

The impact of PFI on London’s hospitals and schools

February 2018

Hospitals/Social care

There are **29** hospital/social care PFI schemes in London.

Their capital value is **£2.8bn**.

Payments due to the PFI operators/companies

Unitary Payments (1992/93 – 2016/17): £5.4bn

Unitary Payments (2017/18 - till end): £16.8bn

So a total of **£22.2bn** of payments (incl. services) for **£2.8bn** of capital over the lifetime of the contract.

Profit and tax savings

Of the London PFI schemes, CHPI has been able to review the financial accounts of **22** of the 29 schemes. These 22 schemes have a capital value of **£2.7bn** and from 2008/09-2015/16 (the period for which profit data was available) they paid **£3.5bn** to the PFI companies.

Out of this £3.5bn the PFI operators made a **profit** before tax of **£334.1m**.

Profits Before Tax (PBT) 2008-2015	Actual tax charge per accounts 2008-2015	Estimated tax charge (at main rate of 30%) 2008-2015	Estimated tax saving
£334.1m	£67.5m	£100.3m	£32.8m

Education/Schools

There are **37** education PFI schemes in London.

Their capital value is **£1.6bn**.

Payments due to the PFI operators/companies

Unitary Payments (1992/93 – 2016/17): £1.9bn

Unitary Payments (2017/18 - till end): £3.5bn

So a total of **£5.4bn** of payments (incl. services) for **£1.6bn** of capital over the lifetime of the contract.

Profit and tax savings

Of the London PFI schemes, CHPI has been able to review the financial accounts of **30** of the 37 schemes. These 30 schemes have a capital value of **£1.2bn** and from 2008/09-2016/17 (the period for which profit data was available) they paid **£1.1bn** to the PFI companies.

Out of this £1.1bn the PFI operators made a **profit** before tax of **£53.4m**.

Profits Before Tax (PBT) 2008-2016	Actual tax charge per accounts 20008-2016	Estimated tax charge (at main rate of 30%) 2008-2016	Estimated tax saving
£53.4m	£12.0m	£15.8m	£3.8m

Sources

1. HM Treasury and Infrastructure and Projects Authority: **Private Finance Initiative and Private Finance 2 projects: 2016 summary data.**

<https://www.gov.uk/government/publications/private-finance-initiative-and-private-finance-2-projects-2016-summary-data>

2. Profit data was based on CHPI's review of PFI operators' accounts using Companies House filings. For further details on methodology please see:

'P.F.I – Profiting from Infirmaries', CHPI, August 2017.

<https://chpi.org.uk/papers/reports/pfi-profiting-from-infirmaries/>

'Counting the cost of school PFI schemes', CHPI, February 2018

<https://chpi.org.uk/blog/counting-cost-school-pfi-schemes/>

3. For further information of the calculation of the tax saving made by PFI operators due to falling tax rates:

'The PFI companies' windfall from falling Corporation Tax rates', CHPI, December 2017

<https://chpi.org.uk/blog/the-pfi-companies-windfall-from-falling-corporation-tax-rates/>

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