HM TREASURY

Operational taskforce note 4

October 2009

HM TREASURY

Operational taskforce note 4

October 2009

ISBN 978-1-84532-639-5
PU843

Contents

1 Application and scope

Scope of operational taskforce note 4

1.1 HM Treasury announced the creation of the Operational Taskforce within Partnerships UK in the policy document "PFI: Strengthening Long Term Partnerships" published in March 2006. The Taskforce provides guidance and assistance to the public sector in managing operational PFI projects.

1.2 "Operational Taskforce Note 4: Guidance on PFI Contract Expiry is designed to assist public sector Contract Managers in managing the transition from a PFI Contract to whatever new arrangement may be set up to succeed it.

1.3 This guidance is generic in nature in order to cover the broad range of PFI Contracts and sets out the key considerations in planning for the end of an operational project's Contract term.

1.4 The exact nature and duration of the activities required to wind down, and optionally to replace, an operational project can vary considerably depending on the Contract, on future service requirements and, where appropriate, on the future procurement strategy. In particular there are different issues to be considered depending on whether the project assets are:

- property/infrastructure, where the assets are likely to survive the end of the current contract; or
- equipment/information technology, where any continuation of service after the end of the current contract is likely to involve a major refresh and possibly wholesale replacement.

1.5 Wherever these differences are significant they are highlighted in this guidance.

1.6 Despite these differences, in most cases the key issues will be the same for all projects. The over-riding consideration must always be to ensure that the Authority allows itself sufficient time to plan and implement whatever form of exit/transition is required.

1.7 *It is recognised that for most projects, the natural expiry date is still many years into the future, although there are some, mostly IT related, contracts that have already expired or are due to do so in the near future. This guidance will be reviewed on a regular basis as experience in managing the exit from a contract is built up.*

Application of operational taskforce note 4

1.8 This note is designed to be broadly relevant to any PFI Contract nearing the end of its term and especially to those considering alternative options for some continuity of services once the original term has expired.

1.9 As a general rule of thumb Contract Managers should consult this guidance before they begin planning for exit and transition at a minimum of 3 years prior to the natural end of the Contract term.

1.10 Allowing three years should eliminate the risk of not having sufficient time to undertake any tasks which could have long lead times, such as

- the preparation for any new procurement, especially if there is expected to be a need for a new PFI or other complex procurement form; and
- making arrangements for a retention fund to bring assets up to the required standard set out in the original project documentation. A condition survey, for which technical advice may be required, will help to judge if a retention fund is necessary.

1.11 In some cases, having made this initial early assessment of the relevant issues, it may not then be necessary to commence any action for some time after that. However, given the potential operational and financial consequences of this process over-running, it is far better to begin the planning too early rather than too late.

1.12 At the beginning of the planning period the Authority should consider whether professional legal advice may be required. Issues which may require legal advice might include:

- Staff Transfer issues and especially application of the Transfer of Undertakings Exit provisions in the current contract, especially where the rights and obligations necessary to achieve a successful exit are perceived to be either unclear or incomplete.
- Interpretation and application of EU procurement directives; and
- (Protection of Employment) Regulations (TUPE).

1.13 *Although much of the content of this note may also be applicable to early termination, it has not been written with this situation primarily in mind and there are likely to be other important factors outside the scope of this guidance which will also need to be addressed in these circumstances.*

Terms used

1.14 In this document the terms below have the following meanings:

Authority	describes the public sector body which has contracted for the existing service
Contract	describes the original contractual document or PFI Project Agreement signed by the parties
Project Company	describes the private sector contractor contracted by the Authority to deliver various parts of the service. This is often referred to as the Special Purpose Vehicle/Company (SPV/SPC) established for the specific purpose of entering into the contract for a project
Contract Manager	describes the public sector manager responsible for managing the Contract

If Contract Managers require further advice or help in relation to issues relating to contract expiry, HM Treasury has an Operational Taskforce helpdesk run by Partnerships UK which is available to provide assistance and can be contacted on 020 7273 8356 or email: operationaltaskforce@partnershipsuk.org.uk

2 Planning for a successful exit

2.1 The initial and priority task in planning for exit is to establish a high level understanding of the critical activities, risks and dependencies that will need to be managed to ensure that the exit is a success.

2.2 In the simplest case, where the need for the services and/or the assets expires with the current Contract, this "success" will simply involve winding down the existing arrangement in accordance with the Contract, within budget and in such a way as to cause minimum negative impact on service customers and users. In most cases however there will also be the need to run a procurement to replace some or all of the current services and to ensure that the procurement is completed to allow a timely and straightforward transition from the existing arrangements to the new.

