

Counting the cost

A survey of deficits, debts and cuts in services in England's Strategic Health Authorities, autumn 2005

Researched from SHA, Trust and Primary Care Trust papers, and a search of local newspaper websites by Dr John Lister, London Health Emergency.

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Avon, Gloucestershire and Wiltshire Strategic Health Authority

Trusts and Primary Care trusts face a combined Cost Improvement target of £175m – “this is the third year in a row in which savings of around 7% have been required, and represents a very significant challenge and risk”.

Savings required this year include £20m at North Bristol hospitals, £17.5m at United Bristol Hospitals, £17.2m at Royal United Hospitals, Bath, £6.7m at Swindon & Marlborough Hospital Trust, and £8m at Salisbury, with all but one of the PCTs facing savings requirements of £4m or more.

Even these financial plans include support payments this year totaling £38m to Trusts and PCTs, including £14m to Kennet and N Wilts PCT, £5.3m to North Somerset PCT, and £10m to North Bristol Hospitals Trust, £5.1m to Weston Area Trust.

The Audit Commission has published a Public Interest Report on the financial plight of West Wiltshire PCT, which overspent by £2.8m last year as a result of “unrealistic savings plans”, and faces a £5.4m “black hole” this year, despite a £13.8m package of cuts. Staff shortages have brought the temporary closure of Bradford on Avon Hospital. (Bath Chronicle 23 Aug).

West Wiltshire's PCT has three years to wipe out debts totaling £32m (Swindon Evening advertiser August 5).

Bedfordshire and Hertfordshire Strategic Health Authority

The SHA's initial Local delivery Plan submitted to the Department of Health projected a 2005-6 deficit of almost £75m, but the Director of Strategy pointed out that: “There are 16 other SHAs who were unable to submit balanced financial plans” (June 21). He did admit that only four SHAs were projecting deficits above £70m.

The biggest single problem appears to be the massive overspending of the Heartlands PCT, which ended 2004-5 with a £14m deficit and projects a £20m deficit in 2005-6 and 2006-7, reducing to £15m in 2007-8. Luton PCT also overspent by £5.6m last year, while North Herts & Stevenage notched up a £3.3m deficit: the combined shortfall for PCTs was £26.6m.

Hospital Trusts known by the SHA to be facing difficulties are West Herts (initially projecting a £19.3m deficit for 2005-6) and East & North Herts (projecting an £18.9m shortfall). Bedford Hospital, too, which carried over an £8.5m deficit from 2004-5 is projecting a £12m deficit this year.

More recent figures suggest that West Herts Hospital Trust ended 2004-5 with a £13m deficit, having overspent by £10m, and this could rocket to £30m in 2005-6 unless the Trust board implements savings plans, which could involve switching key services from Hemel Hempstead to Watford to avoid duplication and cut up to £5m from spending (St Albans Observer 9 August).

Birmingham and The Black Country Strategic Health Authority

Month 3 reports suggest an end of year out-turn of £21m deficit for 2005-6 across the SHA, with Royal Wolverhampton Hospital forecasting an £8.9m deficit, Sandwell & West Birmingham Hospitals £5.1m and Good Hope Hospitals £5m.

Cheshire and Merseyside Strategic Health Authority

2005-6 deficit across SHA forecast at £123m in report to July SHA meeting. "Provisional brokerage of £50m had been identified, leaving an outstanding deficit of £73m. The total deficit was forecast to increase to £200m in 2006-7 if no action was taken". Among the major concerns is a £6m deficit at Mersey regional Ambulance Trust.

County Durham and Tees Valley Strategic Health Authority

The June meeting of SHA was warned that "Money was a serious challenge. Locally £152m was required to cover the legacy deficits, recurring deficits and efficiency savings." "The local position could not be sustained with non-recurrent solutions".

A financial update warned that the total risk figure had been estimated at £127m, just under 10% of the revenue budget. Biggest problems include South Tees Acute Hospitals Trust, where a further £11m is required in addition to savings to balance the books, and North Tees and Hartlepool Trust, with a shortfall of £7m.

Hospital bosses at South Tees Hospitals Trust have announced plans to cut staffing costs by 5%, renewing an existing freeze on vacancies and axing 166 jobs, including nurses. The Trust hopes the cuts will save £9m towards a savings target of £32m (Middlesburgh Evening Gazette).

