Auditors reveal £3.2bn of NHS budget cuts, but worse is to come

By Tamsin Snow

An audit of NHS finances reveals that measures such as cutting patient services, freezing vacancies and reducing the use of bank and agency staff have saved billions of pounds.

The Audit Commission’s report states that NHS trusts in England, excluding foundation trusts, saved £3.2 billion off their budgets during the 2010/11 financial year. It estimates 26 per cent of the savings, equal to £0.8 billion, were down to pay and workforce measures such as vacancy freezes, reductions in overtime and changes to skill mix.

More than half the savings related to clinical productivity and efficiency, covering reduced length of stay and services, bed closures, moving to day case surgery or outpatient treatments and reduced hospital admissions.

NHS trusts have been ordered to save around 5 per cent of their budget, equal to £20 billion, by 2015.

Public sector workers earning more than £21,000 also have their pay frozen until at least 2013, saving the Treasury an additional £3.3 billion.

RCN head of policy Howard Catton said he was concerned that painful, yet relatively simple, cuts such as reductions in bank staff had so far been used to save cash rather than service redesign. ‘The question is where do we go from here to get 5 per cent savings every year until 2015,’ he said.

The report states that while NHS trusts and strategic health authorities have a ‘healthy’ surplus of £1.5 billion, and that only nine out of 276 NHS organisations are in deficit, more financially challenging times are to come. New rules such as penalties for readmissions will potentially reduce trusts’ income, the report warns.

NHS Confederation deputy director of policy Jo Webber said NHS leaders are worried this could be the ‘calm before the storm’ with testing times expected over the next 18 months.

Understaffing

A Department of Health spokesperson acknowledged the NHS is facing rising demands and costs. She said: ‘That is why we need to modernise the NHS – improving choice for patients to drive up the quality of care and improve patient experience.’

Nursing Standard reported last year that many NHS trusts have introduced rules stipulating only board members can authorise the use of agency staff. Delays in getting authorisation often means agencies have just minutes to fill shifts, and that wards are left understaffed as a result.

Meanwhile, a separate report by the NHS Litigation Authority shows the number of clinical negligence claims brought against the health service increased 31.6 per cent in the 2010/11 financial year compared with the previous year. The NHS paid out £863.4 million last year, up from £787.1 million in the previous 12 months.

Chief Nurse’s Directorate Nearly Halved in Past Year

More than 40 per cent of posts in the government’s nursing department have been cut in the past 12 months.

Chief nursing officer Dame Chris Beasley’s directorate has dropped from 98 permanent staff members last August to 57. The cuts include nursing and allied health profession advisers and administration staff, according to a Department of Health (DH) spokesperson.

She said the cut was partly due to Professor Beasley’s decision to work part-time in the run up to her retirement in October. As a result, part of her workload moved to another department. The spokesperson added that numbers of staff working on nurse-related issues has increased in the past year due to the initiation of the DH’s health visitor programme.

However, RCN head of policy Howard Catton said: ‘This reduction is a concern because nurses reach deep into our communities and touch the lives of millions every day. Nursing leadership and advice must be directly and consistently available to politicians and policymakers within the DH.’

The DH’s nursing adviser for older people was made redundant in February, and last year it was reported that the DH was not filling some nursing adviser vacancies in a bid to save money.