Tale of two hospitals

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London has lost a further 1000 hospital beds this year, and waiting lists in England may soon hit 1 million. According to the National Association of Health Authorities and Trusts (NAHAT), the pay and prices shortfall in government funding for 1990 to 1991 stands at £235m.

The rush to bring spending into line with revenue budgets in time for the setting up of the internal market in the new financial year is compounded by the need to pay off existing debts.

All hospitals are battling in the same unforgiving economic climate, and the Department of Health is looking to establish its "level playing field" before the competition starts. But not all hospitals have had the same build up to the changes now being imposed. Two hospitals, both very much in the public eye, present themselves for comparison. Guy's, the government flagship for self governing status, seems eager to confront the realities of the new NHS. St Thomas's, in contrast, is seen by some as fighting for its life after years of burying its head in the sand.

To examine this contrast we spoke to junior and senior doctors, managers, general practitioners, and community health councils in both districts.

St Thomas's, considered by many as the hospital with the silver spoon, ended 1989 with a projected overspend for the financial year of £2.8m. A management inquiry into West Lambeth Health Authority concluded that the members of the authority were "part prisoners, part creators, of a culture in which spending drift became a way of life." It spoke of "a dangerous sense of complacency" that had allowed the authority to get by year on year. The publication of this report in April 1990, with its suggestions for radical change, launched a traumatic year for St Thomas's.

Down the river, Guy's has been living in a climate of cuts for the past five years. It was one of six hospitals to experiment with devolved responsibility in 1985 based on the model of Johns Hopkins in Baltimore: resource management was introduced, and 13 clinical directorates were set up giving doctors control over their own budgets. Similar changes have taken place at St Thomas's only in the past six months, with the setting up of six groups of clinical directorates each with a budget of £6m.

Guy's Hospital—model for the new NHS?

The earlier changes at Guy's came at a time when the district was undergoing a considerable shake up under the critical management of Peter Griffiths (now deputy chief executive of the NHS management executive). Faced with a 30% overspend on its allocation under the Resource Allocation Working Party formula, the district introduced drastic cuts in beds despite opposition from the local communities voiced through the community health council. St Olave's and New Cross Hospitals were closed putting more pressure on the beds at Guy's and at Lewisham Hospital—the district general hospital at the other end of the district from Guy's. The number of beds at Guy's expanded to take on the extra workload (box), but the net effect on the district was a loss of beds and a loss of staff. Coupled with additional savings being made to reduce overspending, now under the eagle eye of the clinical directorates, severe restrictions were forced on the staff at Guy's. The resentment at the time was heightened, according to one consultant we spoke to, by the fact that St Thomas's was continuing to spend over its budget and "seemed to be getting away with it."

The achievements on paper at Guy's have been considerable. Peter Burroughs, unit manager, told us that the district overall is now only 5% over its target under the Resource Allocation Working Party formula. "Guy's is spending £7.8m less than five years ago and is treating as many patients now as it was in the early 80's." Less elective surgery is getting done, however, but 6% more medical patients are being treated compared with last year. Underfunding for pay awards (a shortfall of 1%) and inflation have meant that, despite beginning the financial year with a balanced budget, Guy's is now facing a deficit of £700 000 on its overall budget of £61m.

St Thomas's too has made "incredible progress over

A few vital statistics

	Guy's	St Thomas's
Inpatient waiting list (numbers)	5260 (31 Dec '89)	5668 (31 June '90)
Available beds	(1985 Guy's) 749 (District) 2047 (1989/90 Guy's) 859 (District) 1616	(Nov '90) 729
Bed losses	(1990) 81	(1989/90) 175
Outpatient attendances	307 541	257 422
Average duration of stay	Unable to provide	6.9 days (7 days in 1989)
Finished consultant episodes	Unable to provide	24 802 (1989/90)

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St Thomas's Hospital—still sorting out its finances

a very short time," according to Neil Hooper, its finance director. The hospital began the financial year underfunded for inflation by an estimated £3.8m. Now, halfway through the year, the effects of unfunded pay awards 2.5% higher than forecast, and a further increase in inflation have brought the estimated deficit up to nearly £5m.