North Tees and Hartlepool Trust is proposing to axe its consultant and midwife-led maternity unit in Stockton, forcing all complex pregnancies to make the 30 minute journey to Hartlepool to have their babies.

Cumbria and Lancashire Strategic Health Authority

The 19 July SHA was told that a number of local NHS organisations would require brokerage to achieve break-even, with North Cumbria Trust projecting a £12.7m deficit this year in addition to its cumulative deficit of £44.4m

Dorset and Somerset Strategic Health Authority

No up to date figures published.

Essex Strategic Health Authority

“When the return of underspends and brokerage are factored in, the overall financial problem facing the economy is in excess of £40m”. (SHA July 18).

Among the most dramatic problems are the £14m forecast deficit of Chelmsford PCT, with a £7.7m gap at Witham PCT and £5m at Maldon and South Chelmsford PCT. The Trusts reported as facing the largest difficulties are Mid Essex Hospitals (£5.2m) and Princess Alexandra Hospital (£3.6m).

Greater Manchester Strategic Health Authority

2005-6 projections include “unidentified cost improvement plans” in Trusts and PCTs totaling £18.5m, while early plans to seek £76.5m in financial support have since been scaled down to £57m.

By Month 3 Trusts were already £7.2m in deficit, and requiring “full and immediate action to bring overspending budgets back into balance” even assuming financial support of £50m this year. The Trusts facing the biggest deficit at Month 3 were Trafford Healthcare (£3.1m) and Manchester Health And Social Care (£2.3m).

However those leaning on financial support include Pennine Acute Hospitals (which requested £13m and is proposed to receive £10.3m), Central Manchester/Manchester Children’s (£10.7m requested, £9.6m proposed) South Manchester University Hospital (£7.4m requested, £6.7m proposed) and Bolton Hospitals (£5.7m). South Manchester PCT, which requested £16m support seems likely to get no more than £9m, leaving a substantial gap, while Stockport PCT requested £5m and will receive £3.2m.

Hampshire and Isle Of Wight Strategic Health Authority

Local health chiefs have been “read the riot act” by new SHA chief executive Sir Ian Carruthers, as auditors have returned a stern Public Interest Report on the basis of the £20m cash shortfall and £45 income & expenditure deficit carried forward from 2004-5.

At month 3 the year to date overspend across the SHA was already totaling £26m, with a projected year end shortfall of £69m. The SHA meeting on August 24 was told that the “very challenging” cost improvement programme of £147m was unlikely to be achieved, and a cash problem of £125m this year.

While some “radical local steps” might cut £40m from spending, “this still leaves an unresolved cash shortfall of over £85m.”

The problems affect PCTs (three of which reporting deficits amounting to £15.4m, up to 6.9% of budget to date) and NHS Trusts, where shortfalls as high as 21.2% of budget have been reported: the deficits are accounted for by Southampton Hospitals and Hampshire Ambulance.

Kent and Medway Strategic Health Authority

No up to date figures published.

Leicestershire, Northamptonshire and Rutland Strategic Health Authority

Latest available figures show PCTs £5.5m overspent, projecting an overspend on their Local Delivery Plans of £24m this year, with Kettering General Hospital Trust also £6.2m in the red: this is after planned support for £5m for both Kettering and Northampton hospital Trusts: University Hospitals Leicester face a target of £15m savings this year to break even

LONDON:

North Central London Strategic Health Authority

In North Central London the Sector “broke even in 2004/5” ... but only on the basis of ‘non-recurrent measures’ which contributed an extra £60m.

Barnet and Chase Farm Trust, down as a break-even, in fact received a hefty subsidy of £11.2m to prop them up. The Royal Free, North Middlesex and Royal National Orthopaedic all came in with thumping deficits.

The SHA now reports that only Barnet & Chase Farm is eligible for additional support in 2005-6, and will receive a further £6m this year and £3m next year, while other Trusts are required to balance the books through savings they generate themselves.

