The Role and Effectiveness of Public – Private Partnerships (NHS LIFT) in the Development of Enhanced Primary Care Premises and Services

Report for the National Institute for Health Research Service Delivery and Organisation programme

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Executive Summary

Background

The Local Improvement Finance Trust (LIFT) initiative was introduced in 2001 with the aims of developing a new market for investment in primary care and of regenerating local care facilities. Research by the National Audit Office (2005) suggested that LIFT was a potentially attractive means for securing value for money. However, possible concerns were identified in advance by some commentators about the set-up, implementation and governance of LIFT Companies which could potentially adversely affect these outcomes.

Aims

The research project investigated how location, institutional and cultural factors contributed to the success, or otherwise, of LIFT partnerships and projects.

About this study

The research project analysed the role and effectiveness of LIFT via a multi-method study which included semi-structured interviews with policy elites and users, as well as case studies and an exploratory analysis of the financial characteristics of three LIFT Companies. While the team felt that it was able to identify key aspects relating to the advantages and drawbacks surrounding LIFT, the representativeness of the study was adversely affected by a reluctance of PCTs to participate in the case study analysis and commercial confidentiality restrictions.

Key findings

Contrary to previous studies of public private partnerships (see, e.g., Asenova, Beck, et al, 2003, 2004), our research indicated that both public and private sector stakeholders viewed their LIFT partnerships as an effective resource and a means for clarifying and aligning potentially conflicting goals. Where relationships between public and private sector partners were less amicable, this was typically due to external factors such as problems created by PCT mergers, the rurality of locations which adversely affected the commercial viability of projects, a lack of available/affordable land for innovative developments, or concerns over a future lack of deal flows. Additionally, both public and private sector stakeholders agreed that LIFT procurement in its current form was overly
bureaucratic and cumbersome, and that there were knowledge management issues which affected the public sector in particular. Despite viewing the outputs of LIFT partnerships in generally positive terms, public sector managers in particular tended to express concerns over the cost and affordability implications of LIFT. These concerns were confirmed by our financial analysis which indicated that the profit margins achieved within some of these schemes may well be exceeding estimates by the National Audit Office.

Conclusions

This report suggests that LIFT and Express LIFT possess considerable potential as procurement mechanisms. Our research indicates that for this potential to be fully realised, decision makers must avoid a disjointed view, whereby the success of LIFT projects is seen largely in isolation of financial parameters and adopt a rigorous approach to the analysis of costs and benefits. The current financial climate, moreover, may well mandate a more rigorous approach to the analysis of costs and benefits as well as financial monitoring of LIFT Companies through the use of extended and clearly specified reporting requirements.

Optional references:


Disclaimer

This report presents independent research commissioned by the National Institute for Health Research (NIHR). The views and opinions expressed therein are those of the authors and do not necessarily reflect those of the NHS, the NIHR, the SDO programme or the Department of Health.

Addendum

This document was published by the National Coordinating Centre for the Service Delivery and Organisation (NCCSDO) research programme, managed by the London School of Hygiene and Tropical Medicine.

The management of the Service Delivery and Organisation (SDO) programme has now transferred to the National Institute for Health Research Evaluations, Trials and Studies Coordinating Centre (NETSCC) based at the University of Southampton. Prior to April 2009, NETSCC had no involvement in the commissioning or production of this document and therefore we may not be able to comment on the background or technical detail of this document. Should you have any queries please contact sdo@southampton.ac.uk