

Pwyllgor Cyllid
Finance Committee
Bae Caerdydd / Cardiff Bay
Caerdydd / Cardiff CF99 1NA

Andrew Davies,
Minister for Finance and Public Service Delivery
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

10 November 2008

Dear Minister,

Public Private Partnerships

Thank you for attending the Finance Committee meeting last week. The Committee and I very much appreciate the time that you have spared for us in recent weeks.

At the meeting today you agreed to respond in writing to a couple of points we were unable to reach in the time available:

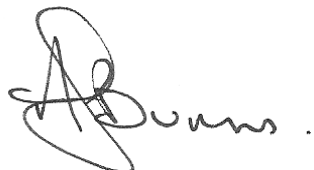
- a. In your response to the Committee's report, you mention that it is your intention to develop a Strategic Capital Investment Plan, following feedback from the Advisory Panel. The Committee would appreciate details of what exactly this plan would cover, that is, is this intended to encompass the entire capital investment programme, or only a predefined portion of the capital budget? The Committee would also like to know what the expected timescale for the development of such a plan is.
- b. With reference to the Strategic Capital Investment Framework, is it intended, or indeed possible, that this may be utilised to fund partnership projects, either through enabling start-up or via some form of PFI credit-like arrangements to local authorities or other public bodies?
- c. The Committee touched on the issue of staff terms and conditions during the meeting. However, in your response to the Committee's report you state that you intend to work to develop a framework in order to set out a clear understanding of how PPPs should approach staff terms and conditions. The Committee would be very interested in how you envisage this framework operating. Is it intended to be a formal Concordat, such as is in place in Scotland?

You also agreed:

- d. to provide the Committee with a note listing all of the 37 PPP/PFI projects in Wales together with an explanation of how they are categorised; and
- e. to provide information on the first tranche of the EPEC's work on the PPP opportunities within transport infrastructure.

As the Finance Committee intends to publish its final report on Public Private Partnerships early in the New Year, a response on these points by 20 November would be really helpful.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A Burns' with a stylized flourish at the end.

**Angela Burns,
Chair, Finance Committee**

John Grimes
Clerk - Audit Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

Andrew Davies AM/AC
Y Gweinidog dros Gyllid a Chyflenwi Gwasanaethau
Cyhoeddus
Minister for Finance and Public Service Delivery



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Angela Burns AM,
Chair – Finance Committee,
National Assembly for Wales,
Cardiff Bay,
Cardiff,
CF99 1NA

2nd December 2008

Dear Angela

Thank you for your correspondence dated 10 November 2008 which asks for further information following my appearance at Finance Committee during the previous week.

In terms of the points that you raised in your correspondence, my response is detailed below.

- a. Today I made an announcement about the first round of capital projects to be funded through the Strategic Capital Investment Framework. I believe the announcement will address the queries that you have raised
- b. I want to see that investment proposals leverage funding from external sources where appropriate. The announcement includes projects that have been developed in partnership with external funding providers.
- c. I am in the process of considering the optimal approach of taking forward this important issue, and I will be consulting with Trade Unions to listen to their views. Therefore, I am not yet in a position to provide any additional information other than that contained in my formal response to Committee on 6 November 2008.
- d. The table attached (Annex A) lists all 42 PFI projects active in Wales as recorded on the PUK website. Of these schemes, many are either small, not strictly PFI models or have been procured by organisations / Departments active in Wales but outside the direct influence of Welsh Assembly Government. These include the Second Severn Crossing, Hawk Simulator and Parc Prison Bridgend.

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Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)

PFI projects referred to in response to the Welsh Assembly Government supported schemes are restricted to those which are true PFI schemes, with the unitary charge funded either in whole or in part as a long term commitment by the Assembly Government. All of these 16 schemes were inherited from the former Welsh Office and/or the Cardiff Bay Development Corporation/WDA and are highlighted in yellow. This list includes 11 local authority schemes selected following the two PFI Credit bidding rounds, two road schemes to which the Assembly Government has a contractual obligation and three hospitals.

- e. Since the launch of EPEC in September 2008, the EPEC Steering Group has agreed its work programme for the remainder of 2008/09 which will focus on 3 study areas:
1. Wider costs and benefits of PPPs.
 2. Eurostat guidance on the national accounting treatment of PPP transactions.
 3. Review of independent audit reports on PPP transactions and dissemination of lessons learned.

An additional study area is being considered about the impact of the credit crunch on PPPs.