Hampstead’s Royal Free Hospital which plunged more than £13m into the red, has axed 100 beds and 20 agency doctors. Elective surgery will now routinely be done only on a day-care basis, with overnight beds only available for exceptional cases which show a medical need. The specialist children’s unit at the Royal National Throat Nose and Ear Hospital is to close from September, as the Trust aims to make cuts equivalent to £100,000 a day.

The Whittington Hospital is investigating the possibility of handing over existing NHS beds for private patients as a desperate effort to generate additional income and respond to the government's "patients choice" agenda.

North East London Strategic Health Authority

According to the SHA report on July 26, only three Trusts were forecasting deficits for 2005-6, all of which have faced chronic financial problems.

- Barts & The London Trust is projecting a £4.9m shortfall, and was already almost £2m in deficit by May 31. The Trust is seeking to cut spending on agency and bank staff as part of a package of cost-saving measures.
- Barking Havering and Redbridge Trust is currently forecasting a £7m shortfall, and the SHA has demanded it produce a plan to show how it could achieve financial balance by next year.
- East London & city Mental Health Trust has embarked on a programme of income generation and cost cutting to avert a projected £0.8m shortfall: it was £0.5m in the red after just two months of 2005-6.

However the same NE London SHA report also points to concerns over the financial balance at Whipps Cross University Hospital Trust, at risk of a deficit as high as £4.2m, and notes in passing that Redbridge PCT has to make £6m of savings to break even, while Having PCT is seeking £3.8m to achieve break-even this year after carrying forward an overspend from 2004-5.

Newham General Hospital is already facing a £1.5m projected deficit.
(Newham Recorder 16 Aug)

North West London Strategic Health Authority

North West London Strategic Health Authority wound up last year with a sector-wide deficit of £55.8 million, £33.4m of which was down to Trusts and £28.4m to PCTs: the SHA itself actually underspent by £6m.

But there is no light at the end of the tunnel: the projected deficit for this year is even worse, at almost £60m, half of which stems from two hospital Trusts, Hammersmith Hospitals (£18m) and NW London Hospitals (£14m).

But according to the SHA Financial plan:

"The achievement of in-year financial balance in the plans is based on the premise that the sector is able to deliver £189m of savings, of which 50% are either unidentified or not sufficiently robust to ensure in-year balance.

"... Therefore the accompanying commentary to the Department of Health gave an SHA view of a forecast deficit of £94.9m for 2005/06. The total level

of savings required to achieve this position was £151m of which £99m are identified and £52m would require further action in year.”

Significantly the Trusts are looking to slash £25 million from spending on NHS staff, with another £3.5m from agency and bank staff.

£7m of this is to be cut at Hammersmith Hospitals and £2.8m at NW London Hospitals, with another £3.5m of NHS staff cuts in West London Mental Health Trust and £2.2m from West Middlesex.

The savings plan involves cuts as high as 8.5% of the total income of some organisations.

However a closer look at the plans shows that almost £90m of the required savings in PCTs and Trusts are yet to be identified: the biggest of these are a staggering £13m at NW London Hospitals, £10.2m at Kensington & Chelsea PCT, £9.1m at Hillingdon PCT, £7.8m at Harrow PCT, £6.7m at Hounslow PCT and £6.5m at the Royal Brompton & Harefield Trust.

The chief executive of Hillingdon PCT, Graeme Betts, announced on July 29 that he was leaving the organisation, currently £13.5m in the red. One of the biggest factors in the overspend was the additional £5m charged by Hillingdon Hospital for increased numbers of patients admitted over the last year. Betts said that “The trust is we cannot afford to continue to allow hospital activity to grow in this way, which is why we are developing services in primary care”. (Hillingdon Times 29 July).

Cuts have been imposed in bed numbers and staffing at Hounslow’s West Middlesex Hospital as the Trust struggles to balance its books, with a forecast £10m debt by the end of the year. A further 30 beds will be closed and the bed closures and staff cuts are hoped to clear the Trust’s debts over three years (Hounslow Guardian 25 July).

South East London Strategic Health Authority

At Month 3 “Trusts and PCTs have reported an aggregated forecast outturn revenue deficit of £31.5 million”, but the SHA has set targets which it believes justifies submitting a Plan to the Department of Health forecasting break-even.

