THE PRESS

The Press is published by North London and Herts Newspapers Ltd, 4th floor, Refuge House, 9–10 River Front, Enfield, Middlesex EN1 3SZ

Publisher: Alison Cruse
Advertising manager: Maria Pirani

Tel: 020 8367 2345
Fax (advertising): 020 8366 4013

If you wish to deliver The Press, please call 020 8370 5465, and leave your name, address, postcode, phone number and your age.

We try to deliver your paper promptly and efficiently each week. If a delivery agent does not do their job properly, we want to know. Please call 020 8370 5465, leaving your name, address, phone number and postcode.

NEWSPAPERS SUPPORT RECYCLING

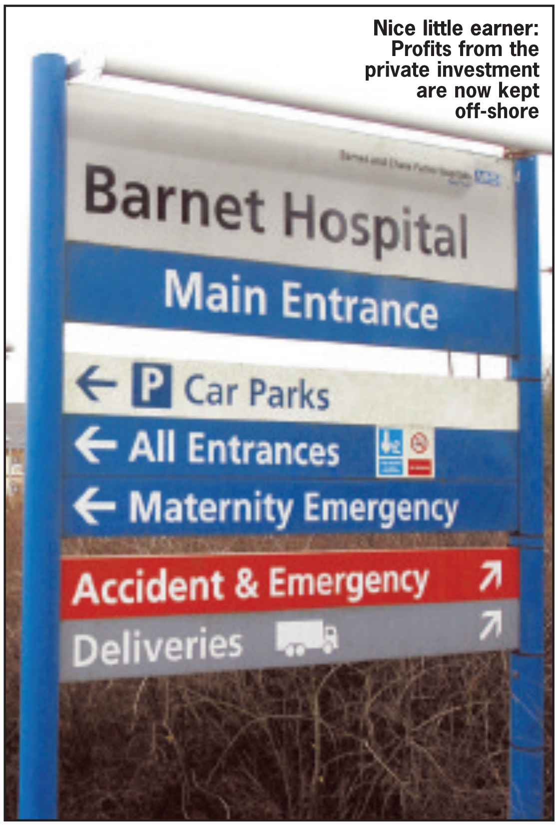
www.barnet-today.co.uk

Typesetting and origination: London & Essex Newspapers, Leigham Court Road, Streatham, SW16 2PD. Tel: 020 8769 4444

Printed by Newsquest, Oxford

Registered as a newspaper with the Royal Mail. Priced 40p where sold

£70m Barnet Hospital PFI rebuild makes huge profits for firms as banks snap up 'investments'



Nice little earner: Profits from the private investment are now kept off-shore

By James Lowe

CONSTRUCTION companies have made huge profits from selling on their shares in the rebuilding of Barnet Hospital to offshoots of banks, which are sheltering their own earnings in an off-shore tax-haven.

The £70million hospital was built under a controversial partnership agreement, known as a Private Finance Initiative (PFI) or a Public Private Partnership (PPP). But as a new report released by social justice watchdog the European Services Strategy Unit shows, private companies which invested £40m in the rebuilding costs are now cashing in their shares and receiving massive profits – at an average of 66.7 per cent – by selling on their stakes to banks.

The report shows that HSBC Infrastructure Company (HICL), which had originally owned 30 per cent of the investment in Barnet Hospital, now has 100 per cent sole ownership after gradually buying out the shares held by other partners in the project's building consortium. The company is registered in the tax-haven of Guernsey.

PFIs have hit the headlines in recent years for charging taxpayers inflated bills for simple jobs – such as more than £200 to fit an electrical socket.

The report shows the profits now being scooped up by construction companies dwarf their original stakes by as much as 60 per cent. And the report's author argues that these new valuations "make a nonsense" of the original assessments which were supposed to ensure value-for-money for taxpayers.

Dexter Whitfield, director of the ESSU, said: "If these profits had been taken into account at the evaluation stage, then few projects would have been approved. PPP projects are little more than money-making mechanisms for builders and banks."

Questions have been asked since the first PPP hospitals were built more than ten years ago as to whether taxpayers' receive value-for-money from the arrangements. But the focus has been largely on the services provided rather than profits made from the sale of bricks and mortar or equipment.

The ESSU report recommends that profits made from the sale of shares in hospitals such as Barnet, and similar PPP projects, should be limited to avoid important assets being sold off too cheaply. It also recommends that the public sector should receive a 50 per cent share of any profit made above a certain level and calls for greater control and transparency on the sale of hospitals, before ultimately concluding that the PPP system should be scrapped altogether.

TELL US WHAT YOU THINK

❑ **Write to** Letters to the Editor, The Press, 4th floor, Refuge House, 9–10 River Front, Enfield, EN1 3SZ
❑ **Email** letters.barnet@nlhnews.co.uk