

ALTERNATIVE FINANCE, INCLUDING PRIVATE FINANCE INITIATIVE

PART 1: PFI DATA

Spreadsheet of PFI information available separately.

This information has been supplied by the Departments and their Arms Length Bodies (ALBs).

PART 2: ANALYSIS OF PFI DATA

1. The Investment Strategy includes an assessment of the level and type of alternative funding which can be used to accelerate investment in key infrastructure projects. Such arrangements, which can be various models of Public Private Partnership (PPP), have potential to supplement conventional Capital resources but must demonstrate value for money and affordability. Over the past year the increasing pressure on Revenue budgets means that the affordability of any future PPP projects will need to be carefully examined. However, PPP remains an option to be considered where it will provide social and economic benefits.
2. OFMDFM annually collects data on Private Finance Initiative (PFI) projects – a specific type of PPP - from Departments here and their Arms Length Bodies (ALBs) as part of a wider exercise to collect data across the UK. This data is published by HM Treasury and the 2014 information (for the financial year 2013/14) can be accessed at <https://www.gov.uk/government/publications/private-finance-initiative-projects-2014-summary-data>. The data includes historic information on PFI projects that have been completed as well as information on active projects.
3. The data covers PFI projects entered into by departments and their ALBs. It does not cover PFI contracts entered into by other bodies, such as District Councils, although two District Council waste management projects which were in the procurement stage at 31 March 2014 are listed on a separate spreadsheet for information. The data which is being published separately is made up of the information published by Treasury supplemented by some additional information for the sake of completeness and clarity.
4. The data shows that at 31 March there were 39 PFI projects listed across 9 departments (including their ALBs – see Figure 1). Five of these projects were

completed prior to the 2013/14 financial year, having either reached their contract term or having been terminated early. One further PFI contract, for renal dialysis services reached its end during 2013/14.

5. The total capital value of the listed PFI contracts was £1,988 million.
6. Unitary charges amounted to £249 million in 2013/14 – See Figure 2. Projected Revenue commitments will peak at £266 million in 2016/17 and will fall to £5 million in 2042/2043 (the last year for which payments are due on current contracts) – see Figure 3. However, future costs are subject to change in line with contractual arrangements and any reviews undertaken.
7. No new contracts became operational in 2013/14.
8. There were 2 PFI contracts in procurement at 31 March 2014. Both of these were waste management contracts being undertaken by District Councils and are noted for the sake of completeness. As they were being funded by the District Councils they would not have an impact on departmental Revenue expenditure. One of the procurements was brought to a conclusion in May 2014 without award of contract.
9. The DHSSPS Minister announced in April 2013 that he intended to procure two new Health and Social Care Centres in Newry and Lisburn through a PPP model known as Third Party Development (3PD). These projects entered initial procurement stages in 2014/15.
10. OFMDFM will continue to collect and report information on PFI contracts on an annual basis.

Diagrams

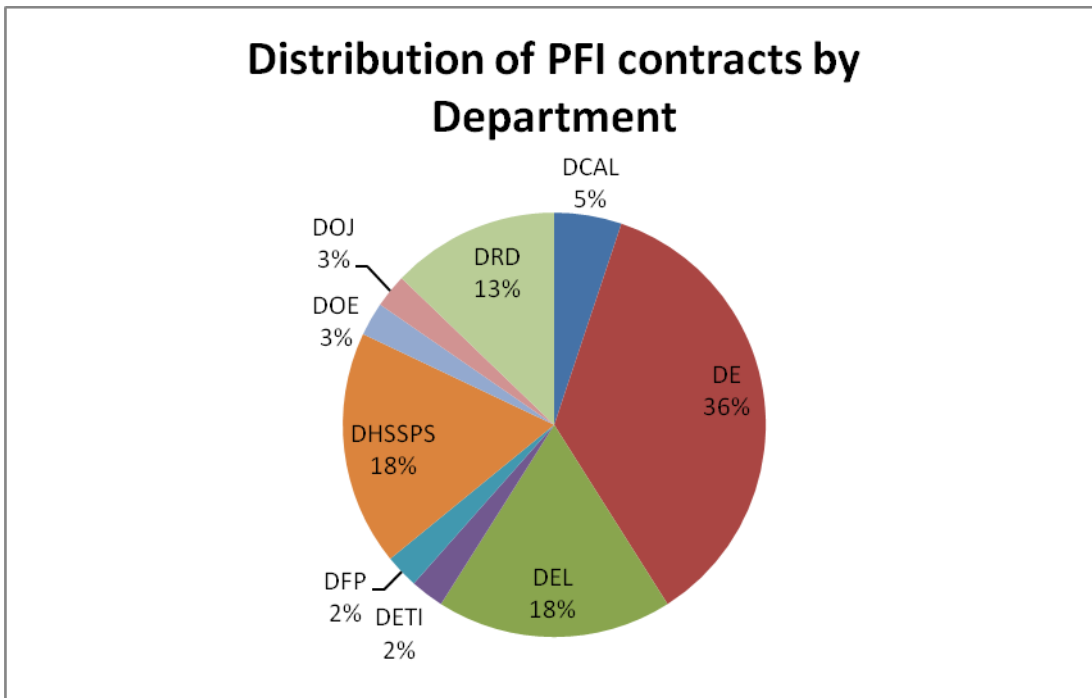


Figure 1: PFI contracts by Department (including departmental ALBs)