The break-even figure would incorporate end of year deficits from at least three Trusts, presumably balanced by underspends elsewhere by Trusts or PCTs. The SHA on July 27 was told that:

“Significant underlying cash shortfalls remain at Queen Elizabeth Hospital Trust, Bromley Hospitals Trust (both involving PFI-funded hospitals), Kings College hospital Trust (where financial problems have delayed plans to bid for Foundation Trust status), Lewisham Hospital Trust and Queen Mary’s Sidcup Trust.

“A total of £43m brokerage was provided in 2004-5 and this amount will need to be refinanced in 2005-6, together with further deteriorations in cash positions arising from the impact of non-cash releasing revenue solutions. **A total underlying cash shortfall of over £100m has been identified.**”

The SHA break-even plan assumes Cost Improvement Programmes totaling £54m, £7m of which had yet to be identified.

PFI hospitals in SE London received subsidy payments of £10.9m last year but will receive just £6.3m in 2005-6 as the transitional payments taper off, leaving the Trust to carry the inflated costs of long-term index-linked payments.

With £40m of recurrent deficits funded with one-off payments last year, the major deficits at the beginning of this 2005-6 financial year included:

- Queen Mary’s Sidcup £4.5m (4.7% of turnover)
- Queen Elizabeth Hospital (where wards have been closed for much of last year in a bid to cut spending in a Trust where spending on all non-clinical support services is fixed in ringfenced contract payments to the PFI consortium) £4.7m (3.7% of turnover, but requiring an estimated five years to clear). At month 3 2005-6, the Trust was projecting a deficit of £11.3m.
- Lewisham Hospital £6.7m (4.6% of turnover): cuts are already being made this year.

The financial plight of these Trusts is worsened by the reduced levels of income they will receive from PCTs as they battle to balance their books by reducing their Service Level Agreements commissioning hospital treatment.

The £120m PFI-funded no-star Queen Elizabeth Hospital in Woolwich is to close its 25-bed urology ward as the latest attempt to tackle its cash crisis.

Lewisham Hospital Trust was one of the first to announce cuts for the new financial year, with the first package (including a ward closure) unveiled in early May. By July the Trust, facing a projected £7.5m deficit, admitted that it may have to cut jobs as it struggles to balance the books.

Bromley PCT is planning to “outsource” NHS nursing care for people with learning disabilities, transferring 220 nurses and health care assistants to the private sector. (News Shopper 23 August).

South West London Strategic Health Authority

After ending the year with an April meeting which did not discuss the financial state of the local health economy, SW London SHA began its 2005-6 meetings with a report on July 19 which claimed that “all organisations in

South West London were planning to achieve financial balance, except for Wandsworth PCT and St George's Hospital".

The Department of Health has responded by pointing out that no additional funding will be available to prop up flagging Trusts and PCTs. The SHA report goes on to admit that "The SHA has also raised concerns with other organisations regarding the robustness of their balanced plans ... However further work is still required to ensure the economy can deliver financial balance and these discussions continue".

According to its most recent (May 2005) Board papers, the St George's planned deficit for 2005-6 is £22m, "after taking account of the impact of local cost pressures of £3.4m and after incorporating planned savings of £10.2m":

"The Director of Finance reported that the Trust is not in a position to present a balanced budget for the Board to approve, as no firm agreement has yet been received regarding the level of planned deficit permissible in the context of the recovery plan strategy. This is to be discussed with Strategic Health Authority colleagues in the near future and a report will be provided to the Board. The report presented was therefore an account of work in progress."

Plans promised in May to resolve the ongoing financial problems at St George's have not yet been published.

Among the Trusts which the SHA does not discuss but which face problems is Kingston Hospital Trust, which began the year with an underlying £6.5m deficit, and has failed to generate the £5.7m savings required: at the end of month 3 its Board is forecasting a £3m deficit, and warns that with little prospect of additional income, the only option to balance the books could be to work with local PCTs to "decommission" (cut and close) services.

There are fresh fears for the future of Teddington Memorial Hospital as a result of plans to strip Primary Care Trusts of their provider role.

The greatest problems are in Wandsworth, where Wandsworth Primary Care Trust has to find savings equal to five per cent of its entire budget. PCT director of finance Tony Leonard reported the NHS body had thought it could defer repayment of last year's £8.3million deficit until 2006/07, allowing it breathing space and the chance to achieve balance this year.

