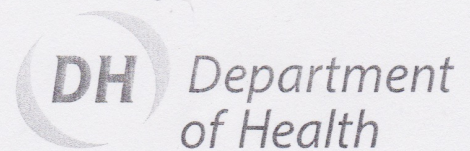


23 June 2003

REC
25 JUN 2003



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Mr Malcolm Alexander
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Our reference TO1029690/PO 1027689

Dear Mr Alexander

Thank you for your letter of 7 April to David Lammy concerning the government's plan for patient and public involvement in the health service. I have been asked to reply. I apologise for the delay in replying.

The highly structured and prescriptive measures for involving staff, patients, their representatives and other local stakeholders in the consultations and decision making process in taking forward PFI schemes were established and published as guidance in 1999. ACHCEW were closely involved in this work at the time. The new guidance was widely welcomed and I believe has operated successfully at all subsequent schemes. Most importantly trusts and bidders have observed not just the letter but also the spirit of the guidance, by which I mean that individual trusts have gone on to develop their own mechanisms for informing staff and patients such as holding presentations and setting up PFI consultation groups.

For this process to work properly an informed debate is of course vital. Part of the guidance focused on enabling trusts to reach the right decisions on what information should be viewed as commercially sensitive during the bidding process itself and in the final business cases and contracts. With experience and precedents to go on I think the right balance is now being struck in the great majority of cases and I was therefore disappointed to learn that you think otherwise. There have been a few cases which have been referred to the Private Finance Unit at the Department; if there are specific instances you have in mind then we would be happy to consider them.

The intention is that the basic consultation framework developed specifically for PFI schemes and described above will remain in place. The new service planning guidance published in February this year (*'Keeping the NHS Local: A new Direction of Travel'*) set out a practical guide to implement the new legal framework for patient and public involvement and consultation as now enshrined in sections 11 and 7 of the Health and Social Care Act 2001. The feature of the guidance is a new seven stage consultation 'route map', as we have called it, for all types of service changes which incorporates the roles for the new local council Overview and Scrutiny Committees, Local Strategic Partnerships, Patients' Forums and PALS. By 'service changes' we do not distinguish between how they will be delivered ie under the traditional public capital route or under a Public Private Partnership arrangement such as the Private Finance Initiative (PFI). The aim is that the two systems will complement each other, the PFI guidance establishing some key

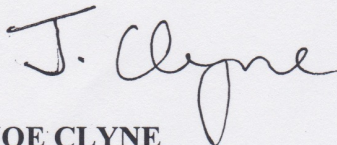
principles and milestones which must be observed within the new wider and more generic route map. I think this will undoubtedly mean more not less public and patient involvement in the planning and taking forward of not just PFI but all types of capital investment scheme.

Just as importantly, the NHS Performance Assessment Framework and the Commission for Health Improvement (CHI) now regularly provide objective assessments of how PFI contracts are actually delivering in terms of their effects on clinical and non-clinical services (ie catering, cleaning etc) at the many PFI hospitals which are now open. I expect this monitoring to become even more rigorous when the Commission for Healthcare Audit and Inspection (CHAI) starts work. As you know both the Patient Environment Action Teams (PEAT) and the CHI inspections rely heavily on detailed feedback and questionnaires from staff and patients at the individual hospitals they visit. PFI contracts are of course monitored by trust management, but these new inspection regimes ensure that the views of those most directly affected by the contract, i.e. the patients and staff, are fully taken into account in determining whether service and quality targets in the contract are being met.

Part of the effectiveness of the Assessment Framework and CHI lies in the full and open publication of their work and reports. It often attracts a great deal of national and local media attention, so there is actually a great deal of transparency now in assessing how PFI contracts are performing. Having NHS staff or patients on the boards of companies delivering services under contract to the NHS to 'represent' the hospital or wider NHS is always an attractive idea. However, in practice the conflicts of interest involved would mean that the amount of information that could be usefully disclosed or discussed would be very limited. The best way of influencing and holding PFI consortia to account is through rigorous monitoring and enforcement of the signed contract, and we have ensured that staff and patients have a large and increasing role to play in this.

Different but comparable arrangements exist for NHS LIFT, our initiative to develop a new market for investment in primary care and community based facilities and services.

The NHS LIFT approach involves the preparation of local strategic service development plans (SSDPs). Consultation exercises ensure that these SSDPs reflect the concerns of the local community. The local "LIFTCo" will have a long term partnering agreement to deliver investment and services in local care facilities. This is an excellent opportunity to develop facilities that support modern integrated health care services to local communities.



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cc: Sharon Grant, CPPH