



HM Treasury

Private Finance Initiative and Private Finance 2 projects:

2016 summary data

December 2016



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1 Introduction

1.1 This document gives a summary of the 2016 data on Private Finance Initiative (PFI) and Private Finance 2 (PF2) projects. Data are collected annually by the Infrastructure and Projects Authority¹ on behalf of HM Treasury and are provided by the central government departments and devolved administrations² who have procured or sponsored³ the projects. Data are not audited by HM Treasury. This document details projects as at 31 March 2016.

1.2 Data on PFI and PF2 projects have been published by HM Treasury for a number of years and it remains an important part of the government's commitment to greater transparency in public spending.

Public private partnerships (PPPs) and PFI

1.3 A PPP is a delivery model for infrastructure, characterised by long term contracts of joint working and risk sharing between the public and private sectors.

1.4 Until 2012, the primary model of PPP used in the UK was PFI. PFI was introduced in order to engage the private sector in the design, build, finance and operation of public infrastructure, with the aim of delivering good quality and well maintained assets that provide value for money for the taxpayer. It has been used across a broad range of sectors such as schools, hospitals, housing and prisons. Since its introduction, PFI has remained a small but important part of the government's overall investment in public infrastructure and services.

PF2

1.5 In 2012, PFI underwent a review which aimed to address some of the widespread concerns surrounding PFI projects, particularly with regards to value for money and transparency. In 2012 the government launched its new model of PPP, PF2, which has reformed the PFI model.

1.6 Some of the reforms made to introduce the PF2 model include:

- the government acting as a minority equity co-investor in future projects, strengthening the partnership between the public and private sectors as well as increasing transparency
- a maximum 18 month period for the tendering phase of projects, measured from the invitation to tender to the appointment of preferred bidder in order to accelerate delivery
- soft services being removed from projects, improving the flexibility, transparency and efficiency of services

1.7 A more detailed explanation of PFI and how it works, including the changes made to introduce PF2, is set out in the policy document 'A new approach to public private partnerships', December 2012, published on gov.uk.

¹ Please see <https://www.gov.uk/government/organisations/infrastructure-and-projects-authority> for information on the Infrastructure and Projects Authority.

² The Scottish Government no longer uses PFI or the new PF2 models as a procurement method. Information has been provided for PFI projects which are still operational or in construction. New Scottish projects are procured under the Non-Profit Distribution model and do not form part of this publication.

³ Sponsored means projects that are part funded by Departments but delivered by other bodies such as Local Authorities or NHS Trusts.

General disclaimer

1.8 The data presented in the Excel workbooks and this document are based on returns from central government departments and the devolved administrations, and have not been audited by HM Treasury. Some central government departments have relied on data provided by other bodies such as local authorities. The data are presented as at 31 March 2016 and will not be updated until the next collection exercise for data as at the end of March 2017.

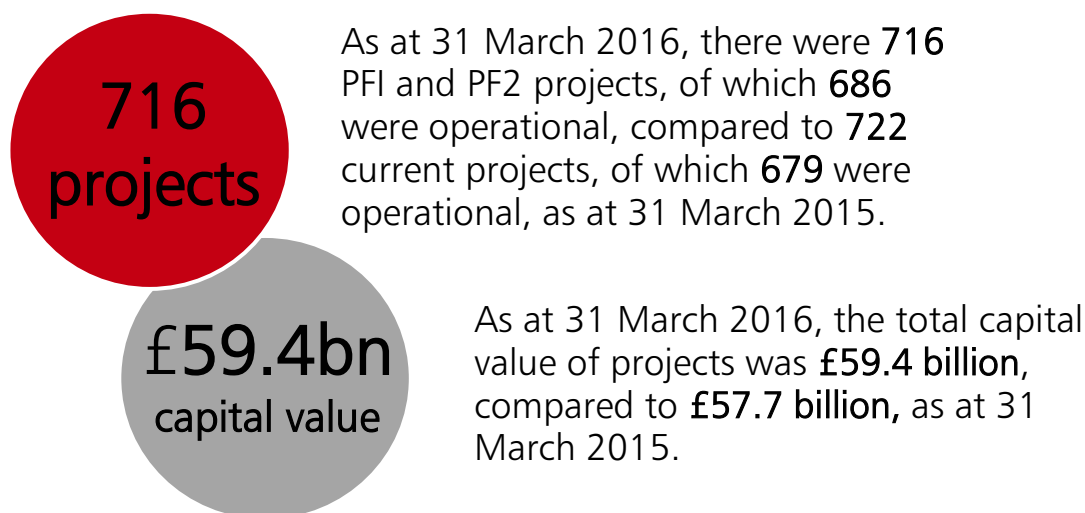
1.9 Gaps will generally indicate that the department and/or contracting authority has not provided the information. We continue to work with departments to improve the quality and robustness of the data.