But the SHA has insisted that the PCT must find an extra £8.3million in savings on top of an existing savings plan totaling £6.2million. The PCT's finances were already heading for an end-of-year overspend of £1million.

Pressures on the PCT's spending include the need to use expensive agency staff, especially in geriatric care at Queen Mary's Hospital, Roehampton, and at the Tooting Walk-in Centre. The PCT is also looking to cut back its provision of equipment to nursing homes by reviewing the "appropriateness" of some of those decisions and it thinks it could cut 50 per cent off that budget (Wandsworth Guardian August 19).

Norfolk, Suffolk and Cambridgeshire Strategic Health Authority

Local Delivery Plans for 2005-6 “indicated that collectively NHS bodies would overspend by around £76m unless further savings were identified. This is an untenable position and all bodies have been instructed to identify plans to contain expenditure within their approved allocations.” (SHA July 29). By the end of Month 3 overspending already totaled £21m, suggesting a year-end deficit of £85m across the SHA.

Among the major problems:

- PCTs in central Norfolk are aiming to break even this year but leave £13m accumulated deficits until next year.
- Queen Elizabeth Hospital, King’s Lynn has developed a savings plan to balance the books this year, redressing an £8.5m deficit, but defer action on an £11m overspend from 2004-5. 60 beds have already closed, and two wards for the elderly have been merged into one: planned economies also call for more rapid discharge of in-patients from hospital, pushing the responsibility onto community health, primary care, nursing homes and social services (Eastern Daily Press 23 August).
- There are fears that the struggling West Suffolk Hospital in Bury St Edmunds, facing a £20m deficit, could be merged with Addenbrooke’s Hospital in Cambridge, 37 miles away (Cambridge Evening News 13 August).
- Addenbrooke’s itself faces a £5m deficit and the danger of bed cuts as a result of the cash crisis gripping its two local Primary Care Trusts, with a combined overspend of £19.5m this year. The PCTs are reportedly overspending by £9m a year on acute services, £4m a year on mental health and £1m a year on primary care. They have already cut £1m from local mental health budgets. Other planned cuts include big reductions in outpatient appointments and hospital admissions. Over 200 beds in Suffolk face closure including 55 at West Suffolk Hospital (Cambridge Evening News August 2).
- Plans to axe hospital services with the closure of all 16 beds at Newmarket Hospital to save £1m and close a day hospital have been met with protests (Cambridge Evening News 3 August). There have also been marches and campaigns to prevent the closure of Walnuttree Hospital in Sudbury, which is once again under the axe in the quest for savings. St Leonard’s in Sudbury, the Bartlet Hospital in Felixstowe and minor injuries services at Aldburgh could also face closure as PCTs look for ways to pass the costs and responsibilities on from their budgets to social services in what is termed

“modernisation” (East Anglia Daily Times 23 August). 600 backed a July protest march through Felixstowe to fight any plans for closure of one of the two local hospitals (East Anglia Daily Times 25 July). Hartismere Hospital in Eye is also set to close next spring after a decision by Central Suffolk PCT (East Anglia Daily Times July 21).

- Ipswich Hospital is cutting 34 beds and restricting the use of operating theatres in a bid to squeeze down spending by a massive £11.6m in the current financial year. The Board had originally discussed closing up to 80 beds and reduced the figure to 34 after hearing of concerns from staff (East Anglia Daily Times 15 August). The hospital has seen patient numbers increase by more than 6% over the last four years.
- Meanwhile Peterborough and Stamford NHS Foundation Trust, a first-wave Foundation Trust has emerged deep in financial problems in the aftermath of highly-publicised failures of a pioneering Foundation Trust at Bradford. Peterborough carried a hefty £7.7m deficit over from last year’s accounts, and has now axed 70 jobs and embarked on a programme involving 106 bed closures, including three wards at Peterborough and a ward at Stamford and Rutland Hospital. Most of the jobs to be cut are nurses and health care assistants: a few admin support staff will also be affected (Peterborough Evening Telegraph 24 August).

