NHS faces job cuts as financial crisis deepens

Michael Day *London*

The NHS was last week engulfed in a political storm over spiralling debts and mounting job losses. In the space of seven days, hospital trusts announced that nearly 3000 jobs were to be axed, as the financial crisis deepened. By the beginning of this week health economists were predicting a total end of year deficit of £800m (£1.2bn; \$1.4bn).

One of the country's leading teaching hospitals, the Royal Free in north London, announced that 480 jobs would go, while the axe will fall most heavily at the University Hospital of North Staffordshire, which is preparing to shed up to 1000 staff.

The opposition Conservative Party predicted that in total more than 20 000 NHS posts were under threat. The shadow health secretary Andrew Lansley said, "There is a financial crisis, and they don't know how to cope with it."

The health secretary Patricia Hewitt hit back, accusing the Conservatives of seeking to undermine the NHS by exaggerating the gravity of the situation. She noted that even if the Tories' figures turned out to be true, there would still have been a big rise in NHS staff numbers for the year as a whole.

The *Financial Times* calculated last week that the figure of 20 000 would represent a reduction of less than 7% in the 300 000 strong rise in staffing in England since 1997 (*Financial Times* Mar 25, p 4).

Mrs Hewitt also insisted that the problems only affected a small number of NHS trusts that needed to sort out their finances.

But one leading health economist, Professor John Appleby of the King's Fund, told the *BMJ* that the debt crisis was probably more widespread than ministers were claiming. "We're told that only 25% are affected. But there

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Health Secretary Patricia Hewitt said that overall staff numbers were rising despite the cuts

could be as many again in deficit when we learn whether or not predicted savings this year have actually materialised. This is not a minor problem."

A spokeswoman for the NHS Confederation, which represents over 90% of NHS organisations, noted the predicted debt figure for the year represented only 2% of the total health service budget, and she said that the political row should not be allowed to conceal improvements in the service.

As if to show this, the national directors for emergency care and primary care presented evidence on Monday this week that emergency services had performed better than in any previous year.

Opposition MPs; health economists; and, privately, the NHS Confederation were still critical, however, over the Department of Health's "over zealous" management of the health service.

The Liberal Democrat's health spokesman Steve Webb said "large amounts of money have been wasted in the costs of constant reorganisation which have destabilised the NHS and demoralised staff."

Health unions were nervous about the news of job losses. A spokeswoman for the BMA warned that some doctors were expected to figure among the redundancies: "We've heard there might be 15 doctors' jobs to go at North Staffordshire, and there might be more. It does appear that nurses will be harder hit. It's very difficult to see how this isn't going to have an impact on patient care." Some but not all of the redundancies are likely to go through "natural wastage."

Some trusts currently in the black said that they were preparing to shed staff because more patients were being treated in the community. John Saxby, the chief executive of the County Durham and Darlington Acute Hospitals NHS Trust, said his trust was shedding 700 posts, including nurses, over the next three years, because many patients were now being treated at home by community nurses.

Mr Saxby said that his trust was not in debt, but the imminent introduction of the payments by results system, whereby hospitals are paid according to the volume of their

work, meant his hospitals would go into the red if the job cuts did not go ahead.

Professor Appleby added that huge pay rises for doctors that were tied to only modest gains in productivity were another factor in the debt crisis.

After last week's budget, the chancellor, Gordon Brown, came under fire for failing to directly tackle debts and job losses in the NHS.

Other aspects of the budget were more popular, however. Nigel Edwards, the policy director at the NHS Confederation, hailed Mr Brown's decision to create an "operational taskforce" to advise public authorities on the private finance initiative programme for building new hospitals.

And Anne Weyman, the chief executive of the Family Planning Association, welcomed the chancellor's decision to cut value added tax on contraceptives.

But the British Society of Gastroenterology hit out at Mr Brown's decision not to increase duty on alcohol. "It should have been increased at a level far higher than inflation to limit drinking," he said. □