1.10 The data shown relates to operational projects or projects which are in construction. Projects which have reached the end of their contract period or that have been cancelled are not included.

2 2016 summary data

Current projects

Chart 2.A: Size of government's PFI and PF2 portfolio



Note: 'Operational' projects are projects which have completed their construction phase and payment of unitary charge has commenced. 'Current' projects refer to projects which are either operational or in construction.

2.1 The chart above shows the number of projects within the governments PFI and PF2 portfolio and their total capital values. The difference in total number of projects from last year is due to two projects reaching financial close¹, one project being added due to a previous technical omission, one project being removed due to being cancelled and eight projects removed due to reaching the end of their contract period. Please see tables below for more information.

New projects

2.2 Two projects reached financial close and have been added to the current projects list. These projects are detailed in Table 2.A below.

Table 2.A: Projects which have reached financial close since 31 March 2015

Project ID	Project name	Date of financial close	Department	Capital value (£m)
1509	PSBP Midlands	12/08/2015	Department for Education	141.8
1511	Sandwell Metropolitan Hospital	09/12/2015	Department of Health	297.0

2.3 In addition, Table 2.B below, details a project added to the current projects list due to a technical omission in previous years.

¹ Financial close is when financiers take on funding liability and, typically, occurs at the end of the procurement phase and before the start of the construction phase.

Table 2.B: Project added to the current list as at 31 March 2016 but reached financial close in previous years

Project ID	Project name	Reason	Capital value (£m)
1514	Newton Abbot Community Hospital	Technical omission	22.0

Projects removed

2.4 Nine projects have been removed from the current projects list and are detailed in Table 2.C below.

Table 2.C: Projects removed from the current projects list since 31 March 2015

Project ID	Project name	Department	Capital value (£m)	Reason
415	Mounted Facilities	Home Office	1.5	Reached end of contract period
419	Air Support	Home Office	3.0	Reached end of contract period
513	Replacement of Vehicle Test Equipment and related services	Northern Ireland Executive	16.5	Cancelled
517	Classroom 2000 post primary and special local area network managed service- referred to as lot 3	Northern Ireland Executive	102.4	Reached end of contract period
518	Classroom 2000 post primary and special local area network managed service (all schools) referred to as lot 5	Northern Ireland Executive	120.5	Reached end of contract period
519	Classroom 2000 post primary and special local area network managed service- referred to as lot 6	Northern Ireland Executive	51.1	Reached end of contract period
132	Depot Services	Department for Communities and Local Government	23.4	Reached end of contract period
133	NE Derbyshire Holmewood Non- HRA	Department for Communities and Local Government	1.8	Reached end of contract period
1003	DECC Fujitsu contract under ELGAR framework	Department for Energy and Climate Change	5.5	Reached end of contract period