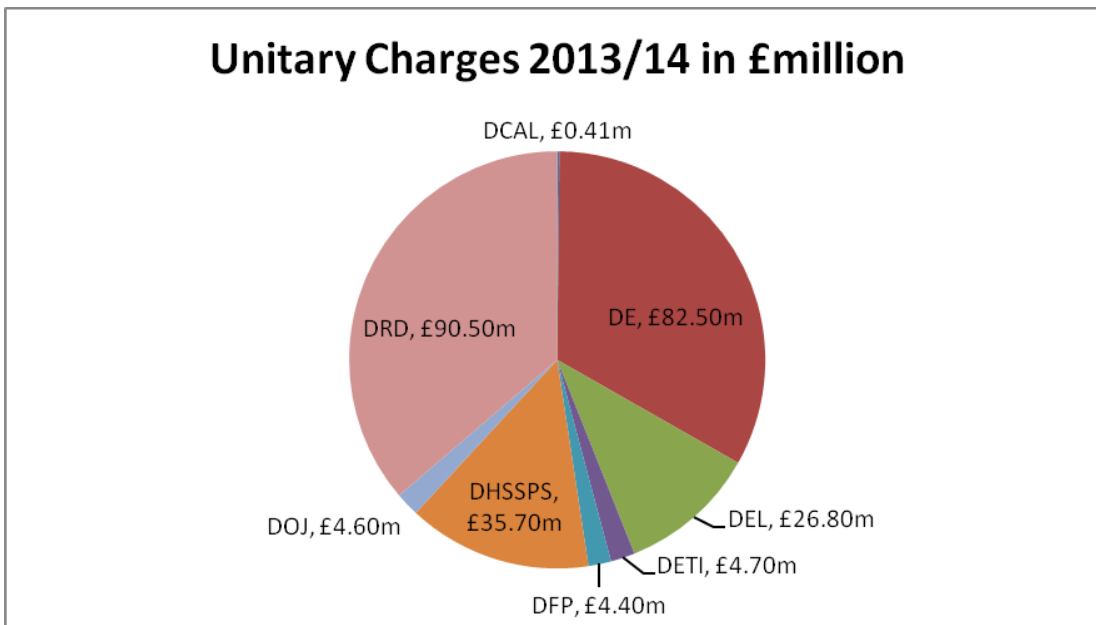


Figure 2: 2013/14 PFI unitary charges in £million by Department (including departmental ALBs)

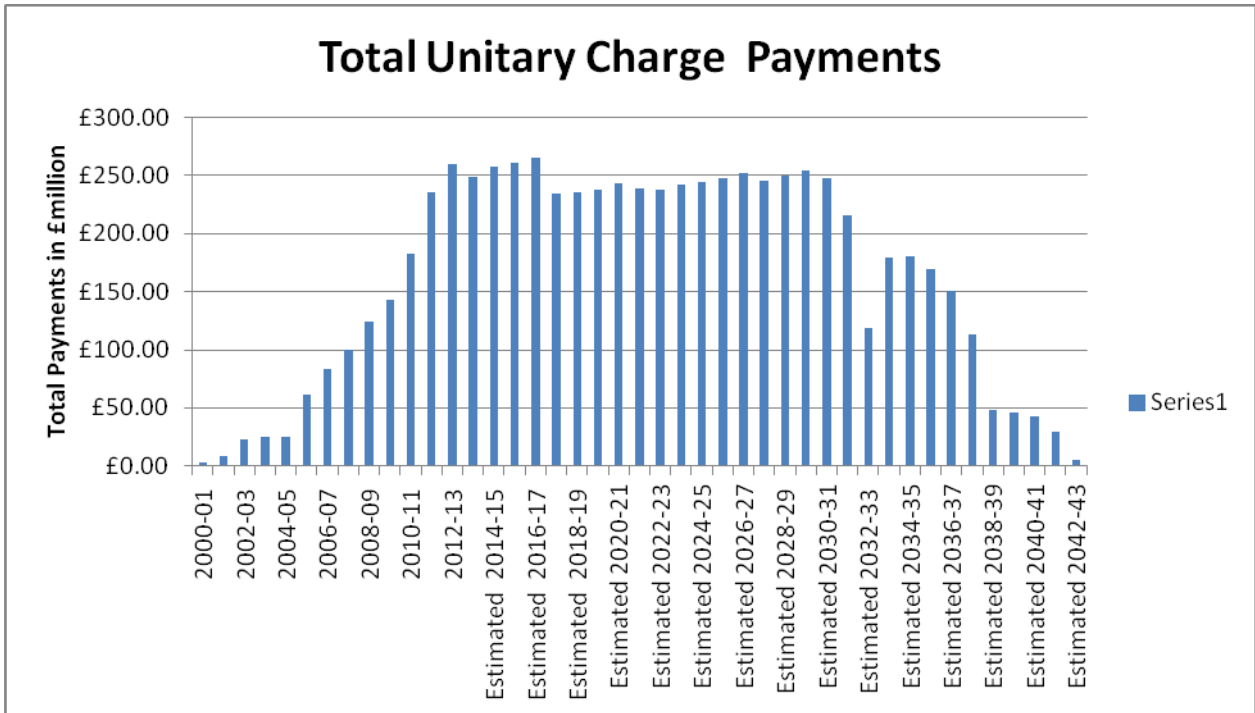


Figure 3: Total unitary charge payments (in £millions) by year (all contracts)