North and East Yorkshire and Northern Lincolnshire Strategic Health Authority

Plans for 2005-6 assume Cost Improvement Programmes of over £100m, alongside brokerage of £42m. Major deficits carried over from last year include Hull & East Yorks Hospitals (£5.4m), Selby and York PCT (£6.6m) and Yorkshire Wolds & Coast PCT (£6.1m).

Financial support is planned to prop up Selby & York PCT (£15m), Yorkshire & Wolds PCT (£8.3m), Tees, East and North Yorks Ambulance (£5.1m) and Scarborough & NE Yorks Trust (£5m).

The finance director of the Hull and East Yorks Hospitals Trust has resigned, leaving the organisation seeking £13.5m of savings in just eight months. Cuts so far have focused on agency and bank nursing staff and reducing overtime for support staff: the security budget has been cut by £40,000. Staff are warning that these small scale changes are just the prelude to redundancies and ward closures (Hull Daily Mail, August 2).

Northumberland, Tyne and Wear Strategic Health Authority

No up to date figures published.

Shropshire and Staffordshire Strategic Health Authority

Shrewsbury & Telford Hospital Trust carried a £10m deficit from 2004-5 into the new financial year and now faced a deficit of £21.6m by the end of 2005-6. Other Trusts in trouble include University Hospital of North Staffordshire (projected shortfall £9m) and Burton Hospital (£5m). The SHA (July 28) warned that:

“plans that do not reflect a breakeven position will not be acceptable, and organisations are being encouraged to urgently review their Recovery Plans in order that a favourable overall position can be achieved in this financial year.”

Cannock Chase Hospital (Mid Staffordshire General Hospitals Trust) is planning to close a 28-bed elderly care ward as part of its cuts package to tackle a £5m deficit: the “reconfiguration of services” is aimed to save £700,000 by next year (Birmingham Post Aug 17).

A vigorous campaign to oppose the merger of Walsall Manor Hospital with New Cross Hospital in Wolverhampton has been launched by local people, who fear that Walsall’s services would be downgraded to cottage hospital care.

South West Peninsula Strategic Health Authority

The overall position of projected breakeven includes £38m of support payments to prop up local Trusts, especially since the local health economy carried forward £50m of debts from 2004-5 into the current financial year.

South Yorkshire Strategic Health Authority

No up to date figures published.

Surrey and Sussex Strategic Health Authority

The local health economy began 2005-6 with an underlying deficit of £106m having carried over a shortfall of £61m from 2004-5:

The SHA’s 18 July meeting was told that:

“Most PCTs have only been able to produce a balanced Local Delivery Programme by severely curtailing new investment in services and by putting in place initiatives to reduce admissions to hospital and the level of activity to be funded.”

£50m of SHA financial support will prop up five indebted Trusts and Guildford and Waverley PCT, but savings plans required in effort to balance the books of all but two trusts are as high as £37m in Brighton & Sussex University Hospitals (12.5% of budget) and £24m (14.1% of budget) at Ashford & St Peters Hospital Trust, with East Sussex Hospitals requiring

savings of £18m, Surrey & Sussex Healthcare Trust requiring £10m, Surrey Borders £11m and Royal Surrey County Hospital £7.5m. The SHA notes that the large savings targets for this year are largely the result of a failure to deliver financial recovery plans in previous years and an over-reliance on short term and non recurrent solutions.

The SHA has had to negotiate permission from the Department of Health to allow a projected deficit of £40m overall, since the projected cuts in workforce and bed capacity to reduce deficits to £25m were “not credible”: “they would result in the non-delivery of some of the seven key priority targets”.

Guildford and Waverley PCT began the year with a £5.9m deficit carried forward from 2004-5 on top of an underlying deficit this year of £8.1m. The SHA warns that:

“Reducing expenditure on commissioning can only be achieved through effectively reducing demand and cutting the level of funding provided to Trusts. there is a limit to how much can realistically be delivered on 2005-6. Furthermore the more the PCT takes out of its commissioning budget the bigger its impact on its provider Trusts.”

Ashford & St Peters Trust hopes to reduce its deficit from £13m to £5m with the sale of land worth £8m.

Brighton and Sussex Hospital, which requires cuts of £34m this year to break even, has produced plans to balance its books over the next three years – but which leaves a £10m shortfall this year: the SHA concludes “the Trust cannot do more” and should receive support of £10m.