Projects in procurement

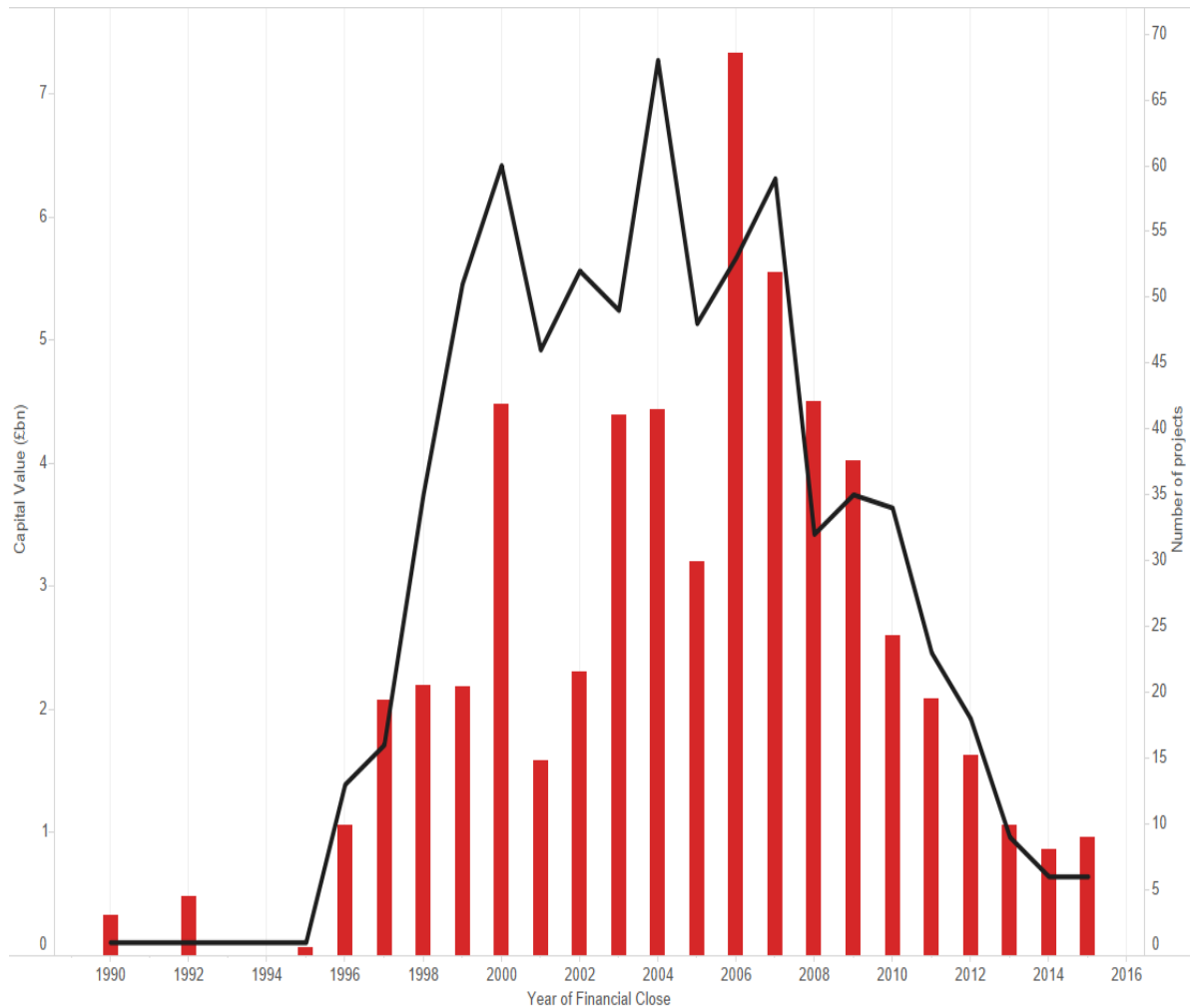
2.5 Two projects were in procurement and are detailed in Table 2.D below.

Table 2.D: Projects in procurement as at 31st March 2016

Project ID	Project name	Department	Sector	Expected capital value (£m)
738	Arc21 Residual Waste Infrastructure Procurement	Northern Ireland Executive	Waste	304.8
1510	PSBP – Yorkshire	Department for Education	Schools	123.5

