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To Departmental Private Finance  
Units

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## Further PFI Guidance

I am pleased to attach to this note an Addendum to “Standardisation of PFI Contracts Version 3” (SoPC3), together with a new insurance chapter for SoPC3.

The Addendum includes further guidance on:

- Freedom of information;
- Capital contributions;
- Change of ownership;
- Payments in advance; and
- Direct Agreement subordination provisions.

It further provides for a regime of permitted derogations that allows Authorities to make certain changes to SoPC3 required drafting without need for referral to HM Treasury or PartnershipsUK. Authorities may adopt these permitted derogations immediately.

The revised insurance chapter (Chapter 24) is the result of extensive discussion with stakeholders earlier this year. The application of this new chapter is mandatory for all projects that are still in competitive procurement (i.e. where final bids have not yet been received) on or after 1 February 2006. The Guidance is therefore not mandatory for those deals at preferred bidder or where final bids are received before 1 February 2006. Adoption of the insurance guidance is encouraged for those projects where its use is not mandatory. HM Treasury wishes to ensure project insurance arrangements represent value for money and Authorities should discuss such arrangements with PartnershipsUK in good time ahead of close. Derogations from the required drafting will need approval on project-specific grounds through the usual contractual derogation process.

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Head of PFI Policy



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