I trust that this response deals with the points that you raised in your correspondence.

Jane

Andrew

Annex A

PFI Projects in Wales as listed on the Partnerships UK website, November 2008.

	<u>Project</u>	<u>Sector</u>	<u>Region</u>	<u>Capital Value</u> <u>£'m</u>
1.	Hawk Simulator RAF Valley	Equipment	Anglesey	20.20
2.	HMP Parc	Prisons & Detention Centres	Bridgend	74.00
3.	Bridgend County Borough Council - Maesteg Secondary School	Secondary	Bridgend	24.00
4.	Sirhowy Enterprise Way Road Scheme	Roads	Caerphilly	34.30
5.	Ysgol Gyfun Cwm Rhymni & Lewis Boys	Secondary	Caerphilly	25.00
6.	Gwent Police - Ystrad Mynach Police Station	Emergency Services	Caerphilly	6.00
7.	Lloyd George Avenue and Callaghan Square	Roads	Cardiff	45.00
8.	St David's Community Hospital	Hospitals	Cardiff	16.00
9.	University Hospital of Wales Car Parks	Hospitals	Cardiff	5.82
10.	University Hospital of Wales Main Entrance and Concourse	Hospitals	Cardiff	1.00
11.	University Hospital of Wales Sterile Services	Hospitals	Cardiff	2.00
12.	Ammanford Police Station	Emergency Services	Carmarthenshire	8.00
13.	Prince Philip Hospital Contract Energy Management and Combined Heat and Power	Hospitals	Carmarthenshire	0.30
14.	Bronglais Hospital Energy Management Project	Energy	Ceredigion	0.00
15.	Ysgol Gyfun Penweddig, Penweddig Secondary School	Secondary	Ceredigion	12.00
16.	Abergele Hospital Energy Management	Hospitals	Conwy	0.31
17.	Conwy Schools Project	Secondary	Conwy	40.70
18.	North Wales Police Central Divisional Headquarters	Emergency Services	Denbighshire	15.00
19.	Denbighshire County Council – Council Offices	Offices	Denbighshire	12.10
20.	Glan Clwyd Hospital Renal and Diabetes Unit	Hospitals	Denbighshire	3.40
21.	A55 Llandygai to Holyhead Trunk Road	Roads	Gwynedd	100.00
22.	Second Severn Crossing	Roads	Monmouthshire	331.00
23.	Chepstow Community Hospital	Hospitals	Monmouthshire	10.00
24.	Neville Hall Endoscopy and Day Surgery Unit	Hospitals	Monmouthshire	3.50
25.	Neville Hall Hospital Energy Management Project	Hospitals	Monmouthshire	3.30
26.	Gwent Healthcare NHS Trust - Monnow Court	District Community Trusts	Monmouthshire	4.00
27.	Neath Port Talbot Hospital	Hospitals	Neath & Port Talbot	66.00
28.	Newport Southern Distributor Road	Roads	Newport	57.10
29.	Royal Gwent Hospital and St Woolos Hospital Energy Management Project	Hospitals	Newport	4.00

30.	Newport Schools	Primary	Newport	16.50
31.	Pembroke Dock Primary School and offices	Primary	Pembrokeshire	8.00
32.	Pembrokeshire and Derwen NHS Trust Energy Management	Hospitals	Pembrokeshire	0.25
33.	Royal Glamorgan Hospital Staff residences	Hospitals	Rhondda Cynon Taff	2.50
34.	South Wales Fire Service - Fire Training Facility	Emergency Services	Rhondda Cynon Taff	7.20
35.	Rhondda Cynon Tâf Schools & Lifelong Learning Centre	Primary & Secondary	Rhondda Cynon Taff	27.20
36.	Car parking/security Morriston Hospital	Hospitals	Swansea	0.30
37.	Singleton Hospital Incinerator replacement	Hospitals	Swansea	0.65
38.	DVLA - Estates Transformation Project	Offices	Swansea	1.80
39.	Llandough Hospital Contract Energy Management and Combined Heat and Power	Hospitals	Vale of Glamorgan	0.60
40.	Llandough Hospital Staff Nursery and Day Nursery	Hospitals	Vale of Glamorgan	1.60
41.	Sully Hospital Contract Energy Management and Waste	Hospitals	Vale of Glamorgan	0.92
42.	Wrexham County Borough Council - Waste PFI	Waste	Wrexham	23.65