Confronted with the daunting task of recouping this amount, the new breed of financial and clinical managers at St Thomas's have shown a grim determination to succeed. By a combination of "cost improvement programmes," "income generation schemes," and "rationalisation" of manpower, they have reduced the month by month overspend of £400 000 at the beginning of the year to a monthly underspend of between £100 000 and £200 000.

In the past health authorities have kept within their cash limits by running up bills at their suppliers and paying them off at the beginning of the next financial year. According to the recent survey by the National Association of Health Authorities and Trusts, 17% of hospitals in England and Wales plan to use this method to get by this year. The National Audit Office deprecated this practice recently. But West Lambeth already has cumulative debts of £8m and, said Neil Hooper, there is no flexibility to run up the bills further. "We must stay within the cash limit this year if we are to survive," he said.

Although the clinical directors are, in the words of one, "knuckling under," it is not without a strong feeling of resentment for the high handed way the region is behaving. The region has called for each directorate to cut spending by 10%, asserting that all of this could come out of "non-pay" funding to avoid the need for costly and unpopular staff redundancies. But, said a clinical director at St Thomas's, non-pay constitutes only just over 20% of the budget. "They are therefore effectively asking us to halve non-pay expenditure. This is ridiculous." It would mean, he said, an impossible reduction in essential items such as joint prostheses and cardiac catheters. Instead, both

hospitals have cut staff accommodation, car parking, and catering facilities, further hitting morale.

The speed with which St Thomas's has had to get to grips with its financial problems may explain some of what one doctor called "apparently random and ill considered cost cutting measures." Much publicity has been given to the planned increase in parking charges to £480 a year. Perhaps as a result of this the plans have been shelved.

But, said Tim Higginson, director of personnel, every effort has been made to minimise effects on staff. Agency staff have been lost when possible—with a reduction in agency nurses from 80 to about 10—and vacancies have not been filled "in a number of areas." The high turnover of nursing staff in London has, he said, given scope to cut numbers "fairly considerably."

With costs at Guy's already pared right down, "further savings" admitted Peter Burroughs "were now having to cut into services." Coupled with a capital spending budget for this year of only £500 000, the consequence of these effects on the hospital are inevitable. Since the beginning of the year 81 beds have closed on financial grounds (box), prescribing in outpatients has all but ceased, and recently the numbers of terminations of pregnancy have been reduced by eight a week in a bid to save money in the obstetric and gynaecology department. One registrar described

Bed closures at Guy's 1990

Geriatric	15
Cardiac	10
Paediatric	4
Psychiatry	8
Urology	4
General medicine	17
Oncology	5
Five day surgical specialties	18

Details for St Thomas's not available.

Doctors' morale at all time low

On 1 November a consultant at St Thomas's Hospital took on the duties of the admitting registrar. The registrar who should have been on duty that day had been due to rotate into St Thomas's after a year working in a peripheral hospital but had been advised a few months earlier that there would be no job to come to. Despite the fact that, as the director of personnel asserts, this was part of a planned reduction in medical staff and the doctor in question had been warned at interview a year before that there may be no job at St Thomas's, no provision for registrar cover on 1 November had been made. In the morning three other registrars at St Thomas's had been asked to perform the duties in addition to their own. All had refused.

This is an isolated incident but, said one junior doctor, it reflects the new feeling among junior staff at St Thomas's. "The give and take has gone," he said. "Doctors' UMTs [units of medical time] are being cut without negotiation, and their duties are being redefined. There is an increasing feeling of antagonism towards the insensitive management, including the clinical directors, who are agreeing to decisions taken in committee but not taking the time to explain them to their junior staff."

The campaign to reduce hours of work, which has outlawed rotas more onerous than one night in three without prospective cover, has, said another junior doctor, scored "an own goal." It has allowed medical staffing to limit units of medical time to 12, which has meant a reduction in salary for some junior doctors even though

their duties are often increased. "We feel we are being asked to do more for less," he said. The problem is worsened by poor communications from above.

