

PFI Value for Money Quantitative Assessment

Output sheet - Indifference points (see "Quantitative Assessment User Guide" pp. 10-15)

Output Box	
Scenario name	Indicative VIM -15% IRR
IRRs	
Pre Tax Equity IRR	15.01%
Pre Tax Project IRR	8.79%
VIM	
"Indicative" PFI VIM	10.29%
Indifference Points (IP)	
PSC	
Initial CapEx	0%
OpEx (Non Employment)	0%
OpEx (Employment)	0%
Transaction Costs	0%
PFI	
Unitary Charge	0%
Other Values	
PSC Costs (NPV)	-516.311
PFI Costs (NPV)	-463.157
Unadjusted Annual Unitary Charge	33.3

Switches
IRR

Indifference Points (IP)

The "Indicative" PFI VIM value is determined by selecting the target IRR switch which corresponds closest to the PFI Contractor's expected return.

Running an Indifference Point switch gives the percentage increase/decrease in the variable required to give the point of indifference between the two procurement options.

In the event that #DIV/0!, #NUMs or other error messages appear in the Output Box, having updated the relevant inputs, the stabiliser switch should be used to clear the errors.

The Output Box results may be recorded in the separate "Output-Stashed Scenarios" spreadsheet by clicking the Stash Scenarios switch.

The Print switch enables the user to print the outputs to the left of the switches.

Explanations

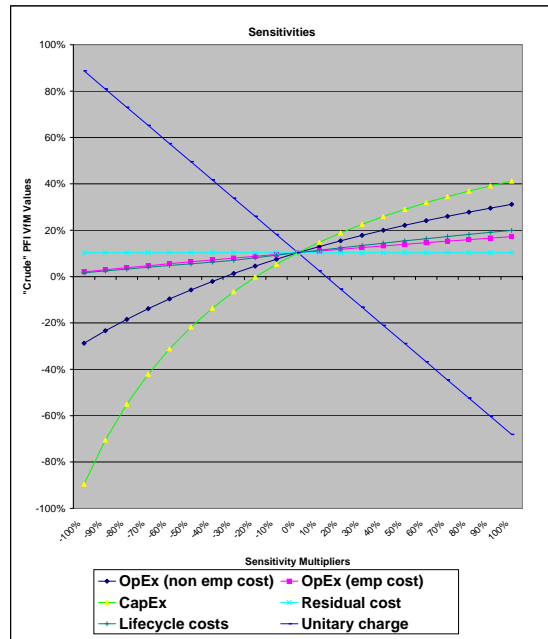
-16.16%
-33.95%
-122.48%
-883.13%
13.13%

PSC Sensitivity Multipliers	
CapEx(%)	0%
Lifecycle (%)	0%
OpEx (non employment) (%)	0%
OpEx (employment) (%)	0%
Transaction (%)	0%
Residual cost (%)	0%
Third party income (%)	0%

Check	
Senior Debt Fully Repaid?	TRUE
Pre Tax IRR = Target?	TRUE
Total Cashflows = Zero?	TRUE

Scenario No	7.00
Unitary Charge Balancer(E'mn)	33.30
Default UC Factor	70%

N/A Not applicable
Inputs for running sensitivities
No input required
Default value of 30%



"Indicative" PFI VIM Sensitivity Values

Multiplier	OpEx (Non Employment)	OpEx (Employment)	CapEx	Residual Cost	Unitary Charge	Lifecycle Cost
-100%	-28.7%	2.1%	-89.5%	10.3%	88.7%	1.7%
-90%	-23.4%	3.0%	-70.6%	10.3%	80.9%	2.5%
-80%	-18.4%	3.8%	-55.0%	10.3%	73.0%	3.2%
-70%	-13.9%	4.7%	-42.1%	10.3%	65.2%	4.0%
-60%	-9.7%	5.5%	-31.2%	10.3%	57.4%	4.8%
-50%	-5.7%	6.4%	-21.8%	10.3%	49.5%	5.5%
-40%	-2.1%	7.2%	-13.6%	10.3%	41.7%	6.3%
-30%	1.3%	8.0%	-6.5%	10.3%	33.8%	7.0%
-20%	4.5%	8.8%	-0.3%	10.3%	26.0%	8.1%
-10%	7.5%	9.5%	5.3%	10.3%	18.1%	9.2%
0%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
10%	12.9%	11.0%	14.8%	10.3%	2.5%	11.4%
20%	15.4%	11.8%	18.8%	10.3%	-5.4%	12.4%
30%	17.8%	12.5%	22.5%	10.3%	-13.2%	13.4%
40%	20.0%	13.2%	25.9%	10.3%	-21.1%	14.4%
50%	22.1%	13.9%	29.0%	10.3%	-28.9%	15.4%
60%	24.1%	14.6%	31.8%	10.3%	-36.8%	16.3%
70%	26.0%	15.3%	34.5%	10.3%	-44.6%	17.3%
80%	27.8%	15.9%	36.9%	10.3%	-52.4%	18.2%
90%	29.5%	16.6%	39.1%	10.3%	-60.3%	19.1%
100%	31.2%	17.3%	41.2%	10.3%	-68.1%	19.9%

The chart shows the impact on the "Indicative" PFI VIM Value of inflating and deflating the relevant tabulated PSC cost variable and the Unitary Charge by different multiplier values, varying from -100% to 100%.

(i) Where the x axis (corresponding to a zero VIM Value) is traversed, the point of indifference between the two procurement options has been reached.

(ii) Various hard-wired lifecycle related assumptions, (i.e.) in connection with the Residual Cost and the VIM Adjustment factor, will result in adjustments only in the event that pre-determined benchmarks are reached. Since such adjustments are "stepped", rather than gradual, it is likely that the lifecycle cost line will be skewed.

For further information, please refer to section < > of the User Guide.

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Output sheet - Stashed Scenarios (see see "Quantitative Assessment User Guide" pp. 10-15)

Scenario name	Indicative VfM -15% IRR Capex, Opex. & LC (-5%)	Indicative VfM -15% IRR Opex. & LC (-5%)	Indicative VfM -15% IRR Opex. & LC (+5%)	Indicative VfM -15% IRR Capex (-5%)	Indicative VfM -15% IRR Capex (+ 5%)	Indicative VfM -13% IRR	Indicative VfM -18% IRR	Indicative VfM -15% IRR
IRRs								
Pre Tax Equity IRR	15%	15%	15%	15%	15%	13%	18%	15%
Pre Tax Project IRR	8.79%	8.79%	8.79%	8.79%	8.79%	8.33%	9.49%	8.79%
VfM								
"Indicative" PFI VfM	4.8%	8.0%	12.5%	7.3%	13.1%	12.8%	6.2%	10.3%
Indifference Points								
PSC								
Initial CapEx	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
OpEx (Non Employment)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
OpEx (Employment)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transaction Costs	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PFI								
Unitary Charge	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Values								
PSC Costs (NPV)	-486.7	-503.2	-529.4	-499.9	-532.8	-516.3	-516.3	-516.3
PFI Costs (NPV)	-463.2	-463.2	-463.2	-463.2	-463.2	-450.1	-484.1	-463.2
Unadjusted Annual Unitary Charge	33.3	33.3	33.3	33.3	33.3	32.2	35.0	33.3
PSC Sensitivity Multipliers								
CapEx	0	0	0	0	0	0	0	0
Lifecycle	0%	0%	0%	0%	0%	0%	0%	0%
OpEx (non employment)	0%	0%	0%	0%	0%	0%	0%	0%
OpEx (employment)								
Transaction								
Residual cost	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Third party income	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

