

Richard Bacon
MP for South Norfolk
Member of the Public Accounts Committee



Christine Connelly
Director General for Informatics and
Chief Information Officer for Health
Room 537
Richmond House
79 Whitehall
London SW1A 2NS
Tel: 020 7210 5228

09 December 2010

Dear Mr Bacon

Thank you for your email of 8 December.

The Memorandum of Understanding (MoU) that the Department is currently negotiating with CSC would not make any change to the financial liability the Department would suffer in the event that the supplier is able to deliver a working system and that the NHS Trusts are not able to take deployment on the agreed date. As you would expect (in any contract) if a supplier can provide the contracted service and the user refuses to take it the supplier is entitled to compensation, save for any costs they can mitigate. This is the current contractual position and remains so if we were to sign the MoU.

The purpose of the MoU is to secure savings against the original contract values in return for a reduced delivery, based on the service to be provided including functionality and deployment volumes and it also sets parameters under which the contract can be reset. This will include increased flexibility of the deployment approach for Trusts and a more modular method of delivery.

The assessment of Trusts that currently plan to take delivery of a service from CSC is not the Department's view alone but a view from the local NHS via the Strategic Health Authorities in the North, Midlands and East.

Before any contract change is finalised on the volumes of deployments (which will not be formalised by the MoU) further confirmation of demand will be undertaken.

I will write to you separately regarding the questions you have raised in the Public Accounts Committee.

Yours sincerely

A handwritten signature in blue ink that reads 'CK Connelly'.

Christine Connelly
Director General for Informatics
and Chief Information Officer for Health