As a result of the management's decision to stop using locums junior staff in the obstetric and gynaecology department have been told that they cannot take any annual or study leave for the next six months. According to one doctor it has been made clear that if anyone makes trouble over this his or her references will suffer.

Doctors of all grades are having to accept more of the routine tasks as well as more responsibility. House officers cover for gaps in nursing provision: the loss of a total parenteral nutrition sister's post, for example, has meant that an already overworked medical house doctor has to spend time—"sometimes hours"—calculating nutrition regimens. Senior house officers are performing house officer duties while having to take on registrar responsibilities. And because of changes in the surgical rotas, a surgical senior registrar now sleeps in the hospital every third night.

Consultants are also suffering in what one called "this war of attrition." But, as a registrar put it, "consultants have more to lose and more to fight for. Junior doctors' short term contracts have always made them vulnerable. We know that we've got to grit our teeth and get through this next six months in the belief that things will improve, but many of us won't be here in six months' time." The consultants, she said, had forgotten the need to carry the juniors with them.

how outpatient clinics had become "chaotic" as the computerised booking system was not operating properly, and how electrocardiographs had to be "begged" from the few wards lucky enough to own one. In the past few weeks the director of admissions has had to institute a "yellow alert" in the hospital on two occasions (thereby restricting non-urgent admissions) in an attempt to make enough beds available for emergencies. The effect of these measures has meant an increase in the workload of local general practitioners. One general practitioner we spoke to resented the unilateral decision made by the hospital to cut outpatient prescribing. Now St Thomas's are also having to cut services. The orthopaedic surgeons have written to all local general practitioners asking them to refer patients elsewhere as they are able to admit only those already on the waiting list. The gynaecology department has also sent letters to general practitioners saying that it can admit only nine women a week for abortions.

This, however, is not the fault of the doctors, said a consultant physician. He called it "terribly sad" that doctors were being made to stand idle while patients were in need of treatment. He told us that a new consultant cardiothoracic surgeon has been appointed but the region has refused to fund an increase in the number of cardiothoracic operations from 400 to 500 a year. "Funding is based on historic activity levels," he said. "It is so short sighted." Having operated at full capacity for the beginning of the year, the cardiothoracic team will now have to work at half speed until April.

St Thomas's and a conglomerate of Guy's and Lewisham Hospitals and the mental illness service in Lewisham and North Southwark have applied for trust status. The outcome of their applications will be announced later this month. Though managers at Guy's are confident that their application will be accepted, the future of St Thomas's still hangs in the balance. If its application is not accepted the question will be raised whether the government has any

confidence in St Thomas's ability to manage its finances. Already rumours exist that one large teaching hospital in London will have to close, but senior managers and doctors at St Thomas's are adamant that it will not be theirs.

Meanwhile, plans for trust status currently dominate discussions at Guy's. "The hospital was targeted by ministers" said Professor Rodney Graham, consultant rheumatologist, "to be a flagship for the NHS reforms after proving its success with resource management." Even those doctors who were against the application are now resigned that it will succeed. Planning ahead, Ron Crapper, unit director of finance, said that the new trust hopes to secure 85% of its contracts with the South East Thames Region and with Lewisham and North Southwark District. As for the remaining 15% of contracts, the trust will have to compete for them with the rest of the country. Continuing efficiency measures will be needed to keep prices down to win contracts from other districts. This will place the trust in direct competition with St Thomas's and inevitably cause the undergraduate medical school—which is already combined as the United Medical and Dental Schools of Guy's and St Thomas's—to suffer, said Professor Rodney Graham. Competition on a wider scale will also cause district funded services to become more competitive. In the case of St Thomas's only four out of the 300 patients being treated in the Lane Fox respiratory unit originate from West Lambeth district. The question is whether other districts will be prepared to pay for this service rather than providing it themselves. The aggressive management style of the clinical directors at St Thomas's is fuelled by the hope that if the hospital can get straight by April then it will be able to expand its services again.

Guy's may have turned the corner, at some cost to both its staff and patients, but the long period of trimming and cutting has softened the blow. The process of change has been, in its speed, more painful at St Thomas's but the differences between the two hospitals are not as stark as might have been thought.