2.3 It is in this latter case that it is especially important for the Authority to have started planning in good time so as to ensure that the new arrangements are in place when the current ones expire. This requires the Authority to work systematically through a four step process which will allow them to identify the long lead activities and the critical path and hence determine the timing and sequence of the key tasks to be undertaken.

2.4 The four steps are:

- Step One – determine the future service requirement;
- Step Two – if a future service requirement is identified, determine the best option for future service delivery (evaluate delivery options, determine the procurement strategy and timescales);
- Step Three – review exit provisions of the current arrangement; and
- Step Four – build and manage the plan for exit and, as appropriate, transition to the new arrangement.

2.5 Each of these steps is now described in turn.

3 Step 1: Determining future asset and service requirements

3.1 The Authority will need to consider the future demand for both the assets and the services bundled with them under the current arrangement, the risks associated with that future demand and which parties are best able to manage those risks. These considerations will include:

- the residual life of the assets at the expiry date and what will need to happen when the life expires in terms of the asset's replacement/refurbishment;
- if there remains a significant residual life in the assets, the risk that they contain latent defects, what those defects might be and what capability would be required to address them;
- the nature of the services essential to asset maintenance and which enable it to perform or be available such that it can continue to deliver its designated outputs;
- the ability and willingness of the Authority in assuming duty of care for the assets;
- the degree to which the assets and/or the services they facilitate might require a significant degree of change to meet evolving business need and, if so, within what timescale; and
- in situations where the assets are owned by the Project Company, whether the Authority would require continued use of the assets after transition, and hence would need to purchase them or arrange for their transfer to a replacement supplier, or whether the assets are not needed further and should remain with the Project Company.

3.2 Proper consideration of the risks associated with any future service delivery should indicate what options exist for bundling of future services both in terms of scope and duration.

4 Step 2: Determining future service delivery strategy

4.1 Once the future need for services has been established and the relevant issues analysed, the contracting authority will need to:

- identify and analyse the options for delivery through preparation of a formal business case;
- confirm the preferred procurement route though the development and approval of a procurement strategy;
- establish the timescales required to prepare for and execute the agreed procurement.

Identify and analyse the options

4.2 In order to find the best value for money solution for the delivery of the future requirement, the Authority should follow the established process for option appraisal business cases.[1]

4.3 In developing the business case options, the Authority will need to consider fully the strengths and weaknesses of the possible arrangements in the particular context of succeeding a PFI Contract. Procuring Authorities should be mindful of Best Value obligations and consider all options to ensure value for money. A key consideration is the extent to which the original assets in the PFI Contract need a major overhaul. Options that may need to be considered include:

- Undertaking a repeat PPP style procurement. This is more likely to be an option where the supporting assets are at the end of their working life (i.e. more likely for equipment-based contracts) or require a significant level of reinvestment in refurbishment or redevelopment. Where such investment is required, the business case will also need to consider whether the financing is best provided by the private sector (i.e. a repeat PFI) or using an alternative model where investment finance is provided either by the public sector or by a mixture of public and private.
- Procuring one or more service contracts operating on the existing assets. This is probably the most attractive option in most cases for building and infrastructure projects where the assets have significant further life and without the need for major investment to maintain their availability, with the asset being used for a very similar purpose as previously but the actual services specification being required to be updated for new technology, methods of delivery or standards.
- Re-scoping the service requirement by splitting it up or combining it with other services. It is important for authorities to consider how different services may best be delivered and procured, and the grouping of services under the original PFI Contract may not make sense any more.

[1] See guidance at www.ogc.gov.uk/documentation_and_templates_business_case.asp and other guidance issued by HM Treasury and individual sponsoring Government Departments.

- Taking the service provision back in-house. The option to discontinue private sector service provision and take the assets and any residual service requirement back into the public sector.

Determine the procurement strategy and timescales

4.4 Where the Procuring Authority decides not to bring the service provision in house it will need to establish how much time it requires both to undertake the procurement of the new delivery option and also to prepare for it.

