

Evaluer les partenariats public-privé

Evaluating public-private partnerships

Session 3 : Evaluer les PPP

Session 3: Evaluating PPP

The practices of ex post evaluations : PFI in schools

- **Sir Andrew Foster**
- author of "PFI in schools" report, ordered by Audit Commission, United Kingdom

CONTENT

INTRODUCTION

- Review of main headlines of Audit Report (2003).
- Review of new system – Partnerships for Schools.
- Overview of Public Private Partnerships.

SOCIAL/POLITICAL CONTEXT

- UK Social Infrastructure – very poor condition.
 - Private Sector involvement very contentious.
 - Debate highly ideological – often non-rational arguments dominate.
 - All major English parties support Public Private Partnerships.
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AUDIT COMMISSION STUDY — 2003

- Reviewed 17 schools.
- Pupils / Teachers / Parents liked schools.
- Traditional building got better response.
- Unit costs varied widely.
- Not produced more quickly.
- Did give long term maintenance.

VERY MIXED RESULTS

RECOMMENDATIONS

- **Involve users more — meet their needs.**
- **Modernise design requirements.**
- **Experiment other models than PFI.**

QUESTIONS

- Who are the key stakeholders ?
- Whose views are most important ?
- Who is the guardian of Public interest ?

PARTNERSHIPS FOR SCHOOLS NEW SYSTEM

- Massive investment £15 billion.
- 5 phase programme.
- Local education authority tender 6–8 schools.
- Competitive process, all services 2 / 3 bidders.
- Local education partnership manages.
- Progress through stage one.

BUT ...

NEXT PHASE — PARTNERSHIPS FOR SCHOOLS

- **Early design important.**
- **Local education authorities need client support.**
- **Engage stakeholders early.**
- **Debate about integration or separation of information technology / facilities management.**
- **Big problem supporting 3 bidders.**
- **Led by construction.**
- **High costs of bidding.**

EDUCATIONAL TRANSFORMATION

ROLE OF LOCAL EDUCATION PARTNERS

- **Important role for Head Teacher.**
- **Is information technology funding sufficient ?**
- **Clearer expectations of performance of LEP. Balance between educational needs and construction need.**
- **Competitive dialogue process — helpful.**
- **Standardized documentation — helpful.**

THE PRIVATE FINANCE INITIATIVE

Some definitions:

- **Public Private Partnership (PPP)** is an alliance between public bodies, local authorities or central government and private companies to deliver a public project or service.
- **The Private Finance Initiative (PFI)** is a more formal approach to PPP adopted in the UK.

THE PRIVATE FINANCE INITIATIVE *(continued)*

- **Private sector responsible for providing public service including maintenance, enhancing or constructing the necessary infrastructure.**
- **Public sector specifies a level of service in return for annual payment — unitary charge.**

OTHER PRINCIPLES *(continued)*

- **Remuneration based on performance**
 - The private operator is paid on the basis of the service quality, as specified in the performance (output) specification. If service quality does not meet the specification or facility is “unavailable”, penalties incurred.