A Charts and tables

Chart A.1: Number of signed projects¹ per year and corresponding capital values²



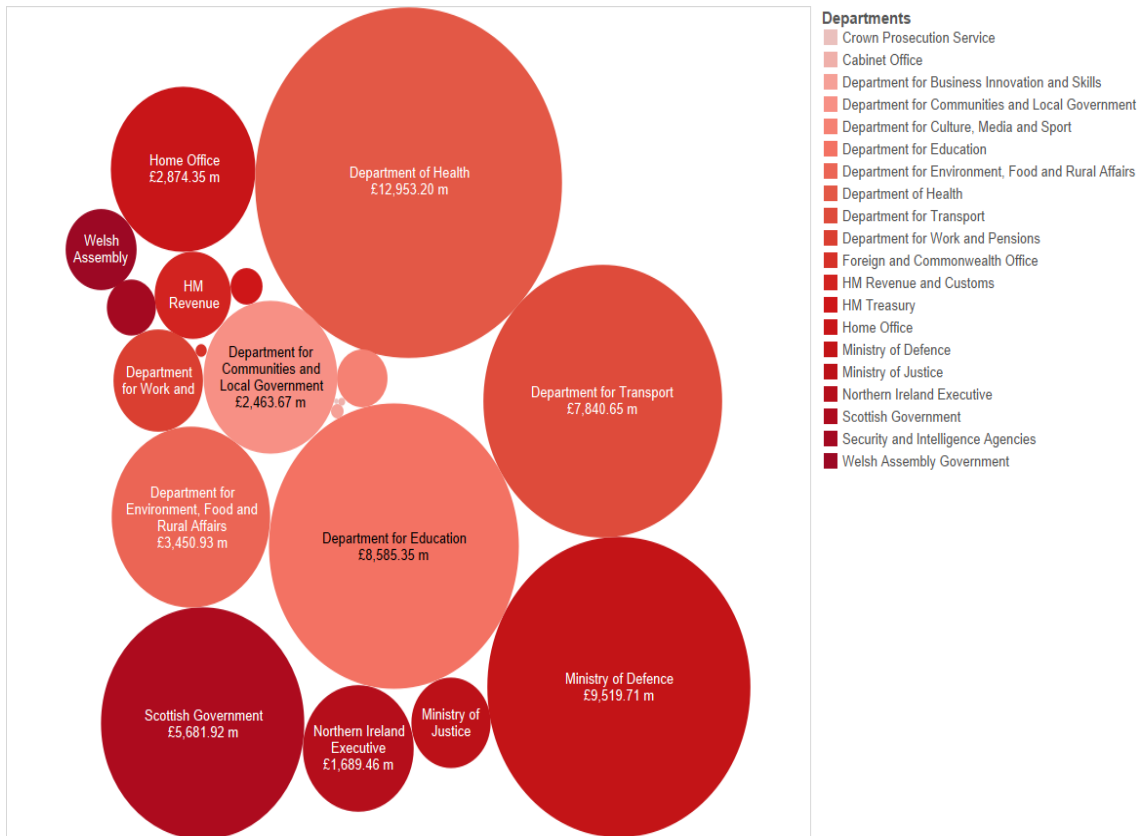
Key
■ Capital value (£bn)
■ Number of projects

Source: Figures based on departmental and devolved administration returns. Current projects only- does not include projects that have expired or terminated.

¹ 'Signed' refers to when the project reaches financial close.

² Normally calculated at financial close of individual contract.