4.5 The duration of the procurement itself will depend on the nature and scope of the services being procured and could range from eighteen months or more to run a repeat PFI or other form of complex procurement run under the EU Competitive Dialogue or Negotiated procedures to approximately three months for the procurement of soft FM services, if applicable, under the Open or Restricted procedures (less if the Accelerated Restricted procedure is followed).[2]

4.6 The amount of time required to prepare for the procurement also needs to be carefully considered. As with any project, the ability of the authority to deliver to planned timescales will depend to a very significant degree on being fully prepared. IT projects in particular should refer to OGC's Pre-qualification tool (PQT) which has been designed to assess the authority's readiness to commence procurement.[3]

4.7 In fact as a test of readiness for procurement, the PQT is sufficiently generic as to largely applicable to any project.

4.8 In terms of securing long-term value for money, the most critical preparation activity is for the Authority to ensure as far as possible that there is a competitive market willing to bid for the new Contract. These re-competition issues are set out in Box 1 below.

[2] Further guidance on application of the EU directives and the various procurement procedures can be found on the OGC website at: www.ogc.gov.uk/procurement_policy_and_practice_procurement_policy_and_application_of_eu_rules.asp
[3] www.ogc.gov.uk/documents/Procurement_Pre_Qualification_Test.pdf

Box 1: Recompetition Issues

If there is a continuing need for private sector service provision and competitive procurement is being sought - as would normally be the objective – one important factor is to ensure that there is sufficient market interest to set up and maintain a strong competition.

Unless the performance of the Project Company in delivering services has been poor (and more importantly seen to be poor by external parties), other potential providers may believe that the incumbent has a genuine advantage in any open competition which may lead to them deciding not to bid. This will be increasingly true the more the future service provision relies on:

- a wide range of capabilities held by the Project Company; or
- shared or Project Company-owned assets; or
- Project Company-owned Intellectual Property Rights (IPR); or
- an in-depth understanding of the underlying business.

The Authority therefore has an important role to play in the period leading up to the end of the term to allay concerns that prospective bidders might have and to convince them that the opportunity is worth investing in.[4] Specifically, the Authority must ensure that:

- as far as possible, the incumbent Project Company does not actually have an unfair advantage (by ensuring for example that all the information and site access required by bidders to prepare their bids and conduct due diligence is made freely available in a timely fashion).
- the incumbent Project Company is not perceived as having an unfair advantage (by engaging in early and open briefings with prospective bidders).
- its own behaviour demonstrates that it is professional and well organised (and therefore both a good customer and also able to manage a well-run procurement).

[4] Further guidance on recompetition is available from the OGC website at www.ogc.gov.uk/briefings_re-competition.asp

5 Step 3: Reviewing exit provisions

Objectives of exit planning

5.1 In planning the exit strategy from the current arrangement, the Authority needs to consider:

- what exit management provisions exist in the Contract (i.e. specific obligations on the Project Company to support the transition/handover and due diligence) and whether such exit services require additional funding;
- the rights and obligations relating to the ownership and transfer of assets and the Intellectual Property Rights (IPR) involved in the delivery of services;
- the rights and obligations relating to staff involved in the delivery of services; and
- what Authority actions and obligations arise through managing the Contract through the exit process.

Understanding and invoking exit management provisions

5.2 The Authority should re-familiarise itself with the Contract's provisions relating to exit management. In particular, Authorities should note the guidance contained in Chapter 20 ("Treatment of Assets on Expiry of Service Period) and Chapter 23 ("Surveys on Expiry and Termination") of The Standardisation of PFI Contracts Version 4 ("SoPC4"), or the relevant text contained in previous versions under which the Contract was signed. These provisions are likely to include obligations on the Project Company to cooperate with the Authority and replacement contractor during transition, to do so with the minimum of disruption and, where appropriate, to ensure the full and timely transfer of rights, title and interest in the assets. Additionally, some contracts – especially those which are IT or equipment based - might also have specific obligations on the Project Company to provide "exit" or "termination" services: tasks above and beyond its routine service delivery responsibilities which are specifically intended to support the transition process and ensure the seamless transfer of service delivery responsibilities to a replacement contractor.

5.3 Exit obligations on the Project Company might include:

- providing access to an up to date asset register (possibly supported by a technical description of how the assets work together) which clearly identifies any assets that are not designated as the sole use of the Project;
- providing details of records and documentation (including manuals and maintenance history) for handover;
- the return, retention and/or destruction of any confidential or other Authority data (especially in IT projects);
- the appointment of an exit manager to oversee the successful transition;

- support to the re-tendering of services including full provision of all necessary documentation and site access to the bidders and ultimately the replacement contractor;
- knowledge and skills transfer to the Authority and/or replacement contractor; and
- staff transfer issues.