Surrey & Sussex Healthcare, with colossal debts accumulated in previous years, has proposed to make cuts of £10m this year, leaving a debt of £51m: the SHA is demanding further savings are made, and will only provide £17m support on condition that the deficit is reined in to no more than £28m.

Royal West Sussex hospital Trust is planning cuts and asset sales to slash its deficit to £7m this year, and the SHA is prepared to prop up the Trust with £6m of support provided its total deficit does not exceed £12m.

Other local PCTs face the need for savings plans totaling £5m in Adur, Arun and Worthing, £4.8m in Eastbourne Downs, £3.2m in Sussex Downs and £2m in East Elmbridge and Mid Surrey.

Cuts implemented by Brighton & Sussex University Hospitals Trust include a scrapping of patient transport services, which has resulted in elderly patients having to pay up to £32 for transport to hospital from outlying rural areas. The spread of services across the hospital mean that up to 8,000 Brighton residents will have to travel to Haywards Heath for hip replacement operations (Brighton Argus Aug 5).

Trust bosses will be looking at bed closures and redundancies, compounded by a change of strategy by Brighton’s PCT which has slashed the hospital

spend by £6m a year. The Brighton trust also faces a massive £15m a year cut in its orthopaedic budget when a private treatment centre begins to hoover up 85 percent of elective NHS patients and funds next year, leaving only complex surgery and emergencies in the NHS. Plans to cut spending could involve an end to in-patient services at Brighton General Hospital.

Last year Crawley's A&E unit closed, with patients sent on an additional 30 minute journey to East Surrey Hospital in Redhill, which has been struggling to cope. The closure of ante-natal and early pregnancy services at Crawley at the end of July mean more pregnant women face longer journeys for care at East Surrey Hospital.

Now the Surrey & Sussex Healthcare Trust is planning to close 35 beds and three operating theatres at Crawley Hospital to save £1.7m. Waiting list operations at Crawley are being reduced as a part of the 5-year £9.2m contract between East Surrey Hospital and BUPA Redhill. (Brighton Argus 11 August).

Thames Valley Strategic Health Authority

Only 4 of the 28 NHS organisations covered by TVSHA achieved Board approval of finalised budgets by the start of the current financial year.

A Public Interest Report tabled in early August by the Audit Commission flags up a number of key concerns over the financial health of the SHA, which has run with an underlying deficit of £50m for the last 3 years. While it has managed to achieve a break-even position at each year-end, the Audit Commission warns that this has been through “using a mixture of recurring and non-recurring measures. ... However this position is becoming more difficult and there are fewer one-off solutions available.”

The bulk of the financial problems are attributable to deficits in Oxfordshire and Buckinghamshire (Milton Keynes). The Audit Commission further notes that in addition to the predicted deficit of £36m, there are around £60m of “additional risks” across TVSHA for 2005-6:

“Although this is a low percentage (3 per cent) of the healthcare resources applied across Thames Valley, it is a high level of uncertainty to feed into financial planning. It is vital that the cycle of planning and identifying savings after financial plans are agreed is broken, to ensure that the future position of the health economy can be more effectively managed and that savings plans are realistic and achievable.”

The initial plans of the 28 NHS organisations would have brought a forecast deficit of £57m (£12m across Trusts and £45m in PCTs). Even this did not include risks of up to another £150m, including over £100m in unidentified savings that were assumed to be available. In 2004-5 just under two thirds of proposed savings were achieved (£71m out of £115m).

The most recent revised projections suggest a deficit of £38m across the SHA, partly balanced by a £10m underspend.

The deficit, according to the Audit Commission, is primarily the result of four organisations:

- Milton Keynes PCT (£17.6m)
- Cherwell Vale PCT (£7m)
- NE Oxfordshire PCT (£3.3m)
- Buckinghamshire Hospitals Trust (£8m)

The SHA response has been to raise a levy on Berkshire, Buckinghamshire and Oxfordshire health economies to provide the basis for a £15m support payment to Milton Keynes PCT – leaving all other organisations to balance their own books, including steps to cut the NHS pay bill (including bank and agency staff, which cost £80m across the SHA last year) by 2%. Reading PCT faces £1.5m of cuts, with £1.6m cuts shared between Wokingham and Newbury (Reading Chronicle Aug 11). Slough’s Heatherwood and Wexham Hospitals Trust faces a £2m bill towards the rescue package for Milton Keynes (Slough Express August 12).