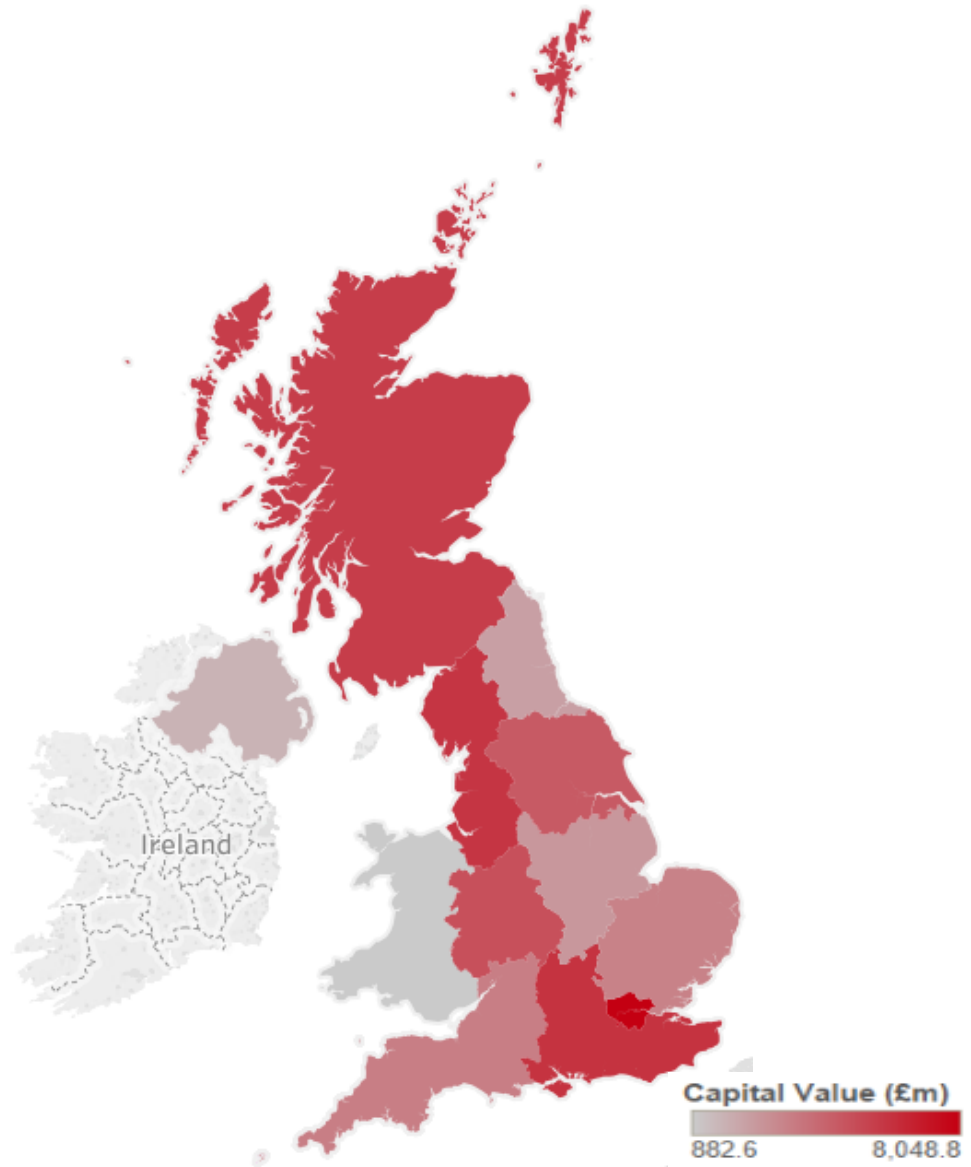
Chart A.2: Portfolio of current PFI and PF2 projects across government by capital value



Note: Departments which have not been labelled and corresponding capital values: Cabinet Office (£6.7m), Department for Business Innovation and Skills (£21.8m), Crown Prosecution Service (£2.9m), Department for Culture Media and Sport (£352.4m), Foreign and Commonwealth Office (£17.1m), HM Treasury (£141.0m), Security and Intelligence Agencies (£331.0m).

Source: Figures based on departmental and devolved administration returns. Current projects only- does not include projects that have expired or terminated.