5.4 Such obligations (and those of the Authority) would normally be formalised in an exit plan produced by the Project Company and updated as appropriate (and approved by the Authority) during the Contract term detailing:

- key activities in the exit process;
- relevant management structures;
- transfer and cessation processes including asset and information transfer, vacation of premises etc;
- additional termination services not covered by the Contract (and their associated charges); and
- specific plans to ensure service continuity.

5.5 Depending on the nature of the Contract, payment for such services may be factored into the service charge or may be additional and require negotiation. In the case of the latter, the Authority must ensure that the necessary funds are available at the required time.

5.6 If the Contract contains no specific exit/termination service obligations, the Authority should consider the degree to which the above listed considerations and the guidance contained in SoPC4 are relevant to its project. It must then review the level and nature of support it requires from the Project Company during exit and begin discussions as early as possible so as to ensure - if necessary, through a variation to the Contract - that these requirements are understood and met.

5.7 In preparing for exit, the Authority should also check:

- whether the Contract contains obligations on the Project Company to maintain service quality throughout any exit/transition period and seek a commitment from the Project Company to do so if the Contract is silent on the matter;
- which provisions and obligations survive the end of the Contract term, checking that these remain consistent with the Authority's rights and needs.

Ownership and transfer of assets

5.8 The Authority should also re-familiarise itself with the Contract's provisions relating to the ownership and transfer of assets at the end of the Contract term and assess them in the context of its strategy for the provision of services after this date. If there are assets owned by the Project Company, then under the Contract the Authority would normally have the right to purchase sole use assets to continue delivery of the service after the Contract ends. In such cases, the Authority must ensure that the funding required to make the purchase is budgeted for and available.

5.9 In some projects, however, service delivery may be reliant on shared assets or Project Company-owned assets (including IPR). In such cases the Authority must determine what rights it has with respect to transfer (or licensing in the case of IPR) and determine what issues may exist in transitioning service delivery to another contractor.

5.10 It is also usual practice for physical assets to be subject to a final condition survey towards the end of the Contract term to ensure that the Project Company continues to maintain them to the requisite quality right to the Contract end. This is particularly important when assets are to be handed back to the Authority. Any work required to raise the assets to the standard required under the Contract may be paid for through a retention fund, which is normally sourced by holding back a percentage of the service charge over the final few service payments. As such starting the analysis early is good practice as it allows any such set-off to be managed over the remaining term of the Contract. The period for and size of payments into the retention fund should be set on a project specific basis, by reference to the amount likely to be needed to rectify defects in the assets. If the Contractor carries out any maintenance as a result of the survey, it can be reimbursed from the retention fund or the Authority can use such funds itself to carry out necessary maintenance or rectification. Any shortfall in the fund in meeting required maintenance will need to be recovered from the Contractor. Any balance remaining in the fund belongs to the Contractor and should be paid to the Contractor together with accrued interest.

5.11 Again, the Authority must establish in good time what provisions the Contract contains relating to the condition of assets and a retention fund and either:

- decide if they are to be enacted upon; or
- determine whether alternative arrangements to the same or similar effect are required.

Staff transfer issues

5.12 The Government policy is to enhance worker protection and ensure fair and reasonable treatment of staff involved in delivering PFI projects based on:

- being open with staff;
- protecting terms and conditions for both transferees and new joiners; and
- protecting staff pensions.

5.13 The staff delivering the services will be employees of the Project Company or, more likely, their sub-contractors, but if the services are to be continued to be delivered either by another company or by the Authority, then TUPE Regulations and other regulations will apply and the Authority should ensure that the Project Company is aware of its obligations and that these are also taken into account once the future strategy is agreed.

5.14 Relevant legislation, directives, regulations and guidance are noted in Box 2 below. However, this is not to be regarded as a comprehensive list and Authorities must ensure they have up to date advice at the time of planning.

5.15 It is also essential that a strategy and plan for liaising with staff representatives and communicating with all affected staff is prepared and agreed well in advance of any exit/transition activity.

