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# Hanging in the balance (PFI & PwC)

By Private Eye

From Private Eye, the otherwise barely-reported story of the recent Treasury paper underlying the UK government's renewed commitment to more! bigger! better! PFI, which draws on the 'analysis' of PFI fee-farmers PricewaterhouseCoopers, KPMG etc.

It has screwed scores of hospital budgets, snarled up the school building process and lumbered taxpayers with billions of pounds of hidden debts, yet the private finance initiative continues to thrive. Why?

Because there's a huge and hungry PFI industry out there that needs its billions and continues to control government thinking on PFI. The Treasury's little-noticed by crucial paper *Infrastructure procurement: delivering long term value* last month paved the way for yet more private finance - relying on "evidence" from, er, PFI consultants KPMG and PwC that PFI remains effective. PwC's report in particular was a desperate attempt, called *Hanging in the balance*, to justify more PFI even though the off-balance-sheet magic that so attracted Gordon Brown to it is due to end. The report came out the Treasury's private finance unit, run by Gordon McKechnie, a senior partner on secondment from Deloitte where, in the firm's words, he was "instrumental in building up the Deloitte PPP [PFI] and project finance capability". When McKechnie joined the Treasury last year, Deloitte's head of PFI Nick Prior (who himself used to run PFI at the MoD) expressed his delight at making "a positive contribution to the market". McKechnie has certainly done more than that with his latest report that will see more billions flood "the market".