost of £1.7 billion will bring the total value of PFI schemes in the NHS to £2.2 billion over the next five years," said Mr Hellowell.

"Health boards will have to find more than £500 million every year to pay the annual unitary charge. Funds have to be found to bridge this gap and that can have very serious consequences for patient care."

Lothian Health Board PFI expansion plans will require an additional £90 million a year to be found from clinical service budgets. In Glasgow and Clyde planned PFI schemes, which include the Southern General/Glasgow Sick Kids, Glasgow Royal Infirmary and an ambulatory care and diagnostic centre (ACAD), will see the PFI charge rise from £5.4 million to £180 million a year.

The 'rent' is much higher on PFI buildings, usually accounting for between 11 per cent and 18.5 per cent of hospital turnover compared with five to eight per cent in non-PFI buildings.

Of the total PFI charges, amounting to some £512 million, that will be paid out by the early part of the next decade, it is estimated that around 60 per cent, or £307 million, will go on 'rent', otherwise known as the availability charge. This includes the provision of assets and servicing of debt. An estimated 40 per cent will go on services such as building maintenance and catering.

All health boards with major PFI schemes are also planning major hospital and service closures.

For more information, please contact

Tara Womersley, press office
Tel 0131 650 9836 Email Tara.Womersley@ed.ac.uk

Mark Hellowell, Centre for International Public Health Policy
Tel 0131 651 3962 or 07977 925 760 Mark.Hellowell@ed.ac.uk

Prof Allyson Pollock , Centre for International Public Health Policy
Tel 0131 651 3964 or 07976 978304 ciphp@ed.ac.uk