Box 2: Staff Transfer References

- Revised Transfer of Undertakings (Protection of Employment Regulations) April 2006
- Transfer of Undertakings (Protection of Employment) Regulations 1981 (SI 1794) as amended (which implement European Community Rights Directive (77/187/EEC as amended by Directive 98/50 EC and consolidated in 2001/23/EC).
- Code of Practice in Workplace Matters in Public Sector Service Contracts (March 2005) which will form part of the services specification and conditions except where Best Value Code of Practice on Workforce Matters in Local Authority Service Contracts applies or other conditions have been announced.
- HM Treasury guidance note (June 2004) A Fair Deal for Staff Pensions – Procurement of Bulk Transfer Agreements and Related Issues.
- Cabinet Office Statement of Practice on Staff Transfers in the Public Sector (2000) and annex A Fair Deal for Pensions.
- HM Treasury statement A Fair Deal for Staff Pensions (1999)

6 Step 4: Managing the transition to the new arrangements

Overview

6.1 Having established the timescales for both preparing for, and running, the follow-on procurement and also for enacting and/or developing the exit obligations for the current arrangement, the transition to the new arrangements should be formally established as a project. The primary management objectives of the project in achieving a successful exit/transition are to:

- create, maintain and follow a plan which is accurate, complete and robust; and
- manage the interests, needs and expectations of the key stakeholders.

Managing the plan

6.2 As illustrated by this guidance note, a sensible way of managing the transition might be to consider it as two work streams running in parallel:

- a future delivery work stream which identifies and puts in place the arrangement for maintaining service delivery after the current Contract expires; and
- an exit work stream which ensures that the current contractual relationship is brought to an end efficiently and that there is a smooth transition into the new arrangement.

6.3 This does not imply that there needs to be two distinct teams; depending on the complexity of the project one team could deal with both work streams.

6.4 There must be open and frequent communication between the two workstreams to ensure that they both continue to progress towards the same timescale objective. Both will also need to provide for risk assessment, issue management, maintaining an audit trail and to have robust governance arrangements. Box 3 sets out the type of issues Authorities will need to consider as part of the plan.

6.5 The main objectives of the plan will be to implement the replacement arrangement without disruption to ongoing service delivery. In all exit options, maintaining this service continuity through the transition period will be a critical requirement and needs to be a condition of defining and approving all project plans. This is especially important if the services are business critical or if the incumbent Project Company does not expect to win follow-on business. Even if there is no wilful loss of the Project Company's motivation it may be tempted to begin reallocating key resources prior to the end of the term; the Authority needs to be alive to such possibilities and take preventive action where necessary.

6.6 Although the Authority's priority should always be to achieve the timescales set out in the plan such that the new arrangements are in place to start at the natural end of the existing Contract's term, the Authority should also consider what options it has to extend the current term should it need to do so, this issue is discussed further in the Appendix.

Box 3: Managing the plan

As with any plan, the Authority should identify and periodically review:

- activity timescales based on experience;
- dependencies between activities;
- external dependencies;
- risks to the achievement of a successful and timely transition;
- issues that need to be addressed prior to completion of transition;
- contingency allowances, especially to cater for high risk activities and/or those which commonly over-run (e.g. approvals);
- resource requirements – especially on the Authority side – and a process to secure those resources; and
- budget required – and a process to secure it.

Managing the stakeholders

6.7 The transition to the new arrangement should allow appropriate engagement with the key stakeholder groups (i.e. those parties affected by either the future use of assets or the provision of related services). Stakeholders are likely to include:

- the users of the asset/service;
- the relevant business process owners;
- senior and strategic management within the business;
- policy officials in both the contracting organisation and (as appropriate) central government;
- the incumbent Project Company;
- the organisations involved in any asset or service related activity either within the scope of the previous arrangement or interfacing with it;
- representatives of staff who may be transferring in or out of old and new service delivery arrangements;
- the succeeding service providers; and
- service customers or their representatives.

6.8 In addition to ensuring that stakeholders are appropriately represented within the project governance structure, the Authority should also develop and manage a stakeholder communication plan which sets out the issues which each stakeholder needs to be engaged with or kept informed on and the process by which this engagement is to occur.

7 Summary of key points

7.1 The following are the critical factors for a successful exit/transition:

1. Start in good time and identify the issues. Allow plenty of time to research procurement options, understand the contractual rights and obligations of the parties and determine the key drivers, risks and issues that could affect the transition process.

2. Ensure service continuity. If there is to be a transition to a new service arrangement, make sure that all actions and plans are predicated on ensuring service continuity.

3. Check the Contract. Using professional legal advice if necessary, make sure that the rights and obligations relevant to exit are understood, are enforced and required notice periods are built in to the project plan. If the Contract provides insufficient coverage, act promptly to negotiate what is required from the incumbent.

