



National Health Service in Scotland
Management Executive

St. Andrew's House
Edinburgh EH1 3DG

6 July 1995

Dear Colleague

PRIVATE FINANCE AND APPROVAL OF CAPITAL

Summary

1. The guidance attached describes the process to be undertaken in exploring private finance options within capital schemes. The Secretary of State for Scotland has stated that all capital schemes will be required to demonstrate that private sector alternatives have been fully considered before public finance is made available.

Action

2. All schemes are required to explore private finance options. The process of exploration and its result must be clearly demonstrated in the full Business Case submitted to the ME as described in FIN GEN(1994)2. Testing for private finance should also be undertaken for schemes within delegated limits.

3. The guidance provided here should be followed in order to satisfy the ME and Treasury that private finance has been rigorously explored.

4. The Guide should be added to the Scottish Capital Investment Manual when this is issued and used in conjunction with its contents. The extant guidance in FIN GEN(1994)2 on Business Case preparation will complement the Guide in the meantime.

5. The Guide also provides details of the PF procurement process and information on the issues of risk transfer and value for money. Additional copies are available from HMSO at a price of £9.00.

Yours sincerely

SIMON FEATHERSTONE
Director of Finance

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