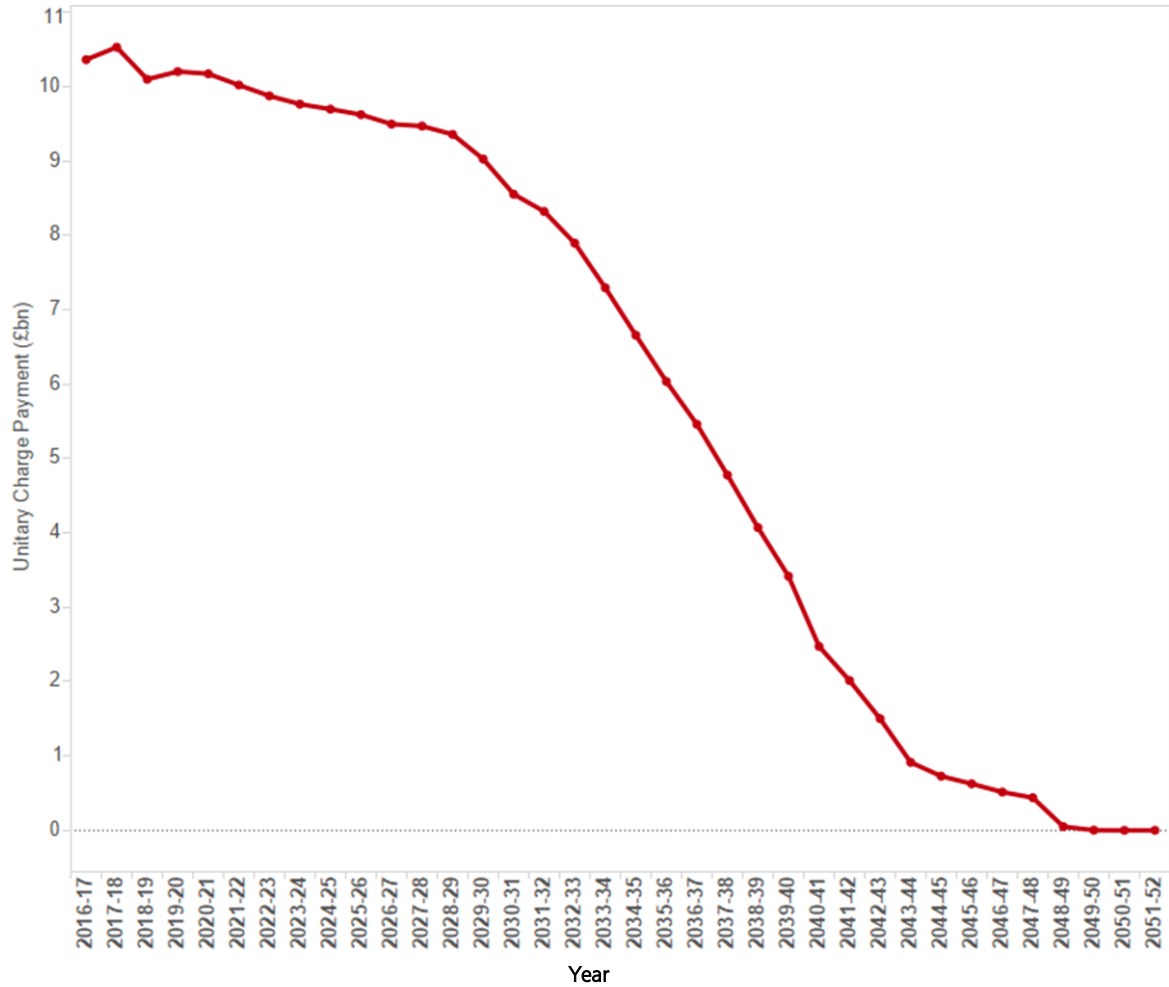
Chart A.3: Capital value of PFI and PF2 projects within the UK



Source: Figures based on departmental and devolved administration returns. Current projects only- does not include projects that have expired or terminated.

A.1 The map above indicates the value of projects within the different regions of the UK measured by capital value. Projects located in more than region are not reflected within this map.

Chart A.4: Estimated future payments (in nominal terms, undiscounted) under PFI and PF2 contracts – current projects



Source: Figures based on departmental and devolved administration returns. Current projects only- does not include projects that have expired or terminated.

A.2 Please note that the drop in payments between 2017/18 and 2018/19 is due to seven projects reaching the end of their contract period, decreasing future payments by £552.5m.

B Supporting information

B.1 This publication only includes projects that are centrally supported by departments and devolved administrations and procured under the standard PFI and PF2 contract terms. Other forms of PPP projects are not covered such as the NHS Lift schemes, those procured under the Non Profit Distributing (NPD) model used by the devolved administrations and any PPP project that does not receive a direct revenue support grant.

B.2 Data are provided for current projects and projects in procurement as at 31 March 2016. Current projects are those which are still under contract and projects which have expired or been terminated are not included.

B.3 A more detailed explanation of PFI and how it works, including the changes made to introduce PF2, is set out in the policy document 'A new approach to public private partnerships', December 2012, published on gov.uk.

B.4 Alongside this document, are two Excel workbooks, the first detailing information relating to projects which had reached financial close by 31 March 2016, and the second detailing information relating to projects in procurement as at 31 March 2016.

HM Treasury contacts

This document can be downloaded from
www.gov.uk

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