4. Develop and maintain an accurate plan. Planning exit and transition can be a complex undertaking which can cause significant costs and disruption to the business if not successful

5. Ensure the necessary human and financial resources are available. As with any plan, the successful achievement of objectives is critically dependent on securing the necessary staff and finance (with the latter able to fund any additional services required of the incumbent to ensure a smooth and effective transition.)

A Contract term extension

A.1 At an early stage the Authority should consider what, if any, flexibility it has in extending the term of the original Contract. If sufficient time is allowed for planning the exit/transition period, there should be no need to invoke term extension rights but there may be circumstances where the Authority believes that an extension of the existing Contract may be appropriate or necessary, or where it remains a valid option to be maintained alongside developing plans for transition to a successor service.

A.2 In order to understand what flexibility exists in the timing of the end of the existing arrangement, the Authority should review what right it has to extend the Contract and specifically to understand:

- how long the Contract may be extended for, and what flexibility there is;
- how many times the Contract can be extended;
- how much notice must be given to the Project Company;
- what rights, if any, the Project Company has to refuse the extension or to negotiate the terms of the extension;
- what elements of the charges are already provided for in the Contract and will be applicable during the extended term, or whether payment terms will need to be renegotiated;
- whether a change in the level of services would be required, e.g. an amendment to any elements of the existing service during the extended term which are not provided in the existing Contract and payment arrangements; and
- whether the Contract provides for a period for the transition of services to a replacement supplier or suppliers at the end of any fixed term or whether the Authority needs to estimate the risks of (1) completing the new procurement; (2) the date of readiness of new services to enable transition to begin; and (3) the length of time until completion of transition.

A.3 In any event, extending the term should not be considered as an easy option to compensate for bad planning since it may:

- not be welcomed by the Project Company or its sub-contractors;
- not provide the flexibility to easily manage shifting procurement timescales;
- require difficult negotiations with the Project Company; and
- require additional funding.

A.4 There may also be limitations under EU procurement regulations about how and how often the Contract can be extended. If the Authority is in doubt as to what might be allowable under EU law, it should seek professional legal advice.

A.5 If the term extension provisions are to be used, it is better that they are held as a contingency in the event that the procurement for future delivery over-runs. In such cases, the Authority should seek to provide the Project Company with as much notice as possible to avoid disruption and to simplify the Project Company's planning. This further emphasises the need for effective planning and project management throughout the exit/transition period, (e.g. understanding dependencies, monitoring and mitigating risks and tracking milestone slippages which might suggest that a replacement procurement is at risk of over-run).

A.6 If the Contract does not specify how the service charges are to vary in the event of an extension of the term, negotiations should be commenced as soon as the option is considered. It is possible that some of the assets may be close to the end of their economic life at the end of the Contract term or that the Project Company may find an extension to be inconvenient. In either event, the Project Company may seek one or more of:

- an increase in charges to reflect additional costs that the Project Company wishes to charge for but which it is currently bearing the risk of;
- an increase in charges to reflect additional costs that are new to the extension period;
- an increase in charges greater than might occur simply through the continuation of any existing indexation formula in the Contract;
- a less stringent service credit regime; and
- less demanding performance targets (e.g. relating to reliability and repair times).

A.7 The Authority must be aware that any such revisions to the payment and performance model could lead to a material reduction in the value or money of services during the extension period.

A.8 The Authority also needs to review:

- any existing contractual provisions such as limits of liability that are expressed in the Contract in absolute terms rather than as a percentage of Contract charges to see if they are still relevant;
- whether any provisions would not remain valid in an extension period (e.g. a parent company guarantee or whether the Contract specifies actual dates for certain activities, for example benchmarking rather than periodic timescales);
- whether any specified usage volumes are still appropriate for the extension period;
- where PFI service charges have been sculpted over the existing term, whether the charges payable in the last period (i.e. the tail period of the financing) include an amount that you would not expect to see in the charges for extended period either because you are no longer amortising the initial capital cost or you should not include previous smoothing adjustments; and
- whether there are issues such as who is leasing the land on which the asset stands.

HM Treasury contacts

This document can be found in full on our website at:
hm-treasury.gov.uk

If you require this information in another language, format or have general enquiries about HM Treasury and its work, contact:

Correspondence and Enquiry Unit
HM Treasury
1 Horse Guards Road
London

SW1A 2HQ

Tel: 020 7270 4558
Fax: 020 7270 4861

E-mail: public.enquiries@hmtreasury.gsi.gov.uk

ISBN 978-1-84532-639-5