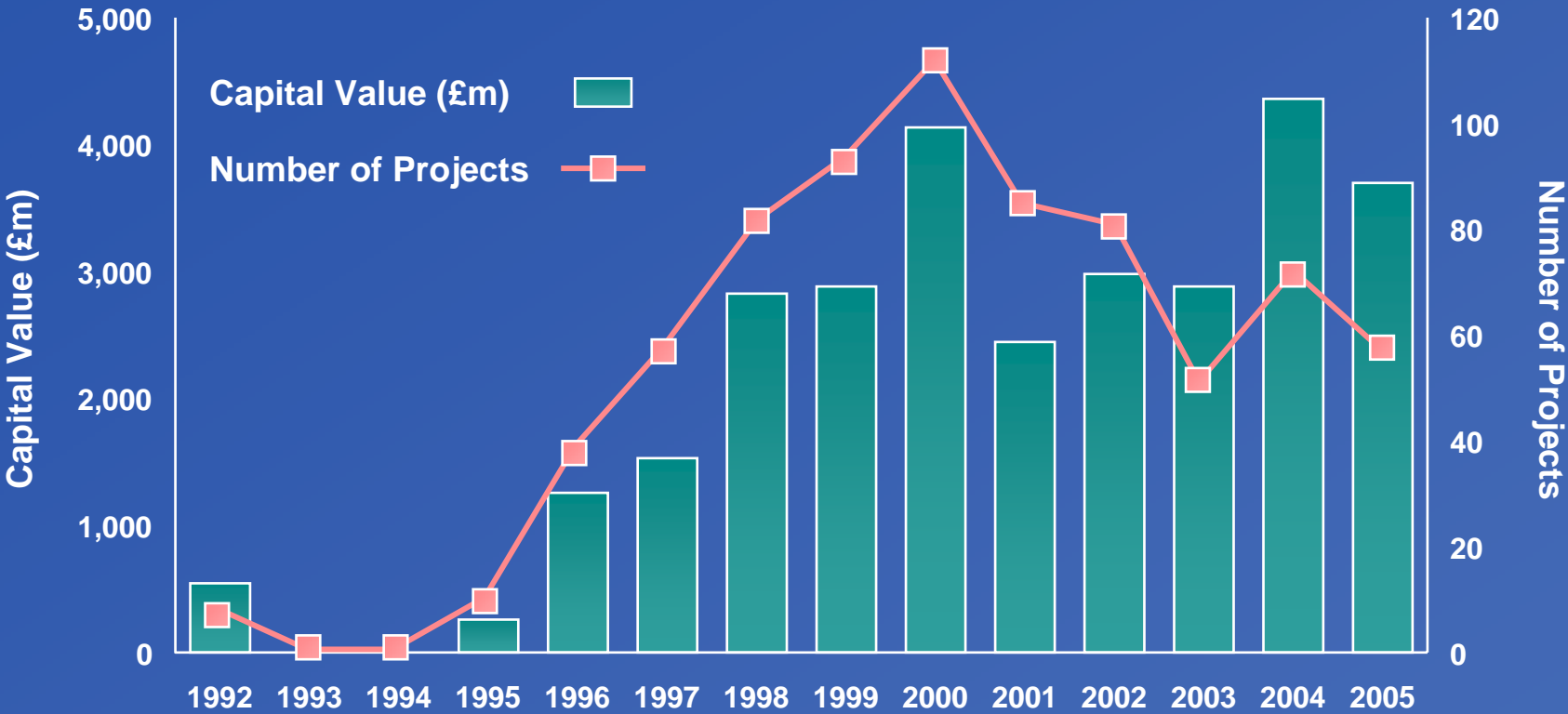
- **Global cost**
 - Maintenance and management of assets / infrastructure throughout their life are largely influenced by their initial design. Build cost is relatively low compared to their cost over 25–30 years.
 - The PFI takes this aspect into account as maintenance and management are the responsibility of the “developer”.

No service, no pay

DOES PFI DELIVER ?

- **Over 700 PFI projects representing £50 billion investment signed since 1992.**
- **Over 500 operational projects**
 - **185 new or refurbished health facilities**
 - **230 new or refurbished schools**
 - **43 transport projects**

DOES PFI DELIVER ? *(continued)*



Number and Value of PFI Projects by Year

DOES PFI DELIVER ? *(continued)*

Treasury Report 2006 “PFI Strengthening long-term partnerships”

- 96% of projects performing at least satisfactorily
- 89% of projects achieving contract service levels
- 80% of all users satisfied with service

- Public sector managers believe:
 - Effective partnerships developed
 - Incentivised contracts delivering effective contract management

DOES PFI DELIVER ? *(continued)*

PFI delivers new or modernised infrastructure for public services on time and on budget, in contrast to conventional procurement

	Traditional Procurement	PFI
Projects Over Budget	73%	20%
Projects Late	70%	24%

Source: *National Audit Office*

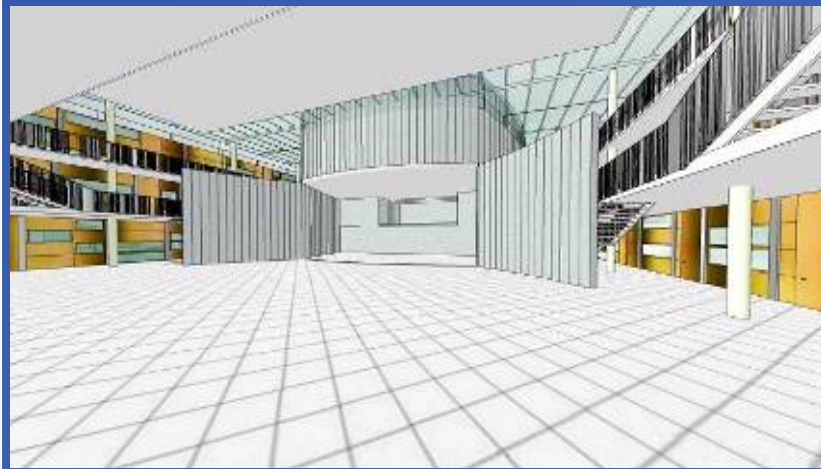
Frederick Bremer School



Jo Richardson School



Forest Hill School



Voyager School



CONCLUSION

- **PPP remains a very contentious subject.**
- **Substantial numbers of new schemes have been completed satisfactorily. Some projects failed.**
- **Organized labour remains opposed on cost + employees conditions + private sector profit.**
- **Three main political parties use this method and it is being exported round the world.**