

## Minutes of the PRG meeting held on 19 February 2008 at HM Treasury

### Present

Gordon McKechnie (Chair)  
 Danny Daniels  
 Nick Joyce  
 Miranda Lingard  
 Peter Livesey  
 David Locke

Ayoola Ladega (CLG)  
 John Percival (Rochdale Council)

Jon Yates (CLG)  
 Paul Hanson (North Tyneside  
 Council)

Howel Jones (PUK support)  
 Phil Batchelor (Secretary)

### Apologies

Kate Cohen  
 Simon Oliver (conflicted)

### 1. Approved Projects

Department	Authority	Project	Comments
Communities and Local Government	Rochdale Metropolitan Borough Council	Heywood Joint Service Centre (JSC)	The PRG approved £3.004 million of PFI credits.

### 2. Projects Not Approved

Department	Authority	Project	Comments
Communities and Local Government	North Tyneside Metropolitan Borough Council	Older People Homes for the Future (HRA)	<p>The PRG did not believe that the project was sufficiently mature to go to market and did not approve the allocation of PFI credits.</p> <p>In reaching this decision the PRG raised several areas of concern. The below is not intended to be an exhaustive checklist but to highlight the major areas of concern raised at the meeting:</p> <ul style="list-style-type: none"> <li>• The costs of the project submitted were not sufficiently robust. Particular attention was drawn to the scale of the sensitivities around potential cost escalations during refurbishment.</li> <li>• The output specification used for the development of the OBC was for an unrelated, non-PFI project. PRG expect a more developed output specification to support the outline business case.</li> <li>• The project must demonstrate that</li> </ul>

			<p>sufficient budget is in place to cover advisory costs, without recourse to the unitary charge payments.</p> <ul style="list-style-type: none"><li>• The project must demonstrate a more robust value for money case, with a vigorous analysis of both the qualitative and quantitative elements.</li><li>• The tax treatment assumed in the value for money assessment did not appear to reflect the likely approach from housing sector bidders</li><li>• The size of the PFI credit allocation sought was not commensurate with the apparent capital value of the project and the explanation given was not clear.</li></ul> <p>Treasury, Partnerships UK and CLG will meet to discuss sector-wide issues in the CLG HRA projects.</p> <p>In order to proceed, the project will need to return to a future PRG meeting.</p>
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