New medical contracts hamper trusts' financial performance

Adrian O'Dowd *London*

The new contracts for GPs and consultants may be contributing to a rise in the number of trusts that are failing crucial financial performance targets set out in the latest star ratings for the NHS, according to Anna Walker, head of the Healthcare Commission. The commission published its performance ratings for all English trusts for 2004-5 this week.

She issued the annual ratings with a warning that patient care would be threatened if financial management did not improve at poorly performing trusts.

The overall performance of trusts is improving, according to the ratings. 28% of all the 590 trusts in England have three stars (compared with 25% in 2003-4), 44% have two stars (49%), 24% have one star (21%), and 4% have none (6%).

However, the number of acute and specialist trusts earning the

top three star rating fell from 76 to 73 between 2003-4 and 2004-5, the first fall in three years.

Almost a quarter of trusts (138 out of 590) failed the key target on financial management (to break even by the end of the year), resulting in a combined overspend of £500m (\$870m; €720m), says the report.

The percentage of acute or specialist trusts that substantially underachieved their financial targets rose from 18% in 2003-4 to 27% in 2004-5, and those primary care trusts in the same position rose from 7% to 19%.

Ms Walker said, "The NHS is improving against tougher targets. The fly in the ointment is financial performance. Quality of care is inextricably linked to good financial management. We consider this very serious and it needs to be addressed because patient care will suffer if trusts do not get financial

management right." There were likely to be several reasons for this bleak financial picture, she said, but added, "The new GP and consultants' contracts include some incentivisation payments. Some trusts may not have realised to what extent they would be incentivised."

On the clinical front, the ratings also showed a fall in deaths from cancer in people younger than 75 from about 67 000 in 1999 to 63 500 in 2003 and a fall in deaths from circulatory diseases (such as stroke and heart disease) in the same age group from 64 000 to slightly more than 52 000 in the same period.

The chief executive of the NHS Confederation, Gill Morgan, said, "There is no doubt that finances remain tight for many NHS organisations as a result of significant cost pressures, including pay modernisation schemes, such as the new

contracts for GPs and hospital consultants and Agenda for Change, and prescribing expensive new drugs whose costs run ahead of inflation."

Ian Kennedy, chairman of the commission added, "There can be no doubt that the star ratings have been an important step on the road to effective measurement of the performance of our health service. They have shown that assessment and accountability can focus minds and monies on parts of the service that need improvement."

He admitted, however, that they did not give a comprehensive picture of the quality of health care given by trusts. A new system will begin for next year's ratings, to be known as the annual health check, he said. □

The ratings for 2004-5 are available at <http://ratings2005.healthcarecommission.org.uk>.

BMA holds memorial to people killed in London bombings

A multifaith service in memory of the people who died in the bombings on 7 July in London was held on 21 July in the courtyard of BMA House.

As well as staff from the BMA and the BMJ Publishing Group, in attendance were family members of some of the victims and the doctors, emergency service workers, and police who had dealt with the immediate aftermath of the explosion aboard the number 30 bus outside BMA House.

Religious leaders from several faiths led the prayers, and Adama Ndong, muslim chaplain to St Mary's Hospital and the Royal Free Hospital, read a verse from the Koran.

Mary Church, a GP and one

of several doctors who helped the injured and dying on the premises, and the chairman of BMA Council, Jim Johnson,

gave two of the readings. Soprano Lesley Garrett was the soloist.

The service concluded with

the scattering of flowers in the courtyard's fountain as an act of remembrance.

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