

Appendix 4

Terminated UK PPP projects

Date	Project and companies	Buy-out of contract	Buyout cost £m	Capital cost of project £m
Buy-out of failed PFI projects				
1995-2004	Skye Bridge, Scotland Miller Civil Engineering Ltd, Dyckerhoff, Widmann AG (known as Miller-Dywidag) & BankAmerica International Finance Corporation	Closed ferry service when bridge opened in 1995 followed by vociferous community campaign against high toll fees. Tolls frozen at 1999 prices for remainder and abandoned in 2004 and concession terminated with £27m payment by Scottish Executive. www.scottish.parliament.uk/s3/committees/finance/inquiries/capInvest	27.0	39.0
1999-2006	Inverness Air Terminal Ltd. Highland-Inverness Airport: Infrastructure Investors (Barclays Bank)	Scottish Executive funded buy-out by Highland & Islands Airports Ltd. Structure of contract considered disincentive to growth of new services. www.scottish.parliament.uk/s3/committees/finance/inquiries/capInvest/adviser_buyouts.pdf	27.5	9.5 (total cost £73.0m)
1999-2006	West Lothian College HBG (Royal BAM Group)	Scottish Funding Council, supported by Scottish Executive, bought-out contract – based on assumptions of student growth that did not materialize leaving £11m funding gap over 20 years. Change in funding policy and college faced financial crisis in funding PFI project. www.scottish.parliament.uk/s3/committees/finance/inquiries/capInvest	27.5	18.0
2003-2010	London Underground Tube Lines (Holdings) Ltd Amey UK plc and Bechtel Corporation	Transport for London acquires Tube Lines after failure of PPP contract. Amey reported £1.7m profit on sale (Annual Report 2010 p 47) Bechtel Corporation Press 7/5/2010	206.4	5,526.0
2003-2011	Tees, Esk and Wear Valleys Mental Health Foundation Trust	NHS Trust paid £18.0m in 2011 to buy-out West Park Hospital, Darlington, contract with Aviva, aided by a surplus in its 2010 accounts. Trust will save £14m over remainder of the contract. http://www.tewv.nhs.uk/Trust-News/News/Buying-West-Park-Hospital/	18.0	16.0
Terminated PFI projects				
1998-2004	National Physical Laboratory John Laing plc	Terminated in 2004 after long construction delays and failure to meet specification. "Original private sector design of the new buildings was deficient" (NAO). John Laing plc lost £67m, subcontractors £12m, banks lost £18m and Laing's and Serco £4m in dividends. DTI invested £122m (including termination compensation, procurement costs, upfront payments and unitary payments) and left with £85m assets. Private sector failed to meet high quality specification required for the laboratory. http://www.nao.org.uk/publications/0506/the_termination_of_the_pfi_con.aspx	n/a	89.0
1999-2000	Energy Centre, Mayday University Hospital Trust, Croydon Miller Construction	Did not perform as required and terminated in 2000. Trust retendered and modifications and new control system in 2003 cost £0.3m. http://www.publications.parliament.uk/pa/cm200506/cms/elect/cmpubacc/694/5111614.htm http://www.vitalenergi.co.uk/casestudy_mayday.html	n/a	n/a
2000-2008	Ministry of Defence, Defence Animal Centre Parkwood Holdings plc	Defence Animal Centre (Realm Services (DAC) Ltd – early termination of contract - £2.7m loss in 2009 accounts (Parkwood Holdings AR 2009 p2 and 61)	n/a	11.0
2003-2007	Transport for London, Metronet , Sub Surface Lines	Metronet had two 30 year PPP contracts for maintenance and renewal of the Bakerloo, Central,	n/a	6,687.0