Oxfordshire’s share of the latest savings package is estimated at £9m over and above a £25m cuts package drawn up by the country’s PCTs and Trusts at the end of July, which includes a 40% cut in hospital admissions for heart failure, with GP surgeries providing this care instead. Cuts are also planned in mental health day hospitals and community hospitals.

PCTs are also expected to save £43m across the SHA through “demand management” (reducing use of hospital services) although the SHA notes that after the first three months there was “scant evidence of delivery”.

The relatively small savings for PCTs in switching services away from hospitals are likely to be matched by new deficits in hospital Trusts as income levels are reduced.

A vigorous campaign has failed to save inpatient maternity and mothers’ and children’s services at Wycombe General Hospital: these have now been transferred to Stoke Mandeville Hospital in Aylesbury, 20 miles away.

Trent Strategic Health Authority

No detailed figures were available at the June SHA meeting, although the SHA was told that efforts were being made to restore financial balance in Lincolnshire – with support payments planned to prop up United Lincolnshire Hospitals Trust and East Lincs PCT – and Nottinghamshire, with “massive” cost savings required at both the Queens Medical Centre and Nottingham City Hospital.

Lincolnshire health chiefs are cutting down on “cosmetic” surgery to save £30,000 towards combined PCT shortfalls totaling £8.1m. Meanwhile United Lincolnshire Hospitals Trust, facing an £8.1m deficit has announced plans to axe up to 300 jobs and 60 beds, including 42 at Lincoln County Hospital (Lincolnshire Echo July 26).

Nottingham’s four PCTs have begun to reveal their plans to tackle a £22.7m deficit: but so far these only include a £1.2m cut in funding to voluntary organisations, the “temporary” closure of an 18-bed ward at Highbury Hospital, a recruitment freeze (£1.45m) and a review of mental health beds. The sting appears to be in the tail, since local hospitals have been told to reduce the costs of the care they provide, and it appears that the PCTs may expect this to generate £10m in savings – at the expense of the local hospital Trusts (Nottingham Evening Post 23 August).

Queens Medical Centre is seeking to save £3m through job cuts, and £400,000 by doing more surgery as day cases. £8m would be “saved” from projects that are “not as expensive as anticipated”: this total package is just over half the Trust’s £21.6m savings target for 2005-6 (Nottingham Evening Post 23 August).

West Midlands South Strategic Health Authority

The July 27 SHA meeting heard that the financial situation is still dominated by the cumulative debts and ongoing deficits run up by Worcestershire Hospital Trust, alongside projected 2005-6 deficits at George Eliot Hospital Trust, Nuneaton, and South Warwickshire Hospitals.

Evesham Hospital faces the closure of two wards and reduced services in a third, and there are fears that a long-awaited new hospital will be too small for local needs (Evesham Journal).

Stratford on Avon’s minor injuries unit could be a casualty of a £5m cost-cutting package by South Warwickshire General hospitals Trust, forcing anyone requiring emergency care to travel to Warwick.

West Yorkshire Strategic Health Authority

Although the SHA is projecting a deficit of £15m for 2005-6, this figure excludes the £20m shortfall carried forward from 2004-5: and it is clear that Mid Yorkshire Hospitals Trust requires a staggering £100m “brokerage” borrowing in year if it is to remain within its financial limits for 2005-6.

The SHA’s projections require Trusts to implement Cost Improvement Programmes totaling £112m – equivalent to 4% of turnover – with more than a third of these, £43m, unidentified.

“There is a very significant risk that there will be a requirement for cash brokerage from the NHS Bank”.

There are fears for the future of Airedale Hospital, which could face a forced merger with Leeds or Bradford Hospitals (Bradford/Ilkley Gazette, 18 August).

Leeds Teaching Hospitals Trust, facing a projected deficit of £12m this year, is closing beds at Leeds General Infirmary and rationalising day surgery services to save money. Up to 640 jobs could also be at risk. Early this year the trust closed 200 beds and four operating theatres to save money: more cuts are still to come.