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16 October 2008

To Departmental Private Finance Units

SoPC 4 Addendum October 2008: Amended Refinancing Provisions

Further to my letter of 30 July 2008, this letter is being sent to the Departmental Private Finance Units as a covering note to HM Treasury's Addendum to Standardisation of PFI Contracts, Version 4 ("SoPC 4"), Amended Refinancing Provisions (the "Addendum").

The amended refinancing clauses listed in the Addendum replace the existing drafting within SoPC 4. The application of the revised provisions are mandatory for all PFI projects that are still in competitive procurement (i.e. where final bids have not yet been received or the Competitive Dialogue process has not been closed) as at 1 November 2008, and all projects where the terms of the funding arrangements change after the date of this letter. The guidance is therefore not mandatory for those PFI projects at preferred bidder or where final bids are received before this date. However, adoption of the revised guidance and adherence to the principles contained therein is encouraged for those projects where its use is not mandatory. Subject to applicable procurement principles, an Authority and Contractor should consider these principles in any event and the Authority should discuss their position with the Refinancing Taskforce and/or HM Treasury.

HM Treasury will review the position of the funding markets and consider whether to continue use of the Addendum 18 months from the date of this letter. Should you wish to discuss the Addendum please contact Cameron Matson (Tel: 020 7270 4663) or the Refinancing Taskforce at Partnerships UK (Tel: 020 7273 8383).

Yours sincerely,

Gordon McKechnie
Head of PFI/PPP Policy