PPP Wealth Machine: UK and Global trends in trading project ownership

	(SSL) - District, Circle, Metropolitan, East London & Hammersmith & City	Victoria and Waterloo & City TUBE Lines and another for the "sub-surface lines": the Circle, District, Hammersmith & City, Metropolitan and East London Lines. PPPs had £992m overspend by July 2007, projected to be £1.8bn by 2010. Transport for London took over work. Shareholders lost £350m equity (NAO, 2012). Loss to public sector was £170m-£410m (Public Accounts Committee, March, 2010 http://www.publications.parliament.uk/pa/cm200910/cms/elect/cmpubacc/390/390.pdf		
1996 - 1999	Royal Armouries Museum, Leeds	Achieved only a third of 1.3m visitors forecast and plummeted to fewer than 200,000 within 2 years. Consortia refinanced deal twice but cumulative losses soared to £10m in 1999 and the Bank of Scotland refused further lending, forcing renegotiation of contract, ceased to be a PPP. Returned to public sector. (http://www.nao.org.uk/publications/0001/royal_armouries_museum_in_leed.aspx)	n/a	43.0
1998-2012	Transport for London UK Power Networks Services Ltd (80%) ABB UK (10%) and Balfour Beatty (10%).	London Underground Power Supply PFI contract terminated at half-way break clause to make "significant savings" and "avoiding expensive financing costs" (TfL press release 16 August 2012). Termination payments will be made to shareholders. 30-year contract signed 13 August 1998.	n/a	133.0
2001-2008	Cornwall Grouped Schools 1 Mowlem and WS Atkins (New Schools Cornwall)	25-year PFI contract signed 2001 to refurbish and maintain 28 schools. Council had to step in to carry out £10m essential remedial repairs following years of teacher complaints. Shareholders (Innisfree 100% from March 2004) lost £4.8m on termination of contract in 2008 (NAO, 2012).	n/a	36.0
1998-2010	Transport for London Oyster Card TranSys (Electronic Data Systems and Cubic Transportation Systems)	17-year contract but Transport for London used break clause to cancel following two major technical failures in 2008. New contract agreed in November 2008 to run from 2010-13 for two of the original consortium shareholders to run the system with TfL gaining ownership of Oyster brand.	n/a	100.0
2000-2003	Croydon Tramlink Bombardier, Sir Robert McAlpine, Amey plc	Contract signed November 1996. Financial losses of £18.3m between 2000-03.	n/a	205.0
2002-2005	Crymlyn Burrows waste treatment plant, Swansea, Wales. HLC Environmental Projects (HLC, Portugal utilities company), financed by Bank of Scotland.	Terminated by Neath Port Talbot Council in 2005 because it was incapable of handling the daily tonnage of contracted waste. Since operated by local authority. Long legal dispute over the right to the assets - bank wanted open market sale but Council gained High Court approval to purchase and operate the assets http://www.letsrecycle.com/do/ecco.py/view_item?listid=37&listcatid=234&listitemid=7881	n/a	40.0
PFI/PPP projects with major problems				
2012	London Fire & Rescue Authority Lincolnshire Fires & Rescue Authority AssetCo	AssetCo London Limited (financial close November 2000), AssetC Lincoln Limited, AssetCo Engineering Limited and AssetCo Solutions Limited sold for £2 (two pounds) to AB & A Investments Limited after £16.5m loss in six-month period to 31 March 2012. http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail.html?announcementid=11299293	0.0	118.0
1999-2008	Dalmuir Sewerage Treatment Works: Barr Construction, Taylor Woodrow, SAUR, Halcrow	Contract signed March 1999. In 2008 the Scottish Water board was told that the PFI plants were a "reputational risk". Dalmuir had significant pollution breaches, inadequate works, bad smells, weak penalty regime. Dalmuir plant was said to suffer from "the combination of an inherent compliance problem due to the inadequacy of the works from a size and process perspective, an operator which is losing £1 million per annum and a weak contractual penalty regime" (Edwards). In order to try and combat Dalmuir's problems, Scottish Water has been granted an extra £30 million by the Water Industry Commissioner for	n/a	50.0

		Scotland. http://www.robedwards.com/2011/03/exposed-the-pfi-sewage-scandal.html		
2002-	Brighton & Hove Council Jarvis plc	Terminated 3-school FM contract (signed March 2002) after Council reported quality of service a 'significant concern'. Jarvis demanded increased payments.	n/a	25.0
2004-2005	Dudley Group of Hospitals Sir Robert McAlpine	Summit Healthcare (Sir Robert McAlpine, Interserve FM and Bank of Scotland) to redevelop and expand Acute Hospital. Additional refurbishment work required led to McAlpine suffering £100m losses. Firm sued NHS Trust for damages and received £23.2m in 2007.	n/a	139.0
2002-2004	East Lothian Schools – Ballast Wiltshire	Ballast UK went into administration in refurbishing 6 schools and community centre. Parent company withdrew funding. Unpaid subcontractors into liquidation. Replacement contractor but long delay. Ballast had 50% of project equity.	n/a	45.0

Source: European Services Strategy Unit PPP Database 2012: n/a - Not applicable

Details of failure of contract terminations, cost overruns and delays in PPP information and communications technology contracts 1998-2007 are available in **Cost Overruns, Delays and Terminations in 105 Outsourced Public Sector ICT Contracts**, ESSU Research Report No. 3 by Dexter Whitfield.

<http://www.european-services-strategy.org.uk/publications/essu-research-reports/essu-research-report-no-3-cost-overruns-delays/essu-research-paper-3.pdf>