

## Press release

27 July 2004

### **New PFI Investment Welcome but Projects Must Follow a Reformed PFI Regime**

The £4bn investment in the NHS announced today represents a welcome boost for NHS infrastructure, but the new projects need to follow a reformed PFI regime to gain maximum benefit from the initiative, according to the NHS Confederation.

Dr Gill Morgan, chief executive of the NHS Confederation, said: "This new investment is a major boost to the 15 hospital trusts involved as part of the ongoing NHS hospital building programme, which is the largest in history. However, these projects need to follow a new and more efficient PFI regime, as we recommended in our report *Getting the best out of future capital investment in health* last month, otherwise we risk failing to gain the maximum possible benefit from such a large investment."

The report, issued by the NHS Confederation's Future Healthcare Network, recommended a ten point plan for the reform of PFI, which included:

- Developing a more flexible PFI regime which allows NHS trusts to adapt to the fast-changing healthcare environment;
- Ensuring bed numbers are based on robust assessments of local needs;
- Reforming the appraisal model to support investment in good design;
- Dramatically cutting red tape by streamlining the number of project reviews;
- Overhauling the bidding process to cut legal costs and make better use of scarce planning and design skills.

Gill added: "The PFI process needs to be made more flexible to ensure hospitals are suitable for patient care both today and in thirty years time. We must be prepared for a rethink of the services offered by hospitals and in the community, so the plans we are making in the short-term must allow flexibility in the long-term."

Gill concluded: "We are not criticising the principle of the private finance initiative, which is providing welcome investment in the NHS infrastructure and delivering modern facilities for patients. The reforms we are recommending are designed to gain maximum possible benefit from PFI, and now is the ideal opportunity for the reforms to be implemented. We want to work with the Treasury, the Department of Health, and those involved in individual PFI projects to put our recommendations into practice, and give trusts the flexibility they require to build hospitals that stand the test of time."

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**Notes for editors**

1. The NHS Confederation represents the organisations that make up the NHS. Our members include the majority of NHS trusts, primary care trusts and health authorities in England; trusts and local health boards in Wales; trusts and NHS boards in Scotland; and health and social services trusts and boards in Northern Ireland.
2. A copy of the report *Getting the best out of future capital investment in health* is available at <http://www.fhn.org.uk/secure/content/home/documents/Gettingthebestoutoffuturerecapitalinvestmentinhealth.pdf>
3. An ISDN line is available for radio interviews (020 7959 7283). To arrange an ISDN interview please contact Chris Atkinson at the Press Office on 020 7959 7240